

03/03/2015

**Sub : Raw Material Advisory.**

As all of you are aware of the high volatility in the global commodity markets and the currency markets. This led to change in fundamental economics of many commodities.

Oil was one such commodity. Prices continued to go down and the production kept going up. This was coupled with many other weak demand factors leading to a situation where Crude Oil was being assessed nearly 60% below last year's average.

A significant economic change in supply of Oil & Naptha to Polypropylene plants in Asia took place.

Two major global producers of PP in Asia, went under unplanned shutdowns in January and are under Planned shutdowns during March and April.

This has led to an unforeseen shortage in the supply of the principle Raw materials for FIBC's within India. Most severely affected were manufacturers who did not follow a consistent purchase policy.

**How KPL handled the situation?**

We were advised by our risk management division to take positions even at high polymer prices towards the end of December *when actually the world was not buying.*

We will not be losing on our commitments of FIBC dispatches on account of any Raw material shortage due to this timely action on our part. However the market reacted with a latent effect on prices.

A difference on real market prices and Platts was seen for the first time and actual prices are hovering 100-150 USD/ton more than Platts pricing. In addition to this, even at those prices, not enough material is available to be purchased.

We again remain committed to be consistent with our customers and hence managing our risks at our costs in order to deliver on time.

Once again proud to inform you that your partner in growth/business has come on top of the global crisis.

Thanking you,

Yours Faithfully,  
For KANPUR PLASTIPACK LTD.



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**Manufacturers & Exporters:** HDPE/PP Circular Woven Fabrics, Sacks and FIBCS/Jumbo Bags Multifilament Yarn

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