

## Rajoo Engineers Limited

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**RAJOO**<sup>®</sup>  
excellence in extrusion

REF: BSE/Call Transcript/Q3/2021-22

7<sup>th</sup> February, 2022

To,  
**The Department of Corporate Services,**  
The Bombay stock Exchange Ltd.,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001.  
**BSE Scrip Code: 522257**

**ATTN: - The Department of Corporate Services**

**SUB: OUTCOME OF TRANSCRIPT ON MEETING WITH THE ANALYSTS/ INVESTORS  
CONFERENCE CALL UNDER REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND  
DISCLOSURES REQUIREMENTS) REGULATIONS, 2015.**

Dear Sir/ Madam,

This is to inform you that pursuant to Regulation 30 of SEBI LODR Regulations, 2015, and with reference to our stock exchange intimation dated February 1, 2022 towards Analyst/ Investors Conference Call, we are enclosing for your record a copy of the transcript of the said conference call conducted by the company on February 3, 2022.

You are requested to kindly take the same on record and acknowledge the receipt of the same.

Thanking you,

For, **RAJOO ENGINEERS LIMITED**



(Darshak Thaker)  
(Company Secretary & Compliance Officer)  
(M.N: F11484)

Encl: Earnings call transcript for Q3 Results 2021-22





“Rajoo Engineers Limited  
Q3 FY2022 Earnings Conference Call”

February 03, 2022



**MANAGEMENT:**

**MRS. KHUSHBOO CHANDRAKANT DOSHI-  
MANAGING DIRECTOR – RAJOO ENGINEERS  
LIMITED**

**MR. UTSAV KISHOR DOSHI - JOINT MANAGING  
DIRECTOR – RAJOO ENGINEERS LIMITED**

**MR. SUNIL JAIN -EXECUTIVE DIRECTOR –  
RAJOO ENGINEERS LIMITED**

**MR. JAYANTILAL T JHALAVADIA - CHIEF  
FINANCIAL OFFICER – RAJOO ENGINEERS  
LIMITED**

**MR. PRAKASH DAGA - VICE PRESIDENT  
FINANCE– RAJOO ENGINEERS LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Rajoo Engineers Limited Q3 and 9M FY2022 earnings conference call. 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, please signal an operator by pressing “\*” then “0” on your touchstone telephone. I now hand the conference over to Mrs. Khushboo Chandrakant Doshi from Rajoo Engineers Limited. Thank you and to you Madam!

**Khushboo Doshi:** Welcome to Rajoo Limited earning conference call for the Q3 and 9M ended on December 31, 2021. I thank you for taking your time out and joining us today to discuss the financials and the business performance. I have with me Mr. Utsav Kishor Doshi, Joint Managing Director. We have Mr. Sunil Jain, Executive Director and President, Mr. J T Jayantilal, Chief Financial Officer, Mr. Prakash Daga, Vice President Finance and Bridge Investor relation team.

We have shared our results, updated presentation and media release yesterday. So, I hope you all must have received it. Before we get into the business and financial performance of the third quarter, I would like to share a brief insight about our company.

I am happy to share that today we have emerged as one of the leading plastic extrusion machinist manufacturers across the globe with nearly 35 years of excellence and extrusion in the industry. Owing to our focused efforts the company enjoys a premium market position in this segment.

In line with our strategy, we continue to expand our global footprint with focus on market penetration and sustained investment in this development to support the progress. Being the technology driven company product foundation, world class quality state-of-the-art workmanship and energy-efficient and high level of sophistication and automation has begun the hallmark of Rajoo’s product during all these years.

Thereby positioning our product on a global platform competing with established world leaders with representation in many countries across the world and customers spread over 76 countries our exports have multiplied since debuting in international market in 1990.

Our brand reliability and positioned in the global market is further encouraged through number of strong alliances in the industry such as with Kohli industries for extrusion coating and Lamination machines, Meaf machines BV which is a Netherland based company for sheet extrusion system, Bausano and Figly, Italy for a pipe machinery and Wonderpack, for the thermoforming machineries.

