Uflex

Operator: Good morning, everyone. This is the fourth day of the Bharat Connect conference. I welcome you all to the call of Uflex Ltd. Today, from the management, we have Mr. Arun Kumar Sharma, President—Finance and Accounts and Chief Financial Officer of the company. We also have Mr. Surajit Pal, Vice President and Head of Investor Relations, and Mr. Manoj Pandey, Manager—Investor Relations of the company.

Before I hand over the call to the management, I will lay out the flow of the event. We will start with a brief introduction and opening remarks by the management, and then we will move on to the Q&A round. Participants who would like to ask questions can raise their hand or put their questions into the chat box. We will prioritize questions from participants who have raised their hand and then move to the chat box. If time permits, we will take some questions from participants who were not able to join the call. Over to you, sir.

Arun Kumar Sharma – CFO: Thank you. Good morning, everyone. I would like to thank the Arihant Capital team for inviting Uflex Ltd. to the Bharat Connect Rising Star September 2026 virtual conference. It is a valuable platform to engage with our existing and prospective investors and other market stakeholders. I also thank everyone for joining us today as we discuss our growth journey ahead following our Q1 FY27 performance.

For those joining us for the first time, let me briefly introduce Uflex Ltd. Uflex Ltd. is India's largest multinational flexible packaging solutions company and one of the few globally integrated players across the packaging value chain. We start with virgin and recycled PET chips, which are key raw materials for PET bottles and BOPET films, followed by packaging films such as BOPET, BOPP, CPP, metallized, Alox-coated, and recycled BOPET films, which serve as key substrates for flexible packaging applications such as pouches and tubes. This is complemented by intermediate products, including inks, adhesives, holography, printing cylinders, and packaging-related engineering solutions.

This enables us to offer end-to-end packaging solutions, including laminates, pouches, tubes, WPP bags, and aseptic liquid packs to our clientele. Our integrated product portfolio serves leading global brands across FMCG, food and beverages, pharmaceuticals, and personal care, while providing greater supply chain control, operational integration, and comprehensive packaging solutions globally.

Now we move on to the key financial highlights for Q1 FY27. Over the last 2 quarters, Uflex Ltd. has continued to deliver strong and consistent performance. Q4 FY26 ended on a strong note, and Q1 FY27 built further on that momentum, giving us a robust start to fiscal year 2027. This strong performance comes despite a challenging operating backdrop marked by elevated crude and energy prices, higher logistics costs, supply chain disruptions, and resulting price and demand volatility amid the ongoing West Asia conflict and tariff-related uncertainties. Our integrated business model, global footprint, and disciplined implementation provide a strong foundation for FY27.

Consolidated revenue for Q1 FY27 grew 38% year-on-year to Rs 53,972 million. EBITDA rose 92% year-on-year to 9,198 million, with the EBITDA margin expanding by 480 basis points year-on-year

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to 17%, marking our highest EBITDA performance in the last 21 quarters. Normalized EBITDA grew 78% year-on-year to 8,373 million after adjusting for an Rs 825 million forex gain on derivative transactions. Our normalized EBITDA margin expanded by 350 basis points year-on-year to 15.5%.

Uflex Ltd.'s 38% year-on-year growth translated into incremental consolidated revenue of 14,753 million in Q1 FY27, of which 80% was contributed by overseas operations and 20% by Indian operations. From a business segment perspective, packaging films, including PET chips, contributed 82% of the incremental revenue, while the packaging business contributed 13%. Our overseas operations contributed around 99% of the incremental EBITDA of Rs 4,410 million in Q1 FY27, reflecting a significant improvement in overseas profitability and driving consolidated EBITDA growth. Consolidated net profit after tax and non-controlling interest was Rs 4,233 million, with a net margin of 7.8%, compared to 580 million and a net margin of 1.5% in Q1 FY26. PAT margin expanded by 630 basis points year-on-year during the quarter.

Now we will discuss the growth drivers in Q1. Overseas operations drove Q1 FY27 growth and profitability. Margin expansion was driven by operational leverage, stronger realizations, the pass-through of higher raw material costs, currency tailwinds, and localized sourcing premiums. Overseas operations, especially in Egypt, Mexico, and Nigeria, alongside our India PET chip business, served as key growth drivers of our profitability.

