

UFLEX LIMITED

Q1 FY26 EARNINGS CONFERENCE CALL: AUGUST 18, 2025, 04:00 P.M. IST



MANAGEMENT: MR. RAJESH BHATIA – GROUP PRESIDENT & CHIEF FINANCIAL OFFICER, UFLEX LIMITED

MR. SURAJIT PAL – VICE PRESIDENT, HEAD OF INVESTOR RELATIONS, UFLEX LIMITED

HOST: MR. SACHIN BOBADE – DOLAT CAPITAL MARKETS

'A part of your daily life'

ACTIVE Q&A PARTICIPANTS:

- **Chirag Singhal** - First Water Fund
- **Aman Sonthalia** - AK Securities
- **Saket Kapoor** - Kapoor Company

Moderator: Ladies and Gentlemen, good day and welcome to the UFlex Limited Q1 FY26 Earnings Conference Call hosted by Dolat Capital Markets Private Ltd.

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 “*” then “0” 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 Markets Private Limited. Thank you and over to you, sir.

Sachin Bobade: Thank you, Anushka. On behalf of Dolat Capital, I welcome you all to Q1 FY26 Earnings Conference Call of UFlex Limited. Hope you all are staying safe and healthy.

From UFlex management team, we have with us Mr. Rajesh Bhatia, Group President and Chief Financial Officer and Mr. Surajit Pal, Vice President, Head of Investor Relations.

Now I hand the floor to the management for their opening remarks and then we would have question-and-answer session. Over to you, sir.

Surajit Pal: Thank you, Sachin. Good afternoon, ladies and gentlemen. Thank you for joining us today for the Q1 FY26 Earnings Conference Call of UFlex Limited.

Let me draw your attention to the fact 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 results 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 question-and-answer session. Over to you, sir.

Rajesh Bhatia:

Hello! Good afternoon to everybody who is on the call.

Let me just give you a brief about how the quarter went, then we will have the Q&A session.

So as you would have seen from the numbers that the revenues are up by about 6.5%, close to about Rs.4,000-odd crores, Rs.3,922 crores for the quarter, driven by a volume increase of 7.9% on a year-on-year basis, and the packaging bit has grown by about 11.7% on a year-on-year basis, and I am talking about the volumes and the packaging films has grown by about 6.8% during the Q1 on a year-on-year basis. This volume number does not include the PET resin production, which is happening at our Panipat and the Egypt plant, because otherwise the numbers would have not been comparable. When I talk about the 7.9% sales volume increase, that excludes any PET resin sales which are happening largely from India.

On PET resin production - I can share some numbers with you, which is in India, we achieved a capacity utilization of 97% during the quarter, and in Egypt, we achieved close to about 75% capacity utilization, which is very good for the first quarter of operations.

Key highlights for the quarter are: This quarter towards the end, around third week of May, we saw, unfortunately, a very large player in the packaging film industry had an accident at its plant and that changed the industry dynamics a bit. So, the exports from India to Europe have come down and the local availability of the BOPET and as well as the BOPP films has also gone down, with the result that the demand/supply is more balanced now, which has led to better margins post this event happening and a full reflection of that you will see in the subsequent quarters, the additional margins which are there because of this supply side not being available now.

Having said that, we have also seen an increase in the import volumes also, but still, I would say in the overall context, while the BOPET sees a very marginal increase, the

BOPP part has seen a substantial increase, and the gross value addition has risen considerably during the quarter post this event.

In terms of the other markets for us - the overseas markets, because we have had this huge ongoing issue of the tariffs, so, a lot of back and forth happening, whether it was Mexico or Canada or some of the other countries. Our advantage is that we are present in eight/nine different geographies and that gives us a bit of a flexibility as to, if we are exporting to US, which is the best in terms of the lowest impact because of the tariffs imposed by the US. And happy to state that, a large part of our exports from Mexico to US are covered under USMCA and there is a nil duty as of now. And if that remains so, that will ultimately give us an edge over the other countries who were selling to US, because everybody else is facing some sort of tariff on exports to US.

There is a bit of a negative news on India that, the tariffs announced by US on Indian products are higher than expected, especially the secondary tariff of 25%. I think we are pretty sure that that part will be taken care of. And even if there is no resolution found before the deadline of 27, we feel that, that date will be extended so that whatever the US and Ukraine and Russia wants to achieve to end this war, time allowance will be there to take care of any delays therein.

