



22<sup>nd</sup> August, 2025

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
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 Financial Results for the Quarter ended June 30, 2025**

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 ended 30<sup>th</sup> June, 2025 was held on 19<sup>th</sup> August, 2025 at 2:00 PM. The Transcript of the conference call is available on the website of the Company.

Link of the Transcript of conference call held on 19<sup>th</sup> August, 2025 at 2:00 PM:

[https://www.kanplas.com/report\\_pdf/Kanpur\\_Plastipack-Earning\\_Call\\_Transcript-Aug19-2025-Final\\_1755863325.pdf](https://www.kanplas.com/report_pdf/Kanpur_Plastipack-Earning_Call_Transcript-Aug19-2025-Final_1755863325.pdf)

Please take this on record and oblige.

Thanking You.

Yours Faithfully,

For **Kanpur Plastipack Limited**

(Ankur Srivastava)  
Company Secretary

Encl: A/a

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Manufacturers & Exporters:

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



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**“Kanpur Plastipack Limited  
Q1 FY '26 Earnings Conference Call”  
August 19, 2025**



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

**MODERATOR: MS. MAMTA SAMAT – ADFACTORS PR**

**Moderator:** Ladies and gentlemen, good day and welcome to Kanpur Plastipack Limited Q1 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat from Adfactors PR. Thank you and over to you Ms. Samat.

**Mamta Samat:** Thank you Renju. Good afternoon, everyone and welcome to the Q1 FY26 earnings 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 the call with the opening remarks from the management after which we will have the forum open for the interactive Q&A session.

I must remind you that this conference call may include forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. The statements are not the guarantee of future performance and involve risk and uncertainties that are difficult to predict.

I now hand over the conference to Mr. Manoj Agarwal, Chairman and Managing Director of Kanpur Plastipack Limited for opening remarks. Thank you and over to you sir.

**Manoj Agarwal:** Thank you, Mamta ji. Good afternoon, everyone. I am delighted to welcome you all to Kanpur Plastipack's maiden earnings call for the first quarter of financial year '26. Thank you for joining us today. As this is our first call, I would like to share a brief on our company.

With over five decades of experience in industrial packaging, Kanpur Plastipack is among India's leading manufacturers and exporters of Flexible Intermediate Bulk Containers, FIBCs for short, TP multi-filament yarn, woven sacks, and a variety of value-added fabrics. Our enhanced production capabilities from yarn to finished FIBCs allows us to maintain stringent quality control, ensures cost efficiency and scale up operations quickly.

Over the years, we have transformed from a regional woven sack manufacturer into a fully integrated, globally competitive packaging solutions provider. Established in 1971, our company has consistently focused on capacity expansion, technology upgrades and process automation to strengthen its market position.

Our manufacturing facilities house state-of-the-art equipment like extrusion tape lines, circular weaving machines, lamination, ultrasonic cutting machines and sewing lines with in-house testing laboratories and recycling plants. We are a certified food grade facility with an A-plus rating from British Retail Consortium, the gold standard for such certifications.

Backward integration by including the production of TP multi-filament yarn, UV master batches, crimped yarn has ensured consistent quality offering as the flexibility to meet diverse customer requirements across global markets. Our journey reflects a commitment to innovation, quality, and sustainability.

We have expanded its footprint internationally, exporting to over 40 countries and delivering customized packaging solutions that meet the demands of a dynamic global market. Today, it stands as a trusted partner for industries worldwide, combining decades of experience with a forward-looking approach to growth and excellence.

Our loyal customer base is well diversified across sectors such as food, agriculture, chemicals, mining, and construction, with no single client contributing more than 5% of the total revenue. Exports account for nearly 70% of our business, enabling us to maintain stability and resilience across market cycles while continuing to pursue sustainable growth.

Coming to our Q1 financial year '26 performance, our total income from operations grew 34% year-on-year to INR182.24 crores. EBITDA rose 119% to INR15.5 crores and net profit stood at INR6.91 crores versus a loss in the same quarter last year. The growth was driven by healthy demand in our core FIBC business and woven packaging segments, higher value-added product sales and operational efficiency gains. The appreciation of the US dollar also provided a tailwind to our export margins.

From a strategic perspective, this quarter marked a significant milestone with the acquisition of a 76.19% stake in a UK-based Valex Ventures Limited for a value of INR8.02 crores. The acquisition gives us direct access to premium food-grade and UN-certified FIBC customers in the UK, enhances our developed market presence and opens a gateway to the EU market under the recently signed UK-India Free Trade Agreement.

We have successfully raised INR20.50 crores through the preferential issue of 17,60,000 warrants which has been utilized to repay the debts and second preferential issue of INR13.15 crores for 10,12,000 warrants is underway. This will help us to reduce debt and further strengthen our balance sheet.

Our credit rating was upgraded to Crisil BBB plus stable for long-term facilities and to Crisil A2 for short-term facilities, highlighting our strong financial risk profile. Our way forward focuses on driving growth in high-margin, scalable segments like FIBCs and value-added fabrics.

