Operator: Questions will be taken after the presentation concludes. 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 – ICICI Securities: Thank you, Alwin. Good afternoon, everyone. Thank you for joining the Huhtamaki India Ltd. Q3 CY26 results conference call. We have the Huhtamaki India management on the call, represented by Mr. Kamal Taneja, Managing Director, and Mr. Amit Gupta, CFO. I would now like to invite Mr. Kamal Taneja to begin with the opening remarks, after which we will have a Q&A session. Thank you, and over to you, sir.

Kamal Taneja – Managing Director: Thank you, Mohit. I hope everybody can hear me. Welcome to the Q3 call. As you may have noticed, we are using a different format this time. Instead of a conference call, we are conducting a video call. My request to you would be that if you are asking questions after the presentation, please turn your video on, if possible.

First of all, I am going to start with the first slide, which is about the disclaimer. As you know, whenever we present something to the investor community, there might be some forward-looking statements. Again, this is our best estimate of what we are saying. These statements depend on a lot of external factors, such as the markets, industries, and, of course, a lot of things that happen within our company as well. You need to take that into consideration as a risk associated with what we are saying.

The second point, which is very important here, is that we are not seeking investment advice or soliciting any investment from your side. We are just presenting things as they are, how we have seen the quarter progress, and partly how we see the market developing in the future as well.

With that, I am going to start the presentation. This will only take a few minutes. Amit and I will share this. Before we share the financial numbers with you, we internally always start every presentation with a safety slide. This is our way of working. I thought I would share that with you this time as well because safety is our foremost priority. It is also part of our group's zero-harm ambition.

I am pleased to tell you that in the third quarter, we actually had no incidents. There were no first-aid incidents, no medical incidents, and no lost-time incidents. We monitor this throughout the year. We also look at the moving monthly average over the last 12 months, and we are making a huge, significant improvement there as well.

A lot of companies look only at the numbers and the KPIs. However, at Huhtamaki, we focus on the leading indicators that actually impact the safety of our co-workers. For example, we place a lot of emphasis on near-miss reporting. We have thousands and thousands of near-miss reports, ranging from very minor to very high-severity near misses, which we record every year and take action on. We mainly focus on preventive safety observations. This is how we work at Huhtamaki when it comes to safety.

Amit will now give you the numbers. I think you have also seen our disclosure to the stock exchange. We had a pretty good quarter. As you have seen over the last few quarters, especially since the beginning of this year, we have shown volume growth every quarter. There was no

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difference this time. We had a pretty successful run in the third quarter as well, despite the geopolitical disruptions, supply issues, and, sometimes, cost issues that you are seeing.

I think we are already quite good at handling that. In fact, some of our best practices are also shared within the group. Despite all that, we made sure that our customers had an uninterrupted supply of materials from our side, and that the products we build for them were delivered on time and with the right quality that they demanded.

Because of that, our revenue has grown by almost 23%-24%, as you would have seen. That revenue growth is a mixture of inflation, or the pass-through of material inflation that we provide to our customers as per our contracts with them, as well as a very healthy volume-growth component.

One thing that you would have noticed is that our reported EBIT was flat compared to the third quarter last year. However, in the third quarter last year, we also had some one-off gains that were not repeated. On a comparable basis, we were almost 18% higher year-on-year for the third quarter.

To summarize, net sales increased by 23.7%, or 24%. EBITDA and EBIT increased by 1.2% and 0.1%, respectively, with the caveat that on a like-for-like or comparable basis, the increase was closer to 18%. Nevertheless, we still kept it flat or slightly increased it.

You would have also noticed that we announced the closure of our factory in Baddi during the quarter. This is a labels plant. It is currently undergoing the two-month notice period. We plan to close it by tomorrow. The process has gone very smoothly, and our customers are comfortable with it. We have made sure that there is no disruption to their supply. We have essentially moved those volumes to the other two label plants we have in India.

Because of that, there is a charge of INR 96 million, which impacts the 19.1% decline that you see in PAT. Again, it is a one-time item, and it is going to improve our efficiency and optimize costs in the near future as well.

One more thing: in these calls, we always receive a lot of questions about Blueloop and how we are doing. We recently, in fact just last month, won three awards from IFCA. IFCA is the Indian Folding Carton and Flexible Packaging Award community. It is neutral with respect to the products that we make.

They awarded us in three very prestigious product groups. You can see Omniloop, which is a stand-up pouch for cocoa powder. Bluelight is for an export customer, and it is the tomato ketchup sachet that you see in the market. It has a very high-complexity barrier, aluminium foil, and multiple layers of plastic material.

We managed to produce a product that reduces the use of plastic. Instead of three or four barriers, or three or four layers of plastic, we moved to a duplex structure and totally eliminated the aluminium foil. It is a very good product from a sustainability perspective, as well as from a cost perspective, with significant savings for the customer.

