



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

Date: 30th July, 2019

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,

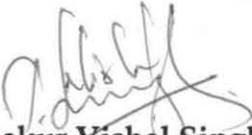
Sub: Outcome of Investors Conference Call held on 26th July, 2019.
(Regulation 30 of SEBI (LODR) Regulations, 2015)

Please find enclosed outcome of the Analyst/Investors conference call of the company held on 26th July, 2019.

This is for your kind information and records.

Thanking you,

For Mold-Tek Packaging Limited


Thakur Vishal Singh
(Company Secretary)



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Company Name: Mold-Tek Packaging
 Company Ticker: MTEP IN
 Date: 2019-07-26
 Event Description: Q1 2020 Earnings Call

Market Cap: 7187.21220857
 Current PX: 259.549987793
 YTD Change(\$): -6.20001220703
 YTD Change(%): -2.333

Bloomberg Estimates - EPS
 Current Quarter:
 Current Year: 13.717
 Bloomberg Estimates - Sales
 Current Quarter:
 Current Year: 4737.667

Q1 2020 Earnings Call

Company Participants

- Unidentified Speaker
- Janumahanti Lakshmana Rao, Chairman and Managing Director

Other Participants

- Unidentified Participant
- Ankit Gor, Analyst

Presentation

Operator

Ladies and gentlemen, good to you and welcome to the Mold-Tek Packaging Q1 FY20 Earnings Conference call hosted by Prabhudas Lilladher Private Limited. As a reminder, all participant lines will be in the listen only mode. (Operator Instructions). Please note that this conference is being recorded. The duration of this conference call is for 60 Minutes.

I'll now hand conference over to (inaudible) Prabhudas Lilladher Private Limited.

Unidentified Speaker

Thank you,(inaudible). Good evening, everybody. On behalf Prabhudas Lilladher, I welcome you all to the 1Q FY ' 20 Earnings Call of Mold-Tek Packaging. We have with us Mr. Lakshmana Rao, Chairman and Managing Director of Mold-Tek Packaging along with his finance team. Sir, thank you very much for taking the time out to speak with all of us. I've been given to understand that you're, slightly under the weather, especially in these circumstances, thank you for speaking with the [ph]investors (inaudible). Also, many congratulations on a good set of numbers.

I now request for you to make a opening remarks following which, we can open the floor for question and answer. Over to you, Sir. Thank you so much.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Good evening, everybody. Thanks for all joining the conference call. The company is - I'm glad to inform you the company has done pretty well in the Q1, revenues are up by 17.4% on [ph]QOQ . And.

Unidentified Speaker

Net profit set up by 20% (inaudible) and volume growth is also 15.17% as predicted by previous call I mentioned to grow to be between 15 and 20. So we this crap, I don't have been 15.17 And EBITDA was also by 14.3%. And of course, EPS also has gone up(inaudible) compared to Q4 because we have taken an adequate hit last year and the Q4, but on the Q1 to Q1 its a (inaudible) about 17%. So this is a basic performance and as expected, the production at Vizag and Mysore new plan (inaudible) are started picking up and one of the major contributors for the growth this

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year as expected is food and FMCG products that is(inaudible) 68% growth in the numbers from INR16.5 in the last Q1. We are done INR27.75 in the food and FMCG sector for the quarter.

So registering almost 65% less growth (inaudible) the food and FMCG segments. And that's mainly contributed by edible oil [ph]packs and (inaudible) in the Ice cream and other sectors. So going forward, we expect similar trends and Asian Paint [ph]plant especially, which are hardly contributed significant numbers. I think just we did about INR 6 turn over in this quarter which has the potential to reach almost about INR10 to INR12 per quarter in this current financial year itself.

So I would like to answer more of your questions to cover the entire (inaudible) of corporation and concerns are the idea (inaudible) points you on to clarify. So I would put it back to the coordinator to start the questions and answers. Thank you.

Questions And Answers

Operator

Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. (Operator Instructions). Thank You. The first question is from the line of (inaudible) securities. Please go ahead.

Unidentified Participant

Good evening. (inaudible) just wanted to know the contribution of edible oil in this quarter?

Unidentified Speaker

Yes, Edible Oil contributed INR9.16 as again as INR1.87 in the Q1 last year. Almost five times.

Unidentified Participant

Yes. (inaudible) this trend is likely to continue because.

Unidentified Speaker

Recently introduced one more, 10 liter pack during the quarter. So how are the, I mean order book going out for as in the edible oil and ghee segment?

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yes, going forward as expected, this year we might do INR50 to INR60 crores depending upon the market conditions and edible oil as they gain 25 crores last full year. So we [ph]unpaid INR30 crores to INR35 crores (inaudible) on sale, coming in the edible.

oil sector alone.

Unidentified Participant

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And in terms of the Asian Paints, when you said that the new facility MYsore and Vizag contributes INR6 crore in the last quarter and has a potential to reach INR10 crores to INR12 crores per quarter. When can we expect this (inaudible) reach?

Janumahanti Lakshmana Rao, Chairman and Managing Director

See as I told you now the volumes are picking up, yes, in the month of August itself that volumes that are given at least 25%, 30% more than what they were in Q1. So going forward, third quarter is the best quarter for the paint industry second and third of course. So we hope to reach reasonable capacity utilization. Currently, the average capacity utilization is around 40% in those two plants in the first quarter.

But going forward it should reach 70% at least. So the contribution is hardly INR7 crores to INR8 crores from both the plants put together in the Q1. So I expect it to be around INR12 crores to INR14 crores or maybe INR15 crores in the next three quarters on average.

