

5<sup>th</sup> May 2023

Department of Corporate Services  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Mumbai – 400 001  
**Security Code No – 509820**

The Listing Department  
**National Stock Exchange of India Ltd**  
Exchange Plaza,  
Bandra Kurla Complex  
Bandra (East),  
Mumbai 400 051  
**Security Code – HUHTAMAKI**

**Sub: Transcript of the Earnings Call for the quarter ended 31<sup>st</sup> March 2023.**

Dear Sir/Madam,

This is further to our letter dated 29<sup>th</sup> April 2023, whereby the Company had submitted the link to the audio/video recording of the Earnings Call held post announcement of the Unaudited Financial Results for the quarter ended 31<sup>st</sup> March 2023.

Pursuant to the Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed the Transcript of the said Earnings Call, for your information and records.

The transcript of the earnings call shall also be available on the Company's website at [www.flexibles.huhtamaki.in](http://www.flexibles.huhtamaki.in)

Kindly take the same on your records.

Thanking you,

Yours faithfully,

**For Huhtamaki India Limited**

  
**D V Iyer**  
**Company Secretary & Legal Counsel**



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“Huhtamaki India Limited  
Q1 2023 Earnings Conference Call”  
April 28, 2023



**MANAGEMENT:** MR. DHANANJAY SALUNKHE, MANAGING DIRECTOR – HUHTAMAKI  
INDIA LIMITED  
MR. JAGDISH AGARWAL, EXECUTIVE DIRECTOR & CHIEF FINANCIAL  
OFFICER – HUHTAMAKI INDIA LIMITED

**MODERATOR:** MR. HITESH TAUNK – ICICI SECURITIES

**Moderator:** Ladies and gentlemen, good day and welcome to the Huhtamaki India Limited - Earnings Conference Call for Q1 2023, hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Hitesh Taunk from ICICI Securities. Thank you, and over to you sir.

**Hitesh Taunk:** Thanks, Zico and good afternoon, everyone. On behalf of ICICI Securities, we welcome you all to the Q1 CY 2023 Earnings Conference Call of Huhtamaki India Limited. Today from the management, we have Mr. Dhananjay Salunkhe, Managing Director and Mr. Jagdish Agarwal, Executive Director and Chief Financial Officer. I would now like to hand over the call to the management for their opening remarks, after which we can open the floor for Q&A. Thank you, and over to you, sir.

**Dhananjay Salunkhe:** Thank you, Hitesh. Good afternoon, everyone, for attending the call. I am Dhananjay Salunkhe, Managing Director of Huhtamaki India, attending this call along with our CFO and Executive Director, Jagdish Agarwal. Let me start the presentation by drawing your attention on our Safe-Harbor statement included in the presentation for good orders sake. So, quick background about Huhtamaki India. So, Huhtamaki India is a leading provider of primary packaging and decorative label solutions in India. We are part of Huhtamaki OYJ, a global leader in sustainable packaging solutions with over 100 years of legacy and Nordic heritage.

We have been consistently growing since 1935. So, Huhtamaki India has been packing memorable experiences together with our customers and partners. Today, we are an integrated flexible packaging solutions company with a pan-India presence, backed by around 15 manufacturing sites, one R&D center and five offices. A bit on Huhtamaki OYJ. Huhtamaki OYJ is global leader in sustainable packaging solutions with Nordic heritage. With innovations and transformation at core, the company is steadily pursuing its 2030 ambition of achieving carbon-neutral production and making all its solutions recyclable, reusable or sustainable. So, coming to March quarter performance, the company faced a challenging external environment, with overall demand impacted by continued pressure on consumption, more predictable supply chains which are evidenced by destocking and inventory pipeline corrections by our customers and written-offs, demand seasonality. So, overall, sales declined due to lower volumes. However, the company has been able to realize value for its products by increasing our relevance to the customers. So, in-spite of declining sales, EBIT, EPS improved due to better portfolio and price management.

And we continue to invest in our operations and technology to innovate and develop fit for purpose sustainable packaging solutions. So, we are redefining the possible, with game-changing sustainable packaging solutions, setting new industry standards. So, under our blueloop brand, we have developed fully recyclable mono-material structures for a flexible packaging. What is unique about this solution is the combination of best-in class protection in packaging, which is fully recyclable and being fully affordable globally. And these structures or these products will be replacing conventional flexible packaging with completely new structures, suitable for a broad range of demanding applications in food, beverages, pharmaceuticals, home and personal

care and industrial applications. And these innovations will help our customers in delivering on to their commitment of using only recyclable packaging by year 2025.

Many of our key global customers have independently pledged to drive full recyclability and circularity of packaging and with our innovations, we are helping address this need. Similarly, we are also making good progress on our strategic priorities, which are delivering customer excellence, developing new solution, driving world-class operations and embedding sustainability in everything we do and developing a talent required to execute our strategies.

