Kanpur Plastipack

Operator: A very good afternoon to all of you. On behalf of Captify Consulting's Investor Relations team, I welcome you all to the Q2 and H1 FY27 earnings call of Kanpur Plastipack Ltd. Today on the call from the management, we have with us Mr. Manoj Agarwal – Chairman and Managing Director, and Mr. Shashank Agarwal – Deputy Managing Director. I would now request the management to brief us about the business and performance highlights for the period ended September 2026, their growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

Manoj Agarwal – Chairman and Managing Director: I welcome you to Kanpur Plastipack Ltd.'s earnings call for Q2 FY27. Thank you all for joining us today and for your continued support and confidence in the company.

On behalf of Kanpur Plastipack Ltd., I extend a warm welcome to all our investors, analysts, and stakeholders to our earnings call for the quarter and half year ended September 30, '26.

Building on the strong start we made in the first quarter, Q2 FY27 has been another quarter of healthy growth for the company. Revenue for the quarter stood at Rs.235 crores, the highest quarterly revenue in the company's history, and profit after tax more than doubled year-on-year to Rs.15.1 crores. Compared with the first quarter, EBITDA grew by about 14.5% and profit after tax by about 24%.

This performance reflects the resilience of our business model, the confidence of our customers, and disciplined execution by our team.

The global business environment remained challenging during the quarter. Polypropylene prices moved back close to the high levels seen in March '26, owing to the continued geopolitical situation in the Middle East. High energy costs in Europe continued to weigh on the chemical industry, one of the key users of FIBCs, particularly in Germany. Although ocean freights eased during the quarter, they remained elevated, and constrained container availability continued to disrupt supply chains.

Despite these headwinds, our diversified export presence, long-standing customer relationships, and agile approach to procurement enabled us to deliver robust growth in profits.

Our focus remains unchanged. We continue to execute our long-term strategy of strengthening the quality of our business while creating new avenues of growth. Rather than pursuing growth purely through higher volumes, we remain committed to improving our product portfolio, expanding into value-added applications, and building capabilities that support sustainable profitability over the long term.

FIBC remains the cornerstone of our business, contributing approximately 66% of our manufacturing revenue for the quarter. Over the years, we have built lasting relationships with customers in international markets, which has helped us maintain a stable business through changing market conditions.

Our customer base across Europe, North America, South America, and other markets gives us resilience and a broad base for growth. Our continued participation in international trade fairs has

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strengthened our inquiry pipeline and helped us expand our reach into new markets.

As informed earlier, the capacity expansion of FIBC to add about 6,000 metric tonnes per annum in phases over 5 years and take the total capacity to about 24,000 metric tonnes per annum remains on track. Production has already started on the ground floor of the new building at Unit 3. The first and second floors are now expected to be completed shortly.

Our joint venture with Essebi Roma Italy, through Epican Private Limited, continued to build its presence in the premium taslan yarn segment. The internationally recognized certifications, Global Recycled Standard, also called GRS, and OEKO-TEX, will strengthen our positioning in markets, enhance customer confidence, and support value creation. These certifications mark a significant milestone in our journey towards sustainable innovation, superior quality, and global competitiveness. The response received from customers has been encouraging, and we are confident of scaling up sales in the next half of the financial year.

Our entry into the non-woven technical textiles segment remains one of the company's key strategic initiatives. We see significant long-term opportunities in this business across automotive interiors, geotextiles, artificial leather, carpets, footwear, and other industrial applications.

Despite slight delays due to heavy rains, we remain on track to commission the non-woven fabric facility in the current quarter, with the first line expected to be commissioned by November 15, '26. Once operational, this business is expected to gradually become an important contributor to our growth while complementing our existing packaging portfolio.

Together with our investments in premium polypropylene yarns and specialized applications, it reflects our vision of transforming Kanpur Plastipack Ltd. into a well-diversified industrial packaging and technical textiles company, expanding our addressable market while also improving product differentiation and value addition. Our entry into these spaces will also open up opportunities in select B2C-linked applications and further diversify our business model.

