

# Mitsu Chem Plast Ltd.

329, Gala Complex, Din Dayal Upadhyay Road,  
Mulund (W), Mumbai - 400 080, Maharashtra, INDIA.

T : + 91 22 25920055

E : mcpl@mitsuchem.com W : www.mitsuchem.com

CIN : L25111MH1988PLC048925



Date: August 16, 2022

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai- 400001

Script Code : 540078

Dear Sir/Madam,

**Sub: Transcript of Conference Call with Investors and Analysts held on August 11, 2022**

With reference to our previous communication dated August 5, 2022, intimating you about the Conference Call with Investors and Analysts held on August 11, 2022, please find attached the transcript of the aforesaid Conference Call.

Kindly take the same on record.

Thanking you.

Yours truly,

**FOR MITSU CHEM PLAST LIMITED**

*Drishti Thakker*

**Drishti Thakker**  
Company Secretary



*Encl: as above*

Manufacturing Units

Unit-I: N-83/84, MIDC, Tarapur,  
Boisar, Dist. Palghar - 401506.  
Maharashtra, INDIA.

Unit-II: J-237, MIDC, Tarapur,  
Boisar, Dist. Palghar - 401506.  
Maharashtra, INDIA.

Unit-III: Plot No. 24/11, 24/12, 24/15, 24/8B & 25/1,  
Village - Talavali (Lohop), Post: Majgaon,  
Opp. Birla Carbon Ind P Ltd., Tal. Khalapur,  
Dist. Raigad - 410220, Maharashtra, INDIA.

• Industrial Containers • Furniture Parts • Automotive Parts • Medical Devices etc.



# “Mitsu Chem Plast Limited Q1 FY-23 Earnings Conference Call”

**August 11, 2022**



**MANAGEMENT:** **MR. MANISH DEDHIA- JOINT MANAGING DIRECTOR &  
CFO, MITSU CHEM PLAST LIMITED.  
Ms. KASHMIRA DEDHIA — VICE PRESIDENT FINANCE  
& ACCOUNTS, MITSU CHEM PLAST LIMITED**

**MODERATOR:** **MR. SUMIT MARU – KIRIN ADVISORS PRIVATE  
LIMITED**



*Mitsu Chem Plast Limited  
August 11, 2022*

**Moderator:** Ladies and gentlemen, good day and welcome to Q1 FY23 Results Conference Call of Mitsu Chem Plast Limited, hosted by Kirin Advisors Private Limited. As a reminder, all participant lines will be in the listen only mode, and that 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. Sumit Maru from Kirin Advisors Private Limited. Thank you and over to you, sir.

**Sumit Maru:** Thank you. Good afternoon everyone. I would like to welcome Mr. Manish Dedhia - Joint Managing Director and CFO of Mitsu Chem Plast Limited and Ms. Kashmira Dedhia - Vice President Finance and Accounts. Manish sir, over to you.

**Manish Dedhia:** Thank you, Mr. Maru. Good afternoon, everyone. I welcome all of you for the conference of Mitsu Chem Plast for the first quarter of FY23. FY23 started on a very positive note we have witnessed a 42% top line and 40% bottom line growth. This indicates that the opening of economics has pulled demand back to pre-pandemic levels and the packaging industry is gaining momentum. Raw material prices are still high and that has kept our operating margin slightly under pressure but as mentioned in our Q4 FY22 con call. Our strategies are in place and we are keenly focusing on our operational efficiencies. This resulted in 23% rise in EBITDA for the reported quarter. Our key raw material polyethylene and polypropylene is a crude base product as we are seeing correction in crude prices. We feel the negative impact to be bottomed out in coming quarters. We are quite hopeful for of the same.

Talking from a future perspective we see good traction in demand with geopolitical issues. Product innovation and value engineering continues to be our focus to enhance product portfolio and product quality. Strategies for the year are increased the product basket addition of new clients, increase regional reach and offer more customized product. The demand is growing and with our strategies in place, we are poised to grow at a comparatively higher rate. Your company a leading manufacturer with more than +500 SKUs is serving over +30 Fortune Indian 500 clients in India. Mitsu Chem Plast stood strong against the pandemic threat and continued its right march towards growth. I thank you all for your support and the faith in the company which would drive us towards new milestone achievement. Now, I hand over the floor to Ms. Kashmira Dedhia to discuss the financial performance during quarter one FY23.