We also developed a very unique label for one of our customers in the UK. Again, this was done on a very metallic film and is very unique. The reason we are not showing the products here is that we did not have time to obtain the customer's approvals. Hopefully, I will show them to you in our next

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presentation. We are very excited and very proud to showcase these products with you.

Amit, would you like to take over?

Amit Gupta – CFO: Sure. Good afternoon to all the investors on the call. I will now run through the financials and provide some perspective behind the numbers.

As Kamal mentioned, we had a great quarter. In fact, we generated sales of about 748 crores during the quarter, which is almost 24% higher than last year. This is also the highest sales figure among the different quarters over the last couple of years.

The good thing about the growth we are demonstrating in this quarter and year-to-date is that we have a very healthy composition of volume, mix, and pricing in this growth on a quarterly basis. Our volumes were actually up by about 7 percentage points. On a year-to-date basis, we delivered 4% volume growth, following a couple of years during which volumes had been stagnant.

This year, we have been able to drive the top line with a healthy mix of volume, pricing, and mix, with all three contributing.

Consequently, the EBITDA margins for the quarter, as Kamal also mentioned, include some one-off items with respect to the baseline. However, if you look at the 9-month period, we closed the 9-month period with total EBITDA of about 204 crores, which is almost 10 percentage points of sales, growing by about 25 percentage points.

Against top-line growth of 16% for the 9-month period, we are growing the bottom line by 25%. This is a good reflection of the various productivity initiatives, as well as our efforts to manage our customers and pricing in a very volatile scenario in which raw-material prices have been fluctuating almost weekly, if not daily.

Our EBIT margins, specifically for the quarter, include one-off items in the previous year. Those one-off items primarily related to employee-retiral reversals or corrections, which benefited the previous year's P&L and are not present in the current year. That is why the EBITDA margins for the two periods are not directly comparable.

If I exclude those items and compare the periods on a like-for-like basis, the EBITDA margins actually improved by 18%, versus the 1.2% reflected here.

From a year-to-date perspective, our EBIT was about 153 crores, up by about 22 percentage points from last year. The 153-crore figure we are reporting is after offsetting close to 8.8 crore of depreciation relating to the prior-period depreciation correction that we passed in Q1.

Excluding the one-time impact of the depreciation and the one-off items relating to employee retirals, our comparable EBITDA-margin growth is much higher than what is reported here.

On a quarterly basis, when we look at our EBIT margins, they also reflect the one-time items. Excluding those one-time items, our EBIT margins actually improved by 18% during the same period.

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When we look at overall PAT, our PAT for the period appears 19% lower compared to last year, at about 30 crores versus 37 crores last year. However, this is primarily on account of the Baddi restructuring charge that we recorded in this particular quarter.

As Kamal mentioned, this decision has been taken in the interest of the company and the shareholders because we faced operational as well as financial challenges at the Baddi site. With this action, we are looking to improve things further. That particular charge is impacting our P&L in this quarter. Hence, profit after tax appears lower by about 20 percentage points.

Despite this charge, if you look at the 9-month profit, we are still growing by about 13 percentage points in profit after tax. This reflects the healthy margins we are delivering for the business in a very volatile scenario.

Our earnings per share improved by about 13 percentage points for the 9-month period ended September 26. Again, this reflects the profits that we have been able to generate, along with a healthy top line.

I will stop here, but I look forward to answering any questions that may arise.

Kamal Taneja – Managing Director: Thank you, Amit. As Amit said, on the left-hand side, you can see that this was one of the highest quarters we have had in terms of sales.

I also want to qualify one point. If you look at this period, you see a lot of results from some of our customers in the market as well. They are all reporting higher sales numbers, but they are also saying that they are seeing a volume decline. In our case, we also have a volume increase, not a decline. I am very encouraged by that.

Management: On the right-hand side, you see EBIT and EBIT margin. Again, as we said, this is after taking into account all the costs as reported. However, if we did not have those one-time costs, we would be looking at upwards of 8%. In our industry, that is quite a good number.

Next slide.

I want to spend a little time, as I always do, not only on the financials but also on what we are doing in terms of safety and sustainability. We have four pillars, as we always discuss.

The People pillar is about safety. As I mentioned, an important point here is that we look at leading indicators. This also means that we look at behavioural safety, not because it is easy for us to formulate policies, but because we want to change our behaviour towards safety at its core. We have a lot of programs designed to address that.

On the Climate pillar, we have shared this with you earlier, but we have started receiving benefits from the captive solar-generation plant that we developed for Khopoli. It started in August, which was in the third quarter. With that, we are increasing the share of renewable-energy electricity to 23%.

