



April 29, 2025

Department of Corporate Services
BSE Limited
Phiroze Jeejeeboy Towers
Mumbai – 400001
Scrip Code - 509820

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

Sub: **Transcript of Earnings call for the 1st quarter ended March 31, 2025.**

Dear Sir/Madam,

This is further to our letter dated April 21, 2025, 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 1st quarter ended March 31, 2025.

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 same is also available on Company's website at www.flexibles.huhtamaki.in

Kindly take the same on your records.

Thanking you,

For **Huhtamaki India Limited**

Abhijaat Sinha
Company Secretary & Legal Counsel

Encl.: As above

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“Huhtamaki India Limited
Q1 CY '25 Earnings Conference Call”
April 25, 2025



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

MODERATOR: MR. MOHIT MISHRA – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day, and welcome to the Huhtamaki India Limited Q1 CY '25 Earnings Conference Call 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 touch-tone phone. Please note that this conference is being recorded

I now hand the conference over to Mr. Mohit Mishra from ICICI Securities. Thank you, and over to you, sir.

Mohit Mishra: Good afternoon, everyone. Thank you for joining on Huhtamaki India Limited Q1 CY '25 Results Conference Call. We have Huhtamaki India management on the call represented by Mr. Dhananjay Salunkhe, Managing Director; and Mr. Jagdish Agarwal, Executive Director and CFO.

I would like to invite Mr. Dhananjay to initiate with opening remarks, post which we will have a Q&A session. Thank you, and over to you, sir.

Dhananjay Salunkhe: Thank you. So greetings to everyone, and thank you for attending this call. As customary, let me start with our safe harbor statement that the discussions we'll have during this call do not represent any forward-looking statements, and this should not have any bearing on our future financial performance, including what we are going to discuss about our strategies and operational plans.

So coming to the quarter 1 results. So as we have witnessed very challenging and volatile market environment, along with the muted consumer sentiments and urban demand yet to pick up in India. What we have seen is that our quarter 1 volumes are lower than quarter 1 -- sequential quarter as well as year-on-year. However, the margins have been improved considerably on quarter-on-quarter, riding on the better sales mix, which is basically the discussions what we had in previous calls.

And due to this better sales mix. In fact, that also has helped us to keep our net sales overall flat as compared to previous year and slightly lower than quarter-on-quarter. The productivity and efficiency push has helped to deliver higher EBITDA quarter-on-quarter as well as year-on-year. And overall, there is an improvement in profit before taxes and overall earnings per share has been on an improving trend.

As I talked about efficiency measures, these efficiency measures are really going to help us in terms of managing the overall challenging situations what overall economy is going through. To take us through in a detailed financial review, I would request our CFO and Executive Director, Mr. Jagdish Agarwal, to take it over. Over to you, Jagdish, and thank you.

Jagdish Agarwal: Thank you, Dhananjay. Good afternoon, everyone. With deep appreciation for your trust and support, I'm delighted to welcome you to this quarterly investors call. I'll take you through the financial performance of the company for the quarter ended March 2025. As regards to the key financial indicators, the volumes are slightly lower on quarter-on-quarter as well as on Y-o-Y basis. However, the revenues are almost flat versus both the comparable period. The top line for

the quarter stands at INR593 crores, which is almost flat when we look at March '24 quarter. However, slightly lower than December quarter by close to 1%.

EBITDA for the quarter stands at INR49.7 crores, relatively flat at INR49.4 crores of March 2024 quarter. However, this represents an increase -- significant increase of 55% comparing to December 2024 quarter. December 2024, we had roughly INR32 crores of EBITDA. EBIT for the quarter approx. INR37 crores and again, more or less very close to what we have in March '24 quarter, that was INR39.8 crores, a slightly decrease compared to March '24.

However, comparing with the December 2024 quarter, again, it's a significant increase. December '24, we had around INR18.2 crores and in this quarter, we had INR37.1 crores despite lower volumes and flat top line.

When we look at the finance cost for first quarter, again, relatively flat comparing December '24. The reason is that the underlying level of debt remains the same in both the quarters. And surplus cash, whatever surplus cash we have, we are investing it into secured place, either bank deposits or mutual funds. And on an average, we are earning more than 7% in that.