We are undertaking a debottling exercise with small investments in stitching, storage, and warehousing, laying emphasis on enhancing operational efficiency, automation, and improved risk management. The vacated facility at our CPP division will also be utilized for this purpose. The emphasis will continue to be on margin expansion via higher realizations, cost control and improved product mix, building a stronger balance sheet for diversification and reducing interest costs to better financial efficiency.

At this point, I would like to hand over to our Deputy Managing Director, Mr. Shashank Agarwal, to walk you through the detailed financial and operational highlights for the quarter. Thank you very much.

**Shashank Agarwal:**

Thank you. Good afternoon, everyone. In terms of performance, Q1 FY26 was a strong quarter across all key metrics. Total income from continuing operations stood at INR182.24 crores, INR146.72 crores coming from manufacturing and the rest from trading, up by 34%, 11% in manufacturing and 23% in trading, from INR136.28 crores last year.

EBITDA increased to INR15.54 crores with margins improving to 8.51% from 5.20%. Net profit came in at INR6.91 crores compared to a loss of INR1.16 crores in the same period last year. EPS for the quarter was INR3.01. Breaking down further, FIBCs continued to lead our product mix, supported by repeat orders from long-standing customers across Europe, America, and Asia.

Multifilament yarn sales were supported by growing demand from both internal use and external textile customers. Fabric sales, including circular, selzer and ventilated types, gained traction in agricultural and industrial packaging applications. In Q1 FY26, the product revenue mix stood at INR182 crores, out of which the manufacturing was about INR146.72 crores, where FIBC contributed the largest share at 51%, about INR74.82 crores.

Fabric accounted for 31.36%, which was INR46.01 crores, while other products formed 6.22% and Multifilament, which is MFI, brought about 9.65%. The small bulbs contributed 1.77%. This mix underscores the company's strong reliance on FIBC, supported by significant contributions from fabrics and other product lines.

From a geographical perspective, in Q1 FY26, for manufacturing sales, exports accounted for nearly 74% of all the revenue, and the domestic was about 26%. Within the 74% revenue, Europe remained our largest market and our stronghold at 48.75%, followed by South America at 30.44% and North America only contributing to 18.31%. We could see emerging traction in Japan and Brazil.

The continent-wise mix continues to give us balanced exposure to both developed and emerging markets. Operationally, we are focused on efficiency and scalability. This year, we have engaged Grant Thornton under Risk and Advisory to help us enhance process efficiency, plug revenue leakages, and identify automation opportunities. We are also currently working on de-bottlenecking in switching storage warehousing to increase throughput and reduce turnaround times.

Sustainability remains a key pillar of our business. 47% of energy needs are currently met through solar power and our proposed target is to reach 60%. Our facility maintains zero liquid discharge and are fully EPR compliant and all our products are designed to be fully recyclable. The combination of operational discipline, market expansion, and sustainability focus positions well for continued growth.

The operational excellence initiatives are currently underway and we are contributing to cost reduction efforts. With a strong order book, healthy demand outlook, disciplined execution, and loyal relationships with our clients, we are confident that Kanpur Plastipack is on track to deliver consistent, profitable, and sustainable growth in the quarters ahead.

We now welcome and look forward to your questions. Thank you.

**Moderator:** Thank you. We will now begin the question and answer session. Anyone who just to ask the question press star and 1 on touch phone telephone if you wish to remove yourself from the question queue you may press star and 2 participants are requested to use handsets while asking the questions ladies and gentlemen we will wait for a moment for the question to assemble. The first question comes from the line of Deepika Bandare, an individual investor. Please go ahead.

**Deepika Bandare:** Thank you for taking my question and congratulations on the good set of numbers first. So, my question was regarding margins. Is this 8.53% EBIDTA margin sustainable in the coming quarters?

**Shashank Agarwal:** So, thank you, Deepika ji. So, the margin is sustainable considering the depreciated rupee, stable raw material, ocean freight, and increased manufacturing. Because the manufacturing in the developed world has gone up after the Ukraine-Russian crisis, because the gas prices have stabilized.

There is also an identified shortage of good workforce globally, which is making our customers come back to us again and again. So, with the combination of consistent demand, depreciated rupee, stable raw material, and ocean freight, we do not see any challenges there. So, the sustainable margin will remain between 9% to 10%.

**Deepika Bandare:** Okay. So, it will be in 9% to 10%. range.

**Shashank Agarwal:** Yes.

**Deepika Bandare:** Yes. And my second question was on the acquisition side, the acquisition of Valex. What all synergies you see in the coming year and how will it contribute to our margins and revenue?

**Shashank Agarwal:** Yes. So, there were a couple of things about Valex. So, Valex was actually owned by the promoters themselves. So, it was also, from a corporate governance standpoint, that it had to get merged back into Kanpur Plastipack at some point. And because the origin of Valex was under crisis when it got started, it was only doing about half a million pounds worth of revenue before.

But this year, we did 1.1 million and now it will continuously increase by about 5% to 10% every year. So, we have based out reaching to end users, giving them design guidance and our experience in that, that is helping the business grow.

