



25th February, 2026

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 December 31, 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 December 31, 2025 was held on February 20, 2026 at 10:30 AM. The Transcript of the conference call is available on the website of the Company.

Link of the Transcript of conference call held on February 20, 2026 at 10:30 AM:

https://www.kanplas.com/report_pdf/Kanpur_Plastipack_Ltd_Q3_9M_FY26_Earnings_Call_Transcript_1772017058.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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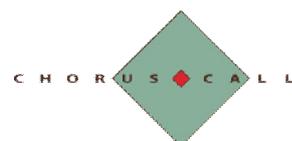
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“Kanpur Plastipack Limited
Q3 & nine months FY '26 Earnings Conference Call”
February 20, 2026



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

Moderator: Good morning everyone and welcome to the Q3 and nine months 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 with opening remarks from the management followed by an interactive Q&A session. Please note that this discussion may include forward looking statements which should be viewed in conjunction with the risks and 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

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

Manoj Agarwal: Thank you. Good morning everyone. And welcome to Kanpur Plastipack's earnings call for the third quarter and the nine month period ended 31st of December 2025. Thank you for joining us this morning for your continued engagement with the company. Q3 financial year 26 has been an important and defining quarter for Kanpur Plastipack.

While the financial performance reflects steady growth, the real progress during the quarter has been on the strategic and structural side as we continue to reshape the company for the next phase of our sustainable growth. Globally, the industrial packaging and technical textiles industry continues to evolve. Customers today are increasingly focused on traceability, regulatory compliances, sustainability and customized solutions rather than commoditized volumes.

In parallel, downstream industries such as automotive, infrastructure, food and consumer durables are driving demand for higher performance application specific textile solutions. These trends favor manufacturers that combine scale, engineering capability and regulatory discipline, areas where Kanpur Plastipack has built consistent strength over the years. Export platform and global presence. Our export led model continues to remain resilient with Europe being our largest market.

During the year, we completed the acquisition of Valex Ventures in the UK which strategically strengthens our presence in a key regulated geography. While the near term financial contribution is limited, the platform strengthens our long term export positioning and provides closer market access over time. Extension into value added and B2C linked applications. During the quarter, we advanced our transition towards value added and B2C linked applications.

While FIBC remains the backbone of our business, we are consciously expanding into premium polypropylene yarns and non woven fabrics that find applications in automotive interiors, furniture, luggage, footwear, geotextiles and lifestyle products. These segments are

less cyclical, more specification driven and offer superior margin visibility over time. This is not a tactical shift for us but a long term strategic pivot.

We believe the future of manufacturing lies in combining industrial scale with consumer relevance where products are engineered for performance, compliance and sustainability rather than price alone. Manufacturing strength and capacity building. We continue to strengthen our manufacturing and operational foundation.

Progress on the FIBC capacity expansion, completion of the new warehouse for trading division and the planned roll management and automation initiatives all at unit 3 are aimed at improving throughput efficiency and working capital discipline as volumes scale up. These initiatives reinforce our readiness for the next phase of growth while maintaining cost competitiveness.

Technology and capability development. We also advanced our technology roadmap through the incorporation of ESSEKAN Private Limited, a joint venture with Essegomma S.p.A. of Italy. This partnership enhances our access to advanced high performance yarn technology and supports our entry into premium textile applications. It strengthens our technical depth and broadens our product capabilities over time.

Sustainability . Sustainability continues to remain embedded in our operational model. Nearly half of our energy requirements are now met through renewable sources and we continue to invest in recyclable product designs, zero liquid discharge processes and traceability systems capabilities that are increasingly become non negotiable for global and consumer facing customers. In summary, Q3 financial year 26 reflects steady execution across exports, product development, manufacturing capacity and technology enhancement. We are building Kanpur Plastipack into a solutions led, globally relevant manufacturing platform with a balanced mix of B2B scale and B2C linked premium application.

I now invite our Deputy Managing Director Mr. Shashank Agarwal to take you through the detailed financial performance and execution priorities.

Shashank Agarwal:

Thank you and good morning everyone. I will take you through the financial and operational performance for Q3 and nine months ended December '25. Followed by our priorities going forward. For Q3 FY '26, the company reported a total income of INR195.2 crores representing a year on year growth of approximately 19%. EBITDA for the quarter stood at INR17.8 crores with an EBITDA margin of 9.1%.

The net profit increased to INR9.2 crores up by about 23% year on year. The EPS standing at 3.9. Margins remained stable sequentially and reflect a balanced product mix, steady export demand and continued cost discipline. Revenue excluding trading activities remained stable at approximately INR147.8 crores indicating sustained core manufacturing performance.