PBT for the quarter before exceptional items stands at INR34 crores, which is relatively flat compared to again Q1 2024 of INR35 crores. However, as against Q4 of 2024, this follows the same trajectory as EBIT with significant incremental gains. The PBT for December '24 quarter was INR15 crores. Net profit for the quarter stands at INR26.1 crores, this again follows the same trend as other profitability indicators. In March '24, we had INR26 crores and in December '24, we have INR11.7 crores.

Earnings per share for the quarter after exceptional items stands at INR3.47 per share. Despite some strain on volumes compared to Q1 '24 and Q4 of '24, we have successfully maintained both top line performance and margins, which is a promising sign of resilience. This achievement has been driven by a strategic shift toward a more profitable portfolio mix. However, gaining profitable volume remains a priority as it will provide a substantial boost to the bottom line and top line. With unwavering confidence in the company's vision and dedicated team, I believe we can overcome current market challenges.

We have seen that consumption pattern is very, very subdued in the market. And we have seen some of the quarterly results in the last 2 or 3 days were not so encouraging. Definitely testing times also serve as an opportunity to adapt, to learn and to emerge stronger. By capitalizing on past insights, refining our approach and distinct focus on sustainable growth, we'll navigate this phase successfully and position ourselves for long-term success.

Moving on to debt and liquidity position. Liquidity position is in good shape with the only borrowing on the books being the ECB of INR100 crores from this good company. Debt-equity ratio is very healthy at 0.1, in line with what we have in December '24 quarter and debt-to-EBITDA ratio at March at 2.1 compared to 3.2 end of December quarter. Overall liquidity remains strong, and we do have sizable credit lines unutilized. So liquidity is not a challenge.

Working capital relatively flat when we compare with Q1 2024 at an overall level, though even lagging behind when we compare with the December '24 quarter. We are continuously

evaluating and implementing measures to ensure the long-term sustainability of our business. Our focus remains on driving programs that support profitable growth initiatives like enhancing operational efficiencies.

At the same time, we are committed to making our workplace safer and better for all employees as well as associates and partners present on our sites. I'm pleased to say that we have achieved a significant improvement in our safety metrics this quarter. This progress reflects our dedication to fostering a secure work environment and reinforces our commitment to prioritizing employee well-being alongside business growth.

Once again, we reaffirm our commitment to drive sustainable growth, navigating challenges responsibly and seizing opportunities that position Huhtamaki for long-term success. A value partnership we share with our stakeholders, including our employees, our staff at our factories, shareholders, customers and business associates is fundamental to our journey, and we truly cherish this relationship. We sincerely appreciate your continued support and investment in our company. Thank you for your participation and trust in our vision.

Okay. That's all. We can go for Q&A, Mohit, now.

Moderator: Thank you, sir. We will now begin with the question and answer session. The first question comes from the line of Deepan Narayanan from TrustLine Holdings Private Limited. Please go ahead.

Deepan Narayanan: Thanks a lot for the opportunity. Good evening, everyone. So firstly, what are the key reasons for this 450 bps kind of increase in gross margin? And do you feel this kind of margins are sustainable over short to medium term?

Jagdish Agarwal: Okay. I can answer that question, Mr. Narayanan. So one is that we have talked about that we are focusing on the right portfolio mix. And if you look at in March 2025 quarter, we had the portfolio mix when we talk about portfolio mix, it can cover customers, it can talk about product. So overall, it was on the right direction. That was the one.

Second, we keep talking about efficiency measures. We are working to improve into all aspects of our cost side and all. So it is a combination of many things, portfolio, the improvement into operational efficiencies, the cost and all. So it's a cumulative impact.

Deepan Narayanan: Okay. And what is the kind of contribution from blueloop products during this quarter? And when do we expect these premium products contributing more towards margins -- EBITDA margins for our company?

Jagdish Agarwal: So you talk about the blueloop per se. I mean any product which is - comes into sustainable category, we call that more of a blueloop. And if you look at -- we normally range between 27% to 30%, 31%, 32% kind of a range. When we talk about very specifically where we had investments into Silvassa, I think we are also making progress on that. But at this point, we talk about the whole baskets of all sustainable products putting together.

Deepan Narayanan: Okay. And lastly, when do we expect to benefit from...