**Kashmira Dedhia:** Good afternoon to you all. Now, I will take you through the financial performance of the company quarter one FY23. Your company witnessed strong demand growth in reported quarter. Financial performance for first quarter FY23. Mitsu Chem Plast total income for first quarter FY23 registered robust 2% growth to Rs.84.69 crore. Molded industrial packaging contributed approx. 81% to the total revenue while furniture products like hospital, furniture contributed approx. 9.5%. Infrastructure furniture's and other products contributed approx. 9.5% to total revenue. EBITDA improved by 23% to Rs.9.4 crore while net profit grew by 40% to Rs.5.16



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crore. EBITDA margin was at 11.12% and net profit margin was at 6.09%. EPS at 4.27% against Rs.3.06 up by 39.54%. Thank you. Now, I open the floor for question-and-answer.

**Moderator:** Thank you. Ladies and gentlemen we will now begin with the question-and-answer session. The first question is from the line of Manan Poladia from MKP Securities. Please go ahead.

**Manan Poladia:** So, I've noticed in the investor presentation this time you manage the auto parts that you're talking about manufacturing, I would like to know whether the new FPO that you've launched and outside of the funds that you're going to use to repay your debt as well as the working capital requirements, will any of that money go towards the CAPEX for this?

**Manish Dedhia:** Sorry, sir CAPEX for this means?

**Manan Poladia:** CAPEX for the auto parts or do you already have those capacities in built?

**Manish Dedhia:** No, so we are open automotive industry as well. Right now, from last two years, the company is not doing much in automotive. But yes, we have some negotiations on with some companies, and we might come up with that automotive product. So, if something comes up, yes, we are ready for that.

**Manan Poladia:** Okay, sir thank you. Also, in your RSP somewhere, I noticed that you mentioned that you want to put in an FMCG plant from the additional proceeds of the FPO would you be able to give us some color on that, what segment would you be venturing into?

**Manish Dedhia:** FMCG mean?

**Manan Poladia:** I think you mentioned FMCG or paints?

**Manish Dedhia:** Yes, paints. So, we are coming up with the various injection molded products also. So, the paint is one of the product and that we will soon we will come up with that. So, we'll announce very soon on that.

**Manan Poladia:** And what would be the sort of margin that you would be targeting in the paints?

**Manish Dedhia:** So, right now almost a similar margin we are maybe a little better than what we are having right now. So, initially the margin will be a little lesser because there will be many trials and all these things. In the future we are expecting good margins in paints also.

**Manan Poladia:** Also, one last question. Would you be able to give us some color on when the FPO is supposed to open to the public?

**Manish Dedhia:** As soon as we get SEBI approval, we will come up with the FPO soon. So, it's already.



- Manan Poladia:** There's no time line on that as of yet.
- Manish Dedhia:** Sorry?
- Manan Poladia:** There is no specified timeline on that as of yet.
- Manish Dedhia:** No, it is in fairly....
- Moderator:** Thank you. The next question is from the line of Nairit from TSG Capital. Please go ahead.
- Nairit:** I love that you especially, we have spoken in the last quarter as well about the margins being maintained and you went through with that, so, great to see that.
- Manish Dedhia:** Thank you very much for this.
- Nairit:** So, my first question was, can you give me some idea on the number of clients we have added this quarter or like the number of clients in the last quarter versus this quarter?
- Manish Dedhia:** So, approximately new clients added is around +25 clients we have added this quarter.
- Nairit:** And from which industry are they can you give me an?
- Manish Dedhia:** So, mostly from chemical and pharmaceutical industry only, so packaging business we have added some new clients.
- Nairit:** All right. And can you give me some idea on what is the volume growth versus the price growth for this quarter, because the prices have gone down so there must be a good amount of volume growth?
- Manish Dedhia:** Yes. So, there is a little change prices have increased drastically in last two quarters. So, the volume growth is around 20% and against this 42% of rupees growth.
- Nairit:** So, the price appreciation accounts for 20% to 22% roughly?
- Manish Dedhia:** Right.
- Nairit:** Just one more last question, the FMCG plan that we have mentioned in the draft in Red Herring. So, what geographies are we targeting because you've mentioned that we have opened depots in the North and South?
- Manish Dedhia:** So, right now, there's a depo only in North and South, but right now the expansion everything will come up in Khalapur plant only, Maharashtra only right now. So, whatever we will cater a



new customer base will be in right now in the Maharashtra, Gujarat. And further going, maybe we'll think over the expansion in further states.