Decarbonization and energy efficiency, along with all the other actions that we have discussed in the past, are ongoing. We are committed to supporting the delivery of our 2030 Scope 1 and Scope

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2 commitments.

On the Nature pillar, there is no change from last time. We continue to do good work on water treatment and reuse. I also shared with you last time that, in Taloja, we have a very unique water-recovery plant. We are doing rainwater harvesting, and wherever we have groundwater discharge, we are trying to recycle it wherever possible.

On the Product pillar, we have done a lot of work. The IFCA award, for example, is a result of the work of our innovation team. They are looking not only at using more recyclable and more monomaterial products, but also at reducing the use of materials at the same time.

We are also doing a lot of work on the source of our material purchases. For example, our three label plants are all FSC-certified.

This is what we wanted to share with you. If you need any further information, please feel free to contact us at the email address shown on the screen and through our website. On behalf of Amit and myself, I thank you and wish you a Happy Diwali in advance. We are happy to take questions.

Operator: Thank you very much. We will now begin the question-and-answer session. To ask a question, please click on the raise-hand icon on your screen. The operator will announce your name when it is your turn. You may unmute your microphone. We would prefer it if you would also turn on your camera, introduce yourself, state your company's name, and proceed with your question.

We request that you restrict yourselves to a maximum of two questions. You may rejoin the queue if you have further questions. Ladies and gentlemen, we will now wait for a moment while the question queue assembles.

Our first question comes from the line of Aditya Khetan. We request that you accept the prompt on your screen, unmute your audio and video, and proceed with your question.

Management: Aditya, I think you are muted.

Operator: The current participant appears to have dropped from the queue. We will proceed to the next participant in the queue.

Management: Yes.

Operator: Apologies, we have Aditya Khetan with us. Aditya, can you hear us? You may proceed with your question.

Aditya Khetan – SMIFS Institutional Equities: Thank you, sir, for the opportunity. My first question is: in this quarter, we have witnessed moderation in margins. How much of this is attributable to higher inventory costs, given that we had a build-up in the last quarter? Subsequently, are these current margins sustainable going forward?

My second question is regarding the overall top line over the last 3-4 quarters. Three quarters ago, we were hovering at around 600-620 crore of top line, and now we are at 750-770 crore. How much of this jump, or this 150-170 crore increase in top line, is attributable to volumes and pricing? If you could provide that breakdown, it would help.

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My third question is: at what utilization level are we operating the plants today? How much incremental revenue could we generate if we utilized the plants at full capacity? How much incremental top line can we generate? Thank you, sir.

Management: Thank you, Aditya. There are three questions, not two, but I will answer all three.

Let me start with the top line. This is a very good question. Our top line has increased, as we have mentioned a few times, because of three factors.

The first is pricing. In our contracts, we normally have a pass-through of any inflation in raw materials. The second driver of top-line growth is mix.

Aditya, if you have joined our calls before, you may have noticed that we always talk about product quality. We look at areas where we are making lower margins, where the complexity is low, or where the products are commoditized. We focus on products that are more aligned with our value proposition.

The more products we make in that category, the more value they will carry per unit of product volume. That is the second factor.

The third factor is the increase in volume. Physically, as Amit mentioned, we achieved about 7% growth in Q3, which we had not achieved for some time. Those three factors are contributing to the increase.

We cannot tell you exactly how much each factor contributed for many reasons. However, I would say that it is approximately one-third each or something close to that. They are close to being equal, but not exactly equal.

We are very happy, first, with the volume increase because we had not achieved that for some time, as you know. This also brings me to your third question regarding utilization.

We always say that we have sufficient capacity available. We are making significant efforts to become more efficient. Productivity and efficiency improvement are also at the top of our operations agenda. This helps us ensure that we have more and more capacity available for future growth.

At the moment, we do not see any issue for at least the next 2-3 years during which we would need to make any major investment to meet market demand or increase our output.

Your first question was about whether the margins are sustainable. There are two factors here.

First, as I said, on a like-for-like basis, the EBIT margin is closer to 8% because we had one-off items that are not recurring. However, there can also be a delay. For example, depending on the contracts we have with our customers, any raw-material price pass-through or cost pass-through does not happen in the same month.

There may be a lag. Sometimes it goes into the next month, sometimes it is immediate, and sometimes it takes a couple of weeks.

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We experienced some of that in September because the cost of raw materials increased significantly and more aggressively in September. The increase was more sudden, and we were unable to pass it through in the same month. We would see the impact of that over the next quarter.

At the same time, we sometimes benefit from this because when costs go down, we are also late in implementing the reduction. It is a give-and-take situation, but the timing was such that we faced this issue in the third quarter. I hope I answered your questions, Aditya.