For the nine month period total income stood at INR 543.6 crores, a growth of nearly 20% Y-on-Y. EBITDA increased to INR49.7 crores with margins improving to 9.1% while net profit sharply rose to INR 23.7 crores. Reflecting improved operating leverage, tighter cost control and a higher contribution from value added products.

Exports continue to anchor our performance. During Q3 FY '26 exports volume were 5,900 tons while the nine month ended period was about 18,895 metric tons. In Q3, Europe accounted for 62% of Q3 exports followed by South America at 17% and North America at 15% with the balance coming from Asia, Australia and Africa.

This diversified geographical mix provides resilience against regional demand fluctuations and supports consistent capacity utilization. Importantly, 80% to 85% of our business comes from repeat end users. Reflecting long standing relationships, product reliability and compliance with global standards. This repeat led model provides strong revenue visibility and reduced volatility.

From an end user perspective, our revenues were well diversified across industries. Agro and food industry 44%, industrial packaging 23%, construction about 12%, agriculture 8%, automotive 7%, mining and minerals 6%. The diversified industry exposure reduces concentration risk and balances cyclical movements across sectors. The increasing share of food and automotive applications also supports higher compliance driven and value added offerings.

From a product mix standpoint, FIBC continues to be the core growth engine in both value and volume terms. At the same time we see a gradual traction in premium polypropylene yarns and specialized fabric solutions. Particularly in fashion and automotive applications. This shift supports improved realizations and enhanced earnings quality over time.

Operationally the quarter focused on execution and readiness for scale. The new IOCL trading division warehouse at Gajner Road has been completed, improving logistics efficiency and reducing dependency on rented facilities. The modern roll management system is under design and will enhance inventory control, throughput efficiency and safety. The construction of the building of FIBC expansion at Unit 3 is approximately 30% completed, target for completion in May '26.

This will add an incremental target of up to 6,000 tons per annum in the next five years supporting higher conversion and margin improvement. Our greenfield technical textile non-woven project based on needle punch technology marks a significant diversification milestone. This facility will address demand from automotive interiors, geotextiles, artificial leather, carpets and footwear industry. It will be scaled in phased demand led manner to ensure capital efficiency and relationship management.

On the strategic side, Valex Ventures acquisition provides a direct platform in the UK and acts as a gateway to broader European markets in the times to come. The Essegamma joint venture

under ESSEKAN Private Limited strengthens our technology capabilities in high performance polypropylene yarns and supports our entry into premium textile applications. Product alignment and market development initiatives are currently underway with full swing.

The initiative is structured as a long term capability expansion aligned with our premium application roadmap. Revenue contribution will scale progressively as product approvals, market acceptance, customer awareness mature over time. It is expected to enhance the overall quality and diversification of our earnings profile.

Looking forward way ahead, our strategy is built around four clear priorities. Strengthening the FIBC core through capacity expansion, higher value added mix and deeper penetration in regulated export markets. Second, scaling B2C linked premium applications in polypropylene yarns and non-woven technical textiles through OEM partnerships and technology led differentiation.

Third, disciplined resource allocation with a focus on brownfield expansion, faster payback projects and balance sheet strength. Fourth, sustainability and technology led competitiveness ensuring long term relevance with global customers. To conclude, Q3 and nine month FY '26 demonstrate stable growth, diversified revenue streams, strong customer retention and disciplined execution. With a balanced industry mix and increasing share of value-added applications, we are structurally strengthening the business for a long-term profitability. Thank you. We can now begin the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aniket Redkar, an Individual Investor. Please go ahead.

Aniket Redkar: Hello. Am I audible?

Shashank Agarwal: Yes.

Aniket Redkar: Yes. So sir, I have some few questions. So in terms of our 9-month financials, so I can see that our 9-month PAT has surged to our 200% Y-o-Y with strong EBITDA expansion. So just wanted to understand what strategic action in terms of pricing or the product mix or the geographical diversification contributed most to this turnaround. Just to get some clarity if you can elaborate on it.

Shashank Agarwal: So you are absolutely right. So it was driven by favorable product mix, operating efficiency gains in the Raffia segment which is basically the FIBCs and fabric and disciplined cost management. It also reflects the absorption of fixed cost as volumes scaled along with the strategic exit of the lower margin CPP division. So this together improved the overall profitability quality. Additionally, the reduced financial costs, stronger manufacturing contribution amplified the bottom line impact.