**Nairit:** Right. So, roughly by the next two quarters or four quarters or can you give me a timeline on that please?

**Manish Dedhia:** So, you have a right question. So, actually, next two, three quarters are really challenging for us to do many things like FPO, then expansions and many things. So, we'll come back with exact data's and details where we are coming up with the expansion plans and everything.

**Moderator:** Thank you. The next question is from the line of Rohit Suresh from Samatva Investments. Please go ahead.

**Rohit Suresh:** So, my first question was on the hospital furniture segment, could you just briefly highlight, the size of the market and who are our major competitors and how do you see this segment contributing in the next year or so?

**Manish Dedhia:** Okay, basically I'll ask your one of the questions was what is your hospital growth Right?

**Rohit Suresh:** The market size basically and who are our major competitors and considering COVID has, settled down how do you see this segment contributing to your revenues in the next one to two years?

**Manish Dedhia:** See exact number we are also not very clear in this thing because we are the market size about, I'm not ready very clear with the figures right now. So, I will not be able to comment on that right now. About as you said like growth, you said about the second question was the growth right?

**Rohit Suresh:** Yes, sir growth.

**Manish Dedhia:** Constantly we are doing growth in this except this quarter, because we had a good contribution from the containers as well. So, we have done this around 9.5% in the furniture parts, but rest, this will continue for 10% to 13% approximately in the furniture path the same growth.

**Rohit Suresh:** Got it and sir, is this any major competitors for us or is this market majorly unorganized sector?

**Manish Dedhia:** So, both the things answer is like right now what we know till date is we are competing with the market from China, Germany and other countries, supplying. So, we have a mostly our all imported, all products are imported every year, we know here right now.



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- Rohit Suresh:** Got it so sir, on the FMCG part like the other participants asked what kind of products we'll be focusing so in paints, will it be small containers, which are I guess, more value added or any particular segment within paints or lubricants that you're focusing on?
- Manish Dedhia:** So, we will start with all lubricants and FMCG initially, and yes definitely so our bottom line will be where we can get the good margins, definitely as we are entering into this new market, but obviously we will look for a better margin only.
- Rohit Suresh:** Got it. And on your working capital in the RSP you mentioned that for financial year 23 our working capital requirement is around 150 crores and you will be using 80 crores or something from the RSP to meet that demand, to cater to that working capital. So, what is in future, considering we are expanding going into FY24, FY25 and with working capital being a major issue in the industry, how are you going to solve that problem once we put in more capacity and we grow at a much faster pace.
- Kashmira Dedhia:** Sir, currently we are going for the FPO majorly we are looking for the high rate of growth in turnover this year. So, for the next year for FY24 and 25 also we are expecting the same line of growth. So, we may go for the bank loan and internal accruals for the same.
- Rohit Suresh:** Okay. So, you are confident that you will be able to meet the working capital requirements as some internal accruals?
- Kashmira Dedhia:** As and when the company is growing, we will definitely need working capital.
- Rohit Suresh:** Okay. And last question on the capacity utilization, any number that you can indicate for FY23?
- Kashmira Dedhia:** So, for this quarter we have 68% of capacity utilization.
- Rohit Suresh:** And this should be the similar range for the entire year?
- Manish Dedhia:** We'll try to achieve at least 75% or plus.
- Moderator:** Thank you. The next question is from the line of Nilesh Karani from Magnum Equity broking Limited. Please go ahead.
- Nilesh Karani:** Just to understand the overall scenario if we see probably, we spoke about like probably this one or two quarter might be little bit dampening or sort of because there are a lot of events happening over. So, now, if I want to understand FY24 would be in line or FY23 would be in line with 22?
- Manish Dedhia:** As a profit or as?
- Nilesh Karani:** Overall performance of the company.



