Date: 21st January, 2021

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

Dear Sir,

Sub: Outcome of Investors Conference Call held on 19th January, 2021.
(Regulation 30 of SEBI (LODR) Regulations, 2015)

Please find enclosed outcome of the Analyst/Investors conference call of the company held on 19th January, 2021.

This is for your kind information and records.

Thanking you,

For Mold-Tek Packaging Limited

Thakur Vishal Singh
(Company Secretary)

"Mold-Tek Packaging Limited
Q3 FY2021 earnings conference call"

January 19, 2021

ANALYST: **MR. ABHISHEK NAVALGUND – NIRMAL BANG EQUITIES**

MANAGEMENT: **MR. JANUMAHANTI LAKSHMANA RAO – CHAIRMAN & MANAGING DIRECTOR - MOLD-TEK PACKAGING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Mold-Tek Packaging Limited Q3 FY2021 earnings conference call hosted by Nirmal Bang Equities 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Navalgund from Nirmal Bang Equities. Thank you and over to you, Sir!

Abhishek Navalgund: Thanks Malika. Hello everyone. I welcome you on behalf of Nirmal Bang Institution Equities on 3Q FY2021 earnings call of Mold-Tek Packaging Limited. We have with us Mr. Lakshmana Rao, the Chairman and Managing Director of the company along with the finance team of Mold-Tek. So, without further ado, I request Lakshmana Sir to start with opening comments post which we can open the floor for Q&A. Thank you and over to you Sir.

J. J. Lakshmana Rao: Thanks for your interest and participation in this conference call of Q3 and nine months results. I am glad to inform you that the company has performed pretty strongly in this quarter. This is one of our best quarters so far with a volume growth of 36% in sales that resulted in a robust profit increment by 70%.

In the nutshell, we have recovered the entire deficit due to the collapse of sales in COVID period of Q1, the core COVID period, which was more than 40% drop in revenues, which we recovered fully and ended up with a 1% overall sales volume growth for the nine months period and also profits also more or less same as that of the last nine months period.

So this quarter has helped us to completely wipe out the deficit of Q1. Going forward the Q4 also looks pretty strong. It started on a very strong wicket and we hope to end the entire year on a higher single-digit growth percentage of close to 8% to 10% if plans go as per our projections.

Going forward we have many new initiatives, which include pumps and also QR coded IML development and new packs that have been launched recently for food and FMCG and the new adhesives packs being developed for one of our major clients. This will be adding for growth triggers for the coming quarters.

Our plants are also being expanded. All the three plants of Asian Paints, which are at Satara, Mysuru and Vizag as per the brands given by our client, we are expanding those capacities. Some of the machines have been received. Some of them are coming in March and by April the machine capacities will be available. So the future looks strong and bright provided there is no repeat of this pandemic or any such calamities, but for that the company is well positioned and diversifying its product range to enhance the return of capital. The EBITDA margins are steadily growing up in spite of a difficult year, I am glad to inform per kg EBITDA has gone up to 36.46 in this quarter. In fact, the raw material price have shot up by more than 15% to 20% during this quarter, but we could affectively pass on this price increase to clients and could able to do the pricing at this rate for the enhancement of raw material price.

For nine months the EBITDA margin is still better than last year at 34.47 because it was very low in the Q1 at Rs.25. If you take only this quarter in isolation, it is up from 34.36% to 36.46% about 6% improvement in the EBITDA margins and even the net profit margin has gone up to 11.24% from 8.7% last year. It is more than 28% increase in the margin as such. So this is the basic information, which I want to share and definitely we will discuss more in the question and answer session. I now transfer the call back to Malika to start the question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Karan Bhatelia from Asian Market. Please go ahead.

Karan Bhatelia: Congratulations for a good set of numbers. Sir can you share the numbers for IML, non-IML volumes?

J. Lakshmana Rao: IML volumes are more or less steady at around at 63%, which was the case in the last full year and non-IML is around 37%, in terms of value 65.4% from IML and the balance from non-IML products.

Karan Bhatelia: Correct and similarly for paints, lubes and FMCG your value and volumes?

J. Lakshmana Rao: Lubes has gone up actually 55.74% as against the last year full year numbers of 52.4% or you want to compare with Q3.

Karan Bhatelia: Comparable number?

J. Lakshmana Rao: 49% last year Q3 has now become 55.7% and 28% of lubes has come down to 22.5% and food and FMCGs from 23.7% to 21.7%. That is on quarter-on-quarter.

Karan Bhatelia: 23.7% to now?

J. Lakshmana Rao: 21.7%.

Karan Bhatelia: This is in terms of value?

J. Lakshmana Rao: In terms of value. In terms of tonnage, it was 51.5% has become 58.9% in the case of paints. In the case of lubes 30.4% has become 24% and in the case of food and FMCG 18% has become 17% value wise.

Karan Bhatelia: Value you have already given Sir?

J. Lakshmana Rao: No. The value is percentage wise. What I have given in the first time is quantity. Sorry you are correct. What I gave now is tonnage. 18% has come down to 17%.

Karan Bhatelia: Sir can you throw some light on the new capex that is for pumps monthly average production average of 7 million, 8 million pieces what could it do on sales and are the margins better than the IML portfolio?

J. Lakshmana Rao: When the capacity utilization reaches a reasonable level of 70% to 80% obviously the profit margins will go up and they are much higher than the current even IML pricing; however, to reach that probably it may take a couple of quarters. Thankfully, we have already clients like Reckitt Benckiser, Wipro, Godrej, and Asian Paints confirming their volumes and pumps are under various levels of testing. Actually, Wipro and Godrej have taken a trial order also. Volumes will start picking up slowly from February and March, but by April I hope it will be definitely a big contributor a reasonable contributor and by the end of the year we see those capacities getting occupied at least 75% to 80% yielding a total sales of at least Rs.30 Crores for the next year and probably Rs.50 Crores to Rs.60 Crores for the year 2022-2023.

Karan Bhatelia: Sir what realizations are you targeting in this may be on a per kg kind of basis?

J. Lakshmana Rao: The pumps pricing is mainly there are two things not only the raw material, but also you have consumables like spring and washers, which we buy. Considering that also as a raw material because it is also a kind of variable cost, I will just give you an approximate example of Rs.6 sale value there will be Rs.2 of raw material and consumables. So you can see the rest of the Rs.4 has a value addition, which has to take care of depreciation, interest, power and labor. So we have a much better contribution than other products, but for the numbers to reach the size, it might take some time. Once it takes volume like say 5 to 6 or 7 million pieces a month, it will be contributing much higher than any of our products as of now.

Karan Bhatelia: Apart from the pumps that you mentioned in the previous concall any additions we have seen lately?