The other part of the tariff of 25% is also there. So, one of the packaging we export from India to USA, so that will get impacted by this. But if the tariffs are about between 15% to 20% range, final tariffs on this also I think we will be at a level playing field with the other countries who are supplying to US and that will sort of put us almost at par with the other countries.

In terms of the guidance for this year:

I think there are the CAPEX plans, what we had in terms of expanding the Aseptic Packaging capacity from 7 to 12 billion packs, that has got some delayed. We were expecting that to start from January, the commencement of the season for 2025 calendar. But that has not happened. And despite that, as I said that we had on a YoY basis, 18% extra volume in this quarter for Liquid Packaging. So that should happen

anytime soon. The latest could be in early part of the H2, but we could have it earlier than that also.

The Aseptic Packaging greenfield expansion of 12 billion packs at Egypt is also likely to get commissioned in FY26, so is the WPP bags which are used for the Pet Food industry, is also at an advanced stage of commissioning.

And then we have final one, which is our recycling facility in Noida, where we are expecting that given the government initiative that 30% of the recycled content in the Rigid Packaging and 10% in the Flexible Packaging, so that recycling capacity will come very handy to take care of the requirement of the products emanating from this government guidelines.

On the whole, the margin for this quarter has been slightly lower. Same period last year, we had a 12.7% EBITDA margin, but this quarter it is 12%. Again, the India business has done well, but somehow because of the tariff uncertainties and because a lot of companies had stocked their material requirements well in advance, we have seen some impact of that. Hopefully, this is just a passing phase, and this will get sorted out in the next couple of quarters as to what are the final tariff policies of the U.S. As I said earlier, if there are tariffs on other countries and not on Mexico, obviously, we will definitely see our margins improving overall in our U.S. business because we may have some headroom to increase our prices in U.S. and still get the benefit of the USMCA to export to U.S.

Again, one of the key features for this quarter is that we do not have any unforeseen in terms of exceptional losses for any foreign exchange. Last quarter, same period was about Rs.180 odd crores, but this quarter, we do not have any such exceptional losses.

So, we are expecting that next year we will have the benefit of all these new investments getting commissioned. And by a reasonable estimate, we expect that these can add up to Rs.3,000 crores of additional revenues at a reasonable 85% capacity utilization levels and should give us at about Rs.600 crores of EBITDA because here we are talking about Aseptic, we are talking about WPP bags, we are talking about the recycling business, which are likely to generate a higher EBITDA than

the conventional Packaging Films where you look at about 11% to 13% kind of a margin range depending on where you are in terms of the cycle in the business. But these products definitely we have been telling you that even in India in Aseptic Packaging, our margins are much better than what are there in the Packaging or the Packaging Films industry.

So overall, I think a decent quarter and we are looking to consolidate this year, and then next year when all these investments are available for production, then we could add a substantial amount of revenue as well as profitability to our business.

There has been some increase in debt also during this quarter. As I said that, the ongoing CAPEX, which has been approved by the board, the total amount is about Rs.2,000-odd crores, out of which as on 30th of June, we have already spent about Rs.1,100-odd crores, balance Rs.900 crores is what is expected to be spent in the current year as well as in the Q1 of FY27. So, then that will take care of the investments that we have already announced to the market.

So, India, the market dynamics definitely have changed post that unfortunate loss to one of the very large players. And so that will also change the dynamics in the export markets as well. We clearly see that the volumes from India into the European export markets and the US export markets will come down and which will give you better pricing power in those jurisdictions. And India, of course, will definitely see better margins going forward on a consistent basis because, a very large capacity is now off the table which will take time to build.

That is what I had to convey during this investors call. And we are open to any Q&A, whatever questions you have, we will try to reply to them to the best possible. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Chirag Singhal from First Water Fund. Please proceed.

Chirag Singhal:

Thank you for taking my question. A couple of questions from my end. First, Asepto expansion, this seems to be getting delayed. Now, the expected commissioning is in

H2 and I think you mentioned estimated outlay of \$24 million and that has already been incurred. So, what are the challenges that we are facing in commissioning and are you expecting further delay?

