



“Rajshree Polypack Ltd. Earnings Conference Call”

June 6, 2019



**MANAGEMENT:- Mr. Ramswaroop Thard:- Chairman and Managing Director
Mr. Sunil Sharma:- Chief Financial Officer**

MODERATOR:- Ms. Charmi Mehta – Prabhudas Lilladher Pvt. Ltd.

Rajshree Polypack Limited Earnings Conference Call**June 6, 2019****Moderator**

Ladies and gentlemen, good day and welcome to the Rajshree Polypack Limited Earnings Conference call hosted Prabhudas Lilladher Private Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing star then 0 on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Charmi Mehta. Thank you, and over to you, Ms. Mehta.

Ms. Charmi Mehta – Prabhudas Lilladher Pvt. Ltd.

Thank you, Nirav. Good evening everybody. We have with us today Mr. Ramswaroop Thard, Chairman and Managing Director of Rajshree Polypack and Mr. Sunil Sharma, the CFO. I would now like to hand over the call to the management for their opening remarks post which we can open the floor for question and answers. Over to you sir, thank you.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Good evening, everyone. I welcome you all to earnings call of Rajshree Polypack Limited for H2 FY19 and financial year 2018/19. For H2 FY19 the company has achieved a turnover of Rs. 57.89 crores as against a turnover over 57.63 crores for corresponding period of earlier year, thereby achieving practically negligible growth of less than 1% on year on year basis. Primary reason for the same was major breakdown in one of the key machines which resulted in turnover loss of almost 5 crores for the company and consequently affecting overall performance of the company. The company has achieved EBIDTA of rupees 10.14 Cr for H2 FY19 as against 10.37 crores for corresponding period of earlier year with a marginal decline. EBIDTA margin of the company stood at 17.52% as against 17.99% for corresponding period of earlier year. However, the PAT of the company has improved to Rs. 5.42 crores for H2 FY19 as against 4.82 Cr for H2 FY18. PAT margins for the period stood at 9.36% of sales as against 8.36% of sales of corresponding period earlier year.

Coming to the performance of the entire financial year we have reported growth of 11.29% in turnover from Rs. 112.32 crores to rupees 125.01 crores. However, the EBIDTA was marginally down to 21.17 crores or 16.93 % of sales against 21.19 crores or 18.86% of sales for earlier year. Numbers could have been better had we not got hit by machine breakdown during H2 FY19. On the profit after tax front we reported a profit of 10.51 crore or 8.41% of turnover of the company as against 9.56 crore or 8.51% for earlier year. Looking at balance sheet, while the net worth of the company has gone up to 91.86 crore from 46.98 crore duly aided by IPO funds and the profits of the company. The long term borrowings have gone down to 7.3 crores from 13.85 crores. As we have not borrowed any fresh funds during the year. On the assets side we have invested about 5.27 crores net in fixed assets during the year which primarily include machinery worth 4.75 crores, moulds worth 0.28 crores and other miscellaneous assets. Investment in net working capital without considering cash and bank balances has gone up to 15.62 crores as against 13.31 crores as on 31st March 2018.

Talking about growth plans, development of unit 4 is in progress and construction of factory building has already started. We expect the same to be ready by December 2019. At the same time we have already placed the order for extruder machine during current year and we expect the same to be delivered at site by January 2020 end. Considering other aspects such as installation and trial run, we expect to go for commercial production by end of March 2020. Further, another major machine that is 4 station thermoforming machine which is also the part of the project for unit 4, has been already landed in India. We shall be installing the same at premises of third party until our factory is in place. Commercial production from the machine is expected to commence by July 2019. Further we have also received in principal approval of Board of Directors for consolidation and modernization of unit 1 and unit 3 at one premises, which is proposed to be taken on rent. We are already in search of new factory premises and are expecting the project to be completed by March 2020. The project is expected to cost us anywhere between 8 to 9 Cr, half of which will be funded through internal accrual and for balance we shall take a bridge loan from the bank. The company intends to sell existing factory premises of unit 1 upon completion of modernization project, proceeds of which shall be utilized to repay the bridge loan. The modernization will not only help us in increasing the turnover of consolidated unit 1 but will also help us in saving on various expenses such as power wastages, employee costs and inter unit transportation. On another front, we have already placed order for one multicolour printing machine which is expected to commence commercial production by July 2019. At the same time, we have received in principal, approval from the board to explore viability proposition of digital printing machine which if implemented will open more opportunities for the company. Talking on product front we have co-developed two specific packaging to multinational confectionery companies and manufacturing of such products have started. Further we have also received an approval from C-Tech Chennai for our bio degradable packaging product. We have also signed a definitive agreement with one large Indian business house for supplying specialized barrier packaging products from unit 4. Furthermore, we are actively working on exploring newer products and their respective markets, details shall be shared at appropriate time.

