

UFLEX LIMITED

Q4 and FY26 EARNINGS CONFERENCE CALL: June 01, 2026, 04:00 P.M. IST



MANAGEMENT: MR. SUMEET KUMAR – EXECUTIVE VICE PRESIDENT, FINANCE, UFLEX GROUP
MR. SURAJIT PAL – VICE PRESIDENT, HEAD OF INVESTOR RELATIONS, UFLEX LIMITED

HOST: MR. ASHVATH RAJAN – ARIHANT CAPITAL MARKETS LIMITED

'A part of your daily life'

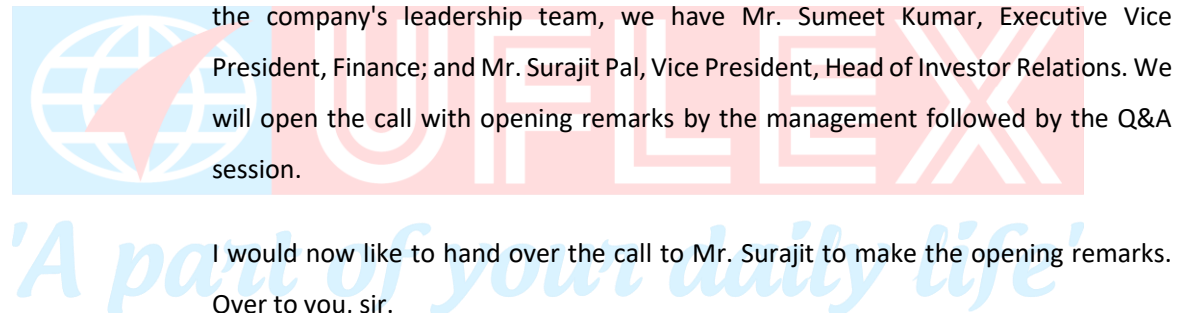
ACTIVE Q&A PARTICIPANTS:

- **Urmish Shah** – Moneywisers
- **Saket Kapoor** – Kapoor & Company
- **Garvita Jain** – Seven Islands
- **Kashmira** – Individual Investor
- **Ashvath Rajan** – Arihant Capital

Moderator: Ladies and gentlemen, good day, and welcome to the UFlex Limited Q4 and FY26 Earnings Conference Call, hosted by Arihant Capital Markets Limited. 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. Ashvath Rajan from Arihant Capital Markets Limited. Thank you, and over to you, sir.

Ashvath Rajan: Thank you. Good evening, everyone. On behalf of Arihant Capital, I would like to thank all of you for joining the Q4 and FY26 Conference Call for UFlex Limited. From the company's leadership team, we have Mr. Sumeet Kumar, Executive Vice President, Finance; and Mr. Surajit Pal, Vice President, Head of Investor Relations. We will open the call with opening remarks by the management followed by the Q&A session.



I would now like to hand over the call to Mr. Surajit to make the opening remarks. Over to you, sir.

Surajit Pal: Thank you, Ashvath. Good afternoon, everyone. Thank you for joining us today for the Q4 and 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. Sumeet Kumar, our Executive VP, Finance, UFlex Group, for the opening remarks, following which we will open the forum for Q&A session. Over to you, sir.

Sumeet Kumar:

Thank you, Surajit, and thank you, Arihant team, for facilitating this call, and good afternoon, everyone. I must thank you for joining UFlex Limited Q4 and FY26 Earnings Conference Call, but before I proceed further, I would take a moment just to extend my apologies on behalf of UFlex for a slight technical glitch at the beginning, which delayed our starting the call a little bit. I appreciate your understanding while I extend my apologies.

And in fact, at the same time, before I talk about Q4 and FY26 operational and financial performance, I would also take a couple of moments for those joining us for the first time to briefly introduce UFlex business and product portfolio. UFlex Limited is India's largest multinational in flexible packaging and solutions company, and one of the very few companies uniquely integrated across the entire packaging value chain, offering both stand-alone and end-to-end consumer-ready packaging solutions.

Our ecosystem begins with the production of virgin and recycled PET chips, the core raw material for BOPET and recycled PET packaging films. Our packaging film portfolio includes BOPET, BOPP, CPP, recycled BOPET, metallized and AIOx-coated packaging films, along with a wide range of value-added specialty packaging films, including ultra-high barrier solutions.