Rajesh Bhatia: No, we are not. See, ultimately, the idea was if we can complete it by December '24 or early part of January, you will get the benefit of '25 calendar season. Now, if that is not happening, then whether it happens today or it happens two months later, this is not going to be a very substantial difference in terms of the volumes we're selling, because now in the off-season, we are not constrained for the capacity, you are constrained for the capacity only in the peak season period which is say from January to August. So, now any benefit of this will come only in the next calendar, so, '26 calendar onwards, from January onwards, it should start. So, we are close to achieving commercial run for this and it should happen more quickly than that but the message that I am going to convey is even if it gets done tomorrow itself, it is not going to give you any additional revenue than the profitability as of now.

Chirag Singhal: So, for the full year, FY26, what is your guidance on total volumes in Asepto?

Rajesh Bhatia: Asepto, we had earlier given a guidance of about 10 billion packs. So, in the Q1, we have achieved about 2.3 billion packs, which is April, May, June. So, I think we will look at somewhere between 8.5-9 billion packs now.

Chirag Singhal: Okay. Understood. Now, my second question is I am on this capacity utilization slide and I can see that in a couple of regions, the capacity utilization has dropped on a sequential basis; so, in Dubai, Nigeria and Poland, we have seen and even Mexico, we have seen a sequential drop in the capacity utilization. So, if you could highlight the key reasons? And for the full year, how do you see the overall capacity utilization across all geographies?

Rajesh Bhatia: So, I think as you rightly mentioned, these three have not performed as well on a sequential basis. So, Nigeria is the worst impacted where the impact is because of the tariff being put by US. Nigeria has finally come on a 19% tariff basis and earlier US had put similar reciprocal duties on each country, they were at 10%. So, I think because US and Mexican both production units are not able to cater to the demand in the US in the North America and the South America market, so, this business will pitch in,

but we are still trying to see as to where we can optimize this, like for example, in Egypt, there is a 10% duty exporting to US. So, I think eventually when everything will get sort of more settled, we will see at that point in time about Nigeria. But clearly, this quarter, Nigeria underperformed because US had already stocked well in advance, our customers had also stocked well in advance and then this duty came by virtue of which we decided to just keep the thing a bit low while this all gets settle down.

Poland has typically been impacted because of exports happening from India, and as I said, that from June onwards, this trend has reversed a bit. In June, the exports from India into Europe were much lesser and that impact will come in the subsequent quarters and we think that will give us some pricing power in Europe.

The third is Dubai. Now, Dubai, there is no significant impact as such, it could be that a plant shutdown during this period and all that, that could be the only reason but there is no specific reason for Dubai, because Dubai sells its products only in Middle East. So, there is nothing as such in Dubai business. But look at something, Hungary has done well as compared to sequentially as well as on a YoY basis. India has done well and India is expected to do better in the coming quarters as well. Egypt has done better in this quarter on a sequential basis. So, I think overall, Nigeria will get sorted and Poland will get sorted in the next couple of quarters.

Chirag Singhal: Overall, for the full year, what kind of production volume I should work with? So, in this quarter, you have done total 127,900 tons in film section and in the previous quarter, it was a similar number. So, for the full year for the film division, what is the total production volume that I should work with?

Rajesh Bhatia: Somewhere around 132,000 tons per quarter.

Chirag Singhal: 132,000 tons per quarter. Okay. Got it. That is it from my end. Thanks for answering the questions. I will get back in the queue.

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

Aman Kumar: Yes, good evening, Mr Bhatia.

Rajesh Bhatia: Good evening to you.

Aman Kumar: My question is related to BOPP margin in Mexico and Hungary. Since I think a lot of import was happening in Europe from India, so, after this fire in India, in the Jindal plant, do you expect that the dumping from India will come down and the margins in Egypt and Hungary will be better going forward?

Rajesh Bhatia: So, India's exports are happening only to Europe. So, India is not exporting to Egypt at all. So, I do not know where that information is coming from.

Aman Kumar: No, no. I think from Egypt we were exporting, is it confined to Egypt only or we export BOPP from Egypt to Europe?

Rajesh Bhatia: Egypt exports to Europe and from India there are exports to Europe. So, with this unfortunate incident, exports to Europe in the month of June versus the month of May have gone down. So, I think they are likely to go down in the subsequent months as well. So, let us see the impact of that in the current and the next quarter. But definitely, this will give some pricing power to Europe.

Aman Kumar: When will this overcapacity situation in BOPET get over all over the world? I think there is overcapacity not in India, but it is overseas also.