- Moderator:** Sorry to interrupt, Deepan, those were your two questions. I would request you to fall back in the queue for any further questions. The next question comes from the line of Rohan from Golden Money Investments. Please go ahead.
- Rohan:** Sir, the question from my side is what I'm seeing is there is, I think, much more demand in non-food items, non-FMCG items. So do you think about expanding heavily in non-FMCG items like stationery products and electrical equipment?
- Dhananjay Salunkhe:** So maybe I can take this -- so see, if you see overall our product structure, so we are into essentially foods, beverage and home healthcare and industrial product services. The products which you mentioned that stationery or the other products, which are basically not really our core focus. So -- but yes, in the industrial area, we keep on examining and exploring the better opportunities to service our customers. So -- but at this moment, we would be really focusing on the 5 core areas, foods, beverage, home, healthcare and industrial product sectors.
- Rohan:** And sir, second one, I think in the 2025 -- 2024 annual report, I have seen some loyalty payments to us from the parent company. So sir, I want to ask how it will keep Huhtamaki India away from the competition.
- Jagdish Agarwal:** Sir, what is your question, what -- you are talking about which payment?
- Rohan:** Actually, in the expense section in 2024 annual report, there was an expense related to software expense and loyalty from the parent company, Huhtamaki Oyj. So sir, my question is how it will create value and keep away from the competition the rest of the market is getting?
- Jagdish Agarwal:** Okay. So one thing I can say, Rohan, is that whatever the spend we do in our company, it goes through a different kind of evolution process. And there are a lot of initiatives which are going on when we talk about digitalization or we talk about cybersecurity or we talk about software automation and all. So all these are evaluated at different levels and every transition is what we do at arm's length.
- So when we talk about -- first, there is no royalty because we are not making a royalty payment, royalty payment is not there in that, yes. But when we talk about IT, it helps us to get best deals and all these spend are evaluated and they are genuine.
- Moderator:** Does that answer your question, Rohan?
- Rohan:** Yes, yes. Thank you.
- Moderator:** Thank you. The next question comes from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Thank you for giving me this opportunity. Sir, definitely our current results are encouraging with the improvement in margins and I congratulate teams for the same. Sir if you could give us some further understanding on the cost efficiency steps which we are taking. I think the employee cost has been more than 10% of the sales on a consistent basis even higher than that. So I think some

rationalization earlier we have done in terms of lowering the cost. If you could give us some color where are we in terms of the efficiency part?

And secondly, sir, in the packaging segment, if you could give us some more understanding of the peer comparison comparables, whether we are comparable with the likes of this BOPP and Bopet manufacturer or how differentiation are there between Huhtamaki and them, if you could just throw some light on that, sir?

Dhananjay Salunkhe:

Yes. So maybe, Jagdish, I will take this. So you talk about -- we are talking about the efficiency improvement. And we are examining each and every aspect of our operations, I mean, end-to-end operations, not only employee. So overall, there is projects which are going through our -- we call it world-class operations umbrella. We focus on the overall productivity across the organization.

Second, of course, the cost control, whatever we do in terms of -- we buy our product and services from our suppliers. And of course, third, internally, the operating expenses. So the efficiency improvement programs are covering all the 3 areas of our -- all 3 focus areas, I would say.

And the -- so there were 2 questions. So can you maybe repeat? I lost one last one.

Saket Kapoor:

Sir, the second part of -- firstly if I hear, even for the first question, I have just a supplement to it employee cost as a percentage of sales, how should we take this line item? And what happens in terms of automation or AI technology or the technological benefit wherein this can be margin accretive if the percentage as a cost to sales is reduced. So what steps are we taking in particular this line item?

And second question was, I was looking at the peer comparison part and also I'd like to understand whether are we -- how are these BOPP films manufacturer and Bopet manufacturers aligned to us in terms of competition or if you could just give some color? Are they the real comparables for us?

Dhananjay Salunkhe:

Okay. So I think I got it now. So basically, definitely, there is an eye on how do we improve the productivity so that the percentage of employee cost per sales shall remain better. So that's definitely an objective. And you rightly mentioned that the focus is definitely going to be on the digitalization, improving our IT infrastructures and how overall we do business.

