



MOLD-TEK

Packaging Limited
(Formerly known as Moldtek Plastics Ltd.)

Date: 7th August, 2018

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 3rd August, 2018 -
(Regulation 30 of SEBI (LODR) Regulations, 2015)**

Please find enclosed outcome of the Analyst/Investors conference call of the company held on 3rd August, 2018.

This is for your kind information and records.

Thanking you,

For Mold-Tek Packaging Limited


Thakur Vishal Singh
(Company Secretary)



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Moldtek Packaging Limited-03082018

- **Moderator**

- Ladies and gentlemen, good day and welcome to Mold-tek Packaging Q1 FY'19 Earnings Conference Call, hosted by Prabhudas Lilladher Private Limited.
- As a reminder all participant lines will be in the listen only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing * then 0 on your touch tone phone. Please note that this conference is being recorded.
- And I now hand conference over to Ms. Shaili Parekh from Prabhudas Lilladher. Thank you and over to you, ma'am.

- **Mr. Shaili Parekh - Prabhudas Lilladher**

- Thank you, Aman, Good afternoon, ladies and gentlemen. We welcome you all to the Q1 earnings call of Mold-tek India. We have with us Mr. Lakshmana Rao, Chairman and Managing Director of the company. Sir, I would like to request you to run us through the quarterly numbers first, post which we can set the floor open to questions and answers. Over to you, sir.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Good afternoon, welcome to the con-call. Thanks for the interest you all have in our company and its performance. I would like to say that the company has pushed an encouraging growth of around 12% in sales volume and 16.5% in sales value in the Q1 ended in June 30th. One of the significant contributors in this growth is again continues to be from paints and food, food in the ice-cream sector we have growth but there is some drop in our chocolate product sales. So they are more or less same as that of the last year average, but better than the Q1 of business year. And coming to one of the areas where I want you to have a contribution is the RAK sales, sales of RAK have gone up by almost 75-80%. And of course the losses are still there and we are operating nearer to the BET but still not there. Maybe a few months we will be crossing the BET at RAK. And coming to our projects for Asian Paints, both the Mysore and Vizag plant construction activities are going actively. Mysore plant would be ready for operations by October. But the good news is Asian Paints has already released their first orders and

the supplies have to start from almost end of September. So what we are doing is, those will be supplied from Hyderabad or Satara, our other plants during the months of September, and by mid or max end of October manufacturing will start in Mysore to cater to the Mysore plant needs. In Vizag also we see Asian Paints are aggressively going forward and their plant is scheduled to go into production by December-January. And this time we are going to be ready by the time not to lag behind and our plant also hopes to start commercial production from January '19. So these two would suddenly add considerable numbers in the coming quarters, maybe this quarter, third quarter maybe nominal but from 4th quarter Mysore will be reasonable and starting from the beginning of next year, both these plants will be contributing significantly to the numbers. So another good news is our square pack which we introduced long ago in edible oil and ghee segments, is really catching up well now. Sales in that segment are growing month on month, and probably in the first quarter the growth was just maybe in single, I mean 10 to 12%. But going forward from the second quarter more than 25 to 30% growth in the square packs that is edible oil segment. So these are the highlights and we are of course working three on, three-four projects for developing packaging for MNCs. The details of which there is not much progress, but development and sample testing and market testing is happening. And even in RAK we have one major enquiry for FMCG product packaging. That is all at a trial stage. All these might take another 4 to 5 months to become commercial orders. So this is the progress on the company's new projects. And as last year you all know we had a very major capital investment in terms of our company size, almost 47 crores were added to the (19:31) and this year the projected investments are in the tune of 50-52 crores. So there will be considerable additions to the capacities during the current year also, not only in Vizag and Mysore but also some additions in food and FMCG for Hyderabad and Mysore are being planned, which will be enhancing those capacities also. They will be operative from March-April 2019. So this is the progress of the company. And I now open the forum for questions answers where we can discuss in detail any issues you wish to know.

- Thank you, Shaili.

- **Moderator**

- Thank you very much, ladies and gentlemen, we will now begin with the question and answer session. Anyone who wishes to ask a question may press * and 1 on the touch tone telephone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

- The first question is from the line of Ashish Kajoria from Lucky Investments, please go ahead.

- **Mr. Ashish Kajoria – Lucky Investments**

- Good afternoon, sir, and congratulations on a reasonable set of numbers. I just wanted to know your thoughts on sales targets for the next couple of years, can you give us some sense on the growth numbers.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Yeah, this year we ended at around 15% overall growth, we did around 12% in this quarter on volume terms and in terms of value it is 16.5, but I go more on volume, so the volume is around 11.7% to be precise. And one of the major additions is Mysore plant getting into production. And the way the orders are received for the month of September-October indicate that the pick-up from Asian Paints would, if not very high, will be reasonable in the next five months of the financial year. Probably maybe around 6 to 7 crores additional sales can achieve from there, that's hardly 1 to 2% of the total turnover. Our Vizag plant is slated to start in December, but I think probably Jan onwards we can expect some supplies. But going forward for the next year they will be handsomely contributing according to the projections given to us it is almost 35, 3000 to 4000 tons so even if you take average it is around 15 to 16% of our current volumes can come from those two plants in the year '19-20. So apart from that we have several MNC proposals working on with different MNCs, and some of them we are just pilot testing, some of them market testing and hopefully by January-February we will be introducing a couple of them and by April we will introduce two more. If those things happen in food and FMCG they can lead to substantial increase. So year '19-20 could be a year where we can anticipate more than 20% volume growth. So having said that the year '20-21 can also see similar numbers because of all these two reasons, one is Asian Paints expanding its volumes in the year two as per their commitment, and food and FMCG catching up with more and more MNCs turning into proposals becoming products and supplies. So I could say that next two years that starting from '19-20 we should aim at 20 plus kind of volume growth. And current year I will be happy if we clock 15% volume growth.

- **Mr. Ashish Kajoria – Lucky Investments**

- And this what we are talking of FY'20 is 20% growth, can we sustain that 20% growth for 2-3 years after that.

– **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Yes, that's what the current scenario indicates that we can sustain that kind of growth for at least 2 to 3 years, and there are other opportunities that are also coming up our way, probably it is a little too early to discuss. With that momentum can be maintained is what I guess.

– **Mr. Ashish Kajoria – Lucky Investments**

- And what is the current thinking on RAK, I mean has it just been a mistake going out there, because we have lost a lot of time and business does not seem to be coming around there and are you thinking of that, sir.

