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17th August, 2024

**National Stock Exchange of India
Limited Exchange Plaza, 5th 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
25th Floor, Dalal Street
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Scrip Code: 516030**

Sub: Transcript of Investors Conference Call of 1st quarter ended on 30th June, 2024, held on Tuesday, 13th August, 2024 at 05:00 pm (IST) 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 hereby submit the Transcript of Investors Conference Call conducted on Tuesday, 13th August, 2024 at 05:00 pm (IST) to discuss the Company's performance for the 1st quarter ended on 30th June, 2024.

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

Kindly bring it to the notice of all concerned.

Thanking you,

Yours faithfully,
for Pakka Limited

Sachin Kumar Srivastava
Company Secretary & Legal Head

Encl: As above

Investor call

Date: Tuesday, August 13th

[1:33] **Pranay Pasricha:** Good evening everyone, welcome to the investor call for the first quarter of the financial year 24 25 for Pakka Limited I'd like to introduce our team first and then we'll move on to the presentation. I would request everyone to please keep the mics on mute and we'll have a question and answer round after we have concluded with the presentation to take up your questions. I'd like to introduce our leadership team. Mr. Ved Krishna, he's the vice chairman for the company. Mr. Jagdeep Hira, he's the managing director. Ms. Neetika Suryavanshi, she is the CFO. And Mr.

[2:16] **Pranay Pasricha:** Satish Chamyvelumani, he is the business head of the compostables division. Mr. Ramjee Subramanian, he is the innovations head. Mr. Sachin Srivastava, he is the company's head secretary. I am Pranay Pasricha, the brand head of the company. And we will start the presentation now. I will just share my screen. Sorry correction, Dr. Ramjee Subramanian. Is my screen visible? We'll start with a short company video and then we'll move on to the presentation. This is an introduction of our company and what we are doing.

[5:43] **Pranay Pasricha:** Thank you for watching the video. I will hand over now to Ved to go ahead with the presentation.

[5:56] **Ved Krishna:** Namaskar. First of all, apologies that I am in a car. to do some travel. It's my 16-year-old daughter's birthday and when she asks you to take her shopping then you can't refuse. So that's what happened suddenly. So anyways, I'll attend the call from the car. Yeah, Pranay, we can move ahead. I'm going to start with the key international updates and then of course my colleagues will take it forward again. So again, lots of movement on the international side. We've been hiring the team significantly.

[6:28] **Ved Krishna:** As you see, the project lead, community lead, sales support, all those people have been hired. More than that, we have tied up for exploring institutional catering in the U.S. market. Go ahead. A big achievement here in two positions which are absolutely critical to our leadership, our group CFO and also our...

[6:57] **Ved Krishna:** the chief technology officer have come on board which will make a big difference as we go along again we've started working on the equity funding on the Kawok project and investor presentations are on way we've done a significant amount there's a interest that is rising and hopefully in the next two months the equity round will get closed. Again, US business launch planning continues and we are creating a roadmap to launch our products within this quarter. We've also started initiating paper sales, which was not part of the plan earlier.

[7:39] **Ved Krishna:** But now we are also going to take that forward. OK, over to you, Pranay. Yes, over to you, Jagdeep sir.

[7:44] **Jagdeep Hira:** Good evening and namaste to all. I would like to take you through the Indian business update. The key highlight for the first quarter had been on the new product development. We have commercialized high-strength paper, commercialized almost 200 tons during the first quarter. And two new designs have been produced on the molded, which also has been commercialized.

[8:15] **Jagdeep Hira:** On ecological front, we could further reduce on the water reduction, water consumption by around 3 percent on the export we are going heavily one percent on wrap and carry has been increased from the last quarter making it to 29 percent of overall volume. On the financial updates top line surpassed the last quarter results against 98 cr we did 99.6 cr and the bottom line also surpassed the last quarter figures against 15.64 we did 15.88. We are working heavily and the team is on board with almost 40 team members on the project team working day in

[9:10] **Jagdeep Hira:** day out on the project Jagriti and we hope to commission this plant by end of 25. PM 4, we have selected the European pioneer supplier Allimand. On the Pulp mill side again we are shifting to ECF which is elemental chlorine free bleaching. On the recovery side we have gone with the OEM which supplied our full recovery island in 2006 and had gone with the same supplier. Power boiler again we tied up with ISGEC. We had shook our hands with ISGEC, order to be followed and this is the update on the Jagriti project, hoping to commission by 25 end.

[9:55] **Jagdeep Hira:** So I'll request Satish to take it forward to give you a glimpse of Compostable.

[10:10] **Satish ChamyVelumani:** Thank you, Jagdeep. We have been facing a lot of headwinds in the market. I think we discussed this even during the last call. We dropped the prices a bit to catch up with the market and the competition has dropped prices further, which is a price war. We are still maintaining the pole position on the brand. So everybody continues to look at our pricing, our products and continue to follow that trend, which is not presenting a very positive number for us.

