Empire Mills Complex
414, Senapati Bapat Marg,
Lower Parel
Mumbai 400013, India.
Tel : +91 22 61646000
Fax : +91 22 24935893
Email : tcpl@tcpl.in
Website : www.tcpl.in
CIN: L22210MH1987PLC044505

10.02.2021

The Bombay Stock Exchange Ltd
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Security Code:-523301

The National Stock Exchange of India Ltd
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex,
Bandra East, Mumbai 400 051
Trading Symbol:- TCPLPACK

Dear Sir(s),

Re:- Transcript of Investors Conference call

This is further to our letter dated 05.02.2021 wherein we had given an advance intimation of the upcoming schedule of conference call to be held on Monday, 08.02.2021 at 11:00 a.m. (IST), in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In the said connection please find attached the transcript of Investors Conference Call. The transcript of the conference call is also been posted on the Company's website at www.tcpl.in.

Kindly take the same on record and acknowledge the receipt.

Thanking You

For **TCPL Packaging Limited**
NANAVATI SOHAN GAMANLAL
Digitally signed by NANAVATI SOHAN GAMANLAL
Date: 2021.02.10 11:50:34 +05'30'
Compliance Officer

Encl. As above

"TCPL Packaging Limited Q3 FY21 Earnings Conference Call hosted by Systematix Institutional Equities"

February 08, 2021

MANAGEMENT:	**MR. SAKET KANORIA – MANAGING DIRECTOR, TCPL PACKAGING LIMITED**
	MR. AKSHAY KANORIA – EXECUTIVE DIRECTOR, TCPL PACKAGING LIMITED
	MR. VIVEK DAVE – DGM (FINANCE), TCPL PACKAGING LIMITED
MODERATOR:	**MR. ANKIT GOR – SYSTEMATIX**

Moderator: Ladies and Gentlemen, Good day and welcome to TCPL Packaging Limited Q3 FY20 Earnings Conference Call hosted by Systematix Institutional Equities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankit Gor from Systematix. Thank you and over to you, sir.

Ankit Gor: Thank you Neerav. Good morning everyone. On behalf of Systematix I welcome everyone on the call of TCPL Packaging to discuss Q3 FY21 Earnings. On the call we have Mr. Saket Kanoria who is a Managing Director of TCPL Packaging. Without taking much time, I would like to hand over call to Mr. Saket Kanoria for his opening remarks after which we can have a Q&A session. Over to you, Kanoria ji. Thank you.

Saket Kanoria: Thank you Ankit. It is a pleasure to host the call along with my son Akshay Kanoria who is the Executive Director and Mr. Dave who is our General Manager Finance. So, welcome everybody and thank you so much for your time. We are pleased to meet you all here today virtually and also we are very pleased to announce our results for the quarter ended December 2020. When we met last it was end of July when the COVID was raging and as you may have noticed at the end of the first quarter this year the company had a revenue which was 21% lower than the previous year, but now after three quarter the performance we have narrowed that gap down and year-to-date we are minus 2.7% which we are quite happy about and we expect by the end of the year to make up this gap and have a small growth in this year. We have been fortunate to be in the packaging business which was allowed to reopen pretty soon after the lockdown because we were supplying to essentially services and overall the market has been quite positive since then. Though we have seen a drop in demand post Diwali this time, but we expect now things are picking up because there has been a very big inventory correction at our customers end.

So, overall I would say that we are pleased and fortunate and our performance has been pretty much up to our mark and in fact on 22nd March if somebody had asked me that around this time would be in this position I would never expect to be in this position. The other thing which may have noticed is the increase in margins in the current year. So, last year that is 19-20 our margin had improved over the previous year and that trend continues into this year as well if you notice the EBITDA margin of the company in this 31st December quarter has gone up to 16.25% in September it was 15.8% and in June it was 14.3% whereas whole of last year it was 14.7% which was over 13.2 in the previous year. So, this increase in margin has been very harm warming the only thing we have suffered is the little bit of higher spend due to less capitalization during the current year, but overall if we can maintain this higher margin then it obviously stands as in good stead in the long term. So, I would now request you all to ask questions and make it as interactive as possible and I guess there will be lot of questions which would be common so I can then take those. Over to you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Kunal Sabnis from VEC Investments. Please go ahead.