Aditya Khetan – SMIFS Institutional Equities: Yes, sir.

Management: Thank you.

Operator: Thank you. Aditya, may we request you to announce your company name as well?

Aditya Khetan – SMIFS Institutional Equities: SMIFS Institutional Equities.

Operator: Thank you. We will now proceed to the next question. Our next question comes from the line of Ajeet Darda. Please accept the prompt on your screen, unmute your audio and video, and proceed with your question.

Ajeet Darda: Hello. Am I audible, sir?

Operator: You are audible.

Ajeet Darda: Good evening, everyone, and thank you for the opportunity. My first question relates to the previous participant's question. As you said, there was strong volume growth in the previous quarter. How much of the volume growth was contributed by high-value-added products?

Management: [pause] I would say the majority of it, because that is what we are focusing on. I cannot tell you the exact split, but usually we are focusing on higher-value products.

Ajeet Darda: My next question is: are you seeing any regulatory changes, particularly stricter food-packaging requirements, front-of-pack nutritional labeling, or anything similar? Do you see any growth for our business going forward as a result of that?

Management: I think you are referring more to the artwork, is that right, or to the material?

Ajeet Darda: Yes.

Management: Material?

Ajeet Darda: Only any mandatory recycled-plastic content or stricter packaging requirements, any such developments, including labeling requirements.

Management: Right. Our value addition comes from a couple of things.

Obviously, as you mentioned, artwork is one of them. For example, during festive seasons, you have different artwork because there are festive packs. We work with our customers on that. In our case, that would have happened in the second quarter, not so much in the third quarter, because we produce the product and supply it to our customers, who then put it on their products.

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That would already have happened, unless there is more activity related to Christmas. However, I think Diwali and Dussehra are normally our stable periods.

I think you also want to know about the regulations that are coming in relation to materials. There is already an existing regulation in the industry relating to the use of recycled plastic. PCR, or plastic-content regulation, specifies how much recycled plastic should be used in a laminate.

It depends on the different types of laminates, such as A, B, C or 1, 2, 3. For example, in a simple monomaterial, there is a larger recycled-plastic requirement, such as 40% or 30%, and it progressively increases every year.

For a more complex laminate that requires multiple materials, such as aluminium foil, the current regulation is about 10% recycled plastic.

That gives us an opportunity, first, to change the specification of the job. Sometimes, the complexity or technology involved in doing that may also be different from the laminate made from virgin plastic. We benefit from that.

I think we benefit even more through innovation. As I mentioned earlier, we try to convince our customers to use our Blue Loop product, use monomaterial, or move from multilayer to single-layer or double-layer products. That is more encouraging for us to see.

Overall, I think it benefits us. I just hope that the regul [cut off]

Management {? Taneja ?}: Regulations were also imposed, and so we get more benefit. I am pretty sure the government understands that and will ensure that these materials are used more and more in the future. This recycled content will also increase in the future as regulations develop.

Ajeet Darda: If regulations are implemented, since we already have capacity, unlike smaller players, we would be at a stage where we could start production as soon as possible, probably. Is that correct, sir?

Management {? Taneja ?}: Yes. All I can say is that we are well-prepared for that.

Ajeet Darda: I have one last question. It is a broader question: how much time does it typically take to convert a new customer into a commercial client? Also, for existing customers, how long does it take to receive new orders or expand existing business? If you could answer this in a broader way.

Management {? Taneja ?}: New customers always involve a longer process. Getting more business from an existing customer is always easier and faster.

For new customers, they have to go through a process. The process goes like this: they have a requirement, they develop the artwork, and then they work with us. We go to pre-press and go back and forth to ensure that the design is suitable.

Then we propose a technology, product, or laminate that will suit them. After that, there are many trials. By the time the product comes to market, it can take anything from 3 months to a couple of years, depending on the complexity.

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The good news is that we have a well-established team that does this day in and day out.

Again, it depends. Larger customers take longer because they also have extensive verification, control, and approval processes within their systems. Usually, working with smaller or regional customers is faster.

Ajeet Darda: Thank you, sir. I am an equity research analyst at Nirzar Enterprises. Thank you very much.

Management {? Taneja ?}: Thank you, Yogesh.

Operator: Thank you. Our next question comes from N Modi. We request that you accept the prompt on your screen, unmute your audio and video, and proceed with your question after announcing your company name as well.

N Modi: Yes, sir. Good evening. My question is regarding the land held for disposal. What could be the approximate market price for this land, sir? Approximately?

[long pause]

Management: [off-mic discussion] Remove it from in front.

N Modi: Yes, sir. Am I audible?

Operator: Mr. Amit Gupta, I am sorry, but we are not getting any audio from you.

N Modi: Pardon?