- Manish Dedhia:** We feel it will be better than this and similarly 24 will be much, much better than this 23 because when the FPO money will come and a lot of expense will be down, the interest cost will be reduced, and many things will be reduced. So, here we'll have good numbers for sure.
- Nilesh Karani:** So, basically just to understand, now the crude is settling down no doubt it is still on a higher thing. But then overall, if you see so your volume growth and your crude raw material prices and all will be beneficial for you going forward.
- Manish Dedhia:** So, what I've understood basically, the crude price, the raw material price is going to volatile with the world market. So, whatever happens in the world's, it is going to be volatile. But yes, we are focusing on majorly in Indian market and definitely we can see big growth in the near future. Near Future means next two to three years.
- Moderator:** Thank you. The next question is from the line of Yashwanti Khedkar an Individual Investor. Please go ahead.
- Yashwanti Khedkar:** I just wanted to understand few things from your side, like in last quarter we were having no headwinds coming from the domestic issue and raw material, raw material prices, the crude prices have started softening up. So, we expect some good saving coming out from those areas. I just wanted to understand like, how the logistic costs and logistic issue Q1 has been seen and whether they are sorted out or take
- Manish Dedhia:** Thanks, ma'am. Thank you for your patience. So, what you're saying is that the logistic issue which we have faced in the quarter two, and quarter three, so see people have understood somewhere, I will not say the rate has become softener or something like that, people have understood this will be going to be a same rate. And, they are continuing this business, this is what I can say right now, so logistic issue what had was a price rise that time and abnormal prices, but availability of containers yes, it is very smooth now.
- Yashwanti Khedkar:** Yes, the main concern was only availability of the logistic and the containers. That is why we are not in a position to supply to over our customers who are in terms of exports outside.
- Manish Dedhia:** Yes.
- Yashwanti Khedkar:** So, I believe that is sorted out now?
- Manish Dedhia:** So, the problem was, our customer was not able to get the containers and not able to export there. So, we are in the local, so maybe we are able to get those materials to them. But they were not getting the containers on time, or maybe the price rise was so high that they were not able to export.



- Yashwanti Khedkar:** Yes, because till last quarter we were looking from you that because they were not able to export, we have orders in hand but we are not able to supply them.
- Manish Dedhia:** Yes, in some of the countries yes.
- Yashwanti Khedkar:** That is the concern there. And sir like the prices are moving down as far as the crude is concern, do we see any benefit coming out of there?
- Manish Dedhia:** Ma'am I am sorry, you need to speak little louder. Because some of the voice, I'm not able to hear that.
- Yashwanti Khedkar:** Sir, I was just checking with you, as the softening of the oil price, crude price is happening. Now it is somewhere around 90 level, would we be seeing some good impact on the operating margin because though we have expanded our EBITDA around 7% to 8% we just wanted to know that margin was not that great. The margin was little subdued so just wanted to check on that.
- Manish Dedhia:** See whenever the price goes up, our price goes down. So, there is somewhere it always affect when it goes down like very sharpen or it goes down very sharpened up. So, there somewhere, some profit margins are going to affect some of the companies. Now it might happen like either we have a stock or we have zero stock. So, it's going to happen because our 40% product, 40% or 50% product is imported, raw material we are importing so we have to keep some inventory so that sometimes it hurts when the prices go sharply fall down.
- Yashwanti Khedkar:** Okay. And now we are coming out with FPO 125 crores and the major object of the issue is to raise the working requirement and meet the working capital requirement. So, what is our working capital cycles and debtors and inventory in some sort of the days?
- Kashmira Dedhia:** So, you want to understand the number of days of inventories and receivables ma'am?
- Yashwanti Khedkar:** Yes, basically how the working capital cycle is?
- Kashmira Dedhia:** Working capital cycle, I'll give you that just a minute. Currently, our gross operating cycle is around 77 days and net operating cycle is approximately 43 days.
- Yashwanti Khedkar:** Okay. And that will continue to remain same because as we are seeing that is likely increasing the working capital requirement?
- Kashmira Dedhia:** This is going to be increased our working capital cycle will increase because we are expecting a requirement of working capital with high growth in sales volume.
- Yashwanti Khedkar:** Okay. And there is a change in terms of the management, so how would you like to address this issue?