Kunal Sabnis: Sir I have three questions firstly on the gross margins as you mentioned that our margins have been better YoY and gross margins have been pretty stable in the 43%, 44% range which is pretty good, what I wanted to have what has driven or maintain this at the current level considering there was some raw material improvement if you could throw some on that plus if you could say if we are able to pass on and what would be the expectation going ahead, the second question is on the other cost as was expected in the lockdown that certain costs were lower is the catch up completely through or do we expect some catch up still to be done in Quarter 4 and finally on the revenue if you could just give a sense on as you mentioned at this year you will close little higher than last year if you could give some sense of the following year what should we expect?

Saket Kanoria: So, you are right the raw material price has been soft in the first half of the year we are seeing it increase now in this third quarter and more so in the fourth quarter. Lot of the increases that have happened have already been passed on and some yet to be passed on so there will be a little bit of lag and that impact we may see in this last quarter, but we expect this raw material pricing to stabilize around March, April and then we should get a benefit of the lag at that point of time so it will kind of neutralize I think over the next six months. The other point was on the other cost as well so yes in the lockdown lot of cost were curtailed, but also revenue was curtailed and I think Quarter 3 played itself out. I do not see any significant change in overall overhead cost going ahead as opposed to what we did in Quarter 3. So, I think from a margin perspective that should not be much of a factor and revenue next year we expect quite a growth a significant growth a well into the double digits on revenue side because we have the capacity now and we are doing revenue at 80 crores monthly rate as a bare minimum so we hope to cross revenue of 1,000 crores for sure in the coming year.

Kunal Sabnis: Just an extension of the third question on growth any sectorial cue or view see going forward to get to double digit growth I mean any particular industries has double prices?

Akshay Kanoria: So, on the sector thing basically there is a low hanging fruits we see because this year's performance in certain sectors has been very poor like very discretionary spending higher value items spending, Diwali gifting all of these things were quite subdued in this year you know even post the first quarter when things started to pick up and open up still a lot of the very discretionary kind of spending was quite subdued and that is really what has help back our growth this year. So, even if that comes back to 2019 levels and no growth on 2019 levels in those kind of areas that itself will drive a lot of the growth for 2021. So, a lot of mean reversion yet to take place which will help the growth and secondly we have done some CAPEX prior to COVID. So, those capacities will also kick in and benefit us and overall, the FMCG markets seems to be growing now. So, as long as the volume growth is reasonable, we should also grow to that extent or if not more.

Moderator: Thank you. The next question is from the line of Vipul Shah from RW Equities. Please go ahead.

Vipul Shah: I just wanted to know what would be the capacity utilization in this quarter and in one of the earlier calls we have mentioned our new film line will be operationalize by February 21 I mean obviously this was Pre COVID, but where are we in terms of the new film lines?

Saket Kanoria: Capacity utilization in the quarter we would expect it to be around 80% and the film line we have postponed due to construction being stopped. So, now we are expecting it to start around August or latest by September in the current year.

Moderator: Thank you. The next question is from the line of Rahul Sony from SMIFS Ltd. Please go ahead.

Rahul Sony: Two questions from my side one thing I want to understand is how is your revenue concentration among your clients and secondly what kind of volume growth you are expecting for the next financial year?

Saket Kanoria: So, the revenue split is nothing something which we declare, but essentially I would say that it is almost all the segments are now growing. So, the share of business of any particular segment has not witnessed any change as such it is marginal 1% or 2% here or there and volume growth we expect near year to be at least over 10% which would lead to a revenue growth for 15%, 16%.

Ankit Gor: Sir my question with regards to the increased paper prices how easy or how difficult for us to pass on those prices to our customer and how are paper pricing are reacting now and if you give some sense on outlook as well?