And that's why if you see Huhtamaki Oyj is investing significantly on this -- embarked on this transformation. And that is why as an overall, you would see that there is a slight increase in those expenses, but they are -- basically are going to help India -- Huhtamaki India going forward to really improve this cost what we have discussed in the past in the first question.

And coming to the competitive or the names you mentioned, they are basically only specifically film manufacturers, whereas Huhtamaki not only manufactures our own film in certain areas, complex and where the quality requirements are significantly higher. But we are actually a complex organization. We are into the next activities of printing. So it's not an apple-to-apple comparison per se.

- Saket Kapoor:** If I may add, sir, in that case, the margins -- are our margins comparable to the BOPP film segment? Sir, basically for this packaging, we are using both Bopet and BOPP films? Or if you could just dwell a bit and our margins comparable to these players or not? They should be then higher since you are mentioning that we are into a complex part of the supply chain.
- Dhananjay Salunkhe:** Absolutely. So we use Bopet, we use BOPP. And in fact, we also use significant part of our product portfolio also includes TE also. And then, of course, additionally, we use aluminum foil. So that's where we end up having a complex product. So as compared to the only pure-play film manufacturers, definitely, our margins will be slightly better.
- Saket Kapoor:** Sir, I will join the queue for my two more questions and I hope moderator will provide me an opportunity.
- Moderator:** Thank you. The next question comes from the line of Prithvi Ghag from Oaktree Capital. Please go ahead.
- Prithvi Ghag:** Sir, this is in relation to the portfolio mix. So is there any way you could give us some guidance on what's the mix between premium versus non-premium? And are there any disclosures which you plan to do for this going forward? And what is the gross margin difference between the two segments? If you can highlight anything on these points.
- Jagdish Agarwal:** Okay. I can take this question, Dhananjay. Prithvi, when we talk about a portfolio mix, it's not what we are talking about a premium versus non-premium. So portfolio mix is like you have a multiple product categories. You have multiple customers and all. So I mean, just making sure that what kind of mix you are curing into that and is it good for a company and all. So here, we are not differentiating between premium, non-premium, but we are looking at the right product mix and right customer partnership.
- Prithvi Ghag:** Got it. So it basically just helps you -- like just on a sequential basis, you would try to get the right portfolio mix, which gives a better margin or basically sustainability -- a better margin sustainably?
- Jagdish Agarwal:** Yes. That's the aim.
- Prithvi Ghag:** Thank you. That was my only question.
- Moderator:** Thank you. The next question comes from the line of Sukhbir Singh from SMIFS Institutional Equities. Please go ahead.
- Sukhbir Singh:** Thank you for the opportunity. My first question is on the export side, can you please give some light towards how the export market is -- export sales is evolving and like we export to more than 70 countries. So can you please provide some guidance regarding it?
- Jagdish Agarwal:** Okay. So, Sukhbir, when we look at the general split between our domestic sales and export sales, typically, we are into the range of 70-30 or kind of one-third, two-third kind of ratio we have. And we don't see any risk or we don't see any challenge, and we feel that we'll continue to

maintain our ratios into that range, 70-30 or one-third, two-third kind of that. Anything specific you had to ask?

Sukhbir Singh: No, sir. Specific just a general thing. And sir, my second question is relating to the capacity utilization, sir, what would be the capacity utilization overall for Q1?

Jagdish Agarwal: I think we do have capacity, Sukhbir, and there is room that we can do more, and we are continuously working on that. But it's very difficult to comment exactly on what percentage because it depends on product mix as well, what kind of products we are going to have, which products are going to work on which of the machines and all. So there are a lot many factors. But only if I have to summarize my answer is that we do have the capacity, we can do a little bit more from the same capacity.

Sukhbir Singh: Okay, sir. Sir, my question is relating to as we have only equity borrowings...

Moderator: Sorry, to interrupt, Sukhbir, you are done with your questions. I would request you to fall back into the queue. The next question comes from the line of Vipulkumar Shah from Sumangal Investments.

Vipulkumar Shah: So my question is regarding margins. So 4, 5 years back, we had much higher margin. And since last 4, 5 years, our turnover has also stagnated. We have introduced new technology products like this blue ray line. Still, we are not seeing any benefits of this. So are we losing any market share? So what is your comment, sir?

