



08th May, 2026

BSE Limited

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Dalal Street,
Mumbai 400 001

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1,
G Block, Bandra – Kurla Complex,
Bandra (East), Mumbai 400 051

Scrip Code: **507779**

Trading Symbol: **KANPRPLA**

Sub:- Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Submission of Transcript of Earning Conference Call on quarter / financial year ended March 31, 2026

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that an Earning Conference call for the Standalone and Consolidated Unaudited Financial Results of the Company for the quarter and financial year ended March 31, 2026 was held on Monday, May 04, 2026 at 11:30 AM. The Transcript of the conference call is available on the website of the Company.

Link of the Transcript of conference call held on Monday, May 04, 2026 at 11:30 AM.

https://www.kanplas.com/report_pdf/KanpurPlastipackLtd-Q4_FY26_Earnings_Call_Transcript_1778240350.pdf

Please take this on record and oblige.

Thanking You.

Yours Faithfully,
For **Kanpur Plastipack Limited**

(Ankur Srivastava)
Company Secretary

Encl: A/a

Manufacturers & Exporters:

Flexible Intermediate Bulk Container (FIBC) | PP Multifilament Yarn | UV Master Batches | Fabrics | CPP Films
CIN: L25209UP1971PLC003444



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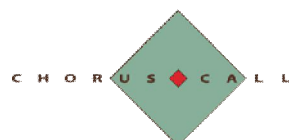
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“Kanpur Plastipack Limited
Q4 & Full Year FY26 Earnings Conference Call”
May 04, 2026



**MANAGEMENT: MR. MANOJ AGARWAL – CHAIRMAN CUM MANAGING
DIRECTOR – KANPUR PLASTIPACK LIMITED
MR. SHASHANK AGARWAL – DEPUTY MANAGING
DIRECTOR – KANPUR PLASTIPACK LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and Full Year FY26 Earnings Conference call of Kanpur Plastipack Limited. Today we have with us Mr. Manoj Agarwal, Chairman cum Managing Director and Mr. Shashank Agarwal, Deputy Managing Director. We will begin with the opening remarks from the management followed by an interactive Q&A session.

Please note that this discussion may include certain forward-looking statements which should be viewed in conjunction with the risk and the uncertainties that the company faces. 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 this conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manoj Agarwal, Chairman cum Managing Director for his opening remarks. Thank you and over to Mr. Agarwal.

Manoj Agarwal: Good morning, everyone and welcome to Kanpur Plastipack's Earnings call for the Fourth Quarter and the Full Year ended 31st March '26. Thank you for joining us and for your continued engagement with the company. Financial year '26 has been a year of transition and consolidation for Kanpur Plastipack.

While the year reflects steady progress, a larger focus has been on building a stronger, more resilient and a future-ready business model rather than short-term outcomes. Over the past year, our focus has been on moving beyond a purely volume-driven model towards a more balanced mix of scale and specialization.

We have continued to strengthen our presence in core industrial packaging, while gradually building capabilities in value-added segments such as premium polypropylene yarns and non-woven fabrics. This shift while still evolving is important from a long-term perspective as it improves both margin visibility and earnings quality.

FIBC continues to remain the foundation of our business. The strength of this segment lies not just in scale, but in the depth of long-standing relationships we have built with global customers over decades. These relationships provide stability, repeat business and the ability to grow sustainably over time.

At the same time, we are expanding into non-woven technical textiles as a strategic growth revenue during the year. This move is aligned with evolving demand across sectors such as automotive interiors, geo-textiles, artificial leather, carpets and footwear, supported by India's rising GDP and increasing penetration of end-use industries.

Our entry into this space also opens up opportunities in select B2C linked applications over time, which can further diversify our business model and create new growth drivers. At the same time, we have taken steps to strengthen the structural foundations of the business. Our

investments in capacity, infrastructure and capabilities are being made with a long-term perspective, with a clear emphasis on consistency, discipline and scalable growth.

A key enabler of this journey is our approach towards partnerships. Our joint venture is aimed at bringing together global technology expertise and brand strength, allowing us to leverage India as a high-growth market. This not only enhances our product capabilities but also accelerates our movement towards higher value segments.

In parallel, we are placing strong emphasis on building a more organized and future-ready manufacturing ecosystem with a focus on safety, process standardization and increasing automation. These are critical to improving efficiency, ensuring consistency and supporting long-term scale.

The operating environment during the latter part of the year also saw some volatility, particularly in raw material prices driven by geopolitical developments including the Iran conflict. This led to fluctuations in input costs and pricing dynamics across the value chain. While this created some short-term margin movements, it also reinforced the importance of pricing discipline and operational agility, areas where we continue to remain focused.

Despite these dynamics, our core business remains stable, supported by a diversified export presence and long-standing customer relationships. We continue to see consistent demand across key geographies and our positioning in regulated markets provides a certain degree of resilience in an otherwise evolving global environment.

Overall, financial year '26 reflects a year of strong strategic and disciplined progress, where we have strengthened both the strategic direction and the structural foundation of the business. The transition towards a more diversified and value-added portfolio during the next year we will continue, but the direction remains clear.