J. Lakshmana Rao: Sorry in what you are asking the additions?

Karan Bhatelia: Pumps any new plans that we have added lately?

J. Lakshmana Rao: As of now it is basic pumps of 24mm and 28mm, but we have also plans to enhance the product range with 34mm for shampoos. We are talking with one client for the development even if the development is cleared by them it will take about five to six months to start that product, and we are also talking with another client regarding triggers. So as I told you in the last quarter once we enter into the pumps, it opens up an arena of opportunities, which can be trigger pumps, which can be small spray pumps and then shampoos pumps, and hand care and personal care containers. So it will open up a whole lot of opportunity for us. This is just an entry like what we did in IML some seven to eight years ago, an entry into a different high end product range, which can lead to a sizeable business in the coming years. It is not a three-month to six months time period. It will take at least a year or two to make this at least you know some couple of years, we can reach some Rs.100 Crores kind of segment we can create.

Karan Bhatelia: Sir one last question rotating around the pump segment only, so the total capex here is somewhat Rs.30 Crores to Rs.35 Crores?

J. Lakshmana Rao: No. In the pumps it is only Rs.16 Crores is the capex. This year we envisage it almost Rs.60 Crores capex including some of the machinery, which we have received late in the year, which come in this current year so this year it will be close to Rs.50 Crores.

Karan Bhatelia: Total capex?

J. Lakshmana Rao: For the pumps, it is only Rs.16 Crores.

Karan Bhatelia: Including the working capital requirement?

J. Lakshmana Rao: It is excluding working capital. I am talking about the direct.

Karan Bhatelia: That is from mine. I will return back to the queue.

Moderator: Thank you. The next question is from the line of Ashish Kacholia from Lucky Investment. Please go ahead.

Ashish Kacholia: Congratulations on a good set of numbers. My question is basically about the pumps business that you are entering into? In the in-mould labelling business we had some technology advantage? Do we have some technology advantage in this business, which can enable us to sustain the higher margins and value addition in this business going business going forward or you know other players can also enter and reduce the value in this segment?

J. Lakshmana Rao: No, there is certainly lot of valuation in his segment here also. It is not just by molds and producing. Actually this product also is a little technically complex product involving very precision molding and assembly, so none of our Indian present pump manufacturers have used automatic filling lines. There are some Indian made semiautomatic machines for assemblies, but we went ahead for fully automatic including online testing machines and then in the molds there are a lot of complexities that involve these pumps will be checked for 600 mercury pressure for leak assistance and most of the pumps that are there in the country today fail at that level and so we make sure that the pump components are designed in such a manner that we have complete control on the quality of the outcomes and going forward widening the product range, utilizing some of these components of some extra capacities in particular pump let us say 24mm cap pump, we can utilize couple of components of 28mm also thereby reducing the number of molds and enhance investment. These kind of technical tricks of the trade are not available with each and everybody who does not have tool room capacities and abilities to design their own products. So that way there is a kind of threshold for competitors and there is also widening of the product range is very important and able to give volumes is another area in pumps we generally notice. Even if you use couple of I do not want to name the brands the top brands in hand wash you will notice that the pumps will not work after a few strokes in India because of the ventilation system of the pumping is very bad because that makes the mold easier. So people adopt those easier molds to give a substandard product. Of course, in China there is a lot of improvements and those quality pumps are not even made in India as of now. So we are directly going into a step ahead to go with that kind of quality and ventilation in the pump. So you are sure of the pump working for say 4000 to 5000 clicks. So this kind of high quality and high volume lines with fully online testing I can say we are the first to start in India.

Ashish Kacholia: Sir my other question is you mentioned a number of say Rs.100 Crores sales from this particular line of business for that how much capex we will need? How much capex will we need to reach that Rs.100 Crores sales from this segment?

J. Lakshmana Rao: See currently this Rs.15 Crores what we invested if it fully runs let us around 8 million a month we are talking about almost 90 million pieces in a year at Rs.6. We are talking about

Rs.54 Crores to Rs.55 Crores kind of turnover. So Rs.15 Crores and Rs.54 Crores to reach 100 you may need another Rs.15 Crores investment.

Ashish Kacholia: Just on the other regular lines of business what is the kind of growth rate we are seeing over the next two to three years given that we are now COVID seems to be behind us now?

J. Lakshmana Rao: The paint segment is pretty strong growing very rapidly and I am glad that a couple of our brands of Berger and Nerolac also have adopted IML so the IML in paint is slowly increasing, which was much lower compared to lubricants and paint sector is expanding rapidly. Berger is setting up a plant in Kanpur area. It is supposed to go on steam by the end of 2021. I think now they are going into the end of 2022 kind of timeline. We are going to be there in Kanpur by that time. We are now starting this year middle of this year a small premises there, which will be expanded by the end of year 2022 to be ready to catch up with the Berger's requirements. So going forward we see the paint segment will still strongly contribute to our growth, but food and FMCG, which has taken a beating in this year due to drop in ice cream sales and also Cadbury's lickable sales, which are now coming back on track in both these segments would be again back on growing track next year. So we hope to see the food and FMCG, which has been growing at around 23% to 25% will continue to grow even at 30% to 35% in the coming quarters if normalcy prevails.

Ashish Kacholia: Overall then the segment should grow in 15% to 20% kind of number?

J. Lakshmana Rao: It is currently 21%, 23% last year and this year nine months it is around 24.5%. So probably next year it should go up to 27% to 28% because the paint also will grow rapidly. So as a number both the numbers will compete. So the 52% to 55% bracket for paint will continue to be there because our plants at Asian Paints plants Satara, Mysuru and Vizag all three are being expanded. We are expanding those capacities marginally not very marginal, but something like around 12% to 15% in one plant and I think 20% in another plant. All these volumes will be adding to the growth of paint segment. So paints also will be growing. Hence in the overall picture the number might go up from 23% to 24% to 27% and 28%.

Ashish Kacholia: My question was basically the overall growth of this segment itself for us? Could we be growing at say 20% kind of a number for the next year?

J. Lakshmana Rao: 20%, I will be very disappointed because this year in spite of ice creams completely washed out; we grew by around 22%. So we should aim at least 30% to 35% growth for food and FMCG next year.

Ashish Kacholia: For food and FMCG 30% to 35% and for the paints and lubricants business?

J. Lakshmana Rao: Lubricants growing is difficult. As I told you it is kind of matured industry.

Ashish Kacholia: Matured industry and paints?

J. Lakshmana Rao: Probably 5% to 7% as per the economy it may grow, but paint industry we can still see a growth coming in the tune of around 20%.

Ashish Kacholia: 20% so that means we are taking share from the non-IML segment is that the case because the industry is not growing at that pace Sir?