Sustainability remains central to the way we operate. During the quarter, about 52% of our power requirement was met from renewable sources. We continue to strengthen our ESG practices through responsible manufacturing, energy efficiency, recyclable product designs, and internationally recognized certifications.

Overall, while near-term market conditions may continue to see volatility, we remain confident in the strength of our business model, our customer relationships, and the strategic investments we have already made. Our objective remains clear: to build a stronger, more diversified, and future-ready organization capable of delivering sustainable growth and long-term value for all stakeholders.

With that, I would like to invite our Deputy Managing Director, Mr. Shashank Agarwal, to take you through the operational and financial performance in more detail. Thank you, everybody.

Shashank Agarwal - Deputy Managing Director: Thank you, and good afternoon to everyone joining us today. As the Chairman highlighted, we have continued the momentum of the first quarter into Q2. Let me briefly take you through the financial performance for the quarter.

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For the second quarter of FY27, on a standalone basis, despite a very challenging global environment, the company reported a total income of 238 crores, reflecting growth of about 43% year-on-year.

EBITDA for the quarter stood at 25.4 crores, registering 55% growth year-on-year.

The margin improved from 10.67% to 9.83% in the corresponding quarter of the previous year, broadly in line with 10.69% in Q1.

PAT stood at 15.10, almost doubled on a year-on-year basis, while basic earnings per share increased to 6.16 compared to 3.25.

For the half year ended September 30, the total income stood at 445.64, up by 28%, EBITDA at 47.59 crores, and PAT at 27.25 crores, more than double 13.07 crores in H1 FY26.

Basic EPS for the year stood at 11.11, compared to 6.26 in the corresponding period.

On a consolidated basis, total income for the quarter was 240.22 crores and PAT was 16.06, up by 100% year-on-year.

Export realizations remained strong. Export sales were 119.81 crores, marginally higher than 119.16, even though export volumes were lower at 4,757 tonnes against 6,591 tonnes.

During the quarter, realizations continued to remain strong, with the average selling price increasing by 14% compared with the previous quarter.

PP prices rose again during the quarter towards the levels seen at the end of March '26, but our pricing discipline enabled us to largely pass on the increase in input costs. As a result, the manufacturing segment margin improved to 11.65% from 8.95% in Q1 FY27 and 6.34% in Q2 FY26.

This, coupled with our disciplined procurement strategy and improved product mix, contributed to stronger margins during the quarter.

In trading, segment revenue was 78.96 crores compared to 16.87 in Q2 FY26. The company reported a trading profit of 1.16 crores compared to 0.59 in the corresponding quarter of the previous year. As I have mentioned earlier as well, the primary focus continues to remain on our core manufacturing business. Given our understanding of the polymer market and established procurement capabilities, we selectively capitalize on opportunities arising from global market dislocations and price volatility wherever they align with our risk management framework.

On the other operating income and other income:

Other operating income for this quarter was 13.11 crores, of which 12.4 crores was export incentives under the DFIA scheme, against 2.64 crores in Q2 FY26. Since DFIA income is recognized on realizations of the licenses, it varies significantly from quarter to quarter. Also, this was suspended in Q1 FY27 by the Government of India.

Other income for the quarter was 3.52 crores, which includes foreign exchange gain of 2.24 crores. Other income for the half year was 7.85 crores, of which 5.57 crores was a net gain on foreign

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exchange. As an export-oriented company, a large part of our receivables are in foreign currency, and the gain reflects the exchange rate movement during this period. We treat this as linked to our export business, but it depends on currency movements and should not be seen as a recurring trend.

Higher employee cost: employee benefit expenses for the quarter stood at 21.41 crores, an increase of about 4 crores or 23%. As I explained in the last quarter, this primarily reflects the annual salary revision and increase in minimum wages in line with the state government's revised wage policy. This also includes the increase in directors' commission due to higher profits as compared to the corresponding period. Compared with Q1 FY27, employee costs were broadly stable. While this has increased our operating cost, the company continues to implement focused initiatives around cost optimization, operational efficiencies, productivity improvements, and value-added products to mitigate the impact and sustain healthy margins going forward.

