



May 23, 2023

To, The General Manager, Department of Corporate Services, BSE Limited, P.J. Towers, Dalal Street, Mumbai -400001 Scrip Code: 507552	To, National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Symbol: FOODSIN
--	--

**Sub: Transcript of Analyst/ Investor Conference Call held on May 18th,
2023 at 4 PM (IST)**

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of conference call with Analyst/ Investor which was held on Thursday, May 18, 2023 at 4 PM (IST).

You are requested to take note of the same.

Thank you.

Yours faithfully,

For **FOODS AND INNS LIMITED**

**MILAN DALAL
MANAGING DIRECTOR
DIN: 00062453**

Foods & Inns Ltd.

Corporate Address: J. N. Heredia Marg, Hamilton House, 3rd floor, Ballard Estate, Mumbai - 400038
+91-22-22613102 | writetous@foodsandinns.com | www.foodsandinns.com | CIN No: L55200MH1967PLC013837
Registered Address: Udyog Bhavan, 2nd Floor, 29 Walchand Hirachand Marg, Ballard Estate, Mumbai 400038



“Foods & Inns Limited
Q4 FY2023 Conference Call”

May 18, 2023



MANAGEMENT: MR. MILAN DALAL – MANAGING DIRECTOR – FOODS & INNS LIMITED
MR. MOLOY SAHA – CHIEF EXECUTIVE OFFICER – FOODS & INNS LIMITED
MR. ANAND KRISHNAN – CHIEF FINANCIAL OFFICER – FOODS & INNS LIMITED
SHRI BHUPENDRA DALAL – CHAIRMAN – FOODS & INNS LIMITED



Foods & Inns Limited
May 18, 2023

Moderator:

Ladies and gentlemen, good day and welcome to the Q4 and full year 2023 conference call of Food & Inns Limited. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Milan Dalal, Managing Director at Foods & Inns Limited. Thank you and over to you Sir!

Milan Dalal:

Good afternoon. On this second investor call of Foods & Inns Limited I welcome our fellow shareholders and analysts and well wishers. As the Managing Director I would like to start with the announcement of sharing the joy of presenting an outstanding performance and would like to dedicate the same to my entire team led by Mr. Moloy Saha - our CEO and Mr. Anand Krishnan - our CFO and many more in the team at various levels and very ably guided by our Chairman, Shri Bhupendra Dalal.

While most of you may be aware of the business of Foods & Inns, I would quickly like to take you through the verticals. The first vertical being food processing primarily mangoes. We process multiple varieties as we cater to use manufacturers in India and abroad and also other fruits namely guava. We have since last year ramped up our production of tomatoes and cater not only to juice manufacturers but multiple FMCGs. We have achieved increased volumes and we will continue to do so. Our processing units are located in Valsad area in Gujarat, Nashik in Maharashtra and Chittoor area in Andhra Pradesh. Our second vertical being spray dried, we have historically been a manufacturer in this segment doing multiple fruits and vegetable powders and that just two months ago commissioned another plant with 100% capacity increase and that we are already seeing encouraging results. New products like honey powders have been developed successfully. Our next division, being frozen foods division, traditionally manufacturing vegetarian snacks like samosas, naans, and vegetables to export from our Nashik unit. Since last couple of years, we have developed a long range of vegan and exotic value-added products namely zucchini, spirals, and butternut squash, etc., and we see great potential in that segment. While it was still recently only exports, we have entered into the domestic market under the brand name Green Top. Frozen foods division has recently expanded its capacity to not only double the current capacities



Foods & Inns Limited
May 18, 2023

but also get into frozen and chilled foods. This unit has been commissioned in Vankal, Valsad.

The next vertical being Kusum spices. This is a B2C brand that the company acquired in 2019 and after the initial stabilization issues and change of manufacturing locations we are all set to see great potential not only in the B2C segment but into large institutional sales. Our new launch of Tetra Recart which we are initially planning to do in the B2C segment starting with the amrus under our brand-named Madhu followed by the ready to eat segment of soups, dals, vegetables, etc., and other speciality products and also simultaneously looking out for large institutional sales.