– **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- No, no, in RAK one of things was economies were in really bad shape till now and slowly the revival is occurring, people were not ready to shift from tin to packaging of plastic containers, which is expensive compared to the current tin, that has become a major deterrent and one of the reasons for not many shifting. But Total Lubricants, one of the major players in that area has now completed shifted their grease bags into plastic, and last six months they have been shifting one of the other, now in the month of August they have completed shifted their range from half kg to 18 kg into plastics. So, on seeing that in the market there is pressure from other companies also. And we are getting enquiries from those companies for their needs. So, I think there is a lag, I agree with you that's about a year lag, 6 months to 1 year lag. But I think going to RAK is not a mistake, maybe the product mix of expecting bigger paints to catch up, was not all properly guessed. That's why we are enhancing the capacities of smaller grease packs, medium sized grease packs. And also FMCG products we are working on a major project for RAK and probably I will be in a position to talk more details in the month of September-October. And if that happens, that unit's entire capacity will be filled by January, 2019. That's a major project we are working on. So, having said that in a new geography where you do not understand the market demands. It's about a year now last August we started. So, it's about a year, it took us to adjust our product mix but we did that. And now with the addition of the FMCG orders which we are anticipating in the month of September, it can really fly up from January.

– **Mr. Ashish Kajori – Lucky Investments**

- Right, sir. And my last question is, is there any progress on doing In-Mold Labelling business with Asian Paints.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- There is a progress, but they have in principle agreed to give IML in place of heat transfer label for couple of brands. And they have not indicated where to start with. So, now the catch is Maharashtra has banned a use of 15 films, in heat transfer labels you end up with very thin film, 18 micron film. So, that is the challenge which Asian Paints has to now address. Whereas IML we use more than 100 microns and the film gets embedded in the container. So, there is no danger of a film being, you know, coming out as a by-product in the process. So, we are also writing to Asian Paints, asking them, to motivate them to shift to IML where they can avoid their suppliers creating thin film as output. But they have yet to take a call on it.

- **Mr. Ashish Kajoria – Lucky Investments**

- Right, sir. Thank you very much and all the very best.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Thank you, Ashish.

- **Moderator**

- Thank you. The next question is from the line of Sidharth Mohata from Principle India. Please go ahead.

- **Mr. Sidharth Mohata – Principle India**

- Hi, sir, this is Bhimant here.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- He, Bhimant, how are you?

- **Mr. Bhimant – Principle India**

- Yeah, very fine, sir. Just a quick question, of course, RAK was asked by Ashish previously. So, I mean was it a demand mismatch or in your opinion you know, we could have possibly kind of, you know, calibrated our capex in RAK. That's question number one. Question number two, how can you also address what kind of mix are we, you know, likely to end up with, in this year FMCG, IML and all of that as a percentage of the

overall pie. And lastly when in your opinion do you, you know, see a raw material pass through because there is lead lag in that as well. So, you can just address all these three.

– **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Sure. Coming to demand in RAK, it is not the mismatch of demand. It is a miscalculation for demand among the product range that is instead of creating more capacity for small and medium containers and FMCG, we have created equal capacity or I would say, 60% capacity for bigger paints and 40% capacity for smaller containers. So, whereas the demand is picking up well in the smaller containers, while the bigger paints are still not, the machines are not getting occupied. So that is the mismatch what I spoke to Ashish. So, as a demand (29:27) role in RAK and all the other segments it was a big lull period for last 3 years because of that area is facing lot of economic slowdown. But after the oil price have moved up a bit I think things are looking up and probably it will catch up in all the segments. So, now there is little adjustment we are doing, we are reducing the paints, big paints capacity at RAK and adding more machines in the smaller and medium segments. That will fetch better price in addition and quicker application of capacity. So, that process is already started. Coming to your percentages.

– **Mr. Bhimant – Principle India**

- And, I am sorry, sorry to intervene you. What kind of competition do you face in RAK, I mean, just in case you are 100% medium and small in that geography, would you have done far better or would you have been ahead of your estimates, just in case.

– **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Yeah, yeah, we would have been certainly better than what we are today and had we gone more with capacity of smaller and medium size container instead of more on steel. It was because there was resistance. If not today but they will shift within a year or two from metal to plastic. But they are still hanging on to metal because the prices of metal as of today or even for last one, one and half years is cheaper than plastic, as a one to one comparison. And in a downward economic situation there is no much motivation for them to go for aesthetically better looking containers. There is what is the kind of resistance in a bigger paints, in a smaller and medium there is no such resistance because these are FMGC and food products where tin and metal is big no, no. So, obviously they are ready to experiment and try that with IML.

– **Mr. Bhimant – Principle India**

- Okay.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- So, I would rather say that it is missed estimation of demand of bigger and smaller products has cost a little delay in achieving the need. So, coming to the sales in IML, as usual we have grown again, the sales in IML tons compared to 50.1 last year Q1, has become 57. And the last full year it is 52.5. So, it is 57 in this quarter. So, we continue to add more and more products in labelled IML or HCL and screen printing is coming down from 47 to 43. So, coming to your third question of raw material, I have a, I will draw your attention on, all your attention to one fact. That raw material prices have shot up in this quarter compared to the Q4. The Q4, the average pricing was 87.5 has become 99.1. And as mentioned in the previous calls, whenever the prices go up we pass on in the following month. So, in effect a month impact will be there when the price is going up we lose there. But when the price is come down we gain there. So, unfortunately this quarter ending June, the price has shot up to almost 12 rupees. Even if you take average price of 4 rupees and put it as a cost almost we are impacted by taking it one month loss of around 1700 tons. So, almost we lost 1700 tons into 5 rupees an average, this is around 90 lakhs. That the same benefit we will keep going to get in July and September because the price started softening now. About 4 rupees down in the month of July. And if the trend continues whatever we lost due to the raw material enhancement in the last quarter might come as a positive for the current quarter.
- **Mr. Bhimant – Principle India**
- And last if you can....
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Percentage raw material has shot up from 47 point, 47 in Q4 to almost 49.9. 2.9% increased. That can be attributed to this particular period.
- **Mr. Bhimant – Principle India**
- And, sir, can I just ask one more. I mean what are the other similar kind of innovation that you just stop short of discussion that you said it is pretty early. So, anything of similar variety, you feel can give us or can stand us you know, in good edge that we have had in you know, IML. And secondly any, any competition who in your opinion apart from these smaller packs has gained equal prominence or equal proficiency in terms of cycle time.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- As far as my knowledge goes nobody has come anywhere close. Actually Asian Paints their results are pushing our other competitors to quickly catch on to IML, which we are not yet progressed. And to answer your first part of the question. Though I can't reveal that, it is a cosmetic design, cosmetic product design we have taken up with 3D curves on the body which is never attempted in IML anywhere else, as far as my knowledge goes. And we almost succeeded in it now and we are making that offer to one major cosmetic company both located in UAE and India, so let's see if I have more details then September I can share.