Total sales volume in Q1 FY27 increased 1.7% year-on-year to 173,471 metric tons. Packaging films contributed 78.5% of the total sales volume, while the packaging business contributed 21.5% in Q1 FY27. Packaging film sales volume grew 4.9% year-on-year during the quarter to 136,186 metric tons, supported by a preference among converters to source packaging films from local and regional producers.

Overall packaging volume was lower by 8.4% year-on-year at 37,285 metric tons, primarily due to 2 factors. First, there was a strategic shift towards the higher-margin flexible packaging business in the Indian market. Second, there was softness in aseptic packaging volumes due to aggressive duty-free imports into the Indian market. Overseas aseptic volumes were also impacted by a higher mix of larger pack sizes and some logistics disruption in consignment deliveries due to the West Asia crisis.

Now let us go into the geography-wise split of our packaging film sales volume. In India, packaging film sales volume increased 9.1% quarter-on-quarter to 29,323 metric tons. Domestic demand improved sequentially as converters and brand owners gradually resumed purchases following price normalization in May and June. However, demand remains softer year-on-year, as Q1 FY26 had a higher base due to a temporary industry-wide supply shortage following the outage of a large production capacity.

Moving on to the US and Mexico, sales volume increased 18% year-on-year to 31,724 metric tons. This was supported by the US government's push for domestic production and onshoring amid evolving trade policies. Constrained imports from West Asia and India are expected to sustain the positive volume growth outlook ahead.

Moving on to European operations, including Poland, Hungary, and the CIS, sales volume was broadly flat year-on-year at 35,653 metric tons, amid continued pressure from low-priced imports

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and a strategic focus on value-added films, particularly in Hungary. BOPET film sales in the CIS benefited from steady demand, while CPP volumes were impacted by increased availability of low-priced imports.

In the Middle East and African region, comprising Dubai, Egypt, and Nigeria, volumes increased by 16.5% sequentially and 14.9% year-on-year to 39,486 metric tons, primarily driven by strong local and regional sourcing as customers de-risked their supply chains amid the West Asia crisis. Egypt led the growth, while Nigeria benefited from robust export opportunities and improving domestic demand.

Now we will cover our strategic expansion and project execution. On the strategic expansion and capex front, we incurred 4,782 million in capex in Q1, primarily allocated across 4 key projects: Egypt, Mexico, Noida, and the Dharwad BOPP line. We have also made meaningful progress on capacity expansion. A 39,600 metric ton per annum recycling plant at Noida Sector 155 was commissioned on April 30, 2026. An 80 million-unit WPP bag plant in Mexico was commissioned on July 31, 2026. Our 12 billion-pack greenfield aseptic project in Egypt is underway and is expected to be commissioned in H2 FY27.

Business outlook for FY27: For FY27, we expect approximately 30-35% growth in revenues and EBITDA, supported by multiple growth levers gaining traction. These include sustainable higher realizations.

Management: Barring some seasonality inherent in the industry and improved utilization in the recently commissioned capacities, including the 39,600 metric ton per annum recycling facility in Noida Sector 55, the 80 million-unit WPP bag facility in Mexico, and 2 coating lines in Egypt and Mexico, these capacities are expected to progressively contribute to revenue and EBITDA as utilization increases.

Besides this, growth will be supported by product mix optimization. In India, the flexible packaging business, the commissioning of the 12 billion-pack aseptic packaging capacity in {? India ?} by H2 FY27, and incremental headroom for higher utilization across India, Nigeria, the CIS, and Mexico will support growth. With that, we would be happy to take your questions and provide any additional information that may assist you in your analysis and understanding of the company's performance and growth prospects.

Operator: Thank you very much, sir, for that brief introduction and opening remark. Participants who would like to ask questions can raise their hand or put their questions into the chat box. I repeat, participants who would like to ask questions can raise their hand or put their questions into the chat box. We will wait for a few seconds so that the question queue can stabilize.

I request participants who would like to ask questions to raise their hand or put their questions into the chat box. Sir, we will take our first question from Deepak Malhotra. Please go ahead and ask your question.

Deepak Malhotra: Hello?

Arun: Yes, hi.

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Deepak Malhotra: Am I audible, Arun?

Arun: Yes, you are very much audible.

Deepak Malhotra: Thank you. Thank you for the presentation. My question is very specific. As you mentioned, the background environment in Q1 was quite tough and challenging, but despite that, Q1 was quite spectacular, as you outlined in the presentation. End-user customers were stocking up on what they needed. Even now, in Q2, which is still in progress, we have seen, for example, BOPET prices for 12-micron standard plain film move down to 120 and then back to 150-plus. We are also witnessing a similar trend in BOPP, where there is volatility.