Last but not the least we shall witness the commissioning of our pectin project under our associate company Beyond Mangoes where we have a technology partner. This project is for converting waste into wealth. To start with pectin will be extracted from the mango skin not only will it be an import substitution it is a natural gelatin substitute. I will now let my team talk a bit before taking the questions. Having said that it would be appropriate on my part to give some clarity as a co-promoter of this company. The company's IPO was done by my father Bhupendra Dalal in the late 70s and the issue was undersubscribed, and he was stuck with a 10% holding. After a couple of years of friendly takeover from the management was concluded and that the then banker gave us an OTS whereby, we repaid the loan and losses were wiped out. One of his friend, colleague and younger brother, Mr. Utsav Dhupelia who was my Co-promoter and Managing Director till 2016 had a premature death and he deserves full credit to lay a strong foundation to this company since the time he got associated. His son, Mr. Ameya Dhupelia ACA and British National worked for the company for five years and that in 2020 he wanted to work out of London for which the Board agreed, and we relocated him to UK for two years. His request for further two years extension in UK was not considered and we decided to part ways amicably and his term ended in April 2023. Since he was indisposed and while his mother Mrs. Pallavi Dhupelia continues to be my Co-promoter and also a Board Director he has decided to pursue their other interest. They have been selling shares in the limited period that the promoter gets. Finally, I would like to say the sale of shares by my Co-promoter will have no impact on the working of the company and that I will ensure to further strengthen of all fronts required for success of the company. Thank you so much. May I ask my team to take over from here on and then open it up for questions.

Anand Krishnan:

Good evening, ladies and gentlemen. This is Anand Krishnan, the CFO at Foods & Inns Limited. Thank you for joining us and I extend a very warm welcome to all the participants of our Q4 and FY2023 investor conference call. I am thrilled to have each and every one of



Foods & Inns Limited
May 18, 2023

you joining us today as we embark on the exciting growth story of this company. I hope all of you had the opportunity to go through our published results and the investor notes that are published on the stock exchanges. The past few quarters have been nothing short of extraordinary growth for our organization and the industry. We have achieved milestones, surpassed market expectation and pushed our boundaries, but let me assure you we are just getting started. We are extremely thrilled to achieve strong set of numbers for Q4 and 12 months of FY2023. This growth can be attributed to the launch of newer brands, deeper penetration of the branded players, distribution network, launch of sub brands for rural markets, innovative product launches by the brands and electrification of rural India. This has led to a mismatch in supply demand of mango pulp which is expected to widen going forward resulting in tailwinds for the mango pulp processing sector. Tomato pulp is witnessing a substantial increase in demand in India as there was a crop failure in tomato growing areas in Europe and a lot of business is shifting away from China. In the spray dried vertical we commercially operationalized our second spreader unit on March 23, 2023, and we are witnessing a lot of demand coming through as a result of energy crisis being faced by manufacturers in Europe due to the ongoing Russia Ukraine war. In our subsidiary Kusum spices we had a muted year because of new rules on pesticide residue introduced in the Middle East which we have corrected through sourcing from pesticide compliant certified farmers during FY2024 procurement season. This got down our export volumes in FY2023 which we expect to bounce back in FY2024. We have also refreshed the Kusum Masala packaging to make it more appealing and have launched it in the retail market. Our Tetra Recart facility at Vankal has been operationalized at the end of March 2023 and production of our in-house brand Madhu for mango pulp is currently on. Other SKUs in the ready to cook segment under our in-house brand Green Top will be launched soon in Tetra Recart packaging. We are also exploring co-packaging opportunities in the domestic and international market. We are also very excited to launch our pectin project joint venture with Beyond Mangoes by end of June or July 2023. We submitted our first claim under PLI scheme for FY2022, the disbursement of which we are expecting anytime soon. Today as we stand at the precipice of the transformative era where our team has been diligently working to navigate the ever-changing landscape of the market, I can confidently say that the fruits of our labors have borne remarkable results. So let us embark on this journey together - a journey of exploration, growth and prosperity. Today I invite you not only to be investors but also partners in our quest for greatness. Together we will shape the future and leave a lasting legacy. I come to the end of the opening remark and would like to ask the moderator to open the forum for any questions or suggestions that all of you may have. Thank you.



Foods & Inns Limited
May 18, 2023

Moderator: Thank you very much. Our first question is from the line of Sudhir Bheda from Right Time Consultancy Private Limited. Please go ahead.

Sudhir Bheda: Good afternoon, Sir. Congratulations for the stupendous results Milan Bhai, Anandji and Bhupen Bhai also and your entire team hearty congratulations Sir. I have three questions first the tailwind which you have mentioned in your press note and in the opening remarks as well is going to be a very high growth for 2024 so what kind of volume growth do you expect in 2024 I think we have done around 1 lakh 3000 tonne in FY2023 on consolidated basis and on the pulp 91600 we did on the tonnage side so what kind of volume growth we expect in current year?

Moloy Saha: We are projecting a growth for FY2024 around 25 to 30% on volume growth.

