

Mitsuchem Plast Ltd.

(Formerly known as Mitsu Chem Pvt. Ltd.)

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Date: November 02, 2023

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Dalal Street
Mumbai- 400001

Script Code : 540078

Dear Sir/Madam,

Sub: Transcript of Conference Call with Investors and Analysts held on October 31,2023

With reference to our previous communication dated October 26,2023 intimating you about the Conference Call with Investors and Analysts held on October 31,2023, please find attached transcript of the aforesaid Conference Call.

Kindly take the same on record.

Thanking you.

Yours truly,

FOR MITSU CHEM PLAST LIMITED

Ankita Bhanushali
Company Secretary
Encl: as above

Manufacturing Units

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

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

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, Pin: 410220. Maharashtra, India.

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

Blow Molding | Injection Molding | Custom Molding



“Mitsu Chem Plast Limited
Q2 FY2024 Results Conference Call”

October 31, 2023



ANALYST: MS. CHANDNI CHANDE – KIRIN ADVISORS

**MANAGEMENT: MR. MANISH DEDHIA – JOINT MANAGING DIRECTOR &
CHIEF FINANCIAL OFFICER – MITSU CHEM PLAST LIMITED
MS. KASHMIRA DEDHIA – VICE PRESIDENT – FINANCE &
ACCOUNTS – MITSU CHEM PLAST LIMITED**



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- Moderator:** Ladies and gentlemen, good day and welcome to Q2 FY2024 Results Conference Call of Mitsu Chem Plast Limited hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Chandni Chande from Kirin Advisors. Thank you and over to you Madam!
- Chandni Chande:** Thank you. Thank you. Good afternoon everyone. Thank you for joining the conference call of Mitsu Chem Plast Limited. I would like to welcome Mr. Manish Dedhia, Joint Managing Director and CFO, Ms. Kashmira Dedhia, Vice President, Finance and Accounts. Over to you sir and madam.
- Manish Dedhia:** Good afternoon. Hello everyone. I extend my warm welcome to all of you to our Q2 conference call to discuss Q2 FY2024 performance and outlook going ahead. We ended quarter Q2 FY2024 with a total income of Rs.76.01 Crores. Despite cost pressure we reported EBITDA of Rs.5.42 Crores. Net profit came at Rs.1.50 Crores. We are optimistic on demand growth while we continue to focus on cost optimization and profitability improvement. We are equally conscious about energy conservation. We are committed to sustainability and green initiative and have taken various initiative by adopting innovative measures to reduce wastage and optimize consumption. We have adopted advanced technologies and have installed efficient machineries within our manufacturing facilities and our initiatives have enabled us bringing significant cost saving. We have already made BRSR report which you can find from annual report and Mitsu is following ESG compliance from time to time. We continue making strategic investment in product innovation and value added offering to meet the rising demand for packaging products and thereby strengthening our product portfolio which make us a preferred partner for supply of packaging material. On the demand side, the plastic packaging demand is robust and with the rising demand from petrochemical, pharmaceutical, chemicals and agrochemicals, the outlook is optimistic. With our strength in blow molding and injection molding with a wide variety of product portfolio and value added products we are well poised to benefit from demand uptake. Plastic is one of the commonly used materials in the food packaging with its prominent role in food safety and reducing food waste. Similarly pharmaceutical packaging is becoming an increasingly important component of the drug delivery system. Plastic packaging is gaining importance due to properties such as moisture barrier, high dimension stability, high impact strength, resistance to strain, lower absorption transparency, heat and flame resistance and so on. We see strong demand for plastic packaging as India is also becoming a hub for plastic packaging products. To stay ahead of the industry and leverage rising demand, we are continuously investing in our product portfolio and the modern technologies. Therefore we are exploring the possibility of raising funds via the right issue. We are planning to raise fund up to the tune of



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approximately Rs.45 Crores with requisite approval from regulatory authorities. Now Ms Kashmira Dedhia will take you through our financial performance during Q2 FY2024.