J. Lakshmana Rao: Actually non-IML to IML we stopped counting because if that really happens the numbers can shoot up in our case because the majority of our competitors have not really even today. The shift in a big way is not happening. So 18% to 20% growth in paint segment is still possible. Lubes I may be happy even if it sits around 5%.

Ashish Kacholia: And lube is what percentage of our sales?

J. Lakshmana Rao: Sorry. Lubes, is 22.5% we say.

Ashish Kacholia: So just about 25% of our sales is not going to grow much, but the other segments are all going to be growing fast? I mean that is the summary?

J. Lakshmana Rao: Exactly. That is very simple. Yes.

Ashish Kacholia: Excellent Sir. Great Sir. Thank you very much. All the very best.

Moderator: Thank you. The next question is from the line of Malhar Manek an Individual Investor. Please go ahead.

Malhar Manek: I was reading your Annual Report of FY2019-2020 and one individual customer has around 40% to 41% of the revenue so what is your view on the customer concentration rate?

J. Lakshmana Rao: See this 41% is not a correct statement. Probably it is around 35%. It should be from a single client. Going forward, our commitments and their dependency also is pretty strong and longstanding. Since 1989, Asian Paints have been our major client and today on their commitment, we set up three plants at Satara, Mysuru and Vizag, which are contributing to their sales and in the plants nearby and yes the risk of dependence on a single client will always be there, but their dependency on us and their requirements also are pretty strong and we foresee no problem in the near future.

Malhar Manek: Okay so that customer who has 35% is Asian Paints right?

J. Lakshmana Rao: Yes, Asian Paints.

Malhar Manek: Okay and also 3.42% of the promotor holding is pledged so is there any plans to reduce this in the future?

J. Lakshmana Rao: The pledge amount has come down considerably. It used to be close to 10% a year ago. I think it is now around 3% and some individuals who have some personal needs might have borrowed on that. I am not really concentrating on that because our promoters group is not only their core people are five to six people and some extended family and friends are there and whom I do not monitor closely. Majority of the big shareholders or big promotors who constitute say 80% of the overall promoters group they do not have any sizeable pledges at all.

Malhar Manek: Sir Mold-Tek Packaging is one of the promoters of Mold-Tek Technology, but Mold-Tek Technology is also one of the promoters of Mold-Tek Packaging so it seems like quite a complex structure so can you please elaborate on this?

J. Lakshmana Rao: There is nothing to elaborate. As you correctly said there is scaffolding on both sides. The second scaffolding has happened only in the recent past. Mold-Tek Technologies buying a stock of packaging to some extent a very nominal 1 lakh shares and warrants all put together, but packaging has been holding almost 9% of technologies for the last several years. So that is just a point of some convenience and cash flow availability that has made us to make technologies also buy into packaging. No basic map behind that.

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

Naushad Chaudhary: Thanks for the opportunity and congrats on a good set of numbers Sir. Just a clarification on Rs.100 Crores of revenue, which you are targeting from pump segment so by which year we expect this Rs.100 Crores to touch?

J. Lakshmana Rao: I think it may take three years starting around Rs.25 Crores to Rs.35 Crores in the next financial year FY2021-2022. May be it may go up within three years to Rs.100 Crores less not necessarily pumps. It could be pumps, triggers, sprays and related products of health and personal care.

Naushad Chaudhary: Okay and what is the margin and profile of this category and what are the trade terms in terms of credit policies and other stuff?

J. Lakshmana Rao: See we will be dealing mostly with all major FMCG companies like Wipro, Godrej, Apollo, Asian Paints, then Hindustan Lever, and Reckitt Benckiser and others, so there is no concern about credit period. They generally ask 30 to 60 days, but if at all we deal with smaller clients where their volumes are low and price realization is better. The credit terms are not a point of concern because all our major clients are world class MNCs like Reckitt Benckiser, Procter & Gamble, Asian Paints, Apollo Hospitals, Godrej, and Wipro. So these clients we do not worry about credit period and if we deal with any smaller clients we will be definitely tightening on the credit terms may be again as delivery or advance.

Naushad Chaudhary: Sir overall I wanted to understand the profitability of this category if I have to compare in your existing segment would it be similar to paint or F&F or lube what would it be?

J. Lakshmana Rao: It will be similar to F&F and could be better also as we improve the capacity utilization, but for the record you can take it for the calculations you can consider it F&F level.

Naushad Chaudhary: So more than 30% to 35% of EBITDA margin?

J. Lakshmana Rao: It should be.

Naushad Chaudhary: Okay and in terms of our overall EBITDA margins Sir what I see now that the raw material prices are sharply going up and we have seen in this quarter some dip in our gross margin as well so any commentary on the raw material going forward Sir?

J. Lakshmana Rao: Raw material is still strong. There is a couple of plants shutdown in Europe and Middle East is the reason they are citing. I do not know really. I heard one of them is true that there was plant shutdown. That is one of the reasons for shortage and price increase. Even now in January the price has stabilized. There is no increase in this month and going forward at this level, I do not see an opportunity for them to further increase the prices and some Korean supplies are just also coming into the market I heard. So raw material price may stabilize at this level, but it cannot stay here forever. May be in a quarter or two they will again go down is my guess.

Naushad Chaudhary: Let us assume if it is stabilized at this level do you see your margin is going up further because you take typically one to one and a half-month to pass on the increase raw material prices and what are the opportunities?

J. Lakshmana Rao: Yes you are correct. Already last quarter we suffered some bit of price increase has been absorbed by our own profit. That is why the EBITDA per kg has come down from Rs.37.22 to Rs.36.46 just a drop of less than rupee, but if you just notice the price has gone up by almost 20% from as low as Rs.88 to Rs.89 the price has gone up to Rs.108. That means we could just Rs.1 per kg is nothing when compared to Rs.17 to Rs.18 price increase in the raw materials. So we could either absorb the pricing by cost control or pass it on the clients wherever it is possible to retain or profitability. Probably going forward already the prices have increased a couple of months ago and there have been steady for the last one month so most of the clients would have increased their prices starting from January to February. So this quarter we may be able to sustain or might improve back to Rs.37 level so you can see our profit margin and EBITDA margins staying in that range of Rs.36 to Rs.37 for the next quarter also.

Naushad Chaudhary: Thank you.

Moderator: Thank you. The next question is from the line of Nidhi Chandak from Roha Asset Managers. Please go ahead.

Riddhima Chandak: Thank you for the opportunity Sir. I am Riddhima Chandak from Roha Asset Managers. My question is on our capacity so as we are expanding our capacity in the paint segment and also coming up with the new capacity of pumps so what would be our total capacity expansion and in total how it is?