Saket Kanoria: Basically the fortunate thing is that the paperboard prices have gone up too much too soon. So, all the packaging companies are affected by it and therefore nobody has the capacity to bare this and hence the price increase with customers is going through reasonably smoothly so we expect to pass the whole thing on and one of the reasons why this pricing has been so volatile this time is the demand from China then waste paper collection in the world which has been messed up due to COVID and also shipping rates. So, we expect that all these things to normalize in the next few months. So, let us say from April onwards we think that the pricing will start going down though it may not get to Pre COVID levels, but certainly lower than what they are now so things will become easier at that point of time because especially kraft paper which is used for coordination there the pricing has really gone very high and that is mainly due to lack of waste paper for the kraft mills and things are getting normalize because cycle is now changing, but again Europe is in a lockdown, US is coming out of it though. So, this has to stabilize, but we still expect that things will only get better going forward.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Sir firstly sir as we are conducting these conference call to educate investors and the analyst community, I could not found an investor presentation along with the invite being uploaded at your site or at the exchanges, so correct me if any of thing that is available or would request for the same going forward so that things which you are explaining us could be elaborated and articulated in much better way in a PPT presentation also?

Saket Kanoria: I think your suggestion is really a good one and makes a lot of sense so we will certainly consider doing it from the next time.

Saket Kapoor: And including that with a corporate video explaining the processes and the scope of work also because your verticals which we are able to observe from your website do speak about this bat being a key customer of your, so sir as you have told that the corrugated sheet prices were higher and therefore the raw material prices were higher, if you could explain us what constitute our raw material basked and which are our key supplier?

Saket Kanoria: I am sorry which customer you talked about bat?

Saket Kapoor: Bat I think for the cigarette player you have mentioned on your website the tobacco packaging, folding carton, and flexible packaging I am referring to your website and explain me about the raw material basket?

Saket Kanoria: So, we have two basic verticals one is paperboard packaging which is paperboard carton and the other is flexible packaging which is film-based laminates. So, in paperboard the carton the key raw material is coated paperboard and kraft paper whereas in film-based laminate the key raw material is polyester film, aluminum foil and also some paper thinner gauge paper. The raw materials generally tend to be anywhere 50% and 60% of the product mix and the main raw material which is paper in case of carton and film in case of laminates is obviously 80% of the cost, rest is inks, adhesive, oils, etc so I hope that answers your question.

Saket Kapoor: Sir everything is sourced out or we have any vertical integration?

Saket Kanoria: Everything is sourced out.

Saket Kapoor: So, we are only acting as a converted then?

Saket Kanoria: Yes, we are acting as a converter and that is the case we have almost packaging company generally packaging companies will source base raw material which is more like a commodity product and then they would print and do value additions and make the packaging out of it. You will really see a packaging companies which makes paper for example I think apart from ITC who have their in-house packaging division and paperboard making division there is no other paper mill which has carton making division. As far as film is concerned Uflex makes the polyester film and they also do the laminates, so they are integrated, but there is no other flexible packaging player who does both. So, it is very rare that you would be downstream as well.

Saket Kapoor: And in the film it is the BOPP films?

Saket Kanoria: BOPP and polyester and also PE films and that PE film is something we are setting up so ultimately, we will be able to make our own film from granules and then we will be able to print and supply the finished product so there we will get more integrated in the years to come.

Saket Kapoor: On the CAPEX front sir if you could throw some light what kind of CAPEX we done over the last few years and what is in the pipeline and how margin accretive are these CAPEX going to be as far as your understanding?

Saket Kanoria: So, CAPEX this year has been quite low because again of the pandemic in the first half there was not that much CAPEX. So, I would say that we are expecting to end the year with a CAPEX total CAPEX of not more than 55 crore next year it will be higher may be about 80 crore. So, this is well within our means and therefore the total debt will in fact see a decline in the current year. Next year it should be pretty much the same level or slightly lower and I did not understand margin accretive of the CAPEX. We are setting up this CAPEX which we have planned in the current and next year or in the existing plants so there is no Greenfield investment as such and hence the ratio of its revenue to the CAPEX being done is quite favorable. It is when you setup Greenfield that the CAPEX goes up very significantly.

Saket Kapoor: It is more and more machines that we are installing that is what the CAPEX is all about?