During the quarter, our labeling innovations have been recognized for their outstanding quality and excellence by IndiaStar Awards. This pressure-sensitive labels were recognized for their unique features, which have metallic and tactile finishes and security features and also for innovative two-layer requirements, which are for tablet packaging. Similarly, our PP-based laminate for specific product categories like chocolates and transparent barrier for snack packs won the SIES SOP Star Awards. So, these awards are a testament to our focus on delivering packaging excellence to our customers in product development, innovation, creativity and sustainability. These recognitions are also reflection of the collaboration and collaborative efforts our teams are doing along with our partners to help brand owners in terms of personalization, sustainability and improving accessibility in the packaging area.

Now, I would like to hand over to Mr. Jagdish Agarwal, our CFO and Executive Director to walk through the financial performance.

**Jagdish Agarwal:**

Thank you, Dhananjay. Good afternoon, everyone. I'm feeling excited as we are starting this call after a long gap, and I'm sure it would help to strengthen our communications with our stakeholders. I'll walk you through our March quarter performance. Withstanding a challenging environment in March quarter, we have been able to maintain a steady bottom-line during the quarter, in spite of Y-o-Y decrease in the top-line by 9%, which stood at INR 6.46 billion for the quarter. The decrease is mainly attributable to volume pressure. However, softening in inflationary pressures and improvement in operational efficiency, partly helped to bridge the price versus cost gap, leading to an improvement in margins.

Even though, our EBITDA at INR 576 million, flat for the quarter in terms of percentage of sales Y-o-Y, EBIT at INR 420 million is higher at 6.5% of sales, compared to 5.8% year-over-year. And this improvement is majorly driven by lower depreciation due to revision in useful life of fixed assets. Profit before tax at INR352 million, slightly better on a Y-o-Y basis. Working capital efficiency helped the Company to reduce overall borrowings, and in turn, lower finance cost despite increasing interest cost. Net profit for the quarter at INR 355 million, has improved to 5.5% of sales, driven by one-off reversals of accruals for an uncertain tax provision on account of favorable tax ruling. EPS for the quarter at INR 4.70 is higher by 44% year-on year basis.

We have talked about the top-line or contractions, in fact Dhanajay has introduced on the top-end contraction and that's mainly because the volume and multiple factors. And having said that, this is also one of our key priority, by targeting responsible and profitable growth business. Except top-line, if you look at all the financial indicators for the March quarter, are on upward

or positive trend, be it EBIT which is at 6.5%, PBT at 5.4% and if you talk with a profit-after-tax, it's around 5.5%.

The company remains committed to its stakeholders, focusing on technology-enabled innovation and operational performance and realization of value for its products by engaging constantly with our customers. We believe this will help the company remain competitive in the long-run to drive responsible and profitable growth. With that update, I would hand over the call to Hitesh for Q&A session. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Manan Poladia from MKP Securities. Please go ahead.

**Manan Poladia:** Hello, sir. Congratulations on a good set of numbers. Sir, my first question is based on the disclosure we just put out about the liquidation of the land in Thane. Is there any ballpark numbers that you could give us as to what will be realized by that liquidation?

**Jagdish Agarwal:** Okay. I'll take this question. So, it's very difficult at this point of time to talk about any ballpark numbers, because it's still, I mean if you look at, we had given a stock exchange disclosure on 17th of March. So, for the time, the due-diligence process is going on. So, we cannot disclose any number at this point of time.

**Manan Poladia:** Okay. I understand, sir. Also, another question, regardless of whatever the proceeds are from that sale, do you intend to utilize them to pay-back the long-term borrowings that we have from the parent?

**Jagdish Agarwal:** So, again, it's too early to comment on that point. But definitely, once we will get into a sort of a certainty about the transaction, we can work it out, what is the right use of that, consideration.

**Manan Poladia:** Okay. I just have another follow-up question on that. My question is, sir, do you like for the next year or two years or so, are there any capex plans in the offing whatsoever? Or any acquisition? Like it could be either capex or acquiring other companies, whatever be the case?

**Jagdish Agarwal:** I think capex is any basis of ongoing process and we continue to invest for our sustainable best innovations and we are doing that and that's going on already, and it will continue to be in that capex mode. But anything talking about acquisitions and all, at this point of time, at least we are not in any such discussions.

**Manan Poladia:** Right, sir. Thank you.

**Moderator:** Thank you.

**Manan Poladia:** Thank you. I'll get back in the queue.

**Moderator:** Our next question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.

**Priyank Chheda:** Yes. Hi. Thanks for the opportunity. So, I have a strategic question. So, we have seen a flat volumes in whole of CY'22, while most of our OEMs that we track have grown in terms of value and even in terms of volumes, plus they have an aggressive plans to grow further. So in this

context, I mean, what are your long-term growth plans and we as an investor community, how do we track that your growth plans are aligned with your OEMs?