Sudhir Bheda: Great that is a very good news Sir and the second question we are getting some news of untimely rain unseasonal rain and the crop failure from different parts of country so has the prices have gone up this year compared to last year prices of the mango particularly and will our EBITDA per tonne will be maintained or it will be affected because of the price of the mango?

Moloy Saha: On the price of mango you are correct initially prices have gone up due to weather pattern and which resulted in lower crops especially in the Konkan region for Alphonso crops but now other parts the Alphonso crops started like in Valsad region or in Bengaluru, Karnataka region prices have started reducing marginally not in a big way but overall price will be higher than last year for Alphonso and for the other varieties like Totapuri, Kesar these are the varieties we are expecting a good crop and price will be lower than last year. Now your next question on the EBITDA percentage we are in a B2B segment and we generally work with most of our customers on cost plus model whereas all our cost we are able to pass on and then our margin fixed on spot tonnage so EBITDA percentage may or may not change, may increase, may decrease it is difficult to say at this stage. If the raw material prices go up realization will be much higher then EBITDA percentage will be lower, if raw material price is lower overall realization will be in lower side.

Sudhir Bheda: Percentage will go up so EBITDA per tonne will be maintained right?

Moloy Saha: Yes, EBIDTA per Kg will be maintained that is how we work.

Sudhir Bheda: My last question is like we were facing some capital crunch because of that. We could not buy the good quantity of mangoes and other fruits in the season time but now the amount of



Foods & Inns Limited
May 18, 2023

that warrants are coming and now we have a good bargain power so I believe that our EBITDA per tonne should improve in 2024 so is that the case?

Moloy Saha: It is too early to say anything because season has just started. We would not be able to comment on EBITDA percentage how it will move by impact. Let the season get over probably in our June quarter result we can able to give you a better visibility during our investor call. At this time, it is very difficult to comment on that.

Sudhir Bheda: Great Sir. Once again congratulations to the entire team and all the best for the coming year. Thank you very much for giving me the opportunity.

Moderator: Thank you. Our next question is from the line of AM Lodha from Sanmati Consultants. Please go ahead.

AM Lodha: Hello, good afternoon Mr. Dalal. Congratulations for the good set of number to the entire team of the Foods & Inns and Sir I have got three questions, number one relating to expansion the present expansion plans are nearing completion in June 2023 and we have issued the warrant to certain shareholders which are likely to be converted in next one year, the company is likely to receive 160 Crores in next one year for conversion of residual warrant can you please inform us that how this money management is planning to utilize for expansion, for repayment of the loans?

Moloy Saha: As we have mentioned just now that we have taken aggressive target, we are expecting 25-30% growth in our volume growth and we are in agriculture segment it is a very working capital incentive segment because due to the seasonal nature of business so we have to grow then we need more working capital. Majority portion of the warrant profits could be used for our working capital requirement; however, some part would like to be used for capacity expansion for few specific lines like tomato or spray dried business. This is our initial plan.

AM Lodha: My second question is related to seasonality business in our company earlier we were processing the mango pulp now we have started tomato pulp and other fruits pulp and other products we have started producing, fruits are grown in different season some in January to March, then some April to September some September to December then from December to March can we assume that the seasonality nature of the business in the sales turnover of the company can we mitigate it while expanding and diversifying in other foods also?

Moloy Saha: Absolutely you are right that is also our thought process. About four years before we are more dependent on the mango almost 90-92% was mango, 8% we have with guava, papaya,



Foods & Inns Limited
May 18, 2023

other business we are happy to say today we have a tremendous growth in last two years we are almost from 340 Crores to 1000 one year ago. Our non-mango business has grown substantially today we are 78% mango business and 22% non-mango business. Our whole focus to mitigate risk on mango we would like to diversify in other business as other products especially like tomato, guava, spray dried these are the business we can see a huge potential in next five years and objective of that in three to four years time our non-mango business should be approximately 40% and mango business should be 60%. That is our objective and that target we are working on.

AM Lodha: My last question is related to promoters. This question is directly to Mr. Dalal actually one of our earlier promoters and associate and family friend Mrs. Dhupelia she is selling the shares in the open market she was holding 20% shares and last two quarter has reduced by 2% and on Monday she sold 2% equity in the open market 10 lakhs something, but she is still a director?

Milan Dalal: Yes, currently she is still a director.

AM Lodha: Then my question is that when she is selling the shares as per the SEBI guidelines and the SEBI rules she has to intimate to the company and the company has to intimate to the stock exchange when the promoter is selling the share in the open market then immediately next day this intimation should be given she sold the shares on Monday today is the first day neither stock exchange has been informed nor company has informed to the stock exchange that one of the promoter has sold the share in the open market so what steps is the company is taking to ensure that your director and promoter is filing the intimation to the stock exchange on the next day?