In the end I wish to note that this year we will be focusing more on production efficiency, we will focus on enhancing the EBITDA margins. We have already started working in that direction and I hope next results will showcase impact of the same. With this I would like to invite your questions.

Moderator

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

The first question is from the line of Rahul Vira from Abacus Asset Management, please go ahead.

Mr. Rahul Vira – Abacus Asset Management

Good evening sir. How are you?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, I am fine, Rahul, go ahead.

Mr. Rahul Vira – Abacus Asset Management

Ah, just a quick question. The breakdown of the machine, has it been resolved now.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, yeah. That was resolved, like we had a total breakdown period of 54 days. So this happened in October 2018, so we were back into production by 1st week of December.

Mr. Rahul Vira – Abacus Asset Management

Okay, so possibly like this year we can say 12 to 14% top line growth.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, all put together from this new thermoforming capacity of what we have added and balance of what we could improve on the efficiency from the existing infrastructure.

Mr. Rahul Vira – Abacus Asset Management

Right, right. Now, sir, in terms of margin improvements I mean what are the [26:49] you are taking, I believe because the oil prices really impacted the margins, like at gross level we are taking a quite a bit of impact.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, the major reason, of course, till quarter 3, mid of quarter 3 was the impact on the RM prices. At the moment it looks positive but this is a volatile commodity so definitely it is going to make an impact but as the modernization activity what we are looking for this will also help us in reducing the operational cost in future.

Mr. Rahul Vira – Abacus Asset Management

Right, sir, in terms of this temporary arrangement that you are making for this rental business for thermoforming that we are going to use, what will be the annual outgo rental.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

This will be for 6 months period where we will get the product of job work done so we are not going to pay any rent to the third party but we are going to pay some job work charges for 6 months period, as in December our factory gets ready we will bring back this machine back to our premises.

Mr. Rahul Vira – Abacus Asset Management

Okay, okay. Fair point, sir. I will join you back in the queue, sir. Thank you, sir.

Moderator

Thank you very much. A reminder to all the participants you may press * and 1 to ask a question. The next question is from the line of Siva Kumar K. from Unified Capital. Please go ahead.

Mr. Siva Kumar K – Unified Capital

Yeah, good evening, sir.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Good evening Shiva.

Mr. Siva Kumar K – Unified Capital

Sir, couple of questions on the margin front. So for the 2nd half of the year we are back to about 43.5, right, in terms of the gross margins.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Gross margins, yeah, roughly you can say so. EBIDTA margins roughly as I explained was around 17.4%, 17.52% and the gross margins was roughly around 40 to 43%.

Mr. Siva Kumar K – Unified Capital

Okay, so what's your outlook, sir, going forward for FY19 if oil prices were to stay at these levels.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, we should be able to maintain this particular level if the oil prices remain steady the way it is, we should be able to maintain this particular level.

Mr. Siva Kumar K – Unified Capital

Right. Sir, in the revenue guidance you are giving for FY20 but what will that be or FY19.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

What do we have is basically a small support from this thermoforming machine which will be starting production in July'19 and we can further try to pick up some increment in the top line from the existing infrastructure. So overall we look at 10 to 12% maybe the top line.

Mr. Siva Kumar K – Unified Capital

Okay, you are including the 5 crores which you lost in FY'19 due to machine breakdown right. That is part of this 10 to 12 crores.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, yeah of course.

