

Date & Time of Download : 25/02/2021 10:59:09

**BSE ACKNOWLEDGEMENT**

<b>Acknowledgement Number</b>	2575253
<b>Date and Time of Submission</b>	2/25/2021 10:58:17 AM
<b>Scripcode and Company Name</b>	516030 - Yash Pakka Ltd-
<b>Subject / Compliance Regulation</b>	Announcement under Regulation 30 (LODR)-Analyst / Investor Meet – Outcome
<b>Submitted By</b>	Bhavna Patel
<b>Designation</b>	Company Secretary & Compliance Officer

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7/Govt/SE-14  
24<sup>th</sup> February, 2021

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Scrip Code: 516030  
Trading Symbol: YASHPAKKA

Dear Sir/Madam,

***Sub: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements),  
Regulations, 2015- Transcript of Conference Call with Investors/Analysts***

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time, please find attached transcript of earnings conference call held with analysts and investors on 16th February, 2021, to discuss the financial results of the Company for the quarter ended 31st December, 2020.

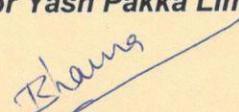
Pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the conference call is also hosted on the website of the Company.

Kindly take the above on record.

Thanking you,

Yours faithfully,

**For Yash Pakka Limited**

  
**Bhavna Patel**  
Company Secretary & Compliance Officer



**Encl: As above**



“Yash Pakka Limited  
Q3 FY2021 Results Call”

February 16, 2021



**ANALYST: MR. SHREEGOPAL JAJU - RESEARCH ANALYST -  
EMKAY GLOBAL FINANCIAL SERVICES**

**MANAGEMENT: MR. VED KRISHNA - CHIEF STRATEGY AND  
EXECUTIVE VICE CHAIRMAN - YASH PAKKA  
LIMITED  
MR. JIGNESH SHAH — CHIEF FINANCIAL OFFICER -  
YASH PAKKA LIMITED  
MR. JAGDEEP HIRA — MANAGING DIRECTOR -  
YASH PAKKA LIMITED**

**Moderator:** Ladies and gentlemen, welcome to the Q3 FY2021 Results Call of Yash Pakka Limited hosted by Emkay Global Financial Services, We have with us today Mr. Ved Krishna, Chief Strategy and Executive Vice Chairman, Mr. Jagdeep Hira, MD, and Mr. Jignesh Shah, CFO, As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing '\*\* then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Shreegopal Jaju, Research Analyst of Emkay Global. Thank you and over to you!

**Shreegopal Jaju:** Thanks Supraja. So I request the management of Yash Pakka to give your opening remarks followed by Q&A. Over to you Sir!

**Ved Krishna:** Thank you. This is Ved. I am going to start and then my colleague Jagdeep and Jignesh are going to take this over. So I welcome all the investors on this call for the third quarter of 2021. I am going to start with the overall idea behind what the company is. So I am just going to talk about what overall strategic idea that the company is pursuing and also give you a feedback on the quarter that has gone by as well as what is planned in the next quarter so basically we have put in our presentation on the BSE site. I hope that you guys have that. Some of the slides are more of repetition that we have committed to, but I am going to also take you through the steps that we are taking towards that vision.

So I am going to start from slide 4 which is the overall goal of 2025 which is to reach target of Rs.13.6 billion in turnover with a profitability of 2.4 billion. So that is the whole goal that the company is pursuing.

If you go to next slide, there are dot areas that we work in, we are trying to provide an alternate, to the whole focus is towards compostable packaging and we are working on providing grade of cellulose based product that is going to try and replace single use plastic bags. We have entered the moulded product segment and the idea is to replace Styrofoam/thermocool as well as plastic-moulded products through that effort. The third domain is that of which is still in the R&D phase but we are trying to work towards finding alternates to multi-layered flexible packages and these are the directions that we are focusing on.

The next four slides are basically about looking the markets and why we are in this segment. I am not going to dwell too much on it because we have discussed this couple of meets before. Fundamentally what it talks about is the opportunity to be in this segment there is a huge amount of single use plastics being used, it is almost 70% of the current

packaging is actually single use that is a huge opportunity for us. Our company focuses on food packaging segment which in itself is a large opportunity and that is what we are trying to do.