Saket Kanoria: More and more machines.

Saket Kapoor: And over the last few years if we take 2016 or 2017 onwards so how much the CAPEX being done sir, and everything is commercialized or we have something in the capital work in progress?

Saket Kanoria: No, I mean let us say from the year 16-17, 17-18 we have done about 175 crores in four years and everything is commercialized there is nothing capitalized I mean nothing pending to commercialize.

Saket Kapoor: And on a top line of 870 crore for the last financial year which was last quarter was may be affected with COVID this is what the optimum level we are operating I wanted to understand the top line?

Saket Kanoria: that we were at 80% capacity utilization roughly. So, in our current capacity itself we can do more than 1,000 crore, but business is becoming a little seasonal also. So, the quarter before Diwali generally sees a bigger revenue than the other quarter. So, you cannot run at 100% all the time so there has to be a little bit of lag, but yes we do have some headroom in our existing capacity and it will also depends a lot of product mix because you may produce the more valuable product. So, it is very difficult to say that how much maximum you can do.

Moderator: Thank you. The next question is from the line of Nitesh Jain from Aditya Birla Sun Life Mutual Fund. Please go ahead.

Nitesh Jain: So, I mean good set of numbers I am looking at 9 months almost flattish revenue itself is a good achievement I will say my question is sir I have two questions rather one is on the industry side so if I look at this year has TCPL grown faster than your competition your three, four organized people as well as the entire industry this is point number one. I do not want any quantification, but directionally you would definitely know that whether you have done better than the industry or not this is point number one. Point number two is the company always had a 25% dividend payment policy, but last year due to COVID you paid only Rs. 4 dividend, but assuming now COVID is behind and things are looking up and say a company delivers Rs. 35 EPS will we go back to 25% and can we expect Rs. 8.5, Rs. 9 type of dividend per share these are my two questions?

Saket Kanoria: Also, directionally I would say that we have done best of our understanding in the paperboard carton space better than the industry. We started off quite quickly during the lockdown in fact and customers also perceive that we are now reliable and hence even gained market share. So, definitely I would say that we have done better from the understanding we have like top line we are almost flat. I think very few competitors would be in the similar range. So, I think there is a 7%, 8% gap certainly. As far as the laminates are concerned we are a small player so I would not say the same thing there so that division has also grown so have the bigger points in the industry, but I think we have kept pace over there because we also have a limited capacity there and as far as dividend policy is concerned our policy has always been to pay 20% and we have been doing that consistently this year was a little lower you are right but going forward we will continue with that policy there is no rethinking on that at all.

Nitesh Jain: Can I ask one more question basically what the net debt is, is it 31st December I mean the quarter end versus the March number basically I want to see how much the net debt has gone up. Net debt is basically your total debt long term plus working capital minus any cash on the books?

Vivek Dave: A little lower than the opening number on 1st April it was 195 on 31st December it was 183 so it has gone down by 12 CR and the working capital has stayed pretty much the same.

Nitesh Jain: Sir lastly we have seen continuous improvement which is a good thing in terms of the EBITDA margin you mentioned in the opening remarks as well now the question here is I want to see what is the basically the genesis of this margin expansion, would you say that is it only because of this lower raw material prices or you think that on the cost side structurally I think the management has done something tremendously good in terms of pricing as well as on the fixed cost so that these margins are sustainable this is my last question?

Vivek Dave: It is a mixture of various things one is raw material cost and the other is job mix and the third is reduction in the cost base also. COVID has taught us a lot to be more efficient in terms of number of employees also it has gone down. So, I think it is a mixture I cannot say that it is one thing, but as I have mentioned earlier in the call the third quarter, we have done what we had to do. So, even in third quarter the margin is higher, so it is there it is not about the cost overhead, but it is more about the raw materials and the job mix. So, certainly I would say we are more efficient today then we were one year ago.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Lakshya Capital. Please go ahead.