Rajesh Bhatia: I mean, overseas in the specific jurisdictions, there is no significant mismatch. It is only that because there is a significant mismatch is there in India. So, India is exporting to these countries and with the rupee depreciating against the euro, so that is again helping the Indian exporters to drive better margins while exporting and then keeping the demand/supply equilibrium balanced in India. So, in BOPET, it will take at least two more years before any meaningful impact of the demand/supply balancing could be seen.

Aman Kumar: Okay. Next question is related to this Flexible Packaging business. So, after a long time I think we are seeing a good turnover growth is there. So, are these margins getting better? And what do you think about the future? Because things are looking better going forward in the FMCG sector?

Rajesh Bhatia:

So, this quarter for Flexible Packaging business, the volume grew by about 7.4% on a YoY basis. For Liquid Packaging, as I said, they grew by 18%. And Holographic Films, they degrew by about 5%, but that is not a very substantial business. So, the volume growth in the Flexible Packaging business is good and the margins have also been better in this quarter on a YoY basis. So, hopefully that momentum is there. And now, with the new announcements by Hon'ble Prime Minister, that they lower the GST slab and there is an increased demand for the food and other consumables and all that, so, obviously, it will impact the packaging demand as well. So, hopefully, we will see a better demand for this. But having said that, in the Flexible Packaging, we have not done any investment in the last few years. So, in terms of what we can do in terms of additional volumes, there may be very limited. Then the strategy would be to move up the value chain and reduce your exposure on the low value-added products and all that, and do more pouches, and similar other products rather than doing the roll form and all that. But we do not have much capacity over there which we can utilize to improve our volumes, revenues and profitability.

Aman Kumar:

So, there is a lot of clarity there in the recycling business. So, whether we will see significant uptick in this business going forward, because 40,000 is a reasonable quantity, but I do not think it is a very major quantity. So, where we see this business to grow going forward?

Rajesh Bhatia:

40,000 will not suffice. This is just an initial number to test the water and to see how serious the regulations are in terms of implementation. And these sort of paramount policy things take certain time to stabilize and then the results are seen. So, if you want to mix 30% in this and 10% in flexible, then a mixture of 10% in flexible means actually only 25% has to be mixed because in flexible you have BOPET, you have poly, you have BOPP. So, if 1 kg of PET is used in one packaging, then a total of 2.5 kg of packaging is made. So, the entire impact will come in the BOPET category, because recycling is only happening in that. So whatever volumes will come in it. But I think it is a game of patience because the government is doing this, now see this is the first year, next year when the government will audit it or people will file their returns then it will be known how they are taking this thing, how they are doing it. But there are companies who are already taking action in terms of finalizing their strategy as to how do they want to achieve this and all that. But we will have to be a little patient.

Our facility will be ready by the end of the year. So, next year, if we have the production capability and by that time things get more crystallized in terms of how the government reacts to any underperformance in the current year because in the current year there is not much of the product also available. So, the companies can also say that the product was not available locally. So, we could not do this and all that. But this is a sustainable business end of the day. There is some regulation, and that regulation will not be reduced now. It is possible that it may take 1 - 2 years extra for it too, but it is going to be there, and this will become a formidable business for the industry.

Aman Kumar: And for UFlex also?

Rajesh Bhatia: Obviously, for UFlex also it will become a formidable business.

Aman Kumar: So, do you think that this BOPET margin has bottomed out and now things will improve here onwards?

Rajesh Bhatia: BOPET margins had improved in India. But in India, we are seeing higher imports from Southeast Asia and China also. So, I think that keeps the prices in check currently.

Aman Kumar: No, Sir, whoever imported it, they have incurred huge losses, so in future they will think twice before importing any BOPET or BOPP. Do you think it is right?

Rajesh Bhatia: You are right over there, because the purpose of the industry is also that it is better off for everybody that they do not look at imports route. So, everybody has suffered losses, now the prices have gone down again. So, I think, if there is no certainty to the traders about importing then there is any merit, so that will give a price advantage to the local manufacturers for sure. But it will get better. As you said, they have bottomed out. So, I would say they have bottomed out. But this was checked by higher imports in this quarter from Southeast Asia and China.

Aman Kumar: And sir, one last question is, is the industry asking the government to implement BIS in packaging films so that there is a check on imports?

