



National Stock Exchange Of India Limited

**Date of**

12-Feb-2024

**NSE Acknowledgement**

|                               |  |
|-------------------------------|--|
| <b>Symbol:-</b>               | PAKKA  |
| <b>Name of the Company: -</b> | PAKKA LIMITED  |
| <b>Submission Type:-</b>      | Announcements  |
| <b>Short Description:-</b>    | Analysts/Institutional Investor Meet/Con. Call Updates |
| <b>Date of Submission:-</b>   | 12-Feb-2024 03:01:22 PM                                |
| <b>NEAPS App. No:-</b>        | 2024/Feb/10227/10321                                   |

Disclaimer : We hereby acknowledge receipt of your submission through NEAPS. Please note that the content and information provided is pending to be verified by NSEIL.

Date & Time of Download : 12/02/2024 15:17:02

**BSE ACKNOWLEDGEMENT**

|  |  |
|--|--|
| <b>Acknowledgement Number</b>          | 6813710  |
| <b>Date and Time of Submission</b>     | 2/7/2024 6:04:29 PM  |
| <b>Scripcode and Company Name</b>      | 516030 - Pakka Ltd-  |
| <b>Subject / Compliance Regulation</b> | Announcement under Regulation 30 (LODR)-Analyst / Investor Meet<br>– Outcome |
| <b>Submitted By</b>                    | Sachin Kumar Srivastava  |
| <b>Designation</b>                     | Company Secretary & Compliance Officer                                       |

**Disclaimer** : - Contents of filings has not been verified at the time of submission.



7/Govt/SE/2023-24/0045  
12<sup>th</sup> February, 2024

**National Stock Exchange of India Limited**  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block, Bandra-Kurla  
Complex, Bandra (East),  
Mumbai 400 051  
Trading Symbol: PAKKA

**BSE Limited**  
Department of Corporate Service  
Phiroze Jeejeebhoy Towers  
25<sup>th</sup> Floor, Dalal Street  
Mumbai - 400 001  
Scrip Code: 516030

**Sub: Transcript of Investor Call under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith transcript of the Investor call held on Wednesday, 7<sup>th</sup> February, 2024 at 10:30 am (IST) for the financial performance of the Company during the 3<sup>rd</sup> quarter ended 31<sup>st</sup> December, 2023.

Kindly take the above information on record. The information in the above notice is also available on the website of the Company <https://www.pakka.com>.

Kindly bring it to the notice of all concerned.

Thanking you,

**Yours faithfully,  
for Pakka Limited**

Sachin Kumar Srivastava  
Digitally signed by Sachin Kumar Srivastava  
Date: 2024.02.12 14:57:21 +05'30'  
Sachin Kumar Srivastava  
Company Secretary & Legal Head

**Encl:** As above

Formerly known as Yash Pakka Limited

Pakka Limited, Yash Nagar, Ayodhya 224135 (U.P.), India  
+91-5278-258174 |  
connect@pakka.com www.pakka.com

Registered Office: 2<sup>nd</sup> Floor, 24/57, Birhana Road,  
Kanpur-208 001, Uttar Pradesh, India  
CIN: L24231UP1981PLC005294

# Pakka Q3FY24 earnings call

**Gopal Jaju:** Good morning, everybody. Welcome to PQFY 24, Post (inaudible) Con Call of Pakka Limited. I would like to welcome the management. We have Mr. Ved Krishna, Vice Chairman, Mr. Jagdeep Hira, Managing Director, Mr. Satish ChamyVelumani, Business Head, Compost Tables Division, Mr. Ramji Subramanian, Innovation Head, Ms. Nitika Suryavanshi, CFO, and Mr. Sachin Kumar Srivastava, Company Secretary. Now, I'd like to hand over to Mr. Ved Krishna for his opening remarks, followed by Q&A. Over to you, sir.

**Ved Krishna:** I'll request Pranay to start and bring me in, Pranay, where you need.

**Pranay Pasricha:** Yeah, sure. Good morning, everyone. On behalf of Pakka Limited, I would like to welcome you to the investor call for quarter 3 of this financial year. I am Pranay and I'm leading the brand efforts here and I would like you to go through the introduction part of the presentation.

**Satish ChamyVelumani:** Pranay, your voice is pretty low.

**Pranay Pasricha:** Can you hear me? Okay?

**Ved Krishna:** We can hear you fine, Pranay. I think it may be Satish's connection. It's a little low, but it's fine.

**Satish ChamyVelumani:** Yeah, no, I can hear you well. It's just a little low. That's fine.

**Pranay Pasricha:** Okay. Okay. Right. So, we'll start with a short video. Can I request the host to mute everyone else?

**Ved Krishna:** Lots of people are unmuted. Sachin, in case you are the host, please mute everybody. And then Pranay can unmute. Yeah.

**Pranay Pasricha:** Thank you. So, I would like to start with a short video of outlining our vision and goals. And most or like many of you might have seen this video before as well. But for the benefit of the new people or new shareholders or investors joining this call, we'd like to showcase what is our vision and it's a refresher for everyone.

**Ved Krishna:** Pranay, there is no sound.

**Pranay Pasricha:** Is the sound coming now?

**Ved Krishna:** Yes. Thank you. You're muted, Pranay. You're muted.

**Pranay Pasricha:** So, as outlined in the video, we start with a dream and this dream is a cleaner planet. We aim to, so this planet has a lot of requirements for packaging and there is about 600

billion worth of requirement which is estimated to be there by the year 2030. And we plan to contribute to this requirement with our regenerative and compostable offerings. And this is in the form of three verticals. One is food packaging, which is made of compostable, flexible paper-based materials, and food wrap and carry, which is from agrifiber-based. And one is food service. So, food service is under the flagship brand of Chuk, which is compostable molded products.

