UFLEX LIMITED
Division/Office: CORPORATE - SECRETARIAL
Corporate Office: A-107-108, Sector-IV, Distt. Gautam Budh Nagar, NOIDA - 201301, (U.P.), India
Tel.: +91-120-4012345/2522558 Fax: +91-120-2442903
Website: www.uflexltd.com E-mail ID: secretarial@uflexltd.com

UFLEX/SEC/2024/

November 25, 2024

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/l, G-Block
Bandra-Kurla Complex
Bandra (E),
Mumbai – 400051

Scrip Code : UFLEX

The BSE Limited
Corporate Relationships Department
1st Floor, New Trading Ring,
Rotunda Building, P J Towers,
Dalal Street, Fort,
Mumbai – 400 001

Scrip Code : 500148

Subject : Transcript of the earnings conference call conducted on 18th November, 2024

Dear Sir(s),

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call conducted on ***Monday, 18th November, 2024***.

Request you to take on record.

Thanking you,

Yours faithfully,
For UFLEX LIMITED

RITESH CHAUDHRY Digitally signed by RITESH CHAUDHRY
Date: 2024.11.25 18:50:04 +05'30'

(Ritesh Chaudhry)
Sr. Vice President - Secretarial &
Company Secretary

Encl: As above

UFLEX LIMITED

Q2 FY25 EARNINGS CONFERENCE CALL: NOVEMBER 18, 2024, 04:00 P.M. IST

MANAGEMENT: **MR. RAJESH BHATIA – GROUP PRESIDENT AND CHIEF FINANCIAL OFFICER, UFLEX LIMITED**
MR. SURAJIT PAL – VICE PRESIDENT, HEAD OF INVESTOR RELATIONS, UFLEX LIMITED

HOST: **MR. SACHIN BOBADE – DOLAT CAPITAL MARKETS**

ACTIVE Q&A PARTICIPENTS:

- **Chirag Singhal** - First Water Capital
- **Saket Kapoor** - Kapoor Stock Brokings & Company
- **Kaushik Poddar** - KB Capital Markets
- **Yash Dedhia** - Maximal Capital
- **Aman Kumar Sonthalia** - A K Securities
- **Marcel** - an Individual Investor

Moderator: Ladies and gentlemen, good day, and welcome to the UFlex Limited Q2 FY '25 Earnings Conference Call, hosted by Dolat Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sachin Bobade from Dolat Capital. Thank you, and over to you, sir.

Sachin Bobade: Thank you, Sumaya, and good evening, everyone. On behalf of Dolat Capital, I welcome you all to the Q2 FY '25 Earnings Conference Call of UFlex Limited. Hope you all and your family members are staying safe and healthy. From the management side, we have with us Mr. Rajesh Bhatia, Group President and Chief Financial Officer; and Mr. Surajit Pal, Vice President, Investor Relations.

Now I hand the floor to Mr. Surajit Pal for the opening remarks. Over to you, sir.

Surajit Pal: Thank you, Sachin. Good afternoon, ladies and gentlemen. Thank you for joining us today for the Q2 FY '25 Earnings Call of UFlex Limited. Let me draw your attention to the facts that on this call, our discussion will include certain forward-looking statements, which are predictions, projections or other estimates about future events. These estimates reflect management's current expectations about the future performance of the company. Please note that these estimates involve several risks and uncertainties that could cause our actual result to differ materially from what is expressed or implied.

I would now request Mr. Rajesh Bhatia, Group President and CFO, for his opening remarks, following which we will open the forum for an interactive question-and-answer session. Over to you, sir.

Rajesh Bhatia: Thank you. Thank you, Surajit, and thanks for the introduction, and welcome all the participants on this call. The underlying for the Q2 is that it has been a continuance of the good momentum what we started the Q1 with and the same momentum continues in the packaging sales business, India and overseas. And that's what is reflected in the results.

Even on the packaging side, especially our aseptic packaging, Q2 and Q3 are normally a lean season. But still in this season, we've seen a much higher capacity utilization level at about 93% vis-a-vis 83% in the last year. The Packaging Films prices in India are much better. Overseas could be still better, but because there are a lot of exports happening from India, so the prices are remaining in a sort of check. But I think the volume has picked up in those markets as well, and that augurs well.

So, to give you a perspective on the numbers, you would have gone through those, but still, I'll reiterate them. So, the top line consolidated, we had 13.7% increase on a Y-o-Y basis to about INR3,853-odd crores and the backdrop is that the Packaging Films revenue witnessed the growth of 23.4% on a year-on-year basis.

So, the 13.7% Y-o-Y growth what we see in the Q2 is backed by 23.4% Y-o-Y growth in the Packaging Films business revenue. The sales volume for the Q2 are up 10.9% year-on-year, again, driven by the Packaging Films sales volume growth of about 14.6%. The Q2 stand-alone revenue increased by 19.3% Y-o-Y to about INR1,970 crores, again, driven by the Packaging Films revenue grow of 39% Y-o-Y.

And Q2 stand-alone sales volumes are up by 4.2% Y-o-Y, driven by the Packaging Films sales volume growth of 10.8% Y-o-Y. As I said earlier, the Aseptic Packing business continues to do extremely well. And this quarter, we've achieved a capacity utilization of 93% even in this lean period. The same period last year, we have achieved a capacity utilization of 83%. So, on a Y-o-Y basis, this quarter, we've seen a 17.6% sales volume growth.

Even in the month gone by, which is October, the sales volume is up by about 24%. So, if I talk about October last year versus October this year, so the good momentum in that business is continuing. And post the capacity expansion to 12 billion packs, which we are expecting by the end of December, Q4 will be the first period during this fiscal FY '25, in which we have that capacity available.

So, we are expecting as of now that business, that enhanced capacity overall utilization for Q4 will be about 83%, even post the enhanced capacity to 12 billion packs, which means that on a Y-o-Y basis, we have a 20% volume increase in the sales volume. That's about the Aseptic business.

Now India BOPET industry, in particular, I just thought I'll make a mention to you. Last quarter, when we were there on this call, I had indicated that towards the prices and the margins had increased. But more or less, these are reflected in the period post June '15. And so, the full impact for the quarter was not there. But this quarter, we've seen the full impact of the increases what happened in 15th of June 2024. And thereafter also, there have been increases.

So, if I see on Q2 versus Q1, at a gross margin level, the industry-wide margins have gone up by about 200-odd percent. And even in the current quarter, over the Q2 quarter, the margins are up by about 20%, which means that if the prices did continue to remain the way they are, the current quarter Packaging Films business, at least on the PET side, will also be better in this quarter even over the Q2, which on an industry-wide basis, has already seen about 200% plus gross margin increase.