It is an industry practice to build machine with a client specification to have competitive advantage; however, at Rajoo we have always been pioneer of change and innovation by identifying the right technology and its mix to add value to clients’ businesses.

We are being appreciated by loyalists in the business for the appropriate technology approach to work to consistently help customers business with customized solution rather than following the traditional approach.

Now coming back to our financial performance in quarter ended December 31, 2021, our company achieved the net revenue of 42.43 Crore a slight increase in nearly 1% year-on-year while domestic as well as export this quarter revenue growth was marginal mainly due to company's focus was on a business sustainability considering the uncertainties around.

Despite volatility and increase in the raw material prices and higher employee cost company has managed to maintain EBITDA margin and improved PAT margin. Also, the lifting of the machine was competitively higher in Q3 as the certain delay deliveries of the machine during first two quarters because of pandemic, has been executed during third quarter. The EBITDA stood at Rs.5.4 Crore in Q3 FY2022 has against Rs.5.39 Crores in the corresponding period, the marginal growth of 0.33% YoY.

Improved operational efficiencies were partially offsetted by higher VAT and GST input balance write off which put pressure on EBITDA margin. Profit after tax was Rs.3.29 in Q3 FY2022 compared to 3.3 Crores in FY2021 Q3. Margin stood at 7.75%.

Coming to the nine months financial performance revenue from the operation in nine months FY2022 is 112.37 Crores is against 95 Crores in the corresponding year. Year-on-year we have registered a 17.43% of growth in the total revenue. The EBITDA stood at Rs.12.62 Crores in nine months FY2022 has attained last year's 12.48 Crores increase 1.09% of growth YoY.

EBITDA margin was 12.22 a decrease of 178 BPS YoY mainly due to volatile raw material costs resulting in pressure on margins for nine months FY2022.

Profit after tax was 7.69 in nine months FY2022 compared to 7.05 Crore in the corresponding year and the PAT margin was at 6.85 a decrease 50 BPS YOY. Basic EPS stood at least Rs.1.25 in nine-month FY2022 as compared to the Rs.1.15.

As the impact of pandemic decreasing gradually there has been an increase in the adoption of packaged food and thereby the extruded plastic product which has triggered demand for plastic extrusion machinery, we are now focusing on identifying just the right technologies and mix to add to our client's business.

Going into fourth quarter we are witnessing gradual recovery in the market after the impact of third wave of the pandemic. Consumer sentiment in India and overseas market is encouraging so making a better margin by the end of Q4.

Thank you very much. We shall now take the questions.

- Moderator:** Thank you. We will now begin the question-and-answer session. We have the first question from the line of RK Laddha from Yash Investments. Please go ahead.
- RK Laddha:** Thank you Madam for giving me the opportunity. I just want to get clarification on something that as I have seen for our competitors that is Kabra Extrusion Techniques, they have gone in other activities like battery making is it viable for us also?
- Khushboo Doshi:** Yes, I mean it is viable for anybody. Of course, they have just products where we believe in having the focus efforts on where exactly we are on so we end up with a new product and new development which is gives sustainable growth to the company but not considering the battery as of now, but yes it is a viable option.
- RK Laddha:** Another question is I just read about a company which is making some forays in lithium-ion battery wrapping solutions? Is it possible for us also to supply anything to which is connected to EV?
- Khushboo Doshi:** From the existing infrastructure no. They are having a different project and also if you talk about other market companion, they are having a different setup, they are not supplying this particular product from the extrusion setup.
- RK Laddha:** I have just gone through a report that as we can make plastic pipe machines is it possible for us to make a film making machines also?
- Khushboo Doshi:** Yes, Sir we are also producing film making machines.
- RK Laddha:** Currently are we producing, or we are going to produce?
- Khushboo Doshi:** No. We are producing film making. Blown film plants we are producing since last 35 years. That is the bread-and-butter kind of product, so yes, apart from pipes we are into film as well and sheet both.
- RK Laddha:** Just my one request that instead of these market timings, if you can keep your concall timings other than market timing after 03:30 I think that participation may increase. This is just the suggestion.
- Khushboo Doshi:** Thank you. At Rajoo we believe in taking suggestions and implementing so this is well noted and the next time we will be able to call you a convenient time. Thank you.
- RK Laddha:** Thank you and all the best for the future of the Rajoo and as an investor it is good for us also.
- Moderator:** Thank you. We have the next question from the line of Krisha Mehta an investor. Please go ahead.
- Krisha Mehta:** Good morning, Madam. I have a couple of questions. Madam like from a revenue point of view we see that revenue on QOQ basis has increased but YOY basis there is very marginal increase. Can you please throw some light on that?