Jagdish Agarwal: Okay. So Vipul, I can take that question. When you talk about 5 years back or 7 years back, a lot has changed in the last 5 years, 7 years, 8 years. When you look at the competitive landscape, there's a big change in that. When we talk about companies, there are a lot of capacity in the market and all.

So it's very difficult we can compare what was the situation 5 years back or 7 years back. But when we look at our situation probably the last 1 or 2 years, we are trying to do things which will help us to be sustainable in long term. We are doing things which is going to help us to remain more relevant, more reliable and more of a sustainable packaging solution partner with our customers.

So that's what we are looking into that. And margins are many times is the outcome of many things happening to the market competitiveness and all. But yes, whatever efficiency measures which we talked in the previous questions and all, we will continuously focus and we are driving to ensure that we remain competitive in the market.

When we look at the overall consumption growth, at least last few quarters, we were not so great. You have seen that rural is doing significantly better than the urban demand and all, but overall consumption scenario is not great. We have seen some results came in last 2 or 3 days, we are talking about the volume growth of 1% or 2% are not so great. So we believe that the situation probably should improve, the urban demand should come back, and it might take some time, but I think the expectation is that consumption should come back.

- Vipulkumar Shah:** So sir, with the introduction of this innovative technology products, so can we expect the margin to inch up another 100, 200 basis points in near future or it is a little farfetched?
- Jagdish Agarwal:** I think still it's too early to talk about that kind of a number. Sometimes it depends on what percentage of the sales and all. So our aim is not that we are just trying to maximize our profit with that. Our aim is that how we do partner with our customers to be a sustainable solution provider. And we are working.
- Our aim is that how we can push more and more sustainable product for our consumers, and that is good for the overall sustainability point of view. But just putting a number whether it is going to improve my margin by 100 basis points and all, it is too early to comment on that.
- Vipulkumar Shah:** Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Rohan from Golden Money Investments. Please go ahead.
- Rohan:** Sir, as you know, our company's target till 2030 is to be 100% sales from the blueloop, okay? And sir, government is also taking very tough initiative for plastic recycling and reusing. So sir, do you think that odds are in our favor and we are going to be basically winning this long race?
- Jagdish Agarwal:** I think -- sorry, you want to take that question?
- Dhananjay Salunkhe:** Maybe, yes, I can take. Jagdish. No problem. Yes, I think your observation is really correct that our -- the blueloop is actually the project which is focusing on sustainable products in all 4 areas. And apparently government, not only in India, but elsewhere also across the globe are taking measures to make the products recyclable and specifically packaging. And that definitely shall give us a great, I would say, benefit going forward.
- At the same time, some previous questions also were around blueloop, where we are really having great products. We are first to the market. And the overall ecosystem is still evolving, and that is the reason where we are having seen some slower adaptation by our ecosystem to this product. But once that gets going, I think we will be really in a good shape.
- Rohan:** Yes, sir. And I want the last question that with 100% blueloop product sale, we will be adopting with higher margins or the margins will be the same as today? Basically, we will be together with the margins like 10%, 11%.
- Dhananjay Salunkhe:** Sorry, what was the question in terms of margins?
- Rohan:** Yes, yes.
- Dhananjay Salunkhe:** No. I mean it's -- as Jagdish has already explained in the previous question that it's too early to talk about what would be the differential.
- Rohan:** But sir, we are the first mover and we have invested a lot in this business. So do you think that we have a high priority of chance to be the best in the business?

Dhananjay Salunkhe: Yes, that's right.

Rohan: Thank you, sir.

Moderator: Thank you. The next question comes from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: When we look at the commentary from the film manufacturers, especially the Bopet part, they have been experiencing the margin expansion post last June quarter. And they have been emphasizing on the confidence of the demand supply narrowing from excess to a balance state. Whereas when we are hearing your commentary or your comments, correct me there, you are not sounding confident in terms of the margins being maintained.

So if you could just dwell through the factors or the reasons why are we not confident to stay the course in terms of these margins on a sustainable basis? And second point, Dhananjay sir, you are almost 2.5 years to this organization. And I hope that some targets you must have set over a period of time in terms of efficiencies or the profitability metrics.

So where are you in terms of -- if you could just elaborate? Because sir, when we investors look at our investment in the listed space of Huhtamaki India, the performance has been very languish in terms of if we look at the stock price performance, the reasons are explained, but what is there store for your investors, sir?