These upstream systems are complemented by a comprehensive portfolio of intermediate products, including high-performance inks, adhesives, coatings, holography solutions, printing cylinders and packaging-related engineering equipment, enabling full in-house capabilities, strong quality control and greater operational efficiency.

And at the downstream end, we deliver complete end-to-end packaging stock-keeping units, SKU solutions, including flexible laminates, pouches, tubes, WPP food bags, rice raffia bags and aseptic liquid packs. We serve leading global brands across

FMCG, food and beverages, pharmaceuticals, personal care and industrial real estate sectors.

Talking about these upstream intermediates, and downstream, the fully backward integrated model ensures supply chain reliability, drives innovation, strengthens sustainability and positions UFlex as a truly comprehensive one-stop packaging partner globally.

I'll talk more about how this completely integrated model has helped withstand, particularly, what happened during quarter 4. Now starting with the performance of quarter 4, Q4FY26 marked a very strong finish to the year with broad-based recovery across our businesses despite a challenging operating backdrop, which was characterized by supply chain disruptions due to ongoing West Asia conflict and continued tariff-related uncertainty for the first half of the Q4. The quarter demonstrated the resilience of our integrated business model, diversified geographic footprint and disciplined execution. Reflecting this overall strong financial performance, consolidated revenue for Q4 FY26 increased by 12.8% sequentially and 5.7% YoY to Rs.40,973 million. More significant was the jump in EBITDA, which jumped 36.3% QoQ and 31.8% YoY to Rs.6,265 million, while EBITDA margin also expanded to 15.3%, so, both the aggregate EBITDA recorded during the quarter and also the EBITDA margin achieved was the highest in the last 14 quarters, which was after Q1 of FY23. Normalized PAT during the quarter increased to Rs.2,026 million, reflecting the benefit of improved realizations, a better product mix and stronger operating leverage.

At the same time, for the full year FY26, consolidated revenue increased 2.1% to Rs.155,130 million, while EBITDA rose much healthier at 8.1% to Rs 19,836 million. EBITDA margin expanded by 70 basis points compared to the previous fiscal to 12.8%, which underscores our ability to ensure steady operations and improved profitability, successfully navigating through multiple external headwinds.

Now talking about volumes. Consolidated sales volume during this quarter increased 10.3% sequentially over Q3 and 1% on quarter 4 YoY to 166,879 MT during Q4. For the whole year, consolidated sales volume remained resilient, growing 0.4% to 649,789 MT for the whole fiscal. Total sales volume consists of the packaging business

and packaging films. Our packaging business comprising flexible packaging, aseptic liquid packaging and holography delivered another strong quarter. Packaging sales volumes increased 7.1% sequentially and 1.6% YoY to 38,842 MT in Q4FY26, and for the whole year, packaging volumes grew 5.1% to 151,755 MT, reflecting sustained demand momentum across key packaging categories.

The aseptic packaging business recorded 15.9% sequential growth during the quarter, which is typically one of the strongest quarters and which was driven by the seasonal demand cycle during January to March quarter, while full year volumes increased 2.4% to 7.97 billion packs despite multiple demand disruptions during the year, which includes an unseasonably cooler summer, little prolonged winter and also monsoon being definite.

In the Packaging Films business, Q4 witnessed a meaningful recovery. Sales volume increased 11.4% sequentially and 0.9% YoY to 128,037 MT, supported by sequentially improving demand across several regions. For FY26, packaging film sales volume declined by 1% to 498,034 MT amid tariff-related uncertainties for most part of the year, GST-related disruptions in the second and third quarter, softer CPG demand in Europe and U.S.A. and broader macroeconomic challenges.

Now I'll give you a perspective about the regional performance within the Packaging Films segment. In India, we witnessed a sequential recovery with sales volume increasing 6.3% QoQ to 26,888 MT supported by demand normalization and strategic inventory replenishment. However, sales volume declined 6.3% YoY, impacted by softer FMCG demand with volume growth moderating to 0.9% in Q4FY26 as higher raw material costs and supply disruptions led customers to defer purchases amid general expectations of price correction and lower inventory losses.

Americas delivered the strongest growth with sales volume increasing 23% sequentially and 18% YoY to 31,883 MT, supported by post-U.S. government shutdown normalization, which was the longest ever U.S. government shutdown. Post shutdown normalization was one and also improving CPG food demand and seasonal post-holiday inventory replenishment were the contributing factors about this increase.