Unidentified Participant

So it can double from the current level?

Janumahanti Lakshmana Rao, Chairman and Managing Director

Sure.

Unidentified Participant

And sir can you help us with the IML and non-IML bifurcation in terms of the volume and value.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah. This again on the upfront, as usual, the Q1 last year was around 61% -- 61.6% has become 65% in values terms, in quantity terms some 57% it has gone up to 61%. So about 4% increase in the overall level --.

Unidentified Participant

And so in break up in terms of paint lubes and FNF (inaudible).

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah paint is 48.7%, lube is 27.4%, wood is 24%.

Unidentified Participant

Thank you sir. If I have any further question, I'll come back.

Janumahanti Lakshmana Rao, Chairman and Managing Director

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Okay, thanks.

Operator

Thank you. The next question is from the line of (inaudible) from S&P Global Securities. Please go ahead.

Unidentified Participant

Hello. Congratulations on good set of numbers. My question is related to the EBITDA margin. So in this particular quarter you've seen the EBITDA margins coming down and what we have also seen is your employee cost has gone up slightly and the

Unidentified Participant

That cost us, although under euro, euro does remain the same. But the our COGS has actually gone up a few basis points. Can you share some light on it?

Unidentified Speaker

Yes, It's obvious that there are two items which contributed to this drop. One is the new employees who have been employed in these two plans are obviously under utilized because the plans have not yet running the above the break events, they are running around 30% to 40%. So that might have contributed indirectly to the staff cuts. And there is also a [ph]vage revisions for all the worker in Andhra Pradesh, Telugana where their (inaudible) have been increased by INR45 per day. So that has impacted the staff cost and coming to another major(inaudible) item, which is under maintenance costs, its shot up by 70 lakhs over the quarter from 116 to 185 is basically because of a major (inaudible) of roofing and electrical and refurbishment of [ph]robots we have done it our old unit that is Unit-1, all the roofing has been changed because they (inaudible) almost 25 years old.

Unidentified Participant

Other cost has although under year over year it has remained the the same. But the COG has actually gone up a few basis points. Can you shed some light on it?

Unidentified Speaker

Yeah. It's obvious that there are two items which contributed to this drop, One is the new employees who have been employed in these two plants are obviously underutilized, because the plans have not yet running above the break even, they are running around 30% to 40%. So that might have contributed indirectly to the (inaudible) cuts and the results are based or all the worker in Andhra Pradesh, Telangana, where the raises have been increased by INR45 per day, so that has impacted the staff cost.

And coming down as a major item, which it's short up by INR7,000,000 lakhs over the quarter from 1162185 is this really because of the major refurbition of roofing and electrical and refurbishment of robots? We are done at our old unit that is unit one, all the roofing has been changed because almost 25 years old. So all this costs are taken in the P&L. So that's contributed almost INR55 laks had it been not there, the EBITDA per kg would have been 35.5% INR34.5 per kg. As (inaudible) 33.95 in the Q4 last year.

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So that connection is basically because of capital expenditure in the nature of almost INR54 lakhs and under utilization of staff and the (inaudible).

Unidentified Participant

Sure, that's helpful. So on the facility, you know that most of the facilities already have, has been transferred to India. So where will be this capacity be, you allotted. Also, you were talking about one facility, you wanted to start in Kanpur for the food and for the edible oil and for ghee segment. So any particular progress on that?

Unidentified Speaker

Yes, Unit Hyderabad unit and (inaudible) unit have been enhanced by the RAK machines. I think three of them were installed in (inaudible) and four of them in Hyderabad. So the capacity set unit one that is Hyderabad main unit and (inaudible) unit will increase due to the RAK machinery. And they have started contributing now in the edible oil mainly the bigger machines are being used for edible oil packs and the smaller (inaudible) valve machines for ever increasing food packs.

Unidentified Participant

Sure, And sir on the Kanpur facility. On the Kanpur plant we are in the still in the process of selecting a site or leisure the premises to start with because it has the potential of Nerolac, who is already our current client.

Janumahanti Lakshmana Rao, Chairman and Managing Director

we're also aiming at Berger paints who are setting up a huge plant in 2021 in Lucknow which is between very close to Kanpur. So we are finding a place between Lucknow and Kanpur. And having made huge investments in the last couple of years, we want to go slow with the North plant but it will happen somewhere towards the end of this financial year.

Unidentified Participant

Sure. Sir one more line item, which has seen a substantial jump is basically the interest cost. So from near about INR1.6 crores that's now up to INR2.5 crores [ph]year-over-year . And sequentially also it has gone up by 20%. So are we seeing any working capital related financing, which is going to increase in the financial cost?

Janumahanti Lakshmana Rao, Chairman and Managing Director

See increase in the finance cost is basically because of huge investments we've made. and term loans we've taken last year. The investments that I'm glad to inform you that from [ph]INR170 crores -- beginning -- end of the year '17 that is '16-'17 by '18-'19 it has gone up by INR236 crores. That means the entire investment what we made in the first 30 years of the Company we have made more money than that in the next two years.

Last year itself the overall investment, INR74 crores and if you add RAK shift of the machinery it's almost INR18 crores. And the year before it was INR47 crores. So INR127 crores investments were made in the last two years and out of which I think what is the total term loans as of now? Around INR40 crores is the total term loans. So obviously when the term loans go up the balance is (inaudible). So there will be increase in the interest cost and also sales growth also contributes towards the increased working capital needs and increased (inaudible).