- **Mr. Bhimant – Principle India**

- Brilliant, thank you very much, sir.

- **Moderator**

- Thank you, the next question is from the line of Akhil Parekh from Anala Capital, please go ahead.

- **Mr. Akhil Parekh – Anala Capital**

- Hello, sir, congratulations on a good set of numbers. My first question is on the Indian capacity, where does it stand right now.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- The Indian capacity is somewhere around 28000 tons without adding Mysore and Vizag. But they are going to be added in October and January respectively. And hopefully by end of the financial year the Indian capacity will be around to the tune of 35000 tons apart from 3000 at RAK.

- **Mr. Akhil Parekh – Anala Capital**

- Sir, the last time you were mentioning that we might add approximately 2000 tons, to the 27000 tons that existed in capacity for food and FMCG. We haven't added anything as of now for food and FMCG.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- We have already added 1500, another 1500 is being commissioned by November, October, November.
- **Mr. Akil Parikh - Anala Capital**
- October, November, okay. And sir, food and FMCG how much of the contribution in this quarter.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- 16.24% which was similar last year. It was 16.82. It is now moved to 16.66.
- **Mr. Akhil Parikh – Anala Capital**
- Okay. But last quarter it was approximately 19% plus. F&F.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Before it was 19. Basically in Q4 we have added ice cream sales and that has improved the numbers. But now ice cream sales have dipped a bit from May onwards. So, I guess that could be the reason.
- **Mr. Akhil Parikh – Anala Capital**
- Do you see the changes for the (37:24) contract. Do we, are we supplying similar kind of volumes to them or has there been any reduction on that front.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- In the former there is a small reduction that is again May. Mainly April and May because the convention trends move to ice creams from chocolates in those 2-3 months. So, April-May we saw a little dip and now from June-July we are finding the similar trends as last year.
- **Mr. Akhil Parikh – Anala Capital**
- Okay, okay. Blended EBITDA per kg how much it was for this quarter?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- It is now 33.95%. As I told you the impact it was 33.40 for the full year but it was 34 in the Q1 last year. It is now 33.95. The major contributor is raw material price hike during

all three months of April, May and June, which has increased our raw material by almost 1.7% that is almost like 10 to 12 rupees.

- **Mr. Akhil Parikh – Aanala Capital**

- Sir, last couple of questions, one is in the optimistic scenario where do you see our utilization level for RAK by the end of FY'19.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Sorry.

- **Mr. Akhil Parekh – Anala Capital**

- In the optimistic scenario where do we see the capacity utilization at RAK of the 3000 ton, how much do you think we can utilize it by the end FY'19.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- At around close to 1800 tons we will be breaking even, 60% of the capacity, and currently we are operating around 30-35%. And one major order which I just discussed, if that happens that itself will take it to almost 75% 80% capacity utilization. Even if that doesn't happen there are other enquiries of grease packs which I explained, can gradually add upto to 60-70% by November, October-November. So coming from October-November onwards we can see numbers at the range of around 1800 tons that is 150 tons per month.

- **Mr. Akhil Parekh – Anala Capital**

- Okay, so last question IML versus non-IML you mentioned that volume wise it 57 versus 43 what is the value wise for this quarter.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Value wise it was 48, 3.5 last year has become 61.7, sorry 54.5 has become 61.7.

- **Mr. Akhil Parekh – Anala Capital**

- 53.5 has become 61.7.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- 54.5 has become 61.7 almost 8% increase.
- **Mr. Akhil Parekh – Anala Capital**
- Got it. Thank you so much sir, and wishing you best of luck.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Thank you.
- **Moderator**
- Thank you very much. The next question is from the line Pragya Vishwakarma from Edelweiss. Please go ahead.
- **Ms. Pragya Vishwakarma - Edelweiss**
- Hello, sir, many of my questions have already been answered. However if you can let me know what was the break up between paint and lube, you already gave that number for FMCG, but if you can give for paint and lube as well?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Yeah, paint and lube it is around 49% paint, 34% lube, 16.7% food and FMCG.
- **Ms. Pragya Vishwakarma – Edelweiss**
- And last year for paint and lube, the number would be?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- 45 and food was, sorry 52, sorry, 52, and lube was 32.3 and food was 15.8.
- **Ms. Pragya Vishwakarma - Edelweiss**
- Okay. Sir, my next question was as you just mentioned that your IML in value terms it is now 61.7%, so at this level and what is the kind of EBITDA per kg you think we can clock in like as we move towards a scenario where we can have the price pass on, you know. Do you see a EBITDA per kg improving from this level as well.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- It should be because the IML price has gone up in all three months, the impact was adverse which would have been nullified had it come down in the second or third month. So now we are left with remaining 9 months if the prices come down or at least stabilize, the EBITDA per kg will improve as the IML sales are increasing. But if the IML price keeps on going on only one way track probably we may have little impact on the margin but I am confident it will be anywhere between 34-35 around 35 for the full year, because already the prices started softening in this quarter, second quarter.
- **Ms. Pragya Vishwakarma - Edelweiss**
- Sorry, I missed on that, you said 34 for the full year?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- No, 35.
- **Ms. Pragya Vishwakarma - Edelweiss**
- 35, okay. And my last question was on capex, if you can just give some guidance how will we deploy this 52 crores.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- We have almost 35 crores to 37 crores as internal generation and we might use some term loans from banks to fund it because both the projects of Mysore and Vizag are time bound and also some of the projects which we are implementing in Hyderabad for food and FMCGs, so with some loans from HSBC or Citi we will be able to meet the needs.
- **Ms. Pragya Vishwakarma – Edelweiss**
- And overall how much deployment have we done for the Asian Paints plant, and what will be total deployment over there.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- For both plants put together it will be to the tune of around 36, 35-36 crores and I think as of today we have done around 60 to 70% of the investment.
- **Ms. Pragya Vishwakarma – Edelweiss**