Kashmira Dedhia:

Good afternoon. Q2 FY2024 our total income was Rs.76.01 Crores with EBITDA at Rs.5.42 Crores with EBITDA margin of 7.16%. The net profit at R 1.5 Crores with net profit margin of 1.97%. Mitsu Chem Plast Limited's revenue during Q2 FY2024 was driven by the demand for its product across various businesses vertical. The companies molded industrial plastic packaging products accounted for the largest share of 87.5% to the revenue as it continues to supply to the various industries such as chemical, pharmaceutical, dye, agrochemical, disinfectant, etc. The hospital furniture parts vertical contributed 9% and other vertical contributed 3.5% to the total revenue. Mitsu Chem Plast Limited continues to maintain a good level of capacity utilization during Q2 FY2024. The company's plant operated at an average capacity utilization of around 70% on installed capacity of approximately 25,000 plus metric tonnes per annum. I thank my stakeholders for their continuous support and faith in the company which has made our journey successful despite various challenges. I must assure that your company is growing and will keep growth moment up to garner a leading market share of the plastic packaging industry. With this brief update, I am happy to take questions from all of you. Thank you.

Moderator:

Thank you very much. We will now begin with the question and answer session. The first question is from the line of Bhavesh Shah from IDBI Capital. Please go ahead.

Bhavesh Shah:

Sir in terms of demand how is it looking because our sales have been relatively flattish so going forward any kind of color on how second half could be?

Manish Dedhia:

So I will tell you overall outlook yes I think the first half was very, very average and it was not really good. I mean you can see Q1 was not good for chemical and pharmaceutical. Even Q2 also was almost similar but here I can see a robust growth in Q3 and Q4 so like second half. Let us say India is full of festival season so in November month I think seven to eight days of Diwali vacation also will be there so let us see how does it go, but I think demand is already started looking at like upward since October.

Bhavesh Shah:

Okay and Sir in terms of utilization we are at 70% so let us say as we move to FY2025 what kind of utilization we see?

Manish Dedhia:

Obviously we will aim for higher only. The only thing is that demand has to be there so I think if the demand comes yes we are ready with all the infrastructure so maybe we can go up to 85%.



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- Bhavesh Shah:** Okay and with regards to the press release that we have put planning and to do rights issue so I am just wondering what is the thought process of the management? For example has management considered it could have been a QIP or placement to some other preferential placement to other investors and rather management has gone for rights issue so what could be the reason?
- Manish Dedhia:** Honestly we have deliberated on all the issues and the management felt the right issue is the right appropriate and hence we have like going ahead with that so let us see how the authorities are taking this so we are putting all the papers to authorities.
- Bhavesh Shah:** Okay and in terms of capex, this capex that we want to spend what would be that towards and we had earlier given a guidance of reaching Rs.1000 Crores of sales in next three years so is that also intact?
- Manish Dedhia:** No we have not said that. I do not know what you referring to but yes obviously see every company is looking for the growth for sure so we are also looking for the growth subject to the demand comes. I think supply side we are ready but supplies and many are others also ready so like let us see how the demand comes.
- Bhavesh Shah:** Sir and also my question on capex that what would be that money go towards setting up which kind of products?
- Manish Dedhia:** We are talking about right issue money.
- Bhavesh Shah:** Yes?
- Manish Dedhia:** Yes so we will shortly submit all our documents. Once the authority approved we will announce everything on site.
- Bhavesh Shah:** Okay Sir thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Akhil Parekh from Centrum Broking Limited. Please go ahead.
- Akhil Parekh:** Thanks for the opportunity and good afternoon Manish. My first question is you said October onwards we seeing good demand trajectory? Would you be able to give some kind of a guidance like what kind of growth do we expect for entire FY2024 versus FY2023 and also if you can highlight on the margin profile? Do we see margin to sequentially improve from here on?
- Manish Dedhia:** So overall as I said like first half was not too robust and maybe the second half I can see at least the demand will come up from all the factors so chemicals, pharmaceutical, lub oil all the sectors the



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demand will come up because looks like little bit of demand is increasing and definitely once the demand increases then definitely the margin also will improve. Right now what is happening like demand is not there only the supply side is higher so I think that demand supply gap if it will balance then definitely margin also can be visible.

Akhil Parekh: Okay so do we anticipate at least to say maybe clock 15% of a growth for a second half of the year? Do do we remain confident of 15% growth at least looking at the current rate?

Manish Dedhia: It would not be appropriate to say right now for anything because I think see here many, many things are dependent on geopolitical situation as well so then I think I mean like I can just say the demand started increasing. Let us see what what happens.

