



**FUELLED BY  
SUSTAINABILITY**

**DRIVEN BY  
EXCELLENCE**



# INSIDE THE REPORT

## Corporate Overview

Kanpur Plastipack Limited at a Glance -----	02
Message from the Management -----	04
How we create value for our Stakeholders -----	06
Financial Review -----	08
Our Products -----	10
Our Capabilities -----	11
Profile of Board of Director -----	12
Doing Business in a Responsible Manner -----	14
Corporate Information -----	15



Visit our corporate website  
[www.kanplas.com](http://www.kanplas.com)

## Statutory Reports

Notice -----	17
Boards' Report -----	24
Management Discussion and Analysis -----	57

## Financial Statements

Independent Auditors' Report -----	64
Balance Sheet -----	70
Statement of Profit and Loss -----	71
Cash Flow Statement -----	72
Notes forming part of Financial Statements ---	75

## Our certification





## FUELLED BY SUSTAINABILITY. DRIVEN BY EXCELLENCE.

In today's times, real excellence is as defined by numbers as it is by the impact you leave on the world around you. Hence at Kanpur Plastipack, we are as driven by great performances in terms of numbers and results, as we are by the task of maintaining sustainability in our manufacturing, product quality and the value it creates for the people around us. By being the best at what we do, and allowing environmental consciousness to be a part of our business strategy, we are truly excelling further – in business and life!

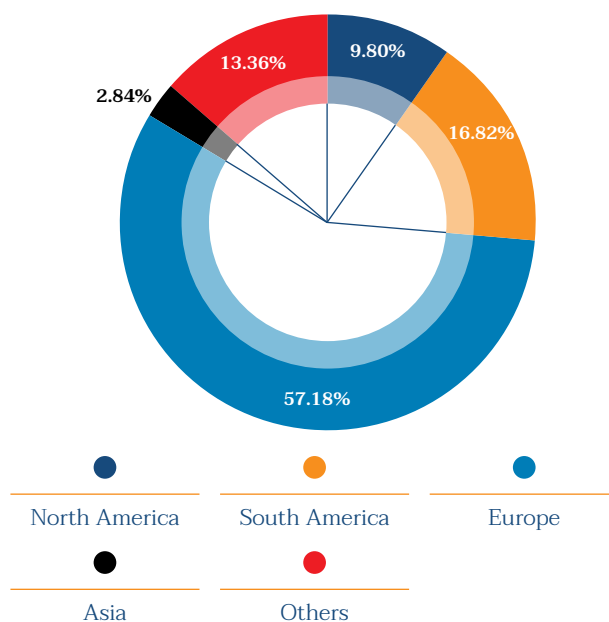
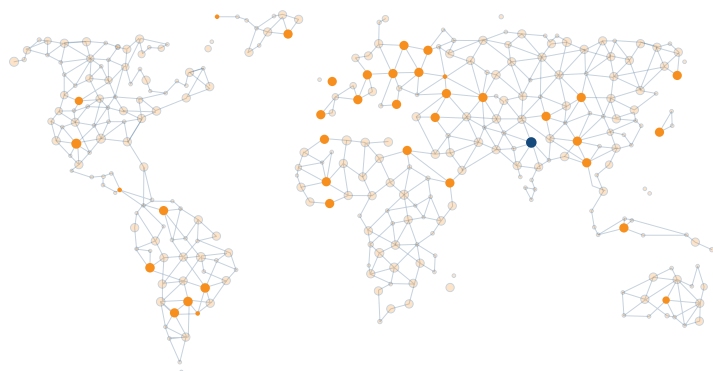
# KANPUR PLASTIPACK LIMITED AT A GLANCE

We are a fully integrated Company providing end-to-end industrial bulk packaging solutions globally.

Over five decades of existence, we have gradually evolved among the world's leading manufacturer of FIBCs and bulk bags. With our large production capacity and wide product basket, we provide quality products to our recognized global and national clients.



We are present in global markets where our products are highly appreciated. Over the past few years we have expanded our presence in several international markets with currently being present in over 40 countries, generating 80% of our total revenue.



## Key Highlights

# 163.55

Market Capitalization as on  
31st March 2018 (₹ in Crore)

# First

Roof top captive solar power energy  
installed for a manufacturing unit in  
Uttar Pradesh, India.