I want to understand whether we are witnessing the same level of spreads in Q2 for both BOPET and BOPP as we achieved in Q1. How is the situation looking in terms of demand and supply? Thank you.

Arun: Thank you, Deepak, for the very interesting question. You are right that prices have firmed up in August and September in BOPET as well as BOPP films because underlying crude prices are also very high and supply chain disruptions are occurring.

Our spread has also increased. Generally, when crude prices go up, the final price also goes up. Most probably, we are able to pass on the higher price to our customers because we have quantity contracts with customers, but the price depends on the prevailing market situation. If you see our spread from June and July, it has gone up, and it is continuing to increase. To give you a specific figure, let us not get into the exact number because you must be aware of that number, but it has already gone up by {? 15% ?} approximately. The spread has gone up in BOPET films, and in BOPP it has gone up slightly more. It has gone up by almost {? 22% ?} basis points.

Prices are good as of now. Secondly, regarding your point about performance despite so much complexity in the world market, any company that is geographically spread out—as we are, with 9 locations across various continents, including Egypt, Poland, Hungary, Nigeria, Dubai, the US, and Mexico—is able to service customers from those locations itself.

Customers rely on 2 things. One is the consistent supply chain that we are able to ensure for them, and the other is the supply of the quantities they demand. Any company exporting from India will have difficulty finding containers. Containers are very expensive, and obtaining them is also very difficult.

Our strategy of spreading our production facilities across all the continents is helping us significantly in this difficult scenario in the world market. That is really impacting our growth positively. We hope that in Q2 also, whatever growth we achieved in Q1 will be reflected, or that we will see a similar growth pattern in Q2. Prices are firming up, and when prices firm up, the spread also goes up. I hope I have answered your question, Deepak.

Deepak Malhotra: Yes, thank you so much, Arun. What I understand is that Q2 is also likely to maintain the momentum we witnessed in Q1. Is that correct?

Arun: Momentum means—I would again like to stress this point—do not look only at the numbers because Q1 EBITDA numbers may be slightly different from Q2 EBITDA numbers. However, as we

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also gave guidance in our earnings call, we are expecting growth for the full year. Quarter-on-quarter figures can change because some shipments may be delayed or some shipments may not go, so we may not be able to book those sales. The cutoff is September 30 at 5:00 p.m. or 7:00 p.m. After that, any shipment goes into the next quarter.

In that way, sales and EBITDA can fluctuate marginally from Q1 to Q2. However, for the year as a whole, we maintain that we will continue to grow by around 30% from FY26 in both the top line and the bottom line.

Deepak Malhotra: Just one follow-up. Since you mentioned that it is now a global product, India's share of your sales is relatively small compared with 25 or 30 years ago, when I used to follow the company during Mr. R.K. Jain's time.

Arun: You are a veteran.

Deepak Malhotra: My question is about the reciprocal tariffs issue in the US. Now that the issue has been resolved, you would have seen some sales taking place there and also received some refunds. That is the first point.

Second, in terms of BOPET, you are also receiving support from the government because it is being used more under their packaging order, which encouraged greater use of BOPET. How are these 2 factors impacting the business, Arun?

Arun: You are correct. Whatever tariffs we paid in Q1 and last year have already been refunded because I think the court ruled in favor of the companies. We are yet to see what is going to happen because the US President now has the power to impose a lot of tariffs, but he has not spelled anything out yet. Let us hope that he does so with restraint.

A lot of diplomacy is taking place between India and the US. Our Commerce Minister is currently in the US and is trying to negotiate many matters there. Those matters are still ongoing. What was the other question?

Deepak Malhotra: The other question was about the greater use of BOPET in terms of recycling.

Arun: Yes. Our focus has been to set up recycling plants across the majority of our locations. We have a large recycling plant in Noida, which will serve as a significant growth driver going forward. Sustainability and the circular economy are emerging strongly in the packaging industry.

All the recycling facilities being established in India, Egypt, and Mexico are going to be significant growth drivers in the years to come. You will see challenges emerging for companies that do not have these facilities because the government will mandate how much recycled PET chips must be used. Such mandates will come, and some mandates have already been introduced and are being implemented.