So I am going to now discuss something which actually got left out in the presentation but basically it is going to give you a road map on what we are trying to in this domain. So there are three broad areas that we operate which is basically operations, project, and innovations so what we are trying to do is to have a clear road map for the coming year. We are trying to work on creating higher profitability. The big announcement that we have just done and we are to talk a little bit more about it is that we have undertaken a large project to take us toward our vision of 2025. This will enable us to more than double our turnover and hopefully take the profitability to about three times of the current profitability and by current profitability I am omitting the year 2020-21 because for everybody it has been such challenging because of the virus and our company also took a large hit because of that, but taking into consideration where we were in 2019-2020 we look at, at least doubling the turnover and at least tripling the bottom line and of course our efforts towards becoming much stronger in the innovation space will continue. We are now trying to establish a subsidiary organisation in US to carry out more research there are various trials happening across the world in this domain so we are very buoyant about that.

If we move to the next slide which is slide #7, I am going to talk briefly about the project that we are undertaking and why we are undertaking this. So this will be a project between 240 to 250 Crores that is the aim. Within that main focus is to heavily expand over triple the capacity in our current moulded products line. We realized that the moulded products line still has challenges but we are still very very optimistic about it. We feel that we are in a position to really make a difference and move towards our vision through this exercise. So we want keep investing in, we want to expand the capacity, we also want to optimize the capacity so that is the first investment that is going to be there. The second I spoke about finding an alternative for the bag segment. We have done a lot of work in that domain and now we are going to modify our paper machine to increase that capacity of one of the machines by almost 100% and overall capacity of paper bag of 40% and we are not only going to increase the capacity we are going to change the whole product mix and go towards the much higher strength product along with that we will also increase the capacity for manufacturing electricity. As most of you may be aware, if you are not, I am happy to repeat that we are completely self sufficient in terms of power generation, we generate currently about 8.5 megawatts. The aim is to take that to 13.5 megawatts in the coming project in order to remain self sufficient. All our electricity is made from biomass we purchase the outer covering of rice which is rice husk and we also include the fine particles in order to be able to meet our electricity. So we are going to expand that and then we are also going to look at the possibility in increasing capacity to provide the right support to the

products by increasing capacity of pulping and our recovery operations. So that is basic idea so big announcement this quarter is basically the new projects that leads us towards our vision and of course it is going to be a huge exciting opportunity for us to move forward at that direction. So I am going to now handover Jagdeep and he is going to talk more about the operations.

**Jagdeep Hira:**

Good afternoon. On to the projects if we talk of the top line and the bottom line improvements so we have announced 240 to 250 year on project upgrading the entry by which we have already entered into a partnership with one of the top leading paper machine suppliers and that will take our product quality to international level and primarily focusing paper for bags which will be both brown and white itself so this is one domain. Then second domain is expanding the moulded products, so expanding the moulded product to almost three or four times from the existing capacity and for those again the partners had been selected and we will soon be going into a contract with them for the supply of machineries. Just to back up on the front of energy for both the expansions we are coming up with 7.5 megawatt project based is out of biofuel and this would lead to 13.5 of total energy requirement and self sufficient requirement for this location and we are upgrading the environmental front also which will take a huge lead with regards to benchmarking internationally with water conservation along with energy conservation within the existing plant and water conservation. Water, energy and air, these are the three domains we are working on and hopefully these projects from date it should take around years and year-and-a-quarter time maximum to see the product coming out of the infrastructure what would we would creating on the world level scale, so that was about the project coming up further we will discuss once we have overall presentation done. I would request Jignesh to speak briefly on the financials for the last quarter and overall financial we did in nine months. Over to Jignesh please!

**Jignesh Shah:**

Thank you Sir. Good evening everyone. I hope that everyone is doing well and keeping safe. Coming to slide #13 which is about the overall financial performance of the company since last FY2016 to FY2020 so on our main business, we have done significantly well in terms of the production of pulp and paper. We started from 40000 metric tonnes in 2016, we are now in 2020 we have done 42000 tonnes. Sales in terms of tonnage was 42000 tonnes and we have reached around 44000 tonnes, 43.938 tonnes in 2020. Our moulded products was in 2018 was just a small baby when we initiated the project and then by FY2020 we have done 1059 tonnes and in terms of sales we did 1215 tonnes in 2020 this is of course the current year and the coming year we will see a significant growth in this segment.

On the next slide our growth story if you look at from revenue from FY2016 of 174 Crores we rose up to 261 Crores in FY2020 as explained by Mr. Ved that this year of course 2021

would be really not a good year for us and of course for everyone because of the pandemic, the production loss and the business loss. We are sure that by 2022 again we will be back in business and numbers would be again coming back and of course with the project coming in we will do eventually much better. On EBITDA side from a 25 Crores of debt, EBITDA we did a 62 Crores in 2020, PBT was only 4.36 Crores which went up to 39.54 Crores in 2020 and our PAT which was only 2.85 Crores rose up to 27.17 Crores.