[10:51] **Satish ChamyVelumani:** So we are continuing to face a lot of headwinds, that's how I would want to put it. And that is also because of... (bad network connection)

[11:24] **Jagdeep Hira:** On the sales strategy, I'll take it over. I think the signals are weak for Satish. On the sales strategy, we are more focusing on D2C, the segment, which is a high potential through e-commerce. We are going ahead on semi-metros. We have been focused on metros. So new product as I stated earlier two new products have been launched as I said, Chausser and 4" Bowl, already commercialized during the quarter.

[12:36] **Jagdeep Hira:** We are also going ahead with exporting our products to Middle East. Partners have been selected, partners are on board and we look forward for increased export volume for molded products. As Satish mentioned, we got ahead on the top line and the bottom line for the first quarter and hoping to surpass last year's performance during the second quarter on quarter basis but as of now the situation has been a bit dicey on the pricing and the volumes as well. So against 14.67 Cr., we did 14.51 Cr.

[13:26] **Jagdeep Hira:** But we got ahead on the low volume sale of 41 lakhs during the first quarter. So I'll hand over to Ramjee for the innovation update.

[13:39] **Satish ChamyVelumani:** Thank you, Jagdeep.

[13:45] **Ramjee Subramanian:** Thank you, Jagdeep.

[13:45] **Ved Krishna:** Are you able to hear?

[13:47] **Ramjee Subramanian:** Yeah, thank you, Jagdeep.

[13:50] **Ramjee Subramanian:** On the innovation updates in the flexible packaging, the trials, the beta trials for different product segments are in progress and it's moving out in a significant positive way and we are creating structures for non-metallized flexipack in which we are looking from scaling it up from lab to pilot and where the barrier optimization is a significant work and that is in progress and we are also evaluating the various coating technologies which will help us towards the barrier optimization so that's where the flexible packaging innovation is in progress the next one please on the delivery containers container

[14:39] **Ramjee Subramanian:** side we have the target is to have a leak proof and non-soggy delivery container and there we have a prototype which is validated and it's successful and we have done all the studies in that at lab and smaller scales and now we have to we are looking for pilot scale trials and scaling up is the progress which we'll be taking forward this quarter and completing it. And the next one is on the cutlery.

[15:14] **Ramjee Subramanian:** There we are looking at normal cost efficient recipe which is heat resistant and there the prototype is completed again and we have been successful in creating the prototype cost effectively and the market evaluation and the manufacturing readiness will be completed by the end of this quarter.

[15:36] **Ramjee Subramanian:** And the last one in terms of beverage cups, the beta trials and the preparation for launch has been completed and we are now the launch is planned and as we speak we are into the manufacturing trials and the first manufacturing batch is in progress and the launch will be in the quarter two of this year and that's the innovation of this over to Neetika.

[15:59] **Neetika Suryawanshi:** thank you Ramjee. Very good evening everyone. We have the key ratios here or the key performance ratios here with an incremental denominator the returns have been reflected here in as in there are three points that I would want to mention here for FY 24 25 the numbers have been annualized. Hence, the annualized numbers are here and estimated. Second, the source of the industry average is data from screener.

[16:38] **Neetika Suryawanshi:** And we did not have a direct competitive information on the competition in the compostable food packaging division. Hence, we've taken averages from the food packaging industry. Those ratios have been marked against our ratios. And just to specify that because it is a seasonal business that we operate in. March is normally the peak of utilization of limits. The debt here has been taken, has includes the working capital as well. Pranay, I request you to move to the next slide.

[17:12] **Neetika Suryawanshi:** And I would like to reshare the welcoming news that we have been successful, we have successfully raised the equity component for our project funding. We have issued 54 lakh preference shares and 36 lakh warrants, 75% of the warrant money shall be called upon as and when required and this will be the new structure and the percentage holdings. I'll hand it over to Ved again for the next slide.

[17:41] **Ved Krishna:** Yeah, just the final slide in terms of the commitments that we had made for the last quarter. The exports initiation has been taking steam and we've of course got our head of US business now and he is building momentum.

[17:55] **Ved Krishna:** The orders for metallized solutions pilot trials again being initiated as Ramjee talked about it and of course the leading solution has been finalized and we are going to start implementing the delivery solution within this quarter the complete analysis and business

roadmap building for us is again underway and I think in the next month we are planning to do a more detailed analysis and again I talked about leadership development and we are already underway and I think I announced a lot of different additions that have happened to the team in this last quarter and I think

[18:37] **Ved Krishna:** now more or less we are set for going for the targets that we had set in the beginning of the year. Next one Pranay. So looking at this quarter now our commitments to you are to initiate sales in Americas. This is something we've been working on. We are starting to build a sales pipeline for Flexibles and of course we will launch our new delivery solution.

[19:02] **Ved Krishna:** We have done an analysis for complete business plan and creating a roadmap now for Americas and our organization structure continues to grow and stabilize and there is a strengthening of operating model that is happening as we scale. Lead investor finalization in Kawok should take place this quarter and the ordering for the Jagriti project will be completed while we will also start initiating ordering for the Guatemala or Kawok project. I think that's it from us. Happy to have questions. I apologize in advance. I may have to leave in 15-20 minutes.