The BOPP industry also, the gross margin increased by about 36% in Q2 over Q1. But unfortunately, we've seen some price correction in that market. And in the current quarter that is going on, we are down to almost at a Q1 level. So, whatever we achieved in Q2, if we talk at the current level, all those gains have been diminished.

On an industry-wide basis, again, the BOPET exports from India in the quarter reduced by about 10% in Q2 over Q1, largely because the prices were good, domestic prices were good in this quarter. And even for BOPP, they were down 5%, Q2 versus Q1, again, largely because of the higher domestic prices, where exports contracted a bit.

For UFlex India, in Q2, the volume growth in the PET business has been about 14%-odd, while the overall Packaging Films volume growth, we've seen about 10.8%. But for the PET, where we have a dominant capacity and BOPP capacity is rather not too high. So, we witnessed about 14% volume increase in Q2.

Having said that, all the good things, the Flexible Packaging margins in this quarter were impacted. And as usually happens when the Packaging Films prices go up so steeply, there is always a lag effect in the Flexible Packaging margins because their prices are fixed for the last indexes, which are pertaining to the previous month or quarter and when the raw material prices increase.

So, during that quarter or that month, you don't get increases, but those increases will come your way in the next month or the next quarter as per the terms in the first quarter. So, we've seen a contraction in margins, in that given that we had a steep increase in the Packaging Films prices, and that's what sort of kept the margins, brought the margins down a bit both on a consolidated level as well as on a stand-alone level in this quarter.

The exceptional items, again, the currency devaluation in Nigeria, Mexico, Egypt continue to affect those, emanate out of those translation losses. As I had explained earlier also in Nigeria, we do business in naira, in Mexico in pesos and Egypt in Egyptian pound. And then the business, which is transacted local currency has to be converted into the reporting currency, which is INR, and there are devaluations of that currency, vis-a-vis INR. So, you will always have a situation where you will have those translation losses, which are exceptional in nature.

We've been seeing Nigeria and Egypt and Mexico, all currencies are devaluing continuously, at least in the last two fiscal years. And even in this quarter, we've seen a currency loss of INR79 crores in Nigeria, which was INR99 crores in Q1. And in Mexico, we've seen a INR14 crores loss, which was INR51 crores in Q1. And in Egypt, the loss is 0, which was INR31 crores in Q1. So, while the losses have come down from a level of INR180 crores in Q1 to about INR92 crores, INR93 crores in Q2, but they still continue to appear on the P&L side.

Ignoring these exceptional losses and ignoring some of the M2M of the currency swaps that we have, the normalized EBITDA for this quarter is INR438 crores versus INR408 crores in Q2 of FY '24. Standalone EBITDA is up at INR215 crores this quarter versus INR168 crores in Q2 of the same period last year. And, again, that is because the packaging film business has seen a much higher price in the current financial year, in the current quarter.

But having said that, there is an impact of the packaging, flexible packaging margin contraction, because of the reasons I just explained. And the India business stands at an EBITDA of INR215 crores versus INR168 crores in Q2. The overseas business EBITDA is INR223 crores this quarter versus INR240 crores in the Q1.

You know, this has been impacted a little because of the higher energy cost in Hungary business in the Q2, which are now normalized in the current quarter. Our gross debt as of 30th September and net debt is at about INR5,800-odd crores versus March position was about INR5,600-odd crores. So, we've seen a net debt increase of only INR200 crores in this current fiscal. And there are a few projects which are under pipeline. And we are seeing completion happening in PET chips plant, which we are expecting will come in H2, expected timeline is between January to March.

This will be a game changer for our offshore business, given that almost -- while this will take care of our requirements of the PET chips in our Egypt business, but this will also cater to our European operations, our Nigeria operations, as well as our operations in the UAE. So, all of them will become fully self-sufficient in terms of their raw materials requirements. And still, we have certain surpluses over there, which we can, depending on the dynamics of the states and all that, which we can export to Mexico or U.S.

So that, on a long-term basis, will take away the fluctuations in the quality and in the pricing of a key raw material for that industry and will augur well for the overall business in the years to come.

We've announced expansion of a new greenfield capacity in Egypt for our Aseptic business. As we've been saying that our Aseptic business in India has now, you know, has been operating at more than 100% capacity for the last few years and we've seen a tremendous increase in exports in that business as well. And today if we say that we are looking at about 35% to 40% exports coming in India from India's Aseptic packaging business by exporting the Aseptic packaging to the other world markets. But having tasted that success in that business, I've been saying over the last few calls that that business looks very exciting. And it's the time to take it to the global market. So, we chose Egypt especially because we know we are already there. It's quite a substantial business site for us.

The cost parameters in Egypt vis-a-vis manpower and its costs are quite akin to what you have in India. And it has an advantage of a treaty advantage, especially when you're looking at exporting to the Europe markets. I think you have that advantage of mill duty when you export from Egypt into Europe. But apart from Egypt -- so Egypt also consumes today about close to about 5 billion packs a year, which it all imports. So that's the natural market. We are looking at the markets in Africa, which we are currently serving, the Middle East also.

But at some point, in time, we know that we have been exporting to our international customers. And at times, we've seen that because of that, sometimes we are not able to meet the local demand. So, the local demand has always been a priority. It's only that during the lean period, which starts actually after 15th of August and goes up till end of December, in India, especially, when the winter season sets in, the requirement goes down. And we've been trying to fill our plant with export orders during this time. But you can't really pick and choose of the timing.

So, your customers would always need the product throughout the year. So, while the seasonality may be there for India, but for the world market, it will be a different seasonality. So, we thought that Egypt is a good venue where we could set up this. It has a large market of its own. It doesn't have any facility. There's no producer currently. So that market, plus the European market, will come very handy. And since a lot of customers whom we are exporting, they are already qualified. So, the time taken for the customer qualifications for this time around will be much less as compared to what we did in the first set of facilities at Sanand.

I think just to give you a number that the PET Chips facility in Egypt, when it is fully operating at full capacity utilization will also boost our EBITDA by about, if we are expecting normalized EBITDA of INR2,000 crores, it should boost our EBITDA by another 5% or so. And the Aseptic Packaging in Egypt on a full capacity utilization will also give us a 20% higher EBITDA over our current level of operations.

If we talk about H1 also at the same time, H1, if you see the EBITDA has grown up by about 24%, if we compare H1 of last fiscal versus H1 of this fiscal. And, again, it's all driven, largely driven by the packaging sales volume, which is up at about 13.8% on a year-on-year basis and Aseptic Packaging sales volume up by about 10% Y-o-Y.