- And what is the payback we expect from this plant?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- General payback for our company is around 4 years, starting from year one you can say from '19-20 we should be in a position to get back in four years.
- **Ms. Pragma Vishwakarma – Edelweiss**
- Okay, thank you, sir, that's it from my end.
- **Moderator**
- Thank you. The next question from the line of Ravi Naredi from AT Investments. Please go ahead.
- **Mr. Ravi Naredi - AT Investments**
- Sir, RAK likely to get breakeven in last year is still it is not breakeven so what is going wrong with RAK, whatever we have planned three years back, four years back, we were confident to achieve our breakeven in first year, so what is going wrong.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- As I explained it was never expected last year first of all, it is just this year first quarter we expected to breakeven. And it got delayed by another 5-6 months because as I said from the bigger players we are not finding movement from metal drums to plastic. So we are making adjustments now, couple of machines are being shuffled and smaller and medium sized containers where we are finding good demands from the grease and dairy industry we are creating more capacities. And also one major FMCG we are working out very closely, hopefully in September we will be thinking that which can completely outweigh the capacity. So the major let down is the big paints that is 20 litres 15 litres paints which are meant for paints and lubricants have now really taken off as expected.
- **Mr. Ravi Naredi – AT Investments**
- And in '19-20 we may be able to expand RAK?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Yeah, as going forward as I told you always, the beauty of packaging industry especially in IML and injection molded containers, molded containers, is that they are accumulative in nature. The orders once come, they keep accumulating. For example (45:13) in UAE we have started doing just couple of truckloads last year, today we are almost close to 8 to 10 and they are setting up a major expansion in RAK which is getting into production in this month, August. And we are talking about 15 to 20 truckloads starting from October. Looking at (45:32) there is another brand called (45:35) that is also building materials product, they have already taken samples and testing them. So the beauty of packaging as such and especially in rigid packaging once you develop the moulds, develop the lines in line with your product they don't change their partners in the middle of the night. So you will have accumulated orders as you go progressively. But the speed of accumulation is not as per my expectation. But accumulation will happen and we will certainly grow as we go forward.
- **Mr. Ravi Naderi - AT Investments**
- Okay. And sir, the Asian Paint order Mysore we have received so we fulfil from Mysore or from where?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- No, no, no, current couple of months we will be supplying from Hyderabad or Satara, the moulds are all ready and whatever small spare capacity that is available in both these units can fulfil their orders. The order values are around a crore of rupees a month, so it is not difficult and the Mysore plant will be operational by end of October. So one to one and half month we may supply from existing plants and from November we will be making supplies from Mysore itself.
- **Mr. Ravi Naredi – AT Investments**
- Thank you very much, sir, so nicely explained.
- **Moderator**
- Thank you. The next question is from the line of Khush Joshi from Kitana Capital. Please go ahead.
- **Mr. Khush Joshi – Kitana Capital**
- Good afternoon, sir, Khush here.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Hi, Khush.
- **Mr. Khush Joshi – Kitana Capital**
- Sir, regarding this capex plan you mentioned that we will bring 50 crores in '19-20, right.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Yeah.
- **Mr. Khush Joshi – Kitana Capital**
- So that the second phase will be how much for Mysore and Vizag?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Second phase investment would start in Mysore from Jan-Feb or maybe by March will be adding some more machines and in Vizag, second phase will be only next June-July, that is next year, 2019. But there is an expansion plan in Hyderabad also wherein we are planning to acquire six acres of land to construct huge capacity for food and FMCG. The project might go on till middle of next year, calendar year, but the investment for the land and building and other things have to be made in this financial year. So that that will be operational by June-July next year. So that is also taking substantial investment close to 20 crores. And we are adding a big large segment of ghee retail packs and expanding the ice-cream capacities because last year we found even within two months of introduction we found very good response in that segment. And we want to be ready for this next season starting in December. So all these capacities will be created in Hyderabad. So those investments will be to the tune of 20 crores.
- **Mr. Khush Joshi – Kitana Capital**
- So 20 crores for these new projects and phase 2 of, some amount will go for phase 2 of Mysore and Vizag, right.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- No, only Mysore, Vizag might go towards second half of the next year.
- **Mr. Khush Joshi – Kitana Capital**

- Okay, understood, thank you, sir.
- **Moderator**
- Thank you. The next question is from the line of Gautam Gupta from Nine Rivers Capital, please go ahead.
- **Mr. Gautam Gupta – Nine Rivers Capital**
- Sir, thank you for taking my question. Two questions, sir, one is with the emerging plastic regulation in different parts of the country, you have given an example of how there is an opportunity with the thin film, any other challenges and opportunities that we are seeing.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- I think there is an opportunity for us because a banning of thin film packaging is an opportunity, so that itself companies which are trying to cut across to film packaging would have to look at containers as an alternative. Other than that, I mean that's an opportunity and there is no threat.
- **Mr. Gautam Gupta – Nine Rivers Capital**
- Sir, on the rigid packaging you don't see any threats coming, more opportunities perhaps.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Actually vacuum forming and thermo forming of thin walled packs are also being banned in Maharashtra, that means the small curd cups what you see in small hotels and some of the receptions and marriages and wedding dinners, that also cannot be used because they are so thin that they can cause blockage and it is very difficult to recycle these products. So whereas that still can open up better opportunities for our IML thin wall containers which are more than 400 micron thickness. The thickness of vacuum formed is below 70-80 microns. In fact government is banning below 50 also, sorry below 60. So we will be around 400 microns which will actually be substitute for most of these products.
- **Mr. Gautam Gupta – Nine Rivers Capital**