Now we come to the results of the quarter. So for the quarter of FY2021 we did 58.09 Crores of revenue as against 41.66 Crores revenue in the previous quarter and 66.12 Crores of revenue in the corresponding quarter of FY2020. EBITDA is at 13.15 Crores as against 9.41 in the previous quarter and 15.70 Crores in the corresponding quarter. PAT is at 5.69 as compared to 3.27 in previous quarter and 7.35 in the corresponding quarter. On the production side we did 7958 tonnes of paper and on the paper segment as against the 6876 and 10162 in the corresponding quarter of FY2020. We did 4847 tonnes of sales as against the 31.35 tonnes and 5188 in the corresponding quarters.

In terms of the moulded products our production was at 362 tonnes as against 328 and 269 in the corresponding quarter. In terms of sales we did 962 tonnes as against 403 tonnes and 631 tonnes in the corresponding quarter. On the overall profit loss account for Q3 our total revenue was at 58.09 Crores as against 41.66 which is quarter-on-quarter raise of around 28% , total expenditure stood at 49 Crores as against 37 Crores which is more or less in line with the increased capacity. Profit before tax is at 8 Crores and 12 lakhs as compared to 4 Crores 5 lakhs which is growth of 44%. Tax expense is 2 lakhs 243 profit before exceptional items at 569 and after the total comprehensive income stood at 569 for the quarter. This is from my side. We will be happy to take questions. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Harsh Gupta, Individual Investor. Please go ahead.

**Harsh Gupta:** Sir thank you for this opportunity. Congratulations on a great set of numbers especially from the moulded products revenue. Sir I am just trying to understand the moulded products baseline is better so first of all when I go on the website I see that it says Yash Compostable so what is the current arrangement of Yash Pakka with Yash Compostable.

**Ved Krishna:** Jignesh bhai do you want to give the clarity on the mergers and where we stand?

**Jignesh Shah:** Thank you very much Harsh for the question. Basically Yash Compostable is a separate entity which was trading entity and which was responsible for selling the products of Yash Pakka as well as they were also selling the products of other company. As a part of our ongoing exercise for growth as well as we were getting some questions why should you

have separate entity there were questions coming for transfer pricing so eventually we went in for merging of Yash Pakka with Yash Compostable. As of now the application for merger between Yash Pakka and Yash Compostable is approved by BSE and SEBI and it is now at the stage of NCLT approvals. We assume that this may take another two or three months by which the entire process will get completed. So there we will not have any separate entity as Yash Compostable and if it become a selling arm of Yash Pakka which will do trading and selling for the moulded products of Yash Pakka.

**Harsh Gupta:** That helps to clarify. So I think does this also explain why, if I do the per kg sale for Yash Pakka it comes very low so does that explain why it is so low?

**Jignesh Shah:** No I don't think so that question of very low, you can send me some specific information or data which I will be very happy to answer.

**Harsh Gupta:** Sir I was just comparing it to the current price list actually that we have right Sir through that I can see how it should be as per the sales volume what the sale amount should be?

**Jignesh Shah:** So basically between Yash Pakka and Yash Compostable everything is at arms bend, so absolutely full clarity on the pricing and we have been following complete corporate governance there so there is nothing that, you know the pricing to Yash Pakka is lower as compared to Yash Compostable. Of course Yash Compostable is into trading so they would have their own cost to recover so they would have some normal margins. Yash Compostable on the other hand is also selling products which are not manufactured by Yash Pakka so they would be selling the entire compostable range so that would not be one on one comparison that we can do on the pricing, but I think it would be better if you come with some numbers I will be very happy to respond, you can send me a separate e-mail on that.

**Harsh Gupta:** Sure Sir I can take that offline. Sir what is the current production capacity and utilization for the moulded products specifically

**Jagdeep Hira:** Total installed capacity is around 14 tonnes and we are operating at around 60% of efficiency right now and going forward there had been improvements during this quarter only the present quarter which will be reflected in our numbers much higher than the existing capacity. The existing capacity with which we are operating in the coming quarter results.

**Harsh Gupta:** Why is the efficiency is so low?

**Jagdeep Hira:** Initially what has happened when we thought of putting of a project we were the only one where we had gone for the biggest machine worldwide and we tried to get automated

machines. There has been some technological hiccups for those. Now we are reverting back to the normal machine where we will get much more efficiency from the automated machines.

