

ANNUAL REPORT 2018-19



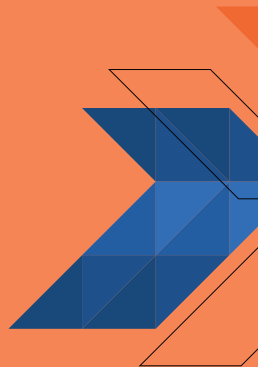
Investing for Growth

**“Growth is never by mere chance;
it is the result of forces working
together.”** – James Cash

Our journey to become one of the leading manufacturers of FIBCs and bulk bags has been about our constant endeavour to pursue blazing newer trails and emerge as the most distinguished brand in our industry.

By adopting top-notch technology, expanding our capacity and adapting our operational efficiency, we aim to achieve better cost-effectiveness while ensuring premium quality.

To accelerate our growth we are investing in building new capacities which will help in supporting our enviable strengths to become a leaner and growth-driven company.



Inside the Report



The cover design is an abstract rendition to illustrate how Kanpur Plastipack has set-forth on a journey towards growth. The forward-moving arrows build a connect with the theme of 'Investing for growth', showcasing the vision and passion of the Company.



« Visit our corporate website
www.kanplas.com

Throughout the report
look out for these



Reference to
further reading
online

Corporate Overview

02	KPL at a Glance
04	Message to the Shareholders
06	Financial Review
08	Diverse Product Portfolio
09	Global Footprint
10	Integrated Manufacturing
11	Driving Operational Excellence
12	Profile of Board of Directors
14	Corporate Social Responsibility
15	Corporate Information

Statutory Reports

17	Notice
27	Board's Report
55	Management Discussion & Analysis

Financial Statements

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

KPL at a Glance

A fully integrated Industrial Bulk Packaging Solution provider, Kanpur Plastipack Limited has evolved into one of the world's leading manufacturers of FIBCs and bulk bags.

Our commitment to groundbreaking innovation and adoption of best-in-class technology over the past four decades has seen us establish ourselves as a brand with low cost of manufacturing, quality product offerings and a wide distribution network across the globe.

We owe our history of notably first and remarkable achievements to invaluable connections, trusted relationships, and our commitment to excellence. We have now renewed our focus on the growth strategy to evolve as a prominent leader in our industry space.



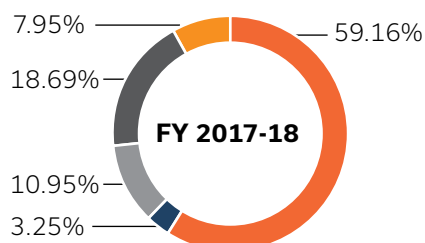
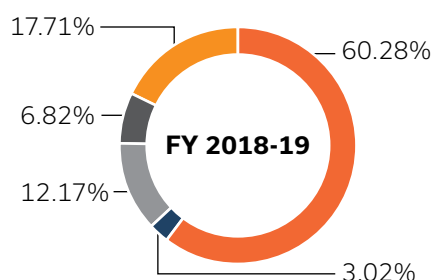
One-Shop-Solution

For all the packaging requirements

Integrated

Manufacturing facility (forward and backward) ensuring consistent quality

Revenue Mix
(in %)



- FIBC
- Fabric
- Small Bag
- MFY
- Others

Strategy for growth



Diverse Product Portfolio



[Page 08 - Read more](#)



Global Footprint



[Page 09 - Read more](#)



Integrated Manufacturing



[Page 10 - Read more](#)



Driving Operational Excellence



[Page 11 - Read more](#)

Message to the Shareholders



"The Company is geared up to improve its capacity utilisation particularly from the new facility during the current fiscal."

How would you summarise the year went by in terms of economic perspective?

India's economic growth remained robust, growing at 6.8% in FY19, despite several challenging macro-economic factors. Despite a weak fourth quarter, the yearly GDP positions the Country as the fastest growing economy in the world. On the other hand, the global economy grew moderately at ~3% with continued tensions between the US and China. This did help the Indian exporting community, where the players

leveraged the cost of production and quality products compared to China. Further, a stable government at the centre in the recently concluded elections in India, will augment formation and implementation of policies for a stronger economic growth in the coming years.

How would you summarise the packaging industry scenario during the year under review?

In the last couple of years, the industry has been in a phase of expansion leading to pressures in the pricing

and profitability of manufacturing companies. The next few years will also see a churning in the Indian FIBC industry, with marginal and unorganized players finding it difficult to sustain rising compliances and higher quality benchmarks. This would leave integrated manufacturing players like us to offer value-added products and grow sustainably.

Could you please elaborate on the competitiveness of Kanpur Plastipack amidst this evolving industry scenario?

Your company is favourably placed to capitalize on emerging opportunities by offering unmatched quality products with a growing customer base. The year gone by was dedicated towards improving the operational efficiency and setting up the new manufacturing facility. We now have the infrastructure for rapid scaling up and the investments made so far will help us in our growth trajectory. The customer acquisitions made during the last 18 months were at a record high, surpassing the numbers of the last two decades. This shows a strong affinity to 'brand' Kanpur Plastipack and validates the investments made by the company.