The consolidated EBITDA for H1 is INR903 crores, it's gone up by about 23.9% this H1 over the last fiscal H1 and, again, driven by the packaging sales of 13.8% and Aseptic sales of about 10%. And, the stand-alone EBITDA for H1 stands at INR429 crores, which is up close to about 21% over the same period of last year.

So, if we see H1 FY '25 versus H1 FY '24, you will see a much better performance both on the packaging film size, Aseptic Packaging continues to grow on every sequential quarter basis. And now with the new capacity coming on scene as well as international capacity coming on scene in FY '26, I think that's one business which has been contributing higher EBITDA margins and we look forward to replicating that success of the Aseptic India in the overseas markets as well.

That's been basically the summary for the financial performance for the Q2 as well as H1. We are now open to any Q&A that you would like to ask us. Some of the details which are not available instantly, we'll note down and try to get back to you as soon as possible because sometimes some of the details which are very, you know, sort of you guys keeps on looking at the number's day in and day out. But we'll try to answer them as best as possible, dealing with, we'll be happy to come back with your certain numbers what you may look – what you may be looking forward to. And certain numbers which we can't share also, we'll also thank you for that. Thank you for everything.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aman Kumar Sonthalia from AK Securities. Please go ahead.

Aman Sonthalia: Yeah. Good evening, sir. So, my question is that in the last con-call you have said a lot about the recycling business. So, this time I think you have not given the utilization level of recycling business because you have set up a few plants overseas and a few plants in India. And nothing is talked much about the recycling in your opening remarks. So, whether now we are not that much optimistic about the recycling business going forward?

Rajesh Bhatia: No, no. We are very much optimistic about the recycling business. But some of the EPR guidelines in Europe and in India are coming. Like, I am told, in Europe the new

EPR guidelines which mandates the recycling comes into play from 1st of January and in India from 1st of April or 1st of June. So, while the facilities are there. And they are running also as well.

But, you know, what we have been saying is the real momentum comes only when you look at, you know, when the laws are enacted, and people are forced to spend extra money in terms of complying with those requirements. So, that is why while we remain upbeat about that business and that we see that over the next few years that will also become a very formidable business for us. But this quarter we have given some certain numbers in the presentation what we have achieved.

If you want, I can talk about those numbers, but I think those presentations are with you and you can look at in detail where we have given PCR, MLP and all that, what we have achieved in terms of production in this quarter. But very much that remain a major theme for next few years aided, of course, by the legislation changes in the world markets and India where we operate in. Now, in India also, frankly, there have been a few times the government has postponed the compliances and all that because not everybody is ready for it and ultimately in this industry when it's relating to the food packaging, you can't take chances with that. So, if the whole industry sometime is not prepared, if we are prepared, our preparedness is much ahead of them, still that does not count, and the government may take a view that we need to postpone it by another quarter or six months and all that. But, having said that, this will all come from regulation only. We are ready.

Aman Sonthalia: Sir, right now we are exporting around 40% of our Aseptic packaging capacity. 35% to 40%.

Rajesh Bhatia: See, what happens in that is, when the season is in India, then we export less. But otherwise, generally, you can take for the year as a whole about 35-odd percent.

Aman Sonthalia: But, sir, if we are expanding our capacity by 5 billion packs, and we are setting up plant in Egypt, the Egypt plant will take care of that market we are currently exporting. So definitely, right now in India, the 40% export capacity will be added to the existing 7 billion packs, and again 50% we are further increasing capacity by 5 billion packs. So where will we sell this capacity in India? Because I can't see that much growth in the FMCG sector. So where will it go?

Rajesh Bhatia: Setting up a plant takes time; things don't happen overnight from day one. When we had set up 3.5 billion packs plant earlier, we took about three years to come up to a decent number in that. The next 3.5 billion capacity we set up was completely sold out on the very first day itself. Now when we are expanding to about 12 billion packs, we are expecting about 80% to 85% capacity utilization level in Q1. And obviously Q2 will be a better capacity utilization number.

Now the next plant we are going to achieve in FY26 and beyond. Now, you will have to make a big thing here also, but the markets are so huge. Look at when we started in India, we already had Tetra Pak in India, who was already manufacturing.

Now Egypt, which is consuming about 5 billion packs a year, has no Tetra Pak over there. So, Egypt is all importing its requirements, so that's the market which comes to you very naturally. And then when we look at exporting to Europe from there, you have an advantage from this thing.

While your question is right and we may not have all the answers on the day one issue, but we feel that we will be able to replicate our India success in this business in Egypt very, very successfully and much earlier than what we achieved in our India business. We are very, very upbeat on that capacity.

In India, we already suffered for a couple of years because we didn't have the capacity to cater to our domestic as well as our offshore customers. But with this enablement, if we have to swing capacities between India or Egypt plants serving a few offshore territories, I think we can always swing that. We can look to garner a larger market share in India, and if we all believe that next five years when you become a $5 or $7 trillion economy, the multiplier impact of that on the consumption economy is going to be 10x of that GDP multiplier.

So, you have to set up capacities, you have to look at expanding in a market which is growing, and which is giving you a healthy EBITDA margin as well. We've seen packaging films business sector and what kind of EBITDA margin it is, what kind of cyclicality it has gone in the last few years. A few good years were COVID years and all that, and thereafter, except for Q1 and Q2, you've seen a single-digit EBITDA margin from industry as a whole.

So clearly, there are requirements. We've been clearly contacted by more customers as to, can you give us more? And we know our bottlenecks now. We can't give more than what we are currently doing, so we've had to circumvent some of those things.

Aman Sonthalia: Sir, the liquor industry will be the biggest game-changer because still there are a few states where this Aseptic Packaging is not allowed in the liquor industry. So, if they allow that, I think it will be a big market for us.

Rajesh Bhatia: Yes, if you look at liquor, I think there will be three states where it is allowed. If all the states in India were to allow this, to take care of the spurious liquor issues, I think from the current capacity, we will need at least 3x of the capacity in India only to cater to that market. But having said that, that market is there only in India and we will obviously try to look at Africa also because in India the illicit liquor market is very big.

Bihar and all these places, you have a lot of spurious liquor being packed and sold and all that. So, I think over a period, you will find that many states will allow liquor to be packed in Aseptic and the customer also knows that this is one packaging in which you will not get spurious. Like I tell you, when I buy ghee for my own home, I buy only tetra Pak ghee, meaning aseptic packaging ghee because that is the only one which is pure.