**Pranay Pasricha:** This is our plan for growth and impact. So, we plan to expand the Ayodhya site to a turnover potential of \$250 million by the year 2025. And we are also, we have in fact started work very aggressively on our North America and America's operations in Guatemala with a turnover potential of about \$750 million. We also had the pleasure of hosting some of you and some of our investors at our Ayodhya facility. So, 24 investors visited, and they visited the factory, they witnessed, you know, how these products are being made. They had an interaction with the leadership with the celebration of Smriti Devas, which is Birthday of our founder Mr. KK Jhunjhunwala, the celebration is annually. So, we also plan to do this investor visit to the plant annually and we'll let you know when the next visit will happen. So, with this I will hand over to Ved for key updates on the international growth.

**Ved Krishna:** Thank you so much, Pranay, for that great opening. Yeah, you can keep clicking and I'll keep at it with the international updates. So, of course, for our investors, a lot of movement in the last quarter on the international side, which I am part of now. And the big one that has happened in the last few weeks is the basic engineering kick-off. So, we had about 5 companies bidding for the basic engineering for our Guatemala plant. We finalized the engineers for that. It's a company called CTE, which has done about 180 units across the world. And it is extremely competent. And we've had a kick-off meeting with them as of last week. The contract was done in early Jan. And then we did a kick-off meeting last week in Guatemala. And that is on way now. And we've started doing the basic engineering. Next, please. There are tie-ups that have been initiated for both food services and flexible-based materials. We've already got 3 commitments for off-takes. But apart from that, what we are also doing is we are introducing our products in the North American marketplace starting in the next three months, basically because the Guatemala plant will take 2 years to build. But we find that we should seed the market before. So those tie-ups have already happened. Some are from Colombia and the others are from Thailand. And they will again start taking root in the next three to six months. And you'll start seeing some financials coming in the year. We have, as I informed last quarter, the land was finalized and now we have moved forward. We have started doing the allocation in terms of how the buildings will come up on the land. But apart from that, you know, before we get the tax exemptions, we need to do a land environmental study. That is already. The contract has been given and the work is also underway. The strategic partnerships for equity have begun. We've got a lot of interest and traction. We've been on calls regularly with numerous strategic interesting interest partners from the North American space and some from the South American space. So, lots of different discussions. I was in Colombia last week, again, talking to one of our partners there for coming into this project. The business leads in US, as I said, you know, in the next three months, we'll start putting material into the North American space. Eduardo, our CEO in the Americas, and me, we have been interviewing

people left, right, and center. And now we have a few people shortlisted to take the lead for Pakka in the North American space. And it is really, really strong profile. So, we're very excited to get them on board in the next, within this quarter. And the last update is that the operational and the project tie-up has been initiated. There is a lot of, because we have not operated in this Latin American space, we feel that it's important to have a partner, local partner here. And we've already initiated that dialogue. They've already started coming in and helping us on numerous forums. And as time passes, they will also become part of the equity table. So that's it from me for the international. This I'll hand over to Jagdeep for the India Business.

**Jagdeep Hira:** So, good morning, all. I'm Jagdeep Heera, looking and responsible for Indian business growth. Molded, so this is a fantastic news for all of us. Molded business has been a turnaround for this quarter. So, we showed a net profitability of 1.75 CR. New product development on the wrap and carry side. We are the first one in domestic virgin fiber to launch 22 GSM as a wrap. So, this is also great news for this quarter, what the team has done. Consistently, we have been nominated and certified by CIA as a noteworthy water-efficient unit. So, this is third in row, now. Export volumes, we were doing around 24 the last year. We did 32% in last quarter. And again, we are expanding heavily on the molded as well. So, we have increased the shareholding of molded from industry, paper industry to molded manufacture. So, this has gone up to 47% now, increased by 2% year-on-year basis. So, on the production side, just to give you a glimpse of productivity. So, we have 5% growth year-on-year, since last year's nine months, around 5% growth and 21% growth in molded on the productivity. A bit declined by 4% in Q3, because of market conditions. FMCG is going slow and the global impact. Next one. On revenue side, we are higher by 3% year-on-year basis. Quarter was a bit low because of two uncertainties. FMCG is going low, international market is going slow, and the imports are becoming stronger and stronger from 18%. Last quarter was 43% imports. So, PBT again from year-on-year basis is around 1% higher than last year and a bit low on Q3. EBITDA again if you see year-on-year basis is 2% higher and around 1.8% lower in Q3 vs Q2. So, on the Jagriti side, we are going on the front foot now. So PM3, Paper Machine 3, which we call, the idea is to refurbish this machine and make more of a wrap. And pack grades from 70 tons, we are looking at 80 tons on a daily basis. The order has been finalized in the state-of-art machinery from Europe, who have almost more than 100 reference cases on the machine setup globally on paper machine for 400 tons of flexible packaging. So, the techno-commercial proposal, the participation have been there by four of our technological partners from Europe and two from China. Power plant, whole of the infrastructure we look for, own generation, the order has been finalized. Thank you very much, and I'll hand over to Satish.

**Satish ChamyVelumani:** Thank you, sir. Good morning, everybody. And thank you very much for joining in. Well, a lot of effort went into compostables as RMD. I just announced we have turned around the business quite a bit. But the highlight for this month of the last quarter and this month, sorry, this quarter, is what you see at the Ayodhya Ram Mandir, right? So, we have been handpicked as the partners in their sustainability journey. Where you see the Chuk logo in this picture, you would see... Chuk products being used as the vessels for offering. All right. This is a big achievement from the team. This also shows the confidence that not just the