Operator: One moment, sir. We are checking the management's audio.

Management {? Taneja ?}: Can you hear me, Mr. Modi?

Operator: Sir, you are audible now. We request that you start from the beginning because we missed the entire question.

N Modi: My question is regarding this property held for sale. What could be the market price for this property?

Amit Gupta: Thank you for the question, Mr. Modi. This is Amit. The pricing for the land would be consistent with the prevailing market rate. We do not have a fixed quotation at present because we are still evaluating different bidders, so I would not be able to give you an exact price.

N Modi: No, roughly, sir, just very roughly.

Amit Gupta: [laughs] Do you want to buy it, Mr. Modi?

[laughter]

N Modi: Maybe. [laughs] I can get you the customer. [laughs]

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Amit Gupta: I will probably recommend that if you would like to connect with us regarding certain offers, you can send us an email, and we will connect you with the right team.

Management {? Taneja ?}: I think it would be speculative if we said something like that.

N Modi: I understand, sir.

Management {? Taneja ?}: Yes.

N Modi: Sir, another thing: this depreciation that was not charged in the earlier year—has it been taken care of in the income-tax assessment? We might also have claimed less depreciation there. How are we going to account for that in the income-tax assessment?

Amit Gupta: Mr. Modi, there was no issue with respect to the depreciation charge from a tax perspective. As you know, depreciation calculated for tax purposes is different from depreciation calculated under the Indian Companies Act and I-GAAP.

Hence, the adjustment we passed relates only to I-GAAP. In taxation, there was no depreciation correction that we made in the current year. Therefore, there is no issue in that respect.

N Modi: I understand, sir. Thank you.

Amit Gupta: Thank you.

Operator: Thank you. Our next question comes from Vipul Shah. Please unmute your audio and video and proceed with your question.

Vipul Shah, we request that you unmute your audio and video and proceed.

We do not seem to be receiving a response from Vipul Shah. We will proceed to the next participant in the queue. Our next question comes from Dinesh Parikh. Please unmute your audio and video by accepting the prompt on your screen and proceed with your question.

Dinesh Parikh: Can you hear me? My congratulations to you, Mr. Taneja and Mr. Gupta, on the very good numbers. Can you hear me?

Operator: You are audible, sir.

Dinesh Parikh: Is it not audible? Is it audible?

Operator: You are audible.

Dinesh Parikh: My question is about our PBT margin, which is 7%. I think it should be more than 10% because Huhtamaki has the latest technology and innovation. It should be very easy for the company to achieve PBT of more than 10%, or even 12%-13%. We can increase prices by 2%-3% or reduce our expenses.

The major expenses are salary and wages, at around 250 crores per year, and other expenses are around 600 crores per year. If we can reduce our expenditure by 2%-5% and increase our prices by 2%-3%, we can take our PBT above 10%, or to 12%-13%. Is that possible?

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My second question is whether we can use more AI. AI may be very useful to us in the packaging, flexible-packaging, and printing industries, both to reduce costs and to increase productivity. Can you elaborate on this?

Operator: Mr. Amit Gupta, we request that you unmute your microphone and proceed. We are not receiving your audio.

Amit Gupta: Thank you for the question, Mr. Parikh. I will take the first question, which relates to PAT and PBT.

If you look at the progression of our PAT and PBT margins, we have grown our PBT from last year to the current year, from 117 crores to almost 133 crores for the 9-month period ended.

Our constant endeavor has been to improve profitability. That is why, from the standpoint of portfolio selection and deciding what we should and should not cater to, we are very mindful and selective.

However, increasing prices is not something we can do at the drop of a hat. Our prices are linked to an underlying commodity situation, and there are specified frameworks within which we operate to pass on price increases.

We have been quite successful in passing on price increases consistent with our cost increases. Beyond that, I do not think we have complete freedom to increase prices by 2-3 percentage points.

However, we can improve our mix by selling high-margin products, which we consistently do and which is helping us.

From the standpoint of our overall operating-cost base, we have a productivity plan in place that drives productivity year on year. We are on track to deliver the targets we set for the year and to reduce and optimize our cost structures.

On both counts, if you look at the progression of PBT and PAT, it reflects the growth that is in line with our commitment to grow profitably. With respect to operational interventions to drive productivity, we have a plan in place, and that is contributing to the improvement.

Dinesh Parikh: What about AI implementation, sir?

Management {? Taneja ?}: I will answer that. Just regarding the margin, Mr. Parikh, sometimes a 10% or 9% margin is also a matter of market competitiveness. We need to ensure that our customers value what we deliver to them.

Our endeavor is always to improve, as we have demonstrated over the last few quarters. We are improving every quarter. Whether it is 10% or 15% depends on the market as well. However, if you compare us with some of the published data from our competitors, we are around those levels.