With this, I would now like to invite our Deputy Managing Director, Mr. Shashank Agarwal to take you through the operational and strategic developments in greater detail.

Shashank Agarwal:

Thank you and good morning, everyone. Building on what our chairman highlighted, FY26 has been a year defined by discipline, consistency and steady execution across the business. Our approach has been clear: to grow in a calibrated manner while improving the quality of the business.

This means focusing just not on volumes, but on a better product mix, stronger customer engagement and sustainable realizations. Before I move into operation highlights, let me briefly take you through the financial performance for the quarter and the full year. This is also to just inform you that the previous year figures have been represented pursuant to compliance with the IndAS 105 to present discontinued operations separately.

This reclassification is a presentation change only and has no impact on profit or loss or total comprehensive income. For Q4 FY26 at the standalone level, the company reported a total income of INR183.1 crores, reflecting a growth of approximately 6.16% year-on-year. EBITDA for the quarter stood at INR25.06 crores with a margin of 13.69%.

PBT at INR19.46 crores, while PAT at INR14.53 crores, registering a growth of around 14% year-on-year. EPS for the quarter stood at 6.04. During Q4 FY26, the manufacturing segment revenue stood at INR143.62 crores. This quarter was impacted by a reversal of DFIA income amounting to INR3.65 crores, which led to negative other operating income of INR2.9 crores.

This reversal was triggered by the government's decision to suspend import duty on key petrochemical products including polypropylene till 30th June as a temporary measure in response to the Iran conflict, resulting in supply chain disruptions and to control inflation. For the full year FY26, the total income stood at INR726.67 crores, representing a growth of 26.26% year-on-year.

EBITDA increased to INR 74.75 crores with margins improving to 10.29%. The PAT stood at INR 38.19 crores, reflecting a growth of approximately 68%. This was driven by improved realizations, operating leverage and high contribution from value-added products. On the debt side, the net debt on 31st March '26 stood at INR112 crores.

The breakup of which is INR78 crores in short-term borrowing, INR 23.8 crores of GECL loans and INR 9.01 crores of long-term loans. During this year, the operating environment remained challenging. We witnessed disruptions in key markets including tariff-related uncertainties in the US, followed by significant volatility in raw material availability and pricing towards the latter part of the year due to the geopolitical developments.

Despite these challenges, we have been able to navigate the environment effectively, supported by our long-term standing relationships with both suppliers and customers. These partnerships have played a critical and pivotal role in ensuring continuity and stability during these uncertain periods.

Exports continue to remain central to our business model and a key driver of both scale and quality. During the year, we maintained a well-diversified geographical presence, Europe accounting for 56.5% of our exports, followed by South America at 21.8% and North America at 16.9%. The other regions contributed the balance. Diversification helps us manage regional demand cycles, geopolitical risks and ensures consistent capacity utilization.

A key strength of our business is the depth of our customer relationships, while a significant portion of our revenues coming from our repeat clients, many of whom have been associated with us for over 20 years. This provides strong visibility and stability while also enabling us to expand into higher value-added products with existing accounts.

From an end-user perspective, our revenues are well-diversified across sectors such as food and agriculture 52%, industrial packaging 23%, construction 12%, automotive 7% and mining and building materials 6%. Balanced exposure reduces concentration risk and supports resilience across demand cycles.

From a product standpoint, FIBC continues to remain the core of our business and a key growth engine in both value and volume terms. At the same time, we are seeing increased traction in premium polypropylene yarns, special fabric solutions and other better realizations and improved margin visibility.

Transition towards value-added products remains a key strategic priority for us. We have also taken meaningful steps towards diversification through our entry into technical textiles non-woven using the needle punch technology. This will open opportunities across segments such as automotive interiors, geo-textiles, artificial leathers, carpets and footwear industry.

It expands our addressable market over time. We shall commence commercial production by September. Due to the ongoing war situation, the industry witnessed significant volatility in raw material prices, particularly in polypropylene. Prices increased sharply from USD1,000 per ton to approximately USD1,700 per ton.

This is almost a 65% increase, driven by supply disruptions, reduced petrochemical availability and logistical constraints from the Middle East. This was further impacted by the need of prioritization of LPG production which affected polymer production and supply. In this environment, our approach has been to remain disciplined and risk aligned.

We follow a model of procuring raw material largely against confirmed orders, which helped us to manage price risk effectively and protect margins. Additionally, during periods of volatility, we have prioritized margin-attractive segments within our portfolio, ensuring that profitability remains protected despite external pressures.

Long-term partnerships and relationships play a key during such times. While these factors have led to some moderation in short-term demand, particularly as customers adjust their inventory levels, underlying demand and consumption absolutely remains intact. This is especially true for essential segments such as food and agriculture, which continues to provide stability to the business owing to the largest portion of its revenue.

From an operational perspective, the focus during the year has been on preparing the business for scale. As I have repeatedly mentioned, the existing capacity of FIBC is 18,000 tons per annum, which we are utilizing 85%. The FIBC expansion project at Unit 3 is progress as per plan, of which the building will be complete by May '26.