Mr. Siva Kumar K – Unified Capital

Right sir currently, if you divide the revenue in terms of unit one, two and three what will be the percentages, percentages the share of each of those units?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, I can give you the exact number unit one and three is roughly 39.45 cr and unit two is 85.55 cr.

Mr. Siva Kumar K – Unified Capital

Sorry sir unit two is 89.55?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

85.55.

Mr. Siva Kumar K – Unified Capital

59.55 sir and when you said that you're basically shifting the machinery of unit one and unit three closer to unit two, right is that how we should read it?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

No, what we are doing is basically we are consolidating unit one and unit three at one location.

Mr. Siva Kumar K – Unified Capital

Okay.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Which we will take this location on rent.

Mr. Siva Kumar K – Unified Capital

Right.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

At the moment unit one is owned by the company and unit three is rented.

Mr. Siva Kumar K – Unified Capital

Okay.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

So, instead of that what we... to combine both these units we need a bigger space.

Mr. Siva Kumar K – Unified Capital

Right.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

And we are going to also modernize few production processes of unit one and unit three. So, this will help us in bringing down the manpower cost wastages and also this will help in increasing the top line of unit one and unit three both put together.

Mr. Siva Kumar K – Unified Capital

Okay, but this rented premises is the temporary one you would look to again acquire some land and move them eventually to an on-premises or you will continue with the rented premises?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

The decision for taking on it on rent was basically as Daman has a cheap electricity cost advantage at the moment but the land cost is very high in Daman as compared to Gujarat but this power situation can change anytime in future we don't know. So, we don't want to block investment into manufacturing facility at the moment at Daman.

Mr. Siva Kumar K – Unified Capital

Right.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

So we will prefer to take this place on rent for a midterm three to five years period see the situation of the power and accordingly move ahead for our own premises.

Mr. Siva Kumar K – Unified Capital

Right sir and the timeline you have specified is basically March 2020 right so, this year you will do that?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yes, we are in process of identifying the place which we could take on rent which meets our requirement.

Mr. Siva Kumar K – Unified Capital

Sir will that lead to any disruption in services which you might lead to a lower revenue than what you are guiding?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

No nothing because the new location will be set up first with the new machines and then gradually we will stop those production. So there will be no disruption in the production of unit one and unit three.

Mr. Siva Kumar K – Unified Capital

Right sir and your guidance of 10% to 12% also includes the new thermoforming which you already landed right?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yes.

Mr. Siva Kumar K – Unified Capital

Thermoforming capacity.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yes.

Mr. Siva Kumar K – Unified Capital

Okay. So any comments on the extrusion machine which you said you'd be ready by December 2019?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah that we are expecting to get installed by March 2020 so that's how we look it at the moment, at the current situation as it stands today.

Mr. Siva Kumar K – Unified Capital

Right sir I will join the queue sir.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah.

Moderator

Thank you very much. A reminder to all the participants you may press star and one to ask a question. The next question is from the line of Ronak Vora from AUM Fund Advisors Private Limited. Please go ahead.

Ronak Vora, AUM Fund Advisors Private Limited

Hello.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Hello.

Ronak Vora, AUM Fund Advisors Private Limited

Yeah sir these are very good set of numbers sir I had a few questions. Can you do the capacity utilization today?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah capacity utilization detail what we have is as on today we can give you process wise, on the extrusion front, we are at 87.4% for 18-19.

Ronak Vora, AUM Fund Advisors Private Limited

Okay sir.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

On thermoforming we are at around 90%.

Ronak Vora, AUM Fund Advisors Private Limited

Okay and sir how much would be the thermoforming division as in, in terms of tonnage?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Thermoforming is roughly 3895 metric ton.

Ronak Vora, AUM Fund Advisors Private Limited

3895 metric tons okay. Okay sir and sir the new capacities that are being set up for the thermoforming is like 50 tons per month, right?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yes around 50 to 60 tons per month.

Ronak Vora, AUM Fund Advisors Private Limited

Okay, and the new extrusion would be around 330 tons per month.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

That's right.