Akhil Parekh: Okay but just like we are not losing market share or anything? It is just the macro situation is not great and that is why the growth is not coming but tomorrow if the situation were to improve we are in place to capture the market? Would that be a right interpretation?

Manish Dedhia: Yes that is what we said. We are ready with the infrastructure, we are ready with the capacity and we are ready with everything so let the demand come and and definitely we are also looking for the better profitability only.

Akhil Parekh: Okay but we have not lost any existing clients or anything as such at this point?

Manish Dedhia: No.

Akhil Parekh: Okay and on margin front do we see a bit of improvement now sequentially like we have already seen in Q2 or Q1 but Q3 and Q4 Q4 do we expect that to improve further and because last quarter if I look at the conference call you had mentioned that we are targeting at least 10% odd of EBITDA margin profile? Do we expect that to happen or still there is no clarity?

Manish Dedhia: My sense remains the same so definitely our targeting for higher EBITDA margin only so like our internal targets are much, much higher than what I said but definitely somewhere when you you do not have a demand and you have all the expenses the fixed expenses are there so maybe somewhere you can see the margin shrink.

Akhil Parekh: Sure and if you can just give us absolute volume be for this quarter that would be great?

Kashmira Dedhia: It is approximately 4460 metric tonnes.

Akhil Parekh: Okay so it is broadly flattish on a sequential?



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Manish Dedhia: Almost yes almost.

Akhil Parekh: Okay and how much it was last last year like in Q2 FY2023?

Kashmira Dedhia: Q2.

Akhil Parekh: Yes FY2023?

Kashmira Dedhia: It was around 3,400.

Akhil Parekh: Sorry how much can you please repeat.

Kashmira Dedhia: 3,400.

Akhil Parekh: Okay Sir volume wise it is a meaningful job for your?

Manish Dedhia: Sir can you just speak a little away from your mobile because your sound is coming like.

Akhil Parekh: I am saying the volume growth is good if I compare on Y-o-Y basis?

Manish Dedhia: Y-o-Y the volume growth is there.

Akhil Parekh: Okay and lastly we have added capacity last year around 1200 tonnes to 1500 tonnes if you can update on that where is the utilizing rate for that and are we seeing more progress in terms of client acquisition?

Manish Dedhia: Yes as I said last quarter also we are little slow in that due to our customers are very slow to adopt new suppliers and at least we have started, last quarter we have added around four to five new customers and we are trying even in this quarter also so this quarter is looks very, very positive for the paint.

Akhil Parekh: Okay and a new customers are largely into the lubs industry right? We have not touched the paints as of now?

Manish Dedhia: Both. It is a mix of that.

Akhil Parekh: Okay but the paints could be regional customers I mean regional players not the Pan India players?



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- Manish Dedhia:** Yes right now we have not touched Pan India because we are right now at one place only the Kalapor and maybe the demand comes from the customer, we may go to near to them.
- Akhil Parekh:** Sure. My last question sorry and then I will get back into queue? On the hospitals front we have not seen much progress, in COVID obviously hospitals were almost 14% to 15% of our topline and if I look at domestically I think hospital sector is doing good since last few quarters but our sales to hospitals has not increased much? If you can throw some light like what are some of the challenges basically in expanding into hospital?
- Manish Dedhia:** Nothing too big challenges. See now this is a capital product so for hospitals it is a catalysed product. Now one hospital if you have taken that bed it will not be repeated business for sure but we are also geographically also we are expanding this business so I think I will say for hospital furniture part you need to see overall yearly outlook not quarter wise.
- Akhil Parekh:** Okay so you are saying essentially that the growth outlook should improve for hospitals as such?
- Manish Dedhia:** Sorry can you repeat your question please.
- Akhil Parekh:** I am saying the growth outlook should improve for hospitals is that what you are saying?
- Manish Dedhia:** Sorry. You have to repeat the question Sir.
- Akhil Parekh:** No worries. I am saying the growth outlook for hospital should improve from second half of the year would that be right?
- Manish Dedhia:** Yes and we look at it this in a overall scenario because it is not a quarter to quarter things because it is a yearly things what we consider so some quarters are good and some quarters are not good so maybe for the furniture part yes.
- Akhil Parekh:** Is it directly supplies to hospitals right or do we have some distributors?
- Manish Dedhia:** We supply to bed manufacture and they supply to hospitals like that.
- Akhil Parekh:** Got it. Thanks for answering my questions. I will get back into queue.
- Moderator:** Thank you. The next question is from the line of Chinmayee Rane from Kojin Research. Please go ahead.