Borrowings: on the debt side, total borrowings as on September 30 stood at 162.61 crores, out of which 39.76 crores was long-term borrowing, and the balance was 132 crores short-term. Sorry, 132 crores was the total borrowing on June 30, '26, and the long-term borrowing stood at 22.83 at that time. This increase is due to a new term loan for our non-woven project. Our net worth stood at 290.56 crores, and debt equity remained at 0.56 times.

The increase in borrowing during the half year was driven by capital expenditure. The capital work-in-progress rose by about 37 crores during the half year to 45.67 crores, as the ongoing project nears completion. YES Bank has sanctioned a term loan of 40 crores for this project, out of which 27.38 crores has been availed as on September 30.

Higher receivables: trade receivables increased by 26.32 crores to 120.6 crores, in line with the higher selling price. GST refunds and other current assets increased by 11.19 crores. IGST refunds of 12.64 crores were receivable as on September 30, '26.

Exports and product mix: exports continue to be the backbone of our business. During the quarter, Europe contributed 65% of our geographical mix, followed by North America at 17% and South America at 14%, with the balance coming from Australia, Asia, and Africa. The diversified geographical presence helps us mitigate regional demand fluctuations.

Based on the product-based revenue mix, FIBC grew to 66% from 54% [trails off]

Management: Fabrics shrank to 18% from 20%. Multifilament remained stable at 9% from 8%. UV masterbatches, small bags, and geofabrics all remained under 3% in this quarter.

From an end-user perspective, our revenues remain well-diversified across food and agriculture, industrial packaging, construction, automotive, and mining, reducing the concentration risk across demand verticals.

Coming to the project update, against a total project cost of 106.9 crores, we had incurred 78.86 crores, or about 74%, up to October 20, 2026.

Some activities have taken longer than planned, mainly because of exceptional heavy rainfall in Kanpur during the monsoons and also machine commissioning issues related to overseas visa

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regulations.

The update on FIBC capacity expansion was given by the Chairman. The non-woven technical textiles needle-punching machine was received in August '26, and commissioning of the first line is expected to be complete by November 15, within our Q3 FY27 target.

Civil work was held up initially due to the heavy rainfall and then the late arrival of the supplier's engineers. The project is slightly delayed but remains within our targeted schedule.

For the roll management system and warehousing, the building for this shall be completed between November 15 and 30. The warehousing for the trading division for IOCL has already been completed.

On the manufacturing front, we continue to invest in automation, process optimization, and infrastructure de-bottlenecking across our factory facilities to improve productivity, quality consistency, operational efficiency, and agility in lead time.

Valiant Ventures, as we had indicated last quarter, our UK subsidiary, regained profitability in Q2 FY27 after a small loss in Q1, supported by customer supplies scheduled after the implementation of the free trade agreement and structural changes that have been undertaken there.

Order book and outlook. During Q2 FY27, order book and demand were affected by a couple of factors. First, polymer prices historically remained at the highest levels. At these prices, customers are reducing their inventory levels.

Second, the energy crisis in Europe caused by a shortage of oil and gas has driven up power costs and hit industrial activity, particularly the chemical sector in Germany. Europe is our largest market, accounting for almost 65% of the geographical mix, and the weakness in European demand remains our area of concern going forward.

The third factor was the El Niño weather conditions that affected agricultural output and fertilizer demand in agriculture-based economies, such as Brazil, reducing the demand for bulk packaging in these segments.

Fourth, ocean freight costs remained high, and container availability at Kanpur ICD was also affected during this period. This raised the landed cost of our products for overseas buyers and led some customers to defer purchases. We continue to issue regular market advisories to our customers to enable timely commercial discussions and fair pass-through of cost increases. We do see some easing on this front.