markets, but also the government authorities have in our products and the business. So, this is a very proud moment for all of us. And let's move on to the next slide, Pranay. In terms of revenue compared to, again, so we see a 26% growth compared to the last quarter. Last quarter, we were at 12.17 crores for the quarter. And in third quarter, we hit 15.35 crores. This is, again, we are facing a lot of headwinds from the market, but considering the headwinds, a 26% increase, quarter-over-quarter is a great number. And similarly, compared to last year, again, this is nine months FY24 number. We are up by 7%. This is about 41.5 crores. Compared to 38-39 crores last year, same period. So, and here comes the big number. This is a great swing. The quarterly profits, again, this is not just the EBITDA, this is the PBT. We had a huge swing of about 2.5 crores compared to the last quarter. And compared to the same period last year, we had a 5.6 crore swing. Which puts us at, again, we are broken even. We are actually positive for the first nine months of this quarter, excuse me, of this financial year. I believe strongly that we would end the year with a positive bottom line and this quarter with a positive bottom line. And this is the future projections that we are working on. Why we are continuing to grow is because of our strength in production is increasing. Right. Ayodhya, which used to be about 170-180 metric tons last year per month, is at 270 metric tons. Our productivity is increasing significantly, fantastic work by the team, great leadership from our plant as well. We will be at about; we are already at about 270 metric tons from Ayodhya and additional 100 metric tons we are outsourcing from domestic facilities. This includes launching of two new products. There's a 4CP product and a 360ML product that's being launched. And in order to meet the increasing demand, we are seeking additional 300 metric tons, which would, again, if you look at the Ayodhya's capacity today, we are in discussions with factories outside of India to bring in 300 metric tons. In the first quarter of next financial year, which should be in April-May time period, we will be at about 670 to 700 metric tons of capacity, which is, again, 2.25x than what we have today. So, there's a lot of work that is going into capacity increase, and you do see the sales increase there as well. Pranay. And we are also in the process of launching a new program called Regenerative Partnerships. And this is, there are three parts to this program. One is offering all the products that are used by a large player. It could be a QSR, it could be an industrial catering, it could be an airline caterer. So, we're working with a lot of people to provide them with end-to-end products. But the kicker is providing an end-of-life solution as well. Right. It's not just about the products that you use to serve. But what happens after the food is consumed? We are looking at that. We are providing them a solution. Plus, while they do all of these, we are also trying to get them a carbon accounting and sustainability voting via a digital platform. We have had discussions with a few large customers. I don't want to reveal the names yet, but things look very positive there. So, this is a new program that we have kickstarted. Hopefully, in the next two quarters, we will see that it's in (inaudible). So, that brings the end of Compostable presentation. I'm going to hand this over to Ramji now.

**Ved Krishna:** I think Pranay somehow got off, so I think, yeah, he's starting. Okay, he's back.

**Ramjee:** Thanks, Satish. Good morning to all of you. Innovation updates. We are going forward for the launch of cutleries. We have done the commercial trials, which has been successful. We have all the certifications also from the angle and perspectives of migrations as well as testing and orders as well. And everything is clear, and we will be going forward for

the commercialization for that, as we speak. We are progressing towards it and the target will be the starting of the next quarter. The second one is on the beverage cups, which is again bagasse based and are on recipes and prototypes already and the launch is planned again for the first quarter of which is the next month in the first quarter of the next year, financial year. And next one of the compostable flexible packaging. As you can see, there are new different products that we are testing. And with the NDAs in place, we are going for multiple customers, medium and big. And we are going for the trials for these products. The second one of this is the commercial. We have the commercial success in terms of the chocolate product. And we also announced that we have now the 12-month shelf life completed successfully without any. And the product is absolutely stable. The third is on the prototype with high barrier, non-metallized structure that is also ready. And we are very happy to see that, and we'll be scaling it up in the next quarter. The last one is on the patents. We are filing the patents on the structure, design, and the recipes in both the products that are coming up in the flexi as well as the space. And with that, I give Nitika the space to move on.

**Neetika:** Thank you, Ranvi. Good morning, everyone, and thank you for all your support and wishes. I know some of you have been constantly in touch with me. Finally, we have the shares released. I'll hand it over back to Pranay now.

**Pranay Pasricha:** Thank you, everyone, for your updates. And I would like to open the session for questions and answers. Just a few ground rules so that everyone gets a chance to ask their question: please limit your questions to two per person. You can also keep posting your questions in the chat, and we will keep responding either live or in chat. Please press the "raise hand" button from the reactions section on your Zoom panel to ask a question so that I can manage it better. So the first question is from Captain Vishal, and over to you, Captain Vishal. You can unmute yourself and ask the question.

**Capt. Vishal:** Hi, good morning. I am a senior engineer at the Indian Institute of Technology. Yeah, my question is for Mr. Jagdeep. I was just seeing, paper has always been a strength. So, you know, if I see the revenues from the paper segment, in December 2022, we were approximately at 102 crores. In September 2023, the revenues from the paper segment were at 95 crores. And in this quarter, we've dropped to 86 crores only in the paper segment. So what is the reason for this consistent fall in the revenues from the paper segment? Because that has always been a strength.

**Jagdeep Hira:** Yeah, Captain, exactly. The market has totally changed as I agreed. Imports have been a dominating factor in the market scenario, which used to be around, just to give you a glimpse, it used to be around 18 to 20% of imports, which has raised to 46% imports now, one factor. Second is, as strategically as we see, we have moved from around 24% to 32% for exports. So taking not much of the hit on the business side, we strategically move to exports. But this is going up now. The market has shown some glimpse of an upward trend. And we hope to see that makeup is in the fourth quarter.

**Ved Krishna:** Vishal, just to supplement Jagdeep, there was a planned shutdown in this quarter. So, that took away about 10 days of production. So, that also lowered the turnover.

**Jagdeep Hira:** So, quarter on quarter, Captain, if we examine, there may be shifts from the second quarter to the third quarter or fourth quarter in the annual chart. So, we consider a four-month chart for 10 days. That decline... For this year and the third quarter.

**Capt. Vishal:** Okay, understood. My second question, again, I think you can answer it. I would like to know now, we are looking at increasing our turnover to roughly about 1200 crores in the next, say, six quarters. So have we added any new clients, especially in the flexible packaging segment since we are expanding big time on that? Any addition of new clients?

