PAKKA
Packaging with a Soul

7/Govt/SE/2026-27/0041
25th August, 2026

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
Mumbai - 400 001
Scrip Code: 516030

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Investors' Conference Call for the first quarter ended 30th June, 2026.

Dear Sir / Madam,

Pursuant to Regulation 30 read with sub-paragraph 15(b) of Para A, Part A of Schedule III, and Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), please find enclosed herewith the transcript of the Investors' Conference Call held on Tuesday, 18th August, 2026 at 04:00 p.m. (IST), wherein the management discussed the financial performance of the Company for the first quarter ended 30th June, 2026.

In compliance with the aforesaid Regulations, the transcript of the said conference call has also been made available on the website of the Company at https://pakka.com/.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,
***f*or Pakka Limited**

SACHIN KUMAR SRIVASTAVA
Digitally signed by SACHIN KUMAR SRIVASTAVA
Date: 2026.08.25 22:19:31 +05'30'

Sachin Kumar Srivastava
Company Secretary &
Corporate Finance Head

Encl: Transcript of Investors' Conference Call

Pakka Limited

Q1 FY2026–27 Earnings Conference Call Transcript

18 August 2026 | 10:32 a.m. IST | Duration: 1 hour 31 minutes

Management Participants

Name	Designation
Ved Krishna	Group Lead
Himanshu Kapoor	Non-Independent, Non-Executive Director
Mayank Jindal	Manufacturing Business Head
Shubham Tibrewal	Food Services Business Head
Manoj Kumar Maurya	Finance Head
Sachin Kumar Srivastava	Company Secretary & Corporate Finance Head
Pranay Pasricha	Brand and Marketing Head and Call Moderator

Important Notice

This transcript is an edited record of Pakka Limited's earnings conference call for the quarter ended 30 June 2026. It has been prepared from the call recording and edited solely for clarity and readability. Verbal fillers, repetitions, false starts, inaudible cross-talk and obvious transcription artefacts have been removed, and grammar and sentence structure have been corrected where necessary. These editorial changes are not intended to alter the substance, context or meaning of any question, response, financial figure, guidance or forward-looking statement. This transcript should be read together with the audio recording, investor presentation, unaudited financial results, notes and other disclosures filed with the stock exchanges. In the event of any inconsistency, the disclosures filed with the stock exchanges shall prevail.

Certain statements in this transcript may be forward-looking and are based on management's current expectations, assumptions and estimates. Actual results may differ materially due to risks and uncertainties, including economic, market, regulatory, financing, project-execution, product-development and customer-acceptance factors. The Company undertakes no obligation to update or revise such statements except as required under applicable law.

Transcript

Sachin Kumar Srivastava 0:05

Good evening, ladies and gentlemen. A warm welcome to the shareholders, investors, analysts and other participants joining Pakka Limited's investor call to discuss the financial and operational performance for the quarter ending 30 June 2026. I now handover to Pranay to introduce the management team.

Pranay Pasricha 0:28

Good afternoon, everyone.

Pranay Pasricha 0:47

I request everyone to remain on mute until the question-and-answer session, when participants will be invited to unmute. On behalf of the entire team, I extend a warm welcome to all our shareholders and stakeholders and thank you for joining our Q1 FY2026–27 investor call. Before we begin, let me introduce our leadership team: Mr. Ved Krishna, Group Lead; Mr. Himanshu Kapoor, Non-Independent, Non-Executive Director; Mr. Mayank Jindal, Manufacturing Business Head; Mr. Shubham Tibrewal, Food Services Business Head; Mr. Manoj Kumar Maurya, Finance Head; and Mr. Sachin Kumar Srivastava, Company Secretary & Corporate Finance Head. I am Pranay, Brand and Marketing Head at Pakka Limited.

Pranay Pasricha 1:51

I will now share the presentation. We will begin with a brief showcase of our newly launched delivery containers, which many of you have been awaiting. I now hand over to Ved to present the key highlights for the first quarter.

Ved Krishna 3:28

Namaskar, everyone. Thank you for joining us. Please proceed, Pranay.

Ved Krishna 3:35

We are pleased to report our highest-ever quarterly revenue. Our focus is to build on this performance while continuing to improve profitability. Funding for Project Jagriti has been completed, the project is back on track, and we expect to commission the machine within the next few months. The Food Services business has also made significant progress. We have established a strong outsourcing model, with approximately five to six partners commencing production for us. As we progressively scale this model, we expect it to support both revenue growth and profitability. We have also completed multiple customer trials for our delivery containers and are ordering the first facility, including the required coating system. We expect this facility to be in place by the time of our next investor call.

Ved Krishna 4:58

Pilot trials for the flexC base paper to be produced on PM4 are underway. We expect to complete these trials within the next two months, followed by a soft launch.

Pranay Pasricha 5:08

Over to Mayank, sir, to take us through financial performance.

Mayank Jindal 5:25

Good afternoon, everyone. As Ved mentioned, the first quarter has been strong, and several performance records have been surpassed. Revenue increased by 42% compared with Q1 of the previous financial year and by 14% compared with the preceding quarter.

Mayank Jindal 5:45

EBITDA increased by 31% year-on-year and 36% quarter-on-quarter, while PBT increased by 34% and 59%, respectively. In the Wrap & Carry business, revenue was ₹101.14 crore, representing growth of 43% over the corresponding quarter of the previous year and 15% over the preceding quarter. PBT increased by 45% year-on-year.

Mayank Jindal 6:31

Wrap & Carry PBT was 16% lower sequentially, primarily due to costs paid to bankers during the quarter; operationally, the business performed better. Our principal challenges are the start-up of PM4, which is expected around the end of October or in November; market acceptance of products manufactured on PM4; the continuing Middle East situation, which is affecting exports; and the high financing cost associated with Project Jagriti. We remain focused on addressing each of these challenges.