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So I think it will stabilize somewhere here now because in the current year, we have investment plans up to INR40 crores including RAK. So the real cash outflow will be around INR25 crores. So that will be more than adequately compensated by our internal cash definition.

Hello.

Operator

Ankit (inaudible) are you done with your question? (inaudible) can you hear us?

(Operator Instructions) We move to the next question that's from the line of Sanjiv (inaudible) from (inaudible) Investments. Please go ahead. (Technical Difficulty)

Excuse me. This is the operator. (inaudible) your line is unclear. Can you please check?

Unidentified Participant

So could you? I didn't get the volume data of (inaudible) if you can help us?

Unidentified Speaker

The volume has gone up Q1 to Q1.

Unidentified Participant

And (inaudible) IML and non IML is it?

Unidentified Speaker

Yes. Sales have gone up from 5470 tons to 6313 tons that's a growth of around 15.4% in Q1 to Q1. In IML to non IML volumes, the IML volume has gone up from 3100 to 3840 that's almost a 24% growth in IML volumes in non IML it's gone up from 2360 to 2470 which is just 5%. So the growth is more 24, 3.4 in the total IML sales.

Unidentified Participant

Sir, As you said, interest has gone up because of the higher [ph]debt. How much of debt are currently in our books from this kind of the quarter and is there any likely to addition of that over and a (inaudible) what it is today?

Unidentified Speaker

As of today we have almost INR80 crores of working capital limits. And we have a term loan around INR17 crores. But the RAK term loan of INR17 crores also will be shifted to us. So that you become another 17, so INR35 crores would be the term loans and INR80 crores is the working capital.

Unidentified Participant

And sir, Margin per kg basis when we talk about. It's going to be at what range? for the whole year if we just to getting sense of it.

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Unidentified Speaker

Yes. As I told you it is actually 35.5 but for the some of the capital expenditure compared (inaudible) changes in the whole unit and robotic refurbission mission and the cost, I mean take in P&L, Otherwise it would be around 35.5 instead of 33.66 So I anticipate for the full year it will be somewhere around 35 to 34.5/.

Unidentified Participant

And on expenses, incremental expenses for refurbishing that your are taking it has gone into other expenses in the line item. It has gone into maintenance cost. Okay. Okay, sir. And for the whole year our volume, we believe we can maintain 15%?

Unidentified Speaker

Yeah. My target is anywhere between 15% to 20%. I think we'll stand on that.

Unidentified Participant

And sir, given why I'm asking is that given a current situation where we can sense we can see a lot of slowdown across the industry.

Unidentified Participant

starting from, I can say, due to other space so are we getting any impact or any sensing any slowdown of any order inflow concern?

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yes, they are -- there is a slowdown visible in the lube industry to some extent. Actually, we have a 6%, 7% negative growth in the -- from the industry demand from lube industry. Thanks to the new plant of Asian Paint, we found paint index has gone up by almost 15%, 16% -- 16% which can continue because these are something from a new region. So irrespective of what the paint does in the overall country, because Asian Paint has created these capacities and utilizing them reasonably well, we expect the paint industry to keep adding numbers to us as the overall set.

Lube yes, it will be continue to be attract. But in the food and FMCG where we scored almost 68% growth, because that's a small number that will continue, because we have many more new projects and new applications that are coming our way, our (inaudible) new pack will be in the market from August. And we July we are crossing more than 20% growth in volume. So we don't foresee a slowdown. in the overall number unless drastically there is some damage in the economy.

If the economy even continues like what it is now we still maintain our guidance of 15% to 20% volume growth.

Unidentified Participant

Okay sir. Thank you. That's it from my side. In case any other question, I will come back into queue.

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Janumahanti Lakshmana Rao, Chairman and Managing Director

Okay, thanks.

Operator

Thank you. The next question is from the line of [ph]Vijay from (inaudible) Investments. Please go ahead.

Unidentified Participant

Thank you for giving me the opportunity. My question pins to the RAK Subsidiary. Wanted to ask you where is this one time expense for the dominant benefits and the right of being reflective.

Janumahanti Lakshmana Rao, Chairman and Managing Director

In the soft cost.

Unidentified Participant

In the (inaudible) cost.

Janumahanti Lakshmana Rao, Chairman and Managing Director

(inaudible) in the result it will there in the (inaudible) cost.

Unidentified Participant

So how is it? What is the value?

Janumahanti Lakshmana Rao, Chairman and Managing Director

Must be (inaudible).

Unidentified Participant

And are there more provision to be made for the RAK Subsidiary.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah. There will be some more preoperative expenditure because when you move all the -- the preoperative expenditure which was incurred at the time of plant erection will be last. So we anticipate -- actually we've provided INR11.5 crores last year. In the overall scenario there could be another INR2 crores so about a

Unidentified Speaker

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Absorbed in this quarter. So next quarter it can impact another INR1 crore and there after from the third quarter onwards, we will not have anymore burden of (inaudible).

Unidentified Participant

Okay. Is it INR30 lakhs or is it INR1 crore?

Unidentified Speaker

No, INR1 crore includes other expenditure. The terminal benefits, and the salaries paid during their after the closure of the company that means the company was effectively stopped in April end I suppose. But the May June because the process of cancellation of visas and their coming back costs all that need to born by us. So that is coming to about INR40 lakhs. The other INR60 lakhs is operational losses, until we really close and cancel our license in [ph]RE .

Unidentified Participant

Okay. That will be done by the end of Q2?

Unidentified Speaker

Yes. September 30 is the last date we can say the target.

Unidentified Participant

Alright. Yeah. Thank you so much.

Operator

Thank you. The next question is from Ankit Gor from Systematix. Please go ahead.