Rest, you can buy it in a plastic box, you can buy it in a polypack, you can buy it in anything. Your chances of going wrong are at least 99x in the other packaging type.

Moderator: Mr. Aman, may we request that you return to the question queue for follow-up questions as there are several other participants waiting for their turn.

Aman Sonthalia: Okay, no issue.

Moderator: Thank you so much. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Namaskar Sir and thank you for the opportunity. Sir, currently what are the margins in our BOPET films? What did we exit in the last quarter and what are we trending now?

Rajesh Bhatia: I refrained from giving an absolute number of the margins and I gave the margin increase in percentages. So, as I said, in Q2, there has been more than 200% increase in the BOPET margins and 35% to 40% increase in the BOPP films margins.

Current quarter also, BOPET continues to be strong and over Q2, there is a 20% growth in the margins in that business. But in the BOPP industry, the margins are today in this quarter are the same as what were there in Q1.

Saket Kapoor: And sir, what are the dynamics for the BOPET films industry currently that are favouring sustainable and increasing margins Q-on-Q also and how do you see this trend for H2?

Rajesh Bhatia: So, I am quite confident that H2 margins in the BOPET industry will remain at reasonable levels. Frankly, I feel that the BOPET margins currently what are prevailing, there may be a little scope for them to be better. And it's a dynamic situation because the BOPET exports have gone down by 10% in this quarter versus the Q1.

So, with more product availability in the domestic market, the market may take a cut in the margins again. Then again, exports will rise and then this phenomenon will continue. But the current margins on a more or less, I think the BOPP margins should be better than what they are.

And hopefully in H2 those margins will be at a Q2 level which will be great for the industry. Having said that, the demand supply equilibrium in the PET versus BOPP, BOPP it is better, but still the BOPP prices are lower because in PET, a lot of people have been exporting for the past year. So, PET exports have really jumped from India, which means that the capacity available to cater to the local market is lesser and that's why the prices have firmed up.

Saket Kapoor: Sir, as you mentioned the export trend in BOPET, which indicates that we are globally competitive and there isn't global capacity to meet this demand, is that why we are exporting?

Rajesh Bhatia: So, export opportunity is always there because India is a much cheaper cost jurisdiction as compared to the Europe or the America. When India had an overcapacity, so everybody resorted to exporting the product from India and utilizing their capacity with the result that when that extra capacity from India got absorbed in the overseas market, the margins in India improved. Which means that the overseas market remained under siege because of the large export from India.

Otherwise, the packaging film margins in the Europe and the America would also have been much higher, had India not exported so much of volumes into Europe and America.

Saket Kapoor: A small question and then I'll join the queue, sir. So, globally, what is the utilization level of BOPET ex of India, if you can tell us geography wise? based on the export opportunities and demand scenario you mentioned for our country, what will be the industry-level utilization level for major players?

Rajesh Bhatia: So, in the presentation, we have given the capacity utilization for both PET and BOPP for our India and offshore businesses. So, which will give you in the markets we operate in, what are the levels, capacity utilization levels in those markets. And obviously, in the past, we have achieved a much higher peak in those markets.

And so, which means that today, that is being serviced from India at a cheaper cost as compared to what is being produced in those markets, us or other players. In overseas markets, there was not an irrational capacity addition, what we witnessed in India. And that's where, you know, somewhere the equilibrium, all the producers from India are trying to maintain the demand supply equilibrium in India by exporting the stuff.

So, if you see the slide nine of our presentation, you will find all the answers as to at what capacity utilization levels are all plants are operating. Poland and Hungary facility, you know, Poland especially, which is the PET, we have a capacity utilization currently of the last quarter of about 68%, which was in Q1 at about 78%. But in the past, we have achieved, you know, almost 100% capacity utilization in that facility itself. USA is more than 100%. So, we are doing perfectly well over there. If you see Mexico, Mexico we are doing about 85%, but that is not because of any other thing. That is because, the plant has some technical issues, which are being looked into. In terms of demand of the product in the Americas market, I had explained on this call last time also that our combined capacity in Mexico and USA is about 8,000 tons a month, while we've been now selling for this fiscal at least at the rate of about 10,000 tons a month, which means that we are importing the product in those markets from other jurisdictions, especially Nigeria as well as India.

Saket Kapoor: Yes, sir. Thank you for the explanation, sir. I'll go through the slide once again. The only concluding part was from Mr. Pal, as he also alluded earlier that the management is taking all steps to create that value for shareholding community, wherein it is very difficult for the investing community to value the company because of various geographies, the type of businesses and the various subsidiaries there and the exchange complications also.

So, what are the steps that the management is taking or what can we expect that the investors get the right value for our company?

Rajesh Bhatia: So, I think the best way, according to me, is to separate your commodity business from value-added business, from your packaging business would command a different multiple as compared to your packaging films business, your aseptic business, your chemicals business will come under different premium and that's also a very substantial business for us. So, restructuring may be one way to unlock that value, which is quite common in the corporate that you separate your businesses into separate companies so that each business is much more visible.

And the second is that we have now been presenting to you our turnovers, our volumes from each of these businesses, the kind of margins we have in each one of these businesses. So, I think before I will suggest to all the investors who are on the call to look at these details with much more insight and see that what is the value. I think the management idea is that when the businesses have achieved a substantial size and they need to be operated as a separate entity only then we should look at the restructuring aspects of them. But when they are too much interdependent on each other and all that, so today, yes, we have separate SBUs, but creating and transferring those SBUs to separate companies will only emerge at a stage where the interdependence of the businesses are much lesser.

And typically, a packaging and a packaging film, flexible packaging and packaging film business, which has packaging films as its raw material. I think those linkages will have to come down pretty sort of drastically. Again, some of the other initiatives which we had taken earlier, and I shared with you that listing our offshore subsidiary in Dubai, in NYSE and the markets have not been there for the last couple of years for those initiatives to be implemented. But we'll surely implement those. And that is low-hanging fruit that if you can list your offshore subsidiary, and when we were talking to our bankers on that, the valuations being offered by them were much more than India valuations. So obviously the India valuations would have got adjusted looking at the offshore business valuations.

So, we'll do that, we cognizant of that fact, including substituting, carving out each one of the businesses. But let first be, it be of a substantial size. And as a first step, we can look to list our offshore subsidiary to increase the shareholders' value.

Moderator: Thank you very much. The next question is from the line of Yash Dedhia from Maximal Capital.

Yash Dedhia: About the US business, I wanted to know after the recent political change in the US, how do we foresee the market developing over there for us?

Rajesh Bhatia: You're talking about the US markets or?

Yash Dedia: US markets, sir.