Milan Dalal: Mr. Lodha to the best of my knowledge and I am aware certain changes have been made by SEBI in the last couple of months and whereby very much the disclosure does happen on the stock exchange but to send it to the company and the company to report to the stock exchange has been done away with it is a direct reporting to the stock exchange and that to our knowledge and we receive it on a daily basis our intimations are being filed with the stock exchange.

AM Lodha: But it is not reflecting normally whenever the promoter is selling the share stock exchange the next day reflect in their filing?



Foods & Inns Limited
May 18, 2023

- Milan Dalal:** Mr. Lodha, just to clarify that is a different tab on both the stock exchanges that actually capture those data directly through the pan card number. After this call we have to exactly find the data on stock exchange, but it is being published daily.
- AM Lodha:** No Sir, in the last four days she has not filed any intimation to the stock exchange. Onus of the filing should also well above the company, Mr. Dalal.
- Milan Dalal:** The Company's responsibility has been done away by SEBI and it is very much there.
- AM Lodha:** She is your promoter, and she is still a Director in the company so you cannot escape by saying this system has changed so and so changed you must ensure that filing to the stock exchange should be done in timely.
- Milan Dalal:** We will write to her and ask for further clarification, but we will check with her and write to her why it is not being followed but generally our belief is what we are being informed is that is the current way of filing but nonetheless we will take your point and we will write to her.
- AM Lodha:** Thank you very much. My last question is related to dividend you have earned Rs.12 cash earning and Rs.9 as net earning but you have distributed only Rs.0.50 which is just 5% of your earning at least company should have a dividend distribution policy in the place and company should give a reasonable and respectable dividend to the shareholder?
- Milan Dalal:** I am a very interested party so when I say that I think the company does for better growth and we have declared 25% dividend and a special 25% dividend which we missed out on the 50th year last year but in this 51st year the one time kind of pay but we would carry this to the Board and inform that the shareholders wish to have a better return.
- AM Lodha:** Anyway, thank you very much Sir. My heartiest congratulations to the entire team for excellent work being done by your entire team.
- Moderator:** Thank you. We move to the next question. Our next question is from the line of Manan Poladia from MKP Securities. Please go ahead.
- Manan Poladia:** Sir first of all congratulations on the brilliant set of numbers that you have posted. Sir I have two questions my first question is on the revenue mix so this year in the press release you have stated that there has been some sort of contribution improvement from the tomato market being wide across Europe, so I wanted to understand what is the breakup of this 300 odd Crores revenue that we posted in the quarter?



Foods & Inns Limited
May 18, 2023

Anand Krishnan: So 300 Crores revenue that we have actually given is for this particular quarter but then on a yearly basis we would be able to give you broad numbers. Tomato business doubled in terms of sales value that we have actually achieved in the tomato business from around 21 odd Crores to 53 odd Crores in FY'23.

Manan Poladia: My second question is see March 2023 has been a breakout quarter for your company usually historically speaking from what I can see June and September are better quarters in higher delta so is that something that we should expect this year as well or that trend will work this year?

Anand Krishnan: So, over the last eight quarters the breakout has happened every quarter if you actually see. so we hope to have more breakouts going forward.

Manan Poladia: Understood Sir. Thank you.

Moderator: Thank you. Our next question is from the line of Ashok from Equity4Life LLP. Please go ahead.

Ashok: Congratulations for a great set of numbers and my query has been answered so thank you so much.

Moderator: Our next question is from the line of Avinash Nahata from Parami Financial Services. Please go ahead.

Avinash Nahata: Thanks for the opportunity. My question is pertaining to the tonnage and price so what you guys have given us is 29600 tonne as far as Q4 tonnage is concerned and 328 Crores what it reference in terms of value so which gives us the realization of almost Rs.111 a kg which is 110000 per tonne and when I compare the same number last year it is 73000 odd so 110 as against 73000 is a 50% rise in realization, now we do not know what is the mango tonnage, we do not know what is guava, what is tomato all we know is 29000 so why I am asking this question is so since it is a cost plus model and we said that because of realization of tomato and guava would be much lower than obviously if we are doing 25000 conversion on mango per tonne obviously that is not possible to do it in a lower value item like tomato or something so how to come to a number in terms of conversion per tonne or EBITDA per tonne because the mix is also changing, right now it is 80:20, 80 mango and 20 non-mango so try and tell us something about the EBITDA per tonne changing or the gross margin per tonne changing in terms of your present and future mix?