Ronak Vora, AUM Fund Advisors Private Limited

Okay. Okay sir. Thank you.

Moderator

Thank you. A reminder to all the participants you may press star and one to ask a question. The next question is from the line of the Deepak Saini an Individual Investor. Please go ahead.

Deepak Saini, Individual Investor

Yeah. Hi, sir. I have a couple of questions.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah Deepak yeah.

Deepak Saini, Individual Investor

First one is, yeah hi, could you throw some light on raw material costs percentage for FY18 and what are the key risks associated with the sourcing of the raw material (0:36:01)?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Raw material cost for FY19, if you want to know about the average pricing, we use different...

Deepak Saini, Individual Investor

I want to know about the percentages of the raw material how is the percentage top line?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Raw material is 56% or 57%? 58%.

Deepak Saini, Individual Investor

Okay is there any risk of sourcing the raw material from the suppliers in the near future?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Pardon I missed on that.

Deepak Saini, Individual Investor

Yeah, I'm saying is there any risk of sourcing raw materials from the suppliers?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

No, there is no risk cost because these are sold on spot and these are generally spot prices.

Deepak Saini, Individual Investor

Okay. Sir my next question is, could you tell something about the competition in the market in the similar business segment? And is there any threat from the imports from China for the similar products?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

We, from the domestic sector, I will say first, like the major customers whom we are catering to we have a monopolistic supply position at the moment to our top three four customers. The reason being, like the investment in the hardware what we have done the recipe and the expertise what we have gained over a period of time. So that gives us an advantage to almost have a monopolistic supply situation with the top three plans. With respect to China, we don't foresee any competition at the moment. Because the local food packaging companies don't prefer to take it from imports where the lead times are more and they don't like to keep huge inventories. There is change in the design or the artworks depending upon the local FSSI regulations so the turnaround time has to be quick. So imports at the moment, we don't see as a threat in our category.

Deepak Saini, Individual Investor

Okay. I have one last question, what are the steps company is taking to avoid losses of revenues due to breakdown of (0:38:27) machines, like you said, there was a breakdown in the machine which resulted in loss of 5 crore revenues so what are the plans to avoid that?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

What has been done is basically we have set along with the OEM and there has been some design changes done along with the change in the metallurgy of the parts which are failed. And secondly, what we have also done is we have now also opted to keep this part as a standby additional which previously was not in that scope as this is a little bit expensive. But looking at this experience, we will be also keeping or maintaining inventory of this part. So in case something of this happens in future, we will avoid the situation.

Deepak Saini, Individual Investor

All right, sir. I got it. Thank you.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Thank you very much.

Moderator

Thank you very much. A reminder to all the participants you may press star and one to ask a question. The next question is from the line of Ronak Vora from AUM Fund Advisors. Please go ahead.

Ronak Vora, AUM Fund Advisors Private Limited

Yeah. Hello.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah Ronak.

Ronak Vora, AUM Fund Advisors Private Limited

Sir actually I have one more question what will be the EBITDA margins in the extrusion and thermoforming unit?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Ronak, we will work out on that number and maybe we can get back to you at a later time.

Ronak Vora, AUM Fund Advisors Private Limited

Okay, okay sir, no problem. Okay, and sir one last one if you know...?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah.

Ronak Vora, AUM Fund Advisors Private Limited

Can you just give me revenue break up for the thermoforming and extrusion division?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, that probably I can give it to you. From thermoform products it's roughly 79 crores and from extrusion it is 42.3 crores roughly.

Ronak Vora, AUM Fund Advisors Private Limited

Okay this is for FY19 right?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah FY19.

Ronak Vora, AUM Fund Advisors Private Limited

Okay, okay. Thank you.

Moderator

Thank you. Ladies and gentlemen, you may press star and one to ask a question. The next question is from the line of SivaKumar from Unifi Capital. Please go ahead.

SivaKumar K, Unifi Capital Private Limited

Yeah, thank you for the follow up opportunity.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah.