Mayank Jindal 7:35

Project execution is now at an advanced stage, with more than 85% of the major equipment work completed. The machine is taking shape, as reflected in the progress shown in the presentation. We are confident of starting the machine by the end of October and reeling out paper in November. The Power Boiler and Recovery Boiler, which form part of Project Jagriti, is also at an advanced stage, and steam trials have been completed. Start-up is targeted for the end of August or the first week of September. For PM4, we are planning laboratory and pilot trials in Europe and expecting customer-ready samples from the pilot trials during September.

Mayank Jindal 8:34

These samples will enable us to conduct a soft launch. The paper-machine building is substantially complete, apart from finishing work, and most of the equipment is already in place. The progress gives us confidence that the machine can be rolled out by the end of October.

Pranay Pasricha 9:46

Thank you, sir. Over to you, Shubham, for the food service business performance.

Shubham Tibrewal 9:53

Good afternoon, everyone. I will take you through the Q1 performance of the Food Services division. Revenue was ₹18.45 crore, 34% higher than the corresponding quarter of the previous year and 9% higher than Q4 FY2025–26. The first quarter is typically the weakest season for Food Services because of the summer period. The division recorded a PBT loss of ₹1.62 crore, higher than the loss in the corresponding quarter of the previous year due to structural changes being made in manufacturing. We aim to progressively reduce these losses and make the division profitable. The comparison with the preceding quarter also reflects certain one-off items recorded in that period. Revenue increased from ₹13.77 crore to ₹18.45 crore, representing our strongest start to a financial year. B2B revenue grew by 46%, from ₹11.4 crore to ₹16.5 crore, and was the primary growth driver. On the B2C side, our presence has increased from three to 12 retail platforms. Our objective is to be present across every major quick-commerce, e-commerce and modern-retail platform in India. Newly onboarded channels require time to reach optimum revenue levels as inventory is deployed across locations; nevertheless, we expect B2C to grow faster than B2B during the remaining quarters of the year.

Shubham Tibrewal 12:40

Our objective for FY2026–27 is to reduce losses and achieve break-even. As revenue grows, costs are not expected to increase proportionately, allowing incremental gross margin to flow through to PBT. The structural changes implemented across the business underpin our confidence. During Q1, CHUK expanded into 22 new cities and added 34 key customers. We have also significantly deepened our pan-India distributor and reseller network. These initiatives have supported B2B growth, which we expect to strengthen during the next two quarters as the festive season begins. B2C revenue has grown approximately threefold year-on-year, and recently added platforms are expected to be key growth drivers.

Shubham Tibrewal 14:03

Another key priority is the optimisation of COGS. We are pursuing an asset-light model and building outsourced capacity to meet demand while limiting capital investment.

Shubham Tibrewal 14:30

We expect incremental production from outsourced sites to generate stronger gross margins. We continue to develop new products and technologies that address customer requirements. Our delivery-container range has been developed, cost optimisation is underway, and large-scale trials are being conducted with marquee customers. Thank you.

Pranay Pasricha 15:15

Thank you, Shubham. Over to Ved to illustrate the product development plan.

Ved Krishna 15:25

Please proceed, Pranay. Our principal product-development focus is flexC base, a translucent paper with significantly enhanced strength. Laboratory trials are being completed in Europe, with pilot trials scheduled for early September. We expect to conduct a distributor soft launch in October, begin commercial production following the start-up of PM4 in November, and progressively stabilise production by January. Initial target applications include confectionery wraps, snack and sweet pouches, sachets, tea pouches, seed packs, medical packaging, release liners and dry-food liners. Our longer-term objective is to develop increasingly effective barriers for food-packaging applications. We have also decided to relocate our Material Science Centre from Bengaluru to Ayodhya to deepen our investment in innovation, which is central to Pakka's future growth. The Centre will focus on base materials, biotechnology, conversion systems, biodegradation and substrate valorisation, with applications spanning Flexibles, Wrap & Carry, Food Services and rigid products. Our collaboration agenda includes incubation, acceleration, global R&D partnerships, customers and converters. Exploration areas include large-language-model applications for research, cross-pollination of ideas, biomimicry, fermentation, microbial multiplication and an in-house design laboratory. We are also building global university partnerships, high-quality infrastructure, internship opportunities and a strong leadership pipeline. For the current quarter, we intend to commission the recovery and power plants under Project Jagriti and prepare PM4 for plant trials. The initial delivery-container facility is being established, the Material Science Centre is being developed in Ayodhya, and flexC pilot trials and the soft launch are expected to be completed. We will continue to pursue both revenue growth and improved profitability.

Questions and Answers

Pranay Pasricha 20:46

Thank you, Ved. We will now begin the question-and-answer session. To ensure fair participation, please use the “raise hand” function. I will invite participants in sequence to unmute. Please limit yourself to two questions so that everyone has an opportunity to participate. Questions may also be submitted through the chat. Mr. Kaustav, please unmute and ask your questions.

Kaustav Bubna 21:58

Hi, can you hear me?

Pranay Pasricha 22:00

Yes, we can hear you now. Please go ahead.

Kaustav Bubna 22:01

My first question concerns the pledge. Could you explain the current pledge arrangement, including the shares pledged, the pledgee, the expected process and timeline for reducing the pledge, and the associated risks? My second question concerns the CHUK delivery-container range. Could you describe the market opportunity following the recent customer success?

Ved Krishna 22:51

Thank you for your questions. As discussed previously, our borrowing structure changed to ensure the continuation of Project Jagriti, and we moved from bank financing to Neo Asset Management.

Kaustav Bubna 22:57

It will back.