**Dhananjay Salunkhe:** Yes. So, one thing let me share our strategic position and we position ourselves as a solution provider to all the OEMs in terms of innovative and sustainable and differentiated product structures, which helps them, our brand owners to introduce their products into their respective categories. So, coming to your first question, which is the flat volume growth. Yes we observed that there is a very accelerated commoditization which is happening and that is where we are creating a differentiation in by introducing and by launching the new innovative products, that is where we are launching the blueloop, which is the differentiated mono-structures, which will create a differentiation in the market. So, these are the product lines which are strategically positioned to take care of the future.

**Priyank Chheda:** Right. Yes. So, Mr. Dhananjay, so, you've been appointed in this company over the past four, five months. I mean would be it would be glad to hear what are your priorities in the near and long-term, and how are the strategic, I mean, talks going on with the parent? How do they look India as a growth opportunity, as an engine for the growth?

**Dhananjay Salunkhe:** Yes. So, a very good follow-up question wherein our parent definitely sees India is a very exciting market, because the next new one billion consumers are going to be here. And our recently, in fact, coincidentally yesterday, we had a our global Huhtamaki OYJ has updated the strategic intent in terms of our 2030 ambition, central strategies and our strategies are clearly aligned with our parent's strategies, and essentially what we are focusing on other strategic priority is, one, overall, enhancing our customer experience, that is customer-centricity. Then, driving innovation. Then, accelerating our world-class operations. So these are the three clear strategic priorities what we have articulated and along with that, in order to execute those priorities, we, the enablers, such as talent pipeline and digital are the enablers which we are driving and these are consistent with our parent company.

**Priyank Chheda:** Got it. Last question. So, over the years, we understand that the raw-material have been, I mean, has been volatile. So how do you see your gross margins moving ahead directionally, and even what would, if you can share what would be your long-term targets? Where do you see your gross margins settling down? From the highs of 32%, 33%, we are down to 26%, 27%. It would be great if you can highlight on that. Thanks.

**Jagdish Agarwal:** Yes, so commenting directly on our gross margin would be kind of speculative, but at the same time, to answer your question, yes. I mean in this, India is going to remain the market which is, first, competitive, and that is where we are focusing on having the right balance of power product portfolios, business portfolio and product mix. So, going-forward, we definitely anticipate that the volatility we had seen in the past in our raw-material prices shall stabilize and will help, kind of give us opportunity to make a long-term plan in terms of our product business portfolio.

**Moderator:** The next question is from the line of Mr. Nisarg Vakharia from NV Alpha Fund Management. Please go ahead.

**Nisarg Vakharia:** Yes. Good evening, gentlemen. Sir, I wanted to ask you firstly, that in a growing economy, you know that the volume growth is at least 5%, 6%. This company with the best lineage and like best sort of clients has remained at a flat EBITDA for almost six, seven years from 2015-16 till-date. In your brief sting of four, five months, could you attribute the key reasons to why this company has underperformed, so many other companies in India? Very briefly. This is my first question.

**Dhananjay Salunkhe:** So, if you see the overall market in India and the packaging companies, very difficult to pinpoint volume growth or organic growth of any particular player. So, most of the time, what we see is, it's a combination of organic or inorganic growth. So, coming to Huhtamaki India's proposition, why volumes have been either flat or so on. So essentially, I will go back to my first comment, wherein, we position ourselves as a company who is into the innovative, sustainable and differentiated products. Wherein, off-late, as the time horizon, what you mentioned, we have seen the rate of commoditization increased over a period of five to six years and that is one.

The second, the biggest opportunity in flexible packaging in the past used to be from the conversion, from a product format, from rigid to flexible and I think we are seeing the maturation. It is maturing over a period of time and those two things are definitely seen as a challenge in my last five to six months tenure and that is where we are aggressively launching the sustainable packaging solutions in terms of our blueloop brand, which will help us to cater to our customers' ambitions, which are, introducing the recyclable packaging solutions by 2025, which most of our end customers have pledged to. And that is where we are increasing our relevance. So, that should help us to maintain our position of differentiation.

**Nisarg Vakharia:** This recyclable, sustainable packaging that we are planning to launch, is that also having a large-enough addressable opportunity in India or will it remain a niche business?

**Dhananjay Salunkhe:** This would have a large addressable market. As you would have heard in my comment that the product range, what we are going to launch is going to serve the broad range of product, right from food, personal care, home care, industrial applications. So, it is definitely going to have a larger addressable market.

**Moderator:** Thank you, sir. Sorry to interrupt. Mr. Nisarg Vakharia, may we request that you return to the question queue for follow-up questions as there are several participants waiting their turn. Our next question is from the line of Piyush Khandelwal from Bank of India Mutual Fund. Please go ahead.