J. Lakshmana Rao: It was 37 tonnes as of March 2020 and now currently it has been expanded to 41500 including pumps. We have added about 3000 tonnes in other segments including paint, lube and food. I do not have breakup of that and for pumps it is about 1000 tonnes of material connection. It is close to 1 Crores pumps per annum at around 11 grams so you can say approximately the capacity of 1000 tonnes. So as of today the capacity has been enhanced to 41400 and we are adding some more machines at Vizag, Mysuru, and Satara put together that is another 3000 tonnes. That will be operative by April I can say. Some of them are coming in March. Some machines are coming at the end of March. So affectively from April, we have another 3000 tonnes. So totally 7500 tonnes you can say is the addition during the current year that is close to 20%.

Riddhima Chandak: So that means by the end of FY2022 our total capacity would be approximately 44500 tonnes?

J. Lakshmana Rao: No the beginning of 2021-2022 that means by April 2021 calender month we shall be ready more or less with 44000 tonnes.

Riddhima Chandak: Okay and any more capacity expansion plan we are planning in the next two to three years?

J. Lakshmana Rao: There is a small plan to create a capacity at Kanpur. That will not be large. It may be a few hundreds 600 to 800 tonnes to start with in leased premises. We have already closed down a couple of our premises and that will be expanded to a 3000 tonne full-fledged plant in the year 2022-2023. Until then this will be a small addition and at Hyderabad we have a site at Sultanpur offered by the government where we are starting building construction this year. Hopefully, we will start in a month or so and that will be ready by the end of the year. There we are planning to expand our F&F and pumps and healthcare product range. So there may be investment to the tune of Rs.10 Crores to Rs.15 Crores there. That will be a major investment in the next financial year and hopefully next financial year also we may not need Rs.50 Crores, but at least as of today it looks like Rs.20 Crores to Rs.25 Crores, but it can go up based on the opportunities we get from the clients.

Riddhima Chandak: How much we spend in the current year fiscal?

J. Lakshmana Rao: Current year including the payables that are coming up till the end of March it is close to Rs.50 Crores including building additional buildings.

Riddhima Chandak: Another quick question is on the margins. So as we are now expanding in the pump segment so as you stated that it is a high margin product so going forward how much like margin expansion on a consolidated basis we are looking for overall?

J. Lakshmana Rao: Our internal target it should reach Rs.40, but I would keep Rs.37 as a benchmark for the next one year. Maybe in a year or two, it can go up to a level of Rs.40 per kg in a couple of years time as the numbers increase from these segments.

Riddhima Chandak: Thank you Sir.

Moderator: Thank you. The next question is from the line of Apoorva Mehta from AM Investments. Please go ahead.

Apoorva Mehta: Just wanted to confirm that you are targeting this year we close at around 8% to 10% volume growth or on the value terms?

J. Lakshmana Rao: Volume growth. I never consider value because it is raw material dependant prices so volume growth. We are aiming at 8% to 10%.

Apoorva Mehta: Next year we will be having around 44500 tonnes of capacity what kind of utilization we are targeting next year?

J. Lakshmana Rao: See as I always say any utilization could be pecked around 70% to 75% at the most 77% to 78%. So now this year also what is the tonnage we have achieved in this quarter if you notice the number of tonnes is 7800 tonnes. So out of 9250 per quarter what is available in this quarter we achieved 7800. So almost like 80% capacity utilization. That is the best you can take. In a good quarter we will be able to reach 80%. In an ordinary quarter it could be 70% to 75% so it 44000 tonnes we can achieve 75% to 80%.

Apoorva Mehta: Next year can we see around 35000 tonnes of utilization roughly?

J. Lakshmana Rao: Yes it should be because we are now close to 8000 tonnes. So I am getting another 10% growth is not a big deal if all quarters go normal.

Apoorva Mehta: Thanks a lot and wish you all the best.

Moderator: Thank you. The next question is from the line of Disha Sheth from Anvil Share and Stock Broking. Please go ahead.

Disha Sheth: Good afternoon Sir. Sir what is the margin as in the sense IML product and non-IML that is my first question and the margin in the sense between paints and FMCG category? Then I will ask the third question?

J. Lakshmana Rao: The IML and non-IML the differential is almost 8% to 10% better margins in IML products and coming to your paint and other products. In paint and lubes, we let us say on average we have about Rs.25 to Rs.30 per kg and food and FMCG can vary from Rs.40 to Rs.80 also because they are smaller in size and volumes are high. So we will be in a position to demand better pricing and margins in food and FMCG. Similarly in healthcare and pumps, it is still better, but we are yet to experience it. As per our cost sheet shows we have a pretty strong margins like food and FMCG, but I can comment only after a couple of quarters once we see the realization.

Disha Sheth: Just one question Sir on the substantivity of the plastic packaging like for recycling purpose anything any questions from the client or how are we placed?

J. Lakshmana Rao: See time and again government raises this issue of plastic waste management and as you all know world over it is a point of discussion, but to put it into practice it is very difficult. To start with they kept below 50 microns thickness products like film should be banned or should be replaced or controlled. That is what is present control any government is exercising and we are all our products are 500 microns is the minimum thickness. So our products are far away from the films and such flimsy plastic material, which is the main cause of environmental disevents, so currently the containers of plastic are predominantly used everywhere and they are the most suitable for refrigeration or transportation and ease of your utility and giving ceiling and tamper evidence and all kinds of features. So I do not see any threat for our kind of products, but there may be I hear from Maharashtra

Government is asking reuse of scrapped material implemented, we can follow it. It is not a big deal because our injection molding is a very flexible operation wherein 10% to 20% mixing of second material will not cause any harm or any deterioration of the performance of the container, but of course you cannot use for food containers, but for paint and lubricants mixing of seconds material is not a big deal. So, if that is the accepted by our client under the pressure of government, we can follow it. It is not a gamer changer.

Disha Sheth: Sir when you said the Rs.89 per kg has become Rs.108 that is which raw material? What is the name of that raw material?

J. Lakshmana Rao: Polypropylene copolymer. That is our major 95% of our material is polypropylene copolymer.

Disha Sheth: That is, it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Ashish Kacholia from Lucky Investment. Please go ahead.

Ashish Kacholia: Sir one more question. The way our in-mould labelling products it is a development in the plastic packing industry for the paint business, is there anything else that come along and kind of disrupt this business some flexible packaging or something, which we do not understand being external investors? Are you seeing any kind of threat on the horizon for this business to be disruptive?