Ved Krishna 23:12

As part of the transaction with Neo Asset Management, the promoters’ shares are being pledged as security against the loan. This is intended to be a short-term, higher-cost arrangement, and we expect to refinance through banks within approximately one to one-and-a-half years, following stabilisation of the machine and improvement in the Company’s financial performance. At that stage, the shares are expected to be released from pledge. Neo has also demonstrated confidence in the Company by investing ₹30 crore in equity. I have increased my shareholding in two stages to approximately 48%–49%. Regarding delivery containers, the product has been under development for some time. It represents a new approach that uses the fibre’s inherent properties, including its ability to be glued. We are initially setting up a smaller facility so that customers who are ready to adopt the product can begin receiving supplies. Commercial availability will also help us deepen market understanding and progressively optimise costs. The product is currently priced approximately 40%–50% above comparable plastic containers, but it offers advantages in packing, unpacking and food quality, as indicated by chefs involved in our customer trials. We remain positive about the opportunity and expect to report further progress by the next quarter.

Kaustav Bubna 25:41

Thank you, thank you.

Pranay Pasricha 25:43

Thank you. Mr. Darshil, you can ask your question, please.

Darshil 25:52

Hi, good evening, sir. Thank you so much for taking my question. Hopefully, I'm audible, sir.

Pranay Pasricha 25:58

Please go ahead.

Darshil 25:59

Q1 delivered strong growth. Given that Q2 and Q3 are generally stronger quarters, how do you expect FY2026–27 revenue to develop across both business segments?

Ved Krishna 26:24

Darshil, it is difficult to provide an exact number. As Mayank and Shubham explained, our objective is to grow both revenue and profitability and deliver a significantly stronger year. Performance in the previous year was affected by delayed shutdowns, but that situation has largely normalised. The team will continue working to build on the Q1 revenue and profitability performance. While we are not yet satisfied with the outcome, the trajectory is positive.

Darshil 27:09

Would it therefore be reasonable to expect positive quarter-on-quarter momentum, without seeking a specific numerical range?

Ved Krishna 27:22

That will definitely be our absolute effort.

Darshil 27:25

Thank you. That is helpful.

Ved Krishna 27:27

PM4 is expected to make a meaningful contribution to revenue once commercial production begins this year. We expect the machine to stabilise during the following year and progressively contribute to profitability.

Darshil 27:48

What is the total cost of PM4 and how much capacity will it add? Since commissioning is expected toward the end of the year, will the following year reflect a full year of operations?

Ved Krishna 28:08

The current total project cost is approximately ₹753 crore, and the project will add slightly more than 30,000 tonnes of annual capacity. However, the principal value lies not only in capacity but also in the quality of the materials to be produced. Our objective is to move further into flexible packaging and manufacture a high-quality substrate. As with CHUK, the team is working to create a differentiated product that we hope will benefit both customers and investors.

Darshil 28:55

Thank you. I have a few more questions. May I continue, or should I rejoin the queue?

Pranay Pasricha 28:58

Darshil, please rejoin the queue and we will return to you. Mr. Raghav, please unmute and ask your questions.

Darshil 29:03

Thank you.

Raghav Agarwal 29:12

Good evening. Thank you for taking my question. I hope I am audible.

Pranay Pasricha 29:18

Yes.

Raghav Agarwal 29:19

I have two questions regarding the flexC base paper. I understand that PM4 will produce the base paper, which will initially be supplied to converters for conversion into finished products. How are the laboratory and pilot trials scheduled for August and September being conducted? Are they being undertaken through a third-party manufacturer? Is commercial scale-up contingent upon the start-up of PM4, and, if so, what is the expected timeline, considering that commissioning in November will be followed by a stabilisation period?

Ved Krishna 29:59

Those are pertinent questions. Our initial objective is to produce flexC base—an extremely translucent, low-porosity paper with sufficient strength to run on converting equipment used for polymer-based materials. Its low porosity is designed to reduce the consumption of coating chemicals. Pilot trials are being conducted in Europe on a machine selected after evaluating several facilities globally. The pilot machine closely replicates PM4, which was custom-designed to produce a differentiated product.

Ved Krishna 31:19

The European trial will produce a few reels comparable to the paper expected from PM4. This will validate the proof of concept and allow distributors and customers to undertake smaller trials before commercial production begins. PM4 trials are expected to start in November, followed by a stabilisation period of approximately one to two months. Commercial production and supply to the market are therefore expected to stabilise around January.

Raghav Agarwal 32:09

That strategy is encouraging. Since paper quality depends on the substrate—sugarcane bagasse in this case—are you shipping the same raw materials to Europe to replicate the intended input and output? Also, does the two-to-three-month window provide sufficient time for successful pilot trials? Have performance parameters, timelines and evaluation benchmarks been agreed with pilot customers, and how are you mitigating the risk of delays?

Ved Krishna 32:58

We are using the same substrates intended for our facility. Bagasse pulp has been shipped from India, together with the selected long-fibre softwood. Although softwood is available in Europe, we shipped the selected material from India to replicate the exact blend ratios intended for PM4. The relevant chemicals have also been supplied for the trials.

Ved Krishna 33:37

The trials replicate both the pulp furnish and the chemistry, including surface sizing used to close the paper surface. Although the physical trial is scheduled for September, development has been underway for more than six months. We recognise that stabilisation may take time. To mitigate this risk, PM4 can also manufacture established grades such as release paper, greaseproof paper and parchment paper, which can be introduced to the market if the new product requires additional development time.

Ved Krishna 34:57

Our development effort remains narrow and focused. If the process takes longer than anticipated, the fallback is to manufacture grades that are already sold by Pakka and other market participants.

Raghav Agarwal 35:14

Understood. I have one brief follow-up question.