- Deepika Bandare:** Understood. And what are the margins we are making on that company?
- Shashank Agarwal:** So, on a GM level, it is about 25%. And the UK India FTA will help this acquisition and it will help the profitability there. And the top line, I mean, ultimately for Kanpur Plastipack, the net increase in the top line would be about INR4 crores to INR5 crores on a consolidated way. And the contributions will come immediately as it is a going concern and it is an acquisition of a going concern.
- Deepika Bandare:** Okay. Understood, sir. Thank you.
- Moderator:** Thank you. Next question comes from the line of Saket Kapoor with Kapoor and Company. Please go ahead.
- Saket Kapoor:** Namaskar, Agarwal ji and thank you for this opportunity. Sir, firstly, pertaining to this UK acquisition only, this was a promoter entity only? Sir, if I have heard you correctly, can you explain then the nature of that transaction? And we have only acquired, I think, so closer to 76%. So, what happened to the remaining stake? If you could just explain.
- Shashank Agarwal:** Namaskar, Kapoor sahib. Good to see you again. Good to hear you again, rather. So, the company was held by, the Valix Ventures was held by the promoters itself and they only held 76% because there was a local partner who held 24% and he continues to hold that. He is the driver of the business. He has over five decades of experience in textiles and packaging. So, that was the nature of the transaction. So, it was a share buyout.
- Saket Kapoor:** Okay. So, what was the last year's sales? How have we valued the company for our 24% stake? It is at INR8 crores. So, around INR10 crores-INR11 crores is the total value of...
- Shashank Agarwal:** That's correct. INR10.5 crores. INR10.5 crores is the valuation of the company and the last year's sales was INR1.1 million. This year, we are expecting it to be between INR1.2 million to INR1.3 million. It follows the same financial year. So, this year's expectation is around INR1.2 million to INR1.3 million.
- Saket Kapoor:** So, you mentioned about INR4 to INR5 crores. So, if we speak in Indian Rupees, it will be easier to understand. So, INR5 crores is what will be the top line for this year and the profitability?
- Shashank Agarwal:** Yes, sir. On a consolidated way because Kanpur Plastipack sells to Valex Ventures. So, only the additional GM that is there will get added to the top line. So, that's why I said that the net addition that will happen is only INR4 crores to INR5 crores.
- Moderator:** Thank you. Mr. Kapoor, please rejoin the queue for more questions. The next question comes from the line of Vaibhav B with Honesty and Integrity Investment. Please go ahead.

**Vaibhav B:** Hi, sir. Thanks for providing the opportunity. It's good that you started the conference call. So, that's a good initiative. I have a lot of questions, but I will just ask a few of them and then leave the queue for the rest of the participants. So, first, sir, if we see a lot of FIBC units are located near ports, while our unit is relatively at a larger distance from the port.

But despite of that, we have good export business all across the globe. So, what is the offsetting factor in our case, which is offsetting higher domestic freight cost for us?

**Shashank Agarwal:** So, I'll answer this and then you can ask this next question. Is that okay?

**Vaibhav B:** Yes, yes.

**Shashank Agarwal:** So, you are absolutely right in this. But this also comes to an interesting corollary, where Kanpur Plastipack is also the only unit that has survived five decades, despite being away from the port. So, there are three primary reasons why the cost gets offset. One is that the availability of raw material, which is polymer, now has become North India. That is in Panipat, Bhatinda and now Barmer, which used to be originally near Hazira and Jamnagar.

Second is that there is a reverse logistics cycle that's there between Kanpur and Mundra, where the cost of goods from Kanpur to Mundra is not substantially higher compared to, let's say, Ahmedabad to Mundra, because the reverse logistics cost is much higher. There is far more import than exports into Uttar Pradesh.

**Vaibhav B:** Got it.

**Shashank Agarwal:** And third, which is the most important one, is the labor arbitrage. Most of the people, most of the factories that are operating in the South or in the West, as you pointed out, people come from Uttar Pradesh or Bihar. And Uttar Pradesh still remains to be the largest state in the country with a population of 25 crores and also the highest younger workforce that's available to work in factories. So, we are able to get people to train much quicker and faster and retain them.

**Vaibhav B:** Got it. I think that's a very good answer. So secondly, on food grade FIBC, so if you can help us understand what is the total capacity of food grade FIBC that we have and the sales that we did last year, I'm not talking about the quarter, but maybe, last two-year figures in FY24 and FY25, what is the capacity and sales of FIBC and what is the margin difference between food grade FIBC and other FIBC products?

And secondly, again on FIBC or food grade FIBC itself, is our capacity between food grade FIBC and non-food grade FIBC fungible or it's like we have dedicated capacity for both of them separately?

**Shashank Agarwal:** Sir, your question suggests that you understand the industry very well. So I will try to give a very brief and a very quick answer on this. The entire capacity that is there is food grade. So, it



is interchangeable. 100% of it is interchangeable. So, but that does not define the real capacity. The real capacity is actually defined by the skilled workforce that is available to work on this, which is about 75% of the total capacity.

Having said that, we as a company do not want to cross the 60% threshold level. Because it has its own challenges in terms of the sustainability and the risk factors that are involved with it. So last year, out of the total FIBC sale, we were around 40% that was in food grade and chemicals, which is also as complex as food grade. So, I consider them as both.