Bharat Sheth: I have couple of questions one is that you just mentioned that you have done approximately around 170 odd crore CAPEX in the last three, four years and you have a 80 crore CAPEX guidance for the next year as well, so the thing is that what is this CAPEX I mean this next year 80 crore CAPEX is in which plant and it is basically Brownfield or Greenfield that is number one. Number two is that I have a lot of repayments coming from 2021 onwards some of our term loans are maturing and I have also seen that recently there was a release by you to the exchange is that I mean ICRA has withdrawn the rating based on company request, so what is the rationale of withdrawing that rating request and I mean I have a thinking that our entire CAPEX is being funded by the debt so what is the guidance on that going ahead, are you planning to reduce the debt going ahead I mean how the things are going to look like next couple of years going ahead?

Saket Kanoria: So, this 80 crores next year largely is in the flexible packaging space and some extent in the carton and the repayment schedule over the next few years is not something we are perturbed about I think it is well within our earnings and it is pretty much the similar levels in the current year and the previous year and your question on the credit rating. So, we have been rated by new agency this time CRISIL versus ICRA and therefore ICRA has removed and we have got a better rating in fact by CRISIL it is one notch higher than what it was earlier.

Bharat Sheth: And since you have done so much of CAPEX in last three, four years and you are continuing with that in the next year as well, so is there any I am sure we should translated into a good revenue top line growth going ahead, so if you can give some long term I am not looking for a next year, but if you can see where you can see your top line in the next two, three years and is the strategy another question is on the strategy are you going to continue with the same kind of CAPEX in your existing field I mean do you foresee so much of demand going ahead and how is the strategy and vision of the company for the next two, three years?

Saket Kanoria: No so we have already outlined that in previous call and also in the board report that our cash earnings the CAPEX is not higher than that. In fact the current year the CAPEX is much lower than the actual earnings in cash. Even going forward we hope to continue the same trend so that there is saving in the balance sheet either staying in cash or in some other way, but essentially we do not foresee of any significance in debt or if the ratio will keep improving day by day in terms of current ratio or equity debt ratio which the debt equity even today is very comfortable. So, I hope that answers your questions.

Bharat Sheth: Any guidance on the top line for the next two, three years?

Saket Kanoria: See next year I already mentioned historically the company has been growing around anyway between 15% and 18% annually and our CAGR has been somewhat similar. So, our target is always to get to that level of annual growth, but of course it depends on so many factors, but double-digit growth to maintain I am sure is something which we should be able to achieve.

Moderator: Thank you. The next question is from the line of Jayesh Shroff from CASK Capital Ltd. Please go ahead.

Jayesh Shroff: I have couple of questions first on the export side I think last concall you had mentioned that where domestic had suffered in calendar of 20 exports had done pretty well, so what is the trend there and how do you see that going ahead and second is in terms of industry consolidation so we have lot of competition may be small and unorganized players, do you think this COVID are we seeing some amount of consolidating which is helping organize them?

Saket Kanoria: Yes export got sustained as actually in the first quarter and even now this year has been pretty good from an export perspective the rate of growth in export is higher than domestic and whether that will remain forever I am not sure, but export is here to stay and it should do quite well long term lot of multinational companies are looking at sourcing from India, certainly exploring sourcing from India. So, I mean overall it should be okay only currently the problem is the international shipping delays, and the freight has gone up very high. So, temporarily export is not much better margin perspective than domestic, but otherwise it is a big focus area for us and industry consolidation during COVID of course some companies have really suffered a lot in terms of their cash flow etcetera. So, we do expect the weaker companies to look at merging with the strong companies in all and that will happen, but let us say in the last 9, 10 months we have not really heard of anything that happened as such. So, it takes time, but I guess in the middle to long run it will start the industry will see a lot of this.

Jayesh Shroff: My question was primarily so competitive intensity remains the same or it has just reduced?

Saket Kanoria: Competition intensity I would say pretty much the same.

Jayesh Shroff: Just one more on this if competitive intensity remains the same and we are saying that off late the raw material prices have actually increased quite sharply, so could we actually see some hit on margins at least in near term let us say another six months or so?