These developments are working in our favor, and I think they will be a major benefit for Uflex Ltd. The company has established these facilities well in advance. Therefore, if any levies, penalties, or other requirements arise, I think Uflex Ltd. will be a major beneficiary of all these facilities established in India, Egypt, Mexico, and other regions.

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We have established facilities across locations. In Mexico, we have a recycling plant; in Poland, we have one; in Jammu, we have one; in Noida, we have a larger one; we have one in Madhya Pradesh; and we have one in Egypt. We have established these facilities everywhere, anticipating that this requirement would emerge over the next 1 or 2 years and that the government would mandate the use of a certain amount of recycled material in manufacturing. Once that mandate comes, we will be able to benefit from it because we are complying with government requirements well in advance. Sushrut wants to add something. Yes, Sushrut will add something here.

Deepak Malhotra: I have one last question, which is again very relevant to the industry. It concerns the anti-dumping duty imposed on China and, secondly, the Chinese involution policy. How are these developments affecting the business, and what is your view on them, Arun? Thank you.

Arun: The anti-dumping duty has been extended by 5 years. That is a positive development for our industry. I think it is applicable from 2026 to March—it has been extended for 5 years in March 2026. At least until the 31st, we have this benefit. Let us not get into exact figures, but this can benefit the industry. I will not say that it will benefit everyone, but the benefit that can be passed on is approximately {? 0.20 dollars ?} per kg for the industry, which is also in the offing.

That is positive for the industry because China was dumping heavily in the Indian market. Now I think we will be in a much more advantageous position. This will provide us with good headroom across these facilities.

Deepak Malhotra: To push on that a little, Uflex Ltd. is a global player and India is a relatively small portion of your business, which is also typical of other players in the industry. I am not sure whether you participated in the anti-dumping application, as one of your competitors did not participate because 80% of its business is global. Your operations are also substantially global. How does this really benefit you? As you correctly said, it benefits only a few players. Does it benefit you, Arun?

Arun: Yes, it will help us because the pricing of the finished product will improve to that extent, and margins will improve to that extent. Whatever we do in India—India accounted for 20% this quarter, but the usual ratio until last year was 65-35—we will see what happens this year. It should not be less than that because we try to sell products where the benefit is greater.

In general, when the duty is imposed, prices firm up, and the price benefit of 0.20 dollars per kg will provide a good benefit to our Indian operations. Sushrut wants to add something here.

Sushrut: If you look at this, the restriction is on virgin chips, correct? In virgin chips, we have a 1,68,000-ton plant in Panipat. It is approximately 27 months old and is comparatively quite new. Our plant can produce either 100% bottle-grade or 100% film-grade material.

Either way, both types of PET chips will be beneficial for us. That is why Arun is saying that the benefits will be significant. Whatever increase occurs in raw material prices, we will pass it on through the film price.

In addition, when we sell chips in the Indian market, particularly bottle-grade chips, which command a premium over film-grade chips, we will also receive an additional benefit in terms of margin and realization.

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Deepak Malhotra: Excellent. Finally, regarding Chinese involution, could you provide some more detail and shed some more light on it?

Sushrut: Regarding your chips?

Deepak Malhotra: Chinese involution. Has it really made any difference on the ground in terms of the quantities they are dumping and the prices at which they are dumping?

Sushrut: Earlier, there was a restriction on most companies except one company called Wangkai. What has been observed is that, in the name of Wangkai and without Wangkai's knowledge, many other parties are also dumping PET chips in the Indian market. Therefore, the government also imposed a restriction across...

Management: ...the Chinese companies, including [inaudible]. As a result, this will benefit everyone. We believe that since the restriction has been imposed for 5 years, industry players are also mindful that they should not quote any nonsensical prices, but should price above cost and achieve a sizable realization. I think that is the industry's understanding, and that is the direction in which we will proceed.

Management: With this duty, China will not be able to make a good profit here. Any company that is not making a profit will not want to sell too much. Therefore, China will stop dumping most of the material here, and this will not continue. I think the government has taken the right step in the right direction to help Indian companies compete with China. With this, our material will become more competitive, and we do not expect any major impact from China going forward.

Mr. Paul: We also have one observation to add. Because of the restriction and the movement in oil prices, China's reservoir allocation to its internal petrochemical companies has been issued with certain limitations. This means that their PET chip production will primarily serve domestic demand rather than being exported heavily to the global market as it was previously. Of course, there will still be exports.