Pranay Pasricha 35:15

Thank you, Raghav. Please rejoin the queue and we will return to you. We will now move to the next participant.

Raghav Agarwal 35:18

Sure!

Randhir HUF 35:31

Hello!

Pranay Pasricha 35:33

Yes, please go ahead. You are audible.

Randhir HUF 35:35

Can you hear my voice?

Pranay Pasricha 35:38

Yes, yes we can.

Randhir HUF 35:38

What volume growth may we expect at the consolidated level in FY2026–27?

Ved Krishna 36:11

As stated earlier, the commissioning of the smaller machine in the last quarter and the growth in our outsourcing business are expected to support volumes. The impact should be visible in both revenue and volume.

Randhir HUF 36:33

The chat response indicates an expected FY2026–27 EBITDA margin of 19%, whereas the first-quarter margin is around 13%. How do you expect the margin to improve to that level?

Ved Krishna 36:58

Himanshu

Himanshu Kapoor 36:59

I think first, the EBITDA margins for the first quarter is not 13 percent, it is about 14 and a half percent. And with the revised increased production coming into place, the EBITDA margin should go up. We were consistently working at an EBITDA in excess of 23, 24 percent all across 2023, 24, 25. And, as Shubham has said, with that, if CHUK, for the first time, after so many eight, nine years of operation turns profitable, definitely there is no doubt that the EBITDA margin should be about 18 or 19% on the total on the total sales which comes for FY27.

Randhir HUF 37:43

Sir, gross margin.

Pranay Pasricha 37:44

Thank you.

Himanshu Kapoor 37:48

We expect the gross-margin contribution to improve through a better variable-cost structure. Since fixed costs are not expected to increase proportionately, the higher contribution should support an improvement in margins.

Randhir HUF 38:11

Thank you, sir.

Pranay Pasricha 38:14

Thank you. Mr. Kenil jasani, you can go ahead and ask your question.

Kenil Jasani 38:24

Hello, am I audible?

Pranay Pasricha 38:26

Yes, please, go ahead.

Kenil Jasani 38:28

My first question concerns the postponed manufacturing project in the United States or Central America. When does the Company expect to revisit that project? My second question concerns the higher-cost financing arrangement. What is the Company’s plan for refinancing or reducing that cost?

Ved Krishna 39:02

I will address the first question, and Himanshu can respond on financing. Our long-term objective remains global expansion. Last year, however, we recognised that the organisation was pursuing too many capital-intensive initiatives simultaneously, including fundraising in the United States and execution of Project Jagriti in India, amid challenging global conditions. We therefore placed international manufacturing projects on hold and concentrated resources on stabilising the existing business and completing Project Jagriti. We continue to maintain relationships in Guatemala and other Latin American countries and are pursuing export opportunities from India. Once Project Jagriti is commissioned and stabilised, we intend to restart substantive discussions on overseas manufacturing. For the next approximately six months, those engagements will remain exploratory.

Himanshu Kapoor 40:58

I didn't understand what data, what 2%. I didn't understand the question properly. Can you please repeat or clarify them?

Kenil Jasani 41:05

Are you referring to debt that has been transferred to another party and for which the Company is paying an additional charge?

Himanshu Kapoor 41:13

No, we have not given debt to anybody. where, where, where is that impression coming from?

Kenil Jasani 41:16

No, so we are taking debt at an additional cost than the market is bearing. correct me if I'm wrong, because this is what I had understood.

Ved Krishna 41:30

Himanshu, I think he is referring to the Neo transaction—the higher-cost debt that we intend to refinance subsequently.

Kenil Jasani 41:31

Correct. I was referring to the debt on our books; I was unable to recall the name of the transaction.

Himanshu Kapoor 41:41

The Neo transaction was structured to address the funding shortfall created by the increase in the cost of Project Jagriti. Following the conventional funding route would have delayed completion by approximately 15–18 months because the required contribution would have depended on internal accruals. The promoter therefore supported a structured transaction, including an equity contribution and borrowing, enabling the project funding to be completed. As a result, the borrowing cost increased from approximately 11% to approximately 17%. The arrangement is intended to remain in place for approximately 18–20 months, during which the Company expects to commission and stabilise the project.

Himanshu Kapoor 42:46

The Company then expects to refinance the debt. Under the earlier bank structure, total interest outflow between 1 April 2026 and 31 March 2028 was estimated at approximately ₹150 crore–₹155 crore. Under the present transaction, despite the higher stated interest rate, the estimated aggregate outflow is approximately ₹120 crore–₹122 crore. While the arrangement has an impact on the profit and loss account, it improves the projected cash-flow position and provides the Company time to complete the project, address the cost increase and rebuild internal accruals before refinancing.

Kenil Jasani 43:47

So to sum it up, about 18 to 24 months is a time frame we're looking at. After that, that might reduce it to the original 11 to 13% from 17%.

Himanshu Kapoor 43:57

We may be able to refinance earlier, although that would have implications under the repayment structure. A reasonable timeframe for retiring the debt is approximately 16 to 18 months. The net cash outflow under the present structure remains lower than what the Company would have incurred under the earlier bank financing structure.

Kenil Jasani 43:58

Understood. Thank you for the clarification.

Pranay Pasricha 44:24

Thank you. Mr. Ravi, you can ask your question now.

Ravi 44:29

Thank you. Am I audible?

Pranay Pasricha 44:31

Yes, please.

Ravi 44:32

Congratulations on the strong results. My first question concerns the new substrate planned for PM4. What is management's assessment of the laboratory and pilot trials completed or underway, and has the final substrate been identified? What net sales realisation do you expect? In the previous discussion, the indicative realisation was approximately ₹150–₹200 per kilogram.