**Jagdeep Hira:** Yes, we are working on it.

**Capt. Vishal:** If not, then how do we plan to achieve a revenue of 1200 crores?

**Jagdeep Hira:** No, we have already started on both sides, globally as well as internationally. So now we have customers in our portfolio who consume wrap and carry as well as flexible packaging.

**Ved Krishna:** Okay, go ahead. So, supplementing, Vishal, and then we'll move on to the next questions. Supplementing Jagdeep. So, basically, the 1200 crore projection is post the project Chakriti. So, there is a slight delay. It won't be six quarters; it will be a little more than that. But yeah, the idea is that at least by FY 25-26, it should reflect. That's what the team is working towards. And that's where the big jump comes, when we actually start producing flexible packaging at a certain scale. Right now, it's still very rudimentary because we are having to use outsourced facilities, which means that, I know there are some questions around that in the chat as well. So what we are doing is experimenting, going to the market, and doing trials. The scale will only be reached when we actually set up the production units. As Jagdeep is saying, we are breaking through to customers. But the actual significant turnover change will come once Jagrati starts producing. But yeah, let's move to the next questions.

**Pranay Pasricha:** Yeah, thank you. Next question I'll take from a chat from Mr. Saharapara. What is the sustainable EBITDA margin of compostable business? That is the first question. He has a second question, which is research and development status for the coming two to four years. And the third question is, why is compostable business growing at a very slow rate? So maybe, Satish, you can take first and third, and then maybe Ramjee can take the second question.

**Satish ChamyVelumani:** Thank you for the question. I believe we would be anywhere between 40% to 20% on the sustainable EBITDA level, not for the compostables business moving forward. And on the third question, the growth of compostables business is driven by our ability to provide the capacity that is required. Outsourcing operations have been pretty slow, and... Now we have gone overseas. So again, in India, you don't see a lot of larger plants that would give the capacity that is required. Whereas overseas, you do have plants that are coming in with much, much larger capacities than our Indian counterparts. The reason why we are bullish about increased revenues in the next quarters is because of those partnerships that are coming in from outside. And the slow growth has been attributed to our limitations in closing outsourcing partners domestically.

**Pranay Pasricha:** Ramjee, can you take the second question of resource and development status for 2-3 years?

**Ramjee:** The research and development status is that we are majorly focusing on flexible packaging. This involves looking at products from a backward perspective, experimenting with different materials, and significantly increasing production volumes. Our primary focus is on pilot projects as well as large-scale implementations. Additionally, in terms of cutlery and rigid materials, we are introducing new products and aiming for higher production volumes. Our development process is progressing effectively across all fronts.

**Ved Krishna:** I'll just supplement Ramjee because the question was for the next two to four years. So, of course, we are extremely bullish on our innovations. Like Ramjee mentioned, a few of the focus areas are flexible packaging. Version one was launched last year, and version two is almost ready. In the next couple of quarters, we will be experimenting with version two, which incorporates some changes to the IPs within the product. Looking ahead to the next two to four years, our core focus remains on food services and food packaging. We are conducting various experiments through global collaboration. For instance, we are establishing something in North America and exploring opportunities in other parts of the world. Tomorrow, we will have a strong board of advisors joining us from across the globe, representing various disciplines. Ramjee has been actively building the team in Bangalore and aims to move into IASC hopefully within the next two quarters. This move will enable us to establish an incubation mechanism, facilitating collaborations with startups. Over the next two to four years, our goal is to advance towards better biomaterials across all sectors, enhance performance for customers, and reduce costs for them as well. These are the three main areas we are focusing on. Ramjee, I hope this addition aligns with your perspective. Thanks.

**Pranay Pasricha:** Thank you. The next question is from Mr. Parth Kyada. Mr. Parth, you can go ahead with your question. You have raised your hand in the chat. Mr. Parth, you can unmute yourself.

**Parth Kyada:** Yes, yes. Hello, good morning, sir. This is my question to Mr. Ramjee. I came across one of your products, a surgical tray made of bagasse, as well as some other products used for packaging, like hardware products. Are there any plans to expand into products beyond the food category?

**Jagdeep Hira:** Parth, I'll take that question. First, I think we never launched any medical trays or something like that. So the only focus remains on food packaging, specifically with food contact, which we call primary packaging.

**Ved Krishna:** We have a 600 billion market to tackle. Once we tackle that, we can look into other products like medical packaging or other packaging. Yeah, basically the answer, as Jagdeep said, is no, not at all. We're not moving away from food services or food packaging.

**Parth Kyada:** Thank you.

**Pranay Pasricha:** Thank you. The next question is from Mr. Himish. When are the pledges expected to be released? So I will answer, and they are released like Nitika has already mentioned. Date of commencement of expansion plan in Ayodhya, that is the second question. And the third question is expected funding for US or Guatemala operations.

**Jagdeep Hira:** I'll take the first, Pranay. The expected commissioning of this Jagriti project, which we call it a Jagriti, should be between the second and third quarter next year.

**Ved Krishna:** I'll take the next one. The project in North America and Guatemala is called Kavok. And I won't get into the name so much, but it is a Mayan name that we have called it by. The funding there is going further, and the idea is to raise the equity by the middle of this year, June, July. Debt is already spoken for, so the banks are just waiting for the equity to come in. The target for us is June, July for the equity. So I think by the time we meet in July, August, we hope that we will give you the positive news for that.

**Pranay Pasricha:** Thank you. The next question is from Mr. Ravi. He's a passionate retail investor and a big fan of our company. So thank you for that. His first question is about compostable flexible packaging. He mentions that we have spent around ten years in research, calling it "magic." He's not asking from a competition point of view but genuinely wants to know how good Pakka's solution is compared to other leading players.