- Aniket Redkar:** Okay, got it. And sir, in terms of this new expansion and the new announcement which has been there in terms of diversification into the premium PP polypropylene yarn and non-woven fabric? And can you throw some light about JV partnership? And how it is going to add value to our FY '27 revenue and the margins, if you can give some idea?
- Shashank Agarwal:** So we are talking about the PP yarns, right?
- Aniket Redkar:** Yes, correct.
- Shashank Agarwal:** So right now, it is at a stage where we are commissioning the project. It is absolutely into the luxury outdoor furniture premium segment. This year, we expect a revenue of about INR20 crores to INR25 crores in this year -- in the next financial year, sorry. It is a slow gestation project but the market expansion can have very rapid growth once we start getting success.
- Aniket Redkar:** Okay. And how much capex is applied for this?
- Shashank Agarwal:** So I clarified this last time as well. So it's a 50-50 joint venture which is an asset-light model. The investment is only INR20 lakhs from each partner as capital contribution because this is just a marketing company. The manufacturing will remain with Kanpur Plastipack itself. So the manufacturing capability will come under Kanpur Plastipack, but the sales and the technology capability will come under the joint venture.
- Aniket Redkar:** And sir, who are the competitors for us? Like are we comparing us with these Jagdamba Polymers and Pyramid Technoplast?
- Shashank Agarwal:** No. So this is a totally different segment. This is recyclable, sustainable, dope dyed luxury polypropylene yarn. So this currently is not produced in India at all.
- Aniket Redkar:** Okay. And sir, just one last question in terms of the industry trend which has been going on. So with India's flexible packaging market as seen that projected to grow very fast near the double digit CAGR. So where does the management see the largest addressable opportunity in terms of the FMCG, pharma or the industrial sector?
- Shashank Agarwal:** So, I mean, the FMCG and pharma sector in India, we are not focused on that neither the industry nor the segment because we are primarily into exports as far as packaging is concerned. But yes, you are right. The growth is there and we do see in pockets, there are small demands that are coming up which were not there before.
- Aniket Redkar:** Okay. And sir, any new development in terms of new product that we are coming in?
- Shashank Agarwal:** So we are constantly innovating in the FIBC segment. There are -- it's a very customized innovative design process that happens. That happens continuously. There is not a specific product that I would like to speak about. But right now, the entire focus in FIBCs is to be

customer centric and driven so that we can provide customized designs to them to increase their efficiency.

Aniket Redkar: Okay. And sir, if you can give me a breakup of the domestic and the export revenue?

Shashank Agarwal: Yes. Just a moment. So quarter 3 exports were about INR103 crores and domestic was about INR70 crores.

Aniket Redkar: Okay, got it. Thank you, sir. This is from my side and all the best for the future.

Shashank Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Parshva from HDFC Bank. Please go ahead.

Parshva: Yes, hi sir. Good morning. Sir, I wanted to understand the rationale for basically the margin difference between your FIBC product and your PP woven and the textile segment. What would be the EBITDA margin currently? And going forward, how this EBITDA margin would be shaping in probably FY '27 guidance?

Shashank Agarwal: So as you must have seen, the blended EBITDA is about 9%. The manufacturing EBITDA is at about 10.5%. Within that 10.5%, if you break it down into all the four product segments that we are into which is FIBC, PP woven fabric, commodity multifilament yarn and UV masterbatch, the EBITDA margins of fabric is about at 7%, multifilament is also at about 7%, which makes FIBC go at about 12.5% to 13.5%. So that is the reason why we continuously are changing our capacity from fabric to FIBC. And over the next couple of years you will see that change in the blended margin as well.

Parshva: Got it. And right now, FIBC is how much composition of our total business?

Shashank Agarwal: One second. So this year in terms of the manufacturing turnover, it would be about 54% of the manufacturing.

Parshva: 54%. And going forward also, are we like going forward this is expected to increase to what 80%, 90% level, FIBC contribution?

Shashank Agarwal: So FIBC is 54%, fabric is 28%, multifilament is 10% and others are 8%. So MFI and -- Yes, I am answering that. So MFI and others will remain at 10% and 8%. This fabric 28% will become about 10% and this 54% will become about 70% to 75%.

Parshva: 70% to 75%. Got it. And this FIBC will always be focused towards export only or are we planning to double down in the domestic segment?

Shashank Agarwal: So out of the total sale of FIBC 90% is exports, 10% is domestic. We will always remain at that ratio. In the next 3, 4 years.