Rajesh Bhatia: So, we are very upbeat about US markets. With all the focus of the new government, as we hear from the media and all that, that US should get back to its core manufacturing also and stop importing the products from China and other jurisdictions. So, I think we currently also are doing very well in the American markets. As I said, we already have products over there. So, we'll surely look at more revenues coming from those markets.

And if there's a need to grow in those markets as well, we'll take those decisions at appropriate time. I had said in the last call also that this 2,000-2,500-ton deficit, in the US markets, not only US, in the Americas, cannot be left like that over a very long period of time. So, at an appropriate stage, we would like to ensure that this deficit is met by way of producing these products in the local markets only.

But today, because there is a surplus capacity, we are optimizing our overall company's plant utilization, feeding the products to those markets. But on an overall basis, that's the second largest market globally after Europe, Americas. And whether Trump or somebody else, I think one thing is certain that US, given its dominant position in terms of consumption, will remain so. And that augurs well for every business, including us.

Yash Dedhia: Sir, the prices of BOPET and BOPP in the overseas market, how are they shaping up?

Rajesh Bhatia: As I had said that there is a competition from cheaper imports into U.S. from India. So, the prices are sort of being under check, but as the India market will start to ease in terms of its demand-supply situations, the prices will be better. Given the fact that we are already operating at more than 100% capacity in those markets, currently. Despite the margin pressure, the prices pressure being there that itself speaks volumes that we are competitive in the markets.

And obviously, as a U.S. manufacturer over the product coming from India, you definitely get a premium over there, but to the extent of the current premiums, no. I think there is a scope for them to improve. And it will improve over the next 6 months to a year's time or so because India market growth being at about 10% to 12% that itself will mean that your propensity to export will keep on reducing.

Yash Dedhia: Yes. Understood, sir. Thank you for the opportunity.

Moderator: Thank you very much. The next question is from the line of Chirag Singhal from First Water Fund. Please go ahead.

Chirag Singhal: Thanks for the opportunity. So, I wanted to ask you regarding the capex. So, in Q2, it's mentioned that you have incurred total capex of INR348.8 crores. And there is a breakup given. So, it's mentioned that INR122.4 crores is spent towards miscellaneous and maintenance activities. So, if I remember correctly, I think INR100 crores to INR150 crores per year used to be our maintenance capex every year.

So, was there any one-off during the quarter and for the full year, what is the total capex guidance? And if you can provide the split between growth and maintenance?

Rajesh Bhatia: So, I think as of now, what we have on the capex side is already disclosed to you. That what we've spent on each one of those projects. So, the two projects out of those four, actually three out of those four which are being completed in the current financial year itself. So, there is about USD18 million to be spent on our Egypt PET facility project. There is about 1 million, 2 million to be spent on our project for the CPP facility in Mexico.

And then in Sanand also, I think maybe another INR50 odd crores would be remaining to be spent in terms of the existing projects which we are completing this year. Then there is this USD126 million which we have to spend on Aseptic packaging which will happen largely in FY26. So, if you see the growth in the debt from March to September, this being to the tune of about INR200 crores, while we have spent INR629 crores in total capex in H1.

So, I think as I had said earlier also, our existing commitment amortization is about INR1,000 crores a year which we are doing and new capex is being done, new debt is being taken for that, but in the absence of any large ticket capex including this one, a large part of this 18 million plus 2 million plus INR50 crores in Sanand is coming to an end in this year. So, the next year when we get into, I think there will be no more than USD80 million of the capex what you need to carry to the next financial year. Is that okay?

Chirag Singhal: Yes, got it. So, basically INR1,000 crores per year for this year and next year based on the ongoing projects, correct?

Rajesh Bhatia: Yes.

Chirag Singhal: And so out of this, how much would be the maintenance capex like what is the maintenance capex?

Rajesh Bhatia: Maintenance capex could be about INR200 odd crores.

Chirag Singhal: INR200 odd crores. Okay. So, on an annual basis it will still be around INR200 odd crores because I have asked you because in Q2 the number seems very high?

Rajesh Bhatia: INR200 crores to INR250 we can take that. So, some of the capex which is not incremental like adding some of the balancing machines and all that also forms part of the maintenance capex only. Okay.

Chirag Singhal: So secondly what I wanted to know from you is regarding the overseas business. So, if you look at the spreads in overseas as in if you look at the EBITDA margins, then there is no improvement on a Q-o-Q basis. Now, if you look at the Indian data, then clearly the industry spreads and prices have gone up significantly on a sequential basis. So, you said that in overseas it is because of the dumping mainly coming from India. Did I get that right?

Rajesh Bhatia: Yes. So, as I said, overseas margins could be better but because currently there is Indian exporters are exporting a lot to Europe as well as America. So, their prices are under a sort of check.

Chirag Singhal: So, is that the Q2 trend is continuing even in the current quarter or you have seen some increase in the prices in your overseas operations?

Rajesh Bhatia: Q3 also we are more or less at the same number.

Chirag Singhal: So, despite this, do you believe that we will be able to do that INR2000 crores plus EBITDA that you have added for the full year or there will be some change in this?

Rajesh Bhatia: No, I think so we will get that because that number we were predicting that number on the basis of our Mexico CPP line coming into play, our PET chips in Egypt coming into play in November earlier, but now it has been delayed a bit, and our incremental Sanand capacity coming into play for which as I said that on a Q-on-Q basis in Q4 will be 20% higher sales volume in that.

So, existing business plus as I said Q3 BOPET margins are 20% higher over Q2 and the lag impacts of what we had in Q2 for the packaging business that will also be gone by. We will have higher capacity available for the Sanand Q4, PET chip capacity will come into play which will give you the savings which may not give you a very large turnover unless you want to sell outside but it will give you a savings in terms of your raw material cost. So, INR2000 crores is pretty much in sight.

Chirag Singhal: Got it. That is, it from my side.

Rajesh Bhatia: If you look at it normally, we will be able to sell around INR1,825 crores at this run rate. If we take the run rate of H1, it is normalised ETIDA we can see INR1,825 crores.

Chirag Singhal: Correct. Got it. That would be it from my end.

Moderator: Thank you very much. The next question is from the line of Kaushik Poddar from KB Capital Markets Private Limited. Please go ahead.

Kaushil Poddar: The last capex we have announced is for the expansion of aseptic packaging in Egypt. Is there any other capex that is on the table?

Rajesh Bhatia: No, sir. As of now, there is nothing which is on the table, which is approved by the board and announced by us. Having said that, as I said earlier as well that in the US market, there is a clear gap today between what we sell and what we produce. So, as and when the management may take a view that we need to have because that gap which is 2,000 tons to 2,500 tons today, in 2 years' time, we expect that gap may be 3,000, 3,500 odd tons.