# 71.56

Promoters shareholding as on  
31st March 2018 (in %)

# Certification

BRC and ISO 22000 certified facilities for  
manufacturing Food Grade and Clean Room bags

## 1971

Started  
manufacturing  
Raffia Flat  
Tapes and  
Woven Sacks

## 1999

Started  
manufacturing  
FIBC and Bulk  
Bags

## 2011

Started  
manufacturing  
Multi Filament  
Yarn

## 2018

Commissioned  
new Greenfield  
project-Unit 3





# MESSAGE FROM THE MANAGEMENT



The legacy of more than 47 years and manufacturing FIBCs for more than 18 years have helped us retain the trust of our customers.



## **Q How would you summarise the year that went by for India and the Company?**

Our country witnessed the historic tax reform with implementation of Goods and Service Tax (GST) in fiscal 2017-18. With the lingering effects of demonetization still persisting, the GST roll out did bring some initial hiccups, as the government took several steps to ease out the operational glitches during the course of the year. The exporting community faced serious difficulties with implementation of GST, with blocked working capital leading to higher interest cost. Mapping of the information technology infrastructure took considerable time even at the end-user end. We are glad to see much of the pain behind us, giving us the confidence of reaping the advantages which will come out of the historic tax

reform. The country remains one of the fastest growing economies of the world, accounting for about 15% of the global growth, with implementation of reforms and liberalization of the foreign investment regime.

These reforms did have a positive impact for Kanpur Plastipack, accounting for better governance, increased compliances and higher growth. This transcended into higher revenues, as we enhanced our operational efficiencies and increased our productivity level from existing capacities. Our implementation of a dedicated sales engine helped record more value-added revenues and retain majority of our existing customers in addition to helping us penetrate new customers. Our strong liquidity position helped us avert the initial challenges of GST implementation for export refunds and manage our operations smoothly.

**Q Could you explain in detail the factors that helped record growth for the Company in the current year?**

Our brand value has remained an integral part of our success story over the years, and continues to be remain so even today. The legacy of more than 47 years and manufacturing FIBCs for more than 18 years have helped us retain the trust of our customers. At the operational level we did see an increase in selling expenses and manufacturing costs, driven by rising raw material prices, manpower costs and higher freight costs. However, we overcame these with better utilization of resources (primarily Polymer) which helped us to increase our yield ratio. We also implemented several operational excellence programmes that enabled us to control our costs. Our customer satisfaction levels improved further at the backdrop of improved quality levels and better on-time deliveries. The combination of these initiatives helped us sustain our margin levels amidst volatile macro-economic environment.

**Q Could you please enlighten the investors on the rationale for the capex made by the company in recent past? And, if any more capex is lined up in the near future.**

Yes definitely. The greenfield project that we had started in the previous fiscal is now under final implementation in a phased manner. The formal inauguration took place on the 20<sup>th</sup> of July 2018. The new facility when fully operational is positioned to offer more than 8000 tonnes of processed Polymer for onward conversion into FIBCs. The state-of-the-art facility is spread over a factory space of nearly 40,000 sq. mts is equipped with

modern machinery. This will also allow us to shift some production from the older facilities yielding higher efficiencies and better margins.

In the current year, we have also planned further investments to double up our Multi Filament Yarn (MFY) capacity over the next 18 months. This would make us the largest player in North India in the segment. As a part of our deliberate plan to diversify our business, this additional capacity in High Tenacity MFY would add to our business revenues and yield more earnings per worker employed. Considering the increasing demand in the packaging industry, growing at double digits, and increasing application of MFY in several downstream industries, we believe therein lies a huge opportunity for us to tap, which also aligns to our business model and drive value-creation for stakeholders.

**Q With such aggressive expansion lined up, do you see any challenges that might affect the future plans?**

The increasing regulatory mechanism in the banking and financial sector coupled with a rise in bad loans, might pose a threat to raising funds in the near future. Also, the modernization in technologies poses risk of employability for skilled worker for non-technical jobs. At Kanpur, we are well positioned to avert these challenges. One, we remain financially stable with a strong operating cash flow (₹ 28.35 crore as on March 31, 2018) and low debt-equity ratio of 0.33 as on March 31, 2018. Two, our plant locations at the heart of north India, provides us with abundant availability of workforce, thereby de-risking us from any possible labour shortages in the near future. Third, our resilient focus on quality, on-time deliveries, customization and flexibility has enabled us to remain ahead of the peers and cement our market leadership.