Rajesh Bhatia: The industry is doing all that can be done to ensure that the local industry remains viable. So, they will do everything. Do not worry about it.

Aman Kumar: Okay, sir. Thanks a lot.

Moderator: We take the next question from the line of Saket Kapoor from Kapoor & Co. Please proceed.

Saket Kapoor: Thank you for the opportunity. Firstly, sir, we have mentioned about this virgin PET chips business and we have outlined some capacities for Egypt and Indian capacities at Panipat. So, firstly, if you could just explain, is it only the EPR part of the story which we are playing through this segment? And what is the revenue contribution going ahead when these will be running at full utilization levels?

Rajesh Bhatia: So, two things over here. They were initially planned during the later part of the COVID period when the demand/supply situation was so bad that getting the raw material, PET chips for our packaging films was becoming a very, very challenging thing. So, in the industry structure, if you see, all those people who make resin for the PET bottle, they have always some surplus capacities which they want to when optimize using, they produce, the film grade PET chips also. Now, when the demand for the bottle also went up during the COVID period, so they did not have this surplus available. And that is the time, players like us who did not have any internal capacity for this raw material, we started suffering badly in terms of availability as well as in terms of the price. So, that's when we decided that We are a very formidable player. We are globally number one or number two. And we just cannot leave business to the market. So, we have to have a better handle on our raw material. And so, that is where we set up a plant in India and then in Egypt. Now, we also knew that when you are producing at these plants, so since most of the capacity is going to be utilized internally, it will not add to any revenues, but it will add to your profitability, it will also give you a certainty of the raw material quality because earlier you were procuring from various sources, whichever was the cheapest and quickly available. So, that would have given more certainty to this business. So, that was the whole intention. But in India, we also kept a provision that if we want to convert these into a bottle grade chips also, so we have a provision in the plant for doing that. And depending on the market prices, if you are getting a better margin in the bottle grade chips, then for our film, we buy this raw material from the market and produce the bottle grade so that we get better margins over this. So, this is a dynamic situation, it

keeps changing, there is more margin in PET films it is better, to make it or make it bottle grade, it is better. This is what is happening in Panipat since last two quarters that our volumes of bottle grade have increased, if we make and sell bottle grade then we are getting better margin now. So, we may be buying our raw material from outside and making bottle grade chips. So, in this plant what we are saying is, because we have the capacity to make bottle-grade chips, and we have our new plant coming up, in that we will make recycled chips. So, the 70-30 that the government has said, we will give our customers 70% of these virgin chips and 30% recycled chips from the Noida plant, we will mix it and give it to them, so that they do not mix it at their end and all that.

Saket Kapoor: So, this way it will have a dual purpose, your margin profile will also improve and the EPR program will also run smoothly.

Rajesh Bhatia: Yes.

Saket Kapoor: Sir, you have mentioned in the press release that the 18,000 MT CPP plant in Mexico that will ramp up for Quarter 1 and 2. So, in terms of its revenue contribution, what should we look at on an annual basis? And also, sir, we have spoken about CAPEX and commissioning of four projects, the Egypt one, debottlenecking at Sanand, then the WPP for Mexico, and already you have spoken about the Noida. Sir, if we look at the full benefit, will we see a full project contribution in H2 and what kind of revenue addition are we expecting from these CAPEX when they are streamlined?

Rajesh Bhatia: So, I think I had already said that in my call. So, we will not be able to take any benefit of this in the current year. We can take the benefit of the expansion of Sanand from January onwards, so if we achieve 1 billion packs in January, February or March, then that will definitely be a benefit. So, as I said, we had 2.3 billion packs in this quarter. So, if we do in January, February, after our expansion 3 billion packs which is a season time also, then that benefit will come in turnover and profitability. But apart from that, the benefit of all other projects will be available only in FY '27. And the Aseptic plant in Egypt, we may get some benefit from that because when we set up the plant in India also, it took us some time, product approval takes time. It is not that if you set up a manufacturing facility today, definitely we are exporting from India, the quality is there, we will get the benefit of that. But we have seen in the past that it

takes a bit of time, but yes, we will be ready to serve the markets in FY27. Our WPP will come, recycling will come, Asato Egypt will also come, but it is possible that it will take some time for us to increase the capacity utilization levels and establish the product. So, having said that, the total planned CAPEX for all these four investments is about Rs.2,000-odd crores and we have already spent about Rs.1,100 crores up to 30th of June.