[19:44] **Ved Krishna:** But I will at least stay till then. Look forward to your thoughts. Pranay, over to you.

[19:49] **Pranay Pasricha:** Yes, thank you. Please limit your question to two per person and please press the hand raise button if you have a question. I'll take them as per the order. Mr. Aman Soni, you have a question,

[20:04] **Ved Krishna:** please go ahead.

[20:10] **Pranay Pasricha:** Aman Soni, you can unmute and ask your question. You are on mute if you are speaking. Okay, I'll just move on to the next question Mr Mahesh Atal you can ask your question.

[20:31] **Mahesh Atal:** yeah hi so i'm pretty new to this company sorry excuse me if i'm asking some basic things so long back we had you know if i'm not mistaken we had some tie up with Zume that product to where exactly we are particularly with that type and all so recently we have done this QIP right so what was the you know entire purpose behind you know we're going for fundraising because if you're so confident about our business blowing up then I think internal accruals would have been some place so I just wanted to know where exactly this fundraise will go in future

[21:12] **Ved Krishna:** Satish I will take both of them, I know you would probably be better at Zume but I'll take it because the second one is more for my side. So Mahesh ji, we never had any tie-up with Zume. Zume did approach us a while back, but thankfully we didn't have any tie-up and now the company is wrapped up.

[21:42] **Ved Krishna:** So anyway, it's a good idea not to have had any tie-up with Zume. In terms of the fundraise, we are setting up a project about 700 odd crores in India.

[21:52] **Ved Krishna:** We would have loved to have the internal accruals that could have sufficed, but our total top line right now is about a little over 400 crores that will not give us enough internal accrual and hence we felt that it is better to raise about 200 odd crores and we raised a little higher 250 crores 244 crores to be precise from equity and the rest from debt this project is for building our flexible packaging capability IPs for compostable substrates that we

have been launching Ramjee my colleague talked about those products and we are building a certain

[22:33] **Ved Krishna:** pipeline for that. And this will be a huge commercialization that will take place from our side in the next year, year and a half. I hope that answers your question.

[22:45] **Mahesh Atal:** One more question would be on the, you know, this fast delivery space which is growing up like the Blinkits, Zomatos of the world. So how are we going to, I mean, you know, part of that particular, you know, supply chain of theirs or how exactly we are looking in that direction? I mean, what are we going to do or what products are in line for those in that industry particularly?

[23:16] **Ved Krishna:** Satish, if your signal is good, go ahead.

[23:17] **Satish ChamyVelumani:** Yeah, yeah. Sitting in the plant. I don't know why the signal got lost the last time.

[23:25] **Satish ChamyVelumani:** So this is a two-part answer. So the first one is quick commerce. Are we growing along with the quick commerce? The answer is yes. What used to be about 5% of our entire revenue for Chuk from D2C is growing about 15 to 20% now. And we continue to capitalize on the growth of Zepto, Blinkit, and Instamart to reach customers directly. The second part is what are we doing with the delivery companies Zomato and Swiggy.

[23:59] **Satish ChamyVelumani:** As Ved mentioned, we are coming up with our next set of delivery solutions which are expected to perform very well with the current delivery conditions. And this is expected to be launched over the next 2-3 months.

[24:17] **Mahesh Atal:** So, will this be cost competitive with the current things that they are using? And whether we have certain approvals from them? We need to...

[24:25] **Ved Krishna:** Pranay we need to move to the next question otherwise we can't finish this so maybe hold on for the next round as Pranay said two questions per person.

[24:25] **Pranay Pasricha:** thank you yes thank you mr hiren patel you can go ahead with your question

[24:39] **Hiren Patel:** good evening my question is mainly on the product demand side so in earlier meetings also as it was rightly indicated by Ved sir that obviously unless and until two aspects of this product performance as well as the cost is not being matched up it would not be able to catch the demand so my question is obviously performance which would be driven by practice ability to innovate the product and so first question related to performance that we have seen that like for Chuk product we have been i think in last eight years that now we are using this particular time this product but we have not been able to see any significant impact on the bottom line maybe because of the cost part with reference to existing product so when can we expect this performance or based on the current R & D progress when can we expect the performance of this particular products for the most as well as the flexible packaging to catch up with the existing product and any guideline on that part and the second on this cost part so the question is that once this Jagriti project and this capacity would be built up whether we would be able to this bridge the gap with the existing product means may not be possible to exactly match but how much percentage we would be able to match this again so just i would like to understand based on the current on the performance as well the cost part when we envisage this gap would be bridged.

[26:26] **Satish ChamyVelumani:** Yeah, so especially on the molded products, the next set of innovations that are coming out as I mentioned earlier, we expect them to be out in the next two to three months, which is going to help us out a lot in terms of market performance. The product performance to comparable products in the market, we definitely are up there. If anything, we are the best performer in terms of the actual physical performance. Ramjee, do you want to give a timeline on Flexi? I know there was a second part of the question.