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- Chinmayee Rane:** This is Chinmayee Rane. Sir you proposed to have right issue so I just wanted to understand is like what kind of a valuation you are looking for and where you are planning to infuse this fund?
- Manish Dedhia:** Okay madam we have just taken approval from the board so all the details will come very soon on website so we will submit this to BSC and then once the document is approved we will surely upload the same and then only we can discuss.
- Chinmayee Rane:** Yes the ballpark number can you share with us?
- Manish Dedhia:** We have said up to Rs.45 Crores we are planning to raise.
- Chinmayee Rane:** No the valuation? What kind of a valuation?
- Manish Dedhia:** Madam we will see how the authority answers and at that time what is the market. I think we will be able to know at that time only madam so maybe we can arrange all once we approved everything so maybe that time also we can discuss for sure.
- Chinmayee Rane:** Yes and this is you raising the fund for proposed the plan capex in the company?
- Manish Dedhia:** I am sorry you have to repeat your question.
- Chinmayee Rane:** This fund which with are planning to raise via right issue what is the object of this issue? Are we planning for any further capex in the company?
- Manish Dedhia:** Madam everything we will discuss once we upload the document not before that.
- Chinmayee Rane:** Okay Sir you were talking about in your opening remarks that you are are optimistic about a demand but while answering some of the questions you said that the demand has to come so just wanted to understand the demand outlook from you and where we lagging the demand which segment pharmaceutical, food or hospital which sector you are lagging the demand?
- Manish Dedhia:** I am looking at majorly chemical so chemicals demand and and maybe the pharmaceutical as the winter starts winter is coming so like now there is a big pharmaceutical demand comes up for Q3 and Q4 so majorly I am very positive on chemical and pharmaceutical.
- Chinmayee Rane:** Okay. Sir last quarter we did revenue of around Rs.80 Crores? This quarter we did around Rs.76 Crores so approximately Rs.156 Crores to Rs.160 Crores of a revenue we had driven so what kind of capacity utilization we have seen in the first half?



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- Manish Dedhia:** Sorry what is the question I did not understand? I am sorry you have to repeat madam and can you just go a little away from your phone so maybe I can hear that your voice very clearly.
- Chinmayee Rane:** Okay sir I will just repeat it for you? What I am saying is in the Q1 we did the total revenue of Rs.80 Crores and the Q2 we did it around Rs.76 Crores so all together in H1 we did around Rs.156 Crores to Rs.160 Crores right so this Rs.160 Crores which is coming up as a revenue so I just wanted to understand what is the capacity utilization for the first half of the current year?
- Kashmira Dedhia:** Approximately 70%.
- Chinmayee Rane:** 70% okay and then when we are expecting a good outlook for the demand do you think that we can space this capacity utilization to around 90% to 100% or you see that the same capacity utilization will be maintained?
- Kashmira Dedhia:** Madam basically we can reach up to 85% and we have the efficiency all the factors going on at our factory so maybe till 87% to 88% you can say but we are planning till 85%.
- Chinmayee Rane:** Okay so any new client has been added?
- Kashmira Dedhia:** Approximately 30 in this quarter.
- Chinmayee Rane:** Okay approximately 30 and what is going to be the top 10 clients contribution for revenue for the current year?
- Kashmira Dedhia:** Can you repeat madam.
- Chinmayee Rane:** I just wanted to understand how much are the top 10 clients are contributing to our revenues for the first half?
- Manish Dedhia:** So our top around top 30 to 40 customers are giving me 80% revenue.
- Chinmayee Rane:** Okay so that includes exports also?
- Manish Dedhia:** We do not have an export much right now.
- Chinmayee Rane:** Okay any plans for the next year?