**Harsh Gupta:** Thank you Sir. I will join back the queue.

**Moderator:** Thank you. The next question is from the line of Hiten Muchhala, an Individual Investor. Please go ahead.

**Hiten Muchhala:** Thank you so much and congratulations the entire team at Yash Pakka for good set of numbers. I have only one question and which has been bothering me for a while which has been that the management has pledged 100% of their share why would this be so and how would this entuse an investor to understand whether the management is in the process of selling it out or what is it? Can you just throw some color on this?

**Ved Krishna:** This has been an interesting process for me personally because probably sometimes we as promoters and business owners don't understand the perspective that the investor going through, so what has happened is that what we have to realize is the overall history of the company we have grown from a size in the last project we were a total turnover company of 30 to 35 Crores and we ended up investing over 100 Crores and of course the big part of that was borrowing from the bank and again we went into a financial turmoil and then the amount of that financial turmoil through CDR came around 2012 and soon after that we invested in the moulded product project which was also a sizeable 70 odd Crores project. So actually what has happened is that when we go the bankers for debt they have to have some collaterals you know we as a promoter group or as individual do not have any other wealth that is there apart from the company. So typically what happens is when go for taking loans one of the comfort that the banker always seek is that the current holding in the company because that is true wealth that is there is pledged to them. So we actually never understood it from a perspective of an investor now that the financial numbers of the company are better than before and we are now understanding the perspective of the investor it may be taken as why have the shares been pledged, is there any other idea so the shares are only and only being pledged for taking loans for expansion for the company no other reason as collateral and now we have started talking to our banker that we do not need it that you are well covered in terms of debt, in terms of assets, etc., etc., and we are working towards releasing those shares but that said we are immediately jumping into another project so let us hope that we will be able to convince the bankers to release the share rather than have that as security, but let me just assure you all the shares that are pledged are absolutely against the debts taken for the company for this expansion project.

**Hiten Muchhala:** Thanks Ved point very well taken just to let you know as an investor the concern is that especially when the company has gone through so much turmoil over the last so many years and its making a comeback and it is betting into something which is quite disruptive in nature now going forward all that an investor as of now would bet on is the management and the last thing that an investor would want to see is a change of management for any reason whatsoever due to the 100% pledge issue, so I hope you will understand that perspective.

**Ved Krishna:** I partially understand it I would actually request you I know that you are supposed to be questioning me but I would really request you to highlight that a little more maybe because of my lack of understanding and I can of course understand it from debtors as well but what happened is when we go to banks they typically say we want security and the only security that we have to offer is the wealth that we have in terms of the holding in the company. We do not find a perspective in the bankers where they are ready to provide us money without that collaterals. So we get stuck in a Catch-22 situation that is where we are so I do not know if we are doing anything incorrectly or we should be so what would be your guidance how should we go about?

**Hiten Muchhala:** I think I would like to speak to you on a side chat little later after the con call and I would love to do that I will send you message on through the LinkedIn profile but just the only reason I am investing in this company is because of you I am being very honest and the last thing I would like to see is a management change over for some reason because...

**Ved Krishna:** I can assure that everything of mine that includes my soul is invested in the company and that you know the company and me and the people that we have that includes my colleagues on the call we have totally invested in this. For us it goes much deeper than business for us we are there for creating a change and we are deeply invested all of us in this process so you will not find me escaping for sure but of course I agree with you that ultimately it is not the word it is more than that so I would love to understand from you your perspective then try and communicate with the bankers in order to convince them to not have share pledge as part of contract.

**Jignesh Shah:** So I fully agree we completely understand the investors especially everyone getting aligned to the company because of the vision that the management has. The only thing at that point of time when we did the pledging of the promoters stake was the only option available to us to have that funds available for the growth. Having said that we are in the process of trying to get the pledge release for the promoters and now we are going for a bigger project probably you know the negotiations would change, but the idea is to have the promoters pledged in these and to derisk the investors from a change of management. So we completely understand your and we are working towards it.