In terms of profit margins, we consider them in the similar range. So, 40% was food grade and chemicals. This year, it will be around 50%. In the next couple of years, it will continue to go from 50% to 55%, 55% to 60%. The difference of the margin that is there between standard product and food grade product is substantially high. One could be around 12% of EBITDA, the other could be around 7% EBITDA.

But our remaining 40% that is there, right? So, if 60%, so let us say 55% is food grade, the remaining 45% that is there, only 15% of it would be at 7%, which is the building and pure mineral sector. The remaining comes under agro and complex textiles. So, this is where the EBITDA could be between 9% to 10%. That will remain at 30% that is told already.

**Vaibhav B:** Got it. And then lastly, this will be the last question and then I will come back in the queue. So, we already have FIBC and some other multi-filament yarn business and also, but do we plan to enter into any other new PP based products? Like, you know, there are companies who are doing geotextile, there are companies doing poly liners. So are we planning to enter into those products? Or as of now, there is no such plan?

**Shashank Agarwal:** So specifically, about poly liners, we have no plans. We believe that it is a business of building a future liability because there are guarantees and warranties that are required in that product. So, we will not enter that market segment. On geotextiles, we are already present and we did about 2,000 tons, so that is about INR40 crores last year in geotextiles.

This year it would be closer to INR60 crores. And the next year that it's planned, it would be between INR60 crores to INR80 crores. So that is the area that we are continuously expanding in.

**Vaibhav B:** So, this other that you classify as other products, these are mostly geotextile, is it?

**Shashank Agarwal:** Yes.

**Vaibhav B:** In your presence. Okay.

**Shashank Agarwal:** Some of it comes under fabrics and some of it comes under others. Okay. I think we will make a better classification next time.

**Vaibhav B:** So yes, I will come back in the queue. I have many more questions, but I will come back in the queue. Thank you very much.

**Moderator:** Thank you. Next question comes on the line of Praveen Sharma, an individual investor. Please go ahead.

**Praveen Sharma:** Am I audible?

**Shashank Agarwal:** Absolutely

**Praveen Sharma:** Good afternoon, Manoj ji and Shashank ji. And congratulations for the fantastic turnaround in the company. And congratulations on starting this conference call. It takes us into the next orbit of corporate governance and transparency, and I hope everybody will like it. So, my first question is, we had this, I've been a very long-term investor in the company, almost 10-15 years. And I have witnessed many cycles.

Now, this kind of turnaround, what I have seen this year, it's quite amazing. And when I see results of other companies in the similar sector, they have also done decently well, if not as good as ours. So, I just wanted to know, what is the reason for the sudden buoyancy in FIBC sector in India in general?

Is there any tectonic shift or demand shifting from other countries to ours? You know, this is my first question, and I'll ask more questions subsequently.

**Shashank Agarwal:** So, Praveen ji, thank you for coming on the call, and thank you for your long-term trust in the company. So I'll just break down into two parts. So, first is the tectonic shift that you're talking about. So yes, as China and Far East continue to enhance their manufacturing capabilities into electronics and pharma and other products, their focus on labor-intensive manufacturing goes down.

And then the only other alternative that's there today is in India. India also is currently very well positioned in the geopolitical system and in the diplomatic relations across the world at the moment with the right policies for manufacturing in India. That has also helped us. There is no discounting of the fact that almost 0.9% of the EBITDA is because of the rupee depreciation that happened.

We have also seen a significant stability in the raw material and the ocean freight over the last 12 months. And I would again reiterate my point that I said in my opening statement that there is a thrust on global manufacturing and global agriculture that is absolutely improving packaging needs, and that is requiring packaging needs.

As we become more sustainable, people are looking at wastages and efficiencies in a very, very different way. Nobody wants to waste agro-produce. People would first have their wheat

in open tractors and open trucks. Now they want packaging, even in Africa. So emerging markets are also significantly increasing their demand for these kinds of products.

I hope I was able to answer the question.

**Moderator:** Mr. Vaibhav, please go ahead. Since there is no reply from the line of Mr. Vaibhav we will move to the next. The next comes from the line of Mr. Aniket, an individual investor. Please go ahead.

**Aniket:** Hello, hello.

**Shashank Agarwal:** Yes , Aniket ji I can hear you.

**Aniket:** Yes. So, sir, I have a few questions. Based on this Valex acquisition, so it will remain independent or how is it going to work in the future?

**Shashank Agarwal:** So, it is an independent company. It will remain an independent company with independent management, but it will be backed up by Kanpur Plastipack in terms of technology, in terms of design resources, in terms of customer advice, technical support, and also the supply chain.

**Aniket:** Okay, got it, got it. And sir, as we have seen the sharp turnaround in our EBITDA, PAT, so it's just because of this acquisition?

**Shashank Agarwal:** The acquisition has not happened yet. The acquisition results will start coming in from the next quarter. This is because of the tailwind that's there, because of the increased demand, better operation efficiency, better capacity utilization, better margins that are there.

**Aniket:** Okay. And sir, related to this, so in terms of the raw material prices, so as we see, are you seeing any impact of the crude oil fluctuation prices on the polypropylene in the near term?