What reasons would you ascribe for a subdued performance during the year?

As we mentioned earlier, the industry is passing through a phase of overcapacity and rationalisation. This process of evolution has started to happen after a decade of almost double-digit growth. Globally demand has seen a dip with Inventory cut backs and uncertainties in Political and Economic scenarios all of which leading to pressures on margins. However, when we compare the financial performance with industry benchmarks, we have done well. Our revenues stood at ₹334 Crores, and our EBITDA was ₹32.78 Crore. The increase in financial costs and depreciation led to a pressure on the bottom line. Teething troubles at the new plant are all over and the restructuring process under way will allow for improvements as we go along.

Do you believe that the new plant set up marks a stepping-stone for Kanpur Plastipack's Corporate Journey?

20th July, 2018 will remain a landmark day in the corporate history of the Company, where we commissioned our greenfield project almost a decade after we did our last major expansion in the year 2008. The current plant has been planned and built to world standards benchmarked to the best, enabling us to serve a wider global customer base and thereby adding to our existing customer portfolio. Our new plant is also certified for food grade by BRC (British Retail Consortium) which makes us among the few companies globally to produce packaging material that can serve clients in the food and chemicals sector. In addition, the infrastructure created at our facility will also allow us to ramp up capacity quickly and meet the growing demand in the coming years without significant investments.

What are the improvement areas that would help the Company achieve its targets?

As a strategic action plan the company's focus shall be to achieve economies of scale, improve productivity and focus on value-added products. The improved infrastructure and steps towards Operational Excellence will help us in customer retention. Attempts are being to widen the geographical spread of the company as well.

At Kanpur Plastipack we have been proactive in adapting practices that are future-ready. In 2011, the Company started the diversification process by introducing in its product portfolio high tenacity Multi-Filament Yarn (MFY). This has now become an independent vertical with five lines having a total

manufacturing capacity of 550 MT per month. With our installed capacity of 6,600 MT MFY, we are currently the second largest player in the Country and the only one to produce a wide variety of Yarn products in bulk quantity.

In addition, we have also invested in our human capital, with a new Management team for different functionalities. These initiatives will eventually culminate to make our organization future-ready and seize every opportunity in an ever changing business environment.

What would be your message for the shareholders?

Kanpur Plastipack now stands at a pivotal point to transform into a market leader across its key products. World class facilities attract world class customers. This is the mantra that we worked upon and going forward we do believe that this mantra will work. In addition, our long-standing customer relationships remain a core strength to our brand, quality and sustainable future. The Company's inherent strengths of its legacy and its technical competence will help it to fight and offset adversities.

The year 2018-19 was a year under transition and we believe that now, with all the investments on capacity enhancement and improvements in the existing facilities, your company is all set to utilize the yield in the years to come. We are grateful to our shareholders who have always showed their belief on the Company.

Regards

Manoj Agarwal
Managing Director


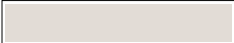



Shashank Agarwal
Deputy Managing Director

Financial Review

Statement of Profit and Loss Analysis


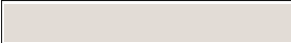



Revenue from Operations

(₹ in crore)

2014-15		246
2015-16		245.97
2016-17		245.51
2017-18		278.53
2018-19		323.14



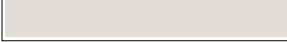


EBITDA

(₹ in crore)

2014-15		22.47
2015-16		32.10
2016-17		28.67
2017-18		30.43
2018-19		32.78



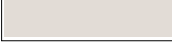


PAT

(₹ in crore)

2014-15		11.45
2015-16		16.46
2016-17		14.27
2017-18		15.92
2018-19		16.20

EPS


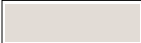



(in ₹)

2014-15		14.02
2015-16		20.31
2016-17		11.71
2017-18		13.36
2018-19		11.65

Balance Sheet Analysis


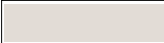



Gross Block

(₹ in crore)

2014-15		89.06
2015-16		96.18
2016-17		103.56
2017-18		148.13
2018-19		206.68

Net Worth

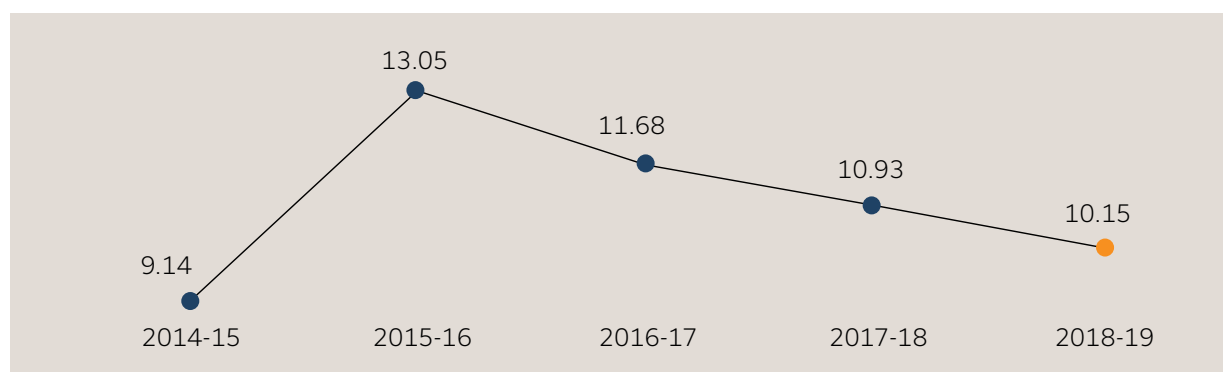
(₹ in crore)