- Khushboo Doshi:** Mr. Prakash would you like to take this?
- Prakash Daga:** See income from operations on quarter-on-quarter basis has increased by 14.65%. As the company is executing the orders with revised prices, realizing higher values of the machine. Also the export sales during the Q3 was somewhere around 55% whereas as it was 46.67% during the corresponding previous quarter and if you talk about YoY basis it shows the increase only 0.60 % since during corresponding previous quarter, the lifting of machines was comparatively high as certain delayed deliveries of machines during first two quarters because of pandemic had been executed during third quarter. So, comparatively during the corresponding quarter of the previous year the operational income, seems to be high but on YoY. basis if you see this current year we are reporting a consistent growth.
- Krishna Mehta:** Assuming last year our exports would also have been affected this year as you said we had exports of 55% so from which regions like which are the major exporting regions for us?
- Prakash Daga:** We are exporting across the globe. Just to summarize our exports from different regions have contributed like East African countries 12%, West Africa somewhere around 17% then North Africa it is 14% and European and UK Countries has contributed almost around 34% and the other neighboring countries remaining 3% so this is how it has been totally achieved.
- Krishna Mehta:** So further to this are we planning any expansions for exports? Are we targeting to enter any new geographies?
- Sunil Jain:** Let me let come in there. We are looking at new territories specifically Latin American countries, CIS Countries and Europe as well.
- Krishna Mehta:** Sir do we have like any plan in place for that by when are we going to start those exports or how do we plan?
- Sunil Jain:** We have already started exports as Prakash had mentioned we have already supplied machines to Europe and in the past, we have also supplied machines in the CIS countries specifically to Russia and Ukraine but now we will be focusing more in these directions. We also supplied a machine to Ecuador last year and before that we were anyway very active in the market and this year it would be within your results.
- Krishna Mehta:** My next question is related to the interest cost so which has gone down so have we done any debt repayment?
- Prakash Daga:** See the interest cost has gone down by 17% on year-on-year basis. We are not using any debt as we have sufficient liquidity on hand, the interest cost varies due to the decrease in principal amount of the term loan, which is paid on installment basis and because of that the interest cost has gone down.

- Krishna Mehta:** Coming to our strategic questions so there is like current increase in demand from packaging so till when do we expect that demand to sustain?
- Sunil Jain:** Let me come in there. We believe that the exponential part of it will continue this year and after that it should stabilize, and the reason is because there is so much of work from home activity taking place so there is a demand for packaged food which has gone up during the pandemic and will still continue within this year and after that it should stabilize. When I say stabilize it will continue at the normal growth level instead of the exponential growth this year.
- Krishna Mehta:** Is it okay to say that it will hamper our revenue in any way?
- Sunil Jain:** It will not happen because we are looking at other geographies to increase our revenue. We are not just dependent on this particular segment as well.
- Krishna Mehta:** Then what would be our current capacity utilization of the plant like now that the demand is a little higher so what is the current capacity utilization of the plant?
- Khushboo Doshi:** It is around 80%. Last three years, it has always been 80% to 90% of the capacity utilization.
- Krishna Mehta:** My last question is in terms of can you throw some light on our full year numbers like any guidance for the same and what will be our growth plan for the next three to five years?
- Khushboo Doshi:** For this year the company focuses on the sustainability because there is a lot of uncertainty around it and fortunately, we would be able to register a sustainable growth around 12% to 15% in range of and for the coming years, we have also had some new development in the pipeline, and we see that we will be more focusing on.
- Krishna Mehta:** Do we have products, like we are planning to launch any time soon?
- Khushboo Doshi:** Probably in the next year.
- Krishna Mehta:** Thank you. Good luck.
- Moderator:** Thank you. We have the next question from the line of Rohan Mehta, an investor. Please go ahead.
- Rohan Mehta:** Good morning, everybody. I just wanted to ask some questions regarding this recent Union Budget that came out it seemed to lay a lot of stress on capital asset formation so what would your views be on that I mean if there is anything in store for us or do we stand to benefit from this?
- Khushboo Doshi:** Prakash Bhai, would you like to take this?
- Sunil Jain:** Let me comment there, Khushboo. See the government is planning a huge amount of capex and the capex would as we understand the government would bring it more in terms of infrastructure and agriculture and today, we have a machine which produced for this particular market segment