**Shashank Agarwal:** So more or less, polymer and crude oil have become delinked now, because the supply chain of polymer and the supply chain of crude remains independent of each other, the supply-demand gap as well. So we have seen a very high level of stability, and rather the polymer has actually reduced in the last couple of months.

**Aniket:** So sir, based on that, can you give some...

**Shashank Agarwal:** Sorry, sorry, in terms of dollar terms, I'm talking about dollar terms.

**Aniket:** Yes. Okay. So, sir, can you give some guidance for FY26 and FY27? How do you see the trend in future, and how are we going to get the benefit from it?

**Shashank Agarwal:** So, as I said that EBITDA numbers in terms of percentages are more or less supposed to remain the same going forward. This quarter also looks good. The demand is there. The order

book is good. The next couple of quarters, the next three quarters, the demand will be there. So we look at similar EBITDA numbers.

**Moderator:** Thank you. Mr. Aniket, please rejoin the queue for more questions. Next question comes on the line of Vaibhav B with Honesty and Integrity Investment. Please go ahead.

**Vaibhav B:** Yes. Hi, sir. Thanks for providing the follow-up opportunity. So, in terms of a PP fabric business, so in FIBC, there is high labor component, which makes India very competitive. But in fabric, I think the labor component is much, much less as compared to FIBC. So, what makes you competitive in fabric market, which enabled export of this product?

**Shashank Agarwal:** So, I think you hit the nail in terms of understanding the business. So FIBC is the more complex product. The more FIBC we do, the more profitable we will be. So, from now on this quarter onwards, you will see that there is a shift that the percentage of FIBC sale will continue to increase, as a total percentage of the manufactured product. Fabric, will continue to shrink. This will take a couple of years. And that is the reason we are investing in manufacturing capacity of FIBC. This is the first part.

And now answering the question why people buy from us for fabrics, where it's only a commodity and it's cost competitive. So, we have built a very strong brand reputation in countries in East Europe and in South America, which is about consistency, quality, and reliability of delivery. Because this acts like a raw material for them to produce more bags.

So, it needs to be consistent in quality and delivery both. And there are very few people who are able to do that. So we command a premium because of that. And that is the market that we continue to serve.

**Vaibhav B:** Got it. But you know, we had some challenges in Brazil business, if I'm not wrong. And there was no local fabric where and then there was a nuclear set of capacity in Brazil and our exports suffered. So, my question was in that context that, what is changing in this business and why are there other countries are also becoming competitive?

**Shashank Agarwal:** So again, I mean, in the specific case of Brazil, the Brazilian real has not depreciated as much as the Indian rupee. So what it has done is that it has made our product more competitive despite having the tariff barriers that are there. When there was a problem in Brazil, their agriculture produced for that 12 months had gone down. And also, there was surplus production capacity of fabric in that country at that moment.

In the last two years, there is more demand that has come up because of better agriculture produce in Brazil itself and the need of packaging of that agriculture produce. Finally, the biggest problem that they are facing at the moment because of which they are wanting to buy from us is that they don't have enough people to work in factories to make fabric and bags.

**Moderator:** Thank you. Mr. Vaibhav, please rejoin the queue for more questions. Next question comes from the line of Praveen Sharma, an individual investor. Please go ahead.

**Praveen Sharma:** Yes, Thank you for taking my question again. Shashank ji, in the annual report, first of all, congratulations for penetrating the Japan market. You mentioned in the annual report, it was mentioned in your address that the market has a potential of \$500 million, which is around 4,000 crores or something.

And given, you know, the stickiness which Japanese customers have with their vendors, is it possible that we may get at least 10% of this potential market, say \$50 million, in the next two to three years?

**Shashank Agarwal:** So, sir, you hit the nail again with the stickiness that they have, right. So, we as a company have been very, very conservative in our approach towards Japan. And it is like an approach of slow and steady wins the race like a marathon. We are entering very, very slowly and we will continue to enter very, very slowly.

The big shift from Japan to India will happen whenever there is a structural change in Chinese manufacturing capability and capacity. So, today, China is only five days from Japan, but India is about 30 days from Japan. This is something that we will not be able to overcome very quickly.

Whenever this structural change will happen, either the shipping reduces or the Chinese factories do not have enough people to work on FIBCs, then this will happen. And that is the time we want to be absolutely penetrated in the market and capable in the market to capture the 10% that you are talking about. But to say that this will happen in the next two, three years, I think it is a very, very, very uphill task.

I think we are talking about 1% market share, 0.5% market share, 1.5% market share in the next one or two years at the moment. We do not look at very, very big numbers because we want to go very, very slow and steady and be like partners together.

**Praveen Sharma:** Best wishes. On UK market with the FTA in offering, how do you see business panning out there? What is the potential there and do we see a significant market capturing happening there, by us? And my last question is on the Trump tariff in North America.

**Shashank Agarwal:** So, about UK first, so I think the FTA is a brilliant move. It will not only enhance the margins that are there, but it will also increase the demand itself because UK itself will become competitive in many other things. So, it will have increased manufacturing. Once it has increased manufacturing, it will have increased demand.

So, with increased demand, there will be more volume and definitely there will be a little bit of margin improvement that is there because India was facing stiff competition in UK from Bangladesh and Vietnam.