- Hiten Muchhala:** Appreciate thank you so much for the response and thank you Mr. Ved.
- Moderator:** Thank you. The next question is from the line of Mehboob Gulam Hussain Gauri, an Individual Investor. Please go ahead.
- Mehboob Hussain:** I just wanted to know that you are planning to introduce 250 Crores so will it be like a loan or you are going to do some fresh issue of equity operations kind of thing?
- Ved Krishna:** Thank you for your question. The whole idea is still a little bit open, we are definitely clear that we are going to go for debt and some mix. So most of it is going to come from our internal accrual we have healthy internal accrual projected in the coming year and I think our bankers would agree to that. That said we are open to a possibility of infusion of some equity depending on the investors that show interest so it will not be a huge amount but there may be a little dilution that we may have to do to ensure that the bankers provide us remaining 70% to 75% as debt. Jignesh bhai do you want to add something to that?
- Jignesh Shah:** Absolutely right, you said it correctly right now we are discussing with the bankers on the project. The project size is around 240 Crores and we are planning to have a debt of around 180 Crores or so, remaining would come from internal accruals and probably some portions we will have to do through equity but as of now those things are really open in terms of the overall comfort that we get from the banks and we will have to structure it in a way that there is a benefit to the company and the bankers are agreeing to it and overall there is a smooth handling of the entire funding process for the project so as of now things are such we will have debt and we will some money coming from internal accruals. What about the equity as of now that we really need to decide probably we will have some clarity in the next one or two months that would be announced as corporate announcement as we have really come to that decision.
- Mehboob Hussain:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Govindlal Gilada, an Individual Investor. Please go ahead.
- Govindlal Gilada:** I have got two questions. First question is on the part of other income, you mentioned that this 4 Crores 70 lakhs from other income is for some EPCG obligations all that if I remove I think it is one time to my understanding, is it one time?
- Ved Krishna:** Yes, I can explain a bit on that, so basically what happens when you take a customs duty benefit through EPCG license as per the new accounting laws which has comes from 2018 which is called Ind-AS you will create a reserve kind of liability and that value is getting added to the cost of the machine that has been brought and as when you start exposing

against those EPCG obligation you start categorizing those credit as an income so there was fair bit amount of export which has happened in the last two years and again we have crossed the benchmarking export turnover so there was no accrual of the other income but this is as you likely said this is a notional income and one time income.

**Govindlal Gilada:** So that if I exclude it even your sales have gone up but margins have come down that is what I am asking you so that quarter-on-quarter, year-on-year sales is substantially high but if I remove this then hardly net worth actually 3 Crores you are saying in segment results on profits if I remove this loss in spite of that sales is going up from 6 Crores, 4 Crores to 9 Crores quarter-on-quarter, year-on-year it is not reflecting in the margins.

**Jagdeep Hira:** Sir these figures what are presented and what all has been given in the third quarter. The sales figures definitely have gone up but there is because of Corona start of the year we have hit on the pricing front also, that have come down and have hit the bottom as well so these figures are because of that though the numbers have gone up, tonnage has gone up, but we had a hit on profitability, just securing lot is running the plant it was like that till end of third quarter.

**Govindlal Gilada:** Currently it has improved?

**Jagdeep Hira:** Yeah the condition is improving vis-à-vis last quarter but not as per the expectation and we hope it should go better by end of this financial year.

**Ved Krishna:** So Govind bhai the business is totally connected with the QSR business which is basically quick service restaurant. Most of our products are dine in products which are used as disposables. Now as you are aware what is happened in the last year lot of the restaurants have been shut, lot of the products would have been used has not operated so our team is working hard in finding other avenues and seeing where all we can deploy the products which is why the sales are still there but of course you know as a we said we have to keep running the plant and hence there has been where the margins have been hit but that said we are like I said in the beginning we are very buyout on this segment of course we still have to improve our efficiency further which you will see a continuous uptrend that has happened as the restaurants are opening we have seen this change happening the demand is growing up and we do think that even tripling our capacity we will be able to sell these only in the domestic market if we want. With that in mind this is of course a temporary blip in terms of the pricing, but that we are quite sure that we will see a change, even in the coming quarter there will be some improvement and then of course going next year hopefully things will stabilize more.

**Govindlal Gilada:** So my second question in continuation which some other gentleman was already asking about this your pledge to bank so in advance I sorry if my understanding is wrong so generally companies if they take loans all that they need not pledge because they have got some other securities or whatever it is our banks all comfort with the business model so in your case when bank has taken 99% almost as pledge so what I am understanding is that you would not be having some other better securities to give comfort to bank or bank may not be so comfortable with your business model even your profitability projections. So that is one part. Second part is that first already you have pledged and you do not have much other securities to give, all your shares have been also pledged how you managed taking this further 180 Crores loan that is why I am wondering?

**Jignesh Shah:** So Govindji your question is right actually but you know as we explained in the earlier question that we are in discussion with the bank on releasing of the current pledge that is there from the promoter side so that was actually on card and probably we would have done the release of the pledge which is renewal because every year there is a renewal of the loan facility so now since we will go for an additional debt with the bank this pledge release that you are asking probably might get adjusted with the holding but as of now those things are not clear but we have really got into discussion with the banks and we do not see any issue there because initially when we took this loan way back in 2017-18 and prior to that the performance was not coming and now we have really in term of the performance we have really done well. The bankers are really very happy with us we share a very good relation with bankers and we very hopeful that this things would not need any other additional pledge or anything other than the pledge of the promoter's equity but as of now things are really very on a discussion phase so once things would come up for the clarity we will keep you posted but we are very sure it will have no hindrance in terms of getting a loan from the bank.