**Q Where do you see the Company in the near short-term?**

We are extremely optimistic and excited for the next phase of the Company's growth. The past and proposed investments are well aligned to the company's business model, and deliver value for the stakeholders. As per internal projections made by us revenues are likely to touch ₹ 450 crore over the next two financial years, on similar EBITDA margin levels. The financial sustainability will be built on the foundation of our strong customer relationships. Going ahead, we have laid out a blueprint to further strengthen our customer engagement methodologies, to derive a larger part of revenues from existing customers. We shall also continue to build a stronger employee base with a higher employee engagement quotient in our journey towards excellence.

**Q What message would you like to give to the investors?**

Your Company now stands at a threshold of opportunities at the backdrop of rising industry growth. The rising cost of manufacturing hubs in countries like Turkey, China and South America augur well for your company. Our commitment towards building an effective cost mechanism with relentless pursuit towards quality will help us gain a strong foothold in newer markets. We thank our stakeholders, for their unwavering support and helping the Company transcend to greater scales of success.

Regards

**Mr. Manoj Agarwal**  
Managing Director

**Mr. Shashank Agarwal**  
Dy. Managing Director

# HOW WE CREATE VALUE FOR OUR STAKEHOLDERS

We aim to drive profitable growth through innovation and development of products which create value for our customers. We employ various capital inputs in order to execute our business processes and aim to transform these capital inputs into value outcomes and have the most beneficial impact possible.



## Human Capital

We employ skilled and talented employees from diverse educational backgrounds. We aim to provide our employees with safe and a friendly working environment. We provide our employees with various training and development activities and reward them in an unbiased manner.



## Social and Relationship Capital

We engage with various stakeholders to ensure uninterrupted business operations. We generate value for our stakeholders including employees, customers, suppliers, government, society, and investors.



## Natural Capital

We believe that the world is an interconnected system of resources. We aim to reduce the impact of our activities on the environment while developing innovative solutions that helps us to deliver results in a sustainable manner.



## Financial Capital

Our investors provide us with funds to be used in the business and improve our financial performance as well as financial position. We aim to constantly grow our business and continuously generate returns for our stakeholders.



## Intellectual Capital

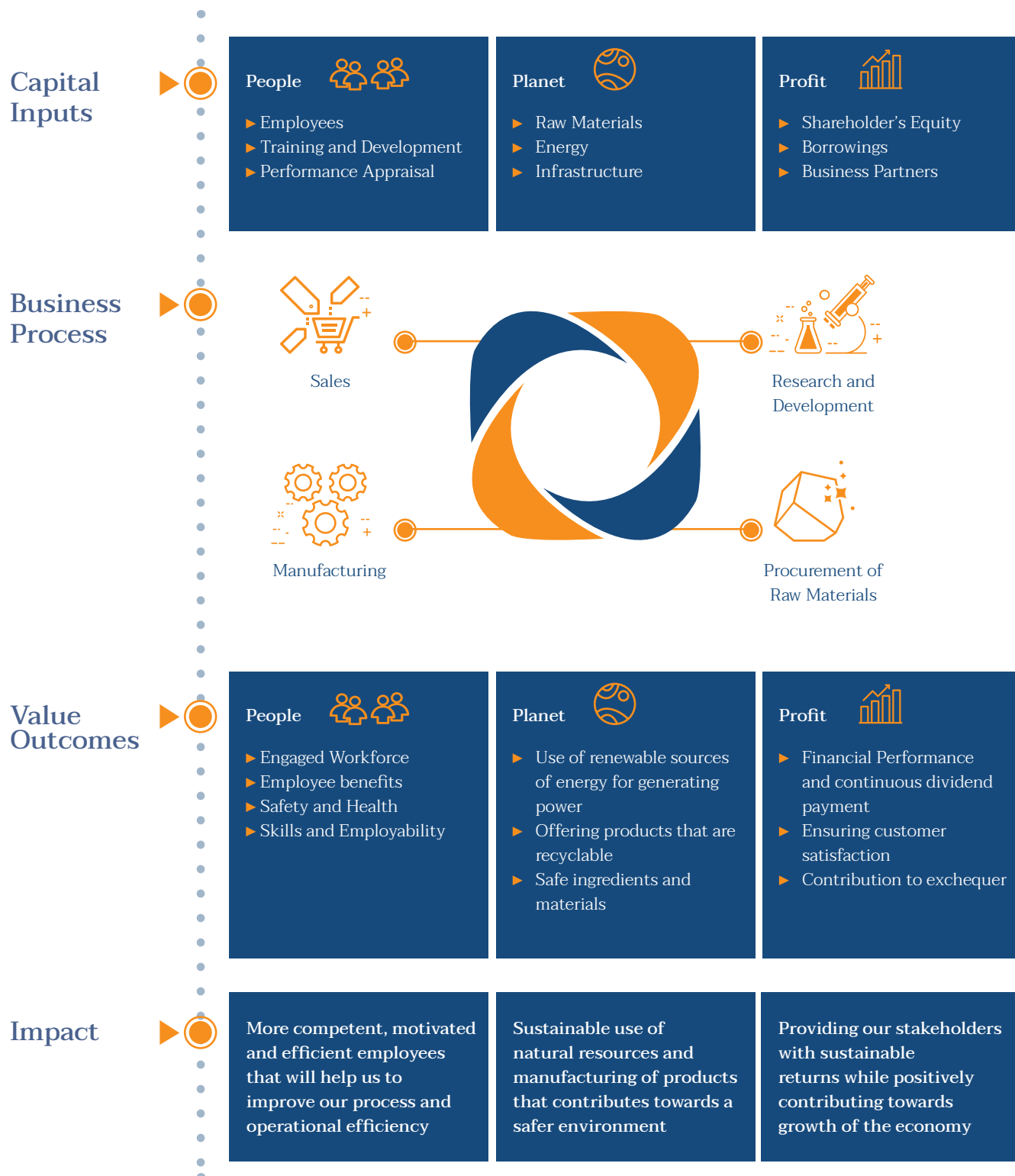
We manufacture and supply high-quality products to our customers while having a long term collaboration with our suppliers. We have always focused on innovating our products while diversifying our product portfolio.