Foods & Inns Limited
May 18, 2023

Anand Krishnan: Hi Avinash so basically you being an investor I am sure you would be on our side of the table wherein a lot of the information with respect to the realization of the selling prices is something that we do not want to give to the competition as such so that should actually answer your question as to why we are not giving the breakup of each and every product whether it is mango, inside mango itself there will be different variants whether it is Alphonso, whether it is Totapuri, whether it is Neelam -as there are different variants of mango so we do not give that breakup just to not share this information with the competition and with the buyers.

Avinash Nahata: That is perfectly alright I do not want the breakup also. What I am asking is your conversion per tonne and EBITDA per tonne that is not going to remain when it was 90-95% mango versus 75% mango so I mean it would change right so as an analyst people tracking companies how should we look at EBITDA per tonne because we cannot look at percentage, percentage is a misguided number so in terms of absolute EBITDA per tonne or conversion per tonne how do we look at it Anand if you can?

Anand Krishnan: So what our team here does is basically on each and every product whether it is Alphonso, or Totapuri we actually say as to what was our EBITDA per kg last year, what was the gross margin per kg last year and we try to improve on that year-on-year basis that is how we actually track it but there is no way for an analyst to go ahead and track that as such.

Avinash Nahata: So, you are saying that this data is published for FY2022?

Anand Krishnan: Sorry, which data you are talking about?

Avinash Nahata: You just spoke about something see EBITDA per tonne individually crop wise.

Anand Krishnan: That is an internal document that we have. Our marketing team has a data for each and every product saying that is what the gross margin per kg would be in a particular year and then in the coming year we would actually say as to what needs to be improved on that for the gross margin per kg to improve. So that is an internal thing. We do not share that out with the analyst or with the market in general.

Avinash Nahata: Fair enough. Second question is regarding price so this is just the starting of the season but it shows 110 against 73 so almost 50% rise in prices so the question is do we have a fair idea of what is the price going to be like for the rest of the season or for the entire year can we say confidentially as of now what is going to be the price because that will be the



Foods & Inns Limited
May 18, 2023

guiding factor behind whether on an average working capital would be 600 Crores or 700 Crores?

Moloy Saha: Being an agriculture commodity it is not easy or it will not be a wise call to tell you that this will be likely to the average price. It is very difficult but we know we are in this business since 50 years so we have a fair idea how the price moves and how to mitigate any price increase or whatever working capital requirement. We are confident of any abnormal price upward, downward we will be able to handle in the right manner.

Anand Krishnan: Avinash just to add to that our price negotiations for a particular season actually happens at the end of August or September as such with most of our clients basically because by then we would know the average cost of raw materials that we have procured in the season.

Avinash Nahata: If we are seeing 25% rise in tonnage from 103 to almost 130000 tonne on an average so even if you assume Rs.90, Rs.100 so is my analysis correct that on an average if we involve six months working capital this is going to be around 600 Crores plus for this year?

Anand Krishnan: So yes, the working capital numbers are broadly right but then the point is we are trying to get advances in the market. Whether it comes through or not we will get to know as the season progresses.

Avinash Nahata: There was mention of 22% non-mango and 78% mango so when we are saying this, we are talking about the tonnage published or we are talking about the company as a whole?

Anand Krishnan: So that was our FY'22 contribution mix from the annual report that you are referring to if I am not wrong. So 78% was the mango revenue contribution to the total number of the company as such.

Avinash Nahata: Overall companies' revenue 78% was mango pulp processing.

Anand Krishnan: Yes this is FY2022 numbers that you are referring to from the annual report.

Avinash Nahata: What is the claim we have submitted, PLI claim?

Anand Krishnan: The first claim is around 10 Crores odd rupees as such we are expecting that anytime soon.

Avinash Nahata: Thanks team. Thanks, Moloy. Thanks Anand. That is all from my side.