Saket Kanoria: I think raw material prices have gone up significantly I mentioned earlier that we have been able to pass on most of it. So, I do not think the margin is getting hit so much right now, but may be temporarily it could get hit a little bit and then we make it up again, but depends on how long it plays out in general, but it is not only due to competition because they are also suffering the same impact on raw material so this time it is not so much the pricing to customers is because the raw material short up sharply so which has correctly itself, but yes I mean end of the day that we have to be prepared for a small reduction in margin.

Jayesh Shroff: So, we are not going to revisit the situation that happened in 2018 and continuous increase in size?

Saket Kanoria: This is because that was after that demonetize and then GST it was a real disaster, I mean I do not expect that to happen again.

Moderator: Thank you. The next question is from the line of Vipul Shah from RW Equities. Please go ahead.

Vipul Shah: So, just wanted to know when do we expect to move to the new tax rates because primarily from the reading of the annual report it appears that we have some MAT credit pending which is why the company has decided to continue with the existing tax regime and not opt for the new, so any guidance about the tax rate going forward also would really help sir?

Saket Kanoria: So, this current year we had a MAT credit and after adjusting that MAT credit we have to see at the end of this quarter what it comes to, but right now it probably make sense to move to the new rate even in the current year because our CAPEX this year was not as much as we expected to do and going forward we have to plot our CAPEX next year and then decide, but if not this year then certainly I think from next year we will move to the new regime unless we really step up CAPEX it would not make sense to stay on old regime and also the backward area benefits of one of our plant in Haridwar has just finished and though Guwahati continues, but it is a small plan so that impact is not so much. So, we expect that by next year we will move to new regime if not this year depends on how well we do in the current quarter and accordingly we will have to decide.

Moderator: Thank you. The next question is from the line of Ketan Chawla from JM Financial Services. Please go ahead.

Ketan Chawla: I just had a question around the price hike so just wanted to understand what is the lag time to pass on these price hike to the customers and are we seeing you mentioned that you have been able to do that in certain cases, but is the raw material price hikes stays on for a longer period of time, do we anticipate any pushback from them?

Saket Kanoria: So, generally the lag time at the maximum is one quarter and once we declared the increase then there is not much any pushback unless of course there is a further increase in raw material, but thankfully now the raw material peak increases have played itself out. I do not think that it will further rise in the coming weeks or months. So, the lag is always there from quarter or so.

Ketan Chawla: And I had another question you mentioned that given the COVID environment there has been some market share expansion from the unorganized sector to the organized folding carton players, do you have any plans to do any bolt-on opportunities to consolidate our market position especially from the perspective of maybe adding new customers or strengthening presence in certain sectors where we may not be as strong as some of the other competition?

Saket Kanoria: So, we are absolutely open mind and if any opportunity comes along we would like to explore for sure, but as of now but as of now there is no specific lead that we are really following immediately, but it could happen anytime.

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

Riddhima Chandak: My two, three questions so what is our total current capacity and after increase how much it would be?

Saket Kanoria: So, I would say that we can do revenue of about 100 crores in current capacity every month that is everything is at peak which is not real life and after increase we would add another 100 crores there about.

Riddhima Chandak: So if you quantify like what are the total capacity in tons?

Saket Kanoria: Tons it is very difficult to say because it depends on too many factors. So, in our industry it is not easy to quantify this volume as such. The unit is totally different units and hence it depends you can make a carton of 300 grams; you can also make it 500 grams so your product mix determines how much ton you end up doing. So, I would say that overall I would say that in terms of value we are doing about 900 crores in the current capacity we cannot technically go up to 1,200 and in future with a planned capacity expansion next year we could do 1,300, 1,350. So, you can consider it like that.

Riddhima Chandak: Means you said that after increment of this capacity you can do another 100 crore per month?

Saket Kanoria: No, it is not 100 crore per month, 100 crore in a year. In 100 crore CAPEX, how we will double.

Riddhima Chandak: This increase capacity would be fully utilized and what time period you are expecting?

Saket Kanoria: By September this year.

Riddhima Chandak: So, can you give any sequential or YoY volume number?

Saket Kanoria: As I mentioned you know this volume is kind of misleading figure so that I do not have any specific number to share on that.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Sir, as you told that the CAPEX which will be culminating going forward will add a top line of 100 crore already?