Ved Krishna 45:31

Thank you, Ravi. Pakka addresses three principal segments: Wrap & Carry, Food Services disposables and flexible food packaging. PM4 is intended primarily to address the flexible-packaging segment. Barrier coatings continue to present challenges, particularly in customer acceptance of their cost, so we are taking a phased approach beginning with flexC base paper. Bagasse is a short, relatively low-density fibre that creates a less porous sheet with useful translucency. Because bagasse alone does not provide very high tear strength, we intend to blend approximately 20%–25% selected softwood fibre to provide the additional strength required. PM4 has been designed to achieve the four principal properties required for coating substrates: low porosity, translucency, strength and smoothness. We remain confident in the product under development. From a financial perspective, our primary focus is not merely net sales realisation, but the contribution generated by each grade. We aim to achieve a contribution level higher than that of any grade produced previously and monitor contribution per machine hour as a key internal performance indicator.

Ravi 49:20

My second question concerns Food Services. Last August, management indicated an ambition to grow the business approximately tenfold by 2028, with a revenue objective that I understood to be approximately ₹680 crore. Current annual volume appears to be around 3,000 tonnes, implying approximately 30,000 tonnes at tenfold scale. Is most of this growth expected to come through outsourced manufacturing? If so, how will pulp requirements be met, given that incremental captive pulp capacity may be allocated to PM4?

Shubham Tibrewal 50:29

Incremental volume growth in Food Services is expected to come primarily from outsourced manufacturing partners. We may also evaluate additional capacity at our principal plant in the future. Until PM4 reaches optimum utilisation, we are confident that sufficient captive pulp will be available. There are also multiple options for procuring pulp domestically and internationally, although captive pulp remains our preferred source.

Ravi 51:21

Alright, thank you.

Pranay Pasricha 51:23

Thank you. Mr. Darshan, please proceed with your questions.

Darshan Garg 51:30

Thank you. I hope I am audible.

Pranay Pasricha 51:35

Yes, you are already.

Darshan Garg 51:38

What margins are currently generated by existing products, and what margins are expected from the new products? In that context, what gives management confidence in its FY2026–27 EBITDA-margin expectation of approximately 19%?

Ved Krishna 52:06

Darshan, we focus on three food-related markets: Wrap & Carry products such as QSR bags and wrappers; Food Services disposables; and flexible food packaging, with rigid products expected to follow over time. The Company has previously achieved EBITDA margins of approximately 23%–25%. Recent expansion and stabilisation activities affected margins, but performance is improving. Accordingly, we view a 19% EBITDA margin as achievable and intend to work toward margins above 25% over time.

Darshan Garg 53:32

What is the current utilisation of the existing plant, and how do you expect the new plant to ramp up after it becomes operational?

Ved Krishna 53:46

Could you please repeat the first part of the question?

Darshan Garg 53:49

What is the current utilisation level of the existing plant?

Ved Krishna 53:55

The existing plant is operating at more than 100% of rated capacity. For the new plant, our financial projections assume utilisation of approximately 40%–50% during the initial months, 60%–70% in the following year, and stabilisation at approximately 80%–90% by 2028.

Darshan Garg 54:21

A question submitted through the chat remains unanswered: what are the current working-capital and inventory days, and what measures are planned to improve them?

Ved Krishna 54:36

Manoj, please address this question.

Manoj Kumar Maurya 54:50

Current inventory is approximately 15 days. For new products, considering the stabilisation period, inventory may range from approximately 15 to 30 days.

Darshan Garg 55:06

What is the position regarding overall working capital?

Manoj Kumar Maurya 55:12

Our principal raw materials, including bagasse and paddy husk, are seasonal. Since procurement is concentrated during the season, the working-capital position should be assessed in that context; peak working capital varies with the procurement cycle.

Darshan Garg 55:36

Are there specific measures available to improve the working-capital position?

Pranay Pasricha 55:39

Thank you, Darshan. To allow other participants an opportunity, please rejoin the queue if you have additional questions. We will now proceed to the next participant.

Darshan Garg 55:47

I will come back.

Manan Mundra 55:56

Thank you for the opportunity. My first question concerns the changes in senior management over the past year, including the recent resignation of the CFO. Given the operational changes underway, how should investors assess leadership continuity and management stability?

Ved Krishna 56:28

That is an important question, Manasvin, and I accept responsibility for it. We have a capable and committed team, while recognising that leadership continuity is important for the organisation. At times, businesses must make difficult decisions in response to personal, professional or performance-related circumstances. Our team remains closely aligned, operates within a relatively flat structure and demonstrates a strong sense of ownership. Changes have been made in the leadership of the Wrap & Carry business and in the CFO position for different reasons. While it is not possible to guarantee that no further changes will occur, our objective is to strengthen leadership stability and organisational continuity.

Manan Mundra 58:04

Thank you, Ved. Is the Company developing internal capabilities and a succession pipeline for future leadership? My second question concerns outsourced manufacturing. How will the Company protect the product know-how and prevent competitors from replicating the delivery containers and undercutting prices?

Ved Krishna 58:37

International expansion reinforced the need to develop strong internal leadership. Last year, we selected six leaders for a structured development cohort. Over the next two years, our objective is to prepare at least six individuals to assume significant global responsibilities, supported by training and mentoring from experienced industry leaders. We have also formalised succession planning: each leader is expected to identify and develop at least two potential successors. This is particularly important because Pakka's culture and operating ethos are distinctive, and excessive reliance on lateral hiring could dilute that culture. Regarding intellectual property, delivery containers will be manufactured internally. The proprietary barrier-coating technology and related know-how will remain within our facilities.

Shubham Tibrewal 1:00:31

These are proprietary technologies. As a strategic principle, innovative products and technologies will be manufactured in our own facilities. We are therefore not outsourcing the delivery-container technology, which enables us to protect the related intellectual property and know-how.