[27:02] **Ved Krishna:** I can tackle the Flexi. So, Hiren ji, going forward on the molded side first, we already turned into profits last year. This quarter is an aberration. So what is very interesting is that looking at us and the push that we have done, about 50 to 60 manufacturers have come in. And they are... all trying to compete cost-wise, which is really interesting for us because it's very difficult to compete on cost with us. But I think people are continuing to bleed and this will be a temporary kind of lull and we'll have to face that storm.

[27:44] **Ved Krishna:** And that's why we are looking at our own strategy in terms of some of the products Satish mentioned and of course in terms of markets, you know, where can we go where the value for the products will be there. In terms of the, and that's the food service business, in terms of flexibles, early days, but you're totally right. The first product was at a significant cost, almost double of what the buyer uses today. We've already gotten out our version two of the product, which is at like almost 30 to 40% lower.

[28:20] **Ved Krishna:** And now, once we get into the...

[28:26] **Ved Krishna:** company like when we start producing we are going to be able to get it down to another 30-40 percent so we'll just have to wait for that and I'm sure you know this is a certain project that we have to go through

[28:54] **Pranay Pasricha:** Mr Kushal Chauhan you can go ahead with your question.

[29:12] **Kushal Chauhan:** yeah hi hi everyone i'm i'm audible right yes yeah so my question is like if i'm not mistaken you are telling that you will do Capex of around 2600 cr in next three four years And at the same time in your investor presentation, you are telling about 8,000 crore revenue potential. So can you give a breakdown like how you're going to achieve these numbers? Thank you.

[29:38] **Ved Krishna:** Absolutely. So the 8,000 crore or a billion target is for 2030. And the plan for us now is to build the India site, which we are investing right now, that comes on stream late next year or early 2026. And that will lead us to about. 200 to 250 million, about 1500, at least over 1500 crores. And then we are working hard on establishing our site at Guatemala and the America's business. That leads to about 500 million. So the gap is 300 million. And there are plans for further innovations and additional products through partnerships for bridging that 300 million gap.

[30:14] **Ved Krishna:** These are the two big ticket investments that we are doing. The rest is more inorganic in nature that we are bringing out. And, of course. We are investing very heavily in R&D and enabling various products to come in which we can co-manufacture, etc. So there is a clear roadmap towards that. And we are definitely very keen to move in that direction because that's the only way we can make the difference that we are trying to make as a company and citizens of this planet.

[30:48] **Kushal Chauhan:** Great, great. I hope we can achieve that. My last question is like, what is your EBITDA margin on flexible packaging products?

[31:20] **Ved Krishna:** We are not looking at margins right now, we are looking at sales. So I would say even if it's at zero cost kind of, EBITDA will be there but overall, if you look at a profit margin, it will probably be close to nil. So I would say we are not that fussed about margins right now. The key will be to introduce the product in this next couple of quarters, to push hard. Today also we were in a meeting to look at strategy on how we can start.

[31:24] **Ved Krishna:** pushing two of the products that have already been proven now in the market so we're going to go for a harder push and the idea is application so so i don't think we are expecting to earn margins from this product this year that's it from next year onwards once it's more established and we have regular customers the margins will start coming but this year is all about just stabilizing other sets okay yeah thank you

[31:51] **Pranay Pasricha:** Mr. Aman Soni, you can go ahead with your question.

[31:59] **Aman Soni:** Hello, am I audible? Yes, audible. Given the decline in the company revenue from 408 crore in 2023 to 405 crore in 2024, could you elaborate on the primary factors contribute to this decrease? Are there specific challenges within the industry? that the company is currently facing. Neetika?

[32:31] **Neetika Suryawanshi:** Sorry, you'll have to repeat the question.

[32:34] **Ved Krishna:** Reduction in the top line. What are the reasons for that?

[32:39] **Neetika Suryawanshi:** So, reduction in the top line, if we look at this Quarter, has primarily been a factor as in the last year.

[32:46] **Ved Krishna:** Sorry, it was for the last year.

[32:49] **Neetika Suryawanshi:** 2023 versus 2024 exactly that's primarily driven by by two things which is NSR and volumes and almost in the same proportion so that has been the key reason we don't see any specific challenges but it's more industrial and we are we are gearing up for that in terms of EBITDA margins you would have seen that we have actually improved the operational efficiencies have gone up which is primarily because of the product mix that we are operating in and also the imp improved COGS at certain levels and also some drop in the chemical prices.

[33:23] **Neetika Suryawanshi:** So going forward, we expect to maintain the same EBITDA levels.

[33:29] **Aman Soni:** Okay. And the company effective tax rate increased from 31% in 2023 to 36% in 2024. Do you anticipate this rate to be sustained or there is a possibility? or further increase in the effective tax rate in the near future?

[33:50] **Neetika Suryawanshi:** No, there will not be any incremental changes to the effective tax rate. And that is primarily because of the INDAS adjustments and certain expenses that are not allowed. We have to take some right talks in March 24. And this is why you see the effective tax rates that high. But I would request you to just relook at the calculation. It doesn't go up beyond 32%. We've specified that in the notes. And...