By end of this year, we should be able to produce about 1,800 tons of that targeted capacity, of which 6,000 tons will be reached over the next 4 years. This will support the future growth. In parallel, warehouse expansion and automation initiatives aimed at improving efficiency,

precision and working capital discipline are underway, expected to be completing by September.

On the strategic front, we have strengthened our global presence through the acquisition of Valex Ventures in the UK. Our joint venture with Essegomma continues to provide support and technology roadmap in high-performance yarns. Initiatives are aligned with objectives of moving towards specialized higher value-added applications.

In terms of demand visibility, we have seen some moderation in order cycles with lead times reducing from 6 to 8 weeks to 3 to 4 weeks now, reflecting both raw material volatility and cautious customer procurement. However, we remain focused on maintaining supply reliability and strengthening long-term customer relationships.

This is also partly due to inventory correction in the supply chain, which could potentially lead to a demand uptick and a rebound in ordering once the price stabilizes. Overall, FY26 reflects a year of disciplined execution and consistent progress, where we have strengthened both our operating model and strategic positioning. As we move forward, our focus remains on improving product mix, scaling value-added segments and maintaining consistency in execution. Thank you. We can now begin both the question-and-answer session.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Disha from Sapphire Capital Partners. Please go ahead.

Disha: Yes, thank you so much for this opportunity and congratulations for a solid margin performance given the raw material volatility. So, a couple of questions from my side. This -- you mentioned that we reached 85% utilization for the FIBC capacity and this new capacity that is planned, this is -- the construction will be completed in May. So, by when will we expect this commercial production to begin and what sort of contribution do we see from this new division going ahead?

Shashank Agarwal: Yes, so the 18,000 tons capacity and the 85% capacity utilization is at Unit 2. This is coming at Unit 3; it is aimed at 6,000 tons. In the interim period the construction was going on, we already started its operations in the factory building where the CPP was there and we just reached our target for year one in the month of March where we produced 100 tons in the month of March.

That is at a run rate of 1,200 tons. By end of '26-'27, we should be at a run rate of 2,400 tons because I had mentioned previously that over the next 5 years, we will go from 1,200 to 2,400 to 3,600 to 4,800 to 6,000 tons. So, in this year we should expect about 1,800 tons and we should end the year with a run rate of 2,400 tons.

Disha: And this 6,000 metric ton, what will be the peak revenue potential at peak capacity?

Shashank Agarwal: So, 6,000 tons should be about INR130 crores. The incremental revenue would be about INR40 crores because this would be fabric capacity getting converted to FIBC capacity. So, the fabric would get reduced and FIBC would get increased. The margins, EBITDA margins would also increase because of this.

Disha: Okay. And sir, this non-woven facility that will come in September, what sort of revenue contribution will we have from this in FY27 and what are the margins do we see here?

Shashank Agarwal: So, we should expect about INR20 crores to INR25 crores revenue only because the first machine would get commissioned by September and the next one by December. So, we will only see partial revenue this year. '27-'28, we should be looking at a revenue of between INR100 crores to INR120 crores depending on the raw material and the capacity utilization. On a revenue of INR100 crores to INR120 crores, we should look at an EBITDA of 15% to 16%.

Moderator: Disha, can you hear us? I believe you are on mute.

Disha: Is it audible now?

Shashank Agarwal: Yes.

Moderator: Yes.

Disha: Yes. Just on the overall, how do you see FY27 panning out in terms of growth and in terms of margins? How sustainable do you think is this 11% sort of clip that we achieved in Q4?

Shashank Agarwal: I think the margins will sustain. The year does not look bad because overall the global economy is in a good shape. It is highly consumption driven. Unlike the disruption during COVID where there was a dip in the consumption, this disruption has not caused a dip, rather a boost in consumption.

So overall from a global manufacturing perspective, it is a good time to be in. We do not see any lead measures reflecting any kind of slowdown at the moment. There is a temporary slowdown which is because of inventory correction, but that always results in a rebound. Margins should remain under the similar what it has been. There should be a revenue increase because of the non-woven because of ESSEKAN and other measures that are being taken.

Disha: So, this 11% sort of you expect this to sustain, right?

Shashank Agarwal: Yes.

Disha: Okay. And any sort of number on the growth that you like to put the revenue growth?

Shashank Agarwal: It should -- we should be able to offer steady growth. I mean, I'm not in a position to give exact numbers, but we should look at about 10% to 15% growth.

Disha: Okay, I'll join back the queue. Thank you so much, sir, and all the best.

Moderator: Thank you. Next question is from the line of Rohan Mehta, Individual Investor. Please go ahead.

Rohan Mehta: Hello. Hi, good morning, sir and thank you for the opportunity. Sir, if you could just touch upon the geopolitical tensions and the conflicts that are going on, particularly in the Middle East, the impact of that on our overall business and raw material sourcing. If it's affected and how long you see the impact on our supply chains and logistics?

Shashank Agarwal: So, I would like to answer it in a three different manner short-term, medium-term and long-term. So, there is a long-term structural change that will happen because of this tension, where each and individual country will start to operate on its own rather than as a group. This will result in the supply being more competitive. That is the long-term effect.