## Manufacturing Capital

We have installed some of the latest and best machines in our manufacturing plants. In order to improve our production process we have invested towards modernizing our equipments.





# FINANCIAL REVIEW

## Revenue

(₹ in Crore)

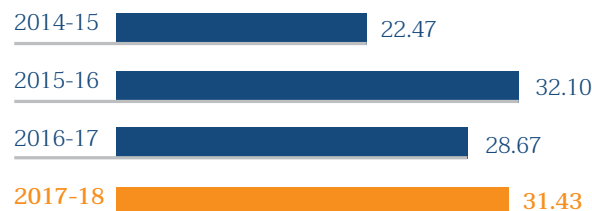


**3.63%** ▲

4-year CAGR Growth

## EBITDA

(₹ in Crore)

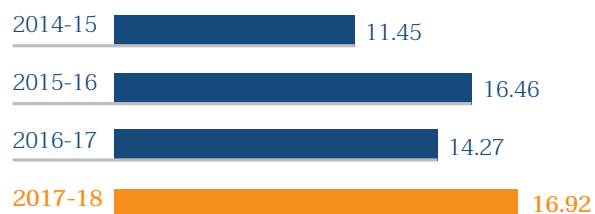


**9.63%** ▲

Y-o-Y growth

## PAT

(₹ in Crore)

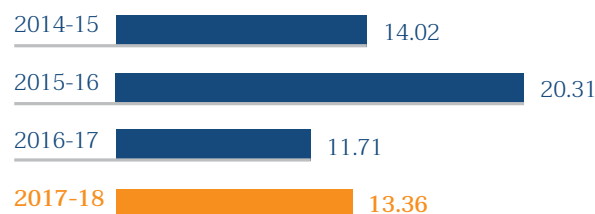


**10.26%** ▲

4-year CAGR growth

## Basic EPS

(₹ per share)

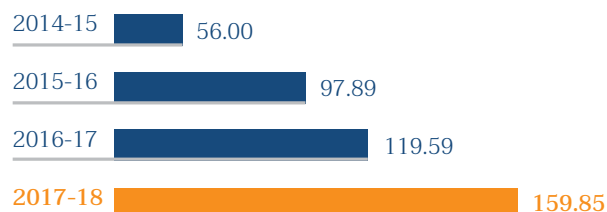


**14.09%** ▲

Y-o-Y growth

## Enterprise Value

(₹ in Crore)

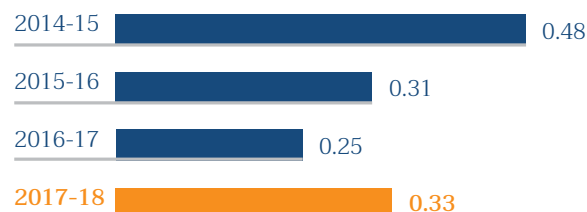


**5.48x**

EV/EBITDA in FY18

## Debt-Equity Ratio

(in times)



**27.85%** ▲

Y-o-Y growth in Net Worth