- Okay, got it. Thank you for that. And a small question in terms of our pricing at Mysore and Vizag, would it be similar to what we have at Khandala right now?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Yes.
- **Mr. Gautam Gupta – Nine Rivers Capital**
- Similar, right. Thanks that's it from my side.
- **Moderator**
- Thank you. The next question is from the line of Nikhil Kothari from Tamohara. Please go ahead.
- **Mr. Nikhil Kothari – Tamohara**
- Hi, sir, just wanted to understand the crude price is going up, so for the whole year this we think we can maintain the kind of margin that we have done last year, or you think it could take some time, that's the first question. And second if you can just provide me IML and non-INL volume tonnage I guess I came a bit late.
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Okay, coming on the raw material, actually I explained that, we have seen the worst kind of movement in the latter end of this quarter, April-May-June, the price has shot up from Rs. 87 in Q4 to Rs. 89. If you notice in this full year last year, this was hardly Rs. 3 to 4 whereas in these three months itself we found raw material prices going up by Rs. 12. So I don't think anything worse can happen. It only has to come down. So I don't think going to be, are going up by you know every quarter Rs. 12, cannot be. If you notice last year it was, it moved from the previous year where average price was just Rs. 2-3 above two years ago. So this year in the first three months the jump is very substantial we has gone up from 89 to 99 average raw material that means almost Rs. 10 is the hike which we have never seen. So I don't think this will be the same scenario, in fact in July the prices come down by Rs. 4. So I don't think we already such kind of bad hit where it was Rs. 34 EBITA per kg. So I don't think it can go worse.
- **Mr. Nikhil Kothari - Tamohara**
- Okay, and, sir, if you can give me provide me the volumes of IML.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Yeah, volumes of IML which was 53.5 last year has become 61.7 now in the Q1 to Q1, if for full year you take last year it was 57 has become 61.7.
- **Mr. Nikhil Kothari - Tamohara**
- Sir, in absolute terms?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Yeah, yeah, in absolute terms or in tons you are asking or?
- **Mr. Nikhil Kothari – Tamohara**
- Got it, sir, thank you sir, that's it from my side.
- **Moderator**
- Thank you. The next question is from the line of Nikhil Mathur from Ambit Capital, please go ahead.
- **Mr. Nikhil Mathur – Ambit Capital**
- Good afternoon, sir, most of my questions have been answered, because one final question I would be having is, where do you think UAE market is in terms of IML adoption. Now please correct me if I am wrong in assuming that IML adoption India is still in evolutionary stages, the market is still being tested. But given that possibly Jokey is already supply IML packaging in the UAE market. Where do you think the UAE market is in terms of IML adoption?
- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- IML adoption in UAE is certainly better than India in the dairy industry but I was also pleasantly surprised that in the other industries like food and FMCG they have not really moved that much, because one of the reasons is locally there is only one good company that is Fischer Molds and Dyes, but they are more into tool room, selling machines and PET bottles and they have small capacity for IML containers also. So what I explained earlier if you heard me is the small and medium sector in RAK or UAE has much higher demand and potential than the bigger sales like paint and lubricants. Coming from Jokey that is in Turkey the transport costs and delays is something which maybe one of the

reasons why UAE FMCG products and food products other than dairy have not really moved in so I still feel opportunity for us in those segments.

– **Mr. Nikhil Mathur – Ambit Capital**

- So one follow up question, sir, on it. So what stops Jokey Group from setting a shop in India, I mean why wouldn't it set up a manufacturing facility like yourself and start supplying these IML containers domestically made.

– **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- I think last quarter I answered this question. I don't want to say it is Jokey or anybody interested players. None of the players have integrated facilities like we have, like making the label ourselves and making the (56:03) ourselves, and that does keep our costs very effective. And also gives a lot of confidence to our client, our ability to give sustain the capacities, sustain supplies in which there is no disruption. So in no grounds they can really benefit in setting up a plant in India and they know very well it is emerging market where a long gestation projects are happening, as I have been talking to you even two quarters before what I spoke to you the project is still going on with minor corrections, market research, consumer opinion, our companies are taking longer time. So we don't put all our, as a company which is well matured we have wherewithal to wait for such new developments to come in and grow in other segments whereas for a new company it comes in and it has to pitch with MNCs and FMCG goods and wait for months together to create capacity, it would be really a costly experiment for them, I guess that is one of the reasons why they are not looking at India. As of today I still continue to say the adoption of IML in this country is not even 5%. They might come in once the maturity comes in the market maybe after 5-6 years, I guess.

– **Mr. Nikhil Mathur – Ambit Capital**

- Okay, thanks a lot, sir.

– **Moderator**

- Thank you. The next question is from the line of Harsha from Photon. Please go ahead.

– **Mr. Harsha – Photon**

- Hi, I was just wondering why the volume growth this quarter was lower considering that our base was also lower last year. And some of the other outlines like Asian Paints and

all the other guys have been growing much higher than us. Can you just give me the reason for that?

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Sir, actually, you are wrong, the base for the Q1 of last year was the highest. Only in Q4 we could craft the numbers. The impacted quarters are Q2 for GST whatever was the impact. So Q1 we did 4900 tons which was much more than 4400 tons we did in Q2. And even Q3 we did 4800. So Q1 is the, Q1 last year also went well and Q2 was what got really impacted by GST last year. On that we achieved around 11.7% volume growth and around 14.6 to 15% sales I mean value growth.

- **Mr. Harsha - Photon**

- Okay, if I remember I think last year you had a YoY deal growth in Q1 '18 it came around 52w0 to 4900 that's why I was asking that.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- In Q2 is it?

- **Mr. Harsha – Photon**

- In Q1FY'18.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- I will check that.

- **Mr. Harsha – Photon**

- And can you just tell me total sales volume in tonnage terms?

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**

- Sales tonnage 5472 tons as against, 5472 as against 4900 in '17-18. I don't see this as 5472 it is only 4900. What you are seeing 5200 is production.

- **Mr. Harsha – Photon**

- Okay.

- **Mr. Lakshmana Rao – Chairman & Managing Director, Mold-Tek Packaging Limited**
- Production was 4900 and this year production was 5055 and sale is 5472.
- **Mr. Harsha – Photon**
- Another question for Asian Paints plants, how much of Asian Paints requirements are you catering to in Vizag and,,,
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Generally they indicate 40-45% to Hitech and 25-30% to Moldtek. And rest between two more suppliers. So in the beginning it will be us and Hitech, but as we progress slowly other two suppliers also will come into the picture.
- **HARSHA – PHOTON**
- Okay. And finally I think you have given the volume share between paints and lubes. Can you just give us the value share as well, data?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Sure. Value of paint is 49% this year. 34.3 in lubes, and 16.7 in...
- **HARSHA – PHOTON**
- Okay I am sorry I think that is the value share you have given earlier. Can you just tell us the volume breakup?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Okay it is 51% paints, 37.8 lubes, 11% food and FMCG.
- **HARSHA – PHOTON**
- Okay, thank you so much.
- **MODERATOR**
- Thank you. The next question is from the line of Aks Vohra from Raj Financial. Please go ahead.