**Piyush Khandelwal:** Yes. Hi. Thanks for the opportunity. Sir, my question is, I mean, addition to what the previous participant asked, if I look at last, I mean, five years, our growth, volume growth especially has been very patchy and our major growth has come from the acquisition. I mean, in last 10 years, we've done couple of acquisitions with majority of acquisition that we did in 2015. So, how should we look at that, let's say, next two years, three years down the line in terms organic volume growth? Or maybe volume growth as a whole for the company? Will it be again acquisition-led or will it be an organic growth?

**Dhananjay Salunkhe:** Yes. So, whether organic or inorganic or acquisition, I think that would be slightly speculative. At the same time, the product range what we are offering to our customers, which is in-line with their 2025 ambitions, which is basically introducing recyclable structures, I think that is where we are focusing on, supporting the new-edge structures.

**Piyush Khandelwal:** Sir, is there any target in your mind that you will be looking, I mean mid-single-digit kind of a volume growth, which is, I mean, FMCG market growth in India? So, is there any targets in your mind that you're looking, that you should be hitting at least this kind of a growth?

**Dhananjay Salunkhe:** So, we will be looking at responsible growth. A responsible and sustainable growth. So, Jagdish, do you want to come in?

**Jagdish Agarwal:** Yes. So, I just want to add a couple of points to what Dhananjay talked about. First of all, if you look at like 2022, we had a 14% volume growth. If you're going through our financials of 2022, we have talked about that our topline increased from INR 2,625 crores to INR 2,982 crores. So that's a 14% growth. Now talking about volume, if you look at, I mean. I was looking at the report, which talked about, in 2022, the FMCG volume growth was a negative 0.3%. And that's the reference from one of the published reports.

The consumption was challenging. If you look at last year, it was driven, impacted by the high inflation and all. Having said that, our strategic initiatives, we are trying to address a key problem, product sustainability and we are engaging with our customers trying to solve the bigger problem. And I'm sure that, that long-term things, probably we won't be able to see initial impact of this but definitely we are laying out some long-term profitability. And as a responsible solutions provider, we are solving the problem of our customer. At the same time driving a growth in a more long-term and sustainable manner.

**Piyush Khandelwal:** All right. Understood. Sir, even if I exclude let's say, I mean the COVID impacted or let's say, I mean CY'22, I mean, the volume growth has not been very sustainable, which we expect, let's say, from companies like you, like a sustainable, which are catering to the FMCG market. So that's what not has been witnessed. So, I mean, just trying to understand what was the issue? Is it like the change which you said that the change in packaging, let's say, from flexible to rigid? Is that kind of trend that you are witnessing, I mean, going-forward and this kind of volatility in-between?

**Jagdish Agarwal:** Not like that. I mean, like I said, if you talk about overall FMCG volume growth of 2022, that was a slightly negative. There was no growth in the volume for 2022 calendar year. So, when we talk about Huhtamaki, we talk about that we are a differentiator. We are working on sustainable-led innovation and definitely we are focusing on the long-term growth, working very closely with our customers.

And another point to note is that there a heightened competitive scenario in the market, which some of the applications are getting commoditized. So, our focus would be to address these bigger challenge, which is like impacting the private environment here in sustainable packaging solution. And that will help us in our long-term growth, and sustainable growth and that is our focus here right now.



**Moderator:** Thank you. Our next question is from the line of Mr. Naushad Chaudhary from Aditya Birla SunLife AMC. Please go ahead.

**Naushad Chaudhary:** Yes. Hi. Thanks for the opportunity. Sir, firstly, just wanted to understand you on the overall business margin profile. See, historically also we have seen in the raw-material, there has been the volatility, but despite that, we have not lost so much on the either, gross margin or EBITDA margin, but this time, for last two years I think, we have been struggling. We understand that there has been a raw-material pressure, but given the nature of our business, do think this should not be the correction which we have seen should not be there in the margin? So, has there anything else has changed in the business which used to be two years before versus now? Can you explain this? And if volatility remains same in the future, will we experience a similar kind of volatility in the margin as well? If raw-material volatility remains similar in the future?

**Jagdish Agarwal:** Yes. So, first, let me talk about our EBITDA margin. We have reported for the March quarter equals 9%. And if you go back and look at December quarter, we have reported 6.7%. So, there is an improvement in our EBITDA margin between December quarter to March quarter. The second thing is particular focus is that we are working on a world-class operation, we are driving operational excellence through our TPM solutions and all. So, we are trying to work on the things which is going to help us in long-term sustainable competitiveness and there we are focusing.

I hope that definitely, the journey, which we have started, we continue to focus on the opportunities that we have in our hand. Having said that, we are focusing of both, the top-line, as well as the bottom-line and that's what it reflects, at least bottom-line reflecting to this March quarter itself.