**Ved Krishna:** So Ravi, thank you so much again for being a passionate supporter of the organization. We've indeed spent a lot of time on this, starting back in 2014-15, exploring different products, and this was one of the first. We've conducted extensive experimentation. It's too early to definitively compare our solution to others. However, when Ramjee's team works on it, they consider various factors, with performance being paramount. Packaging's primary purpose is to protect what's inside, so ensuring protection is our top priority. This includes factors like shelf life, puncture resistance, moisture resistance, and oxygen resistance, which are challenging to achieve. It's a testament to Ramjee and the team's expertise that they've developed such products. We've now commercialized and are focused on scaling up. We're collaborating with some fascinating companies and exploring innovative applications. If all goes well, Ramjee will have exciting product launches next quarter, furthering our progress in this challenging discipline. While I can't definitively say if we can quickly replace materials that have been in use for 70 years, we're confident we will. The question is how quickly, and that's what we're working on. Ramjee, do you have any additional points to add?

**Ramjee:** I do agree with that and totally endorse your talk, but we are also looking into the cost angle, efficiency angle, scale angle, circularity as well as composability. So it's a big aim and target. And as Dave was pointing out, we are trying to achieve it in the shortest possible time period.

**Pranay Pasricha:** His second question is on the performance, and I'll read the question. In the investor presentation in July, we had projected to reach a revenue of about 550 crores for FY24. When a specific question was asked in the last conference call, Mr. Jagdeep had responded that we would be able to achieve this target. So we had made just around 211 crores. After Q3, we have made around 310 crores. At this rate, we'll probably reach the same figure of last FY, even though we had given a 50% growth target for this FY. I can understand plus-minus 10% variance, but this is way off the target. Even in the last financial year, we could only make 72 crores PBT against publicly stated 100 crores. While I appreciate and understand the need to set and aspire for higher targets, it could also mislead investors and ultimately lose trust and confidence in the management's words. Especially when we are nowhere close to targets. What actually went wrong? Where was that 150 crores supposed to come from if we are running close to max capacity?

**Jagdeep Hira:** So I will take this, Pranay, because I indicated to the investors about meeting those ambitious targets that we had set earlier. So we probably might be around 80, between 85 to 90% of what we had targeted at the start of the year. The market dynamics have totally changed in the last four and a half months. We were very bullish to meet those targets going forward in the third and fourth quarter, which has not happened. Our team is out there to push further beyond this projected growth in the coming days. Where we have gone wrong, I think as Satish mentioned, we were...very optimistic about getting onto the outsourced partnership for molded, which got delayed, (that's) one. Second, as I stated, the market has not really supported FMCGs...all FMCGs, converters...are going very low on the offtakes. That's why we have (had) to shift our focus from domestic market to international market, where we have pushed almost 8% higher in growth. We do understand the pain points and we do understand the concerns of the investor on the statements made earlier. Having said that, we also take privilege and we also take much confidence on the investor that...what we see we will definitely try and meet the expectations of what we said earlier. So we should be touching around 85% to 90% of the target this year. And that's the hope, because market's still low...but we see a bit of a growth right now. It's still not up to the mark, like what we could see early during start of this year. Hope I made it clear.

**Pranay Pasricha:** Yeah, thank you. Thank you, sir. Next question is from Mr. Samit. You have raised your hand. You can go ahead and unmute yourself and ask the question.

**Samit:** Hi, very good morning and thank you for giving me an opportunity to ask a question. I really appreciate the team and I am also a very passionate investor for the company and I really missed the visit. In fact, I read pretty late about this Ayodhya visit. There are a couple of things I was just thinking about. You know, I have used this product. In fact, I wanted to give my experience about this product, how I, you know, got into this product, actually. It was my kid's birthday and we wanted to order some disposable stuff. And from Insta (Instamart), basically from the Swiggy app, we ordered, you know, the disposable plates and everything. And when I got this product at home, I was like, wow, what is this product about? And I just saw the name C...Chuk...I said, is this Chuk a listed company? So...which is this company who produces this Chuk, right? And I saw, and that's when I encountered this company. And that was in October last year. So I was really fascinated with the products and then started researching more about this. You know, about the plates and the bowls that they're giving. So I think it's a great product. 100%, I think...biodegradable, if I am correct. There's no plastic being used. And I also read about how this company entered into Ayodhya, you know, with the Chief Minister, with the discussion...they don't want any plastic, 100% biodegradable...and that's why this company was selected. I believe that was one of the articles that I read. So my thought was...and my question also was, if I believe, like, everybody tomorrow will be looking into such kind of products, which is like biodegradable, 100% (environment) friendly, no plastic use, isn't there going to be more demand for these products going on? Because one of the primary raw materials that we are using is bagasse., which you get plenty in the place Ayodhya. And I think that's also one of the reasons that you have stepped up. You know, you're putting a factory in US because of the availability of the raw material. So my point is how, going forward, you think...such products will be part of your turnover...will bring that percentage of your turnover. That was my point and something more related on this product, if you want to say. Thank you.

**Ved Krishna:** Sure, I'll plug in there. Thank you so much, Samit. The idea for us as a team here and as a business is driven by a singular fact. How do we do meaningful work in our lives and leave the planet cleaner? That's the single driving force for the team here and beyond us, the entire team at Pakka. With that in mind, we've taken upon two broad directions, food services and food packaging. So you've experienced the food services side. I hope that you'll keep experiencing the food packaging side as well. We do expect significant growth, I agree. You know, in our opinion...there are 1.4 billion people in India and they all eat three times a day. They could all be eating in disposables. So that's the... possible market size, but that said, if you look at disposables, that itself is a huge market. And we do hope that people will stop harming themselves by eating in polystyrene or any kind of polymer that is carcinogen generating. So we are on that mission. And of course, the idea is to make all products that are...terrestrial animal safe, marine animal safe, compostable, recyclable in the paper stream because paper stream recyclable is over 70 to 80 percent, whereas polymer is 7 to 8 percent, which is a very different scenario. So that's what we are driven by. Of course, we are also driven by the fact that we have to scale. So Jagdeep, of course, talked about the project that we are doing in India. We are trying to...tie up more of flexible packaging. Satish talked about how he's trying to bring in materials from outsourced sites. You talked about the plans in North America. So, yes, the idea is to work on the known. And Ramji has also talked about the unknown. So we work on numerous disciplines to be able to plug all this in. By the end of our lives, hopefully, you know, we have another 20, 30 years. For all of us, we are of similar age, all of us here. So the way we think about it is that hopefully we would have done a significant impact and at least in that 600 billion opportunity, we could be at least at maybe 1 or 2 percent. That would be a good thing to have achieved. So thank you so much for that. Sure.