About the additional tariffs that have been applied by the US government on India, so 10% became 25% and then there was an additional 25% because of the Russian oil. So, it is very hard to predict what will happen. But as far as the company goes, our 18% turnover is in North America, out of which about 14% is in US and 4% is in Canada.

So, it is not a very significant volume that is getting affected. There are no orders on hold. There are no order cancellations. I think there is a wait and watch scenario that's going on. There is extreme volatility in decision making, which is beyond our control or beyond the control of the importer. It is not a product that can be shifted overnight. So we continue to receive orders.

Even last week we received orders from the US, despite this 50% addition. So, I think people are hoping and there is a higher probability that this 25% Russian oil additional tariff will go away.

**Moderator:** Thank you. Mr. Sharma please rejoin the queue for more questions. The next question comes from the line of Ashish Vanjari, an individual investor. Please go ahead.

**Ashish Vanjari:** So, thanks for the opportunity. So, my question is, while Crisil has maintained a stable outlook, are there any potential risks such as raw materials?

**Shashank Agarwal:** Yes, I'm just requesting the Chairman and Managing Director to respond to that, please.

**Manoj Agarwal:** Can you come back again on that rating? I didn't get your question, please.

**Ashish Vanjari:** Yes, I'll come back again. So, while Crisil has maintained a stable outlook, are there any potential risks such as the raw material prices, forex exposure or demand fluctuations that could impact the rating going forward? And how does the management plan to mitigate that risk?

**Manoj Agarwal:** Yes, so the stable is a category. It's a category. BBB plus is the main rating category that CRISIL has given. We were earlier at BBB minus, so it's an upgrade. That's one part of the answer. Risks, of course, in every business enterprise we have risks. There'll be raw material fluctuations, there'll be forex fluctuations. But we have a well-defined policy to handle. For example, I'll take your three risk perspectives.

One is raw material. Raw material, the DMD just mentioned, has been very stable over the last year. It's handled closely at the top management level. We have a buying policy and there's a process in place which ensures that we are hedged for the raw material also when the orders come in.

Forex, we have a well-defined forex management policy. I happen to handle that personally directly with my CFO on that. But in the global uncertainty situation that we lie in today, I

have to frankly admit that forex will always remain a risk. It is how best you can handle it. I wouldn't say that it is not a risk.

**Ashish Vanjari:** Actually, I have another question. With the recent fund raise and the planned debt reduction, could you share the current net debt position and the timeline by which the company expects to become net debt free?

**Shashank Agarwal:** Yes. So last year, FY ending, we were having about a term loan of INR80 crores and a working capital loan of INR120 crores. So, we had INR190 crore rupees of outstanding debt. By end of this year, we should be in a position of having about INR15 crores of long-term debt and about INR110 crores of working capital limit. So that is about INR125 crores. So, from INR190 crores, we will be down to INR125 crores.

**Moderator:** Thank you. Mr. Vanjari, please rejoin the queue for more questions. Next question comes from the line of Saket Kapoor with Kapoor and Company. Please go ahead.

**Saket Kapoor:** Yes sir , Just to come to the last point about the debt part, we mentioned somewhere about being net debt free with the capital raising exercise done. So can you explain, sir, where is that gap in my understanding?

**Shashank Agarwal:** Sorry, could you repeat your question, please?

**Saket Kapoor:** Sir, we were of the opinion that with the fund raising exercise and with the TPP unit divestment, we would be net debt free. That was our understanding.

**Shashank Agarwal:** Correct. So, this INR14 crore is an outstanding term loan which will be repaid over the next couple of years. And on a gross block of INR200 crores, INR14 crores is really not any long-term debt. And INR7 crores out of that is GCL, which was given during the COVID period, which will get repaid anyways in the next year.

**Saket Kapoor:** Okay Sir, but with this acquisition, the UK one, wherein the fund, actually the fund is, the hand-changing is only between the company and the promoter entity. So will this be further infused back in the form of this preferential allotment, only this money is going to come back to the company? This is how the route will...

**Shashank Agarwal:** No, it's a share exchange, right? So, there is no fund flow in this. It's a swap of shares.

**Saket Kapoor:** Okay. Swap of shares. Can you explain a bit? We are acquiring 76%, so shares will be issued in favor of Kanpur from one promoter to Kanpur Plastipack. That is how the transaction will be consummated?

**Shashank Agarwal:** Correct. The promoter will get shares of Kanpur Plastipack and he will renounce shares of Valex Ventures in lieu of that. And that will make Kanpur Plastipack the owner of Valex Ventures.