Foods & Inns Limited
May 18, 2023

- Moderator:** Thank you. Our next question is from the line of Nikhil Chandak from JM Family Office. Please go ahead.
- Nikhil Chandak:** Yes, thank you. My question was for Mr. Dalal. Mr. Dalal you explained about the shareholding sale which is happening from the promoter and that was very useful my question was if we take into account the shareholding by Mrs. Pallavi and look at the dilution which will happen on account of the warrants the rough calculation shows that the Dalal family post the warrants would be left with a shareholding of roughly 16-17% and obviously that is a fairly small number from an overall perspective so what is your thoughts on increasing this shareholding because the dilution will take it to a very low number sub 20% actually?
- Milan Dalal:** There are lot of regulatory concerns in doing in but in one statement our endeavor would be to ensure that we are above 25% at all times and such plans are being formulated and planned. When you say about post dilution the event is about 13-14 months away from now so I appreciate your concern and we are aware of and it would be taken care of.
- Nikhil Chandak:** Understood perfect because one of the entities which had participated in the warrants I saw the BSE release they have already converted their warrant, exercise the full warrant so I am presuming while it might be 13 months if the company needs for example more money from a working capital perspective may be the funds come in earlier and the warrant conversion actually takes place earlier and which is where frankly this question really came in?
- Milan Dalal:** One of the investors partly converted 6 lakh shares and you are most welcome as and when we should see some more of those coming in the near future and then subsequently but yes so that events are well understood and doing it hence.
- Nikhil Chandak:** Your comfort share holding would be somewhere in the range of 25% as you are saying for the Dalal family?
- Milan Dalal:** That is the minimum threshold. Generally, as a philosophy that of my father Bhupendra Dalal wherever he has held a company it was then 26%, now a little over 25% is an acceptable level.
- Nikhil Chandak:** Understood. My other question was on the two smaller business segments right now which is spices and ready to eat food any thoughts you can share on what numbers we can see over the next say two to three years because the scale of opportunity in those two segments is



Foods & Inns Limited
May 18, 2023

obviously large but I think the company's bigger focus is obviously on the mango processing and on the tomato part as we explained but what actions can we see on the other two smaller segments?

Milan Dalal:

So, in our internal doing we somehow want the other businesses to overtake our mango business but mango the king of fruit is just not allowing the others to raise ahead so that is growing at a faster pace but nonetheless every effort is being made to ensure that we ramp up the operations on those segments.

Nikhil Chandak:

But are we like investing more capital behind these two segments at this point of time or we are letting it continue the scale of growth at which it is right now?

Anand Krishnan:

We are definitely not deploying more capital into these businesses as such, but we are seeing a few opportunities here and there which we want to capture and grow ahead is what the whole call is.

Nikhil Chandak:

Understood fine. My last question was there has been obviously lot of noise about competition in the drinks market I know it is more colas right now and not on the fruit drinks part but eventually how does this increase competition either help you or not help you is there a scope of more supply or is there a challenge in terms of pricing what you can get from your end customer because they have to reduce their end prices eventually I am not saying it has happened now but if it happens how do you think the industry scenario helps or does not help Foods & Inns?

Moloy Saha:

Industry scenario in beverage industry especially in India is very, very lucrative. All the big brands have invested already sizeable amount on capacity expansion. They are also investing next two to three years sizeable amount. one of the brands have declared they are investing \$300 million on the capacity expansion for the next two years. We see opportunity in beverage industry to be 2x in next three to four years. If that is so, then existing processors can not meet all the supply requirement. You will need much more capacity expansion from processors like us. As far as the competition is concerned I think any competition you should consider as a healthy competition and there is a huge opportunity, cake size is quite big. I believe that everybody can have one bite of the cake, that much I can assure you.

Anand Krishnan:

Nikhil just to add to that even though there is competition there is still shortage of pulp in the market as such so that is actually creating a lot of opportunities for people like us to



Foods & Inns Limited
May 18, 2023

actually take the benefit of that situation and I hope that the price increases should come through and should be ultimately passed on to the consumers as such.

Nikhil Chandak: I am just thinking a scenario where for example some of your competitors if they revive and come back in the market whether it is Capricon in any fashion or Jain Group in any fashion then how does that change the scenario for you guys?

Anand Krishnan: The pulp shortage still remains. As of now, especially in Totapuri there is a lot of shortage in demand as such. we do not want to quantify any numbers to you or give you estimate of that but that is the fact of the market.

Nikhil Chandak: This is in spite of some of your capacities coming back?

Anand Krishnan: That is right.

Nikhil Chandak: Perfect. Great. Thank you so much.

Moderator: Thank you. Our next question is from the line of Preet Malde from Centra Advisors LLP. Please go ahead.

Preet Malde: Thank you for taking my question. We have a rough number around 78% of our revenue coming from mango I want to understand what portion of our revenue is coming from the pulping business and the non-pulping business? What percent of our revenue is coming from pulping business and the other business if you can give me a breakup?

Moloy Saha: Pulping business will be something around 85-87% is the pulping of all varieties of fruits.

Preet Malde: That is helpful and if I understand correctly I think I had sent you some of my queries on e-mail and you replied you said that some of our manufacturing takes place in a job work model where we outsource some of our manufacturing to other players and that is how we do it so I want to understand how much of the demand can our in-house captive capacity suffice and how much do we have to outsource?