**Govindlal Gilada:** Thank you very much Sir, but just keep in mind it is very big red flag to market and investors, this pledge.

**Jignesh Shah:** We fully agree with that Sir, we are working towards that when we are going for a project probably next couple of years when we do well things would really turn out better.

**Govindlal Gilada:** Thank you very much Sir.

**Moderator:** Thank you. The next question is from the line of Harsh Gupta an Individual Investor. Please go ahead.

**Harsh Gupta:** I have a question about the moulded products again so are we competing with imports from China and other countries?

**Ved Krishna:** Not really Harsh there is huge price differential when it comes to import from China there is one company out of Mumbai actually that does decent amount of import but also they have shifted to getting their products manufactured in India because it is a very bulky product to export container only fits in about 5 odd tonnes of material so you add a lot of freight cost and now there is lot of manufacturers in India. So you know there is no reason be worried about imports from China and also what happens is India has its own way of eating, consumption, portion sizes, structure, our meals are different so Chinese producers are focused mostly on the larger market like the US, Europe and some of Australia so their product designs are typically made for those market so they are not somebody who decide to focus primarily on India, this is still a decent market. There is not that much of competition from China that said there is a lot of competition coming within India but that's more than welcome because I think it expands the market overall when competition comes in so that's where it stands.

**Harsh Gupta:** Sir just trying to understand distribution of our sales so what is proportion of our sales would be sticking sales to as your mentioning to QSR for example and to other institution as opposed to directly whatever I can say Amazon for example, so what is the approximate breakup of your sales in terms of distribution?

**Ved Krishna:** For us Amazon is more of just being present is not really huge sales generator so I would say it would be definitely lesser than 5% I would say even about 3%, Amazon sales are typically to home which are buying in packages of 25 pieces or 15 pieces whereas you know one consumer in QSR can take up to 10 lakhs pieces in a month so there is a huge difference in terms of quantity required so I would say like at least QSR itself the segment itself will be over 80% and rest would be institutional sales which is basically the big offices some of the other sort of institutional market those will be another 15 odd percent and the retail sales that I would include Amazon, D mart and Reliance that would in total be about 5%.

**Harsh Gupta:** So would we be including the sales to the distributors in this also or we directly do have a market institutions that approaches these institutions for QSR and so on.

**Ved Krishna:** No we are both so distributors like partners who are doing our entire distribution taking care of that but we have regional sales heads who looks after each of the region then we have a central key customer head and he tends to look after major bigger QSR to get them more personalized service, see this is still a nascent product in market and there is still a lot of marketing and convincing required in order for people to actual shift so yes we do invest in that but that said most of the distributors that we take are like business partner which are market facing arm so to say so its mixed sort of model where we market as well and so do they, so both of us market together.

- Harsh Gupta:** Thank you Sir, best of luck to the team.
- Moderator:** Thank you. The next question is from the line of Raj Kiran, an Individual Investor. Please go ahead.
- Raj Kiran:** I have a few questions I think most of them are covered, but I did not get a complete picture so I will just come to the questions. First, what is current debt?
- Ved Krishna:** Jignesh bhai do you want to answer both long-term and short-term.
- Jignesh Shah:** Sure. As of now our borrowings are in the range of the noncurrent liabilities which are mainly the term loans are around 40 Crores and then we have the working capital loan which is in the range of around 60 to 65 Crores, 80 to 90 Crores is what we have in total?
- Raj Kiran:** Out of that Jignesh bhai how much will be outstanding in the working capital.
- Jignesh Shah:** The working capital is around 60 to 65 Crores...
- Raj Kiran:** Since you mentioned that we have pledged the shareholding of the promoter and now we are raising more for expansion and that expansion comes at some price in which case it will be debt because we already looking at 180 Crores so how are you going to plan this because you are promoter shareholding is already completely pledged I am sure you are not planned completely as you said right, you should figuring out to take loan from bank how much or at what level but do not you think it is too much loan I mean you already have 80 to 90-Crores total along with working capital and you will needing 180 Crores as per the presentation so it might go to around 250 Crores plus so do not you think it will be like you might not get into a debt trap?
- Ved Krishna:** I personally think that bank loan is cheapest way to raise money compared to equity I would always want equity you would also not be okay with 8% recurrence rate right so bank charges between 8 to 9% as current sort of cost of capital so I am sure that than equity...
- Raj Kiran:** One suggestion I am not someone as good to suggest but why cannot we look some foreign loan or foreign infusion for money because they provide at quite a low rate taking from the local institutions it will be little higher rate.
- Ved Krishna:** When we look at project we look at all those things that you are talking about. We look at all sorts of structure it is not just a flat foreign loan so we consider all sorts of different model what happens in case of foreign debt is we can go for an ECB kind of debt and where what happens is that typically there is a lot of hedging that we have to do. We cannot have currency risk on our head so that is too big risk to take we do not know we are not people in