So, you will have to take a call in terms of producing it locally. So, that is one area where I see that as and when the management and the board call to take that, that we need to produce this locally rather than importing it from other jurisdictions. That is one thing which I find that is a low-hanging fruit. Other than that, I really don't think so.

But having said that, we keep on looking at opportunities in terms of where we can get a good project in the existing lines of business and all that, but I don't think so there is any other than that possible in the packaging. So, there are three businesses only. The packaging films, the packaging, flexible packaging, and aseptic packaging. The packaging films business as of now, except for this gap in America looks pretty full.

There are scopes for improving the existing capacity utilization in Europe, in Nigeria, in Dubai, in Egypt. So, the focus is on that because there is a capacity, existing capacity available which you will always give the first priority to use that to the limit. The next one is Aseptic where we are already announced, so the total capacity is going to be about 24 billion packs of which currently, we'll be selling about from India in Q4 at a run rate of about 10 billion packs.

So FY26, we'll see as to what extent we can utilize that capacity from there. But clearly, having shown the intent to increase that capacity from 12 billion packs to 24 billion packs there is work to be done over the next few years in terms of absorbing and utilizing that capacity.

Then our third large SBU is Flexible Packaging where we don't have any international plans at all, as I've said many more times. And currently, we don't have any other plans to expand in India also.

Kaushik Poddar: And can we expect an EBITDA margin of 13%-14% in the second half?

Rajesh Bhatia: EBITDA margins for Q2, I think we are targeting about between 13%, 13.5%.

Kaushik Poddar: That is for Q3?

Rajesh Bhatia: No, I'm talking about H2.

Kaushik Poddar: H2. Okay. Yes.

Rajesh Bhatia: We are targeting 13%, 13.5%, let's see.

Kaushik Poddar: Thanks a lot.

Moderator: Thank you. The next question is from the line of Marcel who is an Individual Investor.

Marcel: I have made some analysis on the finance cost and the exchange losses. So, this is a very important question for the financial health of our organization. See, since you're operating in some hyperinflation economy like Mexico and Nigeria, especially Nigeria, where in the economy of the country is also going to be worse because of the oil prices dent from 85 dollars per barrel to now 72 dollars. So, you can see that in the

Q1 of financial '25, the Naira is devalued by 17.5% and in Q2 devalued by 9% and again till now devalued by 2%, so total 28% devalued.

In Mexico in Q1 devalued by 10.6%, in Q2, 7.3% and now 4%, total 22% devalued. So, what I can see, that in the last 1.5 years, we have lost almost INR1,100 crores, we lost only in the exchange losses. So, what our management is doing to contain these losses. Otherwise, on the one end, EBITDA looks very fine, but that entire EBITDA is eaten by the finance cost and the exchange losses, this is #1.

So, like how to mitigate these losses of exchange losses? And like even Egypt is also like passing through some trouble but their exchange rate is little bit stabilized. So, more concern is Mexico and Nigeria, and you are further expanding in Mexico. So how will the loss be contained because it can be contained only by having high margin from the product, so that is number one.

Number two, in the finance cost, again, we are spending, we already spent about INR900 crores we spent in the last 1.5 years. So, our entire profit has gone away, and we are now having a net debt of INR5,900 crores. Ours is only one packaging company which is having such a high net debt. So, there is very urgent need to inject the funds and nowadays, for example, every company is launching QIP.

So why doesn't our management seriously consider having either preference allotment or QIP launch so that some INR2,000 crores, INR3,000 crores, INR4,000 crores is injected in the company and the company should be made relatively half debt should be released, so that the finance costs can come down. And otherwise, whatever the premium we have, it is being eaten regularly by the finance cost and on the top this exchange losses. And these exchange losses are not going to be reduced in the near future because of the economic situation, especially of the Mexico and Nigeria.

Rajesh Bhatia: Thank you for the extensive question. I must compliment you that you have studied in great detail in terms of the losses of the currency and all that. But sir, I will only ask you one thing. When you are in India, do you count your personal money in rupees or dollars?

Marcel: In Rupees

Rajesh Bhatia: In rupees, right? So, if I ask you how much money you have in dollars, you will always say less, right? Every year, when it was INR75-72, you'll say less. So, now I ask you that you have that much money in dollars, and after two years, why did your money decrease in dollars? That did not make any difference in your pocket, in money, right, sir?

Marcel: No, sir, it made a difference, because the rupees that are being devalued, it is devalued by 3%-4% per year. Not like Pakistani rupees, which is devalued by 40%. I am talking of the situation, which is an exceptional situation, emerging for a company in Mexico.

And two devaluations recently, in the last one year, in Egypt and plus in Nigeria. Nigeria, I just checked, the exchange rate now is NGN1669, which is like, on 31st March, it was only NGN1306 against USD1. That is why I am telling you.

Our money is being looted there, sir, our money is more there if no exchange loss there, right? I mean, look at the situation, because if this loss was not there, we would have had more.

Rajesh Bhatia: Okay, I will explain it to you now. If you are a Nigerian citizen, and you have NGN 1 million, then do you tell your wealth to people in naira or in dollars?

Marcel: In dollars. Because, like, my friend has been in the CIS country before, so I know that, like, wherever there is hyperinflation in the economy, even the local citizens, whenever they get salary, they immediately convert it to dollars. So, if our rupee is stable here, then we can earn rupees here. But those who are in that country, they have to see dollars.

So, sir, the point is that, look, what you are saying, I will never agree to the point our wealth is over, right? This company is owned by an Indian shareholder. Their value is eroded. So, Mr. Bhatia, my question is that, like, if the company makes some QIP, at least the finance cost can be released, at least, to some extent, up to 50%.

Rajesh Bhatia: Sir, you are very right there. We had told you earlier that we had tried earlier. But in that, because in all these forex markets, interest rates have increased. The whole market has gone bad for IPOs. So, we were ready to file our prospectus with NYSE.

But at the last minute, our advisors told us that there is no point in doing it now. We will take it up appropriately. That is in on our horizon to be done.

Marcel: In India, if you bring a QIP of at least INR2000 crores, INR1500 crores, then our finest course will be at least INR2000 crores less, sir. Our finance cost is going to cost INR700 crores this year, sir.

Rajesh Bhatia: We will not bring a QIP in India. Because India is not giving us the right value currencies. So, this was our idea. When we would talk to overseas investors, they were looking at enterprise valuation of 10x to 12x. In India, everyone gets 4x to 5x, sir. So, if I list my offshore company at 10x to 12x, then India's prices will obviously reflect those revised valuations. So, after that, we can consider India.