As a result, the pressure on the Indian market from China will not occur to the same extent. The global crude scenario is not providing China with a comfortable position to use more and more crude to produce more and more PET chips as a byproduct. That is another positive aspect of this development.

Arun: Deepak, you are such a veteran and know the industry so well. I think we are in a good position now, with the expansions we have undertaken over the last few years, to handle the pressures and uncertainties currently present in the market.

Deepak – Analyst: Thank you so much, Arun and Mr. Paul, for answering my questions. I wish you all the best.

Arun: Thank you, Deepak, for the good question. Have a good day.

Operator: Thank you very much. Participants who would like to ask questions can raise their hand or put their questions into the chat box. We have some questions from Debashree Dev. The question is: As packaging is facing challenges, particularly in aseptic packaging, how are you viewing the

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scenario? Second, I want to understand how Uflex Ltd. differs from EPL in terms of products in flexible packaging and customers. What is Uflex Ltd.'s competitive edge over its peers?

Management: Flexible packaging is always a value-added business for us, and we have established a large facility in India as well as in Egypt. Both these facilities are doing well as of now. The Egypt facility we have established will supply the Middle East, European, and African markets.

We are tying up with customers there. Our plant is almost ready, samples are being sent to customers, and we are receiving very good feedback from customers on the quality of the products we are making. In aseptic packaging, quality matters the most, along with the ability to supply large quantities at good quality and a good price.

We are able to supply substantial quantities from our Indian facility to large FMCG companies, and we are also receiving a very good response from Egypt. More or less, all our approvals are now in place, and the plant should begin commercial production very soon, once all the approvals are received.

As the latest plant, we also have a cost advantage over our competitors. Because the capacity is large, we are able to supply uninterrupted material to our customers. This is all against contracts; it is not made to stock. It is essentially made to order.

We believe that with the new plants and new technology we have established in Egypt and India, we have an advantage over our competitors and will be able to deliver good-quality products to our customers at competitive prices.

Operator: I would like to know the current capacity utilization at the Egypt plant. Could you please provide that information?

Management: Egypt has not started operations as of now because commercial production will start in H2, as we told you. However, we have started making samples there and are seeking customer approvals. Progress has been very encouraging.

In the Indian market, we are using approximately 73%...

Management: 73%.

Management: Around 75% of the capacity is being used in the Indian market, and demand exists for these products because more and more people are moving to aseptic packaging.

In Egypt, during the first year, we will use approximately 30-35% of capacity. In the second year, it will be around 70% or so, and in the third year, it will reach 100% capacity. We are receiving a good response from customers for orders. Once we announce commercial production, we will see capacity ramp up according to the schedule we have defined.

Operator: Debashree, please unmute yourself if you have...

Arun: Debashree, is there anything else we can help you with?

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Debashree Dev – Analyst: Yes, one more thing. In the conference call, you mentioned that the aseptic packaging business in India is currently facing some challenges from Indonesia because ADD [inaudible] is not applicable to the same extent, and you said that the situation would improve in the near future. In what way do you see better prospects, and how could this benefit the aseptic packaging market in India in the near future?

Management: Aseptic packaging has to grow in India because that is the future of packaging. As of now, we are using 75% of our capacity. The only point is that you are referring to competition from overseas players in Indonesia and elsewhere. That competition does exist, but I do not think those players can compete with us in larger quantities.

Once our Egypt plant also comes up, we will have a significant increase in capacity utilization, and we will be one of the largest producers of aseptic packaging in India as well as overseas.

Sujit: Debashree, this is Sujit. As Arun said, what we are targeting is to expand the market in India. If you believe in India's growth story, urbanization is also one of the key elements of our overall assumption.

This means that greater urbanization will lead to greater use of packaged food and greater use of aseptic packaging. The market will expand, and that is how existing players will benefit.

Debashree Dev – Analyst: Thank you.

Operator: Thank you. Participants who would like to ask questions can raise their hand or put their questions into the chat box. I repeat, participants...

Debashree Dev – Analyst: I have one more question, about debt. I can see that debt is on the higher side. How are you planning to manage it in the future, and what are the prospects for debt in this case?

Arun: On a standalone basis, debt may appear to be on the higher side, but if you consider the EBITDA growth that is coming through, the expansions we undertook over the last 3 years are now yielding results for us. Some expansions, such as WPP this year and Egypt this year, have not yet started yielding results.