Moloy Saha: It depends. It depends on the number of days, the raw material availability, how the market demand and based on that time-to-time we look for options where we enter into a contract with some contract manufacturer and try to grab some opportunity of the low price sometimes in a particular period raw material price due to the more supply price has decreased and that time we would like to take the advantage and enter some contract. I



Foods & Inns Limited
May 18, 2023

cannot comment on that particularly but it depends on the season, it depends on raw material availability, it depends on how the market dynamics moves.

Preet Malde: So is not it beneficial for us to have enough captive capacity so that we have enough quality control and everything how does it benefit us, how does outsourcing and asset-light model benefit us?

Moloy Saha: Asset-light model when you speak we have the full control on the infrastructure. Infrastructure must be owned by somebody but the operation controlled by our employee on the quality, on the production, on the process, on the storing, everything is in our control so basically entire operation is controlled by Foods & Inns from sourcing of material to the production, for storing, for hygiene, food safety only infrastructure we use somebody else so that is why asset-light model works but it is very important that we should have enough captive consumption because as I rightly said that gives us a better control on our product quality.

Preet Malde: That was helpful and I also want to understand that if we plan to bring up more captive capacity how much capex would we require if I want to talk about the future how much capex per unit or per tonne would we require?

Moloy Saha: As of today, it is on the working space. We are exploring multiple options based on the market scenario. We are looking some capacity expansion on pulp business, more capacity expansion especially in the tomato processing business, some in our spray drying process, so we are working on it and in appropriate time we will let you know. But I think there is opportunity and we will like to grab the opportunity.

Preet Malde: If I can rephrase the question what is our asset turnover number when it comes to purely pulping business, how much of revenue can our captive capacity generate?

Moloy Saha: We would like to take any project in the pulping business. 3x should be revenue of the capex for any new capacity expansion that is the model we follow.

Moderator: Thank you. Our next question is from the line of from Nirag Shah from Exemplar Investment. Please go ahead.

Nirag Shah: Thanks for the opportunity and congratulations to the entire management team for delivering an exceptional performance yet again for second year in a row. Now my first query was regarding our domestic volume growth wherein we have posted 44% year-on-



Foods & Inns Limited
May 18, 2023

year growth this year, this is over 107% growth that we achieved last year so what has been the broad reason for this to happen and how sustainable you believe this is going ahead?

Moloy Saha: I think in the last question and answer session I have already communicated that. We see a good growth potential in Indian beverage industry. It is growing at 27% year-to-date level growth and big brands have already announced that they are investing sizeable amount around \$300 million to expand their capacity. When the big brands are expanding their capacity, we are sure all of us knows that there is a huge opportunity in Indian market especially with the summertime the temperature in India the way it is moving there is a huge opportunity as well as the shortage in the pulp content, so it is a sustainable growth. I can see from various discussions with our big customers as well as some of the forums that we are seeing in the next five years very good sustainable growth in this industry.

Nirag Shah: That is great and regarding realization front I believe exports has achieved almost 50% jump in realization this year so is it sustainable or we will see moderation in the realization rate?

Moloy Saha: Realization is totally dependent on the raw material price. As we mentioned in our earlier question and answer session that we work on the cost-plus model with per metric tonne fixed realization that is the model we are working on. The good part is that any risk in the raw material we are able to pass to our customer so that is the most sustainable model we believe, and we are able to succeed in this model so realization may go down, may go up. As of today's scenario, based on the raw material prices we do not see any huge drop in the realization. There may be a marginal correction in some of the categories but Alphonso category, one of the major product which we are selling, we do not see any major realization jump. Second important point is that the realization has gone up last year due to the product mix. Last year overall sales we were able to sell more Alphonso in export market than Totapuri. Alphonso is a high realization product, Totapuri is a low realization product and that helps us for a better realization. Apple-to-apple if you compare then you have to go deep down on how much Alphonso is sold, what was the realization, how much Totapuri we sell and other products.

Moderator: Thank you. Our next question is from the line of Rao Thakur from NVS Brokerage. Please go ahead.

Rao Thakur: Congratulations for the good set of numbers. I had two questions one is on the debt side so what would be our finance cost for the next full year and if you can please throw some light on exports as well?



Foods & Inns Limited
May 18, 2023

Anand Krishnan: So the finance cost is always linked to the repo rate as well so if you can actually give us a guidance from the RBI governor to what the repo rate would be we might be able to give you a tentative cost. But having said that we are always working on strategy to reduce our cost of debt that is ongoing strategy that we always have.

Moderator: Our next question is from the line of Deepak Chokhani from Rate Capital. Please go ahead.