Manan Mundra 1:00:55

I understood that moulded-product manufacturing had already been outsourced. Could you please clarify?

Shubham Tibrewal 1:01:02

The additional capacity is being built externally, but we continue to operate our own plant and machines. Product allocation can be adjusted between internal and outsourced facilities, thereby freeing internal capacity for proprietary delivery-container products.

Shubham Tibrewal 1:01:23

That's what we do.

Manan Mundra 1:01:26

I would like to share some product feedback. Approximately six to eight months ago, I received room-service delivery at Club Mahindra in a paper container carrying the CHUK branding.

Pranay Pasricha 1:01:28

Please continue.

Manan Mundra 1:01:47

The branding was not visible on the top of the container, although I found it on the bottom. During use, the container became soggy, and the product experience was unsatisfactory. I am sharing this feedback because such experiences can affect customer perception of the CHUK brand.

Shubham Tibrewal 1:02:24

Thanks for the feedback.

Pranay Pasricha 1:02:24

Thank you. Shubham, please respond.

Shubham Tibrewal 1:02:31

Thank you for the feedback. We will examine the issue.

Pranay Pasricha 1:02:35

We will investigate the matter and take the necessary steps to improve the product experience. Mr. Jagjeet, please proceed with your question.

Manan Mundra 1:02:36

Thank you very much.

Jeet Gala 1:02:47

My first question concerns delivery containers. What has changed since the previous quarter, how has product development progressed during the last three months, and how ready is the business for launch? The price premium over plastic containers was approximately 50% last quarter and remains around 40%–50%. Since the first facility is expected to be launched next quarter, could you also indicate the planned capital expenditure for that facility?

Ved Krishna 1:03:36

Shubham, would you like to respond, or should I proceed?

Shubham Tibrewal 1:03:40

Please proceed; I will add to your response if required.

Ved Krishna 1:03:42

Jeet, Shubham and I have debated the product and cost structure over several quarters because he leads the commercial business while I lead product development. Significant progress during the last quarter has now given the business confidence to proceed with the launch. A major development arose from extensive trials with a large food-service customer. Their chefs reported that food quality and the overall food profile were materially better in our container than in the plastic container used previously. This performance benefit has made the customer willing to absorb the current 40%–50% price premium. We have not yet achieved a major cost breakthrough, and we recognise the associated launch risk. The initial product uses cold sealing, which is convenient for users because it does not require specialised equipment. For larger, more price-sensitive customers, we are also developing a heat-sealed version that may reduce product cost, although it would require the customer to use heat-sealing equipment. We did not proceed to launch until extensive customer trials had been completed and the Food Services team was satisfied with the results. The initial facility is expected to require an investment of less than ₹2 crore. The principal investment relates to automated coating and gluing equipment, while existing equipment will be used for moulding.

Shubham Tibrewal 1:06:41

Our priority is to uphold Pakka's commitment to product excellence. We do not want to introduce a product before it is fully validated. The market is price-sensitive: customers recognise the value but also expect a competitive price. We are therefore working to achieve the appropriate balance between performance and cost.

Jeet Gala 1:07:13

My second question concerns net sales realisation in the paper segment. The presentation has not disclosed paper volumes for the past several quarters, and the current quarter appears to include approximately ₹6 crore–₹8 crore of trading activity, based on the chat response. Could you separately disclose manufactured-paper volumes and trading sales so investors can calculate NSR? How has NSR in the paper segment developed over recent quarters, and what is management's outlook for the next two quarters?

Pranay Pasricha 1:08:11

You're on mute.

Mayank Jindal 1:08:13

Apologies. Could you please repeat the question?

Jeet Gala 1:08:19

The paper segment recorded approximately ₹117 crore of sales. I understand that this includes approximately ₹6 crore–₹8 crore of trading activity. Could you provide the tonnage sold or produced during the quarter?

Jeet Gala 1:08:38

Dividing sales by tonnage would allow investors to estimate NSR—for example, ₹80 or ₹85 per kilogram. How has this measure evolved over recent quarters, and what is your outlook for the next two quarters?

Mayank Jindal 1:08:51

The trading and outsourced-manufacturing business continues to grow, and additional partners were added during the quarter. We intend to increase outsourced capacity from approximately 300 tonnes per month currently to approximately 800–900 tonnes per month over the coming quarters. I hope this addresses your question.

Ved Krishna 1:09:38

Mayank, the question is different. In the interest of time, I will respond. Jeet, this is a useful suggestion. Sachin, please include volume data in future presentations so that investors can more easily calculate NSR.

Jeet Gala 1:09:38

And so, what is the N.S.R.?

Ved Krishna 1:09:57

Jeet, NSR has remained under pressure, primarily because of geopolitical disruption. Export containers, which generally carry a higher NSR, were delayed. Conditions are gradually stabilising, and we are expanding into other countries and applications. Development of specialised applications has also progressed more slowly than expected, resulting in a higher mix of relatively commoditised grades. We need to improve both areas. We will consider reinstating volume disclosures in the presentation so that investors can assess average NSR. Given the broad product range, we continue to focus primarily on contribution and contribution per machine hour, although NSR remains a useful indicator of the direction of the product mix.

Jeet Gala 1:11:28

Thank you so much. Thanks.

Pranay Pasricha 1:11:29

Thank you. Mr. Adwait, you can ask your question.

Adwait Joshi 1:11:37

How does the expected cost of the compostable flexible-packaging material under development compare with conventional flexible packaging currently available in the market?