J. Lakshmana Rao: No, we travel to UK exhibitions and exhibitions all over Europe and there is nothing in the pipeline, which is replacing or better than IML containers as of now. Going forward actually we are introducing the QR coded IML, which I briefly mentioned in my note also that QR coded IML they are talking about version 4.0 packaging in Europe where the trackability up to the last container could be achieved through the QR code printed on the reverse side of the IML and that area of the IML can be peeled off at the time of purchase as sale so that the data on the QR code will be taken by the seller at his selling counter and it throws us a loop up to the manufacture. Like Hindustan Lever is selling some ice cream and the ice cream tub is sold. At the point of sale while they are reading the QR code of the selling price if they peel the IML there will be another QR code inside the IML and that will give the entire data where it is manufactured. Is there any scheme, any discounts and that also makes the people to tear the IML label thereby showing damage to the container, which cannot be reused as a duplicate? So, this kind of QR code we are just at instillation stage. This will also be a future growth area for Mold-Tek in the coming years.

Ashish Kacholia: So, when does this get operationalized?

J. Lakshmana Rao: We already in the stage of installing the equipment. In line with that only we have purchased Rs.10 Crores worth of printing machine last year and this QR code equipment is just being installed on the machine and already one of our clients has shown interest to test it with a scheme. So that will be made in the next three to four months it will be in the market and once it starts getting accepted and benefits of this QR code is understood by the clients I am sure this will be a new age.

Ashish Kacholia: Does this give us some additional value addition in our sales or does it's kind of make our business more sustainable?

J. Lakshmana Rao: Yes it is not only that. You are tearing the IML, which is not tearable actually. We create a space, which can be torn and on the back of the IML you see the QR code and there will be incentive for the client to get it torn and scan it so they purposefully break the IML label and if there is a scheme or any free gift or some Rs.100 offer or something it will be there in the back side of the QR or the IML. So thereby the IML decoration is damaged purposefully and the QR code is read. That will not only give a small benefit to the clients and end user, but also the entire data of where it is sold, when it was sold, and how long it took the box to be sold all this data analysis can be done if they integrate it to their ERP system. So that is the rage and future of packaging in Europe and US now. So, we are getting into that as a first mover once again.

Ashish Kacholia: It is already operational in USA and Europe?

J. Lakshmana Rao: Yes, in some of the products not all.

Ashish Kacholia: This is only for IML or this can be even for the non-IML?

J. Lakshmana Rao: Sorry.

Ashish Kacholia: This is only for IML or even for the non-IML?

J. Lakshmana Rao: Only for IML.

Ashish Kacholia: But IML itself the entire range of products is still not IML in India and so it is going to take a long while I guess?

J. Lakshmana Rao: Yes. It will be a story, it can start this year, but for it to become a game changer, it may take a few years.

Ashish Kacholia: Got it Sir. Thank you Sir.

Moderator: Thank you. The next question is from the line of Akhil Parekh from Elara Capital. Please go ahead.

Akhil Parekh: First of all, many congratulations for a very good set of numbers. I have three questions. One is in terms of the sales per kg metric, if I look at the last three years it is slightly on a declining trend or it is kind of flattish? While EBITDA per kg has been on reclining trend so if you could help us like why there is a discrepancy in terms of these two metrics?

J. Lakshmana Rao: There are two things that can cause this per kg sale value reduction: One is the product mix. When we have higher sale of food and FMCG the per kg sale number goes up typically and when the raw material prices increase also per kg amount goes up and cost control is something, which we have brought in because we imported the flexor machine last year, which has increased our efficiency of printing labels and reduce wastage considerably. So that is why you see in spite of decrease per kg sale, the increase in EBITDA per kg. Sometimes the raw material price also we cannot pass on in the same month. We pass on next month or sometimes we pass on in the third month because of our agreements with said clients.

Akhil Parekh: Got it, but it would be fair to say that over the last two to two and a half years the increment per kg and EBITDA per kg is majorly because of increment in the efficiency rather than change the products?

J. Lakshmana Rao: Improving the efficiency and the product mix also. The product mix this year particularly this year has little off the tradition because our FMCG food, which used to grow faster, did not grow because of ice cream sales are completely washed out in the last year summer and M2K Cadbury have almost withdrawn during the COVID period and restarted only in October and November this year. So, these two are the reason for per kg reduction in our overall sale value.

Akhil Parekh: Secondly our food and FMCG right like ice cream I understand our sales did not happen because of COVID how about edible oil because we were very bullish from this particular segment and we had quite high targets, but if you look at F&F contribution volume and value wise is still considerable at 22%? We were expected to reach around 28% to 30% by FY2021 anything on that?

J. Lakshmana Rao: Edible oil packs are generally the segment is a price conscious segment. There also we have pricing equal to our average of paints business like IML paints, what is the average pricing we are able to achieve that, but achieving F&F kind of pricing in such big containers is very difficult, but we are now finding other applications of those containers. Slowly it has got into tea packing; some bulk tea packers are buying it, detergents, and some new trends. So there we are in a position to attract much better margins and also as I just commented for you previous question if you are looking at Q3 to Q3 that price variants looks odd like the raw material price has gone up, but per kg has come down, but if you look at the nine months period, the raw material price differential is in tandem with the sale price differential.

Akhil Parekh: Sir any targets on this edible oil segments for this year if you can give some broad views?

J. Lakshmana Rao: The edible oil segment again has grown very rapidly in spite of COVID. I think it grew at around 35% in the nine months period. 35.7% is the growth in Q3 and for the full year it is close to 30%. So edible oil numbers are increasing considerably in spite of COVID and in fact new applications in the new segments are getting accepted, which might lead to sustained growth in Q-Pacs even going forward and another range of packs we are introducing this year for one particular client. I cannot reveal the name because they are introducing it only the month of March to April. So that will lead to a new application all together for a different set of molds. It is not the same as edible oils. Those packs are getting into market in the month of March. Going forward that can add another new segment to us in the coming years.

Akhil Parekh: Sir just a number if you can just broadly how much we can expect from this edible oil segment for this year FY2021?

J. Lakshmana Rao: FY2021 so far we achieved the sale of nine months sale is Rs.96 Crores so probably we will make around Rs.48 Crores to Rs.50 Crores for the current year.

Akhil Parekh: Got it and Sir last question on the capex cycle like one of the I would not say it is an issue, but you know we will have to continuously invest in capacity to get that incremental sales and process so the free cash flow generation continues to remain low when do we think we will be position where we can generate a sustained free cash flows? When do we say the capacity is enough and we can continue to build healthy free cash flows?