- Kashmira Dedhia:** Ma'am, can you be a little louder, your voice is soft.
- Yashwanti Khedkar:** There is a change in the management, the management personnel continuously. So, how would you like to address that?
- Manish Dedhia:** No sorry, I didn't give you that?
- Yashwanti Khedkar:** There is a continuous change in the management personnel.
- Manish Dedhia:** I don't know you are referring to which one?
- Yashwanti Khedkar:** There is a notice with regarding the new appointment.
- Manish Dedhia:** So, new recruitment is on so, maybe many new recruitments are coming up. And yes, we are making a good team and so we are adding the people that's what I can say.
- Yashwanti Khedkar:** And between the two packaging and hospital business segments, which one you look more decorative for the current year, seeing the Corona issue is almost over?
- Manish Dedhia:** So, the ratios will be remain almost same the percentage of vertical. But major growth will come from containers only which is 80% to 87% in that container segment, because we have already expanded in that line and we are all, our operation efficiencies also goes there mainly because how we can produce more numbers.
- Yashwanti Khedkar:** Okay. And if we look at the capacity utilization as economies is back in the operations the demand has been seen a good spurt, do we think that we can see some increase in the capacity utilization going forward?
- Manish Dedhia:** Yes. Definitely capacity utilization will be increased. You can see from last year, last quarter-to-quarter we are trying to increase through operational efficiencies we are trying to increase the maximum number is what we can achieve.
- Yashwanti Khedkar:** What we can expect by the end of the year sir, FY23 how much we can see the capacity utilization will be increased?
- Kashmira Dedhia:** Ma'am we are expecting it will be between 70% to 80% that is what our expectations is.
- Moderator:** Thank you. The next question is from the line of Rohan Kamat from Finterest Capital. Please go ahead.
- Rohan Kamat:** Sir, I want to know about molded packaging, sir in the molded packaging segment. What is the pricing for we enjoy with our customers?



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- Manish Dedhia:** Thank you very much for the question, but I really did not understand exact question.
- Rohan Kamat:** In the molded packaging segment, what is the pricing power we enjoy with our customer?
- Manish Dedhia:** You're talking about the percentage?
- Rohan Kamat:** Percentage.
- Manish Dedhia:** It depends like, we sometimes it's a 15% to 20% EBITDA level depending on the customer, depending on the size, depending on the volume and depending on the other things like printing and all these things. So, all rates are dependent on item wise.
- Rohan Kamat:** Okay. Sir, is there any plan for buyback for the company share?
- Manish Dedhia:** Right now no because we are just coming up with the FPO, so there are no plans right now as of today.
- Moderator:** Thank you. The next question is from the line of Rohit Suresh from Samatva Investments. Please go ahead.
- Rohit Suresh:** Just one follow up question. If you could just focus on operational efficiencies, if you could just highlight what steps the company has taken to improve efficiency over the past one or two years and any areas that you are particularly focusing on, so if you could just highlight very briefly?
- Manish Dedhia:** No, so we basically we are implementing many systems on the production side, and wherever we can change over mold changing, the color changing and many other things, small, small things also makes a lot of difference to in operational efficiencies. So, we are focusing more on that thing right now.
- Moderator:** Thank you. The next question is from the line of Riju Dalui, an Investor. Please go ahead.
- Riju Dalui:** My question was that like, you said in this quarter we have achieved 60% kind of capacity utilization is that right?
- Kashmira Dedhia:** Yes, sir.
- Riju Dalui:** So, in Q4 FY22 how much was the capacity utilization?
- Kashmira Dedhia:** Last quarter was 64%.
- Riju Dalui:** 64% and for FY22 as a whole?