Ved Krishna 1:11:55

There is no single absolute cost because sachets and other flexible-packaging applications differ in thickness, barrier requirements and performance specifications. We therefore benchmark costs on a square-metre basis. In the targeted applications, petroleum-based substrates generally cost approximately ₹16–₹18 per square metre, whereas our current target is approximately ₹24 per square metre. This cost gap is why we are initially launching flexC base rather than a fully barrier-coated substrate while continuing to develop the coating chemistry. The principal cost challenge is not the base paper but the high price of bio-based barrier chemicals. We are exploring strategic alliances and local manufacturing in India, including the possibility of partners establishing production within our facility. Our objective is to reduce the cost toward approximately ₹18 per square metre, at which point the customer discussion can shift from price to product performance and value.

Adwait Joshi 1:14:08

As production scales from next year, do you expect margins to be affected during the initial phase?

Ved Krishna 1:14:21

Margins must be protected for both flexC base and coated flexC products. Coating also requires additional capital investment in a coater, so the economics must support that investment. We will therefore target a portfolio of applications that enables the business to maintain appropriate margins.

Adwait Joshi 1:15:11

Does this mean the product portfolio will progressively move from base grades toward increasingly specialised categories?

Ved Krishna 1:15:18

We consider all the targeted products specialised, although the degree of specialisation will increase over time.

Adwait Joshi 1:15:23

Thank you.

Pranay Pasricha 1:15:26

Thank you. Darshil, please proceed with your question.

Darshil 1:15:34

Thank you for allowing me to rejoin the discussion. The chat response indicated FY2026–27 revenue guidance of approximately ₹500 crore. Could you confirm that guidance and also clarify the expected effective tax rate?

Pranay Pasricha 1:15:35

Yes.

Darshil 1:15:53

The reported tax rate has varied between approximately 22% and 30%. Could you reconfirm the FY2026–27 revenue guidance and the expected tax rate?

Ved Krishna 1:16:08

Himanshu.

Darshil 1:16:09

Thank you.

Himanshu Kapoor 1:16:13

We achieved revenue of approximately ₹120 crore in the first quarter. Based on the response provided in the chat, ₹500 crore appears to be a reasonable revenue guidance, considering the growth in CHUK and PM4 coming into operation. As regards the tax rate, the Company is under the 22% tax regime. After applying the 12% surcharge and 4% health and education cess, the effective rate is approximately 25.69%, subject to applicable adjustments, allowances and disallowances. Accordingly, the effective tax rate is expected to be approximately 26%.

Himanshu Kapoor 1:16:57

The effective tax rate may vary between approximately 26% and 28% depending on tax adjustments, allowances, disallowances and the timing of certain interest payments. The Company is under the 22% base tax regime, with the applicable surcharge and cess taking the effective rate higher.

Himanshu Kapoor 1:17:20

Health and education cess applies on top of the tax and surcharge.

Darshil 1:17:23

Do Pakka's environmentally friendly and non-plastic products qualify for any incentives or other support that could strengthen their position in export markets? Also, when the Company refinances its debt, could lower-cost climate or sustainability-linked financing be available internationally?

Himanshu Kapoor 1:17:58

You are right. While we were working on the US project, there were discussions regarding lower-cost debt from climate funds. However, obtaining such financing may take approximately one year.

Himanshu Kapoor 1:18:18

Lower-cost financing, including climate-fund options, can be considered when the present structure is refinanced. For the next approximately 14–16 months, however, our principal focus must remain on operational performance.

Darshil 1:18:21

I was referring specifically to the refinancing stage. Could such financing materially reduce the Company's cost of debt?

Himanshu Kapoor 1:18:42

International climate financing also involves foreign-exchange and hedging costs. After taking those costs into account, the effective rate may be comparable. Nevertheless, the point is well taken, and the finance team will evaluate these alternatives as part of the refinancing exercise.

Darshil 1:18:48

That's really helpful. So, that's it from my side. Thank you so much.

Pranay Pasricha 1:19:03

Thank you. Mr. Raghav, please proceed with your question.

Raghav Agarwal 1:19:10

I would like to understand the Food Services manufacturing model. What is currently manufactured in-house, what is outsourced, and how will that mix change as volumes scale approximately tenfold? Given the planned geographical diversification of manufacturing to reduce freight and overhead costs, could you outline current monthly volume, the split between internal and outsourced production, and the long-term scaling plan?

Shubham Tibrewal 1:19:55

Product allocation between in-house and outsourced facilities is determined by mould availability, demand and geography. Our principal facility is in northern India, so it primarily serves northern and eastern markets. Proprietary technologies will continue to be manufactured internally. Current total production is approximately 350 tonnes per month.

Shubham Tibrewal 1:20:33

Of this volume, approximately 180–200 tonnes per month are produced internally, with the balance supplied by outsourced sites. We expect to add approximately 400 tonnes of outsourced capacity over the next two quarters.

Shubham Tibrewal 1:20:48

The additional capacity will be distributed across northern, western, southern and central India, helping to optimise freight costs. Product allocation will be driven by the location of demand: western and export requirements will generally be served from the west, southern demand from the south, and other markets from the nearest appropriate facility.

Raghav Agarwal 1:21:22

As volumes scale approximately tenfold, what proportion of manufacturing is expected to remain in-house and what proportion will be outsourced?

Shubham Tibrewal 1:21:31

The majority of it will be outsourced. I would say as we grow, probably 20% in the long run will be in-house and the remaining 80% will be outsourced.

Raghav Agarwal 1:21:32

How will intellectual property be protected if most manufacturing is outsourced?

Shubham Tibrewal 1:21:47

The principal intellectual property relates to specific proprietary technologies, including delivery containers, which will continue to be manufactured internally. For the remainder of the portfolio, we use customised moulds and designs, and outsourced manufacturers operate under exclusive contractual arrangements.