the market who would know and nobody knows what is going to happen to the oil market, etc. So we do not want to have a currency risk so we will always hedge that once you hedge the hedging cost is itself is about 4 to 5% today, 400 to 500 basis point, the loan even if you take at 0 or 1% they would at least take 200 to 300 basis point if we are very very good so it ends up about being the same cost so we would rather not go for a foreign debt that said we remain open, we will look for the lowest cost of capital. For us as far as we know right now our bankers are totally ready to lend they have lot of confidence in the company and what we are doing and in our numbers that we have projected. Our bankers have already come forward and shown interest in terms of their comfort, the exact structuring will happen exactly when we totally move ahead which is within this month. So that said basically all possible structures are explored. That said we may be missing out on certain opportunities but few calls like this we definitely spread the word and hopefully somebody has more ideas, we welcome those ideas and if we are missing out on something with that we also obviously consider the equity route. It has really been very humbling for us there is a lot of funds outside the country that are today very keen on investing ESG funds they are very keen on taking a stake in the company all that is being considered what we find at least through our internal discussion between Jagdeep, Jignesh bhai, me and our team we find that still think we are still undervalued so we would not want to dilute at this time even at Rs.100 or Rs.125 a little dilution is okay we have to raise 25 to 30 Crores but we could replace the entire 240 odd Crores with infusion of equity, but that would mean a very, very high dilution and we do not want to do that at this stage maybe at next stage there will be an expansion after this and maybe at that time we have performed to what we are committing and you know trust of investors is higher and may be at that point we can look at more equity infusion.

**Raj Kiran:** Second question is this project which you are doing the latest project about 250 Crores approximately what timeline you are looking at?

**Ved Krishna:** Jagdeep already mentioned that, he said that from the 0 date which has already happened in February we are looking at maximum of 12 to 15 months so our effort is to ensure that we basically are totally on line in the financial year starting 2022 say April 1, 2022 we should be fully stable and performing.

**Raj Kiran:** Sir good wishes for the company. Just a few suggestion from my side one of course expansion if you can increase the promoter holding a bit because that gives a lot of confidence to the investor and the second is dividend, obviously because since you are expanding you cannot give a lot of dividend right now but just to point if you can look forward in future investors will always be happy.

**Ved Krishna:** I did not get the second point.

- Raj Kiran:** Second point is dividend I am not saying for right now because we are doing expansion so no dividend.
- Ved Krishna:** I will personally be happy also if I get to give dividend.
- Raj Kiran:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Kartik Rana, an Individual Investor. Please go ahead.
- Kartik Rana:** Greetings to the management. Sir my first question is that management was proudly speaking that we taken out machinery that we are not using to the full capacity so reverting that back to the normal machinery would that cost us extra.
- Ved Krishna:** If you talk of our capex cost on installation much less than the what machinery we got on the automated as well as the opex cost will be lesser than the existing.
- Kartik Rana:** Sir just one more question is that why is not the company is responding to the credit base rating agencies?
- Ved Krishna:** Jignesh bhai do you want to elaborate.
- Jignesh Shah:** The credit base we have already our rating are under with Bicra and earlier rating was with CARE. So CARE wanted us to renew the rating which we have working with Bicra and our rating would be out soon. So there is no need for us to kind of respond we have already intimidated that we are not going ahead with CARE, but we have mentioned that the company is not responding and our rating will be out with Bicra this week itself, the exercise already completed.
- Kartik Rana:** Thank you very much Sir and all the best for coming quarter.
- Moderator:** Thank you. The next question is from the line of Jeet Gala from Centra Advisors LLP. Please go ahead.
- Jeet Gala:** Good evening Sir. I am really pleased tp look at the announcement which you made about the capex and looking at such an aggressive capex for the company we really think that company is walking the talk so I am really pleased looking at the capex announcement. First question is in your opening remark you said you opened a subsidiary in America so I believe it is the global compostable alliance I wanted to ask Sir is this a separate legal entity which has already been incorporated or what?