- Parshva:** Got it. Understood. Any upcoming capex plan or inorganic acquisition plans that we have?
- Shashank Agarwal:** Yes, so there is a INR99 crores capex that we announced last quarter. It has multiple sections. So the it has a phased capex program which includes 6,000 tons of FIBC capacity expansion over the next 5 years in a new building in unit 3 itself. So this will help us changing the fabric capacity to FIBC capacity, because the current utilization levels in core divisions remain healthy justified and for the expansion.
- Secondly there is a roll modern roll management system that we are building. This will enhance yield control, reduce wastage, inventory management and the time it takes to fetch inventory. This should be completed by about July this year.
- The third portion of it is the technical textiles non-woven needle punch. That would go into the automotive segment, artificial leather, footwear, geotextiles and filtration fabrics. So that is at about INR55 crores.
- Parshva:** Okay. Got it. And any inorganic acquisition plans?
- Shashank Agarwal:** Not at the moment.
- Parshva:** Not at the moment. Okay. I think that was it from my side. Thank you sir.
- Shashank Agarwal:** Thank you.
- Modeator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Namaskar ji. Sir firstly if you could just give us some understanding of how with the tariff part of the story being put to rest and the current tariff from for US being settled at 18%. If you could just give us some color how has the business environment and the fillers you can share with the investing community?
- Shashank Agarwal:** So, thank you Saket for the question. First of all I do not think it is at rest until it is really at rest. So although 18% has been announced but what has been formally taken place at the ground level is that there is 25% tariff instead of 18%. For the time being until the 18% executive order comes in.
- It is comes with great relief to the industry because there was a migration that was happening from India to other countries. So that will completely stop in the short term and the medium term. In addition to this what it does it boosts demand in other countries as well which are dependent on US.
- So we do see renewed demand coming from Africa and Europe who were exporting to the US as well. Because it's a positive sign from the US government that they are making tariffs

flexible. The EU FTA is also an extremely important point that has come in because from a long term sustainability of the business in India with a 0% tariff into EU, India will remain the most competitive across other emerging manufacturing countries. So it's both the US tariff deal and EU FTA are extremely good things for the long term and the medium term future.

Saket Kapoor:

Sir. Can you give us some more color on the order booking scenario. I think so when we were speaking post quarter 2 concall, you did alluded to the risks that were pertaining with the extension of 50% tariff affecting the dynamic. Post that I think so even the crude oil prices have also inched up. So I think so there must be some inflationary impact also on the RM. So in this context if you could just explain firstly the order booking scenario and the impact of the higher crude prices?

Shashank Agarwal:

So the order book remains extremely stable. Nothing to be worried about. Neither it is too long nor it is too short. It is absolutely where we are comfortable. In addition to this there has been heavy shortage of jute in India. So the government of India has diluted the jute packaging act which now allows polypropylene woven sacks to use to be used in food grain packaging.

So this has instilled a short term boost and demand in the domestic market. So that has helped the order book significantly as well. On the raw material side yes you are right, like all other commodities and crude oil has also gone up, polymer has also gone up by about 10% to 15%. But as you know in our industry this gets passed on to the customer. So there is no inflation risk from that standpoint.

Saket Kapoor:

Okay. I was pointing I mean sir this was because the reason I we found that for the purchase stock in trade for this quarter was significantly higher. So if you could just explain the nature of the same.

And sir secondly export volumes were lower. I think so the tonnage was 6,600 for Q2 and it was lower by I think so 10% for Q3 at 5,928. But margins have expanded. So if you could just explain what is the change in the product mix? And going ahead what can we expect?

Shashank Agarwal:

So this time the October and November months were a little special because there were lot of holidays on weekdays and the number of working days were little lower. Because it's a labour intensive industry, we are dependent on manpower and we saw that this time the availability of manpower had significantly gone down due to the festive season and the marriage season in this quarter. That led to a lower production figure itself.

Also we saw some challenges in the month of October related to power in our city. This also led to a little bit of production challenges. But yes you are right there was a shift in the product mix where FIBCs as a percentage went up which is our stated goal that we will continue to do margin maximization. But the margins have also improved because of a weak rupee against dollar and euro. So both these things put together we saw the results being what they were.

Saket Kapoor:

And on the on the trading part of the story...

Shashank Agarwal: So trading has been used as an opportunity whenever it comes. It is not our core activity but if it helps us to get something in the contribution we continue to do that because it helps us reduce our overall raw material cost for our manufacturing as well. So sometimes it will go up sometimes it will go down. It will not remain consistent.

Saket Kapoor: Okay. Sir, why I was trying to understand this aspect was where you have earlier in the previous call alluded to the fact that the from H1 revenue our H2 15% can stay up. That is what the trajectory has been. So once we take this when we when we are working with that number we have to take the ex-trading I think so factor ex-trading into it. Yes. So how do you look, sir?