Saket Kapoor: Last point what you mentioned sir?

Rajesh Bhatia: On a revenue side, I said that there is a potential of about Rs.3,000 crores for the top line and EBITDA of about Rs.600 crores.

Saket Kapoor: So, total capex at Rs.2,000 crores, top line at peak utilization Rs.3,000 crores and EBITDA at 20% translates to Rs.600 crores. That is what the math should be.

Rajesh Bhatia: Yes.

Saket Kapoor: Okay. So, sir, this year there will be a pressure of interest on our margins and all because Rs.1,200 crores we have already spent and balance Rs.800 crores will be spent within the next two quarters only. So, the net debt-to-EBITDA will go up?

Rajesh Bhatia: Yes, but this does not have an impact on P&L because the interest that you incur on the borrowings taken for this, this all gets capitalized as part of the project cost. But if the debt number comes, then the net-debt-to EBITDA will go up a little bit.

Saket Kapoor: So, sir what will be our peak? Now it is 3.90.

Rajesh Bhatia: Yes, so 4, maximum it will be 4.1.

Saket Kapoor: Okay. But sir, if we take the roadmap going ahead, what are the outlining after this CAPEX and all were envisaged earlier and the IRR were also worked out. So, now going ahead, say from Rs.2,000 crores, the next financial year, how should the debt trajectory should look like, where it will go down or where it will be for the next financial year?

Rajesh Bhatia: See 4 or 4.1, if we add its EBITDA of Rs. 600 crores on an existing EBITDA of Rs. 1,900 odd crores, then our EBITDA will be Rs. 2500 crores, on this, my total repayment for the year is about Rs. 1,300 crores. My total debt right now is Rs. 7,300 crores which divided by Rs. 2500 crores, I come to 2.92. My scheduled repayment is also about Rs. 1,300 crores per year and if I have to draw some loans for some of these projects, then with the new projects getting commissioned and the revenues and the profitability kick-in, we will surely be under three.

Saket Kapoor: You will be going down to three?

Rajesh Bhatia: Yes.

Saket Kapoor: Sir, I did not listen to your opening remarks carefully, the line was disturbed, if you could just give me firstly the operating landscape in terms of, I think you have spoken about the other players also, how the different segment margins moved up and then because of some imports, they are now again trending lower. So, taking those things into play out post the sad event in the month of end of May, how are things currently planned out for our Film Business segment in terms of the contribution margins or EBITDA per kg if we look at the trajectory, So, how is it looking now and how is the market?

Rajesh Bhatia: So, what I am saying is two things. One is India and other is overseas. In India, after this event, clearly, the market dynamics have changed for the better, more better for the BOPP players, but even for the PET players, this became better also. But later, this was checked by higher imports from Southeast Asia and China. And as it is a known fact that these traders have incurred losses because the domestic players also adjusted their prices accordingly. So, the impact of the capacity which is now not available in India, will be seen in the medium-term for sure. We are seeing more profound in the BOPP and less profound in the PET industry because of imports happening. Now, simultaneously, if we also link it to the global thing, now, while India's story was different because of this incident, that is how the market dynamics changed. In the overseas market, the dynamics changed because of the tariff by the US. And with the domestic incident, the export of the packaging films from India to Europe have come down already in the month of June and July. And if they keep on coming down, we will definitely see a better pricing in the Europe market. In the US

market, before the anticipation of the tariff, the customers had already stocked the films and all that. So, we saw hesitation on the customers to give more orders till they are clear as to how the tariffs are going to settle. So, there has been an unsettling impact because of the tariff. And that is why in the quarter, the demand in the North American market remained a bit muted. I also said that we still have an advantage because we produce films in Mexico, and our exports from Mexico to the US are very substantial. Whatever Mexico produces, 70% is exported into the North America market, largely to the US. And if there are duties on all other nations, obviously, it will give us an advantage and we will have scope for better margins when we are exporting from Mexico to the US. But this has to settle down over the next two quarters, only then the final plans will be before all of us.

Saket Kapoor:

Right, sir. If we look at the P&L part, when we look at the nature of our other operating income, if you could just explain what are the major key components and how are these other operating incomes are generated? And also, sir, when we compare June '24 versus June '25, I think you have given volume and this revenue increase percentage is good, but the efficiency part in terms of whether power and fuel or employee cost, everything has gone up higher than what the incremental revenue has been. So, where have we slipped on this front, sir? And what steps are we taking to rationalize this cost or lower it, sir? The other operating income component and employee cost, power, fuel cost, everything has moved up significantly.