Our diversified customer base across Europe, North America, South America, and other markets, along with our long-standing relationships, gives us resilience during these tough times. Despite lower volumes, our focus on realizations and improved product mix helped us to continue with profitability. Customers are buying closer to their immediate requirements. Most of our order book continues to be for dispatch within a month, consistent with the demand visibility of 3 to 4 weeks, as mentioned earlier. We have seen a slight dip in the average order quantity during this period.

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Looking ahead, we expect these conditions to persist in the near term, and volumes in the quarter may also remain affected. We are monitoring demand extremely closely, particularly in Europe, and remain focused on protecting realizations, managing working capital carefully, and widening our customer base. At the same time, with FIBC capacity expansion nearing completion, the non-woven facility nearing completion, and our continued focus on value-added products and new markets, we remain confident about the medium- to long-term prospects of the business.

We are also exploring inorganic growth opportunities both in India and overseas to strengthen our market presence, customer base, and product portfolio. While we are actively scouting suitable opportunities, nothing material is visibly present today. We will remain selective and financially disciplined, focusing on acquisitions that create long-term value for our shareholders and fit well into the culture of the organization.

With that, we conclude our opening remarks. Thank you once again for joining us today. We would now be happy to take questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone wishing to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Participants, you may press star and one to ask a question.

The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave – CAO Capital: Hello, am I audible?

Management: Yes.

Agastya Dave – CAO Capital: Thanks very much for the opportunity, and congratulations on very good numbers. I was especially very positively surprised with the inventory and receivable numbers. They did not spike disproportionately to the revenue, given what has happened on the raw material side. Sir, the 3 months during the quarter were all very different, right? The raw material cost was all over the place. Can you provide some commentary on what happened when the prices corrected and then the prices went up again? I am looking at the crude prices here, so I am assuming that the polymer prices were also all over the place. Did you see any particular challenges? Is there any supply bottleneck because a lot of players are under pressure?

It is a broader question. Sir, over the next 2 years, can you give the effective increase in your capacities across all product lines, in terms of actual volume numbers?

Management: I will take the easier one first, which is the capacity expansion. FIBC capacity is currently about 18,000 tonnes, and we plan to move to 24,000 tonnes over the next 5 years. For non-woven, the capacity will be around 12,000 tonnes a year. This capacity will be visible only in the next financial year because half of this capacity is going to come up in this quarter and half of this capacity will come up by the end of the next quarter.

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On the multifilament side, the yarn business capacity is 10,000 tonnes a year as well. This used to be about 7,000 tonnes, and due to this expansion, it is around 10,000 tonnes. On the geotextile front, the capacity is around 2,500–3,000 tonnes.

On the polymer side, yes, we did see a dip in July, when there was a surplus of polymer, mainly due to the softening of the war situation at Hormuz and the government regulation on LPG production being removed. But by the time September came, this all started coming back again, as was the case at the end of March.

So, yes, you are absolutely right. We have seen extreme volatility during this quarter. Despite the troubles in freight and the inventory build-up that is there, we have tried to remain extremely disciplined with our inventory. Our long-term relationships with our customers have helped us to keep the receivables in line.

Agastya Dave – CAO Capital: Sir, this volume destocking that you talked about in your opening remarks [trails off] To what extent has it already happened? So, how much has channel inventory gone down by? And if, say, the war resumed [crosstalk]

Management: Can you please repeat again?

Agastya Dave – CAO Capital: Sir, you said that your customers are destocking because of the high prices and in anticipation of lower prices. So, how much of that destocking has already happened? Let us say the peak numbers were 100; how much has that gone down? And what would be the lowest [crosstalk]

Operator: Agastya, we are sorry, we are losing your audio. Can you repeat your question once, please? And can you come to a better reception area?

Agastya Dave – CAO Capital: Sir, am I audible now?

Operator: You are still breaking terribly. Hello?

Management: I think I have understood his question. I will try to answer it, and then if something is left, he can please ask. If the capability to destock is, let us say, 100, our understanding is that they have been able to destock by about 40 in the previous quarter, and we are expecting that they would destock by another 30 this quarter.