whether we talk about tarpaulin, geomembrane so we do expect that when this capex is actually implemented it should definitely help us in increasing our revenue. Does that answer your question?

**Rohan Mehta:** That is what I wanted to get clarity about the capex cycle that companies like ours would go through. About the PLI also is that is there any benefit there for the company, the PLI scheme?

**Sunil Jain:** PLI scheme as not yet been implemented for our industry.

**Rohan Mehta:** Okay but would we be looking at the opting for it once it comes into implementation?

**Sunil Jain:** We will look at it definitely.

**Rohan Mehta:** Is there any sort of a rough plan about capex in the coming financial year Sir?

**Khushboo Doshi:** There would be a capex considering the growth and mainly it would be on a Tooling side not on a land, so yes it would be for the Tooling side that nowadays the market is getting competitive, and which are used to produce such a heavy assemblies and machineries you have to sharpen that, and we had that kind of a capex based on that. So next year it will be due.

**Rohan Mehta:** Any ballpark figures that you could guide us with Madam?

**Khushboo Doshi:** It would be around 8 Crores to 10 Crores.

**Rohan Mehta:** Will our number of machines that we are selling will by what magnitude can we expect that they would increase?

**Khushboo Doshi:** Currently the average machine which we are selling is around 100 to 120. It would not give you right scenarios machines but focusing more on high value high output machine and for that you need a different set of infrastructure so that is something that we are targeting for coming year.

**Rohan Mehta:** So, the new machines and you mentioned in the previous answers also that some new products would also be also in the pipeline so this more capacity that would come in would include new products as well or I mean all of it would be new products or existing machinery would also be included in the new capacity that would be added?

**Khushboo Doshi:** Yes, fortunately it will be.

**Rohan Mehta:** If you could just throw some light on which new end applications we are looking at when we launch new products next year?

**Khushboo Doshi:** Basically, mainly focusing on the renewable energies so there are few elements when the entire solar panel is manufactured which comes from the plastic extrusion machinery and that is where our trend is so we are targeting to have the machines for such application.



- Rohan Mehta:** Your views about the woven sack and the raffia industry is that going to be like a high demand for us?
- Khushboo Doshi:** Sunil Ji, your favorite subject, if you would like to talk about.
- Sunil Jain:** The demand for Raffia continues and just for information recently we came to know that some industries are not really using the Raffia banks conforming to bi standards and they will be asked to use so I am not going to specifically name which industry so the demand for raffia will continue because basically to do with bulk packaging and raffia caters to bike packaging within India as well as overseas. So, we expect that segment to really grow quite rapidly.
- Rohan Mehta:** Raw material price has been a sort of a pain point for us since a long time and not just us I mean it is an industry-wide problem that has been there, but I believe it is relatively stabilizing do you see stabilizing or is it going to continue?
- Sunil Jain:** It is stabilizing but looking at the current situation which is going on in Europe with the crude going up really do not one cannot really predict it.
- Rohan Mehta:** Sir I believe you mentioned that we have also increased prices of our products, so this is going to be a one time or are we in a position to negotiate another price rise in the next maybe say six months or sometime like that?
- Sunil Jain:** I think that is a continuous process which has to be monitored very closely because the whole cycle of capital equipment is so long if you implement something right now it may take seven to eight months to really get affected.
- Rohan Mehta:** But it is an option open I mean we can because we can?
- Sunil Jain:** It is absolutely an option.
- Rohan Mehta:** So, like this year-on-year like you mentioned the revenue and profit margins were relatively flattish, we can expect it to increase like since last year was affected by COVID so now I guess we can expect a sort of a higher uptick in growth?
- Sunil Jain:** We continue to be optimistic.
- Rohan Mehta:** Just my last question was since you mentioned that a lot of areas are looking good for our export markets is there a sort of a good ratio that you have internal target has as to how much should come from export or something like that or is it there is no such target as such?
- Sunil Jain:** No, we do have. Currently if I remember correctly for about 47% to 48% exports and we want to continue with that and even slightly take it up.