J. Lakshmana Rao: I do not think capacity will be ever enough as the growing company with the new products being added. Capacity creation is a must and should because in injection molding it is all set capacity. It is not that by changing a little bit here and there you can double your capacity or anything, but you look at now in the year 2021 and 2022 the company is going to gain a lot because of the Brownfield expansion. All the plants at Vizag, Mysuru and Satara together we are enhancing about 3000 metric tonnes. I do not think the expenditure will be even Rs.6 Crores to Rs.7 Crores on that. So, whereas for a Greenfield project of 3000 tonnes we would have spent close to Rs.15 Crores to Rs.18 Crores. So, this will be almost I would not say 30%, but down to almost 40%. So, with 40% investment we would be getting a kind of

3000 tonnes of capacity added during the next financial year itself. We will be completing that by March to April this year so for next financial year you will see the benefit of this Brownfield expansion. Once we stabilize and have the locations in place and then only growth will be Brownfield and that is when we can still see major benefit accruing with a minor or with a lesser investment.

Akhil Parekh: Got it. This is helpful and best wishes for the coming quarter. Thanks a lot.

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

Amit Zade: Good evening Sir. Thanks for the opportunity and congrats on good set of numbers Sir. Sir my question is regarding the paints category so Sir if I am not wrong you had said around 55.5% tonnage in terms of volume has come from paints category so that roughly amounts to around 4200 tonnes so in terms of growth that comes around 47 tonnes to 48 tonnes of volume growth on Y-O-Y basis? So just wanted to understand is there any seasonality here?

J. Lakshmana Rao: The major growth in paints segment this year is due to our plant at Mysuru and Vizag have become fully operational. They started last year, but they ran at a very low capacity utilization. If you want I will just give one comparison. Sales from Mysuru and Vizag have gone up by 90% from Rs.14 Crores in Q3 to Rs.27 Crores or if you look at the nine months period from Rs.39 Crores last year to Rs.62 Crores. That is more than 50% to 55% growth. That is why the paint segment has suddenly shown a much high.

Amit Zade: And in going ahead next year again we will see a new line coming in so again we could get good growth there as well?

J. Lakshmana Rao: Because of the three plants are expanding.

Amit Zade: Got it. Sir my second question is we were working on working on new product category the sweet packaging you know sweet containers and all so just wanted to understand what could the industry size for this new product and where are we at this current juncture and by when can we see some meaningful contribution to the revenue from this segment?

J. Lakshmana Rao: See when we introduced ghee packs two years ago it was not a big deal, but today this year we are getting more than Rs.12 Crores turnover for various applications of that twistlock and probably it will reach and stay somewhere around Rs.20 Crores to Rs.25 Crores in the next two to three years. Similarly, these sweet packs and the hinge packs, which are meant mainly for restaurants, food, readymade packing food or even cashew and dry fruits and dates all kind of applications we may feel this year may not be sizeable. Let us say both put together might contribute Rs. 7 Crores, Rs.8 Crores, Rs.10 Crores in the FY2021-FY2022, but that can become another Rs.30 Crores to Rs.40 Crores kind of a segment in the next three years. So, these are all seeds, which we are planting, which will become kind of cash cow in a period of two to three years. So, widening the product train is essential for growth and sustaining our margins.

Amit Zade: Got it Sir. That is, it my side. Thank you.

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

Ankit Gor: Thank you Sir. Sir my question with regards to more on longer term basis if you really see from FY2017 to now our volume more or less remain between 19000 to 22000 to 23000 and we have not seen a seen sharp volume uptake during the these years what can bring that change and what sort of constraints we have? Is it a management bandwidth or probably or a regional brand? We are catering to more of regional or what can change this in a longer-term period let us say for a five year to seven-year period?

J. Lakshmana Rao: See a peaceful regular economy could have given us a much better growth than 10% to 11% what we have been achieving. Actually, in spite of COVID this year, we are aiming close to 8% to 10% overall growth or at least 8%. It could have been something around 18% had it been not washed out in the Q1. So, something or the other was happening in the economy. It is not Mold-Tek. It is for everybody. When GST was introduced there was a big two to three months of wide gap in manufacturing and selling in the 2018-2019 so that has impacted and now this year the pandemic has given a thrashing to all the entities in the country or in the world so going forward if we have natural simple economical growth we can easily look at 15% to 16% CAGR in the topline growth and volume growth and then in that case within four to four and a half years we could double our volumes. So, if there is a normal economic activity for the next two to three to four years we can easily double our numbers in terms of tonnage. This year also though you commented 17000 tonnes to 24000 in nine months and this year we might end up the full year at around say 26000 tonnes, but you should consider that we lost almost 5000 tonnes in Q1 so that 5000 had it been on there it would have been somewhere around 30,000 to 31,000 so from 17,000 to 21,000 in four years it is almost like from 17,000 to 30,000 tonnes. That is almost say 70% to 75% growth.

Ankit Gor: The context I have been asking is so though I know that we have a great potential and we have a great landscape there as well, but just to get a leveraging our early mover advantage getting a scale, it is just my context was that only nothing else?

J. Lakshmana Rao: I understand. The context I understand now. What I am saying these molds creating moulding capacity is one challenge yes and using our in-house stool room has kept a constraint. To break that we have started using mold makers from China and Taiwan, which has enhanced our ability to add new product change faster. We are also expanding our tool room. We are expanding our printing capacities to manufacture high quality IML so in all areas of operations, there is a growth and adding new clients in north is one thing, which has been I can say kind of neglected so long, which I want to close in this year. So once geographically we are present those plants can grow and may be the kind of little conservatism, but we do not believe in investing and wait for orders and then look at breakevens. We always find that there are clients available and they have commitments to the tune of 40% to 50% of the capacity and then we move ahead and create the capacities so that our returns remain improving.

Ankit Gor: Sir how do we see our brand portfolio within F&F? If you really see sorry to say that but apart from Mondelez and Wilmar we do not have a pan India present brand? What are we doing? Is it like bucking up a marketing scheme?

J. Lakshmana Rao: No, we have our Hindustan Lever is buying quite a few products from us nowadays. They have recently launched Kulfi in our container and earlier brands of ice cream were still continuing. Only thing is this year the entire ice cream business has been kind of completely depleted. So, everybody is looking forward to a better season in this summer. So, Hindustan Lever is there. Now we are in talks with Nestle, but Nestle and one of the companies of Nestle a lack of plant in north so that one of their reasons, but they also have multi-supplier condition, which they follow very rigorously and hence they also are not able to take a call because Mold-Tek will become a single vendor. So, one of the reasons why we are sometimes not able to break into couple of these MNCs is not having a second source that made them take a step back. For example, I do not quote the name. You all know it. One of these client’s vision top brand, which is manufacturing facility in Hyderabad, we were to set up their injection molded IML labels containers for them way back last year itself. Then it went through takeover by Hindustan Levers and at that time also the same question. Who will be the second supplier? So that is one of the reasons why we are not able to spread with mainly the big MNCs. Hindustan Lever we got a breakthrough. They have now adopted and because they also indirectly have taken clearance from the management because there are one or two small suppliers in the west who are giving IML small containers. So, citing them as a second source they are now moving little rapidly. I think looking at these developments I also am hopeful that bigger brands will shift faster in the coming quarters.