Agastya Dave – CAO Capital: Okay, understood. So, even after such a large amount of destocking, you have seen reasonably good volume growth, right? And so [crosstalk]

Management: Volume growth is not visible. Our manufacturing volume has actually gone down.

Agastya Dave – CAO Capital: Oh, okay. I understand that. So, probably this continues for one more quarter. After that, sir, do you think they will destock further? There would be a bare minimum that the channel generally keeps for normal operations, right?

Management: We are in extremely volatile situations. We do not know what will happen on {? Sunday ?}. We do not know what will be the beginning of next week. We do not know how the war will escalate. We do not know how long the energy crisis will go. We are unaware of how the winters

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will go. What is in our control, we are very confident of—that is consistency and discipline. And we will continue to remain extremely disciplined and consistent.

Agastya Dave – CAO Capital: Right, sir. Thank you very much.

Management: And during this time, obviously, the relationship really comes through during this period. Our customer relationships have been very strong. We are receiving a record number of customer visits during this period. We have made a record number of customer visits during this period. So, the relationship is getting stronger.

Agastya Dave – CAO Capital: Understood, sir. Thank you very much for explaining everything. I was missing a couple of points, so everything has been clarified. Thank you very much, sir. All the best.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Vishweshwar Singh from Prudent Equity. Please go ahead.

Operator: Vishweshwar, can you please unmute your line and proceed with your question?

Vishweshwar Singh – Prudent Equity: Hi, sir. Am I audible?

Management: Yes.

Vishweshwar Singh – Prudent Equity: Sir, our debt has increased significantly, so what sort of peak debt are you looking to end with this year and next year after the capex commissioning?

Management: Sir, I have not understood the question. Could you be a little louder and clearer, please?

Vishweshwar Singh – Prudent Equity: Is it better now? Is my voice better now?

Management: Yes.

Vishweshwar Singh – Prudent Equity: Sir, our debt has increased quite rapidly, so what sort of peak debt are you looking to have, and what debt-to-equity ratio are you expecting on our books for the full year FY27 and FY28 after the commissioning of the capex?

Management: I will just hand it over to the CFO to answer how much the long-term debt will be. But the short-term debt is basically based on the raw material price increase, and if the pricing remains at what it is today, we should be increasing our debt by the same number of days' worth of revenue and inventory. But regarding the long term, the CFO can answer that.

Management: As already announced in the last quarter, we are going to undertake the new project for which we are taking a 40 crore rupees loan, out of which we have already taken approximately 27 crore rupees. So {? that will be ?} the peak debt will be approximately 40 to 45 crore rupees by the end of this {? current ?} financial year.

Vishweshwar Singh – Prudent Equity: Got it. On the expansion part, you mentioned that you had some delays due to the monsoon and other construction activities. After that commissioning, what sort of top-line growth are we looking at in FY27 and FY28, sir?

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Management: For FY27-28, our targeted revenue for non-woven is {? 120 crores ?}.

Vishweshwar Singh – Prudent Equity: Can you please repeat, sir? Your voice was a little fumbled.

Management: Expected non-woven revenue in FY27-28 is between 100 and 120 crores.

Vishweshwar Singh – Prudent Equity: On the margin side, you mentioned 14% to 15%. Are we still on that, or do we see some pressure?

Management: No, that is the expectation.

Vishweshwar Singh – Prudent Equity: Okay. On FIBC, what sort of additional revenue would you be seeing from that segment, sir?

Management: Sorry, I cannot understand. Sorry.

Vishweshwar Singh – Prudent Equity: Sir, regarding the FIBC capex segment, how much additional revenue do we expect from the capex we are undertaking this year and next year?

Management: So, this year, we are not— I mean, if you talk about manufacturing

Prashant: Volume, the expectation is only a minor 5% to 10% increase because demand continues to be a problem. Next financial year, the expectation is about 20% growth in FIBC manufacturing volume. Revenue growth will definitely be there this year because of the increased prices, but in terms of manufacturing volume, we are talking about 20% growth next year.