- Saket Kapoor:** Okay. Sir, one small point about the margin improvement. I think you were mentioning about some debottlenecking exercise and then FIBC having the highest revenue share going ahead. So, for this year, what are we looking at? I think 30%-33% is what we did in FIBC for the first quarter. My first question, how is this going to increase by the end of this quarter?
- And then, sir, in terms of this quarter revenue, we saw a higher percentage in the purchase of stock and trade also. So how should we look forward for the remaining three quarters in terms of the revenue trajectory and how the margins will be shaping up? I think you commented earlier on this aspect also.
- Shashank Agarwal:** Yes, but let me just re-clarify it again. So INR182 crores was the total revenue. Out of it, INR35 crore was stock and trade. This came out of an opportunity during the period and this week, this keeps on coming. With more liquidity that's available with us, we are able to do this. There is a small margin that we make on this stock and trade.
- It's a trading of the raw material that we consume which is polymer. Out of the INR146 crore of manufacturing, 51% came from FIBC. That is about INR75 crores. This as a percentage will continue to rise over the next quarters. Fabric was about INR46 crores and other products and multifilament and small bags put together was about INR26-INR27 crores which is about 16.5%-17%.
- Moderator:** Thank you . Go ahead.
- Shashank Agarwal:** No, that's all.
- Moderator:** Thankyou Mr. Kapoor, please rejoin the queue for more questions. Next question comes to the line of Sagar Shah, an individual investor. Please go ahead.
- Sagar Shah:** Hello , am I audible?
- Shashank Agarwal:** Yes you are audible.
- Sagar Shah:** Thank you for the opportunity, sir. I just wanted to understand, is it possible for you to give a product-wise bifurcation that is in terms of the margin? So FIBC, how we are doing in terms of margin in MFI and all those products?
- Shashank Agarwal:** Yes, so FIBC remains to be the highest margin product. Fabric and multifilament is at a similar margin which is about half of FIBC and small bags has no significant margin and that is why you see that its revenue share is also only 1.5%.
- Sagar Shah:** Okay. Sir, when we say we are into filament yarn, so any plan that company has to venture into technical yarn going ahead, more grade of technical yarn?
- Shashank Agarwal:** No, there are no current plans to venture out into technical yarns at the moment.



- Sagar Shah:** Okay, sir. And sir, last question on this guidance perspective. So what is your guidance for financial year 2026 as far as top line and bottom line is concerned?
- Shashank Agarwal:** So, the order book is good. Demand is robust. Operations excellence continues to keep our costs under control. EBITDA will be in line with the first quarter. The benefits will start coming from the next year of the increased capacity addition in FIBC.
- So we are currently working on a very detailed strategy for the next five years for other and newer products that we might add to our existing portfolio. The FIBC last year we did about INR285 crores. This will remain our main focus and by 2028 we would like to do between INR425 crores and INR450 crores.
- Sagar Shah:** Okay, thank you. And last one on this manufacturing facility. So what is the current capacity utilization of all the manufacturing plant?
- Shashank Agarwal:** So as a whole when we see the capacity utilization for the last financial year was about 75%. The last quarter was also between 75% and 77% depending on how we calculated because this was also the period of harvesting season, monsoon and the peak of Loo that happens in North India. A storm blows, it is called Loo. But if we specifically talk about FIBC as a capacity utilization, we are currently installing more capacity and the capacity from fabric will continue to interchange into FIBC as we go along.
- Sagar Shah:** Okay, so current capacity of FIBC will increase to how much?
- Shashank Agarwal:** So, we are currently running around 1,350 tons per month. This will go up to 1,800 tons per month.
- Sagar Shah:** And what is the expected timeline for this?
- Shashank Agarwal:** This will take about one to two years.
- Sagar Shah:** Okay, okay. And the capacity expansion will be done by how? Internal accruals or?
- Shashank Agarwal:** Yes, it will be done by internal accruals. The land is already in place. The machines are under installation and the building is also being made.
- Sagar Shah:** Okay, thank you. That's it from my end.
- Moderator:** Thank you. Next question comes from the line of Vaibhav B with Honesty and Integrity Investment. Please go ahead.
- Vaibhav B:** Hi, sir. Thanks for providing the opportunity again. So, two questions. One is on the U.S. business. As you said, you briefly explained the tariff impact, but are we seeing pricing pressure from the U.S. customers? Are they trying to shift some of the tariff burden to us and

maybe margins in that business might suffer because of this tariff issue? Is it happening or they are just completely taking all the tariff burden on themselves?

**Shashank Agarwal:** Honestly, it's very early to say. Right now, we have not faced any pressure because the order book is already good at the moment. If this stays on, then there will definitely be pricing pressure. But if it goes away, then it will not be there.

**Vaibhav B:** Got it. Because, you know, even 25% is too much when your pressure tariff goes away.

**Shashank Agarwal:** 10% was already there. So 10% became 25%. So, I mean, to put the answer into perspective, if the only 25% remains, then we do not see that there will be any demand glut or a shift from India. There could be slight margin pressure initially, but we will not see demand go away.

**Vaibhav B:** Got it. And secondly, on the role of distributors in this business, obviously, because they are more customer facing, they ultimately supply to customers. So, who decides the pricing to the end customer? Is it like distributors? They decide which company's product has to go to the ultimate customer at which prices? How does this whole dynamics work between a distributor and the ultimate consumer?

**Shashank Agarwal:** So, most of the distributors that we have, we have more than a decade relationship with them. So it is extremely transparent between our margins and their margins. And let me put it in this way that 70% of the pricing is decided in a transparent manner, which is tender based, high volume business, old business, repeat business.

