"स्थायित्वम्"

CNK & Associates LLP
Chartered Accountants

Investing in a Sustainable Future

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Editor's Nest

It cannot be right to manufacture billions of objects that are used for a matter of minutes, and then are with us for centuries. – Roz Savage, English ocean rower and environmental advocate.

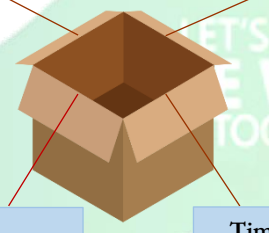
Having previously discussed about the ESG related problems and solutions in the pharmaceutical sector, let's now focus on the packaging industry in India which is one of the fastest growing sectors.

Packaging is essential for protecting products, extending their shelf life, and ensuring safe transportation. It also serves as a powerful marketing tool, influencing consumer choices through attractive and functional designs. The sector is expected to grow significantly, with the market size projected to reach USD 39.13 billion by 2031.The concept of packaging has evolved significantly over time. In ancient times, people used leaves and natural materials to store food. As civilizations progressed, the need for more durable and efficient packaging solutions led to the development of containers made from various materials. In India, the packaging industry has undergone constant changes, adapting to new technologies and consumer demands. The rise of e-commerce has further accelerated the demand for quality packaging, ensuring products are delivered without damage. The industry's growth rate is impressive, with a CAGR of 22-25%.

India's Top 4 Packaging Giants by Market Cap

Polyplex Corporation Ltd.
M-Cap (₹ Crore): 4,409.23

Garware Hi-Tech
M-Cap (₹ Crore): 11,459.26



EPL Ltd
.M-Cap (₹ Crore): 8,253.66

Time Technoplast Ltd.
M-Cap (₹ Crore): 10,396.76

Expert Speak

Ved Krishna, Group CEO, Pakka Limited – *Headquartered in Ayodhya, India, creates sustainable packaging solutions from agricultural residue and operates in over 45 countries, focusing on environmental responsibility and innovation by offering biodegradable, compostable products to reduce plastic waste and make a positive impact through regenerative business practices and teamwork*

Humans have engineered remarkable materials from waste gases released during petroleum refining innovations that transformed life on Earth. Among them was a lightweight, durable, and inexpensive substance that found its way into nearly every aspect of modern living: plastic. However, the key challenge lay in its inorganic molecular structure, which rendered it resistant to natural decomposition. Bacteria and other natural agents simply could not break it down.

Shockingly, over 70% of this material is used just once typically for less than 15 minutes and then discarded, with no viable end-of-life solution. As a result, we now face an overwhelming waste crisis, with serious consequences for human and planetary health. Today, microplastics are found in our bloodstream and even our brains. The impact of this pollution extends to all life forms plants, animals, and marine ecosystems alike.

In response, a growing global movement is working to reverse this damage. At Pakka, we focus on three key areas: food wrap and carry, food service, and flexible packaging sectors where plastic pollution is most pervasive. Our mission is to develop effective alternatives that naturally break down in the environment, are recyclable with paper (which sees a recovery rate of 80%, compared to just 8% for plastic), and are safe for marine and terrestrial ecosystems. We are deeply invested in both innovation and scalability, while actively collaborating with like-minded organisations around the world to accelerate this transition.

Ultimately, each of us has a role to play. Take small, conscious steps carry a water bottle, use a reusable bag, and reduce packaged and processed food consumption. These choices benefit both your personal well-being and the planet.

Packaging with Purpose: Unpacking ESG Challenges

India's packaging industry isn't just about protecting products—it's the engine that drives economic growth, fuels innovation, and supports a variety of industries. But with this influence comes the crucial responsibility to tackle some pressing challenges, which include:

Environmental Challenges

1. Pollution & Waste: Single-use plastics pollute landfills and oceans, while burning plastic releases harmful pollutants, impacting climate and community health. Contaminated imports worsen the crisis.
2. Resource Overuse: Heavy consumption of water, paper, plastic, and metals depletes natural resources, increases carbon footprints, and strains ecosystems through excessive extraction and energy use.
3. Greenhouse Emissions: Energy-intensive production of plastics and aluminium drives significant greenhouse gas emissions, contributing to climate change.

Social Challenges

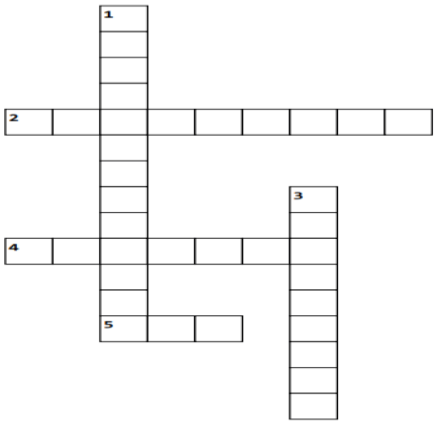
1. Labor Practices: Packaging relies on hard-working labour, often underpaid and exposed to unsafe conditions. Ensuring fair wages, safety, and dignity for workers is a pressing need.
2. Community Impact: Packaging facilities can harm local communities with noise, emissions, and displacement. Companies must prioritize engaging with and supporting these communities to foster responsible growth.
3. Consumer Awareness: While demand for sustainable packaging is growing, shifting consumer behaviour and promoting eco-friendly choices remain challenges. The industry must make sustainable options accessible, affordable, and appealing.

Governance Challenges

1. Regulatory Compliance: Navigating strict regulations on environmental protection, waste management, and product safety is both costly and complex, especially for smaller companies.
2. Sustainability Reporting: Transparency in ESG practices is now a must but building accurate and reliable reporting systems remains a major governance hurdle.
3. Corporate Responsibility: Companies are expected to oversee their products' entire lifecycle, including recycling and disposal. Implementing EPR programs and circular economy initiatives is vital but challenging.

The packaging industry faces key ESG challenges, from sustainability to regulations. Stay tuned for our next issue on how the industry is shaping a more responsible future!

Challenge Your IQ with Our Puzzle



Across: 2. A practice where companies falsely claim to be environmentally friendly. 4. The primary material often used in traditional packaging, which is now being replaced. 5. A key responsibility of companies regarding their product lifecycle, including recycling.

Down: 1. These types of materials are being increasingly used as alternatives to plastic. 3. The act of ensuring products are delivered without damage, especially in e-commerce.

Crossword Answers: 1. Biodegradable 2. Greenwash 3. Packaging 4. Plastic 5. EPR