Europe recorded a strong sequential rebound with sales volume increasing 12.9% Q-o-Q to 35,367 metric tons. Our demand remained soft on a YoY basis and subdued consumer spending, fragile CPG demand, persistent energy and food inflation and pressure from cheaper imports.

Middle East and Africa region volumes increased 4.6% sequentially and 1.5% YoY to 33,899 MT, driven primarily by Egypt and Dubai. Egypt, in particular, benefited from now-localized sourcing opportunities arising from supply chain disruptions in the region.

During the quarter, the capital expenditure was primarily allocated across 4 key projects, which includes aseptic packaging facility in Egypt, our WPP bag manufacturing unit in Mexico, for the PCR PET facility and the MLP manufacturing facility in India and the new BOPP packaging film manufacturing line at Dharwad. Overall, we are encouraged by the strong recovery in Q4, improving profitability and the continued ramp-up of our strategic growth projects.

Looking ahead, as we move into FY27, the company remains confident in the long-term growth prospects of the overall packaging business, supported by rising income levels, shifting consumer habits and accelerating urbanization across key markets, which are expected to drive higher consumption of FMCG products and consequently related packaging materials. The company expects to perform better in FY27 than FY26, driven by improved utilization of recently commissioned capacities, product mix optimization and additional capacities expected to come online during FY27.

With this, I would be happy to take your questions and provide any additional information that may assist in your analysis and understanding of the company's performance and growth prospects. Thank you very much.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Urmish Shah from Moneywisers.

Urmish Shah: Sir, my first question is in terms of the U.S. market. Could you just elaborate on the demand in terms of BOPP and how much revenue can we expect and as to where we stand in FY27 and FY28?

Sumeet Kumar: In the U.S. market, primarily, we operate in the BOPET space. U.S. market, in fact, BOPP has a very high level of imports for market as a whole. But when it comes to UFlex, we are actually having our operating capacity in BOPET. And in fact, at this stage, we are looking at this BOPET capacity having better asset utilization, and overall, U.S. has a lot of imports, in excess of about 23,000-24,000 MT every month of BOPP within the U.S. market.

Urmish Shah: Okay. And sir, in terms of capacity utilization in terms of Mexico and Egypt, can we see an uptick?

Sumeet Kumar: In fact, if you look at U.S., for quarter 4, we had an uptick in terms of capacity utilization. And Mexico during the year, we had capacity utilization, which we can expect during the current year as an uptick definitely.

Urmish Shah: Okay. Sir, one question before I join back. Do you foresee any shift in the mix in terms of domestic and export or will it remain the same?

Sumeet Kumar: Overall, in fact, the contribution of international business, which includes exports and the overseas revenues has been showing a transition towards higher contribution of international revenues. And currently, as we speak, it is 57% contribution from international revenue and 43% from India revenue. And that, in fact, if you compare with the corresponding quarter last year, has shown a transition towards higher contribution of international business.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Sir, as you were in your concluding in your opening remarks, wherein you mentioned that we are in better operating environment as we exited the last financial year. If you could just give us some more colour on how the current spreads is panning for both BOPP and BOPET films? What are the factors that are currently influencing those spreads across the geographies?

Sumeet Kumar: First of all, I think, yes, what was relevant for the quarter was a little abnormal phenomenon that we witnessed more towards second half of the quarter or more precisely during March. During March, you have seen, as we are all aware that largely the raw material prices, both for PET chips, for BOPET as well as for homopolymer for

BOPP lines, went up quite dramatically, but at the same time, the prices which are prevailing in the market prices, which most of the players, not just us, could command in the market was more than corresponding increase in the raw material prices.

As a result, in Q4, the spreads generally improved significantly despite the rise in raw material prices, which not only could be passed through, but also, we could realize additional spreads. Having said that, I think post that, your question is also about how it's panning out during the current quarter, so largely, I think this has moderated to a great extent.

And while the raw material prices have softened and at the same time, prevailing market prices have brought down the spreads significantly. I think during the current quarter, as you know, both for BOPET and BOPP, more particularly for BOPET, the spreads are significantly down compared to what it was in the fourth quarter. I hope that addresses your question, short of getting into specific spread and other things.

Saket Kapoor: Right, so the spreads have been considerably lower than what we exited March. And how was the utilization level currently for all our operating assets?

Sumeet Kumar: Q4 overall, in fact, we had a utilization level across most of the plants, which increased significantly on a sequential basis. which is also reflected in stronger production and sales volumes. And we hope that trend continues, but given the softening of the prices, we have to closely watch and keep a track on that.