[34:15] **Neetika Suryawanshi:** we'll have the annual reports published as well but you'll be able to see that there's no further rate increase that i will see

[34:32] **Paras:** I have just two questions one is on project as i understand the project would probably come online somewhere around FY 26 early on so it will have potential turnover of 1500 crores for FY 27 is what i understand until that time would it be safe to assume that the

turnover would range about around about 400 crores odd since we do not have you know capacity probably to cater to the market that is question number one and secondly on is my understanding correct that is loss on the you know segmental loss and molded products is just an aberration for the quarter because last year we were profitable will we turn around on that one in the next quarter or so these are the two questions

[35:08] **Ved Krishna:** i would hope differently on first one we have numerous plans that we are working on there can be the It doesn't need to be organic growth all the time. So we have an amazing team. We are working on numerous possibilities of outsourced production, of co-manufacturing, of parallel kind of lines and newer products.

[35:40] **Ved Krishna:** We talk about flexible packaging, at least that will give some top line. Satish was talking about co-manufacturing certain products. So I'm definitely hoping that there will be significant...

[35:54] **Ved Krishna:** difference in this year as well but of course difficult to specify right now about that and yes I would also consider the molded fiber and aberration or the food services division that's a sudden influx of material considering creating a disbalance but in the end it's our responsibility and we feel that we need to do more when it comes to customer stickiness we need to do more in terms of focused marketing All those things are being tackled. Satish and his team are very, very actively looking at it.

[36:26] **Ved Krishna:** And we are definitely hoping for a quick change to that as well.

[36:35] **Pranay Pasricha:** Thank you. Mr. Vignesh, you can go ahead with your question.

[36:44] **vignesh iyer:** Hello, am I audible?

[36:46] **Pranay Pasricha:** Yes.

[36:47] **vignesh iyer:** Thank you for the opportunity. on our expansion that we have planned in india um just to get an idea is there any soft commitment from any existing client or any other client that you know we have tied up with for this facility or how how are we planning to sorry so is there any soft commitment coming from any existing client or any new client asset for this new facility because The facilities that is coming on the size is quite big like almost 4x of what currently the revenue will be post full utilization.

[37:29] **vignesh iyer:** So just want to get an idea.

[37:33] **Ved Krishna:** You mean in terms of offtakes? In terms of product offtakes?

[37:37] **vignesh iyer:** Yeah, yeah, yeah. I mean in volume commissioning or something like that.

[37:41] **Ved Krishna:** So there are numerous tight trials on right now with significant players. And the idea is that by... maybe by the end of this year, we see these things in time. So, for example, if you think about a flexible packaging, which is used for all kinds of confectionery and snack products, there's a certain methodology to how customers try it. So there's things like shelf life. Now, for shelf life, the customer has to keep it on the shelf for six months and then check. So there are numerous stages to the trial. So those have been taking place.

[38:18] **Ved Krishna:** And yes, we are, the plan is to have very, very strong, not just commitments. We are already outsourcing and providing the product. I would say even sales before we actually start producing ourselves. So both will be there. Yes, the capacity is actually, Vignesh, not that large. We are going to be producing a little over 30,000 tons. That's very little.

You know, Unilever's small shampoo sachet that they sell for 2-3 rupees is 16,000 tons alone. Just that one sachet. So it's nothing.

[38:47] **Ved Krishna:** The key is to be able to crack that market because once we do, then the capacity will be extremely small. But to your question again, the work is on. And yes, the idea is that by early next year, we'll have sales and not just commitments. So beyond commitments.

[39:05] **vignesh iyer:** So when you say early next year, you're talking about the fiscal year, right?

[39:11] **Ved Krishna:** I was talking about calendar, but you can consider it fiscal. It's a three month difference.

[39:15] **vignesh iyer:** Right, so what would be the general ramp up when it comes to this plant? I mean, how early, once it gets commissioned, can you ramp it up in the capacity? Sir,

[39:45] **Jagdeep Hira:** so not normally what we emphasize is once we start a product take some time to stabilize But first year we take it around 75% of efficiency coming in and the next year would be above 90% next year. So that's the ramp up time for stabilizing the machine and the coding.

[40:15] **vignesh iyer:** Okay, just one small question before I get back in the queue. What would be the cost of fund for the debt value taking for this capacity?

[40:24] **Neetika Suryawanshi:** yeah so um we would be targeting as low as we can and specifically we would be looking at something sub nine and that's what we are targeting

[40:46] **Pranay Pasricha:** Mr. Harsh you can go ahead

[40:55] **Harsh:** I'm from Gujarat. My question is, how long do you think you will be able to see the share price in two or three years? This is in your hands, not in my hands. No, you can tell the company. We will complete the work, they can give you assurance.

[41:21] **Ved Krishna:** This is in your hands, not in my hands. We will complete the work, they can give you assurance that we will not leave any impact in working. We look at work and effort and not share price.