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- Manish Dedhia:** Yes we are planning for some of the new product so that is always we are exploring and you can maybe if you are following us on LinkedIn so we are also taking many exhibitions. We are participating in many of the exhibitions.
- Chinmayee Rane:** This is the last quarter. I just wanted to ask what was the new product launch in the first half new product launches in the first half?
- Manish Dedhia:** We have not done many product launches. I mean like this is just a normal product expansion is there so new, new models are coming but nothing much in the first half.
- Chinmayee Rane:** Anything in the pipeline for the second half?
- Manish Dedhia:** So madam see it takes sometimes a lot of time from the customer and the things so once if we are coming with the same product we do not announce on the site but if it is a completely new product we also announced on the site so maybe right now no product in the pipeline.
- Chinmayee Rane:** Okay Sir that is it from my side. I will join in the queue.
- Moderator:** Thank you. The next question is from the line of Suresh Pal from Peace Wealth Capital Limited. Please go ahead.
- Suresh Pal:** Thank you Sir for the opportunity. Sir I want to know what is the volume growth outlook for our company because I know right now polymer prices are at the bottom of the cycle so there is very little downside for the polymer prices? Now whatever if there is any volume growth then our revenue will definitely go up so I just want to know what is the outlook on volume growth for our company thank you?
- Manish Dedhia:** So you need a volume growth or what we did you wanted to know?
- Suresh Pal:** No I want to know the volume growth outlook for our company?
- Manish Dedhia:** Okay right so as I said I think in the first question only I said that I am looking at really, really progressive for second half like I am looking at good chemical demand as I see a report of ICs and all other reports so chemical and pharmaceutical market I see a good growth both for second half.
- Suresh Pal:** Okay Sir a little bit of history? Have we seen any volume buildup in our history of our company in any years volume degrowth?
- Manish Dedhia:** I am sorry I am not able to hear. I do not know what is the issue. Madam can you intervene here.



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- Suresh Pal:** What I am asking is Sir have we seen any volume degrowth in our history of the company?
- Manish Dedhia:** No. Volume growth is I think since many quarters volume growth is there but still we also look at the volume growth will be there for even the next second half as well.
- Suresh Pal:** Sir I am talking a little about longer term like our company is an old company? Have we seen volume degrowth in the history of our company that is what I am asking?
- Manish Dedhia:** No sir not yet.
- Suresh Pal:** Okay so volume growth will be definitely there in the future that is what I wanted to know?
- Manish Dedhia:** Yes Sir.
- Suresh Pal:** Sir one more question let us say our input price remains stable then as volume growth will be there due to operating leverage we will definitely see margin expansion is that correct understanding?
- Manish Dedhia:** Yes perfectly right?
- Suresh Pal:** Okay Sir that is all from my side.
- Moderator:** Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments Private Limited. Please go ahead.
- Madhur Rathi:** Thank you for the opportunity Sir. Sir I wanted to understand in a hospital furniture segment what kind of margins do we have as well as in the next two to three years what kind of percentage revenue as a whole can you expect from this segment?
- Manish Dedhia:** So yes we have a much better margin other than containers like especially furniture parts. About the growth yes as I said we are looking at complete yearly growth but it will remain at par or it will be good at the last year number so we are looking for good growth also for second half in the furniture part as well well.
- Madhur Rathi:** Sir in the longer term I am asking what kind of percentage do we expect the hospital furniture segment to contribute to our revenue from 9% right now to so can we take it to 20% that is what I am asking?
- Manish Dedhia:** See this all will be considered as a niche product and definitely everyone will expect that the niche product should grow so definitely we are also taking a lot of parts in international exhibition and



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national exhibitions especially in furniture parts and infrastructure product so maybe we can see a good growth in next one or two years for sure.

Madhur Rathi: Okay and Sir you said that these products are better margin products but what will be kind of a margin spread between our normal industrial products are as well as these niche furniture or the industrial segment infrastructure products?

Manish Dedhia: Yes so infrastructure furniture part is almost the same margin and even for other than both these products yes margins are little lesser than this product.

Madhur Rathi: Okay thank you Sir. That was from my side and all the best.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers Private Limited. Please go ahead.

Pritesh Chheda: Sir are we in IBC?

Manish Dedhia: No Sir.

Pritesh Chheda: Any reason why we are not in IBC?

Manish Dedhia: Not specific reason. Mitsu is already in most of the range so we have reached from 100ml capacity to 250 liter almost entire blow molding sectors we are doing so not yet decided for IBC.

Pritesh Chheda: Is the technology easily available if you have to make? Your customer would need all kinds of drums right IBC is one of the drums? There are certain chemicals which only go in IBC or in case of exports the IBC containers are needed so is there a technology challenge there or any other reason?

Manish Dedhia: No sir nothing reason Sir. It is a management decision so we have not thought on this right now.