**Samit:** So I have another point. If I can take one more point. Wait.

**Ved Krishna:** That's on Pranay.

**Samit:** Pranay, yeah.

**Pranay Pasricha:** Please go ahead.

**Samit:** So, also I wanted to know, because of Ayodhya temple and the factory being close to the Ayodhya within the 10 kilometers...that's what I have understood from the Ayodhya temple that is...how much your molded stuff will help you? Because I saw there is a huge demand. I mean, something like 20 lakh people are been attending the temple. And I am sure the Prasad and everything...they must be distributing in your cups, the disposable 100%. So how much that really helped? Is there a significant help in your profitability, in your turnover because of this...Mandir? And, you know, the more sale of this disposable, that is one point I was wanting to know. The second thing also I wanted to talk about...just a thought, you can take it (or not). There are hundreds and thousands of farmers in India who use cow dung...and they use all plastic as a packaging. So one of the (points) I was just talking with one of them (about). What they were also looking at...is there some packaging which comes with cow dung and it can just immerse with the soil. That means you don't have to remove the packaging. It's just they throw away the packaging as it's 100% biodegradable and it can immerse with the soil. There are a lot of people, you know, they're looking at such kind of thing where there is no plastic involved, like your molded stuff. And that can be used as a packaging. I'll stop here.

**Ved Krishna:** Thank you. I'll keep it short. So, Ayodhya is both a boon and a responsibility for us. We belong to Ayodhya, the main plant (is there). That's our mother unit. We want Ayodhya to be very, very clean. Thankfully, the government is very aligned on that thought process. So, the way we are working with the Ayodhya Trust is not just providing material, but also finding ways to compost food waste and packaging waste. Not just is it using our compostable materials, it's also using a lot of our paper. All the Prasad, like you mentioned, is actually in our paper bags. So a lot of that is also being used. But you have to understand the quantum that we produce. So we produce almost 10 lakh pieces a day. Fundamentally, Ayodhya is using... Satish can tell the right number, but maybe three to four lakh pieces a month. Satish, something like that. So Satish, how much... do you know? How much would Ayodhya be?

**Satish ChamyVelumani:** We are looking at a business of about 40 lakh coming from the...

**Ved Krishna:** Oh, so that's it. So it's about four days of production, Ayodhya. But that said, you know, more than that, it is our backyard. We definitely want to make sure that it's actually kept well. So thankfully, the government is very aligned with that thought. And we'll continue to support Ayodhya not just with products, but also how we generate the right end of use. On the cow dung side... we have too much on our platter to actually look at things like that. We want to clean up the food services and the food packaging. And then maybe there's some lifetime, some time left in our lives for something else... we do that. But there is really, really enough to tackle for all of us here to just clean up the food services and packaging.

**Samit:** Thank you so much. Thank you, team. I appreciate all your time. Thank you.

**Pranay Pasricha:** Next is a related question. What's our plan and strategy on targeting religious pilgrimages, just like we did in Ayodhya? How many such places have you identified and the progress on the sale? Also, can you share the expected sales we can achieve by 2025 from this on annual basis?

**Satish ChamyVelumani:** I'll take that. So Ayodhya has been... it has been in the news, but even the last... in the previous quarters, we have also mentioned that we have been working with Vaishno Devi Temple, which is a Shrine Board. So we are making our inroads there. There is... I cannot put a specific number against it because that's driven by multiple factors, such as their requirement, our ability to meet the demand at the given time. But in a nutshell, you could say Shrine Board, Ayodhya Temple, and also ISKCON has been a long-time customer as well. So those are the three major religious bodies that we work with, and we will continue to pursue other opportunities. I cannot put a number against it. This will become a part of the next year's plan, which we are working on. Thank you.

**Pranay Pasricha:** Next question is to Ramji. What is the metric tons of chocolate packaging launched and prices at which it is sold? Further, how this will be scaled and what are the monthly target volumes?

**Ramjee:** The first point here, as Ved was mentioning earlier, we have given the version one for the packaging what we are targeting. And as we move forward, multiple versions are coming after. Number two, in terms of the square meter... per square meter, we are... at the present moment, we are around 35. And we are looking significant reductions as we move forward in terms of the prime rate. In terms of volumes, we have... as of now... over the next

two years, we are targeting around 10 to 15 tons. And then as we move forward, (in) three years time period, we are looking at 1,000 tons.

**Ved Krishna:** Yeah, so just adding on, Ramji...Doc, they'll make you a commercial person. So anyways, supplementing, just supporting my friend here, is that when he says 35 rupees, typically the way a customer measures it is not by kg. They measure it by the square meterage. And that's what Ramji means by 35 rupees a square meter. But you have to compare it with the current substrate, which are at about 22 to 25, Ramjee?

**Ramjee:** Around 20.

**Ved Krishna:** Yeah, so 20 is the polymer-based substrate. So there's a significant gap. So, of course, this is at a very, very low scale. So the target for us is to bring it down to under 26...is what Ramji is targeting in the next few months. And yes, of course, we are establishing a 33,000 ton plant in two years. So, of course, we want to sell that much at least. But the scope of sale is enormous. There is no end to it. It's just a question of how competent we are.

**Pranay Pasricha:** So just a time check with Ved, would you want to continue with the questions?

**Ved Krishna:** I think 15 minutes max. I have a very, very early morning tomorrow. So I'll have to step out at 15 minutes, then it's over to Jagdeep, Satish and Ramjee if they want to continue.