Shashank Agarwal: So yes so 15% was just a guidance. It could be 10 it could be 17 depending on the raw material rates and percentage utilization of different divisions. But yes Q4 will be better than Q3 in terms of the manufacturing turnover.

Saket Kapoor: Okay. Sir just to put things more into perspective I think so we have been participating in in events, speaking, meeting clients as being done by the postponing of con call twice. So or in fact once. So what is the filler exactly from these participation and your clients visits and even the Japan part of the story which you have been speaking for the last two quarters.

Any breakthrough in that aspect if you could just give some color. And sir as you were speaking about the non-availability of the workers even our employee cost on a consolidated basis has gone up by INR2.5 crores for this quarter at INR20 crores. So what explains this is it the Labour Code impact that you have done because no mention there in the notes.

Shashank Agarwal: Yes. So first of all you are right that because there was this exhibition Plastindia during that period 5th to 10th of February we could not have a investor call and two days back the investor call had to be postponed due to couple of serious customers coming over to Kanpur. So apologies about that.

But yes there has been very strong response during Plastindia and we will continue to have these customer interactions now in Techtextil in Germany in April and then Interpack in May and we will be exhibiting in Tokyo Pack in October. The Japan business currently has taken a backseat due to the extreme demand of Europe and Japan will continue to happen at its slow pace as I have been continuously saying.

When it will take off and how it will take off time will decide once an opportunity gets created and some space gets created from the Chinese and the Vietnamese supply sources. About the employee cost I think we will have to clarify it in a better sense in the next investor meet or the presentation.

But mostly this employee cost has gone up due to two reasons. One is the annual inflation that goes up and secondly there has been a higher percentage of FIBC production compared to

fabric. Also there have been some provisions, there have been some provisions that have been taken due to the new wage code.

Saket Kapoor: Right sir. If time -- if the moderator allow, can I put forward few more or shall I join the queue madam?

Moderator: Sorry to -- sorry for that. You may rejoin the queue please for more questions.

Saket Kapoor: I am joining -- rejoining the queue sir for my follow ups.

Moderator: Thank you. The next question is from the line of Dhruv Mimani from Niveza Investments. Please go ahead.

Dhruv Mimani: Hello?

Moderator: You are audible please go ahead.

Dhruv Mimani: Yes. Sir, so my question was regarding the trading. Is trading included in the exports you mentioned that we are doing currently?

Shashank Agarwal: Sorry could you repeat your question?

Dhruv Mimani: Is trading included in the exports or is it done domestically?

Shashank Agarwal: Trading is only domestic. It is not in exports.

Dhruv Mimani: Okay. And sir my follow-up question to that is why was there a loss in the trading division this quarter?

Shashank Agarwal: There is no loss in the trading division in this quarter.

Dhruv Mimani: Okay sir. Okay. Sir and then the following question. Okay sir, that's all I have for now. Thank you.

Shashank Agarwal: Just to clarify the trading division, there is a quarterly profit in the trading division, yes.

Dhruv Mimani: Hello?

Shashank Agarwal: Yes.

Dhruv Mimani: Yes sir. The result uploaded I can see the same. We have done a revenue of INR47 crores from the trading division correct?

Shashank Agarwal: Correct.

- Dhruv Mimani:** And when we see the segment result we can see it is a negative 3.53 from trading?
- Shashank Agarwal:** 84.39 positive.
- Dhruv Mimani:** I am talking consolidated revenue. It's on page number.
- Shashank Agarwal:** Yes.
- Dhruv Mimani:** Consolidated revenue I can see it is a negative 3.53?
- Shashank Agarwal:** Just one second, please. Yes correct.
- Dhruv Mimani:** Yes so that's what I wanted to know how can there be a loss from trading division.
- Shashank Agarwal:** Let me come back on this please. I do not have a ready answer on this.
- Dhruv Mimani:** Okay. And sir what's the reason for the increase in revenue in trading division from INR12 crores to INR47 crores?
- Shashank Agarwal:** So there so it's opportunity driven. Completely opportunity driven. So there was an opportunity in the market to purchase and sell because there was an arbitrage. Because of our relationship with the suppliers and our market information we could purchase a higher quantity and there was an arbitrage in the market to sell the product.
- Dhruv Mimani:** Okay. Thank you. And my last question would be what's the current EBITDA from exports and domestic?
- Shashank Agarwal:** So the blended obviously we know. The exports EBITDA is around 11.5% to 12% and domestic is at about 6.5%.
- Dhruv Mimani:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Parth Patel from Patel Investments. Please go ahead. Mr. Patel your line is unmuted please proceed.
- Parth Patel:** Hello. Am I audible?
- Shashank Agarwal:** Yes. You are audible.
- Parth Patel:** Yes, yes. Thank you. Thank you so much for the opportunity sir. I just had a couple of questions. The first one, I think it was a little bit covered by some other analyst. But I just wanted more clarity that if you see that our contribution from Europe this quarter was about 60%. And now that the US free trade deal and everything has come in. Even the ESPR also has come in. So how does this affect us as a company?