Vishweshwar Singh – Prudent Equity: Got it. Lastly, our region-wise revenue has been concentrated in the European segment, and we are hearing about some pressure in industrial demand from the continent. Are you also seeing a similar slowdown from your customers, or is it more or less the same as usual?

Prashant: We are seeing a slowdown from our customers in Europe.

Vishweshwar Singh – Prudent Equity: Are we diversifying into more regions going forward, and which areas are the major focus, sir?

Prashant: Yes, we are continuously exhibiting and meeting people across other regions. Our focus continues to be on expanding the market. So, that remains our focus.

Vishweshwar Singh – Prudent Equity: Okay, that helps. Thank you.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor – Kapoor & Company: Greetings, Prashant. I hope I am audible.

Prashant: Yes, you are audible, Saket.

Saket Kapoor – Kapoor & Company: Sir, firstly, thank you for a very exhaustive opening remark. You have captured all the possible points, and there was also a good and very positive change in the

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press release. We hope this continuity continues. Sir, firstly, regarding the other operating income, could you give me the number for the interest that we have received out of the 13 crores? Is it going to be a non-recurring item?

Prashant: 13.11 crore was the other operating income, of which {? RoSCTL ?} is about 0.34, {? DFIA ?} is about 12.4, and foreign exchange is about 2.24. Yes.

Saket Kapoor – Kapoor & Company: So, 12 crores will be a non-recurring number going forward. It has been accounted for as well?

Prashant: A portion of it would continue to remain recurring because in Q1 this was completely absent. So, this may be considered as a Q1-Q2 average. Going forward, we believe that 3 to 4 crores of export incentives would remain there.

Saket Kapoor – Kapoor & Company: Every quarter? 3 to 4 crores per quarter will be there?

Prashant: Yes.

Saket Kapoor – Kapoor & Company: Okay. So, we can easily eliminate 7 to 8 crores from the operating profit numbers. The PBT number of 21 crores includes an exceptional item of 8 to 9 crores that is not non-recurring. Is that understanding correct?

Prashant: The way I would see it is that Q1 plus Q2 is 12.4 crores. So, 6 crores can be eliminated if you are only looking at the quarter results.

Saket Kapoor – Kapoor & Company: Correct, sir. Secondly, when you mentioned the order booking depleting from European customers, and now we are undertaking capex for FIBC, could you outline how we are going to sell the expanded capacity? For H2, what kind of incremental FIBC volume would be available for sale beyond what we manufacture today?

Prashant: Yes, so thank you for this important question. I would like to answer this in two ways. First, we will be absolutely ready whenever demand comes back. So, we will absolutely be ready when demand comes back. The second part is that we have to differentiate between the factors that we can control and the factors that we cannot control. Global demand today is not in our control, but what is in our control is where we are selling, and that is why we are expanding our geographies. The moment polymer prices stabilize and customers start rebuilding inventory, we expect volumes to recover. Because of our longstanding customer relationships, we are also positioned very well for that. So, in the near term, as I said, the coming quarter, half a quarter, one quarter, or two quarters might be affected, but it is also good for the business to build muscle during this period.

Saket Kapoor – Kapoor & Company: That is correct, sir. As you mentioned to the earlier participant, it is very tough to visualize how things will pan out going forward because of so many variations. As per your planning or experience, what should be the margin that we may expect for H2 going forward, factoring in all these market, raw material, and customer demand uncertainties? What ballpark number are you working with, allowing for some deviation?

Prashant: We are trying to manage our risks to the best of our abilities. So, we would not like to give specific numbers at this stage. In the initial months after commissioning the non-woven facility,

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there will be trials and customer approvals. The contribution would come up in the following quarters. To give guidance in this volatile environment, I do not think it is quite appropriate or judicious at this moment.