- Rohan Mehta:** Thank you everybody for taking my questions. If I have more I will join back and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Aniket Redkar an investor. Please go ahead.
- Aniket Redkar:** Good afternoon, everyone. I have a couple of questions; can I get the export numbers I mean which regions we are targeting most, and which are the regions I mean we are getting more orders from which region? So, can I get the exports number for that?
- Khushboo Doshi:** I think you missed that. Mr. Daga was saying that, let me reiterate for the benefit of the analysts. So, we are targeting Africa, South Africa, Ukraine and other Asian countries and CIS countries...
- Sunil jain :** I think what Mrs. Doshi was talking about the figures but if I look at the nine months of this year our exports have been about 47%, out of that East Africa is about 12%, when we talk about East Africa we are talking about Uganda, Tanzania, Chili and West Africa is about 37% basically Ghana and Nigeria then Southern Africa is about 6% and Southeast Asia is about 30% percent we are talking about Vietnam Malaysia and Nepal then Europe and UK has been about 15%.
- Aniket Redkar:** My question is related to the machinery. The machinery which we manufacture right now that are a single screw machinery or twin-screw machinery?
- Sunil Jain:** Let me clarify currently whatever products which are being done in the Rajoo is all single screw and ping screw is used for PVC, which is being done in our sister company, basically for PVC. Rajoo as you know is the only producer. Let me clarify there are certain products with ping screw also, but that is very few if you talk about PET that is twin screw, rest everything would be traditional.
- Aniket Redkar:** Is there any new product development I mean are we diversifying or increasing our product portfolio?
- Khushboo Doshi:** We are actually not increasing product portfolio. In fact, we are consolidating the product portfolio. I hope of course but yes what we are targeting and what you can call new things is we are targeting a new application from the existing product portfolio.
- Aniket Redkar:** The land which we have purchased have they started the production over there or when can we expect the production?
- Khushboo Doshi:** No, we have not yet started any kind of a production over there. The plans are on the paper and yes so probably next year we will be thinking about that.
- Aniket Redkar:** What is our current capacity utilization right now?
- Khushboo Doshi:** This year it would be 75%.

- Aniket Redkar:** This quarter we have seen the marginal growth in terms of YoY basis but QoQ basis it looks good so what would be the EBITDA margins and the revenue for the next quarter? It would be the same or it would be a change, as such we have revised the prices the raw material prices and everything?
- Prakash Daga:** The EBITDA margins and if you talk about the revenue growth, we are reporting a revenue growth somewhere around 12% to 15%. So there might be a slight increase in the EBITDA margins but we will definitely report a growth.
- Aniket Redkar:** Thank you so much Sir. That is, it from my side.
- Moderator:** Thank you. As there are no further questions from participants, I would like to hand the conference back to Mrs. Khushboo Chandrakant Doshi for closing comments. Please go-ahead Madam.
- Khushboo Doshi:** I would like to thank you for taking the time out after this call. I am also thankful to each member of Rajoo Engineers as well joint M.D. and our clients, creditors, banks, financial institutes and rest of the stakeholder. Once again thank you very much for taking the time out. For any further questions or information, please get in touch with our Investor Relations Bridge IR, who will get in touch with us. So, thank you very much.
- Moderator:** Thank you members of the management. Ladies and gentlemen, on behalf of Rajoo Engineers Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.