**Dhananjay Salunkhe:** And adding to Jagdish's point, you also asked about what is the plan around managing the volatility. I think, the volatility, what everyone have observed in the last two years was actually not experienced before. So, I think most of us are now ready to manage such kind of volatility going forward. So, hopefully, systems and processes are placed in terms of managing that but hopefully industry trends are indicating, raw-material and such volatility should be stabilized going forward.

**Naushad Chaudhary:** Okay. So, irrespective of the volatility in the raw-material prices in future, we should not see this kind of volatility in your gross margin. Is that the correct understanding?

**Jagdish Agarwal:** I guess. See, if we talk about, there will always be an impact of inflation and deflation on any financial. It's like a time lag. Normally, we do have a contract with our customers, at the same time, we do have a contract with our suppliers as well. And any time lag and the frequency of that contract terms definitely will have impact. But yes, the kind of impact that we have been seeing in 2022, that was an outlier. We don't expect that kind of a severe impact, but yes, time-lag impact will be there, whether it is a plus or minus.

**Moderator:** Thank you. We move to the next question. Our next question is from the line of Devansh Shah from Niveshaay Investment Advisors. Please go ahead.

- Devansh Shah:** Good afternoon to all present. My question is, can you please give a brief about revenue breakup industry-wise? I mean which sector contributed to major revenue?
- Moderator:** Mr. Devansh, I will mute your line as there is some kind of a disturbance or static from your line. I will mute your line while the management answers the question. I will unmute it once they're done. Thank you.
- Jagdish Agarwal:** So, I mean, we play in all segments. Whether it's personal care, whether it is food and beverages, confectionery, pharmaceutical and all, I think all the segment we have play into. Yes, some of the key areas where we have high significance or share of the business is food and beverages, personal care and home care.
- Devansh Shah:** Hello?
- Dhananjay Salunkhe:** Yes. Please go ahead.
- Devansh Shah:** Can you provide some number? I mean, which percentage-wise number, which sector contributes major revenue?
- Jagdish Agarwal:** We will not say segment-wise, but yes, if I have to put two big segment for us, it will definitely be our food and beverages and Personal Care are the big segments.
- Devansh Shah:** Okay. And can you provide some insights about raw-material mix?
- Jagdish Agarwal:** Yes. So, the general raw materials in any flexible packaging revolves around our resins, films and foils.
- Devansh Shah:** Okay. And about operational efficiency, did your TPM policy improved your operational efficiencies that you were talking about?
- Dhananjay Salunkhe:** Yes, in TPM. So yes, we have launched Total Productive Manufacturing in our plants and we are seeing improvements in terms of operational efficiencies in our plants.
- Moderator:** Thank You. May we request you to join the question queue for follow-up questions. Thank you. Our next question is from the line of Khush Gosrani from InCred Asset Management. Please go-ahead.
- Khush Gosrani:** Yes. Hi. Thank you for the opportunity. Sir, just wanted to understand, are we looking to introduce fiber packaging as well, which has been the fastest growth segment for our parent?
- Dhananjay Salunkhe:** So, Huhtamaki India, we are into a flexible packaging business whereas, fiber and fiber foodservice is another segment and it's an independent entity in India. Yes.
- Khush Gosrani:** Okay. And in terms of as you highlighted, that has been increased destocking by our customers. So, has the situation normalized now or it is going to still take time for us? What is the commentary to our customer?

**Dhananjay Salunkhe:** Yes. So, I think we are seeing two things parallel. So, one is of course, inventory pipeline correction or destocking. And second is also seasonality. So, while inventory pipeline correction we are seeing some moderation or coming back to the stability, but this basically not only at our end-customers, but at their distribution centers and so on and so. That impact, as well as seasonality is yet to be assessed.

Like just one point in case is typically summer season. There are some product portfolio, which we service for a beverage industry. Now because of the untimely rains across India, this summer season has been kind of delayed a bit. So, we are yet to ascertain the impact of those seasonality till now.

**Khush Gosrani:** Sure sir. Thank you. I will get back in the queue.

**Moderator:** Thank you. Our next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited. Please go ahead.

**Bharat Sheth:** Hi. Thanks for the opportunity, sir and I hope that in future will continue this communication also. Sir, my question is relating to this blueloop technology, where you said that it will completely replacing the flexible packaging. So, is it mandatory for the all the flexible player or it will be optional? That is one. And if that is going to happen, what will be the new raw-material and what changes that we need to make in our manufacturing processes and how cost-competitive will it be?

**Management:** Okay. So, I think you have asked three things. So, one. We intend to continue this communications ongoing.