On the medium-term angle, the prices will remain high. That is given because there is certain capacity that has become defunct and it will not come online in the next 3 years. So, because of shortage of gas and oil and problems on the shipping routes, the prices will remain high. So, we will not look at USD1,000 in this year touching again.

So, the new normal could be anywhere between USD1,200 and USD1,350 for us as our raw material. In the short term the government of India, the kind of proactive steps that they have taken, we have not seen such kind of agility in a long time by the government. This has resulted neither in any consumer disruption or in business disruption of any major kind.

It could have been worse, but it was very well controlled. There was momentarily very high prices, but now the prices are almost back on track and in terms of international comparison, we are almost 30% cheaper than Europe at the moment and about 10% more expensive than Far East. But all these differences will narrow down, I would say by June or July.

Rohan Mehta: Okay. So, we are passing on this price impact onto the customers also, is that correct?

Shashank Agarwal: Yes, mostly yes.

Rohan Mehta: Okay. All right, sir. So, any guidance that you might be able to give on the entire year and FY27 in terms of top line and profit margins?

Shashank Agarwal: As I said, the margins would remain similar, and we should expect about a 10% increase in the top line.

Rohan Mehta: Understood. Okay, sir, that was all for the time being and thank you and all the best, sir.

- Shashank Agarwal:** Thank you.
- Moderator:** Thank you. Next question is from the line of Mahesh Kumar from MU Investments. Please go ahead.
- Mahesh Kumar:** Hello, thank you for the opportunity, sir. Just had two questions. One on the other income that we have -- that has this year jumped quite a lot. So, this income I think we are getting from trading income mostly. So, any impact on the margins from the other income that we have and how sustainable is the margin because of that?
- Shashank Agarwal:** So other income comprises of two heads, one is the forex earnings and the other is the trading income. So, there is interest income from the trading division and forex income. So, because of the volatility that has been there in the foreign exchange as well, this was there. How it will be in the next year, it is hard to comment.
- Mahesh Kumar:** Okay. And one more question on the B2C business, sir. We have recently ventured into it. What is the margin profile that we are seeing in this business and how going forward margins will look like?
- Shashank Agarwal:** So yes, B2C has a much higher margin and also a higher lifetime value of a customer. We are also able to solve and address problems of the customer in a much better manner. So, there will be focus on incremental FIBC capacity addition that will be servicing this B2C market. And yes, the margins there are much better.
- Mahesh Kumar:** Sure. Thank you so much for the opportunity. I wish you all the best. Thank you.
- Moderator:** Thank you. Next question is from the line of Ketan Mehta from Mehta Family Office. Please go ahead.
- Ketan Mehta:** Yes, hi, good afternoon. Thank you for the opportunity. So, the contribution from Europe is more than half of the revenue like more than 50%. So, what kind of challenges does this pose to the company?
- Shashank Agarwal:** I assume the question is assuming that Europe is in a bad position?
- Ketan Mehta:** No, the high contribution, the high dependency on this geographic region?
- Shashank Agarwal:** Yes, so we have a long-term standing relationship there and the customer base is very diversified in terms of the countries, the distributor profile, the industry profile. And we in none of the markets we are a contributor of more than let's say 10%, 15% share of business and we are at the top segment.
- So, we don't see that as a very high risk. Europe, despite whatever we read and see, Europe's manufacturing continues to increase. India as a country itself is only a 60% contributor to

Europe's imports in FIBCs. There is still about 20% to 25% that comes from Turkey and East Europe. India continues to replace that capacity.

Ketan Mehta: Okay, thank you for that. And what is the demand outlook from the Americas, so North and South America? So, what are our views on that region, that geography?

Shashank Agarwal: So, demand in North and South America both remain stable. South America has been stable; it's been about 22% of exports. North America, despite the tariff disruption and the volatility that was there was 16%. The previous year to that it was 21%, so it came down from 21% to 16%. The markets continue to offer good growth potential. We are actively working on expanding our presence there. Market conditions as they normalize, we expect further improvement in demand, and we should be doing a higher contribution this year in North America.

Ketan Mehta: Okay, sir. Thank you very much for those responses. Best wishes.

Shashank Agarwal: Thank you.

Moderator: Thank you. Next question is from the line of Madhur Rathi, Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Sir, if I see our gross margins from the manufacturing division, they have been consistently at the 45% level for the past three quarters, and we are increasing our FIBC share going forward. So, can we expect this to reach 50% in FY27 or '28 as FIBC share increases?

Shashank Agarwal: So, there are two components to this. One component is the raw material cost itself, which has been at an average of 55% in the previous years. As the raw material value goes up, it is not necessary that the selling price or let's say the RM percentage as a percentage will go up in the same ratio. So, I would say that if we are able to -- with the increased FIBC volume and improvement in margins, if we are able to still maintain 45% to 47% gross margins, it would be a good goal and a good success to have.

Madhur Rathi: So, we don't have a price pass-through clause in our FIBC orders that we sell to Europe?

Shashank Agarwal: We do, but that is on per kilo basis and not on a percentage basis. So, let's say if the selling price is 200 and the raw material price is 100, the raw material goes up by INR50, it becomes 150, the selling price will become 250. So, 100 divided by 200 was 50%, but 150 divided by 250 would be a much larger percentage and let's say it would be about 60%.