SivaKumar K, Unifi Capital Private Limited

What explains the sharp increase in the other expenses this year both 24% year on year FY19 or FY18?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah if we see the other expenses that has gone up from 18.35 to 22.73, which is 24% increment which is noted by you. There are three four reasons for that 53 lakh is the provision for doubtful debts from Oceanic Tropical.

SivaKumar K, Unifi Capital Private Limited

Is it a full provision sir?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah full provision, we have done. 83 lakh is from outward transportation against which we have collected additional 55 lakh from customers as the term of delivery were more CIF instead of FOB in this year. Thirdly, 67 lakh increase in port charges and commission expenses on account of increased exports which has gone up from 10% to 15% from last year 1.78 crore on job work as currently we don't have enough capacity to make APET sheet for thermoforming hence we have to get the sheet done outside on job work basis and 15 lakh is on CSR activities.

SivaKumar K, Unifi Capital Private Limited

Okay.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

So that 4 crore additional is due to these four factors.

SivaKumar K, Unifi Capital Private Limited

Okay. Sir and employee expenses sir you will see the trend continuing like from 9 crores to about 11 crores right this year?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, the employee expenses if we see there is a 21% increment in the overall expenses of the employee where there are various factors A) is 5% to 6% we see it is due to your on your increment or inflation reasons, 2% to 3% is due to the increment in sales of 11% so we need a little bit of more casual labor to increase the production. Thirdly, we have appointed few people in marketing and QA for new projects for our barrier packaging and biodegradable products. And also in our unit two we have moved two people from casual from contractor to company payroll, to reduce the attrition as this helps us in giving them training and improving their efficiency and quality. If we see the number of headcount at various locations unit one in 17-18 we had 74 people in 18-19 we have 76 people, so headcount wise there is increment of only two people and the average increase in the salary at unit one is 12%. Unit two, we had an headcount of 80 people which has gone to 123 people, there is an increase of 43 people in headcount, but the average salary has gone down by 14%. The reason being as I told you, like we have taken more casual people on payroll. So, the overall salary per person is what I'm talking about that has gone down. And in unit three, we had 46 people in 17-18 against which we have 52 people in 18-19 and the overall salary has gone up by 13% per person and in HO we had 30 people against that we have 38 people as I said that a few people we have added in marketing and little bit into R&D and research for the new products. So, the overall increment at HO is at 27% per person. Headcount wise I will say 59 headcounts have gone up.

SivaKumar K, Unifi Capital Private Limited

And will you be hiring more persons for the new thermoforming and also the new extrusion machine which you will be adding sir?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah this is more for marketing front and a little bit of development projects development work, we have hired these people.

SivaKumar K, Unifi Capital Private Limited

Okay, but this year also the trend would continue right because you had new machinery coming in. So, you need more hands right?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah. So, from maybe from November, December we will be starting the hiring process for the new facility.

SivaKumar K, Unifi Capital Private Limited

I see. Sir, can you shade some light on this biodegradable packaging product what is... how is the reception in the market, what is the potential for such kind of a product in the market?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

The potential looks very good and due to the limitation in the hardware availability in the Indian market it gives us an advantage to have the first mover benefit. But we also have a limitation as we don't have capacity we cannot immediately roll out this particular category we have to wait for our new line to come. So, basically we will be moving some of the products from our existing line to this

new line and then we will be having the capacity to start the production for the biodegradable products but we have already in place the certification from CPAT and we have also applied to CPCB so with this it will... we will get registered with CPCB on their website to supplying biodegradable products which definitely will have a big share at least for on the go products like Starbucks, Cafe Coffee Day, McDonald's and all which they are not able to use direct plastic products as they don't categorize into packaging sub category like.

SivaKumar K, Unifi Capital Private Limited

I see sir you said the exports have moved from 10% to 15% right this is entirely the China?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

No this is a combination of both I will say this is China as well as in Middle East there is an increment in the sales both ways there is an increase in the sales. Like I would say if I say China in '18 was 5.25 cr against that we have achieved a 7.47 cr whereas packaging products was 5.83 cr against this we have made a sales of 11.19 cr so I would say major sale is coming from thermoform packaging products which is going to Middle East and this country.