- Shashank Agarwal:** So it affects us very positively. Europe remains our stronghold. And the EU FTA will kick in the next calendar year. So it will so Europe will remain at the focus, but whatever new capacities are coming into FIBCs they will be serviced to USA. So it's an extremely positive sign for the company.
- Parth Patel:** Got it. And are we hedging the revenues that we get from these entities abroad?
- Shashank Agarwal:** Yes. I'll let my father answer that, yes.
- Manoj Agarwal:** So we follow a specific hedging policy for our foreign exchange exposures. And we have access to two consultants who keep advising this. It is reviewed on a weekly basis every Saturday on our net exposures in dollar, euro and pound and then we take action on that. But yes we do hedge periodically.
- Parth Patel:** Got it. That is very comfortable for us to hear. And...
- Manoj Agarwal:** Yes, yes. It is it is monitored on every Saturday.
- Parth Patel:** Got it. So that that does sound very good to us. And final bit little bit on the capex. So, I believe we have about 6,000 metric tons of capacity for FIBC expansion that we are planning over the next 4, 5 years. So I just wanted to know what is the total capex outlay that we have for the same? And by what time will we reach the total capacity like the maximum capacity utilization for the same?
- Shashank Agarwal:** So the capex only for the FIBC portion is only INR20 crores. So this will take four to 5 years to come up with a target of about 1200 tons addition every year that will be done. Why it is so slow is also because it needs market development exercise because as you know that 90% of the business is repeat business. So to break the barrier of market penetration at the right value it takes time. And we want to go very step by step in a stable manner. So this will take 4 to 5 years.
- Parth Patel:** Got it. And the INR20 crores is overall or every year INR20 crores?
- Shashank Agarwal:** No, no. Overall INR20 crores. Out of this INR20 crores about INR12 crores is in the building itself.
- Parth Patel:** Okay so that that is that is pretty cheap for FIBC?
- Shashank Agarwal:** Because we already have the extrusion and the weaving capacity. This is debottlenecking of certain sections not everything is coming up. It's more of debottlenecking.
- Parth Patel:** Got it. Got it. That makes more sense. And so what will be the capacity enhanced after that?

- Shashank Agarwal:** So we will move from a -- so the current capacity is at about 18,000 tons. So this will become 24,000 tons by the end of the expansion.
- Parth Patel:** Okay. Got it. Got it. Got it. And just one final question if I can squeeze it in. I just wanted to know that the new Gajner Road warehouse that for the logistic cost and capital working capital how will it impact us?
- Shashank Agarwal:** So from a working capital perspective it will really not make a change, but more from a change of operating expenses because this is an automated warehouse. The retrieval time, the quality of storage, the safety standards that are set and from a wastage perspective.
- Parth Patel:** Got it. So logistically it will become much better and less time consuming?
- Shashank Agarwal:** Yes absolutely.
- Parth Patel:** Makes sense. Sir that is that was all from my side. I'll join the queue again for any follow up questions. And I just want to wish you all the best for the future. Thank you so much.
- Shashank Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Viraj Shah from JJ Investments. Please go ahead.
- Viraj Shah:** Yes, hi. So first of all good morning. Sir congratulations on the strong Q3 performance and the successful incorporation of the JV in January. I had a few questions. Firstly I joined a little late. I don't know if our questions have been answered previously. So my question would be could you break down the total capex that we have inputted for the specifically for the JV? I am looking for a split between equity contribution and debt?
- Shashank Agarwal:** This question is pertaining to the JV right?
- Viraj Shah:** Yes, correct.
- Shashank Agarwal:** So there is INR20 lakh that has been invested into the JV.
- Viraj Shah:** Okay. There's no debt?
- Shashank Agarwal:** There is no debt.
- Viraj Shah:** Okay sir. Noted. Sir next question would be how would you describe the competitive landscape in this market? Are we entering in a crowded space? Do you see a gap or any high quality manufacturers like ourselves in this market?
- Shashank Agarwal:** So it is it is not a crowded space at all. Rather it's a very novel and niche space. Currently it will substitute imports that are coming on from Europe. And secondly because of the

availability of this yarn this market will expand. Currently this yarn is being imported with a longer lead time and at a much higher price. Once we are there in the market because the price will also be attractive and the material will be available locally it will enhance the market size itself. Currently it's a niche product.