Saket Kapoor: Okay sir, then taking into account the current business environment, and if you could just give more colour on how are we going to commission our project? I think our closing capital work in progress on a consol basis was closer to Rs.2,100 crore, so if you could just highlight to us what are the projects that will be commissioned during the year and the ones that have been commissioned last year, what kind of sweating are we expecting for the current year?

Sumeet Kumar: Yes. So let me start first with 2 large capacities overseas, which were commissioned in the last quarter of the previous fiscal, and where we saw a healthy ramp-up of operations both for PET chip facility in Egypt and also increased utilization of 18,000 MT CPP facility in Mexico. Both were done at the fag end of fiscal year '25. And during

the year, we have seen increased utilization of both the PET chips facility for Egypt and also the CPP facility there.

Now in fact, we talked about last quarter and as we speak now, we are expecting in the current H1, the commissioning of 12 billion aseptic packaging facility in Egypt. At the same time, our WPP facility in Mexico, which are near commissioning, we're expecting them to be commissioned during the H1 of the current year, and having said that, we already commissioned our recycling facility in Sector 155 end of April. And now that ramp-up of 36,000 rPET and another 3,600 of rMLP facility is something that we're expecting the ramp-up and utilization over the course of next 3 quarters, adding to the revenues and also with significant margin in the current year. These are the 3 which are to be commissioned during the year.

Saket Kapoor:

Okay. Sir, can you give us some more colour on how then our depreciation, the annual outgo, will behave? I think we have done Rs.345 crore for March '26. With the commissioning and all, what should this line item be? And how should then the finance cost also work out? And to be very precise also on the front, how are we expecting our EBITDA margin to trend going ahead with the type of value-added product lines being getting commissioned. If you could just give us a ballpark number of what can be EBITDA going ahead?

Sumeet Kumar:

Right. So, I think your question had 2 or 3 points rolled into one. One is about how EBITDA will play out of the capex incurred the projects undertaken in the recent quarters, last year and what will be commissioned during the year. The second part of the question was, what impact it will have on depreciation and also the interest cost.

Let me explain this one by one. Number one, we talked about these projects, which are commissioned in the last fiscal largely and where, in fact, we are seeing the increasing ramp-up utilization of the PET chip facility in Egypt and also the CPP facility in Mexico.

And now with the recycling facility, which is already commissioned during the year and expected commissioning of aseptic facility in Egypt and WPP facility in Mexico, we expect starting in the current year a substantial impact of that EBITDA kicking in.

When it comes to overall the interest cost at the consol level of Rs.777 crore, which is, say, about 5% of the total revenues, is something we see as a mix of this largely remaining in the same range. Depreciation, which is, again, approximately the same number, which is Rs.787 crore. We see this capex phase, commissioning phase being over, reflect recently commissioned project depreciation as well, so largely, we see this EBITDA, which will be improved as we expect the revenues of these new projects kicking in to largely take care of this additional interest and this cost.

Saket Kapoor: Sir, I missed your number you mentioned Rs.748 crore as a depreciation number and the finance cost.

Sumeet Kumar: Rs.787 crore.

Saket Kapoor: Rs.787 crore is the annual number for depreciation and the similar number is for finance cost?

Sumeet Kumar: For the finance cost, yes.

Saket Kapoor: Okay, so net-to-net Rs.1,500 crore would be the number, which is, for this year closer to Rs.700 crore. So, it will just double the amount?

Sumeet Kumar: Sorry, I didn't get your question.

Saket Kapoor: Sir, for this financial year, the finance cost was Rs.378 crore. You are anticipating that to move up to Rs.780 crore, that would be for the year as a whole, on a consolidated number, yes?

Sumeet Kumar: Yes. Consolidated number, the finance cost was Rs.700 crore for the last fiscal, and likewise, you see the number of close to Rs.700 crore for depreciation, which is now at Rs.787 crore for FY26.

Saket Kapoor: Correct. And the EBITDA margin trend, sir, likely should be?

Sumeet Kumar: Yes, so EBITDA margin during the quarter, if you talk about, it expanded significantly both on a sequential quarter basis, which was expansion of 260 basis points and on a YoY basis, 300 basis points to 15.3%, and overall for the year, it is at 12.8% as compared to 12.1% during the previous fiscal. It has improved by 70 basis points during the year as a whole but largely led by very strong EBITDA rebound in Q4.