**Bharat Sheth:** Thank you very much.

**Management:** Yes. So, the second one on the blueloop, maybe, I had to again explain. It is not going to replace the flexible packaging. Basically, currently, if you see, the packaging is basis the requirement of the product. It can be termed as a multilayered packaging or polyolefin based packaging or monolayer packaging. So, just point in case like multilayered packaging involves either of the three. So, which makes that packaging and product after use, unrecyclable or non-recyclable.

Like if there is a usage of paper, polythene or paper and either PP or PE or foil. Whereas, our polyolefin is basically, it involves PE and PP, which is still slightly recyclable, but not fully recyclable, whereas, monolayer which is either the packaging, which is made by PEPE or PPPP is considered as a best for recycling. So, what we are introducing is the laminates or flexibles packaging, which is made out of monolayer, which is basically either based on only PE only or PP only or paper-based this that is a technology we have developed along with our partners and that is getting launched. So, that's the second one.

The third one, whether it is mandatory for everyone? So that, you can refer to the regulatory changes, what are been happening in India as well as in other parts of the world, whereas there is a lot of impetus now on the post-consumer recycling which is called EPR, then the end-of-life recycling and so on. So, yes, the government is also making certain changes, which will definitely regulate the brand owners to adopt to this.

And then lastly, it is also because of the brand owners or the large FMCG or Consumer Packaging good company are also pledging their themselves in terms of their sustainability goals. So, many of our large customers have pledged that by 2025 their majority of their product portfolio will be in the recycled structure. That's where our new structures will be helpful to our customers.

**Bharat Sheth:** And sir, related to that question, will it be more cost-competitive or it's slightly and is there any change in the manufacturing process or raw-material part will be there?

**Dhananjay Salunkhe:** Yes, so while we can't put a number to it, but I guess, I think I will say it this way. That the product which we are going to launch, structure, they are having three discrete combination. One, protection, which is, for the any product which is getting packed, whether it's the food and non-food, it requires the shelf-life, the protection and the shelf-life. So, the product which we are going to launch, there will be no-compromise on that shelf-life and then the barrier properties which are required. The second one is the recyclability, which will be fully recyclable. And third is affordability. Yes, we are making sure that it is affordable within the sustainable packaging options available right now, and that's what the purpose is. So, while we are working on all the ecosystem to make sure that, yes, it is affordable for all the customers and the consumers in the end.

**Bharat Sheth:** Sir, in connection to that, can I take one or two more question, please. Hello? Hello?

**Dhananjay Salunkhe:** Go ahead.

**Bharat Sheth:** Okay. You said, this will be so now, but a large part of the flexible packaging also has moved to rigid. So, is that, our potential or market size is reducing?

**Management:** No. I said vice-a-versa. So, in the past there was a clear movement from moving from rigid to flexible. So, that was the comment, not the opposite.

**Bharat Sheth:** Okay. On the paper side also, how do we see the same thing?

**Dhananjay Salunkhe:** So there are certain customers which are introducing the paper-based packaging also. At the same time, it depends upon which they are launching considering the barrier requirements and shelf-life requirements.

**Moderator:** Thank you. Mr. Bharat Sheth, may we request you to return to the question queue for follow-up questions. Thank you. Our next question is from the line of Nimish Maheshwari from RSPN Ventures. Please go ahead.

**Nimish Maheshwari:** Good afternoon, everyone. My first question is related to the tax rate, because there is too much volatility in the taxation in the last three to your years. So, how we can see the tax-rate in FY-'24-25? As well as, and then my second question is related to contingent liability which increased from INR 5 crores to INR 23 crores. So, what is the management's view on this and how we look into this?

**Jagdish Agarwal:** So, let me first answer your questions on the effective tax rate. If we talk about the first-quarter, definitely first-quarter had a favorable ruling to have an impact on the effective tax-rate. So, typically we have opted for lower tax. So, normal tax-rate is 25.2%, but if there are some developments that help us on certain favorable judgment that might help. Otherwise, we continue to going to have around 25% is the tax-rate for us.

Contingent liability, whatever probability of those getting materialized into probable cases has already had been accounted for in our financials. So, we don't see any further challenge on that front.

**Nimish Maheshwari:** Okay. What is the other income comparisons? Why is that in the last quarter it was negative?

**Jagdish Agarwal:** Okay. So, we had a one-off reversal in March '22 quarter. So, on comparative basis, it might be looking otherwise based on that stuff in that.

**Nimish Maheshwari:** Can you explain what is it?

**Jagdish Agarwal:** Sorry?

**Nimish Maheshwari:** Can you explain what is that?

**Jagdish Agarwal:** So, in March 2022, we had a one of the liability, which we have reversed in March '22 because that was not getting neutralized. That helped to improve or other income in March '22. Now, on a comparative basis when you look at our March '23, it will look negative.

**Moderator:** Thank you. We move to the next question. Our next question is from the line of Mr. Vipul Shah from Sumangal Investments. Please go ahead.