Ankit Gor: Lastly from my side on an overall competition side in COVID situation COVID-19 problems have we seen any suppliers because there are few IML small guys like Milton and

(inaudible) 01:01:22, but have these guys kind of reduced their scale and we had opportunity there to cover their market share or is that only in the injection molding or probably HTL or a screen printing have we seen some consolidation happening because it is a large unorganized segment?

J. Lakshmana Rao: I am not fully aware of their operations because none of them are really sizeable. Only one north player is there. He is somewhat, but he has restricted himself to mainly to the northern states. Other than that, the western players are mainly to Amul and a couple of other small cheese and ice cream cups kinds of products they are producing and their cost of capital expenditure is very high and they buy labels from outside so they still struggle for maintaining their margins. So, they do see it is a very high profit margin business for them because of lack of their backward integration. That again comes from scale so that way we have built up our strength.

Ankit Gor: But they have not scaled down their operations in these times?

J. Lakshmana Rao: They are just running like that. There is no major expansion season. There is no stoppage. I do know much about their activities, but I do not think they stopped either. There is one small company in Hyderabad itself they closed. They have a couple of robots and they approached us to acquire that company but looking at their equipment and suitability we more or less declined that offer. So that company stopped making those small cups, and resistant cups they used to make. So IML is not for small players. That is one thing need to be understood. They should have technical abilities to set robots to produce quality products with low rejection rates and then backward integrate for cost advantage. This is not possible for small cast players.

Ankit Gor: Got it Sir. Thank you very much for your answers. Thank you.

Moderator: Thank you. The next question is from the line of Divyansh Kalra from Perpetuity Venture. Please go ahead.

Divyansh Kalra: Thank you Sir. I had one question. Can you throw some light on how we are procuring our raw material and is there any concentration from where are you procuring and any challenges you might have faced in procurement part of the raw material that is my question?

J. Lakshmana Rao: We procure mainly our raw material from India itself that is Reliance is number one. India Oil, IOCL is number two and a few imports Basil in Europe because of some particular grades of application we require that kind of material. So, 95% of our material is ingenuously is sourced and we have Reliance almost 75% to 80% of that 95% and balance from Haldia and IOCL.

Divyansh Kalra: Has there any difference in price pressure from that we are not able to pass?

J. Lakshmana Rao: No, we do not have much say in pricing of polymers in the country. As you know there is a kind of monopoly. Nowadays with Indian Oil and others coming in there is some kind of competition, but again all these prices are dependent on shortage across the world and what is the import price based on that our local people maintain their pricing so on the price side of raw material we do not have any say. That is why we protect ourselves by entering contacts with our clients that monthly we review the pricing up or down as per Reliance standard prices and in case it is major companies sometimes they ask for three months review, which averages out. One time we may gain and the other quarter we may lose.

Divyansh Kalra: Thank you Sir. That was my question. It was very helpful.

Moderator: Thank you. The next question is from the line of Karan Bhatelia from Asian Market. Please go ahead.

Karan Bhatelia: Thank you for the followup. Sir what is the gross debt on the books short term and long term put together?

J. Lakshmana Rao: Both together it is now Rs.101 Crores down from Rs.117 Crores give or take. After the rights issue the funds have been deployed to reduce the working capital and term loans. So affectively, there is a reduction of Rs.16 Crores debt as of now.

Karan Bhatelia: Right and what is the rate of interest put together on an average?

J. Lakshmana Rao: Rate of interest on average is around 8.5% to 8.7%. You can take it around 9% including working capital and term loan put together.

Karan Bhatelia: Sir how has been the working capital shaped up because we cater to a lot of small and medium size companies so is the collection back to pre-COVID now?

J. Lakshmana Rao: The rate of interest works out at around 9% on the overall.

Karan Bhatelia: Sir how has been the working capital shaped up because I believe we cater to a lot of small and mid size companies? Have you seen recoveries back to pre COVID levels?

J. Lakshmana Rao: Yes, all our small-time sales are well protected with advances or PDCs wherever possible so recoveries are not a big issue. There is some extended credit to a couple of parties who have been dealing with us for a long term, but there is no increase in the cycle period by more than a day or two.

Karan Bhatelia: Sir last question on sippers so how are things shaping there?

J. Lakshmana Rao: Sippers have not moved. The COVID has sealed sippers and the kind of products in this country.

Karan Bhatelia: Have you provided them with samples or once?

J. Lakshmana Rao: It happened in 2019 itself. We have brought imported samples. Given them how other countries including China is consuming huge millions of sippers every month. It was to take off and then somehow it stopped by the top players Coke and Pepsi. It prolonged for a few months and then we are into COVID and nobody is now talking about it at least for a month unless the theaters and public places are open, nobody will take about this development. I think it passed for this year also.

Karan Bhatelia: Then taper proof products for Zomato and Swiggy and you know first delivery apps are we like on track?

J. Lakshmana Rao: Yes, some of them, not all. I would not say it is Swiggy and Zomato. They tried, but they have very peculiar needs like they want very flimsy and low-cost products with tamper evidence, which cannot be achieved through injection molding. They have given this in pack, which is well accepted, it has one side lock and other side openable and the openable also has a tampering feature, but somebody can use some hot rod or something to lift it and open, but very easily. So that kind of pack is catching up with majority of the restaurants and even for packing of dates and dry fruits and other products. Coming to Zomato and Swiggy again their operations are also little not actually affected because in COVID I think the consumption has stayed or improved, but their developmental activities are on the back foot. So again, we may have to touch up on the developments this year.

Karan Bhatelia: That is, it from my end. Thank you.

Moderator: Thank you. The next question is from the line of Omkar Hadkar from Mirabilis Investment Trust. Please go ahead.

Omkar Hadkar: Sir my question was on the paint segment you know the growth that you have seen? You partly explained that it is because of the utilization going up in Mysuru and Vizag plant, but even then the incremental is good for the industry about mid teens to high teens so what explains the rest of the growth? Is it you are gaining share evidently vendor ecosystem and particularly in Asian Paints and if that is the case is it sustainable the market share gain that you have done?