Marcel: Sir, you are right. But I am saying this because none of our subsidiaries are in this position. Neither Mexico nor Nigeria. Because there are making losses. So, you cannot go for QIP in the next 2 years until the exchange rate stabilizes. And in Nigeria, their conditions have deteriorated. The price of oil used to be USD85 per barrel. Now, it has become USD72. So, my request to you is that you are right.

But those solutions are not available for the next 2 years. So, at least do some funding in India. Or ask Mr. Chaturvedi to invest his money. So that the finance cost reduces. Last year, the finance cost was INR535 crores. This year, it has become INR700 crores. INR340 crores have already been sold. Otherwise, the company is going into losses. Today, all the packaging companies are earning except our company. So, do something about this, number 1. Number 2, how are you hedging in Nigeria and Mexico so that our currency losses are reduced?

Rajesh Bhatia: Look, in Nigeria, Egypt and other economies, the dollar fluctuation versus local currency was neither in your hands nor in our hands. These are important markets for us. We are a long-term player in this. It's the same situation when you invest in equity markets. And you also have a period of 2013. And you also have a period of 2024.

So, in 2013, all the weak-hearted people ran away from the equity markets. And in 2024, those who haven't seen the equity markets can also talk about investing in the equity markets. So, our businesses there, for 2-3 years, we also find it tough to give answers. Why are you working in a country where the economy, where there is a devaluation of the local currency, etc. But these are all translation losses. These are not real losses.

If I have to convert Naira's balance sheet into Rupee and Naira has depreciated for Rupee, then I will have to report those losses as per accounting standards. But when I look at my local balance sheets, when I do business in Naira, my balance sheets are fine, sir. I don't have any issue with that.

Marcel: Sir, we are not citizens of Nigeria, we are citizens of India. So, we need to get ultimately into dollars. So, sir, my request was that some funding should be arranged in the company so that the finance costs are reduced. This is my basic point. Number one. Number two, the hedging should be done in such a way that the exchange losses in Nigeria and Mexico should be reduced by at least 50%-40% by doing some better hedging derivatives.

Rajesh Bhatia: Hedging derivatives are done when you have exposure. When you have a sale in Naira of INR500 crores. Now, your balance sheet is fine there. Now, you have to report that in Indian currency. So, when you do it in the current rate of Rupee versus Naira, then it will be less in Rupee. That is why it is proper. There is no actual cash flow or impact in that, sir. They are notional losses only. They are only translation losses, sir.

Marcel: So, sir, it is possible that when we are doing further expansion in those countries, their margin should be more. If their margin is more, if we get more, then these losses will be tolerated. What I mean to say is that if you wind up in Nigeria, then we will get less by INR2. So, that is the real loss. So, whenever we dispose of the entity.

So, the point I am drawing is that if we can increase the margin or the gross profit from the products of Nigeria, Mexico, Egypt, then at least we will get more GPs. So, even if we get additional losses, we will not have any problem. Some expansion must be taken.

Because, sir, in the last 1.5 years, we have lost so much money. If it goes on like this for 1.5 years, then God forbid, the condition of the company will be very bad, sir. Because, if you look at it now, interest will be INR550 crores to INR700 crores annually. I am only alerting you to a very, very serious question, sir.

Rajesh Bhatia: Okay, sir. I will not say anything else on this. The condition of the company is very good. It is good for you. You study in so much detail.

Marcel: Sir, so much money is going into this. I am saying this because if the promoter can make a lot of money or some money is injected in the company, at least our finance cost, which is the real outgo can be reduced.

Rajesh Bhatia: Okay, sir.

Moderator: The next question is from the line of Aman Kumar Sonthalia from AK Securities. Please go ahead.

Aman Sonthalia: Sir, we have developed some very high-value BOPP films in Hungary. So, can you throw some light on this product and how it can scale up and what is the value addition in this product?

Rajesh Bhatia: Sir, I think for this, we will have to connect offline on this to give you more perspective, where I can take my technical people also. But the more or less endeavour is that now when margins are affected in these sub-territories, so you do more of the value-added films. For those value-added films, we have put a coating line in Mexico also. We have put machines. And we have put in Egypt also.

And in Hungary also, we will do as much value-added films as possible. It is a continuous endeavour. It is not a one-time thing. But when the margins are a little impacted, at that time, you pursue it more vigorously. But we are happy to share details with all this offline.

Aman Sonthalia: And sir, in this flexible business, like right now, all these FMCG companies, they are not doing, there is virtually very little growth in the FMCG company. So, how do you see our flexible packaging business - margin-wise and growth-wise?

Rajesh Bhatia: Sir, in our flexible packaging business, if you say that we are able to see a lot, which is not the case. That is a steady-state business for us where we are neither growing nor shrinking. We are only trying to improve our product profile to more of pouching, less of roll form, where the margins are higher.

So, we are not, you would have seen over the quarters, the volumes in that business are closer to about 20,000 tons a quarter. So, we don't have a surplus capacity. And we are not planning any further capacity to take that business forward.

Having said that, in exports, where we get more money and margins, the orientation is to give a little boost in exports. Because in the local market, there is a lot of cutthroat competition. Some of our large customers, I will not name them, when they work in India market and they work in the world markets, their behaviour, things with respect to onboarding a vendor based on just the pricing is very much different.

So, these large customers will never onboard a vendor who is not a renowned name in the converting industry and all that. But somehow, in India, their behaviour is different. It's more price sensitive market. So that is why the competition in some of the products is much more. We're looking to realign our portfolio in that business, both domestic and in the export market.

You will not see much volume gain and all that over there. We're only saying that we should include value-added products and increase exports so that the margin profile improves. But there is no thought of increasing capacity.

Aman Sonthalia: Sir, in the film industry, we are not focusing more on value addition. If we go from commodity to value-added films, I think our margins will increase because it is cyclical in nature, and we will get out of it?

Rajesh Bhatia: Absolutely right. We had '22 and '23 as one of the best years for the packaging film industry. During those years, each and everything was selling. When each and everything is selling at a good price and all that, your focus is to increase the throughput so that you can produce and sell as much as possible. It's not only me, it's everybody else in the industry is that '24 was a slightly difficult year after Russia Ukraine crises.

After the raw material prices corrected sharply in FY '24, because of the supply chain stabilizing, and that brought in a lot of stock losses because your raw material prices in different jurisdictions where we work have fallen by 45%. Now, you have the raw material and finished goods, then those losses will come immediately.