- Ved Krishna:** Sorry I should have restrained myself from that you are very good at catching on to statements. Thank you. I will clarify that, actually the incorporation is actually right in the process of finalization so we are forming a 100% subsidiary called Yash Pakka Incorporated, the fundamental idea is two. One is to have more of our global innovations and collaboration tie ups through that because what happens is that we are able to channelize and bring in more talent in terms of innovation, which is something that we want to do. One of the consideration also is establish a small innovation facility in the US so that is something that is sort of I am overshooting my script in a way but the ideation stage is there where we are looking at the possibility of putting a team in the US to look at the next generation innovation because we feel we may be able to get a deeper talent, more cutting edge research so that is one of the things we are doing. The second thing as you mentioned thank you so much for following us closely to know these things we do think that there is a huge opportunity of creating a bigger impact through collaboration and that is the idea behind Global Compostable Alliance so Global Compostable Alliance will also be part of the same Yash Pakka Incorporated idea that will be a self-sustaining operation, initially we might put in some capital but the idea is to create a platform where the global packaging industry can be brought in together and we can provide the required service to be able to align and look at the quality, technology, innovation, etc., and of course that will lead to possibilities of deeper collaborations with others, so that is the basic idea Yash Pakka.
- Jeet Gala:** Its going to be a wholly owned subsidiary right?
- Ved Krishna:** Yes.
- Jeet Gala:** Okay and Sir with respect to the capex project which you announced it is going to be entirely at Faizabad I mean none of the overseas investment or any new capex let us say it is entirely happening in Kanpur right
- Ved Krishna:** Yes entirely there. So the investment itself is entirely for the current manufacturing site we do think that there is lot of possibility there for improvement.
- Jeet Gala:** Okay lastly I do not know if you have answered to this question but we noticed that there is a jump in the turnover for the paper segment but the profitability has been really stagnant at 5 Crores so what has been the reason because the paper prices have been strong, the market has really recovered, pharma customers, the end products they have recovered Q-o-Q at least so has the paper division not really fired?
- Ved Krishna:** Jeet not exactly the news has been coming up on the recovery on the top line but what has happened is pre-COVID percentage drop was almost to the 15% to 18% across the industry on all segments and the clearly damaging part was on the pharma which was almost up to

20% as well but they are recovering and they have regained some percentage loss but not to the extent of hopefully recovered 12 to 15% of loss. So this come back is from the corrugated medium not from a top end packaging segment.

**Jeet Gala:** Okay when do you expect it to come back to pre-COVID levels I mean by this quarter end?

**Ved Krishna:** By end of quarter or start of next year should be much better.

**Jeet Gala:** Okay, lastly ECPG obligation the write back to the P&L is this the real cash flow or it is just an notional entry.

**Ved Krishna:** No it is real cash.

**Jeet Gala:** Real cash and the cash has already come during the quarter.

**Jignesh Shah:** What happens when you take a machinery and take an ECPG obligation the cost of import duty has to be added to the cost of machinery and corresponding you create a liability and as and when you start exporting those liabilities has to be converted into an income because when you create a debit you have a to create a credit this is a regular Ind-As adjustment so if you really speak it is a notional income, but the debit for that has already been taken into the cost of the project so when you have brought those machines there was asset which was created and against those asset there is an income which has to be created.

**Jeet Gala:** That's it from my side Sir. Thank you.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

**Ved Krishna:** Thank you once again all the investor in having confidence. Of course I really appreciate and enjoy you taking the time to join us every quarter. The company is making a lot of effort towards the vision of cleaner planet and creating more and more sustainable packaging products. We work in two broad domains using agriculture, creating compostable package those are fixed ideas that we have and between that we are trying to create numerous possibilities in this three segments that we are focusing on. The idea is to keep growing the idea is to take basically work towards creating real impact through taking larger ambitious goals and building this company. So once again thank you for your support. I would request Jignesh bhai and Jagdeep if they have any closing remarks.

**Jignesh Shah:** We heart fully thank all the investors and we also thank Emkay Global for hosting us on this investor call and Chorus for doing this fabulous job. Thank you very much and keep contacting us for your questions we will be happy to answer.

- Jagdeep Hira:** Thank you investors and we also get intelligence and the knowledge by the questions you ask and prompt us to look at different angles so those possibilities which was shown to us for a funding coming into the line we will definitely look on to that and other aspects. Thanks a lot. Thank you very much.
- Ved Krishna:** Keep guiding us. Thank you so much. Thank you for everyone.
- Jignesh Shah:** Thank you very much everyone. Thank you Gopalji.
- Moderator:** Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.