Saket Kapoor: But sir, you have mentioned that it was one of the March month wherein that led to that higher spread and that too getting negated in the first quarter, so on a holistic number since that was only 1 month abruption, how should that be, the EBITDA margin of 14%-15% is what we should anticipate for, going ahead or what should be the likelihood?

Sumeet Kumar: Yes. As we are in the midst of the first quarter, we are very closely monitoring this overall assessment and also assessing the impact of that in the margin as it will play out. I think it will be a little premature to give a sense of what kind of EBITDA range will be there for the year as a whole. I think we will have to probably assess that a little better before I can give you a sense of what the number or the range will be for the year as a whole?

Saket Kapoor: Last point and I'll join the queue. Our closing capital work in progress number is Rs.2,169 crore on a consol basis as on March. What portion of this will get capitalized for this current financial year? And can you give that number?

Sumeet Kumar: Yes, so in fact, as we talked about the projects, we see, in fact, 2 are near commissioning, which we are expecting in H1. And at the same time, we have already seen the commissioning of the recycling project. And some part of that which is for BOPP plant, which will be incurred during the year, but which will be commissioned during the next fiscal, except that most of the CWIP that you see will be capitalized during the year.

Saket Kapoor: Okay. I'll just calculate the number. You have the number, sir, what could be the exact number that will get capitalized, just amount?

Sumeet Kumar: Roughly, we expect around Rs. 1,900 crore to Rs. 2,000 crore as a number, which will be capitalized.

Saket Kapoor: Going ahead, sir, how should our debt profile then look like? And what should be the peak debt? And I think so we were looking for some x number of debt to EBITDA. Where are we, sir, in that part of the story currently? And how are we going to trend that number?

Sumeet Kumar: Yes, so in fact, I just take a moment to refer my statement in the last earnings call. In fact, if you see, as we had mentioned, the focus remains on the leverage, and we were talking about Q3 to Q4, where leverage has improved from 4.51 to 4.35. And of course, now, this still excludes the EBITDA contribution of the near-commission projects or which are about to be commissioned, So largely the impact of that as it kicks in, we expect this overall leverage ratio, which is a key monitorable for us to improve further, and this is something which is important for us rather than looking at the stand-alone number of debt or that because largely the improvement we expect coming out of EBITDA being higher than what it is today. That's a key monitorable, I think, for all of us as to what is the leverage ratio which plays out.

Saket Kapoor: Right, so just to make things understandable for me, is that with the commissioning of the projects, the contribution of EBITDA from the projects would be higher number, so then the impact of net debt to EBITDA goes down. However, the absolute number may remain elevated only?

Sumeet Kumar: Yes. I think elevated is a very subjective concept, and it has to be seen always in the context of what is the EBITDA level. Of course, for expansion, you are having the capex funded both through debt and internal accruals. As part of that, while on one hand, the debt increases, but now as the EBITDA for these projects start kicking in, the leverage is what we have to monitor, and that's where we see the improvement over the last quarter and expect it to continue in the coming quarters during the year. I think that's what the key parameter for us is to track.

Saket Kapoor: Right. Got it correctly, so we are done with the peak debt, sir, or what is there in the anvil now with the commissioning of the projects and the capital work in progress getting capitalized for the current financial year? Are we done with the capex cycle and now it is the sweating of the assets, is what the road map is going ahead?

Sumeet Kumar: Yes, so in fact, if you see last 1 year also, it is important to understand it from a perspective as to what our capex has been towards in last 1 year. On one hand, while there has been increase in capex and a corresponding increase to some extent in debt, but at the same time, if you look at the projects which are near commissioning or which have been commissioned are the ones which are expected to be value accretive, higher margin, be it aseptic packaging increasing with the debottlenecking

in India from 7 billion to 12 billion or addition of the similar facility in Egypt, it has been in the aseptic where capex in the last 1 year has been incurred towards commissioning of that project.

Likewise, our WPP project again, where you see the larger contribution in the current year capex is again, a high-margin expected packaging WPP bags. Likewise for the recycling facility that we expect the margins to be better, so as a combination of that, if you continue that trend, we are not saying no to the capex, which makes sense, which has higher margin and which is having the right product mix optimization.

There is always an opportunity to remain open to that capex, and that's what we will look at, and that exactly has been demonstrated in last 1 year capex largely. We will remain open globally to the opportunities where we feel there is a good market, there is a clear market and expansion of margins. And that capex, we are not saying no to.