Pritesh Chheda: Okay and if you have to someday decide will it be a technology is available and you can start making IBCs is it easy?

Manish Dedhia: If the market demands yes. Right now as of as today as I know the demand is lesser and the supply is more so.

Pritesh Chheda: But there are only two players is what I have heard?



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- Manish Dedhia:** No there are many players. There are around five players in Western line. I think above it is already five years so that is why I said supply is more than the demand.
- Pritesh Chheda:** Okay and the other thing is what was your volume growth in the first half of this year?
- Manish Dedhia:** The volume growth from Q1 to Q2 remains almost same.
- Pritesh Chheda:** No H1 to H1 so half year this year versus half year last year what was?
- Manish Dedhia:** Okay I am sorry so that is around.
- Kashmira Dedhia:** It is around 20% so you are right.
- Manish Dedhia:** 20% to 22%.
- Pritesh Chheda:** First half?
- Manish Dedhia:** Yes so comparing with the first half to Y-o-Y.
- Pritesh Chheda:** Okay so which means there was a price decline in the business?
- Manish Dedhia:** Right.
- Pritesh Chheda:** Okay and what was your volume growth for the Q2? The first half was 20%? Was Q2 also 20% or more than 20% the quarter which you reported?
- Kashmira Dedhia:** Q2 growth is around 26% to 28% approximately from the last second quarter of 2022-2023.
- Pritesh Chheda:** Okay. Thank you very much Sir. Can you little bit elaborate on this over capacity in IBC?
- Manish Dedhia:** Sir that is not my product and I would not like to comment on much on this. Maybe you can get on a.
- Pritesh Chheda:** Different call no problem.
- Manish Dedhia:** Online report. No online report you can get it. I do not think it is difficult to get the report, but I am not an expert on this so I would not like to comment on that.
- Pritesh Chheda:** Okay got it Sir. Thank you very much.



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- Moderator:** Thank you. The next question is from the line of Simar from Negen Capital Services Private Limited. Please go ahead.
- Simar:** Good afternoon. Sorry I must missed the first half of your call? I might be asking the same question what previous the guy had asked? What is your current capacity utilization and where do you think would be your by which quarter would you say that your optimum utilization would be achieved for the company?
- Manish Dedhia:** Okay so Q2 capacity is around 70% and overall we can achieve 85% maximum we can achieve the capacity and I think one of the question was when you will reach so we are trying very hard. If the demand comes then definitely we will be able to reach. We are also doing many activities for demand increasing. Let us see.
- Simar:** So all the best Sir. Sir one more question in the previous concall that you had mentioned about the price hike? Did you see any backlash from your existing clients or any problems regarding the same?
- Manish Dedhia:** Sir can you repeat the question please.
- Simar:** Sure. In the previous call you had mentioned about the price hike so have you seen any backlash from your existing clients regarding the price hike?
- Manish Dedhia:** Yes some of the clients yes so like sometimes it happens like client if the price is high and we expect them to increase the price then sometimes they do not give us a proper price rise so it happens sometimes. Immediately they do not give and we are also in the same like if the profit does not come so maybe we would not like to supply on a continuous basis on that so we always search for a good customers always.
- Simar:** All right would it be fair enough to mention that I mean are you seeking any new clients and would you give us some light and I mean in the international market or in the domestic market which other client size?
- Manish Dedhia:** See about international market yes it is a little difficult to enter there and hence what we are trying to do from last two years we are taking many exhibitions. We are taking a part in many of the exhibitions and we trying to build repo with that customers and the sampling and everything and that is a positive sign. About you said about the customers yes we always try to get and we make sure that every quarter we at least added a new customer for sure so that is in our basket so like and we also keep existing customers also alive but sometimes the price game and price war is very, very difficult here and hence like those new customers may be support sometimes.