Because we investors are reposing the faith and investing in the listed space in the equity space and having this conversation is the medium through which we can express our thoughts and get your views. So if you could just dwell on these 2 facts that why is market not giving the right valuations and why are our investments not profitable in terms of where is the lacking or the disconnect that is not translating into a sustainable set of profitable numbers for the organization? What levers are still left to be changed that would lead us to a profitable growth path on a sustainable basis? That was my question.

Dhananjay Salunkhe: Yes. Thank you. Your questions were very large. So I will try to pick up a couple of from them and maybe you can -- we can see if I can draw something out. So one, of course, you dwelled upon this Bopet margins or suppliers or film manufacturers. And I think if you see the business model itself is completely different, right? So we have been -- as I said, we are a complex organization servicing multiple product ranges and so on. Whereas Bopet is specifically only on a specific focus area. So I think comparison is clearly not fair. So that's what my comment would be on that.

Coming to my 2.5 years or close to 3 years with Huhtamaki and how we want to set ourselves forward. So as we have seen these last 3 years, I think we are able to provide stability to the organization in terms of leadership, in terms of strategic direction. We are showing the execution excellence for last 2 to 3 years in spite of having really challenging and volatile market conditions. And we want to continue on the path where we have taken the steps forward.

So be it how -- where to play and how do we play in specifically accretive spaces, how do we get our global company or global reach, which helps Huhtamaki India and advantages in terms

of export market and then continue to seek help in terms of larger transformation, what we are talking about in digital and IT.

So these 3 areas definitely are going to help us continue the path. And there are certain areas where will help us to differentiate further. So -- and I think blueloop is one of the very important lever we are using. So all in all, if you see last 4 years, yes, 4 to 5 years, various external internal challenges, the sales has remained flat and there is a slight margin erosion.

And that is essentially emanated out of the change in the competitive landscape and the differentiation has now -- and that's where our effort is that how do we keep Huhtamaki's differentiation, which was there earlier and take that back to the previous level. So that's exactly what we are working on in last couple of years. And it's a long journey, and we are confident that we will be succeeding in that.

Saket Kapoor: Right. And for the value creation for your minority shareholders, the wait is long and neither the market -- there are definitely a disconnect that the investors are not getting the right value or market is not recognizing. That is because of the unpredictable nature of the earnings, which you yourself articulated during the call. So this is the only reason why investing or -- has not been profitable for your minority shareholders?

Dhananjay Salunkhe: So that's a collective effort we are trying to get back and give a consistency. That's what I think I covered.

Saket Kapoor: Okay. And lastly, sir, if you could give us some understanding how the markets are currently shaping up in terms of the competition intensity which you spoke. I think so you have mentioned earlier in the annual report also during other calls that the main customer for us being the MNC, I think Unilever has been putting cost controls on all the imports for them. So how is the landscape currently in terms of our servicing the MNC players and the margin profile which they attribute to us?

Dhananjay Salunkhe: I think I have only one word to answer your -- this is exactly what's the challenge, it's extremely challenging at this moment. Because as yourself articulated that our end customers are also having challenges in their own business areas, and that puts pressure on cost at every level. So that's a challenge, no doubt.

Saket Kapoor: Thank you, sir and all the best to the team.

Moderator: Thank you. The next question comes from the line of Saurabh, an individual investor. Please go ahead.

Saurabh: Yes. Sir, my question is about the Annual General Meeting. What was the reason for it to be done through video conferencing and not in person?

Dhananjay Salunkhe: So one of the key reasons is that we would like that more and more investors can participate. And I think we have seen in last couple of years this is best way where we see that more and more investors have opportunity may not be from same locations, from a different city and all. So that's the only sole reason that we'd like to have this one through a digital mode.