Shubham Tibrewal 1:22:07

We generally contract the entire outsourced facility rather than a small portion of its capacity. These arrangements are structured as renewable three-year contracts.

Shubham Tibrewal 1:22:22

That contractual structure, together with internal manufacture of proprietary products, helps protect the business.

Raghav Agarwal 1:22:25

Should investors understand that intellectual property will be protected both through contractual safeguards and by retaining proprietary production in-house, while outsourced volumes will predominantly comprise less IP-intensive products?

Shubham Tibrewal 1:22:45

Yes. Both elements form part of the model.

Raghav Agarwal 1:22:52

My second question is a follow-up on flexC base pilot trials. What types of customers are participating, what evaluation parameters are being applied, and what volume will be produced during the trials?

Ved Krishna 1:23:17

The initial pilots focus on segments that already use comparable base paper. The flexC base can be coated with silicone, barrier coatings or polymer-based structures, depending on the application.

Ved Krishna 1:23:35

Because the paper has low porosity, it is expected to require less coating material. Initial applications include release liners, labelling and heat-sealable bags. For example, a translucent sugar sachet could allow the consumer to see the product inside, unlike conventional white or brown paper sachets.

Ved Krishna 1:24:20

The converter will decide which barrier material to apply, including whether to use polyethylene.

Ved Krishna 1:24:41

The base structure will remain compostable. It is designed to reduce the amount of barrier material required while delivering a differentiated consumer experience.

Ved Krishna 1:25:00

The product will initially be sold through distributors as a market grade for coating applications and will progressively evolve toward broader flexible-packaging applications.

Raghav Agarwal 1:25:17

What is the production scale of the pilot trials?

Pranay Pasricha 1:25:18

Thank you.

Ved Krishna 1:25:23

The plant is designed for approximately 30,000–40,000 tonnes of annual production, depending on the product grade.

Raghav Agarwal 1:25:31

I am referring specifically to the scale of the pilot trials scheduled for August and September.

Ved Krishna 1:25:34

Manoj, approximately how much material have we sent—around four tonnes?

Mayank Jindal 1:25:41

Yes, approximately four tonnes.

Ved Krishna 1:25:43

We have supplied approximately four tonnes of pulp. After process losses, we expect to produce approximately two tonnes of trial material for distribution to multiple converters.

Raghav Agarwal 1:25:45

Understood. Thank you.

Pranay Pasricha 1:25:57

Thank you, Mr. Raghav. We will take the final question from Ms. Neelu Singh. Please proceed.

Neelu Singh 1:26:06

Were any one-off bank charges recognised during the quarter in connection with repayment of the bank facilities?

Himanshu Kapoor 1:26:18

Yes. Under Ind AS, prepayment penalties and processing fees relating to a loan are generally amortised over its tenure. Since the bank facilities were repaid, the remaining unamortised amounts were written off. The related finance charges included amounts of approximately ₹1.53 crore and ₹1.8 crore, which were recognised in the profit and loss account in accordance with the applicable accounting standards.

Neelu Singh 1:26:52

The chat response indicated estimated FY2026–27 interest outflow of approximately ₹55 crore and depreciation of approximately ₹28 crore, aggregating to ₹83 crore. Approximately ₹9 crore has been recognised in Q1. Does that imply a balance of approximately ₹74 crore for the remaining nine months?

Himanshu Kapoor 1:27:24

That comparison is not like-for-like. The chat response referred to interest outflow for the year. Interest attributable to PM4 will generally be capitalised until the asset is commissioned and therefore will not immediately be charged to the profit and loss account.

Himanshu Kapoor 1:28:07

The aggregate charge to the profit and loss account is expected to be approximately ₹30 crore to ₹34 crore.

Neelu Singh 1:28:12

Understood. In FY2027–28, will the relevant interest and depreciation charges then be recognised in the profit and loss account?

Himanshu Kapoor 1:28:19

Yes.

Neelu Singh 1:28:21

If FY2027–28 includes approximately ₹70 crore of interest and ₹50 crore of depreciation, the aggregate would be ₹120 crore. At a 20% EBITDA margin, would the Company require revenue of at least ₹600 crore merely to break even?

Himanshu Kapoor 1:28:26

A 20% EBITDA margin may appear optimistic, but the Company achieved margins around that level in FY2020–21, FY2021–22, FY2022–23 and FY2023–24, including the period affected by COVID-19. We therefore believe that level of performance can be repeated. Based on the current quarterly run rate of approximately ₹120 crore, the FY2026–27 revenue objective of approximately ₹500 crore is considered reasonable. In FY2027–28, after PM4 is completed, utilisation of approximately 60%–70% could generate additional revenue of around ₹175 crore–₹200 crore. If the existing business reaches approximately ₹450 crore, consolidated revenue could be at least approximately ₹700 crore in FY2027–28. At that revenue level and a 20% EBITDA margin, the business should be above break-even.

Neelu Singh 1:29:46

What percentage of Q1 revenue was generated from exports?

Ved Krishna 1:29:54

Approximately 27%.

Neelu Singh 1:29:57

Thank you. That concludes my questions. Best wishes.

Pranay Pasricha 1:30:03

Thank you. We have reached the end of the scheduled time. Ved, would you like to make any closing remarks?

Ved Krishna 1:30:04

Thank you once again for your confidence in us. The team remains committed to developing regenerative solutions that leave the planet cleaner. We will continue to focus on volume growth, stronger profitability and long-term shareholder value. Thank you for your trust. We will continue working to deliver on our commitments.

Pranay Pasricha 1:30:41

Thank you, everyone.

Sachin Kumar Srivastava 1:30:43

Thank you, everyone. If you have any further questions, please send them to the Secretarial Team by email.

Mayank Jindal 1:30:44

Thank you.