SivaKumar K, Unifi Capital Private Limited

Okay, the packaging is entirely Middle East right.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Middle East.

SivaKumar K, Unifi Capital Private Limited

While China is yeah.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

China is more of a sheets I will say.

SivaKumar K, Unifi Capital Private Limited

Sir any change in the top five concentration of your clients. How much top five contributed last year and how much is it this year?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah I can give you that number top five in '18 was 46.84 and in '19 it's 46.76.

SivaKumar K, Unifi Capital Private Limited

So almost the same, right no specific change sir any new clients any new big client which you have added to your list of clients?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, we have added Hershey's as a client with us.

SivaKumar K, Unifi Capital Private Limited

And you're also in talks with a couple of for dairy companies during the IPO time I believe so how has that progressed, were you able to onboard any big dairy company?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, we have made inroads with a few companies in Raipur, Chhattisgarh and in north of India so we have started three four companies like Madhusudan Dairy, Sharda Dairy these are new entrants into the dairy market and we have started business with this particular dairies we have added three four clients.

SivaKumar K, Unifi Capital Private Limited

I see, in the south sir any progress with the likes of say Hatsun or Heritage?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Heritage we are doing a little bit not in a big numbers Heritage sales have increased but not to our expectations. Hatsun unfortunately it is bit difficult to enter into Hatsun at the moment, we are trying hard like the pricing is a concern we are not able to beat the pricing.

SivaKumar K, Unifi Capital Private Limited

Thank you sir.

Moderator

Thank you very much. A reminder to all the participants you may press star and one to ask a question. The next question is from the line of Aditya Shah an Individual Investor. Please go ahead.

Aditya Shah, Individual Investor

Yeah sir good evening sir all of my questions have been answered. But I would just like to know if there's any dividend announcement or any dividend in the...?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah, we have announced an interim dividend of 5% for the last year, and the final dividend probably we will be announcing in the next Board Meeting whenever it takes place.

Aditya Shah, Individual Investor

Okay. First class sir and just one other question, is there any chance of getting listed in the BSE or the small cap index or something of that sort, is there anything...?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

I have to look into it but what I understand is probably we need to have two years of period before moving to the main boat. So probably we have not completed that timeframe as yet.

Aditya Shah, Individual Investor

Okay I wish you all the best sir.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Thank you very much.

Aditya Shah, Individual Investor

Thank you so much.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Thank you.

Aditya Shah, Individual Investor

Thank you.

Moderator

Thank you very much. Ladies and gentlemen, you may press star and one to ask the question. Anyone who wishes to ask the question may press star and one. The next question is from the line of Deepak Saini an Individual Investor. Please go ahead.

Deepak Saini, Individual Investor

Yeah hi sir.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Yeah hi Deepak.

Deepak Saini, Individual Investor

Most of my questions have been answered already. But I would like to know do you have any long term contracts with the top four customers?

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

As I said, like basically we are the only suppliers to these customers. And they give us purchase orders on quarterly basis. They don't sign any contract. But the product has to be approved on their line. So it is a match between the packaging and their filling lines. So they cannot change anything overnight. Because it has to go through a lot of testing and trial process so unless we goop up at our end in supplies or quality, we don't see any reason for the customers to change their vendors.

Deepak Saini, Individual Investor

Okay. Thank you sir and wish you best of luck.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Thank you. Thank you very much.

Moderator

Thank you very much. As there are no further questions I will now hand the conference over to Ms. Charmi Mehta for closing comments.

Ms. Charmi Mehta – Prabhudas Lilladher Pvt. Ltd.

Thank you Ramswaroopji for answering everybody's question and I thank everybody for joining in on the call and have a good day. Thank you.

Mr. Ramswaroop Thard – Chairman and Managing Director, Rajshree Polypack Limited

Thank you. Thank you everybody.

Moderator

Thank you very much. On behalf of Prabhudas Lilladher Private Limited that concludes this conference. Thank you for joining us, you may now disconnect your lines. Thank you.