Ankit Gor, Analyst

Thank you. My question with regards to, Asian Paints, new plant you. What was the exact volume we did from Mysore and Vizag?

Unidentified Speaker

Volume one second. In (inaudible) it is around 40% means the 700 ton. In the three months, Okay. But in three months in the six courses of revenue right?

Janumahanti Lakshmana Rao, Chairman and Managing Director

INR8 crores. Added by March also, no. 700 tons is the production production.

Unidentified Participant

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Okay. So in that sense, the MSR part ton and relation per ton is around INR114 per kg?

Unidentified Speaker

This is the production, sale is around 500 tons.

Unidentified Participant

Okay. Sale is 500 tons you said.

Unidentified Speaker

480 tons I said.

Unidentified Participant

Okay. So, 160 [ph]NSR per ton is ones rupees INR160. So that is still lower than what our average is, average is INR185 rupees.

Unidentified Speaker

No. I think initially supplies, initial supplies included some of the trails online trail productions and other quantities. Actual evaluation of these two plants in anywhere close to INR180 -- IINR158 a little above our average prices.

Unidentified Participant

Okay. So subsequently it should reach to (inaudible).

Unidentified Speaker

Higher than...Sorry, sale is only 434 tons.

Unidentified Participant

Okay. Then it must be. Yes.

Unidentified Speaker

184 is the price (inaudible).

Unidentified Participant

Okay.

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Unidentified Participant

Okay. Thanks for this. And secondly with regards to the gross margin we have seen some dip in gross margin Q-on-Q. Any basic reason you want to highlight because of..

Janumahanti Lakshmana Rao, Chairman and Managing Director

I think I explained to you that some of the staff at the two units are underutilized and big refurbition of the whole unit, entire roofing has been changed and wiring has been changed in the old buildings, which is taken in the P&L that you've now INR55 lakhs.

Unidentified Participant

Yeah.

Janumahanti Lakshmana Rao, Chairman and Managing Director

If you add that back the percentage increase on per kg also would have been better than last year [ph]34 . It would have been [ph]34.5 .

Unidentified Participant

Yeah. I was talking about gross margin. Sorry to interrupt you sir. I was talking about gross margin..

Janumahanti Lakshmana Rao, Chairman and Managing Director

The gross margin will obviously come down because of the huge increase in interest and depreciation cost because the machinery that was added is among us. We almost had it., INR80 crores worth of (inaudible) during the last financial year.

Unidentified Participant

Sorry sir. Sir raw material cost, sales minus raw material cost that's gross margin. So gross margin stood at 39% for the quarter, which was 40.8% in..

Janumahanti Lakshmana Rao, Chairman and Managing Director

Oh you were talking about sales minus raw material cost.

Unidentified Participant

Raw material cost yeah. So -- is that the price of our raw material increase and we could not pass on in this quarter or the product mixture is..

Janumahanti Lakshmana Rao, Chairman and Managing Director

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One month lag, in this year one month lag. But as you noticed that actually it is the INR90, almost INR90, INR89 and previously it is INR82. It has become INR89, actually it has gone up. (inaudible) that you are seeing the raw material [ph]SGR was at [ph]INR99 and the net revenue was [ph]INR181 . Okay?

Unidentified Participant

Right.

Janumahanti Lakshmana Rao, Chairman and Managing Director

[ph]181 minus 99 is [ph]82 whereas now it is [ph]183.6 per kg and raw material cost is INR94.4. So that leaves a gap of 89.2. So if you are taking a gross margin as a net revenue minus raw material it has gone up.

Unidentified Participant

Okay.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Mainly Q2 89.

Unidentified Participant

Okay. I'll cross check that. Thanks for that. And checking lastly on CapEx side sir, sorry if I've missed that. What is the -- on CapEx for FY'20 and '21?

Unidentified Speaker

Yeah, '20-'21 we have a plan of about INR26 crores of new investment and RAK investment of INR14 crores. That is RAK investment being early at -- there is no outflow of cash. So these new investment though we are considering [ph]26 it can go up to

Unidentified Speaker

INR 30 crores once we start Northern unit. So we can take a estimate of INR30 crores of new cash on flow on the investments.

Sorry, this 1920 not 2021, 1920.

Unidentified Participant

Okay. Sir, lastly, on tax, I believe we are we come under that 25% (inaudible) in other new new new rule, which in budget came in. So in any say FY 20 what sort of takes 25% flat. So that...

Unidentified Speaker

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25% plus (inaudible).

Unidentified Participant

(inaudible) 27, 26, 27%.

Unidentified Speaker

27, 28, (inaudible).

Unidentified Participant

Okay and okay sound good. Thank you, sir.

Operator

Thank you. The next question is from the line of (inaudible) an initial investor. Please go ahead.

Unidentified Participant

Good evening Mr. (inaudible) very good set of numbers. My question are primarily around e-commerce site, there was, there was some talk in the market, that there are also conversations happening with the (inaudible) and Macro. Just aren't going to give an update on those product lines, what is -- where teh conversation that you have heard in different stage it has progress in [ph]Netherlands what was in response from the sort of. Is that also being (inaudible) (inaudible) likes of Amazon and Flipkart on that front and then on the packaging trend? First question (inaudible).

Unidentified Speaker

We are touch with Amazon but Zomato and Swiggy are both are in touch with us, even just yesterday our marketing was there with Zomato to get updates on them. There are a couple of options and designs, we have been sharing with them to give them a tamper evident food containers. There were some WhatsApp messages going around some missing of tampering of the containers. So we have coming our with the lightweight containers with tamper proof's was mechanism for them. It is at this stage now the designs are yet to be frozen. So as of now, we are in discussions with them. Nothing much in the materialize but they are interested and they are looking for solutions and we are working on it.