Saket Kapoor – Kapoor & Company: Right, sir. Can you give the additional FIBC volume for H2 that will come after commissioning? It was mentioned that both the machines were received, so could you explain the significance of that? Does it prepone the capex or the commissioning, or what is the significance?

Prashant: Sorry, could you repeat the second part of it?

Saket Kapoor – Kapoor & Company: Sir, you had mentioned that we have received both the machines for the FIBC capex, so—

Prashant: No. Non-woven has two major machines. One of them will be commissioned by November 15, and the other will be commissioned by the middle of February.

Saket Kapoor – Kapoor & Company: Middle of February.

Prashant: Okay? The FIBC ground floor has already been commissioned. The first and second floors will be commissioned by the end of this month, that is, November. But how much capacity can be utilized depends not on our capacity but on the demand in the market. The moment we see a revival in demand, we will be able to utilize our capacities better.

Saket Kapoor – Kapoor & Company: Right, sir. I was referring to the release wherein you mentioned that the machinery for both Phase 1 and Phase 2 had been received, marking an important milestone in project execution.

Prashant: I will have a look at that. [off-mic discussion] What is written in the press release? Open the press release. I will answer this question in the meantime; if there is anything else, then—

Saket Kapoor – Kapoor & Company: Correct, sir. I will also then join the queue. Once again, thank you for the elaborate discussion that is continuing.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Lakshmi, an individual investor. Please go ahead.

Lakshmi – Individual Investor: Hello?

Operator: We are extremely sorry, your voice is breaking. Can you please come to a better reception area?

Lakshmi – Individual Investor: Yes. Am I audible now, sir?

Operator: Ma'am, your voice is still breaking.

Lakshmi – Individual Investor: Am I audible now, sir?

Operator: Yes, ma'am.

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Lakshmi – Individual Investor: My first question is that the Ashimori JV has commenced commercial production and sales. What revenue has it generated in Q2, what is the current capacity utilization, and when do you expect it to reach operating break-even?

Prashant: In Q2, it generated 38 lakhs, and in Q1 it generated 22 lakhs. In the next financial year, our target is to generate between 10 and 12 crores. Capacity utilization is still very low. We continue to get extremely good feedback from the market, and approvals are ongoing. It is a high-gestation project and takes time. But directionally, it is moving absolutely in the right direction, and we are happy with both the direction and the speed.

Lakshmi – Individual Investor: What level of annual revenue and EBITDA can it potentially contribute at full utilization?

Prashant: We plan to generate 10 to 12 crores next year. With the current capital investment, it can go up to 25 to 30 crores. But, as I explained in the previous quarter's call as well, the capex required for this is extremely low, so that will not be the bottleneck. Market acceptance and market demand will drive this product forward.

Lakshmi – Individual Investor: Okay, sir. My next question is that the company has indicated a phased FIBC capacity addition of up to 6,000 tonnes over the next 5 years. How much additional capacity is now operational, and what is the current utilization of the expanded capacity? Also, what incremental revenue can it generate without further major capex?

Prashant: I think I answered this in the last couple of questions.

Lakshmi – Individual Investor: Okay, sir. One more question. Could you shed some light on how you are working on increasing the share of higher value-added products and EBITDA per tonne, since I see that EBITDA per tonne has increased year-on-year over the last few years?

Prashant: Our percentage share of manufactured products went up from 54% to 66% in FIBCs in this quarter. FIBC is our target. We will continue to increase FIBC volume, and that is our aim. Also, with the addition of non-woven, it is all higher value-added. So, the entire capital allocation and management allocation is focused on higher value-added products.

Lakshmi – Individual Investor: Okay, sir. Thank you for the opportunity. That is it from my side. All the best. Thank you.

Operator: Thank you. Participants, you may press star and one to ask a question.

As there are no further questions, I would now like to hand over to management for closing comments.

Prashant: Thank you, everyone, for joining the call and for being patient with us. We invite you to our plant. Anybody can get in touch with {? Captive IR ?} to organize a plant visit. Thank you.

Operator: Thank you very much. On behalf of Kanpur Plastipack Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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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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