Saket Kapoor:

Right sir. I join the queue, sir, only with the closing point that with the type of efforts that our team has been trying both on the operational front, the financial numbers, the same does not give the right intrinsic value of the listed company, so to create shareholder minority as well as the shareholder value creation exercise, where are we, sir, in midst of that story because the wholesome game is how value creation happens, and the realization of the same first needs to happen, then only that culminates into value, so that ascribing of value is not being the case with our company as on date. What the current promoter or the operating team feels about and whether the journey happens, and what steps are in the annual in terms of creating that value for your investors? That was my closing question?

Sumeet Kumar:

Right. No, thanks a lot. I think that's a very valid question. And of course, what you asked is also shared by a lot of other stakeholders. Most important is that we must respect what the market commands as the current market cap.

We have no reason and we have no intention to challenge that we are undervalued because that will be a very cliched statement to say that the value unlocking should be realized, because ultimately, we have to do everything within our control to make sure that the long-term value creation is done, and we are at it. That's exactly what we are doing and some of that insight, I'm able to share on forums like this. Having

said that, we respect whatever is the price which is market driven. And of course, that sensitivity and that insight nobody can challenge.

From management side, I can only assure that we are looking at a long-term value creation and all our sustained efforts are in that direction. And rest all, I think, yes, we should see how it pans out and how it is reflected in terms of market price.

Saket Kapoor: I think the message to the promoters also conveyed that creeping acquisition or upping their stake will give a boost to the minority shareholders also going ahead. That is what is there in law that they can exercise over a period of time and give the message to the investing community regarding valuation, and it is all market driven. That is the point well taken?

Sumeet Kumar: Sure, I take this as a takeaway from this call to be definitely taken to the promoters.

Moderator: The next question is from the line of Garvita Jain from Seven Island.

Garvita Jain: My questions are being answered. Thank you.

Moderator: The next question is from the line of Kashmiri, an Individual Investor.

Kashmiri: Sir, can you please elaborate on your capital allocation plan?

Sumeet Kumar: You mean our capex plan?

Kashmiri: Yes. And how are you going about it?

Sumeet Kumar: Yes. The capex plan, in fact, largely, we talked about the projects where in reference to another question, we talked about the total 3 projects, what is the remaining capex to be incurred during the year, and additionally, we are also having 54,000 MTPA BOPP line in Dharwad, India of, which is expected to be commissioned during FY27-28. And a significant part of that capex also will be incurred during the current fiscal, which is FY26, -27. Rest all, it is towards the remaining capex to be incurred for our aseptic facility, which is about another remaining capex of Rs. 972 crore. And we have this WPP where the remaining capex is largely already incurred, and we have the PET recycling, where the remaining Rs.47 crore has already been incurred during the current quarter. For the manufacturing line, we have a total capex of Rs.700-odd

crore. A major part of that will be incurred during the current year and the next fiscal. These are the projects which are currently on the anvil where the capex is going to be incurred mostly during the current year and some part of that is spilling over to the next year.

Kashmira: Okay, sir. Got it. You spoke about WPP. I just wanted to know how big is this opportunity here? And what is your strategy specific to this segment? And could you elaborate on the pricing dynamics of the WPP segment you're planning to operate in?

Sumeet Kumar: For WPP, the total installed capacity is 80 million bags or thereabout, and the opportunity largely comes from the large pet food market in North America, where, in fact, we have a very encouraging response in terms of market from the facility in Mexico, largely meant for U.S. market, and margins are expected to be very healthy compared to the average margin of UFlex financial numbers. As such, I'm limited in my response about a specific margin about the WPP, but I can tell you that this will be a much higher margin compared to the average margins at UFlex level. And at the same time, given the early response, we are very enthused by the facilities ramp-up and looking at this being ramped up very rapidly based on the customer demand coming from major customers in North America.

Moderator: The next question is from the line of Ashvath Rajan from Arihant Capital Markets Limited.

Ashvath Rajan: Sir, we wanted to understand in terms of beyond FY27, what kind of capex trajectory are we looking given that we have achieved some level of utilization. Do we see capex as a continued flow in our business or how do we appropriate the capex trajectory going ahead?

Sumeet Kumar: Yes. As of now, in fact, in a previous question, I kind of tried to give a perspective about the capex that we see at this stage for the current fiscal, and for the next fiscal. As of now, having said that, I said that we remain open to any other capex, which is overall, in fact, value accretive and making sense to us to be added to this repertoire. But talking about the current capex, I think the 3-plus BOPP project in Dharwad is

what is on and what I can talk about. And rest all we see how it poses an opportunity and how we take it up.