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- Simar:** Got it. Sir thank you and I hope the next quarter would be a better quarter for us and can you just give me any light on the the margins? What is the suitable or sustainable margins for for seeing?
- Manish Dedhia:** See looking at this first half I think the second half should be more than 10% margin in EBITDA so that should be our target. Our internal targets are very, very high on that things but I think at least we should achieve that and I think this year will go smooth because overall I can see the chemical market and the pharmaceutical market also bleeding very well so because of the international rates many things are going up and down.
- Simar:** All right Sir. It was very nice to talk to you and I wish you a very Happy Diwali and the year.
- Moderator:** Thank you. The next question is from the line of Somitra Joshi from Retail Investors. Please go ahead.
- Somitra Joshi:** Good morning. So I have basically two questions. One is from a revenue perspective so first let me just summarize what I have understood from the conversation? I joined a little late so I will summarize what I have understood so I have understood that from a margin perspective this is probably the bottom and from here onwards quarter-on-quarter there would be a sign if not a significant there is going to be considerable improvement on the same that is what the management is targeting? Is that understanding correct?
- Manish Dedhia:** Yes.
- Somitra Joshi:** Yes and now on the point of the revenues what I was going through from the company is that around for about one and a half years the revenues have more or less been constant constant across all quarters so what are the initiatives that we are taking at this particular current juncture to ensure that that stagnation in revenues that has happened for the company that we can overcome? That is my first question? The second question is I think a lot of people have asked about the year then and now? My question is a little bit more on the future aspect of it? As you the person who is the promoter of the company the person running the company where do you see Mitsu Chem Plast going in the next two to three years from a revenue perspective? What is your target? Where do you want to see Mitsu Chem Plast whether it happens or it does not happen is a separate matter but I assume that management would have some kind of a vision for the next three to four years so I just wanted to understand that?
- Manish Dedhia:** Okay I think you have asked many questions so I have to little bit summarize so pardon me. I like to hear one of the questions so maybe you can repeat the questions, okay?



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- Somitra Joshi:** I will just summarize it. There are only two questions that I want to know about? One is on the stagnation of revenues for the last one and a half years what are we doing to increase that aspect? I assume the margin aspect is taken care of and this is the bottom and it will go upwards only from here and then last question was on the vision that since you are the person who is running it the management will have some kind of a vision for Mitsu Chem Plast Limited not the year now and then but more like in the next two to three years so where does the management see Mitsu Chem Plast in the next three to four years like the vision of the company?
- Manish Dedhia:** Yes okay so about you said first I we talk about the company's growth. I think see we have added capacity in last one to one and a half years. I think if you consider last two years we have added a major capacity and hence you can see our growth minimum 15% to 20% to 25% growth every year of the year so maybe.
- Somitra Joshi:** To the growth with respect to the volume if I am not wrong that is what you are referring to?
- Manish Dedhia:** Yes volume as well. I am talking about volume as well. I am talking about both volume and rupees wise both.
- Somitra Joshi:** But rupees wise if you see what I saw and you can correct me if I am wrong that March 2022 we were at a very similar revenue for the quarter as to what we are right now?
- Manish Dedhia:** Yes. I am not denying on that but I think I am talking about year-on-year so like maybe if you are consider absolute last half yes it must be only a volume growth but then maybe the figure wise you can see almost similar so that is what I mean like in Mitsu history I am seeing like we have always grown ahead although we have also increased our capacity small and there like always we are increasing a little bit capacity by putting machinery or some value engineering so we always do that. That is number one. Number two the vision of Mitsu Chem is in a very large spectrum. May be you can refer our annual report also. You can see Mitsu a very rarest company who has taken out with the BRSR report. We are ESG compliant company so obviously all things we are doing when we have to go on a longer way and progress ahead about. Also we are also increasing every year maybe considering last year is exceptional but most of the year we have seen 20% to 30% to 35% growth every year and that is what we intend to keep the same thing for next coming two to three years.
- Somitra Joshi:** Sure okay so the idea is that this probably is one of the anomalous years and probably the market scenario like this will not remain forever? It is gradually going to change and when that happens maybe in six months or whenever ultimately the company going to catch back even from a revenue perspective on the growth that they were historically doing is that understanding correct?