Viraj Shah: Got it. One last question sir. How are we specifically different means your materials how are they specifically differentiable from other established suppliers, what are what is our USP serving the B2C industry?

Shashank Agarwal: Again about ESSEKAN right?

Viraj Shah: Sorry? Yes, correct.

Shashank Agarwal: Yes. So first it's made out of polypropylene so it's about 30% lower weight compared to polyester. Second it is non-toxic to the environment and to the human body because it is inert it is polypropylene. Third it is 100% recyclable, but polyester with PVC coating is not recyclable. Fourth it is meant for outdoor furniture means that it can last much longer. So a combination of all these things today is not present in the market.

Viraj Shah: Okay. Got it. Sir is there any cost efficiency in this? Are we advantageous related to cost?

Shashank Agarwal: It's a value creation product. It is not a cost optimizing product. So it is a more of a luxurious value creation.

Viraj Shah: Noted sir. Got it. Thank you so much sir. This answers all my questions. Thank you so much. Congratulations. All the best.

Shashank Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Praveen Sharma an Individual Investor. Please go ahead.

Praveen Sharma: Good afternoon, Shashank. Congratulations on excellent result in Q3 and my first question is at slightly higher level. What I see is basically India is a leader in FIBC and FIBC bags. Now what is the moat India has against countries like Bangladesh. My question is that labour there is very cheap and we have seen that in the decent deal between Bangladesh and US beside that they will have a zero rupee import raw material.

So what prevents them from actually entering this particular space and putting up capacities, buying raw material subsidy, granules from US and putting up facility here. This is my first question. And the second question is in recent 1 year, 2 years generally FIBC segment in India, market in India, companies in India doing very well.

So what is the tailwind in this particular sector. Of course, the companies like Kanpur Plastipack are doing accidentally well within the segment, but in general there is a tailwind which we are seeing, so what is the reason for this 1 year, 2 years last 1.5 years or 2 years suddenly there is a decent amount of profitable growth in this particular segment? These two are my questions?

Shashank Agarwal:

Praveen ji thank you for asking both the questions. First Bangladesh – so this product is not only about being manpower intensive, it is also being very supervision and management intensive in addition to supply chain management. Bangladesh inherently has a disadvantage because it does not have the raw material and also the shipping ports are not the most efficient in terms of the routines that are available. It is a very time sensitive product and so that's one.

Secondly most of the end users are fortune 500, fortune 1,500 companies. Unfortunately the labor practises sometimes becomes the critical point where India is able to score much higher as a country. Thirdly it is also extremely real estate intensive. So across all our units put together we are about 10 lakh to 11 lakh square feet now.

Bangladesh somehow does not have real estate available with them that is also very big disadvantage. The availability of engineers, management, graduates to supervise these operations is also extremely poor in Bangladesh and the final thing is that the entrepreneurship that is there in Bangladesh is driven more by textiles rather than industrial packaging. So textiles is a far more – it's a customized product, but it's a standard product.

So there is mass customization in textiles and that is how they are tuned. We are more tuned to mass customization. So an average order length only runs on our line for maybe 6 to 9 hours as against our textile product that could run from maybe 20 days. So that is why it's becomes extremely management intensive.

So this is the reason why India has been able to consistently do better than Bangladesh and Vietnam both. Regarding the question of the duty structure of India versus Bangladesh. Bangladesh had a 0% duty in EU, which India will have from next year. So, this will become a very big moat from next year onwards, because today Bangladesh has about 12% of the EU imports

Although US imports are only about 6%. So, the commodity in the lowest segment of the product might move to Bangladesh in USA, where inventory is not a challenge, lead time is not a challenge, the quality consciousness is not a challenge, and the social audit rules are not so stringent. But the higher segment, the medium segment will still remain in India and Turkey.

Regarding the second question of the tailwinds in the FIBC industry, so the business is getting more and more complex as the time is proceeding because rather than complexity improving to simplification, it is going on becoming more stringent and more complex, A) Due to the unavailability of people -- trained people to work, B) Due to the migration of the customers

who used to buy from Mexico and Turkey to India. So, more complex bags are coming in to the country.

And the total global packaging space itself is growing at a rapid pace. So, overall, that is the reason why tailwinds are there with the country. And the rupee has been depreciating as well.

Praveen Sharma: Okay. Thank you for that answer.