Despite that, last year our net debt-to-EBITDA ratio was around 4.5 times. This year, in Q1 itself, we reported net debt-to-EBITDA of around 3.5 times. We are very conscious of our debt and do not want it to increase. Whatever expansions we are undertaking now are being carried out with the conscious objective that they should begin yielding results as soon as the plants are completed.

You can see that we have optimized our ratios quite significantly compared with last year, from around 4.3-4.5 times to 3.5 times, which is a significant improvement. As I also said on my call, we are mindful of the capex being undertaken now, and you will see the intensity of capex moderating going forward.

Once the intensity of capex moderates, EBITDA will impact our ratio in a significantly positive way. Our net debt-to-EBITDA is around 3.5 times. We have not increased our debt in Q1, and in Q2 also you will not see any major change in our debt profile. Our ratio will be in the range of 3-3.5 times.

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Within the next 2 years, we have committed to bringing this ratio to around 3 times or slightly below 3 times. By FY28, you will see this ratio coming down to around 3.2–3.1 times, and by FY29 it should be below 3 times.

We are making a consistent effort not to operate with high leverage. However, this leverage helped us grow because, in these difficult times, if we had not established these plants, we would have been in a very difficult situation in terms of EBITDA.

If you exclude the existing projects that are not yet yielding results because they have not yet commenced commercial operations, and exclude those figures from overall EBITDA and debt, then even today we should be in the region of 3 times.

That is the right way to look at it. In infrastructure, or in a large plant that has been established, I always say that you should take out the CWIP that has not yet yielded results or has not yet been commercialized. If we take that out, then while overall net debt-to-EBITDA is 3.5 times, excluding the CWIP that is not yet yielding results or is going to be commercialized in the next 2 quarters, we should be in the region of 3 times.

That is under control, and we are paying everything on time. On the contrary, we are also trying to reduce our cost of funds by refinancing our debt with better instruments. All of this is taking place, and in the background, when we close FY27, you will see significant improvement in our leverage as well as our interest cost.

Arun: Does that answer your question, Debashree?

Debashree Dev – Analyst: Yes, absolutely. Thank you.

Arun: Thank you, Debashree, for the relevant question.

Operator: We will now take some questions from the chat box, as we have a few questions there.

Arun: Yes, please.

Operator: The first question is from Dev Gulwani. The question is: Despite record profitability, the company's debt has been increasing significantly, to the extent that total debt-to-equity and debt-to-EBITDA in FY26 were more than 5 times. What is the company's plan for its debt profile? Is there any plan to bring it below 2 times EBITDA? That seems to be a significant drag on the company's market capitalization.

Arun: I have just answered this question. Net debt-to-EBITDA, based on the calculation, was around 4.5 times in FY26, but if you track it in the first quarter of FY27, it was in the range of 3.5 times.

If you take out the projects that have not yet been commissioned, although the projects have been completed, debt has been taken for projects that will be commercialized during this year, then we are at a level of 3 times after taking out those CWIP figures.

Therefore, I do not think the concept of high leverage is being overstated. As far as the company is concerned, we are very much in control of our debt profile. The company has never defaulted on any debt for the last 25–30 years. The company is paying interest, and we are also working

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consciously on refinancing with new instruments so that we can reduce our costs.

You should also not calculate net debt-to-EBITDA simply by taking the figures at face value. You should also give us the benefit of those CWIP figures on the debt side. If you take those figures out of debt because those CWIP assets are not yielding any EBITDA for us as of now but will yield EBITDA going forward, then we are in the range of 3 times net debt-to-EBITDA, which is quite reasonable for a company on a growth path.

I want to reiterate this point again and again: high leverage has always been a topic raised by investors, but we are not a highly leveraged company because our EBITDA is also growing accordingly. Three times in our type of industry is not very high leverage. Secondly, we are also...

Arun: ...rated by 2 rating agencies: Crisil and India Ratings. They have rated us in the double-A-minus category. They also take into account all these factors, including future prospects. As far as we are concerned, we are in full control. Our debt will not be a significant concern as far as our growth is concerned, and we will continue to optimize it going forward.

Operator: Got it, sir. Our next question is from Ashish Khandelwal. The question is: Earlier, we had an FX loss every quarter. Has that issue been resolved, and can we expect no such loss going forward?