More than this sippers which I have been talking about for Pepsi and Coke there is some good progress. Hopefully Coke might start with the sippers in the next four to five months. They're not talking not talking about pricing and development costs. So sippers could be a good addition for the next.

Janumahanti Lakshmana Rao, Chairman and Managing Director

So this year, it maybe nominal numbers, but by the time the entire moulds and set up is put in place, it may be December this year. So those give the some good numbers addition for next financial year, (inaudible).

Unidentified Participant

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Okay.

But in terms of thanks for that, in terms of we update you just for the Swiggy, place like -- Swiggy and Zomato so if -- something materializes there will it be -- to the -- the strategies or will it increment the capacity (inaudible). And also in terms of if there is complete when do we see triggering into the with that overall.

Janumahanti Lakshmana Rao, Chairman and Managing Director

I don't think this year much will happen because if you decide on the tax they will first try in some locations for good results and feedback. And once that establishes they may go allow it. So these are the work in progress. But if they decide tomorrow it can happen withing four months. But if they take time then somewhere four months for the development of moulds and -- and we are also in touch with Dates company. We are now developing some cheese company, one very famous cheese manufacture in the country. We are developing new moulds.

So in the food and FMCG our new efforts to increase the numbers is still going on. And if you notice from a small INR16.5 crores last year today it's almost INR25 crores contribution out of [ph]115 . That means significant increase is coming in food and FMCG. And I foresee the same trend on the current next few years.

Unidentified Participant

Okay. My second question sir is around the shareholding [ph]partening of the Company and this far to get an update that I see that some shareholding whether someone of them (inaudible) we've actually placed. So and so that will be for recent (inaudible) but do we see in the future that pledge coming down and pledges...

Janumahanti Lakshmana Rao, Chairman and Managing Director

No this pledges are made very nominal out of -- that is 7% promoter holding. I think less than 5% of the holding is under pledge that too for some personal reasons. So it's not going to go up, but it has to pay back the loans and get back -- say the least. So it's not the ongoing process. It is one time.

Unidentified Participant

Got you.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Some personal needs.

Unidentified Participant

Okay and overall leverage of the organization this time -- in first quarter has gone up but in the future just wanted to get some update, that future do we see the leverage coming down again and

Unidentified Participant

Extremely lines are is that the (inaudible).

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Unidentified Speaker

See obviously, now that the plant of RAK has come back to India and it is yet to put into use. Today let's say, the overall plants capacity is around 37,000 tons that is around 9250 per quarter, we did hardly 6300 I think. So we have a long way to go, Is this 6300 itself can grow up to at least 8000 it's not 9200. So upto 8000 is possible if all the plants get up. So we have what I mean is almost another 25% growth from the current level to one level it can happen, in the missing capacity itself. So better utilization lead to lower costs, lower staff costs, lower overhead cost.and should improve the EBITDA margins. So now that all the green field products are in place, like Mysore and Vizag, where we invested heavily on the land and buildings there won't be another further such investments in these two plants.And infarct in North also we want to start with the leasing premises premises because we want to see and get a feel of that market and then take plunge in the year 2021 with a big plant.

Unidentified Participant

So last question, Sir. While you were talking about IML and non IML slipt my (inaudible), if you can just talk about that (inaudible) IML and non IML in the (inaudible) again it will be it will be great.

Unidentified Speaker

Yes. IML sales in terms of value has gone upto [ph]65 -- 75.2% as against 61% last year Q1, So it is a big jump, form 61% sale in value wise to 75% in the current year on Q1 to Q1. And in terms of funding, It's gone up from 3100 tons to 3850 tons.

Unidentified Participant

Okay. Thank you, Sir.

Operator

The next question is from the line of (inaudible) an Individual investor. Please go ahead.

Unidentified Participant

Hello. Hi, good evening, sir. I have a question for volume so if you give me the breakup across your (inaudible) full segments?

Unidentified Speaker

Yes, the volume is (inaudible) 3276 tons huge 1868, (inaudible) 1169.

Unidentified Participant

Okay. And could you please (inaudible) revise your EBITDA per kg?

Unidentified Speaker

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EBITDA per kg is 33.66 for the quarter.

Unidentified Participant

Okay. Thank you sir.

Operator

Thank you. The next question is from the line of (inaudible) from (inaudible) Mutual Fund please go ahead.

Unidentified Participant

Yeah my questions has been answered. Thank you.

Operator

The next question is from the line of (inaudible) from (inaudible). Please go ahead.

Unidentified Participant

Hi sir. Just wanted to know if we exclude the new Asian Paint plants what is the current utilization for the quarter, for the rest of the plants?

Janumahanti Lakshmana Rao, Chairman and Managing Director

For the rest of the plants I have a every plants like 76%, 83%, 77%, 60%, 74% and 82%. I think we are somewhere close to 75%, 76% utilization.

Unidentified Participant

So, it would be reasonable to assume sir by the year end we would add for the full year, we would around 75% utilization at console level.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah, yeah. At (inaudible) level as of today it is 72. I think it should go up to 75% to 77%, maybe 78%.

Unidentified Participant

So that includes the new Asian Paint plant can do up to 5,000 tons kind of capacity for the full year.