- Saurabh:** So are you saying that the participation when the meeting was held physically versus after COVID, the participation has increased in absolute numbers. Are you saying that?
- Dhananjay Salunkhe:** Yes, we have seen that the people who are I think from different cities also. It's not only that investors are attending from.
- Saurabh:** And going further, this will be the mode that will be preferenced?
- Dhananjay Salunkhe:** Sorry?
- Saurabh:** Going forward, in further years, this will be the preferred mode in that case?
- Dhananjay Salunkhe:** No, no, no. So I think the regulations allowed only till this year. And if anything comes separately or new regulations come, that's a different thing. But as a regulation, I think this is the last year so far for digital mode.
- Saurabh:** All right. My second question is, I heard in your commentary that you are looking for profitable growth now while after COVID, I believe we were into the mode of even letting market share go. So over the past 1.5 years when the margin reduced, the management thinking, I think, was to gain market share. And now I heard in the commentary that you focus on profitable growth.
- So I want to understand that this change in strategy and what really is the strategy? Is it to gain market share? Is it to seed market share, to gain profit? I mean so it's not clear what the -- is the strategy going to be just dynamic, what was the strategy really? And is it going to be one strategy or is it going to be changing with the times?
- Dhananjay Salunkhe:** Sir, I don't know about which reference you're talking about. But when we talk about, we always maintain one really clear stand that our strategy is to grow the profitable core. And we'll continue to look for opportunities which make sense for us, which will help us to improve both top line and bottom line. And I think that's a clear strength we had across so many quarters, and we'll continue to work on that.
- Saurabh:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.
- Madhur Rathi:** I wanted to understand...
- Moderator:** Madhur, I would request you to be a little louder.
- Madhur Rathi:** Is my audio better right now?
- Moderator:** No, not quite.
- Madhur Rathi:** Sir, I wanted to understand, sir, when I look at the past 5 years, sir, you mentioned that competitive landscape has changed as well as the product mix has changed. That's why our margins have declined. So sir, I'm still not clear why 5 years ago, we used to be 11% margin,

sir, although there might be some issues with FMCG in the past 2 years. But sir, past 4, 5 years, sir, I think the packaging industry has grown to a certain extent and we haven't as well as our margins have declined. So I wanted to understand why and what will it take for us to reach the 10%, 11% margin going forward?

Dhananjay Salunkhe: So I'll take this. So I think instead of discussing specifics, I think the key to go back to that margins is basically drive the innovative and differentiated products. And I think we spoke about blueloop, which is a sustainable product portfolio. At this moment, the adaptation is slow because of, as I said, the ecosystem is developing, government regulations are still getting kind of established and then overall development in terms of trialing at the customer and the cycles, which are basically shelf-life studies and all.

So it's specifically going in slower, but I think that's -- so how do we really create a differentiated product portfolios, which will be accretive going forward. So instead of really breeding over what happened in the past 5 years, I think we are -- our focus is basically to go towards that.

And then the second aspect will be clearly the competitive -- how do we drive our operations as a world-class competitive place where we have -- we get the productivity and efficiency benefits. So one side, we drive a higher accretive product portfolio. Other side, we become more and more competitive. So that's the overall plan.

Madhur Rathi: Sir, can you give me understanding about how much products would currently come from these margin-accretive products? And like with this EPR implementation and this blueloop taking traction over the next 3 to 5 years, sir, where do we see the percentage of our product coming from this innovative and differentiated products to take our margins to 10%, 11%?

Dhananjay Salunkhe: I'm not sure -- I mean, this is like a specific number. So, Jagdish, you have any response on that?

Jagdish Agarwal: So when you talk about API guidelines and all these are evolving and all. And there are no specific target that we go for 100% sustainability kind of regime and all. So a lot of things are evolving. I don't catch what was the exact you're talking. You talked about API, right?

Madhur Rathi: Yes, sir. So this blueloop and this innovative product that will take our margins to 10%, 11%. So I wanted to understand what would be the percentage in our revenue currently? And how much we need to scale it up to take our margins to these earlier levels?

Jagdish Agarwal: So as we talk about sustainable product sales, we've always maintain that. In the last few quarters, we are into the range of somewhere between 27% to 30%, 31% is the party our mix impact. Whether it is going to drive for higher margins, what percentage, what basis points and all, I mean, we have answered in previous questions. It's very difficult.

It's very difficult to put a number at this point of time. Again, each product is different, each customer is different, each application is different and all. So things are evolving and definitely, we'll get more clarity and we'll say hold in the times to come.

Madhur Rathi: Got it. So sir, this 30% product -- 30% revenue share that is coming from these products. Sir, what would be the margin on this product? Would be it in double-digit kind of margins?