Madhur Rathi: So, we get convert our margins?

Shashank Agarwal: Correct. I am talking on a broad basis.

- Madhur Rathi:** Right. Also, sir, I wanted to understand regarding the breakeven level of this non-woven technical segment. So, will we be operating at a loss for FY27 when we are doing INR20 crores to INR25 crores revenue levels?
- Shashank Agarwal:** No, we will not be operating in a loss. I am sorry if I gave that picture, but there will not be a loss in this year in the non-woven.
- Madhur Rathi:** Okay, so at like 20% also will be operating at a profit, but the margins would be lower?
- Shashank Agarwal:** Margin definitely when we start a business, it will be lower, but it is not operating at 20%. The way it is that for one machine only 6 months are available, so 50% of the time is available. And for the second machine only 25% of the time is available. So, if you put it like that, then only 35% of the time is available through the year. So out of that we are saying we will utilize 70% of the capacity and that is why we will achieve INR25 crores.
- Madhur Rathi:** Got it. So, this 15% to 16% EBITDA margins should come in FY28 when we are operating at a steady state level?
- Shashank Agarwal:** Correct.
- Madhur Rathi:** Got it. And sir, have we been able -- are we supplied some trial orders or pilot products to some customers in this segment or that is yet to begin?
- Shashank Agarwal:** It has started. It has been very baby steps, I would say. It is nothing significant, but seed marketing has started. We have almost met all the customers that we want to service. We have understood their problems; we are designing solutions for them. There has also been a round of sampling in certain industry segments. There have been trial commercial orders also where we have imported the material, where we have sourced it locally, where we have added some value to it and then sold it in the market, but these are baby steps.
- Madhur Rathi:** Got it. And sir, what would be our capacity in this non-woven segment and how much of our captive yarn would be used in this segment?
- Shashank Agarwal:** So, the capacity would be about 10,000 tons and yarns will never be used in this. The raw material for this is fiber, which we do not manufacture currently.
- Madhur Rathi:** Okay, got it. Sir, that's from my end. Thank you so much and all the best.
- Moderator:** Thank you. Next question is from the line of Urmish Shah from Moneywisers. Please go ahead.
- Urmish Shah:** Sir, when you say that the RM prices will not reach 1,000 and it will be stabilizing at 1,200-1,300, is this for a medium term once the geopolitical crisis softens and how do we see the

order book because when you say that you are -- I would say not changing, but going cautiously on orders, then how will the order book in value terms look like going forward?

Shashank Agarwal: So, I would say capacity contraction is not on the cards right now. We do not expect that we have to reduce our capacity. Having said that, order book will remain a challenge in this quarter and the next quarter, but we do not see that there is a structural change in the consumption pattern.

So, this is a question of only inventory adjustment and cautious purchase by the buyer because the prices are high. So, if somebody needs to order 1,000 pieces, he will order 500 pieces right now and another 500 pieces maybe in the next month instead of ordering 1,000 pieces together.

Urmish Shah: So, it will be a split, you are saying?

Shashank Agarwal: Correct. So, people start to order smaller quantities, but more often.

Urmish Shah: Okay. But our lead times would be, I mean, as we are doing it currently, it would be at the same levels?

Shashank Agarwal: They would decrease because the order book has reduced.

Urmish Shah: Okay, got it, sir. Sir and my next question are on Japan. I mean, is it on the back burner now or is it because that market is difficult to penetrate or because when you say in the medium term also, how is the Japan market and are we -- because our Europe market is very strong as we all know that?

Shashank Agarwal: Japan is never on the back burner. It is still in the focus. Efforts are still there. It is a market to be very patient. It is a very price-competitive market. Given this disruption, China's raw material was cheaper than India's raw material. So again, the switch from China to India couldn't happen in this time because it is largely serviced by China and Vietnam where the polypropylene price was much lower than India during February, March, April.

Urmish Shah: What was the difference, sir, if you could just quantify?

Shashank Agarwal: So, in the month of March, the average Indian polypropylene was 1,500, China was about 1,250.

Urmish Shah: Okay, but it's on the cards. It's not as a back burner as you are saying it is on the cards.

Shashank Agarwal: We are also exhibiting at Tokyo Pack in September-October again this year. It is in focus, absolutely.

Urmish Shah: Okay. So that -- why am I asking this, sir, because I feel that once we get a strategic entry, will our margins see an upward trend from the current levels also going forward? Obviously, it's still too early to say, but it can be going upwards, right?

Shashank Agarwal: I don't expect Japan to cause a significant difference in the margin. What Japan will do is it will add further diversification in the market segmentation. It will allow us to increase our capacity in a more aggressive manner because the volumes there are significantly different. And also, as the first-mover advantage for Kanpur Plastipack in Japan from an Indian perspective, we will get a margin benefit for the first 3 years, 4 years. Also, the relationships that we get developed will be much more stronger than coming in later. So, it will be a first-mover advantage which is strategic in nature from a long-term perspective.

Urmish Shah: Okay, sir. Thank you so much. I'll join back the queue. Thank you.