- **AKS VOHRA – RAJ FINANCIAL**
- Yeah I just wanted to know in this quarter edible oil segment also we saw some growth. So that was included in food and FMCG?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah it is included in food and FMCG.
- **AKS VOHRA – RAJ FINANCIAL**
- What was that portion?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- I need to look into that and give you. I will send a mail. Can you give your mail ID?
- **AKS VOHRA – RAJ FINANCIAL**
- Sure sir I will pass it on. And another thing sir we were very much bullish I think a year and a half back on edible oil and we have seen some growth this quarter and you are saying that we can expect a further momentum in the same segment going forward. So can we expect that food and FMCG can touch revenue contribution of 25% by year end?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- 25% looks a little difficult as of today. Probably we will be at least around 20 to 22% is my guess. But some of the (1:02:11) are still going on and they have not turned into production which I anticipated would happen in the middle of this year. They might go towards the end of the year.
- **AKS VOHRA – RAJ FINANCIAL**
- Okay. And what has suddenly changed in edible oil segment that people are now taking those containers back? Is it the pricing change?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Pricing has not come down. Actually pricing has stayed where it was. But more and more adoption of modern trade is pushing them to go for it. And when customer preference in Big Bazaar and such multi general stores has gone up, slowly the oil companies are also willing to experiment with their premium brands. And another

reason which I heard from my marketing team is that companies like or brands like Saanchi which is government, Gujarat government or Maharashtra government I am not sure, a brand, they were inclined to go more and more towards our pack because of the tamper evidence adulteration free container. So they have almost 30% duplicate market I believe and they found that after our containers were introduced, their sales shot up by 30% and they don't find any duplication happening in the market. So these points which we were trying to tell people have now been substantially proved. And slowly that is driving more and more people to try this pack. As cost continues to be a deterrent, compared to tin, so as our (1:03:50) are coming down in June-July it can further push the product sale in the festival season; coming festival season.

- **AKS VOHRA – RAJ FINANCIAL**

- Okay but do we see sustained growth coming from edible oil segment for next year also? Or this is just one time thing?

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- No it might happen gradually. It won't happen like a saviour or something. But it will also contribute let's say 3-5% of our growth year after year is my guess. Earlier we thought it could be a kind of a major contributor. But we are counting just 3-5% growth coming from this product year on year.

- **AKS VOHRA – RAJ FINANCIAL**

- Right, right. And secondly on sir capex side we have done around 50 crores last year and 50 crores this year. So can we assume that going on from next year onwards, there won't be significant capex requirement? Or we can see some amount of capex in tune of this range?

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Probably it is not of this range because it shot up because of two major clients for Asian Paints. But there will be growth in food and FMCG in all these plants. There could be an addition in Daman or it could be in Mysore where we are also planning to have food packaging products supply. And even there could be a plan to setup a plant in north in the coming years. So it may not come down considerably. But it may be somewhere close to where it is now.

- **AKS VOHRA – RAJ FINANCIAL**

- Okay so we can expect similar for next year also.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yes, yes similar. Because there are a couple of big projects at a very annual stage. If they take off then we need to add substantial capacities mainly in food and FMCG. But at this stage I don't want to talk about it.
- **AKS VOHRA – RAJ FINANCIAL**
- True, true sir. And sir lastly on capacity right now we said that by the end of the year we can reach up to 35000. What would be the target to reach capacity by say 2022?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- 2022? You mean in the 3 years?
- **AKS VOHRA – RAJ FINANCIAL**
- Yeah next 3 years.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- See in Asian Paints alone we are bound to increase it by from – what is the current Asian Paints...Mysore you have not added in that na? So there itself we are committed to add about 12500 to 13000 tons. That means the current 35000 has to – 35000 I mentioned including the first phase of Asian Paints. So the second phase would be another 7000-8000 tons. So we are talking about 43 through Asian Paints alone. So in the next 3 years assuming even 13-15% growth comes, 10% growth at least comes from food and FMCG, that will be another 6000. So probably we will be above 55000 in 3 years' time.
- **AKS VOHRA – RAJ FINANCIAL**
- Okay so roughly can we expect doubling our capacity from current capacity.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah current capacity as of today is around 30000.
- **AKS VOHRA – RAJ FINANCIAL**
- 30. So we can expect doubling of it.

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Double in 3 years maybe a little optimistic. But 4 years it will certainly.

- **AKS VOHRA – RAJ FINANCIAL**

- Okay, okay. Thanks. Thanks a lot sir.

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Thank you.

- **MODERATOR**

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

- **ANKIT GAUR – SYSTEMATIX**

- Yeah hi, good afternoon sir. Thank you for taking my question. Sir my question with regards to ebidta per ton as we expect substantial increase in revenue coming from paints in next 2 years, do we actually see ebidta per ton remain flat because probably we may do a lot of screen printing for Asian Paints or probably HTL; while SNF revenue might not increase in that speed. And my second question with regards to when we actually say we are increasing capacity for food and FMCG, we are talking about multi cavity mode or we are talking about different injection moulding machines? Thank you. I'm done.

- **MODERATOR**

- I am sorry. Ladies and gentlemen it seems the line of the management has been dropped. Kindly stay connected while we connect the management. Ladies and gentlemen apologies for the inconvenience. We have the management line connected. Over to you sir. May I request Mr. Gaur to repeat his question please?

- **ANKIT GAUR – SYSTEMATIX**

- Yeah hi. Sir my question was with regards to ebidta per ton. As we assume, as we see that for the next 2 years paint revenue will increase substantially compared to food and FMCG, do we actually see ebidta per ton hovering at these levels or coming down or going up? If it is going up then probably food and FMCG should increase at a faster pace.

My second question with regards to again food and FMCG. When we talk about increasing more capacities in food an FMCG, are we talking about multi cavity mode, installing multi cavity modes or we are talking about different injection mouldings or robots?

– **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Coming to your first question, Asian Paints is no more into screen printing. They are moving very rapidly into HTL if not IML. And I explained to you last time our HTL or IML still are always at a much higher value add compared to screen printing containers. So they won't really hurt the numbers, the 35 ebidta per kg. In fact they are little above that in the overall average. So HTL adoption by Asian Paints in all the plants and most of the brands have now shifted. I would say 70%. 30% of the brands are still in screen printing. But by the time we start the next year probably they will shift 90% of their brands into SKUs into HTL. So that may not impact negatively. But it will certainly pull up to some extent because our purchasing ebidta in Asian Paints is above 35 as of now. So it won't pull down the average. But going forward should an FMCG also will grow rapidly is my guess. But of course many projects are in limbo now which might start getting released by the end of this financial year definitely. So that should add up numbers and aiming Rs. 40 per ebidta in next year maybe a very big misguidance but trying to reach 36-37 is possible.