Janumahanti Lakshmana Rao, Chairman and Managing Director

No, no, no, 5,000 is too much optimistic estimate, probably 4,000 is a good number because in the first quarter we did 700 and I'm guessing we will do at least 3,000 to 3,200 in the remaining -- 3,300 in the remaining three quarters. So

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even if we do 4,000, I will be very happy.

Unidentified Participant

Okay. And sir in earlier few calls, we had some discussion on -- we were planning to we were looking for some new land in Hyderabad with a capacity of around 10,00, 11,000 tons. So what's the update on that sir?

Janumahanti Lakshmana Rao, Chairman and Managing Director

No, it's basically not the tons. We are adding about 4.5 acres of land in the Sultanpur Industrial Estate announced by Telengana government and we acquired their sanction as 4.5 acres at a cost of around INR5 crores. So we already paid the initial deposit and the balance will be paid during the next couple of months. And this is basically as a land reserve for our future, because in Hyderabad most of the plants units 1 and 2 and 3 all see -- 1, 2 and 4 they are all -- almost fully occupied with structures. So we need for future expansion (foreign Language) we need plants area. And this is very close to our existing plants and in a government industrial area.

So we have applied and got the sanction. This need to be set up within next two years. So we have 24 months to set up the plant. And what we are planning is to consolidate, one or two units and make a bigger unit with better facilities of food quality, production facilities in this new land.

Unidentified Participant

Okay. That's fine. And just the last question. So the new Asian Paints, production can be assumed would be at the EBITDA of around 30, 32 per kg?

Unidentified Speaker

Yes. It will also have around 30, 33 per kg.

Unidentified Participant

Okay. Thank you. Thanks a lot.

Unidentified Speaker

Once the capacity utilization grew's.

Unidentified Participant

Okay. Understood. Thank you.

Operator

(Operator Instructions). If we move to the next question from the line (inaudible) from (inaudible) Global Securities. Please go ahead.

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Unidentified Participant

Sorry my line got disconnected. So we were also on the discussion of the debt. So term loans are close to INR40 and what is the total debt then?

Unidentified Speaker

Term loan close to INR35 crores and INR80 crores INR78, INR77 crores is the working capital.

Unidentified Participant

Sure. And has the working capital loan gone up in the last two quarters.

Unidentified Speaker

Yes. It is grow up as the number of sales are growing. So it has gone up by about INR5 crores.

Unidentified Participant

So is there any delay in payments form the customer. No, no it's basically because of the growth in the (inaudible) numbers and infarct if you look at the debit -- debt collection base dates it is around 51 days again as 50 for the last year. o its almost same.

Unidentified Speaker

Sure. And while the Asian Paints also has another company through and through, which they also give this packaging solutions. So how much share is do we we have between us and between them? For those two to facilities of Asian Paints?Obviously they get more they're close to the management or whatever. So they get I didn't get my guess it is around 40% for them and around 25% for us.

Unidentified Participant

And there has been also talks that I mean even the Asian paints also indicated that over the next two quarters the growth will not be that great to so. Are we seeing any particular decline in our schedules are such or has been anything been indicated to you?

Unidentified Speaker

As I told you because these two new plans are increasing their output and saving them on the largest state. From north and maybe like bit in the western plant, the volume production might come down if at all they don't have growth. And but the Mysore and Vizag plants being more efficient and more mode rant their idea is to run them a full sync so fortunately for us, I think unless if there a drastically drop, we may still continue to grow.

Unidentified Participant

Sure. That's it for myself. Thank you.

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Operator

Thank you. The next question is from the line [ph]Karan Bhatia from (inaudible). Please go ahead.

Unidentified Speaker

Hi, good evening, sir.

Unidentified Participant

How are things shaping up? (inaudible) for the (inaudible) Cadbury because since last couple of quarter, sales were dipping because of the change product size. So how are things now?

Unidentified Speaker

Yeah, actually the sales value has come down by INR1.5 crore in this quarter, but one good news is that they have introduced a new product, called (inaudible) in the same pack and the numbers have started shooting up from the month of July. So that is a positive thing, because the last one year the numbers are falling and the [ph]likable segment now today they introduce one more product a couple of month ago, which is picking up volumes and they are using the same container with a different label and art work. So I hope that the numbers will start going up again this year. Not much considerably but at least they'll do, the fall may get arrested.

Unidentified Participant

Okay. For FY 19 how much was the (inaudible) growth from the Cadbury?

Unidentified Speaker

FY '19 we did about INR25 crores and the year before it was close to INR28, INR29 crores. So we hope at least INR25 crores we will able to do in the current financial year of it could be a small drop to say 23, 24.

Unidentified Participant

Okay. Okay also you were talking of five more companies. So any update on that?

Unidentified Speaker

Not much in [ph]pharma because the -- our attention is now more on edible oil ghee and Vanaspati packs which are really picking up well and lot of effort is being put in there. And actually new 10 liters (inaudible) pack has been introduced, which we are in talks with one of the largest Vanaspati producer in the country and they almost about to start the use of this container. And if that clicks we might be creating that market segment in the next coming quarters. That may take couple of quarters to stabilize but that is new introduction.

Unidentified Participant

Okay. Thank you, sir. That's it from my end.

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Operator

Thank you. Next question is from the line of [ph]Silvana Joshi from Axis Securities. Please go ahead.

Unidentified Participant

Thank you for the opportunity me. (inaudible). (Operator Instructions) I'm I audible now?

Operator

This is better. Thank you.

Unidentified Speaker

Now, better.

Unidentified Participant

So most of my questions that answered, I have just two questions. One, if you could just give us some sense on what is.