[41:47] **Pranay Pasricha:** I'll ask mr kushal to ask his question.

[42:05] **Kushal:** yeah hello i'm audible right yes yeah i just wanted to know like what are the current financials of Guatemala plant and like where can we find these numbers

[42:43] **Ved Krishna:** No we are not generating the Guatemala plant we are trying to raise capital right now so the total outlay of capital is 340 billion dollars out of which 140 million is equity 10 million is something that we are investing as Pakka Limited the rest is coming from external investors so those conversations are on right now the plant only comes to stream late 2026 a year after project Jagriti so the the results will only be available there that said we are looking at like in India we are looking at introducing numerous products through co-manufacturing in North America that work is on and I think by next year you'll start seeing some turnover happen

[43:02] **Pranay Pasricha:** you Mr. Jeet Gala your question

[43:08] **Jeet Gala:** First thing I just wanted to understand is the coating machine which we are going to place at our project Jagriti, is it going to be fully fungible between different applications like metallized, non-metallized? Or do we have to be very clear at the beginning, while the time

of ordering, that we are going to use that coating machine for a particular kind of an application? Because we are going to seed the market with a metallized grade of paper right now, because that is what we've developed and we've reached a stage of doing some work and start seeding the market. And with respect to cost reduction, like Ved sir already mentioned that we've already brought the cost down by 30-40% and still that sweet spot is another 30-40% away. So is that largely only a function of economies of scale and everything around the lab work is done and dusted or still a lot of work still needs to be done even on the R&D front? So that is my first question and second question if you can just give us a breakup of 675 crores for project Jagriti split into how much is going to be funded interest how much amount is going towards pulping chemical recovery plant power plant base paper machine quarter machine and finally i think in a recent tv interview you mentioned about some money going towards r d so if you can highlight in towards that thank you so

[44:28] **Jagdeep Hira:** i'll take this yeah yeah so this will be the recipes under development as we said we came up with formulation 2 and then the formulation 3 is also being worked up simultaneously the coating machine will be on a single recipe so there you can fine tune but it will be non-metallized recipe As of now we have developed our formulation 1 on metallization, further invented the formulation 2. Formulation 3 is already in the progress, which we have got, the innovation team has got around 70% of achievement 1.

[45:11] **Jagdeep Hira:** Secondly, the whole of the machine will be offline coating on a single recipe, which will be non-metallized coating.

[45:22] **Jeet Gala:** okay and so we'll be seeding the market right now with the Metallized or the non-we would be seeding with non-metallized till we come up with non-metallized solution and the cost and the cost is going to be go down going away from metallized coating all right and so we just give away our invention towards metallized i mean what do we do with the metallized finding then Again, because if we see, as you rightly said and indicated, we are still on the higher side of the cost.

[46:00] **Jagdeep Hira:** If we remain with those formulations, the cost is going to cut in with new formulation coming in, but not to the expectation of the customer. In case that has to go away, we have to come up with a solution which is more feasible.

[46:18] **Jagdeep Hira:** and practically possible with the coating technology suppliers understood and it's a breakup for project Jeet that's a long list i think we can connect offline to give you a glimpse of it yeah

[46:34] **Ved Krishna:** sure thank you so much it will also be there in our annual report coming out quickly I just we forgot to address one of your questions in terms of r & d yes a significant boost has been received because of this investment and we will look to by investing a significant amount we haven't discussed yet but the idea is that we invest a lot towards r & d

[47:16] **Pranay Pasricha:** Mr. Sanyam, your question please.

[47:20] **Sanyam:** Yeah, so thank you for the opportunity. Am I audible?

[47:25] **Pranay Pasricha:** Yes, you are audible.

[47:26] **Sanyam:** So my question is to Mr. Ved. First of all, congratulations for raising the new funding round. I hope this amount will go to the long term planning. My question is a bit long term, just for an idea. By FY2030, If the things goes out and like if you are not able to execute the

Gautamela project or the Jagriti project not in the way which we are thinking then what could be the you know expected revenue and if the things go north like we have planned everything goes by the planning then what is the expected revenue we are targeted FY 30 like when all our investments are done we are active so the works in the best case about FY 30 just a revenue idea not for the company thank you.

[48:09] **Ved Krishna:** Yeah you're asking the wrong person I don't ever have plan B's I only have a plan A. which has already been stated. Plan B will come if the plan A fails, but if I have a plan B, plan A will definitely fail. So there are no plan Bs. There is a singular plan that we have to head towards it. We are driven by a singular factor, which is to scale regenerative plant packaging, to leave the planet cleaner. The only way we can do it is by scaling.

[48:36] **Ved Krishna:** And if we cannot raise Guatemala, for example, then we will look at other ways to inorganically grow. To the level that we want to grow in order to have the impact that we want to impact. We are so blessed with an amazing set of people that there is absolutely no way that we are stopping. So that's not something that is happening with Pakka. So we are all a bunch of people who are, I would call them mercenaries, that we are all on this mission. And with that, you know, there is no stopping.