**Pranay Pasricha:** So next question is from the chat itself. Ved has mentioned that...there is about equity strategic partnership. Please throw some light on it. Are we planning some equity stake sale or something else? What is the PAT as a percentage of revenue we are aiming for post Ayodhya plant and Guatemala plant?

**Ved Krishna:** So lots of forward-looking statements there, so I can only throw that much light. There is no equity dilution when it goes to Guatemala. So Guatemala, the way it is structured is that Pakka Limited India, which is your company, it owns Pakka Inc., which is the U.S. company, 100%. And Pakka Inc. co-owns Pakka Guatemala. So that's the structure that we have. The idea for us is to dilute the stake of Pakka Limited in Pakka Inc. So hopefully the dilution will remain minimal. That depends on the valuations we are able to generate, the partner that we are trying to bring in at this point. And it ultimately depends on the kind of confidence we are able to generate in the investor. But the effort is to have no recourse to India. So of course, Pakka Limited will not hold any...kind of corporate guarantee or anything for that project. So, that is the effort. We're still early. Let the first anchor investor come. There are numerous discussions happenings, there is a lot of interest. There's a lot of positivity, so we'll see. In terms of PAT, again, difficult to say...it's too early to commit to anything and we would not want to give any figure we don't know. The idea, of course, remains to remain at the EBITDA levels of about 25% is how we tackle when we look at new projects that, you know, we try and look at an IRR of about 20%. We look at an EBITDA level of about 25%. But that's said, best laid plans can go awry. Of course, we are learning through our experiences and hopefully we've learned our lessons and we'll do a little better as we go along.

**Pranay Pasricha:** Thank you. Mr. Jinesh, you can ask your question. You have raised your hand.

**Jinesh Sipani:** Thank you for the opportunity. The first question is on the paper segment. I would like to ask what our competitors in such kind of paper are. As far as I have talked with various distributors across India. So no one said that no company is as competent and equivalent to Pakka Limited. 'Yash ke paper se acha koi paper nahi aata'. What do you think? Is there any company who is equally competent to you in the Indian market specifically?

**Jagdeep Hira:** Thanks, Jinesh. I think we don't feel a competitiveness in the market and the customers we serve. But yes, we want to remain competitive, having said that. On the holistic front of wrap and pack, where we are focusing on the singular goal going forward and what we are dwelling upon, we don't see any parity among the industry that has a defined goal of remaining in food packaging. There are industries where we compare the results and performance, but actually, we don't see the heat coming up from competition as such.

**Jinesh Sipani:** Okay, thank you. And the next question is, as we see the issues of the Red Sea coming in. And there is a lot of shortage of waste paper for which there is a shortage of craft paper in India, and the rates are going up. So have you seen any increment or realizations of craft paper that we have been selling in the last week or month may be?

**Jagdeep Hira:** So, to give you a thought on the business and global market dynamics over the last several months, the total scenario has changed regarding Waste paper and recycled paper pricing, shifting from as low as \$190 to \$330. We are not concerned about those factors. We are very dedicated to the customer who has been with us for over decades now. So we are very confined to what quality parameters are the requirement. There is a slight glimpse of a market shift going forward, as the total industry is being dominated by European and US pulp demand, which seems to be going up now.

**Jinesh Sipani:** Okay, fine. Thank you. The last question on the packaging side, have we added new products? Like the last concall you were in talks with HUL for sachets of shampoos. Also, the last concall we mentioned was that there cost competitiveness which is associated with plastic packaging and paper packaging. So any clue on how we will crack the plastic packaging versus paper packaging with that cost-effectiveness?

**Jagdeep Hira:** I think in the previous question, Ramjee tried to explain the comparative cost. We certainly are looking for a better proposition or an equivalent proposition of what products are there in the market. For shampoo sachets, we are really not going very forward as of now because the focus remains on the food packaging. Chocolate and nutgritties is the one segment that we have chosen as a first step. And then we'll see, coming out with the product and serving big MNCs and big brands.

**Jinesh Sipani:** Okay, thank you. Just a last question.

**Pranay Pasricha:** Jinesh, can I request?

**Ved Krishna:** Pranay, you'll have to.

**Jinesh Sipani:** Thank you.

**Pranay Pasricha:** Mr. Gaurav Sharma, you can go ahead with your question.

**Gaurav Sharma:** Yeah, thank you so much, Pranay. So I heard this thing many times in this investor concall, like there is some capacity constraint on our revenue. So like you said many times, we are looking to outsource our production. So there is some risk associated with that as well. So how are you looking to address that? If at all you don't get that much capacity from outsourcing, then how will you address this issue?

**Jagdeep Hira:** Mr. Gaurav, we have a surplus pulp as a raw material, and strategically, what we have chosen is because an Ayodhya plant would be full in its capacities. Rather than going for an investment at overhead, we have thought of going asset-light, where we will be supplying the raw material to mold manufacture. As Satish gave his presentation, the 350-ton is one we are looking at as total and internationally also we are tying up with multiple partners who can supply us the quality products. So we don't see a fallback there, but we have to be very fast in the decision-making, whichever unit we choose.

**Gaurav Sharma:** Oh, is it the same for the molded products as well? As for molded products also, are you looking to outsource it?

**Jagdeep Hira:** So I was talking about the molded products only.

**Gaurav Sharma:** Right.

**Jagdeep Hira:** Right.

**Gaurav Sharma:** Yeah.

**Jagdeep Hira:** Sorry, please go ahead.

**Gaurav Sharma:** So we must have some IP rights as well, right? For this packaging and designing and all that. So are we getting some royalty out of it? If at all we are looking to outsource it to someone?