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- Manish Dedhia:** Right Sir.
- Somitra Joshi:** And that would be around 30% to 35% year-on-year is what we are looking at as the management of the company?
- Manish Dedhia:** It is a ballpark figure so what we have done in history I am talking about the future also. It will be better than that. We are assuming that. We are also increasing our capacity also year-on-year.
- Somitra Joshi:** Sure so what I have understood from our conversation right now is that this was a bad year otherwise Mitsu is on a growth trajectory path with high growth be it with respect to the volumes or ultimately it is also at a stage where the margins are constantly going to improve from here on so all I can say is that the future looks brighter is that understanding correct Sir?
- Manish Dedhia:** Yes. India future is also very great. I can see here.
- Somitra Joshi:** Sir what?
- Manish Dedhia:** No I also I mean like my outlook for India future for chemical and pharmaceutical I am also looking at a very high level so it will grow on a very good face.
- Somitra Joshi:** Sure thank you and just one last question so I understand okay you cannot talk about the right issue and subsequently what you are going to do with that money so let us leave that aside? My only request here was that or my this thing what I want to understand was I think we were looking at the QIP way also or a preparation shell allotment also sometime back is my understanding correct and if yes then why did it not go through? Was it because of the lack of interest?
- Manish Dedhia:** No we have not done this both of the things what you have said. We have filed FPO long ago I think one year ago and it could not materialize. I think the valuation was not right that time what we were getting and hence we have dropped that.
- Somitra Joshi:** Okay so you are feeling that right now the market is not valuing Mitsu Chem Plast correctly so you do not want to go ahead with an FPO is that understanding right?
- Manish Dedhia:** Right.
- Somitra Joshi:** So this is not the right time so ultimately you are going to put it into the form of rights issue which is fair?
- Manish Dedhia:** Yes.



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- Somitra Joshi:** Thank you so much for your answers. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Suresh Pal from Peace Wealth Capital Limited. Please go ahead.
- Suresh Pal:** Thanks for the opportunity. Sir I have some more questions? Sir what is the outlook on polymer prices which is our main raw material if you can highlight some?
- Manish Dedhia:** I can maybe it is completely my outlook because see it is a lot of geopolitical situation as well and it is the international prize who drive the prizes for polymer market. Yes according to me it looks like this must be a bottom or maybe some \$50 to \$60 may go down for the prices. Further if the demand comes in chemical and pharmaceutical sector for sure the polymer prices also would increase at least \$50 to \$100 so if the demand comes up that definitely all the prices also will go a little bit up.
- Suresh Pal:** Okay sir and regarding demand what I am hearing from lot of sources that China is back into the chemical market and they are dumping all the chemicals so does that mean that the chemical demand will go down and that can hinder our volume growth?
- Manish Dedhia:** So I think our Indian government is very, very cautious about anybody dumping material in India and and that is a benefit and advantage for India. I think what as per my source and as what I know that will not impact too much on a chemical market rather I say everybody is looking for China, China plus one market so India is a second hub to source from all over the world. I mean like this is my outlook.
- Suresh Pal:** No but let us say some of our customers are exporting outside of India but so it is going to hurt them so in that way is my understanding correct? Let us say we have a customer XYZ who is exporting to some European country and China is dumping there in that European country so that is going to hurt that company XYZ and that is going to cause some problem for us?
- Manish Dedhia:** That is what I said everybody in the world is looking for China plus one and everybody is looking at India to supply those kind of material and although they are getting a little cheaper price from China they are also preferring India. I mean like this is what when I was talking to many of the people abroad so this is what I came to know and on that base only I am saying the chemical and pharmaceutical market growth coming up from India.
- Suresh Pal:** Okay thank you Sir. That is all from my side.
- Moderator:** Thank you. The last question is from Chinmayee Rane from Kojin Research. Please go ahead.



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Chinmayee Rane: Sir just wanted to understand that we are continuously in a single digit margin so when can we expect it to go to double digit? This is one thing and as we are seeing there is a lack of demand as the demand is a little subsided so are we looking for any product diversification?

Manish Dedhia: Yes I think I said that yes definitely it is not too much interesting for us also for a single digit for we are also looking for double digit only so that minimum double digit should be there. We hope and cross fingers that the second half can recover everything and we can achieve at least double digit.

Chinmayee Rane: Our product diversification any plan for product diversification? Any plans for product diversification?

Manish Dedhia: Not very well product diversification. We are doing many of the, I mean like we have many capacity and here also we have many, many products. If you go to our website you can see our product range is a really, really vast product range we have so I do not think so we have to immediately ship to product ship right now but yes whatever we have the product range we can also do better in the same to achieve double digit growth.

Chinmayee Rane: Okay sir and all the best for the future. Thank you so much.

Moderator: Thank you. I now hand the conference over to Ms. Chande for closing comments. Please go ahead madam.

Chandni Chande: Yes thank you everyone for joining the conference call of Mitsu Chem Plast Limited. If you have any queries you can write to us at research@kiranadvisor.com. Once again thank you everyone for joining the conference.

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