– **ANKIT GAUR – SYSTEMATIX**

- Okay. And the second question with regards to food and FMCG, when we say capacity is adding multi cavity moulds or different injection moulds.

– **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Oh yeah, yeah. That question there is nothing we can do by just adding multi cavity moulds unless you have a big machine capacity unutilised. We never do that. So if you have to add initial capacity you have to add special machines. And whatever is under-utilised capacity of the machine, yes that can be used to increase your overall production. There is always some under-utilisation in these machines. Because in anticipation of some future demands we create some old gen robots and machines. Like ice creams where we used only during few months of the year. To handle the spare capacity and also to grab into a new line, we are introducing this ghee and spices containers which are mostly consumed during winter and the monsoon seasons. So those two products also can run on the same machines with of course different moulds and robots. So we being the manufacturer of robots, we changed the end tooling of...

- **MODERATOR**
- Ladies and gentlemen again the line from the management seems to have disconnected. Please stay connected while we reconnect them. Ladies and gentlemen we have the line for the management connected. Over to you sir, please go ahead.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah. Sorry for the interruption.
- **MODERATOR**
- Yeah Mr. Gaur please go ahead with your question.
- **ANKIT GAUR – SYSTEMATIX**
- Yeah. So my two questions remaining now. What would be the revenue from two new Asian Paints plant in FY19? You said I guess if I heard it correctly, you said 1500 tons be produced from these two new plants in FY19 right?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- No, no that is the capacity being created in each plant. But they will run only few months in this year. So Mysore plant might run about say 100 tons per month for last 4-5 months. Vizag might run couple of months. So we can anticipate is around 600-800 tons of addition during the current financial year. But in the next financial year we can expect at least 2500 to 3500 tons. That's substantial number can be added in the year 1920.
- **ANKIT GAUR – SYSTEMATIX**
- Okay this 2500 to 3000 tons should give us how much revenue sir in FY20?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Close to around 40-50 crores.
- **ANKIT GAUR – SYSTEMATIX**
- Okay. And last question with regards to moulds. What is the ratio of mould making in-house and in our CNC machines and what is the outsourcing as of now going to Taiwan and Korea?

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- About 20% is outsourced, 80% - 75:25 you can say. 75 in-house and 25% outsourced.

- **ANKIT GAUR – SYSTEMATIX**

- Okay thank you very much sir.

- **MODERATOR**

- Thank you. The next question is from the line of Suvarna Joshi from Axis Securities. Please go ahead.

- **SUVARNA JOSHI – AXIS SECURITIES**

- Yeah thank you for the opportunity. Most of my questions have been answered. Just two questions I had. One was on the oxygen barrier containers which we were talking about a couple of quarters back and you had mentioned that we have made some progress there. So could you just give us an update on that? And second question was on what is the approval time that we get from our customers once the product has been – what is the total approval time that it takes for a product to be approved by the customer in the food and FMCG space?

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Yeah. On the oxygen barrier front we have given the samples testing is happening in 2 companies I can say. One of them is pursuing it seriously. Other is yet to take it forward. And probably in November-December they will come back because they wanted some 6-7 months of testing of the product. And apart from that we are not trying to push it as well because unless we prove this concept and one food company accepts the shelf life standards, there is no point in pushing it elsewhere without the proper study. That is the status of oxygen barrier IML. And coming to approval timelines, there are companies like for example Cadburys when we started, the whole approval time and the development of pilot took 3 months. In the 6th-7th month we are into production. So there are cases which can move as fast as 6-7 months. And there is another, I don't want to name it, for last 8 to 9 months we are doing different designs and now they have more or less come to a final conclusion and we are giving another pilot lot in the month of August. And they will again do a market research for about 2-3 weeks. So hopefully if they give clearance in September, that product will take 4 months to put the moulds and robots in place. So my Jan-Feb we can start the production. So this project

for example is going on for the last 9-10 months. So another 5 months – so some projects can take 1-1.5 years. But typically I would take it as 7-8 months is an average for a decent approval timeline estimation.

– **SUVARNA JOSHI – AXIS SECURITIES**

– Sure sir. And sir a final question was in your opening comments you mentioned that Cadburys there was some slowdown in the order that we had seen. So could you just help us understand what exactly was the situation with Cadburys per se?

– **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

– No, no, it is down because of summer. Typically chocolate sales I believe falls down. This is the first time we are also facing that. And it picks up from winters. So the trend from July onwards the numbers are again shooting up. Increasing much better than the last first quarter. And the first quarter the dip is mainly because of summer. And going forward maybe towards the end of this year what Cadburys is also planning a marketing strategy to enhance its sales for all their products. So they also feel the future is going to be better.

– **SUVARNA JOSHI – AXIS SECURITIES**

– Alright sir that's it from my end. Wish you all the best and thank you for the opportunity.

– **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

– Thanks.

– **MODERATOR**

– Thank you. The next question is from the line of Dhiral Shah from Asit C Mehta. Please go ahead.

– **DHIRAL SHAH – ASIT C MEHTA**

– Yeah good afternoon sir and congratulations for the good set of numbers. Sir I just have one question. Sir what is the capex guidance for FY19?

– **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Capex FY19 is around 50-52 crores.
- **DHIRAL SHAH – ASIT C MEHTA**
- And also for next year the guidance would be same?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Next year as we see today it doesn't look so high but if there are one or two projects which are working on happens then it could again come to a higher level like 45 to 50 crores.
- **DHIRAL SHAH – ASIT C MEHTA**
- Okay, okay, thank you sir. That's it from my side.
- **MODERATOR**
- Thank you. There's a follow up question from the line of Pragya Vishwakarma from Edelweiss, please go ahead.
- **PRAGYA VISHWAKARMA – EDELWEISS**
- Yeah is it possible to give how ebidta per kg is different in paint, lube and food and FMCG?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Probably that much detail I can't give because that can be some kind of internal information. But generally in IML we get at least Rs. 7-8 more per kg in paints. And in food and FMCG we have 50 plus per kg. So I can give a broader picture but getting into finer details would be too much of internal information and our pricing...
- **PRAGYA VISHWAKARMA – EDELWEISS**
- Thank you sir, that's it.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Okay.
- **MODERATOR**