Obviously, we can improve, and that is something we need to consider.

On the AI front, as you know, AI is a buzzword nowadays. Everybody is using it. We also have many initiatives within our organization relating to the use of AI.

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We have a few projects underway, not only to improve productivity but also to improve quality, for example, by improving the products that we supply to our customers, or even our service.

I think these initiatives are beginning to have an impact. We have just initiated some of them. We are also working on AI projects in operations, where we are looking at productivity improvement and even safety.

These initiatives are ongoing. Once we see some output from them, we will share it with you in one of these calls.

Dinesh Parikh: Thank you very much for explaining everything.

Management {? Taneja ?}: Thank you.

Operator: Thank you. Our next question comes from Dhruv T. Please accept the prompt on your screen, unmute your audio and video, and proceed with your question.

Dhruv T.: Hello. Am I audible?

Operator: You are audible, sir.

Management {? Taneja ?}: Yes, Dhruv.

Dhruv T.: Thank you for the opportunity, sir. I have a couple of questions. How many acres of land does the company hold, and in which specific areas do we hold those lands?

Management {? Taneja ?}: [off-mic discussion] {? Amit, you will answer ?}

Amit Gupta: From a financial and balance-sheet standpoint, our asset valuations are correctly reflected there.

From the standpoint of measuring the land, I am not sure how relevant that would be in determining our performance or asset valuation. Honestly speaking, that information may also be somewhat speculative.

We will not be able to share those measurements here. However, we have adequate assets to support our growth aspirations, and they are well utilized. I will stop there.

Dhruv T.: The specific direction of my question was toward land held for sale.

Management {? Taneja ?}: We do not have anything held for sale as such, except for one property in Daman. I do not know the price for that.

Our business is to make packaging products. We are not a real-estate company. Sometimes it makes sense to own your land, and sometimes it makes sense to lease land. At present, I think we have a good mixture of both.

For example, the Daman land used to be our plant in the past. It is now up for sale, but we are in the process and [trails off]

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Management: At present, telling you how many square feet and what price, etc., would be non-competitive. We want the bids to come in. Obviously, when we conduct a sale like that, we will disclose it to the market, and you will come to know.

Dhruv T.: Understood. My next question is regarding other expenses, which increased to 112 crores in this quarter compared to 96 crores in the corresponding quarter last year. What are the key reasons for this increase, and should we expect these expenses to remain elevated in the future?

Management: If you recall, we referred to the one-time benefits we had in the last quarter, primarily on account of employee-retiral valuations and the related reversals. Hence, when you talk about expenses, the two periods are not completely comparable. That is one adjustment we had.

In addition, if you exclude that from the standpoint of operating costs, some of the items contributing to the increase are primarily power and fuel, our CSR expenses, and certain provisions made for CSR purposes.

All of these are taken into consideration when we determine our pricing for customers. Any inflationary impact that comes in is factored in from the standpoint of margin management.

There are two points. First, there is a baseline that includes one-time items that will not recur. Second, there are inflationary impacts linked to the Middle East crisis, especially power and fuel, which are contributing to this increase.

Dhruv T.: What is your outlook on gross margins and EBITDA margins over the next 2-3 quarters?

Management: [pause] We do not disclose that at present, so we are not going to discuss it. Again, it can be anti-competitive.

Our aspiration is to maintain growth every quarter and every year, and that is what we are working on. We do not disclose our forecast for the year.

Dhruv T.: Thank you.

Management: Thank you.

Operator: Thank you. Our next question is from Shivakshi Bhardwaj. Please accept the prompt on your screen, unmute your audio and video, and proceed with your question. Once again, we request participants to announce their company names as well.

Shivakshi Bhardwaj: Am I audible?

Operator: You are audible, ma'am.

Shivakshi Bhardwaj: Thank you. Good evening, everyone. I have a question related to the Baddi plant.

Should we expect a similar restructuring in other plants as well? Are you evaluating other plants using the same criteria? Should we expect something similar at other plants?

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The second part of the question is that the Baddi plant was serving certain customers. I would like to understand how those customers will be served now. Should we expect any additional costs associated with this restructuring, specifically in the context of the Baddi plant?

Management: I will answer the second question first and then come back to the first one.

We have three plants. Baddi is our labels plant, where we make pressure-sensitive labels. We have three plants in the country: one in Ambernath, one in Bangalore, and Baddi.

Baddi is our smallest plant in terms of output and the number of people working there, and it was not profitable. We had sufficient capacity at the other two plants. Therefore, from an efficiency perspective, we decided to move the volumes produced by Baddi to the other two plants.

That process has already been completed. We are already in touch with our customers, and the supply chain is operating smoothly. We are very happy to absorb those volumes into our existing setup, save some money, and become more productive in pressure-sensitive labels.