Saket Kanoria: Yes.

Saket Kapoor: Then the conversion means 80 crore CAPEX will add a top line of 100 crore?

Saket Kanoria: Yes, this time it will because there is a lot it is a pretty capital-intensive CAPEX. So, in the immediate future we see that, but ultimately it will depend again on that product mix and therefore it can increase further than that.

Saket Kapoor: Sir you spoke about this debt being the long term debt being lower by 12 crore what is our cost of fund with this rating revision from CRISIL one notch up, what is our long term cost and working capital requirement what is the rate?

Saket Kanoria: So, long term is roughly 8.75% on an average 8.79 some of the older loans could be even up to 10 some of the newer loans are even at low at 8.

Saket Kapoor: Blended cost you have said 8.79?

Saket Kanoria: Yes 8.5% to 9%.

Saket Kapoor: And sir how much is total sales export, export constitute what percentage?

Saket Kanoria: About 15%.

Saket Kapoor: And any geographies which we are catering to specifically?

Saket Kanoria: No nothing like that we are exporting to lot of countries around the world.

Saket Kapoor: And sir how is technology may act or will act as a disruptor going forward in the packaging industry and what sort of amount you are spending on the R&D and if you could give us a peer comparison the nearest competitor as market shares also if you can give and the peer comparison?

Saket Kanoria: R&D our spent is more towards design of cartoon and change in ideas and shapes and all. So, it is not about technology so much except now with this film plant which is coming is a lot of new technology, but the R&D in process how is generally provided by the machine supplier or the technology supplier. So, that is the reality and what was the other question nothing like market share idea because it is a fragmented market, but we have gained some shares that is all I can say.

Saket Kapoor: And out of the employee cost what is the percentage of remuneration that goes to the promoter team?

Saket Kanoria: That you see I do not have that number. It is not such a high percentage let me tell you that.

Saket Kapoor: Last point is on sir this printing part that involves a bar coding printing lines also, so we are only sourcing the printer along with the ink or that also constitute in this printing as such?

Saket Kanoria: No if we are talking of printing some QR code or some variable code the customer provides the file, and we have a software in which we can fill and we can print separate bar codes or QR code as per requirement of customers so make it unique otherwise bar code is not something I mean I do not know what do you mean by that.

Saket Kapoor: Sir I only wanted to know in the packaging parts when the packets are completed the printing parts has also to be done that printing has been done by you and if that has been done then the printers and the lines are separate, I wanted to understand that scope of work?

Saket Kanoria: Just to clarify I think there is a little confusion basically we are buying paperboard and film as a raw material and then we are adding value to it in terms of the print and decoration etcetera that you see or when you buy a box on the shares and certain things like the MRP and those kind of things are usually printed on the customers line at the time of packaging like the PKD and the expiry. So, I hope that answers your question.

Saket Kapoor: So, the printing part is not there at our end sir.

Saket Kanoria: **(Inaudible) 48:30** but the rest of it is done by us.

Saket Kapoor: And if you could give sector wise percentage also sir how much is from the consumer FMCG part, how much is from the cigarette part is that understanding process?

Saket Kanoria: We do not usually give sector wise breakup because we do not share that information, but we can say that FMCG is our largest sector and historically has been the more fasting growing one.

Moderator: Thank you very much. Due to time constraints that will be the last question for today. I will now hand the conference over to Mr. Ankit Gor for closing comments.

Ankit Gor: Thank you Saket ji and Akshay thank you for your time and patiently answering all the questions. Any conclusive remark I would like to hand over call to Mr. Saket Kanoria for that. Thank you very much sir.

Saket Kanoria: Thank you for organizing the all. We are very happy to meet some of our investors and perspective investors and a good suggestions have come which we will act upon in the future and overall I think there is optimism in general in the economy and we are quite happy with the way things are and with the vaccination about to commence in the general public hopefully this pandemic and COVID are behind us and we can get back to normalcy pretty soon. Thank you everybody for your time.

Moderator: Thank you very much. On behalf of Systematix Institutional Equities that concludes this conference. Thank you for joining us you may disconnect your lines. Thank you.