Unidentified Participant

raw material trajectory looking like at the moment that was one. And the second question was, if you could just highlight how much do our top three customers contribute. So I understand withing the top three we will have Asian -- the paint companies followed by (inaudible).So some sense on that will be helpful.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah sure.One is the raw material trend is softening a bit actually the average Q1 price was 94.4 as against 99.1 last quarter last year first quarter. But it is almost a little higher than the Q4, which was 90.6 and this exactly almost matching with the last 12 months average. But in the last few months, the trend was little soft right?As there is some bearing of the oil price on the raw materials right? But as you know we pass on the benefits either way to the clients.And coming to your top rate clients -- top three clients as of now contribute more than 50% of hostile. 30 plus is by Asian, 14%, 15% is (inaudible) -- is around 7%, 8%. So these three are over the top client.

Unidentified Participant

How much would (inaudible) contibute?

Janumahanti Lakshmana Rao, Chairman and Managing Director

Mondelez is now at 6th or 7th place around --.

Unidentified Participant

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Sure sir. That was one and quickly one the top fever for cosmetic packaging with some of the SMCG company. So anything on that front?

Janumahanti Lakshmana Rao, Chairman and Managing Director

No, we are still in talk with the (inaudible) they have not yet made the mind. As you told you last time when the market situations are not really improving innovations and new product ideas generally take a long sleep. So some of the ideas what we have been encouraging and driving last year are yet to see shape. If they really take shape the numbers of food would have been -- I mean, food and FMCG would have been much better than 68% growth. So let's hope the economy revise and these guys will come forward to spending on this kind of new innovations.

We are also in talks with one paint bomb company for shifting from a ordinary paper label to IML with a beautiful shape. So there also yet to take a (inaudible). Like that some of the projects of conversion from current packs to IML packs are now little stuck, but there are some moving like the Pepsi and Cola shipper and cheese company ship -- will be starting. And as you know, six months ago we started for Hindustan Levers ice cream tubs. They're now asking us to develop

Unidentified Speaker

Other sites, so like that there are three, four projects moving, but we have more than 15, 20 proposal, hanging on for hanging on with the clients.

Unidentified Participant

Great sir, that is good to know. Thank you so much and wish you all the best.

Unidentified Speaker

Thanks.

Operator

Thank you. The next question is from the line of Ankit Gor from Systematix. Please go ahead.

Ankit Gor, Analyst

Yes. Hi, sir, give the head weight to whatever we are growing in Mysore and Vizag for Asian Paint our overall revenue in FY 20 from Asian Paint, we'll touch around 50%. Does it really worry you? Since the 45% to 50% comes from one client only FY '20.

Unidentified Speaker

No. No, it won't be 45, 50, it will be somewhere around 35%. Yes, 35% being with one client is worrisome but Asian Paints is a very reliable client and we are the only one supplier for them with a green channel acceptance. I think recently one of the plans of (inaudible) also got it but, in the case of Mold-Tek, we are the first and all our plants are green channel accepted so our relations with Asians and their plants due to our high quality in some (inaudible). So I'm not unduly worried about Asian Paints being a largest client.

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Unidentified Participant

If you do 4000 tons from these two Plants in the FY 20 full year and if I divide into doing 185 per kg sort of realization it is coming around INR75 crores and --- so no worries I will take that offline. (inaudible) my second question with regards to, what could be the cumulative capacity at Vizag and Mysore plant between (inaudible) hitech (inaudible) put all all together? What could be that capacity serving to these two plants sir?

Unidentified Speaker

They're have given us 3000 tons to start in this year, so I'm guessing that it will be about three to four times. They had not asked the fourth supplier yet they were generally asked them to do it in the second year. We and other two people people at Mysore and other two people at Vizag are started commercial production as of my knowledge goes. So probably they are asking about 8 to 9000 tons per annum capacity being created in year one, and they are indicating that we need to improve gradually ramp it up and around 20%, 30% every year and to reach 6000 each by 20 to 23 in the next four years.

So by four years we need to more than double this (inaudible).

Unidentified Participant

Okay. Got it, thank you very much for that.

Operator

Thank you. The next question is a follow-up the line of (inaudible) an Initial Investor. Please go ahead.

Unidentified Participant

Sir, just one more question.

Unidentified Participant

I wanted to ask whatever switch in markets we are in whatever company we were pitching for change of packaging. What are the top differentiate we're pitching to them as -- players in the market. If you can comment on that, it will be good?

Janumahanti Lakshmana Rao, Chairman and Managing Director

See obviously the IML containers which are made in SSI certified premises given them one excellent decoration finish. So the contenders stand out in the marketplace. Number two, they're completely hygienic and three contact three production. So there's no problems of contamination, which is the most worrying factor for the food industry. And number three, it is all having tamper evidence features, most of the bag have tamper evident features which will safeguard their contents from tampering. So these three are more than adequate for any (inaudible) a food company to adopt our IML contents.

Okay and IML has a technology for other players the way which you are doing it is it too difficult for them to copy or which the more essentially the -- part of which creates the most of the differentiation.

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No, actually, there are a couple of companies which are selling small and medium sized cups and tubs reasonably well. But their investments are huge and they don't make their IML labels buy from a third party. They buy the logos from third-party. So they will not only the cost disadvantage but also supply disruptions due to maintenance of logos, maintenance of failure of label quality can disrupt this supplies. So all big companies who'd like to associate with Mold-Tek because for multiple locations and -- of robust what we have and our own inhouse stall room which is capable of developing robots, maintained ROBOTS, so they can be more space in our hands than trying with a small time complicators .