After that, it will stabilize when new stock comes at a good price. It was a difficult year. But after that, things are quite good. In Q1-Q2, you saw our results and everyone else's. Everyone's margin profile is getting better in both India and overseas. Polyplex, SRF, we have good performance in Q2 versus Q1 and in Q1 versus Q4 of FY '24.

Having said that, this is the time when we started that exercise in FY '24 where we were looking for more value-added products. In the years to come, surely, we are oriented towards that. You will see much throughput of the value-added products in FY '26 and beyond.

Aman Sonthalia: One last question. Why can't we sell non-core assets and reduce the debts? We are sitting on a lot of assets. Are there any non-core assets that we can sell and reduce the debts?

Rajesh Bhatia: Sir, on one hand, we are expanding to increase profitability and all that looking to markets. In the same mindset, you can't do that in the same period of time. There are no such non-core assets which we will look to sell it off. Neither there is a mindset of that sort. The mindset is to grow, streamline, go for a better value-added product and improve your margins, distinguish yourself from the normal industry products and give options to the customers for the higher value-added products. That is the mindset we are working on.

It is not a defensive mindset that if we sell this then this will happen and this will happen. I don't even feel that we have anything like that. There is no such mindset. It is all growth-oriented and revenue maximization and profit maximization.

Aman Sonthalia: Okay, sir. Thank you.

Moderator: Thank you very much. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Thank you. Sir, when we compare June to September QoQ numbers, our PBT numbers instead of INR105 crores are INR61.5-62 crores. How should we study this? Because EBITDA numbers definitely make an understanding but when we go to PBT there should not be any one-off item. How do you explain this?

Rajesh Bhatia: Sir, this decline the only reason for this decline is the capital investment that has been made. Like in April we started a PET chips plant in India, CPP facility plant started in Russia and other projects we have commissioned during March, for such projects Q1 was the first month of that childbirth and Q2 is the second month of that childbirth. So how these will be stabilized at a higher capacity utilization.

Sir the interest cost does not look at whether your current capacity utilization is 35%-50%, it comes and hits your P&L on the basis of 100% capacity utilization. So, as and when those projects, those investments which have been made are operating at higher capacity utilization levels, your EBITDA will become higher, which will offset the higher interest cost.

The only difference is when you set up a project, complete a project, the interest cost comes and hits you on the day one on a 100% of the capacity while your capacity utilization only gradually goes up. So that mismatch will always be there unless the accounting policies allow that interest only to the extent of your capacity utilization levels should be taken into the P&L and the rest of the interest can be hidden in capital assets. But unfortunately, that is not the case. So, it hits you from day one.

Saket Kapoor: Sir, this is clear that the capitalization that you have done, it has happened in Q1 because the depreciation has not increased. It was INR173 crores in June and in September, it was only INR173 crores. But the finance cost definitely went from INR162 crores to INR177 crores. So, we have got a hit of INR15-16 crores there. But sir, if we explain this line as well, what changes have been made in other expenses that there is a difference of INR50 crores on the higher side?

Rajesh Bhatia: Sir, there are changes in interest only because you have capitalized the project on 31st March. So, after 31st March, there is a depreciation impact. Because depreciation is for a much longer period of time. It has an impact of more than 20 years, but the incremental impact is much less.

There is an impact in this quarter as well but there is a bigger impact of interest. Because depreciation if you go in any territory, then depending on the useful life of assets, you get 4%-5% annualized.

But interest, you get a minimum of 10%, more than 10% because currently in Egypt and in Nigeria, there is a local interest rate. In India, there is a 9%, 10% interest rate. But in some of the other territories, it is also higher. In dollar as well, the borrowings have increased due to the rise in the base SOFR rate in the last few years.

Saket Kapoor: That's right, sir. But can you explain the other expenses, sir? Because of which this number came at INR547 crores instead of INR498 crores.

Rajesh Bhatia: We will tell you offline.

Saket Kapoor: Okay. That's fine. For this year, what are our current maturities, sir, in the Standalone Company? What do we have to repay? And what is our current cost of fund?

Rajesh Bhatia: We had told you that our normal amortization is around INR1000 crores annually. This year, it will be the same. It may be INR950 crores in some years, or INR1000-1025 crores in some year. Average cost of borrowing should be around 10%.

Saket Kapoor: And what is our current rating, sir?

Rajesh Bhatia: Our current Long-term rating is AA-/Stable/CRISIL, and short-term rating is A1+, which is the highest level of rating. And outlook of our ratings is stable.

Saket Kapoor: And the maturity of the current year is INR1000 crores. Yes?

Rajesh Bhatia: We have to repay INR1000 crores this year.

Saket Kapoor: Thank you very much, Mr. Bhatia. Thank you very much, sir, for answering all our questions in such a candid manner. But, sir, the investing community, where there is no clarity, there is no enthusiasm to invest. So, the point is that there should be some simplicity in the structure, some simplicity in the numbers.

So that the investor gets the right outlook. Otherwise, it is an asset-heavy business. We understand that when the cycle turns positive, the cash generation will be on the higher side. These are the points because of which the investors are not able to evaluate and value the company correctly.

So, we should work it out, sir. And, sir, what is the role of E&Y in our company? Do we have them as an IR or consultant?

Rajesh Bhatia: They do the internal process audit for all our businesses, all our units.

Saket Kapoor: Okay, Bhatia ji. Thank you very much, sir. All the best, sir.

Saket Kapoor: Okay. And for IR, have we hired an external IR?

Rajesh Bhatia: For IR, there is PwC who helps us.

Saket Kapoor: Yes, sir. Okay, Bhatia ji. Thank you very much, sir. All the best, sir.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Surajit Pal: Thank you, ladies and gentlemen, for the engaging questions. We will soon have the transcript of this call on our website, www.uflexltd.com. We look forward to speaking to you again in the coming quarters. Thank you and have a great day.

Moderator: Thank you very much, sir. On behalf of Dolat Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

(This document has been edited for readability purpose)

Note: This document has been translated from Hindi to English wherever Hindi was used during the call, to assist non-Hindi-speaking readers. For the exact text, please refer to Earnings Conference Call - Webcast.

Contact information:

Mr. Surajit Pal, Vice President, Head of Investor Relations
Mr. Manoj Pandey, Manager, Investor Relations
Email: investorrelations@uflexltd.com

Corporate Address:

A - 107 - 108, Sector - IV, Noida - 201301 (U.P.), India
Phone No.: +91 120 4012345 | Fax No.: +91 120 2556040
Corporate ID: L74899DL1988PLC032166