J. Lakshmana Rao: No. If you look at the paints for the nine months total as a percentage, it has just moved up from 51.45% to 52.62%. That is hardly 1.1% growth in terms of overall mixture. If you look at the pure number Rs.170 Crores has become Rs.167 Crores in the nine months period, but in tonnes it has improved from 9850 to 1300 that is hardly for 4.5% growth in the number of kgs. So, it is not that we are breaking somebody's business to gain our share there. The growth of the industry in this three quarters is hardly may be close to zero because of COVID and may be less than that may be 2% to 3% less, but we achieved 4.5%. That 6% to 7% shift is basically because of Vizag and Mysuru plants catching up with the numbers and Asian Paints being the leader in the country even if he gains a few points market share that will reflect in our numbers because Mysuru and Vizag is their new plants. They are ramping up their production. So going forward till 2023-2024 they will be ramping up these two plants that is the commitment they have given us or outlook they have given us and accordingly we are also ramping up our capacities from 2500 to 3000 tonnes to 6500 tonnes each we have to build up in the next three years.

Omkar Hadkar: That is what I am trying to understand because even the sales all these capacities come in place, does it mean because you most of it will be like the production will be shifting from some other plant let us say Hyderabad plant to these plants so it is not like an incremental growth for let us say paint or for Asian Paints how do you see post these capacities come into place?

J. Lakshmana Rao: Post this we will be stabilizing with growth of the paint industry levels, which is still around 10% to 12% annually and we also see some replacement happening towards Mold-Tek because of our IML and superiority of our products. That may not be very huge because it is a matured market. I can still say 2% to 5% or 3% to 5% we can see shift coming from major players to Mold-Tek.

Omkar Hadkar: That is, it from my side. Thank you for your answers.

Moderator: Thank you. The next question is from the line of Kush Joshi from Kitara Capital. Please go ahead.

Kush Joshi: Thank you for giving the opportunity. Sir my question is with respect to the pumps business and we understand this is the mainly an import substitute product so how competitive we are compared to costing ends of this product to our customers?

Lakshmana Rao: See when the COVID was at its peak Chinese pumps sold at more Rs.18 to Rs.20 per pump their natural pricing somewhere around Rs.5. So now they are back to the normal pricing. So, our competition is not Chinese or anybody else because the cost of importing and duties will take the Rs.5 if not more than Rs.6 to Rs.6.50. The competition is within the country now. There are a couple of players already in North NAPLA and Reiki and they produce currently the pumps for majority of the MNCs. I do not know any player in the South as of now of favorable capacity. So as a competitive strategy we are now spreading our pumps in terms of its quality and higher level of technology we deploy. So that the proof of the pudding is in industrial leaders like Wipro, Reckitt Benckiser, Godrej, Apollo, Asian Paints, and similar clients, ITC are already considering our pumps and they are watching taken tile lots to observe how the pumps are performing compared to the pumps available in India. I am very sure at least our pump in terms of quality is much better. I can say at least better than even Chinese pump in some design aspects and certainly we can match the pricing with our huge capacity because we have created a capacity which the other companies took a few years to create. We are starting with that level of capacity with some of the molds are 48 cavity molds, which can produce more than 2.5 to 3 lakh pieces a day. So that kind of volume business when you achieve you will have this scaling advantage the scale advantage and better margins.

Kush Joshi: Understood and one more thing is that how we are compatible compared to the imports because so are our products compatible with our manufacture customers with the similar lines or not and all that tests is within that?

Lakshmana Rao: You mean the pumps.

Kush Joshi: Yes?

Lakshmana Rao: Yes we design the pumps, which are suitable and equivalent to the capping symptoms that are being used in the country and they are all perfectly matching. In fact, keeping their production mind we designed our caps.

Kush Joshi: Thank you so much.

Moderator: Thank you. The next question is from the line of Mehernosh Panthaki from Dhanki Securities. Please go ahead.

Mehernosh Panthaki: Thanks for the opportunity. Good evening Sir. Congratulations on an impressive set of numbers. I just had one question on the Mysuru and Vizag plants? You had shared the revenue numbers so can you share the volume numbers as well for this quarter as well nine months?

Lakshmana Rao: I do not have the volume numbers for tonnage for Mysuru. I can give you approximately for this quarter. It is somewhere around 1400 tonnes between Mysuru and Vizag put together for this quarter.

Mehernosh Panthaki: For nine months it would be around approximately?

Lakshmana Rao: Nine months I think it is around 3300 or 3400.

Mehernosh Panthaki: Just one more clarification I needed on the expansion side? You said you had undertaken some Brownfield expansion at Vizag and Mysuru and even at Satara and that would increase your capacity by 3000 metric tonnes? So, Vizag and Mysuru how much has been added around 2000 tonnes?

Lakshmana Rao: Vizag 150, Mysuru 1250, and Satara is 500 tonnes.

Mehernosh Panthaki: Around 2500 have been added at Mysuru and Vizag?

Lakshmana Rao: Yes.

Mehernosh Panthaki: So, 6000 goes to 8500?

Lakshmana Rao: Exactly.

Mehernosh Panthaki: How much of the Capex was incurred you said for this Brownfield expansion of 3000 tonnes overall?

Lakshmana Rao: All these three put together in the tune of Rs.6 Crores to Rs.8 Crores, Rs.7 Crores to Rs.8 Crores you can say.

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

Naushad Chaudhary: Just a followup Sir. I wanted to have some more clarity despite this pump being a B2B what helped us to get 30% to 35% of EBITDA margins with 3x of asset turnover so if you can help us understand what kind of risks do we carry to generate this kind of EBITDA margins because this is not something in R&D driven product or nothing or not even a patented one, so why client give us this kind of margin in these products?

Lakshmana Rao: See the margins come through capacity utilization and high volume of production. If you should reduce the same for the mold and machine using the order and power and use manual or semiautomatic designs you will also find your costs just like any other product. What made the difference we have gone for high productivity machines and high productivity molds and faster, fully automatic assembly lines. That is why I have been mentioning to you these kinds of margins are possible only when our capacity utilization improves to a level of 85% of the capacity, which I foresee can happen in the year 2022-2023. So, in the year 2021-2022 it could still be there. It may be utilized to the tune of 50% of the capacity because once the COVID has gone the consumption of sanitizers have fallen drastically and the imports also are more or less stopped because Chinese imports have become not only expensive but also cumbersome due to the procedures and the customs delays. So the majority of the companies, which were depending on Chinese imports all these years, partially have to find a local vendor that is why you are able to attract the attention of all these big players quickly and they are also made some commitments after the size and price. So this is the volume game, but because the margins and manufacturing processes proper manner and this will lead us to many homecare important products opportunities like not necessarily just pumps you can talk about inhalers you can talk about changes to efficient caps, tapping systems, so like that and sheets for tablets so the idea is to enter into this segment with a generic product with high volume production and step into the personal healthcare for the long term growth.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to Mr. Abhishek Navalgund for closing comments.

Abhishek Navalgund: I would like to thank the management for answering all the questions and also thanks to all the participants for joining this call. Thank you.

Moderator: Thank you. On behalf of Nirmal Bang Equities that concludes this conference. Thank you for joining us and you may now disconnect your lines.