[49:08] **Ved Krishna:** As our chairman says, you know, the only other option is to die trying. So that is what we are going to do.

[49:13] **Sanyam:** So just an idea about the revenue of FY30 what are you targeting if you think it's all right FY30 revenue what are we targeting we've already mentioned that significant amount is also in the video that we started with the type the effort is to go towards

[49:30] **Ved Krishna:** a billion dollars

[49:43] **Aman Soni:** Hello,

[49:45] **Pranay Pasricha:** yes,

[49:45] **Aman Soni:** hello, am I audible?

[49:47] **Pranay Pasricha:** Yeah, please go ahead.

[49:49] **Aman Soni:** Are we expect to maintain the current EBITDA margin for the next two years or any further changes?

[49:54] **Neetika Suryawanshi:** we wish so too it will be will be a forward looking thing we are working towards building in efficiencies and that's what we've been doing in the past sir if you want to add anything i don't think so we would be happy sustaining those margins exactly

[50:40] **Manali Gala:** hi so my question is like you know when you say that HUL requires 16,000 tons. So say, suppose a giant does not come in for a tie-up with us. So how many such small companies, like say any premium companies, say a Lindt or a Mars, how many such companies would be required to exhaust the sales, exhaust the quantity that we have or we are upcoming?

[51:15] **Ved Krishna:** Great question, Manali. That's a discussion we were having today itself on how do we make sure that we really penetrate the market. And we are looking at it a little differently. The way we look at it is what is the substrate that we've created and where all can the customer succeed. So we've chosen about four to five segments that we are going to target with this product that we have currently now. And that's going to be a big push in the next six months.

[51:45] **Ved Krishna:** With that in mind, once we have scaled products, so right now what is happening is that we are producing one, two, three kind of tons. It's a very low kind of number. And that has to significantly change because the challenges also are different when you're making, you know, 20 tons. And then when you're making 200 tons, there are different challenges. So that's what we are doing. The segments are huge. So for example, one of the current trials is with a big tea company. That's a much easier product.

[52:14] **Ved Krishna:** You can imagine a tea cover, tea bag cover. So that's a much easier product. that we are targeting. But that's also significant in size. It's not small. When we look at chocolates and stuff like that, we have now begun discussions with huge chocolate conglomerates. We were not, it was a very funny incident, you know, Ramji and I were together last week and a huge customer again had taken our product and we are not even realizing this, but had tried it for ice creams.

[52:43] **Ved Krishna:** It's very interesting because they said, this is your product after a month of being in the freezer. And they were very impressed. They were like, there's only there was a little bit of watermark on top. But they said, you know, we can we can work with this. It'll be interesting. So there are numerous ideas that are opening up. But too nascent to say, yes, I agree with you. If there is no large customer and large customers, as we also realize, take a long time for their qualification.

[53:10] **Ved Krishna:** It's a lot of their reputation on the line. We do look at various numerous small, not just small customers but a variety of applications. So it will be a learning curve for us but we are definitely hoping that this financial year will give us enough insight that we can give a more targeted clearer answer to you by next year beginning.

[53:34] **Manali Gala:** Fair enough and also I mean I already asked that on the chat box but so what I was asking was so the produce of Guatemala, the bagasse itself and that of India would be different in terms of properties? So I mean if there is, I do not know, I'm asking if there is. So how is, I mean are we working on both these products separately also to make the like you know going ahead with our formulation that we are trying to make?

[54:03] **Manali Gala:** And if there is, I mean how much of a difference is it bringing on the you know the product itself? I mean in terms of what we're trying to achieve?

[54:13] **Ved Krishna:** Super incisive question and you know it shows your depth in the amount of work that you guys do but yes we have of course been testing Guatemala's bagasse and to our glee or satisfaction we find that the bagasse in Guatemala is much better than what we get in India which has been a great thing for us again Jagdeep and the team have run numerous studies for that right from the beginning even before we did the bagasse tie-up we actually Our chairman was insisting, don't finalize this before you try the bagasse.

[54:50] **Ved Krishna:** So we had to get sacks of bagasse and take trials in India and get that right. What really happens is not in terms of the product efficacy. It happens, it basically changes the cost configuration. Because we normally have to blend the bagasse with certain fibers. So if we are using 20% of certain kind of softwood in India, you end up using a little lesser in Guatemala, say 15%. Or you end up the other way, you start making a stronger product on that side.

[55:21] **Ved Krishna:** So that depends on what is again the product that we are going to eventually make and what is the need of market for that. But yeah, overall, the bagasse has been found stronger. The varieties of cane are different. They have significant, we have very

small kind of farm holdings. There it's 2000 hectares, one farmer. So the quality is much more homogeneous as well.

[55:47] **Manali Gala:** Right.