- Kashmira Dedhia:** Fourth quarter of FY22 was 64% vis-à-vis this quarter we have achieved 68%.
- Riju Dalui:** Yes ma'am but I am asking for the full year?
- Kashmira Dedhia:** Full year is also 64%, 63.97 approx. you can say.
- Riju Dalui:** Okay. And one more thing, we have seen that some of the raw material price that are cooling off from their life time high so how this can impact your margin going forward, are we holding some kind of high-cost inventory right now or not?
- Manish Dedhia:** Sorry, we did not understand the question sir. If you can just repeat the question, it will be better for me, sir. Thank you.
- Riju Dalui:** Yes, so my question was that our main raw material prices are coming down from their lifetime highs, so are you holding any kind of high cost inventory?
- Manish Dedhia:** No, it's coming down see. There are, I don't know you are referring to which prices, but HDPE prices is just coming down in this quarter, it has just started from the June month. So, it has not come down so much drastically down, but till I say the prices are still up, although crude prices are a little bit softer, a little bit softer. So, the major corrections are yet to happen.
- Riju Dalui:** Okay. And if you could tell me the raw material inventory that we are holding in as on June 22 so that will be helpful.
- Kashmira Dedhia:** So, it is not that we are holding the high raw material prices stock because it is on an average we add the stock on a daily and weekly basis. So, it is never that way that the high cost raw material prices we are holding.
- Manish Dedhia:** And this is also local prices, but when it is coming to import yes we have to have at least 75 to 90 days inventory with us. So, our 40% to 60% is important material and the rest is local prices, local materials.
- Riju Dalui:** Got it. And sir like we are a B2B player. So, what is the time gap to pass on our high raw material cost or high input cost to our customers?
- Manish Dedhia:** So, it depends sometime, so sometimes it takes around one month, sometimes it take one quarter so depends on like the last third quarter, when the prices have gone up drastically up it took us to get some two to two and a half months to get the rates from the customer because there was a many other cost also went up. So, everybody was like to get the prices pass on was a little difficult sometime.

- Riju Dalui:** Yes, understood sir. And other thing is that, if I look at your revenue growth of over the last year, or last two years. So, that is indicating way that our volume growth was not much but our price growth was high so the growth in FY22 will be much of a price growth is that a right understanding sir?
- Manish Dedhia:** Sorry.
- Riju Dalui:** So, sir for FY22 revenue growth was largely driven by the prices, not the volume. So, is that right understanding?
- Manish Dedhia:** Yes, somewhere it is because our volume growth was 20% and the volume growth is 14%, yes. That's what your question is, right?
- Riju Dalui:** Yes.
- Manish Dedhia:** So, prices drastically from Q3 and Q4, it has upward only. And even the Q1 also somewhere, some of the months the prices was up. And now it started getting down. So, volume growth is always there.
- Riju Dalui:** Yes. But in FY23 we are expecting volume growth kind of 20% kind of volume growth that we're expecting, so given that the prices are cooling off. So, can we expect that the revenue growth for the full year basis on FY23 will be lower than the last year, or is there any strategy that –36:26?
- Manish Dedhia:** I got your question. So, the volume growth will be almost with a similar base or maybe a little more on that because we are coming up with the many new products as you must have seen in the prospectus. And also yes, our operational efficiencies and increase the capacity also to operational efficiency. So, we see a good growth in at least 23.
- Moderator:** The line for the current participant has dropped off. The next question is in the line of Sandeep Mane an Individual Investor. Please go ahead.
- Sandeep Mane:** Sir, my first question is, out of our product mix, which product category contributes highest to your revenue?
- Manish Dedhia:** That is containers, which is the packaging industry.
- Sandeep Mane:** And sir is there any plan on a new capital expenditure?
- Manish Dedhia:** Yes. Not yet decided but yes, definitely when once we come up with the FPO and all, so we will definitely come up with something good.