**Vipul Shah:** Hi, sir. Thanks for the opportunity. Sir, my first question is regarding the stability of the management. So, now the management, top management has stabilized because there are lot of management issue? Hello?

**Dhananjay Salunkhe:** Yes. I mean, yes. You can see this we have started this communication under confidence that we continue this. Jagdish and, myself, Dhananjay are well entrenched into this company. Jagdish has now one year, more than a year and I'm kind of getting re-born, nine months. So yes, we intend to continue and there is a good stable key management personnel also. We call them our leadership team. Yes, your question, I can confirm, yes.

**Vipul Shah:** And my second question, sir, can you quantify the drop-in the volume in terms of percentage?

**Jagdish Agarwal:** Yes. So, we slightly had a revenue drop.

**Vipul Shah:** No, not in rupee terms, I mean in the volume terms I'm talking about.

**Jagdish Agarwal:** Yes. Yes. So, it is around 15% to 16%.

**Moderator:** Thank you. We move to the next question. Our next question is from the line of Dhavan Shah from AlfAccurate Advisors. Please go ahead.

**Dhavan Shah:** Yes, thanks for the opportunity, sir. So, I have a question on the blueloop technology. So, if I look at the parent presentation, plus our annual report also, I think we are very much focusing more on the blueloop one. So, how do you see the next five years growth once we launch this blueloop technology. So, what do you foresee the overall financial performance? How it will be changed just because of this technology and plus, the market size and market-share, anything if you can highlight based on the addressable market, plus what will be our confidence against the other peers available in the market? If you can share thoughts on this thing?

**Dhananjay Salunkhe:** Yes. So, directly commenting on the market-share or what is our plans in terms of realization will be kind of a speculative, but at the same time, I can answer on the confidence level and comparative positions what we have in marketplace. As I articulated earlier, the blueloop products which we are launching are going to service the broad-spectrum of the requirement, right from food, pharma and non-food, industrial, Home Care, Personal Care and so on. So, per se, the addressable market is going to be, I mean, what we are serving now or maybe slightly larger. That's one.

Second, it will be the confidence is coming from the fact that this is a global innovation and the technology what we have developed is basically, is along with our key partners and global experts. So there is a confidence behind the success of not only technology, but also the outcome. So we are pretty confident on introducing these, which are going to replace the non-recyclable solutions and that's where the confidence is coming from.

**Moderator:** Thank you. We move to our next question. Our next question is from the line of Jeetu Panjabi from EM Capital Advisors. Please go ahead.

**Jeetu Punjabi:** Hi. Thanks for this. One, I really appreciate you all coming out-of-the call and talking. I think that's a great thing and it'd be great to continue this. Now my question is, in an earlier question you articulated that the three key priorities, areas that you'd be doing customer centricity, strategic stuff and innovation. My question is, if we were to try and look-forward, look at the tea leaves to try and understand, what you're putting to work-in terms of people and resources to execute on what you just articulated, can you just give us some color on what resources and people, as well as non-people resources you're putting to work in the changed journey going-forward?

**Dhananjay Salunkhe:** Yes. So, I think you heard it very well that three priorities and two enablers. So, talent remains one of the enabler and so, we have talent pipeline, which is definitely helping us to do this innovative and differentiated and introduced these products. And these are now backed with our global reach. We have our R&D labs in Germany. We have marketing help getting across the globe, and then there is a reach in each market, which is having a some specialized portfolio reach, and that is where we are kind of also getting certain help. On-top of that, we have resident knowledge in Huhtamaki India, which is basically in fact, we are the institution which is known for the talent in flexibles packaging industry.