Arun: FX losses and profits can change quarter-on-quarter because we are widely present across so many geographies. That is why we always provide numbers based on normalized EBITDA as well as the ultimate EBITDA, so that people can understand the impact.

Last quarter, it was just {? 75-odd crores ?}, which is not a significant amount. In an operation with a turnover of 20,000 crores, these things can happen because they are not within our control. However, we try to implement the best hedging policies available to us so that forex fluctuations result in smaller and smaller amounts.

These things can happen because the rupee has moved from {? 93 to 96 ?} and crude has moved from {? 98 to 107 ?}. There is significant volatility in the current scenario, so it is very difficult to control. However, we are conscious of this. We try to take action at the right time so that forex fluctuations, whether positive or negative, are minimized.

This may or may not happen in the current quarter because it depends on how the dollar-rupee rate moves, how other currencies move, and how other factors develop. These factors are part of the system because our currency is fluctuating significantly. We have to translate all our overseas operations because we operate in many currencies.

However, the impact is very minimal. It is not something that is disrupting our profitability or affecting our operations.

Operator: Got it. One question from the chat box is: What is the current capacity utilization of Hungary, the US, and Egypt?

Arun: All the capacities are being used quite significantly. The US is at 100%, Hungary is at 100%, and Poland is around 70% or so. Overall, our average capacity utilization is in the range of 70-80%.

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We have sufficient potential within the existing capacity to grow because the limited debottlenecking we undertake can increase our capacities. Overall capacity utilization is at a reasonable level. That is why we have to undertake a lot of expansion, because we see capacity utilization ramping up very quickly.

The moment we reach 70% capacity utilization, we have to establish a new plant in a geography where demand exists. We are conscious of that, and capacity utilization is good across all regions. India is above 75%. Dubai is slightly lower as of now because of the Middle East issues, and we are not producing as much there. Egypt is operating at almost full capacity. Nigeria is around full capacity. The CIS is around full capacity.

Poland is somewhat lower because of orders and other factors. We are conscious that we produce only what customers demand. Hungary is doing very well and is at full capacity. The US is at full capacity. Mexico has reasonable capacity utilization.

Overall, our capacity utilization is approximately 70–75%. That is why we have to expand so that we do not run short of capacity. In this industry, you cannot produce and hold stock; you have to produce according to customer requirements. Therefore, your capacity must always be up and running.

That is why you have seen our very aggressive growth over the last 2–3 years through the establishment of capex projects. We are going to reap the benefits of these projects over the next 2–3 years because the intensity of capex will moderate going forward. Our leverage is also moderating significantly, from 4.5 times to 3.5 times, and our capacity utilization is increasing.

Any industry that reaches approximately 75% or higher capacity utilization has to look for capacity expansion, either through debottlenecking or by establishing a greenfield project. We are conscious of this. That is why our growth has been good even in this turbulent period, and we will continue to grow in line with the estimates we have given you for the full year.

Operator: Got it, sir. We will take our next question from Saket Kapoor. Please go ahead, sir. Due to time constraints, we will take this question from Saket Kapoor as the last question, as we have a few questions in the chat box.

Saket Kapoor: Greetings, Arun and team. As you mentioned in your opening remarks and in response to the other participants, you discussed the ramp-up of aseptic volumes. The environment was not aligned with our business plans because of dumping and other issues. How do we see this segment contributing?

Secondly, you mentioned that BOPET and BOPP film prices have moved northward by {? 15 to 25% ?}. Have spreads moved accordingly, or has raw material pressure created this situation? What has led to this significant increase? How much is attributable to crude and how much to demand?

Arun: It is very difficult to differentiate between demand and crude-related factors. However, my personal view is that spreads are also increasing. Spreads will increase because we establish contracts for the quantities to be delivered, but prices depend on the ingredients that go into manufacturing the product.

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In August and September, spreads also increased, and rightly so, because companies are experiencing significant stress in the market. Indian companies are unable to export overseas because of container availability and the much higher freight cost.

Spreads are firming up, and that is resulting in a positive outcome for a company like ours. The second point was about aseptic packaging...

Saket Kapoor: Sir, one moment. When we are unable to export, how does that lead to better margins in the country? If companies have higher capacity, they then have to sell only in the domestic market. Could you explain that once again?

Arun: We are present across all geographies, so we are able to generate better margins by supplying from our regional factories. That is what is helping us. We have film lines across all the continents. We do not generally have to supply from India only to our overseas customers; we can also supply from overseas locations. That really helps us.