2014-15		56.18
2015-16		70.57
2016-17		84.41
2017-18		104.61
2018-19		126.74

Key Ratio Analysis

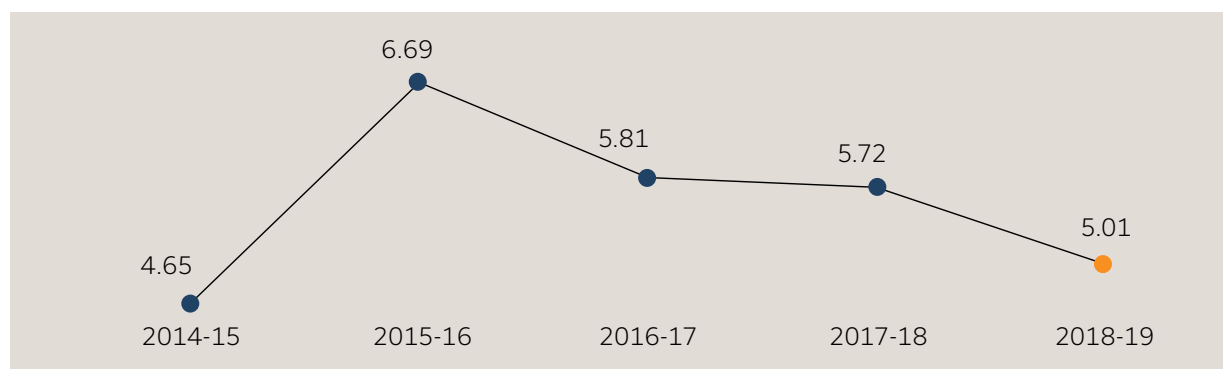
EBITDA Margin

(in %)



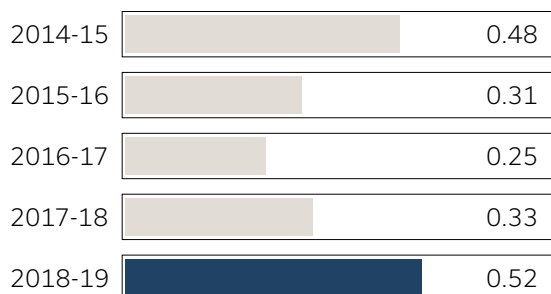
PAT Margin

(in %)



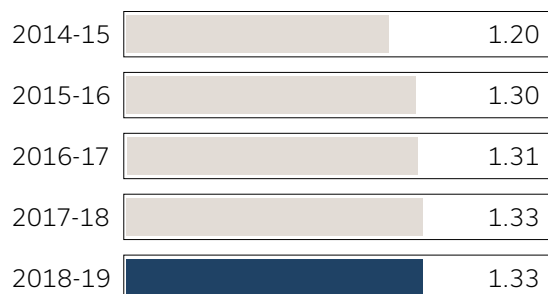
Debt – Equity Ratio

(in %)



Current Ratio

(in %)



Diverse Product Portfolio

Kanpur Plastipack Limited is uniquely equipped to provide solutions that meet the requirements of our diverse customer base. Our holistic combination of diverse products includes a broad and comprehensive range of FIBC bags, woven fabrics, MFY and accessories that helps us to serve markets across 40 Countries.

The Company believes in a continuous path of innovation and diversification. The yarn division has developed into an independent vertical which is seeing compounded growth. Efforts to introduce value added products to the portfolio are an ongoing process. The newly upgraded manufacturing facilities too will help us in bringing to the market a better range of FIBC's.

Our broad product pipeline and its application:

Flexible Intermediate Bulk Containers (FIBC)



Application

- > Chemicals
- > Fertilizers
- > Food Products
- > Grains
- > Mining
- > Construction
- > Pigments
- > Plastics
- > Seed
- > Peanuts

Fabrics



Application

- > Packing
- > Polypropylene(PP) Small Bags
- > Polypropylene(PP) Box Bags
- > Flexible Intermediate Bulk Container (FIBC)
- > Manufacturer of Sand Bags
- > Manufacturer of Dunnage Bags
- > Manufacturer or bags used for food grains, cement, Fertilizers, etc

Multi-Filament Yarn (MFY)



Application

- > Rope
- > Sewing Thread
- > Handicraft
- > Polypropylene Cloth
- > Container Bag
- > Shoe Lace
- > Safety Net
- > Belts
- > Saddlery