**Moderator:** Thank you. Our next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.

- Himanshu Shah:** Thank you, sir. Thanks for the opportunity. Sir, just couple of questions. One, are we looking to sell any further plants, because we have too many manufacturing sites? Besides Thane, would it be looking for consolidation of our manufacturing footprint, which may bring some more efficiencies and scale of operation?
- Dhananjay Salunkhe:** So, we continue to look at our customer relevance. I mean, everything what we do is going to revolve around the customer requirement. And if you see in last few years, there has been changes in terms of GST regime, the transportation efficiencies, road infrastructure, the new customers sites, the new supplier sites and so on and so. So, we continue to look at the network as a overall, not only the manufacturing sites. So, we look at what is required from our customers and we keep on taking the view. And that is what you would have seen in our actions, like what we had. We have taken out view on Thane unit or Thane plant. So, at this moment, I mean, we keep on evolving the options available in front of us and take a view on ongoing basis.
- Moderator:** Thank you. Our next question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.
- Priyank Chheda:** Yes. Thanks for the follow-up opportunity. Sir, just a suggestion and more than a feedback since we have been doing this call after long-time. Going ahead, it would be better if we get more clarity about lot of other aspects, which are unclear yet. The land sale quantum, how we would use the proceeds, capex plans, I mean, how do we plan to get back to gross margin, sectoral breakup, lot of other data points which were discussed till now, yet are unclear. And in case, I mean, if you can help me with two more further data points, one is on the utilization levels, where are we right now? And what are the plans to scale-up the exports? Thank you.
- Dhananjay Salunkhe:** So, well, the utilization depends upon the technology and the product structures, what we make. So, it remains and what was there in the last, in-line with the last quarter utilization. And the next question? What was the follow-up question? I kind of missed it.
- Priyank Chheda:** I mean, how do we plan to scale-up the exports?
- Dhananjay Salunkhe:** Exports. Yes. So, definitely the exports remain our key market and we have you would have seen in our annual report as well, we our servicing almost 70 countries by the way of exports, and that remains one of our key levers and we are using our three-pronged approach. I mean, from a product point-of-view, one of course, leveraging our product strength. The second, our global reach in terms of reaching to the market, destination market, I would say. And third, now, more-and-more India as a country also we are getting more-and-more impetus to Make in India. So, all these three levers are definitely going to be get used to enhance our exports.
- Moderator:** Yes. Mr. Ramakrishnan from Equity Intelligence Private Limited. Please go ahead.
- Ramakrishnan:** Hi, sir. Sir, what percentage of our sales if coming from export? And going-forward, what kind of percentage of domestic and this exports we will have? And whether the export is also equally profitable as well as the domestic market?
- Dhananjay Salunkhe:** So, we do approximately 30% of our revenues comes from exports and we continue to look-forward to enhance that. At the same time, we want to also grow in domestic market also. So,

the percentage really, would not be really a matter, whereas, in the both the market we want to grow. And answering your question on the exports profitability, I think, yes, it is accretive to our business.

**Ramakrishnan:** Okay.

**Moderator:** Thank you, sir. Our next question is from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.

**Vaibhav Badjatya:** Yes. So, for the land that we have put up for-sale, what is the size of the total land? Is it like 12 acres or 14 acres ?

**Dhananjay Salunkhe:** I mean that that is the something which you probably it's over 8 acresto 9 acres or more than that, yes.

**Vaibhav Badjatya:** I mean, approximately how many acres ?

**Moderator:** Mr. Vaibhav, could you repeat that please?

**Vaibhav Badjatya:** Yes. So, is it like around 10 acres? Like what is the exact price it can draw? You said like 8 acres, but like 10 acres, 12 acres, 14 acres, how many acres are there?

**Jagdish Agarwal :** I think we'll let you know. Some due-diligence is going on and some survey is going on. So, definitely will come back at the right time on that.

**Moderator:** Thank you. Our next question is from the line of Pulkit Singhal from Dalmus Capital Management. Please go ahead.

**Pulkit Singhal:** Thank you for the opportunity. So, for the domestic market within your current category, certain questions. Number one, how many competitors typically participate in the RFQs that you are participating? Second is, that you typically have to kind of match the pricing or are you able to get some kind of pricing premium for the product? That's my first question.

**Dhananjay Salunkhe:** Yes. So, in RFQs, I mean it depends upon the structures and the products and the launch, but, I would say if there are team competitions, I mean if you to have number, it can probably it's kind of it can be range from typically, 10 to 12 to almost 20. So, that's the intensity of a competition. And the whether to match the prices or not, it depends upon the company to company, I mean customer-to-customer, but of course, RFQ is nature itself is that, the decisions lies with the participants, where if they want to put and really want to hold-on to.

And the last one comment what you asked for, the premium. This is where I already mentioned that the pace of commoditization in the flexible packaging has accelerated over last few years. So, and that is where the new product introduction is that going to play a very important role to again demand that premium.

**Pulkit Singhal:** Understood. The second question was on the new product introduction itself. And typically such changes, when a company is going to relook, they will consider all kinds of products as well I presume, related to paper packaging as well. So, wherever you're competing with paper, where



they are able to match the barriers or properties etcetera requirements, what is the pricing difference that is there in the single-use versus paper? I mean, is it a premium or discount?

**Dhananjay Salunkhe:** So, from that point-of-view, we see the plastic bag, I mean in Flexibles Packaging which is non-paper, that is one of the most competitive no structures available. Whereas, wherever there is a paper involved, it will be a premium structure as compared to the current flexibles structures.

**Moderator:** Thank you. Due to time constraints that was our last question for the question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**Dhananjay Salunkhe:** Yes. Thank you, Hitesh. So, thank you everyone attending the call and asking questions, which are also helpful for us to reflect and take certain inputs and we continue to engage with the community going-forward. So thanks, everyone. Thank you, Jagadish for joining me today to attend this call. So, thank you everyone.

**Jagdish Agarwal:** Thank you.

**Moderator:** On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.