Saket Kapoor: Understood. One question from the chat box: What are the current utilization levels for the industry in both BOPET and BOPP films in the domestic market? Based on India's installed capacity, in what range are current utilization levels operating?

Arun: Our utilization in India is above 70%. India's utilization is also in the range of 65–70%. Let me explain what is happening, Saket.

The Indian consumer market is growing at a reasonable pace. Whatever domestic numbers you look at, Indian consumption is growing at 7–8%. As consumerism grows in India, and as this growth takes place against the backdrop of the delivery model, you will see aseptic utilization becoming increasingly prominent in daily routines.

Going forward, if India continues to grow at 7–8%, the packaging industry has to grow at that level because products are no longer sold openly; every product has to be packaged attractively. It has to be packaged in a way that is durable, provides quality to the product, and increases shelf life.

All these factors are helping Indian consumers obtain better products with a longer life cycle and better aesthetic appeal. These factors are helping the packaging industry grow significantly in the coming years.

The delivery model we are following means that almost everything is now delivered in India. That is also helping us significantly in utilizing these capacities. With the growth we are seeing in the Indian market, there could even be a capacity shortage over the next 1–2 years because demand is not declining.

The only issue will be pricing pressure because demand and capacity have to move together. Right now, we are seeing demand exceed the capacity we have. When utilization reaches 80% or 75%, it means that we do not have much spare capacity. If a small factory shuts down or any factory faces an issue, prices will immediately increase, as happened a year ago when an incident occurred at one of our competitors' plants.

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You should keep in mind that the Indian market is positioned for very strong growth. Consumers are demanding increasingly better products, and we are seeing demand and capacity utilization rise. We see very healthy growth for this industry in the years to come.

Surjit: As far as industry utilization is concerned, BOPET is roughly around 80%, including imports. For BOPP, including imports, current utilization is approximately 67%.

Saket Kapoor: Excellent. For aseptic packaging, what is our total utilization overall?

Arun: Apart from us, most of the companies are unlisted, so an industry-wide number is not available. For us, we are in the range of 70% and above.

We have good orders because we are now converting those orders into actual sales. You are right, Saket, that there was some competition from overseas, and we were receiving some material duty-free. However, that is also helping our demand.

As I said earlier, consumers are consuming more material now, and online portals are growing. Packaging is becoming a key requirement in the Indian market. Packaging in India is growing, and the intensity of growth is going to be much higher in our market.

Everything is now being packed in aseptic packaging. Juices and liquids, and even some drinks that were not previously supplied through online portals, are now being packed in aseptic packaging. There are some products that I think the government does not permit in this format, but the industry is moving in the right direction.

I can tell you that over the next 2 years, our Indian capacity will be insufficient. As of now, we are at an average of 70-75%, which can be considered almost full because we also have to undertake maintenance and other activities.

Aseptic packaging is somewhat different from other films and businesses because it involves highly sophisticated packing. If we continue growing at this rate, I think our capacity will be insufficient over the next 1-2 years.

Saket Kapoor: Thank you, Arun and the team. Thank you to all the participants.

Operator: Due to time constraints, we will have to conclude the call here. On behalf of Arihant Capital, I would like to thank you, the management, and all the participants for your time and for sharing your insights about the company.

Arun: Thank you very much. Arihant, you conducted this wonderfully. If any questions remain unanswered, you can write to us or to Surjit and Manoj, and we will answer those queries.

It would be our privilege to answer any questions that remain unanswered because we place great value on our investor relations and want to answer all questions to the extent possible. If someone has been unable to ask a question, they can write to us, and we will answer those questions as soon as possible so that all our investors receive the complete feedback they want from our industry and from us.

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That will be our endeavor, so please feel free to write to us. Our telephone numbers and email ID are provided on our website. You can write to us, and we will be delighted to answer all your queries.

We also gain from your questions and learn from them because you are all very experienced people in this industry. It is a two-way communication, and we truly value your participation in this conference. Thank you, Arihant, for conducting this.

Operator: Thank you, sir. Participants who still have doubts or questions can also contact the team at Arihant Capital. We will be able to address them through the management. Thank you very much, sir, and thank you to all the participants. We will now conclude the call.

Management: Thank you so much. Have a wonderful day ahead.

Operator: Thank you. Have a good day.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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