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- Sandeep Mane:** My next question is, on margin front can we get product category wise margin breakup or which category have highest margin and which had a lowest margin?
- Manish Dedhia:** So, yes definitely the furniture industries and others where we have a infrastructure product and other things so we have a little more margin than the containers for sure. As containers are....
- Sandeep Mane:** Okay. More margin on containers?
- Manish Dedhia:** Yes.
- Sandeep Mane:** My last question is, what measures we did the margin in FY22 from 13.4 to 10.3. Can we expect margin to go north in coming year?
- Manish Dedhia:** I'll talk about EBITDA level or what exactly you're talking about sorry. Sorry, can you just repeat your question, if you don't mind, please?
- Sandeep Mane:** Sure. What measure we did the margin in FY22 from 13.4 to 10.3. Can we expect margin to go north in upcoming years, it's EBITDA level.
- Manish Dedhia:** Okay, we wanted to maintain our we wanted to we have better margin than what we are presenting right now. So, our major focus area is like how to increase and how to maintain the profitability.
- Moderator:** Thank you. The next question is from the line of Aditya Jain an Individual Investor. Please go ahead.
- Aditya Jain:** Out of the FPO proceeds how much CAPEX are we envisaging?
- Manish Dedhia:** So, we haven't described anything there. So, once the major funds are going into capital requirement only, working capital requirement. So, we haven't decided yet.
- Aditya Jain:** So, this will be for the sales, the new product?
- Manish Dedhia:** So, that we have already if you read prospectus that we have already, we'll start very soon. So, one expansion is already there in the Pails.
- Aditya Jain:** Right. And this 126 crore of working capital requirement which you have envisaged, what would be the working capital days according to you?
- Manish Dedhia:** So, working capital cycle will be approximately for both of things is around more than 75 days.

- Aditya Jain:** And with the existing capacity right now we are at 68% and you said we'll try to achieve 75% or higher, what could be the peak revenue we can achieve on this capacity. Earlier you said 345, 350 crores if I'm not wrong.
- Manish Dedhia:** Same thing as of today same thing without any addition of the capacity we will be the same.
- Aditya Jain:** Right. And once the raw material volatility subsides, we can do 15% margin. The normalized number, let's say going forward in next year or so?
- Manish Dedhia:** Nobody can predict on that, in terms of volatility, all over the world there is something or the other thing going on. So, it's a very, definitely we wanted to keep the same margin. Let's see, or maybe we wanted to sustain the margin and we wanted to have a better things.
- Aditya Jain:** I'm not asking for any guidance. I just want to understand once it normalizes whenever it happens, I know it's very uncertain right now. But whenever it happens, can we do 15% margin, is it possible?
- Manish Dedhia:** Of EBITDA yes. Obviously, see our target is like now my last two, three con-calls I am saying this our target is always a 15%, 14% and 15% in between. So, definitely we wanted to increase from, we have increased from 10% to 11.12%. So, maybe we are going to increase that EBITDA margin for sure. Target is over maybe +14%.
- Moderator:** Thank you. The next question is from the line of Yashwanti Khedkar, an Individual Investor. Please go ahead. As there's no response from the current participant, we'll move on to the next that is from the line of Riju Dalui an Individual Investor. Please go ahead.
- Riju Dalui:** So, right now sir we are into B2B business. So, any plan to move into the B2C business in near future or how you are seeing in your business. So, sir my question was, right now you are in B2B business. So, any plan to venturing into B2C business, in our sales maybe in next three to five years period?
- Manish Dedhia:** So, yes you are right we are into B2B segment right now. Not any plans right now in B2C as of today no plans right now.
- Riju Dalui:** Okay. And how you are expecting the growth maybe over next five years or maybe in FY25, how you are expecting the growth to be coming?
- Manish Dedhia:** So, too much, but we haven't I can't. So, definitely the company is growing you can see since last many years your company has given a growth of more than 30%, 34%, 35%. So, we wanted to at least remain the same thing because if you do this way, you definitely will have good numbers. So, you can expect the same growth story in next some years.