Unfortunately or otherwise some of the big companies like High Tech even (inaudible) they have not really adopted IML well. They are not yet to master in the process. One day they will but they will still have the same advantage of high costs and disruptions. Comparative (inaudible).

Unidentified Participant

Thank you sir. -- okay sir thank you. That's all I've I'll take off. Thank you.

Operator

Thank you. The next question is from the line (inaudible) from (inaudible) Investments. Please go ahead.

Unidentified Participant

There are two things, one, you talked about the new land that you required for the future CapEx and you say that it is for either in the next two years that we are planning for. So if you two can just to.

Unidentified Participant

clarity the existing plants it will be over and above the existing plant, right.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah.

Unidentified Participant

And how much capacity and what kind of CapEx that we are planning to do if at all we have chopped out already?

Janumahanti Lakshmana Rao, Chairman and Managing Director

We have only rough idea on that. As -- always say that a minimum investment for a decent sized plant is around INR20 crores. So that could be taken up in the next financial year and completed by before the end of the next financial year.

Unidentified Participant

Okay. And sir I guess missed in between so can you please help us with the breakup of value and volume both for IML and IMF?

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Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah I've repeated many times but anyway the volume wise it's gone up from 56% last quarter, to 61% and in the value terms, it's gone up from 61.7% to 65%.

Unidentified Participant

Okay sir. Thank you sir. Yeah. Thank you sir.

Operator

Thank you. We take the last question from the line of (inaudible) from Systematic. Please go ahead.

Unidentified Participant

Hi. Thanks for the opportunity. Two questions I have. First, if I just wanted to understand the total expenses you had on the RAK book, If I calculate it, if I data -- consolidated total expenses what's this standard total expenses. I get the difference of INR2 crore and we share it was a INR1 crore expenses, only there on RAK book. So just a clarification if you can help us.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah, main point the growth was operation (inaudible). Now when we close the unit, all the pre operator expenditure and diminishing of the value due to whatever currency all that put together, we anticipate it to be INR13.5 crores, INR13.3 crores to be precise.

So another INR1.8 crores has to be provided in the books -- Indian books. So we need to do that in the next coming two quarters.

Unidentified Participant

I'm talking about this quarter, this quarter as per my calculation it is showing INR2 crore of expenses on RAK book. So is this correct number or?

Janumahanti Lakshmana Rao, Chairman and Managing Director

1.28.

Unidentified Participant

And INR1.8 crore more is expected to come in next one or two quarter right.

Janumahanti Lakshmana Rao, Chairman and Managing Director

Yeah so overall total provision has to be 13.5 let's say. We already provided 11.5 in Indian books. So we had provide

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Unidentified Participant

Okay. Lastly if you can give us a break up of your guidance, you said. (inaudible) you have been guiding last on the last call, you guided 20% to 25% volume growth and now you say 15% to 20% there's a slight decline in the guidance. If you can break it down between the Paints, Lubes and foods. How much are you expecting from Paint and Lubes and food?

Unidentified Speaker

Paint is basically the entire quantum leap for new plans, which I am anticipating to be around 3500 to 4000 tons, that's almost (inaudible) sorry 3000 ton against 20,000. So almost 14%, 15% should that come from that? But given the fact that the economy slowed down and other paid companies are not doing so well. We might lose a couple of points there, that's why last time even I said internally, I'm looking at 20, 25, I'm sure about 15 to 20 and I still stand on that. So almost, maybe instead of 14% growth coming from those two plans, there is a 14% growth, but then maybe a 4% to 5% loss from the other clients. So the net growth in Paint, (inaudible) are varying about 10%, 8% to 10%. And then the (inaudible) packs that is our edible oil packs form 25 crores, we are anticipating it to shoot up to 55 or it could be even 60 days on the pack success that 10 million success.

So assuming a INR30 crore growth that is, again, another 6% to 7%. And all our other food products together thought they're small in number, I mean, value wise, like they come almost INR16 to INR18 crores in a quarter. So even if they grow from INR70 cores to almost let's say INR90 crores, we anticipate another INR 20 cores that is another 3 to 4 to 4% to 5% growth. So all these things happen, we'll still cross 20%. But given the economic slowdown in the current market scenario, ending at 20 is best (inaudible) we can, if you.

Unidentified Participant

Any any comment on margins you would like to give, sir?

Unidentified Speaker

Yes. Margins will continue to same somewhere around INR34 per kg, because of the higher cost of staffing and some of these (inaudible) costs of refurbishing the plant buildings and electrification this quarter we incurred more on maintenance other it would been even 34.5. So I think we may end up differently and some that are owned by people who might be put to the people adventure venture. We'll get that to that. Thank you. Thank you. Thank you, ladies, and. ***EOF**

Operator

with this I'll now hand the conference over to the management for your closing comments. Over to you sir.

Janumahanti Lakshmana Rao, Chairman and Managing Director

I wish to thank everybody who has taken time to participate in this conference and the interest you have shown in our Company and its prospects. I wish you all great evening and thanks once again for being with our company and following our companies progress. Thank you.

Operator

Company Name: Mold-Tek Packaging
Company Ticker: MTEP IN
Date: 2019-07-26
Event Description: Q1 2020 Earnings Call

Market Cap: 7187.21220857
Current PX: 259.549987793
YTD Change(\$): -6.20001220703
YTD Change(%): -2.333

Bloomberg Estimates - EPS
Current Quarter:
Current Year: 13.717
Bloomberg Estimates - Sales
Current Quarter:
Current Year: 4737.667

Thank you very much sir. Ladies and gentlemen, on behalf of (inaudible) Private Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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