Moderator: The next question is from the line of Parshwa from HDFC Bank. Please go ahead.

Parshwa: Hi, sir. So, just wanted to understand that like our FIBC is right now 90% export and 10% domestic. How is the margin between both export and domestic?

Shashank Agarwal: It is similar.

Parshwa: It is similar only?

Shashank Agarwal: Yes.

Parshwa: Okay. So, what are the domestic challenges? What is the reason, we are not very much focusing on domestic and focused on export only, when so much geopolitical changes are happening globally? Why not focus on domestic? So, just wanted to understand the domestic part of it.

Shashank Agarwal: So, the answer in two sections. First is that, the industry produces in India about 45,000 tons per month of FIBCs. And the domestic market is at about 6,000 to 7,000 tons, which is about 15%. So, we are not way off from the industry average of percentage of export to domestic that is first section.

The second part is that the domestic industry has three segments. One is the higher segment of food, pharma, and carbon black. There is a second segment which is of agri and chemical exports. And then there is a third segment of mining, petrochemicals, and commodity.

We are present in the second segment and the first segment. We are not present in the third segment. The third segment itself is the majority of the industry itself that is at a much lower margin.

Parshwa: Understood. Got it. And so, when we say first and the second segment, that would comprise of how much? 20-25% of the entire industry?

Shashank Agarwal: Yes, about 20% of the entire Indian FIBC industry. Yes.

Parshwa: FIBC industry? Third, you said is mining, petrochemical.

Shashank Agarwal: Correct. And commodities like cement, building materials.

- Parshwa:** Got it. Those would be standardized bags, basically.
- Shashank Agarwal:** They are not only standardized, but they are also extremely low requirement of certifications and audits.
- Parshwa:** Understood. I think that is it from my side. Thank you.
- Modertaor:** Thank you. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** Yes, sir. I just put forward the questions. Firstly, sir, you did allude to the fact of raw jute crisis and that may be emerging as an opportunity for us. So, in terms of volumes uptake that we may expect from this going ahead, if you could just give some color.
- And then previously in the last call, you did mention about the benefits from the Valex acquisition would be there in quarter three. So, how much have Valex contributed in terms of the bottom line?
- And thirdly, about the Italian JV service, you were just alluding, answering to other participants. So, when will we start booking revenues from this JV, sir? These are my set of questions.
- Shashank Agarwal:** ESSEKAN, we will start booking revenue from next financial year. Valex, I think it has been misunderstood, because we have never said that, there will be a significant increase in either the revenue or the profitability at Valex ventures in quarter three. It is more of a directional thing.
- It will take a couple of years to see any significant results, because the end user marketing and B2C relationship takes time to break in. So, the team is there. Experimentation is happening of what is the right business model to scale up there.
- And regarding the first question, so in terms of volume, I would say that in this quarter, about 20% to 30% of our volume would go to the government product.
- Saket Kapoor:** Okay. That is the FIBC?
- Shashank Agarwal:** No, it is not FIBC. It is PP Woven Sack.
- Saket Kapoor:** Okay. So, then that will be a margin dilution, sir, for this quarter?
- Shashank Agarwal:** It will not be a margin dilution. It will be in a similar margin range because it is opportunity driven. It is a one-time opportunity driven thing.
- Saket Kapoor:** Okay. And then for the tonnage from the FIBC segment, that will take a backseat, since I think so there is only the...

- Shashank Agarwal:** So, Fabric will take a backseat. FIBC will remain as is.
- Saket Kapoor:** Okay. So, in a nutshell, as you mentioned earlier in the call, that we may be expecting better performance of both operationally and financially for quarter four versus quarter three. And these are the factors which you just alluded to. So, that understanding is correct, sir?
- Shashank Agarwal:** Broadly, yes.
- Saket Kapoor:** Okay. If I am missing anything else, then please add to it.
- Shashank Agarwal:** No, you got everything.
- Saket Kapoor:** Okay. Right, sir. Thank you, sir. And all the best to the team. And greeting to Manoj ji also, sir, not spoken this time.
- Manoj Agarwal:** Thank you, Saket ji. I was listening. Everything has been done so well.
- Saket Kapoor:** Yes. Thank you, sir.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference to Mr. Shashank Agarwal, Deputy Managing Director, for closing comments. Over to you, sir.
- Shashank Agarwal:** I would like to thank everyone who has joined the call and took out this time. We will come up with a couple of clarifications that have been asked and remain unanswered. Thank you for joining in today.
- Moderator:** Thank you very much, sir. On behalf of Kanpur Plastipack Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.