- Riju Dalui:** Okay, got it. And sir like given the plan that we, plant that we have so any possibilities like it can expand our capabilities by doing brownfield CAPEX in our existing plants, and how much you can increase our capacities in the existing plant?
- Manish Dedhia:** So, we added some of the capacity in the Khalapur plant. So, we might come up with the expansion there.
- Riju Dalui:** Okay. No, sir I just wanted to understand like right now we have a capacity of 23,000 metric tons. So, given these like we have three plants, so can we expect that these capabilities, it can increase to maybe 30,000 or 35,000 metric tonne by doing the brownfield expansion not the greenfield expansion?
- Manish Dedhia:** No, see any plastic industries has some limitations. So, whatever the capacity is the maximum achievable is 80% or 85% out of the whatever the capacity we have given it. So, yes and we are trying to reach up to the maximum level within this year by or maybe maximum next year so we achieve that. With simultaneously Yes, we are going to expand some of the product line and some of the machinery also in the near future.
- Riju Dalui:** Okay. So, there is no plan to do any kind of greenfield expansion in the near future maybe one or two years period so there is no plan to prevent like do a greenfield expansion plan?
- Manish Dedhia:** Really sorry sir, I did not understand a single word what question you asked last time.
- Riju Dalui:** Yes, so, I just want to understand that, so there is no plan to do any kind of greenfield expansion for maybe next one or two years period?
- Manish Dedhia:** Which expansion sir?
- Riju Dalui:** Greenfield expansion.
- Manish Dedhia:** Yes, but right now nothing as of today on a paper so, anything we are coming up, we will definitely announce soon.
- Moderator:** Thank you. The next question is from the line of Yashwanti Khedkar an Individual Investor. Please go ahead.
- Yashwanti Khedkar:** Sir just wanted to understand what is the contribution coming from our top 10 clients?
- Kashmira Dedhia:** Top 10 clients is approximately giving 25% of the turnover ma'am.
- Yashwanti Khedkar:** Okay. And what is our client retention policy, any threat towards the business?





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- Manish Dedhia:** So, we have a policies of clients because we have many clients who are there from so many years with us. So, right now I can say our 70% business is coming from 88 customers. 88 customers are like almost repetitive customer from last many years.
- Yashwanti Khedkar:** Okay. So, is there threat of the new entry, do we have any entry barriers as far as the business goes?
- Manish Dedhia:** Good question and difficult question, you asked a very difficult question. So, I can say yes and I can say no as well. So, yes, because there are many unorganized player also in this segment. And no because, nowadays many multinational companies require many facilities as to be with a valid feed, when planned with a fire extinguisher and all the systems in place. So, it is very difficult for unorganized player. So, your answers are yes and no both.
- Yashwanti Khedkar:** Okay. And how are your future growth driver?
- Manish Dedhia:** Sorry?
- Yashwanti Khedkar:** What are our future growth drivers?
- Manish Dedhia:** Future growth driver?
- Yashwanti Khedkar:** Yes.
- Manish Dedhia:** So, right now future growth driver is like our packaging business only. Definitely, there is like other segments are also there, but right now, we are mainly focusing on packaging business and how we can do a lucrative business on that, the same thing we are looking at same.
- Yashwanti Khedkar:** Okay. So, I might have missed out, you might have said but I just wanted to confirm is the packaging contributing around 60% to 70% of our total turnover renewal or more than that?
- Manish Dedhia:** More than 80%.
- Yashwanti Khedkar:** And how much coming from the hospital furniture?
- Manish Dedhia:** This quarter is coming around 9.5%.
- Yashwanti Khedkar:** Okay. Is it because now the demand has come down because of the Corona, the demand was has been high during the Corona period because of the loss of requirement for the beds and there was a lot of expansion happening at the hospital end too. So, is it right to expect that a contribution from the hospital business will be around 10% to 12% going forward also.



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- Manish Dedhia:** So, I will say here not exactly because see even in the Q4 also we have done very good numbers in the furniture parts. And this time we have container business was a high growth. The furniture part remained the same with a 10% to 12% which will be a common, see whatever happens in the COVID time it was past stories now. So, yes definitely we are seeing a good growth in furniture part as well.
- Yashwanti Khedkar:** Okay. So, now you see the business has been normalized and more tinted towards the packaging.
- Manish Dedhia:** Yes.
- Moderator:** Thank you. As there are no further questions. I now hand the conference over to Mr. Sumit Maru for his closing comments.
- Sumit Maru:** Thank you. Thanks everyone for joining the conference call of Mitsu Chem Plast Limited. If you have any queries, you can write us on [info@kirinadvisors.com](mailto:info@kirinadvisors.com). And once more many thank you everyone for joining the conference. Thank you.
- Manish Dedhia:** Thank you very much. Thank you very much and the team.
- Kashmira Dedhia:** Thank you, all of you.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Kirin Advisors Private Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.