**Jagdeep Hira:** So I'll do it first. I was talking about the molded products only. For flexibility, we are contracting some outlets where we are experimenting and putting up a commercial production out of there. The chemistry is ours, the base is ours. Till the Jagrati project is up and running, we are doing that sort of market know-how, just to have a market know-how, to just make a customer portfolio entry. We are doing that. I think that's it.

**Gaurav Sharma:** Okay, thank you.

**Pranay Pasricha:** Thank you. The next question is from Mr. Charanjeev Kohli, you can ask your question now.

**Charanjeev Kohli:** Yeah, thanks for the opportunity. My question is, first, let me give you a bit of background. I did one peer review of the company with similar companies, although you don't have a direct competitor. So I did a complete review. One particular finding which I have is concerning tax rates. So the tax rate that Pakka is paying, is something concerning the highest among their peers. There is a delta of something like 250 to 300 pips. So you are paying the highest ones. So my question is, have you noted this thing? And is there something that we can optimize your tax rate so that it goes to the bottom? I think I would like to take that question.

**Neetika Suryawanshi:** Actually, we were availing some benefits of MAT in the past which have now expired. So we are paying this percentage. However, I will double-check and see, but we've done our movements on this for sure.

**Charanjev Kohli:** Okay, thank you. Thank you.

**Pranay Pasricha:** The next question is Ace in Enterprise. Please elaborate on your plans for the biodegradable polymer segment. Ramjee, can you take this question?

**Ramjee Subramanian:** As Ved has already given the brief of it, essentially we are looking into flexible and rigid packaging alternatives or bio-compostable packaging as well as services from a product perspective. We are looking at a product backward approach, looking at multiple materials, performances, and of course, the costings and the ad scales. So that's the bigger picture that we have. And I think it is already been communicated clearly by Ved. If there is anything specific, I am ready to answer it.

**Pranay Pasricha:** Sir, I will move to the next question, Ramjee, for you again. The cup prototype developed has the same angles as market available shapes, it is a question. And what is the tentative price of cutlery developed?

**Ramjee Subramanian:** Yes, it has got, it is new designs and the character of the cup is coming up with the new design as well as comparative pricing. And from the characteristics, in terms of the design, it is comparable to the marketplace. And the second one is the cutlery. On the cutlery side, we are looking at the version we will be optimizing. We are starting up at around rs 1.5 piece per piece. But we are still working on improving it, even lowering it at a faster rate.

**Pranay Pasricha:** Thank you. The next question is from Mr. Hiren. Whether Pakka management expect substantial equity dilution for the Guatemala project, whether existing Pakka shareholders will retain equity in the Guatemala project or new equity investors will be provided a considerable stake for investment?

**Ved Krishna:** Already answered Pranay. It's a repetition.

**Pranay Pasricha:** Alright. I will also skip some of the already-answered questions. So there is a question from Mr. Chinmay Nima. Could you provide the breakdown between institutional sales versus retail sales?

**Ved Krishna:** Pranay, could you take any, if there is any question for me, you could take it because I will need to log off in two minutes. I don't know what Jagdeep's and Satish's timing is. But yeah.

**Satish ChamyVelumani:** I do have to stop as well after 5 minutes.

**Ved Krishna:** Five minutes. So let's wrap it up in five minutes.

**Pranay Pasricha:** Yes. No way that I do not see any other questions from you. And these are like, I think last few questions, a couple of questions that we have.

**Ved Krishna:** So I will take off. Can I say thank you and take off? I have a very early morning tomorrow. So thank you all so much for joining in. I'm taking off, but my colleagues are there for another five minutes and look forward to seeing you again in the next quarter.

**Pranay Pasricha:** Thank you Ved.

**Pranay Pasricha:** So Satish, I think all these questions are for you only. So could you provide a breakdown between institutional sales and retail sales? Could you talk about the nature of contracts with institutional clients, the length of contracts, when are these renewed, etc.? What's your wallet share with the institutional clients? What percentage of containers used by KFC in India are supplied by you? And institutional clients addition in nine months of this year versus last year?

**Satish ChamyVelumani:** That's a lot of questions, but I can tell you retail sales, especially the D2C, are at about 10% as of date. The rest of the stuff reaches institutions that are big, small, and medium-sized, and they reach through multiple channels. It could be direct from our partners, partners through resellers, but eventually, they end up at the institutions. Could be large QSRs, small QSRs, and so on. So that was on the percentage of retail versus institutional sales. What's the other? What are the other questions? It's turning out like a bunch of questions loaded in one.

**Pranay Pasricha:** Yes. So he's asking nature of contracts with the institutional clients.

**Satish ChamyVelumani:** So these are predominantly one-year contracts, and that helps both of us, especially with us to work on the price fluctuations as well as the volume fluctuations and they get renewed. And again, these are only with very large institutions, right? Not the smaller and mid-sized ones, even though they are regular. We do not have contracts with them, and the contract is a double-edged sword. So with larger customers, we do get into a one-year contract.

**Pranay Pasricha:** Right. Then wallet share for institutional clients?

**Satish ChamyVelumani:** That's, I don't think there's a finite number that we can put on at least at this point of time, because it varies quite a bit. But the target is to get to 100% with our regenerative partnerships.

**Pranay Pasricha:** And then institutional clients addition in the nine months.

**Satish ChamyVelumani:** There is a lot that we have added, but again, our top 10 customers continue to be the same. We have added Rebel Foods and Cure Foods, and right now we are also working with Amazon. So there are quite a few additions. I don't think I could list all of them here. Sure.

**Pranay Pasricha:** I think that's it from the question's point of view. Just a clarification on the pledged release of shares. So the order has been placed for a pledge of release and Nitika has clarified in terms of the procedure following the order for the release of pledge over the chat. And once this order is executed, the share pledged will be released. So, thank you everyone for joining this call, and we thank you for your support. And I thank everyone from the Pakka team as well for answering all the questions from the investors. Thank you.

**Jagdeep Hira:** Thank you very much.

**Satish ChamyVelumani:** Thank you everybody

**Neetika Suryawanshi:** Thank you