Moderator: Thank you. Next question is from the line of Shravan Modi from Syndicate Family Office. Please go ahead.

Shravan Modi: Yes, so my question is how the company hedging against future geopolitical risks?

Shashank Agarwal: Sorry, could you please explain the question a little more?

Shravan Modi: Yes, so I'm asking you how is the company hedging against future geopolitical risks in terms of geopolitical war and impact?

Shashank Agarwal: So, if we see the past. So, every time there has been a disruption, the company has been able to very in great agility and flexibility been able to handle the situation. That is because of the long-term relationships and partnerships that we have on the supply side and the customer side both.

So, we have multiple suppliers in India, multiple suppliers across the globe and similarly diversification in the customer base. Where will the next geopolitical disruption happen? We do not have an answer. Can we influence that disruption? I think the answer is no. So, the only things that we can do is to build a stronger foundation in terms of relationships, network, have a diversified and divided supply and customer base.

Be able to act, reduce the risk in those moments. Those are the steps which we are repeatedly doing every time there is something that happens. There was the Red Sea crisis that happened, there was the Russia-Ukraine war which shot up the gas prices in Europe, there was the COVID lockdown that happened. So multiple challenges, but agility and flexibility with long-term partnerships is the key.

Shravan Modi: Right, sir. Just one more question. Just want to ask about this why is Asia's contribution quite relatively low despite it being a very large market for you guys?

Shashank Agarwal: So, Asia's contribution is relatively low due to the combination of competitive intensity and also our strategic market focus. The region is highly price competitive. There is strong presence of local manufacturers with a lesser lead time. This impacts margins as well. Also in the past, we have focused highly on Europe and America where the realizations.

And value-added opportunities are better and local manufacturing base is not there. So, in the past, it was a strategic choice. Today, it is a situation of price competitiveness. And within Asia, we should see Japan and South Korea separately and places like Indonesia, Thailand separately and Philippines, Cambodia, China separately.

Shravan Modi: Right, sir. Thanks so much for your feedback and inputs. I'll just join the queue back and yes, good luck to you.

Moderator: Thank you. Next question is from the line of Ansh from Ansh Partners. Please go ahead.

Ansh: Yes, first of all, I had a few questions. The first question was that you said that in Europe we have around.

Moderator: Ansh, sorry to interrupt you. Can you please move to a different location?

Ansh: Yes, just give me a minute. Yes, just a second. Hi, sir. Am I audible?

Moderator: Go ahead.

Ansh: Yes, so you said that a majority of our exports are to Europe and around 40% comes from Eastern Europe and other Asian markets. So, are we actively planning to take some more share from the European market?

Shashank Agarwal: Sorry, I mean, the question is are we increasing our focus in Europe? Is that the question?

Ansh: Yes, like actively is like are we actively trying to get more, what do you say exports to Europe or is that like a passive plan we have?

Shashank Agarwal: No, it's completely active. We are very strong presence in Europe, almost 55% revenues are there, so it's an active market.

Ansh: No, sir, I'm asking like do we want -- are we actively trying to increase it to 60%, 62%, 65%, let's say?

Shashank Agarwal: No, I think 55% to where we are is a very comfortable situation. The growth will be coming from North America, South America, Japan as we continue to add our capacity.

Ansh: Correct. And I think the last time I spoke to the CFO; he was mentioning something about artificial leather or leather upholstery that you guys might be starting. So, can I have some clarity on that?

- Shashank Agarwal:** What is the clarity that is required?
- Ansh:** Like has the production started. Are we in line or I haven't really had an update?
- Shashank Agarwal:** So, this is -- yes, all right. So, this is the non-woven technical textiles. The first machine will start its production in September and the second machine in December. This will be the commercial production. We will have INR25 crores worth of revenue this year. The next year we should be looking at between INR100 crores to INR125 crores next year.
- Ansh:** Correct. And what sort of margins are we looking at in that business?
- Shashank Agarwal:** 15% to 16% EBITDA next year.
- Ansh:** Okay. And do we have, like, let's say 5 years or 10 years down the line, how much do you think that will contribute to the top line?
- Shashank Agarwal:** The next 10 years, did you say?
- Ansh:** Yes, like let's say the next 5 or 10 years, how much would you think that would be contributing?
- Shashank Agarwal:** I would say that this would become -- this would become an equal contributor compared to last year. So, this will become a significant portion of the business. This would also -- so as we will continue to increase our business profile in the non-woven technical textile area, but obviously this will get decided once we start our commercial production and once, we start getting OEM approvals. It might also lead to the need of a backward integration in this area.
- Ansh:** So, would that also lead to an increase in margins, right?
- Shashank Agarwal:** Yes.
- Ansh:** Okay, got it. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Namaskar Shashank ji, Thank you firstly for the opportunity. Sir, in your presentation, you have alluded to precisely that we are eyeing for capability-aligned diversification and capital allocation in the conversation that we are having currently. You did allude to the fact that we are looking to take the next leap forward in terms of this non-woven part of the story?
- So if you could just spare a few more minutes of what kind of opportunity the non-woven segment is offering and can you give us some any comparables where we can look into who are already operating in the segment in the country or any peer comparison that will give us some more understanding of what exactly are we eyeing in this space?