30% of a business which is new business or first time quotation business, FTB, first time business, there we give a fixed margin, then they add their margin and then they quote to the customer.

**Vaibhav B:** Got it. So, see, my point was, I was trying to understand that, ultimately from customer's perspective, who is the most price competitive for a given quality? That's what matters. Quality we control, but if price distributors control, then how can we increase market share? That's what I was trying to...

**Shashank Agarwal:** 80% of the business is repeat business. So there the pricing is already established. It is only the remaining 20% business that needs to be increased every year, where the pricing needs to get established.

**Vaibhav B:** When you say pricing is established, do you mean to say that we decide the price of the ultimate customer and distributors just backward calculate their margin? So we have the control on price to the ultimate customer?

**Shashank Agarwal:** There are two different things. One is pricing power and the other is the pricing decision. So once a relationship is established between the end customer distributor and the manufacturer,

then the pricing power is out of question because then it is on inflation, it is on dollar exchange rate, it is on freight, it is in polymer. So, then that gets passed on.

Now the decision of pricing is only to the first time buyer or a tender business. There, if it's a tender business, it's a joint decision between the distributor and the manufacturer. And where it's a first time buyer, then we quote, sometimes we are participating amongst multiple competitions.

Sometimes we are the only people who are participating because it's a complex bag and people are looking and it's a high sensitivity bag in terms of quality and reliability. Then we would have the pricing pressure, then we would have the pricing power.

**Vaibhav B:** Got it. Understand. That's it from us. Thank you.

**Moderator:** Thank you. Next question comes to the line of Saket Kapoor from Kapoor and Company. Please go ahead.

**Saket Kapoor:** In the previous reply, sir, you were answering towards how the FIBC contribution would be increasing and you did answer that how you are planning to increase the capacity. So, the business profile for the first quarter, there is a very likelihood that we will be improving upon these numbers going ahead since there was some impact of some weather disruption for the first quarter. This understanding is correct that going ahead, the business profile with the improved order booking is more likely that we get a better set of numbers?

**Shashank Agarwal:** The entire focus of the company is on increasing the FIBC numbers. So on a medium to long term basis, yes, the numbers will go up. It is very hard for me to give exact short term picture on this.

**Saket Kapoor:** Okay, Since you have engaged a third party brand Thornton, which you have mentioned, what are the kind of tasks or the milestone that you have set them to get into the system in terms of increasing the operating margins?

What is the mandate given to them that if you could just explain and by the timeline by which they would be giving you the report and your implementation of the same?

**Shashank Agarwal:** So, the project assigned to GT is to provide strategic recommendations, not only to mitigate risks, but also to streamline processes, enhance compliances and drive improvements and productivity. So the timeline for this is the next 6 to 12 months. We will get the reports. Execution will start happening and it's an ongoing exercise. It's not a one time transactional exercise that we've got into.

**Saket Kapoor:** So just to look into it because we have seen this up cycle at the time of COVID also. If I'm not wrong, we did post good profit, but after that there was a big slump and the industry went into a downward spiral. So what is yours currently gives you the confidence that those sectors are

not going to go forward, those sectors will repeat and this track would be more sustainable in terms of the revenue business profile and also in terms of the margin profile going ahead?

**Shashank Agarwal:** So, I mean, of course, I cannot predict the future, but there are three significant differences that we see this time. One, there was definitely a pent up demand at that time where people were building up inventory because of the fear of running out of material. That does not exist today because the shipping crisis does not exist. The lockdown crisis does not exist.

Second, the manufacturing globally had reduced due to the Ukraine-Russia crisis. The gas prices went up so high that there was a complete halt of manufacturing in Western Europe. Thirdly, agriculture as a commodity has required an improved packaging, which is also driving demand because the focus on sustainability and wastage is extremely high now.

**Saket Kapoor:** All points understood. Only point is, if and when the Ukraine crisis gets settled, how would that affect the FIBC industry? Then there will be a normalization of trade. People who were there in the business will try to be back to the same business with lower energy costs flowing into the P&L. So, what would be...

**Shashank Agarwal:** As far as the business goes, the Ukraine-Russian crisis was settled last year when the gas prices came down and when Europe started buying Russian gas again. Once those prices came down, the manufacturing went up again. We are linked to logistics, warehousing, manufacturing, and agriculture produce. If these four segments have ripples, then we will have ripples as well?

**Saket Kapoor:** We can conclude that this is a strong wicket on which we are continuing, forbidding any undue incidents that may happen. Other than that, there is very good visibility in terms of order booking, hence execution, hence improvement in margins. This we can summarize from today's conversation.

**Shashank Agarwal:** Absolutely.

**Saket Kapoor:** We will hope for the continuity of the calls, good presentation, and we hope for further participation and engagement with you, going ahead.

**Shashank Agarwal:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of the question and answer session. I would now like to hand the conference over to Shashank Agarwal for closing comments.

**Shashank Agarwal:** I think I would like to thank everybody who is there on the call to invest time in the company. We will continue to do this after every quarter results. We will be very transparent and continue to share everything that is available with us. Thank you once again.



*Kanpur Plastipack Limited  
August 19, 2025*

**Moderator:** Thank you. On behalf of Kanpur Plastipack Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.