- Dhananjay Salunkhe:** It doesn't mean that sustainable is going to have a higher margin. So I'm saying sustainable products. And we are not saying that sustainable products are going to have a higher margin than the normal products. There are exclusive applications and all. So there are a lot many things which are premium categories and all. So just putting a higher margin for a sustainable probably is not the right thing to do.
- Madhur Rathi:** Okay. But sir, I'm still not clear, sir, when we say that as the innovative and sustainable differentiated product, whatever we want to call it, as the scale increases, our margin will increase. But we are saying that the margin is similar to what our normal product would be. Sir, so how come that led..
- Dhananjay Salunkhe:** That's the idea and that's the intent that we would like to do something good, which is going to help us to improve our margins. And not only on product side, we talk a lot of efficiency measures which we are driving. So from all side where we think that it sustains for companies to have a better margins, better value creation and all. So it's a combination of sustainable products is one element and there are other element also.
- So we are working parallelly. And in fact, the result you see in March '25 quarter, it reflects the efforts put into that direction and all. And if you compare that to the December '24 quarter, there is a big improvement in that. And our aim is that continuously working towards to sustain and improve.
- Madhur Rathi:** Thank you so much and all the best.
- Moderator:** The next question comes from the line of Amit Kumar from Determined Investment. Please go ahead.
- Amit Kumar:** Thank you for the opportunity. I'm sorry, I must have missed this. I'm traveling out. I must have missed this during the call. What is the share of blueloop/sustainable packaging in your sales mix in this last quarter and what it would have been in fourth quarter of fiscal '24, if you can just help me?
- Jagdish Agarwal:** So the contribution -- I mean, Amit, yes, we spoke a couple of times in the earlier conversations. It is in the range of 27% to 30% and more or less similar, the same range we had in December versus more or less very close to what we have in March.
- Amit Kumar:** So broadly, I mean, it has not sort of made progress during the year. Would you sort of attribute to the macro challenges within the FMCG industry for this lack of progress?
- Jagdish Agarwal:** I mean Dhananjay spoke in the previous questions that adoption is a little slow, and I think it's taking time. But I believe we are on the right trajectory. We are on the right path, and it is going to fall in place, even the regulators are also driving to us for usage of more sustainable product. So I feel it is a matter of time, but it is going to improve on that.
- Amit Kumar:** Understood. That's it from my end, thank you. Just wanted a book keeping question.

- Moderator:** Thank you. The next question comes from the line of Prabhu Teli from ICICI Bank. Please go ahead.
- Prabhu Teli:** So my question on the sales side. So in CY 2022, the sales was around INR3,000 crores, which decreased to INR2,500 crores in CY '23, which are stable for last 2 years. So what are the factors which are responsible for deterioration in sales to stable? What are the plan of the company in future to increase the sales volume and sales revenue?
- Jagdish Agarwal:** So Prabhu, maybe I'll just give you one quick view on that. So 2022 was a year of a super inflation. The commodity prices were skyrocketing and all. And when we talk about the impact that inflation had on our selling prices, so normally, if any inflation comes, we do pass it on to our customers. Or generally, there will be a lagging impact. So in 2022, one of the reasons that we have very high revenue was that we have super inflation in 2022. So that was one of the reasons.
- And definitely, like we have said into the earlier conversation, we are focusing to go for a profitable, sustainable growth, and that's our aim and that's our strategy. But specifically 2022 was one of the key reasons was the super inflation.
- Prabhu Teli:** Yes, yes. But sir, last 2 years, the sales also was stable at INR2,500 crores. There is no increment.
- Jagdish Agarwal:** Right. And if you look at in the last 1 or 2 years also, there were a lot of challenges on a consumption pattern. And second is that we are focusing to have a right portfolio mix. So 2 regions are also having some impact on that.
- Moderator:** Does that answer your question, Prabhu?
- Prabhu Teli:** Yes, yes.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Dhananjay sir for the closing comments.
- Dhananjay Salunkhe:** Yes. Thank you, team for organizing this call, and thank you, my finance team and Jagdish to prepare for this and really taking all the questions. And we continue to do these calls as we have started this for last 6 to 8 quarters. So looking forward to keep engaging with the investor communities and all the stakeholders. Appreciate your time and interest in Huhtamaki.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of ICICI Securities Limited, that concludes this conference. You may now disconnect your lines.