Shashank Agarwal: So, there are three things. Broadly, let us see there are three things. The first is the B2C part of it, which is Valex Ventures in UK. We have not got an immediate success yet, but we have to keep trying there. So, we will try different business models. What will work, when it will work, how it will work, we have to continue trying. So, there is certain capital allocation there.

Second, it is the high performance yarn that is the joint venture with Essegomma. There we do see in the long-term, medium-term very high margin business, good growth, maybe not rapid, but good growth and something very difficult to copy for our competition because of the technology in the machine, in the know-how, in the making of it.

It is also protected by patents with Essegomma. That is the second growth engine. The third one is the non-woven technical textiles. That is the area of hyper-growth, where we are in our country today with a very low per capita consumption of this non-woven technical textile compared to other developing countries.

We will see much more demand, much more need of this particular product, many more applications. It is industry-agnostic. The consumption of this is across industries, from automotive to geo-textiles, infrastructure, luxury leather, footwear. There is also filter fabric, there is also its use in retail, it is used in exhibitions, it's used in houses. So, there are many regions.

Now what we have started off with is two extremely flexible and agile machines which will be capable of manufacturing a lot of these products. We will find our niche going over the next 3 to 12 months. We will see what fits in best for our portfolio, our capability, our comfort, where we see the maximum growth and that is where we will expand. This also brings us to an opportunity to enter this world of recyclability, where the raw material is polyester fiber. So, the next obvious step after reaching a certain scale in non-woven technical textiles will be to do backward integration.

Saket Kapoor: Right, sir. So, in this non-woven segment, what is the end product currently that it will be -- the yarn part or the fabric? What are we going to sell directly to the customer?

Shashank Agarwal: Non-woven by definition means a non-woven fabric which is made out of fiber. The end markets will be automotive, so the headliners in the cars, the artificial leather for furniture, for automotive cars, for office chairs, for example. Then geo-textiles for roads, railways, flood control, then exhibition mats, then it is also heavily used in the footwear industry for sole, for anti-static applications.

There are also carpet and rug applications. Then there is also lining for filter fabrics. So, the applications are across industries and different types. The capability is in the machine and the know-how of it. So, the team that we've built will get the know-how and the machines that we have ordered are flexible enough to do this entire range.

Saket Kapoor: Correct, sir. Sir, coming back to again our core product today, FIBC. You mentioned in your opening remark about the 18,000 metric ton as the installed capacity. Our sales for this year, correct me here was 14,352. So that translates into sub-80% utilization level, sir. So, correct me here, you mentioned I think so 85% as the number or is there any mismatch in my understanding?

Shashank Agarwal: No, your numbers are correct. What we have dispatched this year is 14,351 tons, but what we produced is about 15,000 tons. So, 15,000 divided by 18,000 is about 83%. So yes, we utilize about 83%. I would also -- so there is something I would also like to clarify. The way this is measured is we tell you tonnage figures because it's easy to understand.

But one kilo of FIBC can be produced in 10 minutes or it can be produced in 5 minutes. So, the real capacity is based on the stitching time that is available by the tailor and not by per kilo. So sometimes we see different figures in per kg, but it is more about utilization of stitching capacity.

Saket Kapoor: Correct.

Shashank Agarwal: That defines our margins. Our margins are not defined on per kg, but on per stitching minute of the tailor.

Saket Kapoor: Okay. So, in that case, a lot of investment is to be done on the manpower part. So, our preparation should also be aligned to adding more skilled labors which will add to the margins since we are now looking to up our capacity significantly going ahead?

Shashank Agarwal: Yes, so the easiest thing is to add a building and machines. The most difficult thing is to get people to work and to train them for quality and consistency. The entire focus of the company is there. We are working extremely hard even in the new unit, even in the existing unit. We might -- we are also working on different models on how we can probably decentralize the production. But this is the key challenge, and it is also the key capability of the company. Also, geographically we are located at Kanpur, which is also a very big advantage.

Saket Kapoor: Correct, sir. Sir, two small points. One, in the opening remark you mentioned about the reversal part of 3 point some crores. So, if you could just explain to the benefit of how has that worked? And then our EBITDA margin would be much higher than what we have reported since it's a notional entry, what I could understand from your opening remark?

Shashank Agarwal: Notional increase or notional decrease?

Saket Kapoor: Sir, notional decrease, but it's only a book entry, that was my point.

Shashank Agarwal: So basically -- so we use a scheme of the Ministry of Commerce which is DFIA. So, it allows us to buy domestic material and then we avail the license, which is then sold in the market, which is almost equivalent to the customs duty of the import. Now when the customs duty has

been suspended by the government for 3 months, the value of that license has become 0. We are unable to sell it in the market. Whenever this reversal of the government will happen, this revival will also happen.

Saket Kapoor: Okay, so this was the closing balance for transaction up to 31st March or up to 30th December? Means this value, the reversal we took was for what?

Shashank Agarwal: 31st December. This reversal was for 31st December, up to 31st December.

Saket Kapoor: Okay. And sir what is the annual number, if you can define it for FY25 or if you have the number for the 9 months after taking into account the reversal?