Rajesh Bhatia:

So, other operating income largely is the business income only. Like there are export incentives or the sales of scrap you generate in your business. So, it is very much part of the operational income only. I have not gone through as to the rise in the other expenses proportionate to sort of the higher revenues as well as the profitability. Because to a very large extent, if the market dynamics are also playing, so obviously you will find that if the revenues have come down or if the profitability is lower and you measure those costs in relation to these two factors, they will look way higher as compared to the comparison period. But that does not mean that you can reduce those costs just like that. In one quarter, my volume has reduced due to Trump or due to some local factors, so my employee cost will also reduce. These sorts of expenses are mostly fixed or semi-fixed in nature only. And yes, when you work out

the percentages or per ton and all that, you will find it a bit higher. But more or less, you cannot do much. Unless you structurally feel that your business, you have excess manpower or if you have done a project, where you have hired the manpower, but the capacity utilization is less. All those factors, you have to take in your stride. I do not think so that... we keep on reviewing our manpower from time-to-time as to what is the cost and what are the other things, but nothing to worry about on all those factors.

Saket Kapoor:

Sir, the roadmap we outlined for the current year in terms of the revenue trajectory, the margins trajectory post the exit of Quarter 1, how confident are we that given the current business environment we will be able to meet those trajectories as outlined earlier? So, this EBITDA margin or the EBITDA which we have done for the Q1, how sustainable or how are the market factors contributing to the sustainability of the thing, if you could just give us some more color on the same?

Rajesh Bhatia:

I understood what you are asking. See, we have given guidance that revenue will be increased by 10% and our approx. EBITDA last year was Rs. 1,900 crores, this year it will be approx. Rs. 2,100 crores. Now, we have grown the revenue by 6.4% in the first quarter. So, it means the remaining balance period of three quarters in that we have to grow by 10% our revenue to come close to that 10% revenue numbers, we have to grow by 11% actually. To grow by 11% there will be some volume game, but largely, it will be the pricing game. So hopefully and you know in Q4 we will get the aseptic benefit that aseptic miss we had in Q1, it will come in Q4, it is already a miss, you can say about 0.5-0.7 billion packs for the quarter. That miss is there already. Secondly, the value, the prices are there, all that, that obviously, with the incidents which have happened towards the fag end of the Q1, will drive the volume and the prices better in the next three quarters. So hopefully, we should be able to achieve that. If we do not do it fully then we will see in Q2 what we will do.

Saket Kapoor:

Yes, we will see. It will mainly depend sir on the film segment realization and its contribution margin. So, from that segment, sir, right now we are on track post the exit of what the June quarter and what factors affected our --

- Rajesh Bhatia:** It is not fully on track. Q1 versus what we had planned for the full year, there is a little setback in that. But we will achieve that in the next three quarters, that is what we are hopeful.
- Saket Kapoor:** Yes. But sir, in film segment realization is changing now in BOPP and in BOPET. And globally sir, now in both these segments is there any further capacity expansion is expected in the remaining three quarters?
- Rajesh Bhatia:** No, in this right now there is no capacity addition is planned.
- Saket Kapoor:** No, globally does any other player is adding? Sir, I am asking about how are the global capacity addition, if any?
- Rajesh Bhatia:** SRF is adding in India. Then you have one or two other players, who are adding BOPP in India. So, BOPP which has become a big void, so I think Nahar is doing it and one more was there. Three players are there in --
- Saket Kapoor:** Dhunseri is also coming up, sir.
- Rajesh Bhatia:** Okay. So, till now only this is there, it is not supporting us. We have seen that whenever some margins increase then everyone who is there in the industry everyone says that I should also make one line at least. Like everyone has done last time, if this happens like that then again, we will go to overcapacity in the next three years.
- Saket Kapoor:** And now how realizations are checking currently. I missed this point, what you had mentioned, how are the realizations currently?
- Rajesh Bhatia:** Realizations are okay in this. I think better than the PET. On a gross basis, value-added, depending on the basic film, 35% margin over the raw material cost in the BOPP.
- Saket Kapoor:** Right. And lastly, this single pellet solution you mentioned in your press release, in this what is the significance? In the press release, if I just take your attention, page number 14 onwards, sir you have mentioned product wise chemicals, Flexcote and then UV LED, what are we trying to explain out of these few slides in terms of our

profitability and the incremental business? So, four or five slides we have mentioned, wherein we have mentioned special properties and all those stuffs, but anywhere--