The focus is also on increasing asset utilization of the already installed capacity and which are going to be near commission to make sure that the lag in terms of capex and utilization and set of that in terms of EBITDA is something which is minimized so as to make sure that EBITDA largely reflects a number which is expected to be achieved out of the capex incurred. And I think that's where we are focused currently as a management.

Ashvath Rajan: My question is on our aseptic volume targets. Since we have the Sanand expansion with 12 billion capacity, what kind of volumes are we expecting in '27 and even beyond, if you could help us quantify that?

Sumeet Kumar: For Sanand, in fact, if we talk about with reference to FY26, as you are aware, the Sanand expansion or debottlenecking of the additional 5 billion was achieved during the third quarter. Hence, the overall capacity available for the year has to be seen for the availability of this additional capacity from third quarter onwards. Against that, we had a total volume close to about 8 billion packs. At the same time, depending on when this 12 billion facility of Egypt is commissioned, we will be getting, if it is largely done during H1, we are expecting 2 quarter impact of this additional capacity for FY27, so, if we factor in this additional capacity for part of the year, all put together, we are expecting the total sales volume in the range of about 10 million 10, 10.5 billion packs for the year from current 8 billion packs to about 10.5 billion packs.

Ashvath Rajan: And sir, if you could just help us understand what is the margin trajectory we are expecting going ahead since Q4 was a good quarter. Are we expecting similar margins ahead?

Sumeet Kumar: I think it will be important to understand it with a little nuanced approach because different segments, some of the segments, including packaging and all, we expect that the same margin trend will continue, which we are very optimistic about.

At the same time, I can't say the same thing with equal conviction about how the packaging films margins will remain at the level that we saw. Once that moderates, reflecting the larger market trend, larger industry trends, more particularly in India,

to some extent in other parts, I think that will definitely mean that overall margin may not remain in the same range.

Given that, we have to see. But at the same time, the rest of other than non-film, we are expecting the same margin trend to continue, and which is a healthy sign. Actually, in context, it's better to see the margins of the year as a whole. And if you see the year as a whole, that 70 bps improvement in the yearly EBITDA margin is more important for us than looking at this Q4 margin expansion because that's more sustainable. Anything between that and the last quarter is what we would look at.

Ashvath Rajan:

Okay, sir. And one last question from my end is on a previous call or meeting, we had discussed there was some discussion on reduction in cost of debt. Just wanted to understand what progress has been made on that? And have any refinancing initiatives been done to get the debt percentage further down?

Sumeet Kumar:

Yes. In fact, moving forward, you'll see that our average cost of funds, which was above 9% is today at about 9% overall, and at the same time, as the share of the international business becomes now more out of the total revenues, you will find usually the cost of funding for our overseas business is much better compared to the cost of funds in India.

With the increasing share of international revenues contributing more and more, we expect that to have an impact on the overall cost of funds. That is one but at the same time, at this stage, talking about a refinancing option is something a little premature. We remain open to that, but as of now, we are looking more at this being sourced from a more attractive or cheaper cost of funds as the contributing factor.

Ashvath Rajan:

And what is our blended cost of debt as of now?

Sumeet Kumar:

Overall, our blended cost of funds is about 9%. If you see the Rs.777 crore against the total outstanding of Rs 8,500 crore, you will see this more or less in the range of close to about 9%.

Moderator:

The next question is from Saket Kapoor from Kapoor & Company.

Saket Kapoor: Sir, on the aseptic part, you mentioned on an installed capacity domestically at 12 billion, we will be doing 10.5 billion to 11 billion for the year or including Egypt, your number was that?

Sumeet Kumar: Installed capacity of 12 billion during the year, you can take as available as full for the year. And at the same time, addition of 12 billion facility in Egypt will be commissioned during H1. Taking the maybe 2 quarters impact of that, our installed capacity has to be seen in that context of something between 12 billion existing to 24 billion, not exactly 24 billion because it is for part of the year, number one.

And when I'm talking about 10.5 billion packs, it is a combination of the current level capacity utilization in India and incremental on that limited period availability in Egypt and also the fact that this will be ramped up during the period, so all put together, when I'm saying 10.5 billion packs, it includes part contribution from Egypt as well during the year.