- Thank you. The next question is from the line of Manish Mahawar from Antique Stock. Please go ahead.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Yeah good afternoon sir.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Good afternoon.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Yeah sir just on your cosmetic customer I think on which your trial run has happened. I think you have given a number of I think 30-35 crores of revenue potential for this customer right sir?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Not 30-35. It could be about 15 crores to start with per annum.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay. And is it particularly for RAK or India as well?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- It is for RAK and for India we are yet to start talking to them. But this opens up a wide opportunity in the cosmetic front be it with L’Oréal or be it with Levers or many brands which are currently not using injection moulding because of inability to do the IML in current surfaces. So by succeeding in doing IML on current surfaces, we hope that segment would open up for us.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay. And sir wanted to know during the quarter Q1, have we able to gain any new customer apart from this what we are talking about? Hello?
- **MODERATOR**

- Mr. Rao are you connected sir? Ladies and gentlemen it seems the line for the management has been disconnected. Ladies and gentlemen we have the line for the management connected. Yeah over to you sir.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Yeah Mr. Rao I just had a question. During the quarter have you added any new customer apart from what this cosmetic customer you are talking about?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah we have added 2-3 clients in RAK including total lubricants. Of course total is been with us for 7-8 months but we have added new segments, new product SKUs. And in the current year, in the last 2-3 months we have added at least 5-6 edible oil and ghee companies as our clients. And in the previous quarter we added quite a few ice cream companies as our first time clients. Their volumes will pick up in the coming seasons starting from January. So client addition is happening reasonably well in the small and medium segment. Only the big MNCs are very, very time taking in moving forward.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay and second question sir, about this raw mat price increase and that has got impacted to some extent the margins. It was despite, you said earlier actually that we have lost almost 1 crore of maybe loss in terms of the high cost. Maybe raw mat cost actually. It was despite the 31st March we have a very good inventory of raw mat right sir?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah in spite of that yes.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay. And what was right now the raw mat prices versus 99 for the Q1 average? Present price actually of the raw mat?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- One second. It went up in July or down? Where is it now? It's again around Rs. 101 now. It went up to 104 in the month of June.

- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay. And it came down by Rs. 3.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Rs. 3.50 it's come down.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay. So most probably maybe Q2 the margin will be better than Q1 definitely right sir?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah it should improve. Because if the trend continues in the remaining two months, August and September, we will have that advantage. Because we pass on the price in the following months. So we gain at least one month advantage.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay. And last question sir can you share the number of – volume number for RAK plant for the quarter.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- We have done about 185 tons as against 100 tons in the Q1 last year.
- **MANISH MAHAWAR – ANTIQUE STOCK**
- Okay sure. Okay thanks and all the best sir.
- **MODERATOR**
- Thank you. Next question is from the line of Nikhil Katari from Tamura. Please go ahead.
- **NIKHIL KATARI – TAMURA**
- Sir in earlier discussion you said in the 3-4 years perspective you may add capacity up to 55000. So just to understand to add such kind of capacity from the current 30 so it would be almost 25000. What kind of capex and if you can help us understand what kind of capex per ton basically is required.

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- See in a greenfield project the capex for every 1000 tons is around 6 crores. But if you are expanding in a brownfield project it comes down to as low as 3 to 3.5 crores. So currently this year and last year the Mysore and Vizag plants being greenfield projects, the value of investment is almost 18 crores for the first 3000 tons. But the next 3000 tons probably we need at least max 10 crores capex in those two units each. So that is a thumb rule you can say.
- **NIKHIL KATARI – TAMURA**
- Okay fine sir, thank you very much. That is it from my side.
- **MODERATOR**
- Thank you. We have a follow up question from the line of Akhil Parekh from Elara Capital. Please go ahead.
- **AKHIL PAREKH – ELARA CAPITAL**
- Thanks for another opportunity. Sir would you be able to name some of our ghee and edible oil clients?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Sorry?
- **AKHIL PAREKH – ELARA CAPITAL**
- Would you be able to name some of our ghee and edible oil clients?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah edible oil you can note the companies which are already adopted are Madhuri and Saanchi.
- **AKHIL PAREKH – ELARA CAPITAL**
- Okay.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Damani and Big Bazaar. That is Future. Brand name I forgot but it's Big Bazaar basically.
- **AKHIL PAREKH – ELARA CAPITAL**
- Sir my last question, do we see our name on the container as a manufacturer because in Cadbury I have observed our name is there but in other cases it is not there.
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Yeah it will be there in majority of the cases. If you don't find it on the print you will find it on the container body.
- **AKHIL PAREKH – ELARA CAPITAL**
- Okay, okay got it. That's it. Thank you so much.
- **MODERATOR**
- Thank you. A follow up question from the line of Pragya Vishwakarma from Edelweiss. Please go ahead.
- **PRAGYA VISHWAKARMA - EDELWEISS**
- Yeah thanks for the follow up. Sir is it possible to give the break up in food and FMCG in terms of how much is coming from ice cream and other items?
- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**
- Ice cream and other items are nominal as of this year because we introduced them only in the month of January, middle of January. So by the time we really reached it was few clients like Vadilal, Lazza and Heritage and Scoops, these 3-4 companies have cascaded the trial lots and some supplies. Maybe couple of crores, but not much. And even edible oil is improving as I said. It is close to 1.7 crores in this quarter. For the full year last year we did around 5 to 5.5. So this year we will probably do at least 10 to 12 crores is our estimate in edible oil front. And ice cream from hardly 1 to 1.5 crores this year, probably we would be looking at 5 to 10 crores in the next financial year. So these other products of food will contribute in the coming months.
- **PRAGYA VISHWAKARMA - EDELWEISS**
- Okay, okay. Thank you sir. That's it.

- **MODERATOR**

- Thank you. Ladies and gentlemen that was the last question. I now hand the conference back to Shailly Parekh for closing comments. Thank you and over to you ma'am.

- **SHAILLY PAREKH – PRABHUDAS LILLADHER PVT LTD**

- Thank you Lakshman sir for taking out the time and answering everyone's questions so patiently. Thank you everybody for joining in on the call and wishing you all the very best for the remaining of the year. Thank you.

- **MANAGEMENT – MOLDTEK PACKAGING LIMITED**

- Thank you all. Thank you very much for interest in our company. Thanks.

- **MODERATOR**

- Thank you very much. Ladies and gentlemen on behalf of Prabhudas Lilladher Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.