Rajesh Bhatia:

There are product capability things that we are telling you, basically to make you understand that we are not a dormant company, we are an evolving company. In our products we find new things and we try new things and because of that we remain one of the best players in the industry. Now, having said that, the first question you asked that what we will do in the single pellet? So, in single pellet, I have already explained that customer has to mix 30%, okay. So, customers have two options. One option is to buy virgin, or buy a recycled one, and mix it here. Second, if he wants a better product, then at a manufacturer end also, if he gets a product in which there is a 70% virgin material and 30% recycled content, it will work better for him. Otherwise, it might happen that he has to apply something for mixing or he is not able to maintain that quality. So, we are offering this to our customers, that we will give you single pellet source where you will get the pre-mix thing, in which you will have to do nothing. So, you just have to run it on your machine.

Saket Kapoor:

All are for the EPR story?

Rajesh Bhatia:

Yes.

Saket Kapoor:

So, for investors, I think, so for our side, it is only how the debt trajectory shaped up going ahead and I think so when we started converting to one and a half years earlier, Surajit sir did mention about some low-hanging fruit, which we were eyeing to capture. So, if Surajit sir is online, and if he could just comment, where are we in getting those low-hanging fruits for the investing community, and if there are any comments.

Rajesh Bhatia:

So, you can talk to Surajit one-to-one. I think I have no context of what you are saying on the call.

Saket Kapoor:

Sir, in the call, he had mentioned about that. Maybe I may be incorrect.

Rajesh Bhatia:

So that is what I am saying. I have no recollection of that. So Surajit is the best person to talk to. And if he is not able to give you an answer, then we can always engage in

what the context is. But now what context I do not recall, that is what I am trying to say.

Saket Kapoor:

Okay. Fine, sir. We hope, sir, for value creation exercise for shareholders, that is not exactly happening. So that was the reason why my question was. And that is all from my side. Thank you for all the elaborate discussion. And only one suggestion is that, sir, when the presentation is uploaded, if that could be done a day before the call, that would suffice a lot of things. Lot a lot of effort goes into the presentation. Kudos to Manoj ji, Surajit sir, for preparing a very exhaustive report. So please provide us with ample time to go through those also. 40 minutes is not sufficient. That is not doing justice to the same, sir. Should we do it a day before or a day during the call?

Rajesh Bhatia:

So, it is like, we are not just available for you on this call. So, if you weren't able to get enough time to look at the presentation, we will address your questions as and when needed and we will engage with you separately and address your questions.

Saket Kapoor:

Yes. Sir, my point is that whenever you are hosting a call, the duration between the presentation and the call should be one day. So, a lot of our questions get filtered. You do so much work on the presentation, and you do not get the right value for it. If we analyze it properly, there are no questions left because a lot of hard work is done on the presentation. And I am very, very grateful to the team that goes and works for it. So that is all from my side. I have spoken enough and thank you, sir, for giving me the extended opportunity for putting forward my request. Hope we have someone from the promoter also joining the call and listening to investors' feedback and giving their input if any. We have requested earlier also. So, in the team next lineup or maybe once during the year, if somebody from the promoter team also participates and answers or listens to the investors and analysts, that would be a confidence-boosting measure also and that goes well in the investing circle also. My humble feedback, sir if that could be deliberated on.

Rajesh Bhatia:

We will surely work towards this and see if that can happen.

Saket Kapoor:

Thank you, sir. Thank you, the entire team.

Rajesh Bhatia:

Thank you.

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

Surajit Pal: Thank you for joining us today. We appreciate your time, questions, and continued support. The transcript of this call will be made available shortly on our website at <http://www.uflexltd.com>. We value this platform as it enables us to engage meaningfully with our investors and stakeholders and look forward to keeping you updated on our progress in the coming quarters. Wishing you all a pleasant day ahead.

Moderator: Thank you. On behalf of Dolat Capital Markets Private Limited, that concludes this conference. Thank you for joining us and 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 the 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