Saket Kapoor: Okay, so this will be for H2, and it will be in the ramp-up phase, we are including only a smaller portion of the 12 billion into account, and here in domestic market, it will be at the higher range of 75%-80%, that is what could be envisaged?

Sumeet Kumar: Right, yes. If you actually see the current year at close to about 8 billion, to be precise, 7.97 billion packs is against the current capacity of 12 billion for part of the year and 7 billion for the whole year, which is approximately 80% plus utilization. And at the same time, you very rightly pointed out about the additional capacity being available for part of the year, which brings the scale, the bar lower. And at the same time, ramp-up in utilization, which you again mentioned very correctly, will mean that we will expect a good ramp-up during the 2 quarters, but at the same time, that number has to be seen in the context of this limited period and ramp-up, so adding a decent number to the total at the current level.

Saket Kapoor: And sir, if we take the contribution of the aseptic segment to the EBITDA, correct me here, in the presentation, have we mentioned about what has been the contribution from the aseptic segment for the current financial year? And how is this going to trend since it's a value-added product, or it is nonlinear to the commodity type of scale? What is the current contribution? And what kind of improvement can we

expect with the economy of scale kicking in for the Indian operations to how will that number of EBITDA from the segment look going forward?

Sumeet Kumar: Yes, so, if I understood your question correctly, you are looking at what kind of EBITDA contribution will be there from packaging business as always, including the value-added products and probably more particularly including the aseptic liquid packaging contribution?

Saket Kapoor: Yes, what will be the contribution the liquid aseptic packaging?

Sumeet Kumar: Yes. And rightly, this has to be seen against what you pointed out as more average margin split of the packaging films business. When you see that, I think this EBITDA margin is the contribution from Packaging Solutions business is definitely increasing more and more, and of course, with the recent 3 capacities which we talked about, you see those are largely in the space where we are talking about Packaging Solutions business, be it our aseptic packaging, be it WPP, be it recycling, these are largely contributing to the Packaging Solutions business. With expected kick in of those EBITDA, of course, the contribution from the Packaging Solutions business is going to be a lot more, which is currently at revenue split of 36%, which as it grows higher, will contribute a lot more to the EBITDA.

Saket Kapoor: Okay. Sir, do you have an absolute number from the contribution of the total EBITDA number for the last financial year, how much have been the contribution?

Sumeet Kumar: The total number, in fact, I can kind of give you a perspective about the contribution of packaging films and packaging solutions. When it comes to EBITDA, largely, I think it is in the range of close to about 40% contribution from the Packaging Solutions business and about 60% from the packaging films business.

Saket Kapoor: With the improved utilization levels and the base improving, this mix is going to remain 40-60 also for the next financial year or for this financial year or this will improve further from 40% to higher level number?

Sumeet Kumar: Yes. We expect this packaging solutions business contribution to be higher than the current year, as the contribution from the packaging solutions business is increasing more.

Saket Kapoor: Sir, in this Aseptic packaging segment, we have also heard about some PIL from some states and all regarding liquor also being used in the segment. And there are some request from some portion of the society that liquor should only be served in glasses and other as has been the normal case, So, what kind of risk does this kind of activities pose on the end use case for this packaging solutions segment?

Sumeet Kumar: Yes, so, in fact, if you see this is something I know which one you're referring to. And in fact, that is something which is not only by us, but which is also being monitored by the industry players. And this is something which has been challenged and is at very early stage to be commented on because on one hand, this has been challenged for some reasons, but at the same time, there is also a transition moving away from glass packaging and packed to more like flexible packaging, so we have to see how it plays out because this is something which is still in the very early stage.

Saket Kapoor: And what portion of our sales is towards the liquor segment, sir, in the same Packaging Solutions category?

Sumeet Kumar: I think, yes, this is something, it is like granular details of the aseptic packaging as such. We don't really dissect and talk about that coming from which segment. I think I appreciate your understanding on we being constrained to keep it at this level.

Saket Kapoor: All the best to the team and hope to have further conversation going ahead, and all the best for the participation in other calls also I think you people are joining some going ahead. It was mentioned in the exchange release. All the best to the team.

Sumeet Kumar: Thank you always appreciate your insights and inputs in this forum a lots.

Moderator: Ladies and gentlemen, we take that as the last question. I now hand the conference over to the management for the 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 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. Wish you all those present here. Thank you.

Sumeet Kumar: Thank you so much, Arihant team, and thank you, all the investors and analysts. Thanks a lot for your time and attention. Thank you so much.

Moderator: Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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