Shashank Agarwal: So, 9 months will not happen, 6 months till September has been realized. So that's already realized. So, remaining one is December and another is March. So similar number which are of December will be the similar number March.

Saket Kapoor: Means in quarterly basis what is that – I was looking at in which years we have booked in DFIA scheme?

Shashank Agarwal: Saket ji I don't have the figure right away, but it is also a very complex and complicated thing because the percentage of DFIA export for advance authorization also changes from quarter-to-quarter and it also depends on the percentage of product mix from FIBC fabric, the pricing of raw material. So, it is a little more complex than this, but to answer in short, we should say that INR3 crores to INR3.5 crores per quarter maybe an average number.

Saket Kapoor: Okay. And last point was, sir, about the EBITDA margin trajectory. If we take as in your presentation, you mentioned that ex of trading, we did 12.17%. So, going ahead and in the current environment setup what you are saying, we will be able to better this or match this number of 12.17% purely for the manufacturing segment?

Shashank Agarwal: I would say that we would maintain a similar number.

Saket Kapoor: Okay. And sir, bookkeeping question I have about the non-current asset part. So, can I ask here or should I mail it?

Shashank Agarwal: No. So, there is an increase of capital advances by about 12 points. So, it's basically capital advances of INR12.3 crores, the non-woven machinery that is there, the FIBC building that is being made, other machinery that is coming. So, there is a total increase of -- the increase is from INR1.46 crores to INR13.75 crores.

Saket Kapoor: Okay, fine. Thank you, sir, for all -- all the explanations provided to the team, and we hope for continued interaction and best of luck to the team, sir. Hope to interact.

Shashank Agarwal: Thank you.

Saket Kapoor: Thank you, sir.

Moderator: Thank you. Next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity once again. Sir, what is the volume expectation for this non-woven fabric in FY28?

Shashank Agarwal: About 8,000, 9,000 tons.

Madhur Rathi: Okay, got it so optimal levels. Sir, so I also wanted to understand, sir, we are -- we are going to manufacture something called artificial leather in this segment and there are companies like Mayur Uniquoters who manufacture this PVC leather for automotive segment. So how is our product different from theirs? I'm just trying to understand the market.

Shashank Agarwal: We will be making the backing for the artificial leather. So, Mayur Uniquoters typically would be a customer.

Madhur Rathi: Got it. And sir, just one final question. Sir, on this premium polypropylene yarn, we are expecting a INR20 crores to INR25 crores revenue in FY27. Sir, so what kind of margin profile are we expecting in this and what is our capacity and capex in this segment?

Shashank Agarwal: So, we're talking about ESSEKAN, which is the joint venture between Kanpur Plastipack and Essegomma. We should expect about INR20 crores to INR25 crores. There is no significant capex because it's a marketing company. The manufacturing capability is in Kanpur Plastipack.

Madhur Rathi: Right. So, our current equipment will be sufficient for us to manufacture this?

Shashank Agarwal: No, we already have installed -- we already have installed additional equipment in FY25-'26. Oh, sorry, in '25-'26.

Madhur Rathi: Okay. And what would be that amount -- so there is no particular amount of capex that you have done particularly for this JV that we are getting?

Shashank Agarwal: The capex is about INR3 crores.

Madhur Rathi: Okay, INR3 crores. And sir, this INR25 crores is the revenue share that Kanpur Plastipack will get, or this is the combined revenue and INR12.5 crores will be for Kanpur Plastipack?

Shashank Agarwal: So INR23 crores to INR25 crores is what the ESSEKAN will sell. The entire manufacturing of it will be done by Kanpur Plastipack. So, Kanpur Plastipack will be selling to ESSEKAN at a lower value, let's say at a markdown of 20%. So, Kanpur Plastipack will sell to ESSEKAN at INR20 crores and then ESSEKAN will sell the product at INR25 crores.

- Madhur Rathi:** Right. So on -- what would be the EBITDA for us on overall basis? So, for the marketing JV as well as for the production, what kind of EBITDA margins are we?
- Shashank Agarwal:** Marketing JV we should look at 15% and for manufacturing also we should look at 15%.
- Madhur Rathi:** Got it. Sir, just final question, sir.
- Shashank Agarwal:** The product—the product is highly technology-driven.
- Madhur Rathi:** Right. So, this product looks very interesting. Sir, so is there a possibility for Kanpur to move from yarn to fabric for this as the demand or as the JV or as our relationship strengthens, can we move into fabric manufacturing as well for this product?
- Shashank Agarwal:** So, can we? The answer is yes. Do we want to? Currently, I would say the answer is no because the technology is in manufacturing the yarn, not the fabric.
- Madhur Rathi:** Right, got it. Sir, that was from my end. Sir, thank you so much and all the best.
- Shashank Agarwal:** Thank you.
- Moderator:** Thank you very much. As there are no further questions, I'll now hand the conference over to the management for closing comments.
- Shashank Agarwal:** Thank you for your time and looking forward to seeing you next quarter.
- Moderator:** Thank you very much. On behalf of Kanpur Plastipack Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.
- Shashank Agarwal:** Thank you.