[55:47] **Manali Gala:** So, you know, the reason why I was asking like in India right now, while we were looking at other sugar companies, all of them have also started facing a cane issue where the seed variant itself had become a little fraudulent in terms of that's the reason we have had a lower cane crushing etc with all the companies so does that change for us too I mean you know when they come up with a new product new seed coming up again new properties same India itself and then there's a lower cane availability how much of that

[56:19] **Manali Gala:** impact comes to us tech

[56:22] **Jagdeep Hira:** Two things two questions you have asked in a single question one is the availability We are secured for five years and this is a rotational contractual contract with sugar industries for the raw material. Secondly, yes, with the change in the seed, there are properties changes, but our technology is suited to get the maximum benefit, which is called cellulose to get out of the bagasse. So you may get a bit of a dent in certain seed quality of the cake on the economy but quality can be maintained as per the requirement.

[57:09] **Manali Gala:** thank you so much. Thank you so much.

[57:12] **Pranay Pasricha:** Thank you. Ved, can we take the last question?

[57:17] **Ved Krishna:** Yes, I had planned to drop out but it's too interesting to drop out.

[57:23] **Pranay Pasricha:** Mr. Paras, your question.

[57:25] **Paras:** Yeah, thank you for accommodating me. I have just three questions. One is that you mentioned in the next interim until project Jagriti comes in some sort of co-manufacturing or outsourced manufacturing is possible what kind of extra revenue potential and margins can we expect on that that's number one secondly you know all these projects Jagriti and the Guatemala project are multiple times of the current revenue that we are doing what kind of risks a principal one or two risk that you see in these projects on you know on a sustainable basis you expect or what kind of risk could be there in these projects and third is what is the ultimate equity stake that we want to retain in the Guatemala project you know eventually after getting investors in on board for Guatemala to kick start and as a project what is the equity that Pakka will likely you know hold eventually after all the dilution happens over there these are the three questions.

[58:02] **Ved Krishna:** Yeah, so again as a team we are driven by the goal for impact.

[58:32] **Ved Krishna:** So, what we keep trying to do is that even if we are not growing organically, we keep trying to see ways to grow inorganically. And that's where the ideas around co-manufacturing, around outsourcing, around even our R&D, you know, is coming out with amazing products. So very, very interesting products. Ramji talked about the new cutlery. I'm really... excited about that. It's a very small product in terms of turnover. It won't be that high. But just the quality that we are trying to make is exceptional. So I feel that that will continue.

[59:10] **Ved Krishna:** Exactly how much it will be is tough. We have our internal targets for sure. But I have one of the board members sitting here in this call and he's going to shoot me while I'm on the call. So I will not risk my life for that one. Any range possible to mention there? I won't risk

it. I know I will be short for giving any forward-looking statements. So I'll not risk that. What I can tell you is that we will try our best to do our best. In terms of risk, of course there are risks.

[59:38] **Ved Krishna:** But what is life without risk? So that is what makes life exciting and interesting. I can give you a hundred risk factors. No, no. There are certain risks which can take the whole company down. You know, broadly these projects... How many risks do you want? How many risks do you want that can take the company down? I can give you a hundred risks that can, you know. Right from bagasse like Manali said, there could be a disease in sugar cane, through to an earthquake, through fire, through to the market shifting entirely back to plastic.

[1:00:13] **Ved Krishna:** It couldn't be 10,000. But we are here to do our work and we believe in the journey rather than the end result. So every day, are we doing our best work is the big question that we are going to ask ourselves. And of course, we mitigate risk like in Guatemala, we have a 10-year tie-up for raw material. We have a tie-up for operations with local manufacturer. We have a tie-up, off-take tie-up with three, four people now in Guatemala.

[1:00:40] **Ved Krishna:** So we cover those, but those are, you know, in terms of risk, you know, I feel there are no guarantees. What is the coverage so far that you've got on the off-take of the capacity? 100%. 100% is being promised. So, but that's it. So, what's okay? It's not, it can't be contractual. Nobody will give you a contractual guarantee. because the product is not out yet. It's a promissory note that they give you. So, sorry, what was your last question? And the last question is on the ultimate equity stake that we want to retain in Guatemala.

[1:01:10] **Ved Krishna:** So the effort is to make sure that we remain management controlled. So basically upwards of 50% is the target. Just now the target for us is 30% dilution and retaining 70%. But in the end, that all comes to... who the investor is, what is the value they are bringing, how is it that the negotiations take place. It's a complex world that we are exploring and it's on our competence and the way we are able to pitch and the way we are able to position the project.

[1:01:46] **Ved Krishna:** But yeah, all I can say is that we're going to keep trying our very best. So the effort will be to keep control over there? That's the only way we will work. We won't even take it forward if we don't have management control. Thank you, sir.

[1:02:00] **Pranay Pasricha:** Thank you. Thank you, everyone, for your questions. With a closing note from the side.

[1:02:07] **Ved Krishna:** No, Namaskar. It's always a joy. I had said in the beginning that I'll last about half an hour as I am committed to my daughter today. But it was so interesting that I'm going to get a shouting from my daughter. But no matter that, it's great to speak to you again. Thank you again for your belief in us, for your support and all your kindness. Thank you so much. Namaskar. thank you thank you for joining this call thank you thank you everyone

Duration: 1 hour 2 minutes 35 seconds

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