Your first question was whether we are going to do anything else similar to this. Not at the moment.

If we had to do something like this, we would have done it together with Baddi. We feel quite settled with this decision. Of course, depending on how markets and demand develop in the future, we will take action as and when required, either to expand or to contract.

Our deliverable to our stakeholders is to provide growth and better value for their stake in the company, and we are always working toward that. Whatever makes sense, we will do. At present, however, we are not looking at anything else.

Shivakshi Bhardwaj: That is helpful. I have one more question, which is broader. Do you track any metric to decide what the product mix should be, or how the product mix will affect margins and help the company grow? Are there any metrics or indicators that you track and could shed some light on?

Management: Amit has mentioned several times that product mix is something we track. Our focus has always been on higher-value products because that is our value proposition to our customers.

Our customers appreciate the innovation and sustainable products we provide. We always track that.

In terms of what the mix should be, I think it is an evolving process. It depends on the season and on the customer.

There are certain products that we are very good at, so we always try to sell more of those compared with more commoditized products in the industry.

We do our best to work with our customers and ensure that we offer them the best value for what they buy from us.

Shivakshi Bhardwaj: Thank you. I have no more questions. Have a great evening.

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Management: Thank you.

Operator: Thank you. Our next question comes from Sheetal Shah. Please accept the prompt on your screen, unmute your audio and video, and proceed with your question.

Sheetal Shah, may we request that you unmute your audio and video and proceed?

Sheetal Shah: Hello. Am I audible, sir?

Operator: You are audible.

Sheetal Shah: Very good evening, sir. Heartiest congratulations on delivering excellent revenue and volume growth.

My only question is: what tailwinds do you expect to sustain the momentum in revenue and increase margins? Are the factors you expect visible at present? You may continue, sir.

Management: Let me understand your question. Are you asking what would help us in the future market to deliver more value?

Sheetal Shah: Yes. What I am asking is: what tailwinds do you expect to sustain this type of momentum in volume and revenue and to increase margins? Are the factors you are expecting visible at present?

Management: I will take a shot at this, Amit. Please feel free to add anything if you wish.

The biggest tailwind I would expect is sustainability. This is not only about margins but also about the environment and what we need to do in terms of sustainability in general.

I hope we see more and more adoption of sustainable products. We have made some progress so far this year, and we are seeing growth in that area.

However, I wish there were more regulatory enforcement in these areas, as well as greater willingness from our customers to adopt more sustainable products even when they are more expensive than what they normally buy, which tends to be more commoditized.

That is one factor I would highlight.

The other factor is innovation. Sustainability is not only about the type of material; it is also about using less plastic or less material, whether that material is plastic, compostable material, or paper, because we work with all of them.

Using less material responsibly is something we always try to achieve through innovation. I hope our customers appreciate that as well, and that governments help us regulate these areas.

Amit, would you like to add anything?

Management: No.

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Management: In terms of tailwinds, I do not see many tailwinds. I think we are working very hard to earn the increase in volumes and prices from our customers. It is not easy.

Sheetal Shah: After a long time, we crossed a 10% margin last quarter, after so many years. As investors, we hope that this continues.

The type of volume we have been seeing over the last 2–3 quarters is something I had never seen in the past 4–5 years. That is what I was asking about.

Is this volume sustainable? The previous participant also asked this question. We are concerned about whether it will continue. Are the tailwinds you expect visible at present in this quarter or the next quarter? Do you think they will materialize?

Management: First of all, Sheetal, there is no tailwind. [laughs] There is actually a lot of geopolitical tension going on, as you know. It is not easy for us to pass on those costs to our customers amid inflation, which is understandable because ultimately it affects the consumer.

You might therefore see a reduction in volume or something similar. That is what our customers are saying.

There are two things. I do not know whether you would call it a tailwind, but we are much more focused on our business. Amit and I have been appointed for growth. If we do not deliver, we will not be addressing these calls, I suppose. [laughs]

The second thing we are doing well is earning our volume increase. Although our customers are reporting flat or slow-growing volumes, we are growing. This suggests that we may be gaining market share.

The good thing is that the market is still very fragmented. Despite being one of the largest flexible-packaging manufacturers in India, we still have less than a double-digit market share.

There is still a lot of scope for us to improve and grow, and that is what we aspire to do.

Sheetal Shah: Thank you, sir, and all the best for the future.

Management: Thank you for your support. Thank you.

Operator: Thank you. Our next question comes from Magesh P. Please accept the prompt on your screen, unmute your audio and video, and proceed with your question.

Magesh P.: Am I audible now?

Operator: You are audible, sir. You may proceed.

Magesh P.: Good evening, sir. I have a couple of questions. We are present in FMCG, pharma, and other sectors. In which of these sectors do you think we are performing well? In which sectors do you believe Huhtamaki has good bargaining power?

Management: Is the question about which segments we are performing well in?

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Magesh P.: Yes.

Management: I think we are doing well in most segments.

Magesh, as I have said many times, we focus on products where we have a better value proposition. Huhtamaki is very well known in the industry for the quality and innovation we bring.

We work with customers who demand that type of value and who work with us either to upscale or upgrade their packaging, for example, or who want a more reliable supplier.

Kamal Taneja – Managing Director: We are segment-agnostic in a sense. We can obviously do better in some segments. For example, pharma still provides a lot of opportunity for us to grow.

There are also more commoditized segments, such as single-layer and low-complexity products—for example, biscuits—where we are not as competitive because the products are less complex, and those are areas we are not focusing on.

However, we remain a reasonably strong supplier to that segment as well.

Magesh P.: If you compare us with our peers, I am not making a direct comparison, but they are able to achieve 15%-20% margins in their financials. Compared with Huhtamaki, we are currently at around 6%-10%. Over the last few quarters, we have been at 8%-10%.

Where do you see us lagging as a company compared with our peers? Where do you see that they have an advantage over Huhtamaki? What do you want to improve?

I am not expecting us to reach their 20% level, but a 10%-12% margin would be good going forward. I am not expecting it in the very next quarter, but there should be some work toward that. I would like to understand management's perspective.

Kamal Taneja – Managing Director: I think what you are comparing us against is that some of these competitors may have a different product mix, not just the areas in which we operate.

Having said that, as the previous caller also mentioned, our aspiration is always to improve from where we are now.

Magesh P.: Compared with the previous quarter, we had around a 10% margin last quarter and around an 8% margin this quarter. Is this mostly due to cost inflation, or were we unable to negotiate as effectively compared with the previous quarter? Is it related to inventory or something else? I would like to understand the reason for the margin difference.

Amit: Sorry, when you talk about margin, are you referring to EBITDA or [cut off]

Magesh P.: EBITDA, yes. It was 8% this quarter, while last quarter it was around 10%. I want to understand whether it was due to cost inflation, lower bargaining power in sales, inventory, or any other factor.

Amit: The variation in EBITDA margins between the quarters is primarily a reflection of timing differences between cost inflation and pricing pass-through.

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Generally, we have a cycle in which we establish a particular cost and then price corrections come through. There are timing gaps. As Kamal explained initially, sometimes we are slightly behind and sometimes slightly ahead.

Although we are growing our profit margins in absolute terms compared with last year, between quarters you will see some fluctuation, which is consistent with the way the business cycles operate.

There is no major concern here. It is primarily a reflection of some costs that came in late September and will be recovered in the subsequent months.

Therefore, there will be some movement between quarters. However, on a year-to-date basis, our EBITDA margins have grown to 10% from 9.2%. That is an improvement of almost 80 basis points over the 9-month period.

Magesh P.: That is all from my end. I wish the team well. I can see a lot of improvement over the last few quarters. Please carry it forward into the coming quarters. We would like to see more wrappers while having food in Huhtamaki packages. Thank you.

Kamal Taneja – Managing Director: Thank you.

Operator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to Mr. Kamal Taneja, Managing Director, for his closing comments.

Kamal Taneja – Managing Director: Thank you. I saw that there were also some questions in the chat box. We did not have time to answer them, but if you have specific questions, please feel free to contact us using the contact details displayed earlier.

To summarize our performance in the quarter, we did well on the growth side. The growth is coming not only from pricing but also from a better and healthier product mix, as well as an increase in volume. This is very encouraging for us because we have maintained it over the last few quarters.

On the margin side, I think the margin is still healthy, depending on how you compare it. I do not see any structural change in what we are doing at present compared with the last quarter or with future quarters.

Our aspiration is to return more value to our shareholders and, frankly, also to our customers going forward. We will always remain focused on growth and margin improvement. If the market holds up, we will do our best to improve that.

Before I go, Amit, do you have any final comments?

Amit: No, Kamal, you summarized it well. I believe that the numbers speak for themselves more than words do.

The quarter-on-quarter growth we are delivering, with a healthy top line comprising volume, pricing, and mix, together with the margin improvements, reflects our performance.

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There is nothing more to add, but thank you, everyone, for joining the call.

Kamal Taneja – Managing Director: Lastly, as I said earlier, Happy Diwali to everyone who is celebrating, and to your families and friends. We look forward to speaking with you again next quarter. Thank you.

Operator: Thank you. On behalf of Huhtamaki India Ltd., that concludes this conference. Thank you all for joining us. You may now disconnect.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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