Deepak Chokhani: Hi Milan and Anand. Congrats to the entire team excellent numbers. I have just question on Pectin how big can it be and what kind of EBITDA margins do you foresee for this business? Thank you.

Anand Krishnan: Hi Deepak so with respect to Pectin it is a 150 metric tonne plant that we have conceptualized at the first stage, the import parity prices are at around Rs.1200 per metric tonne for Pectin, on a single run basis I think a 15 Crores revenue can be actually expected in the joint venture business but having said that, it will be our first plant. In case that takes off the sky is the limit. We will actually multiply the numbers there and it has a high EBITDA number basically because most of the raw materials are waste which we actually generate in-house in the form of mango, we are also contemplating to use other waste in the form of banana skin to convert into pectin at the second stage. So the gross margins are high and the EBITDA margins are also expected to be high.

Deepak Chokhani: Lovely that is great. Thank you so much.

Moderator: Thank you. Our next question is from the line of Nalin Shah from NVS Brokerage Private Limited. Please go ahead.

Nalin Shah: At the outset let me congratulate the entire team of Foods & Inns led by Shri Bhupendra Dalal and Mr. Milan Dalal for excellent performance and I think stupendous performance I would call it so please accept our heartiest congratulations on that. I would like to know that out of your total topline of about 1000 Crores what is the kind of topline contribution from the pulp business which is our main business and what is other than the pulp business that is my first question, secondly I wanted to know that from what you have mentioned that next five years you are seeing stupendous opportunity in the agriculture sector and even that after that also you will continue to see you have developed so many different products like dried powders, frozen foods and so many other businesses everything seems to be very, very high value added business so can you give us some idea of two things one is that going forward what kind of improvement you see in terms of margin that is EBITDA margin, PBT margin, and PAT margin as a percentage to the topline and secondly what do you see



Foods & Inns Limited
May 18, 2023

in terms of that if you were to take a view that from 1000 Crores where do you see the company at the end of say three years and five years?

Anand Krishnan: Thank you so much for your question. With respect to the pulp business, it contributes approximately 90% of our total revenue as of today, all pulps put together. Second with respect to your question on margin percentage we have actually tried to explain this time and again that we work on the basis of gross margin per kg and our endeavor every year is to improve the gross margin per kg on a product year-on-year basis. We would not be able to commit or comment on the margin percentage to the topline. Third question is with respect to 1000 Crores of topline translating into what - obviously we are not allowed to give projections as such as a company but with respect to tonnage our CEO has already commented that we are trying to target around 25-30% tonnage growth this particular year.

Nalin Shah: My question is more on a broader I would say outlook not on a year-to-year kind of thing. Now since the different product lines which you have taken up as I mentioned frozen foods and you also mentioned the pulp business, mango you want to be around 60 and 40 to be other businesses so once you do that where do you see the company in terms of say very broad outline as internal target that we want to be as 5000 Crores company in the next five years or 3000 Crores company in the next three years or five years whatever it is just to understand the kind of growth opportunity which is there in the segment and you have also got PLI I think advantage because participation which you are sure that you are going to outbid the PLR requirements which are there so from broad perspective we want to just understand?

Anand Krishnan: As we have already commented in our opening remarks the growth that we have seen is just the beginning is what we genuinely believe and honestly, we cannot comment on the growth numbers going forward but broad base it is double from the numbers that we have actually spoken about.

Nalin Shah: Thank you very much and my last suggestion would be some other people had also asked that I do know that it is a very highly working capital intensive industry and that is why you would like to conserve the resources but still to be fair to the shareholders if you can say something in future okay 15% of the profits we will distribute or 10% or 20% of the profits that would give us some idea about what kind of reward shareholder can expect at least from dividend and other capital appreciation is different.

Anand Krishnan: Sure Mr. Shah. Thank you so much.



Foods & Inns Limited
May 18, 2023

- Nalin Shah:** Thank you very much once again, excellent performance and congratulations.
- Moderator:** Thank you. Our next question is from the line of Shanid VH an individual investor. Please go ahead.
- Shanid VH:** Hello, good evening, Sir. I am Shanid. Regarding this Pallavi Dhupelia selling why we cannot facilitate institutional buying for such stake because selling in open market is not advisable it will also affect the share price movement also and it will give a very negative picture among the investor community so why cannot we go for institutional buying for that stake?
- Milan Dalal:** We will definitely give them a suggestion. Call is their own call we have no control over their actions. Logically I am sure they would have considered on basis on how they would have wanted to do and unfortunately this is where we stand but we appreciate your suggestion.
- Shanid VH:** Sir one more thing regarding this Pectin segment so from next year onwards we will start manufacturing of this Pectin as per last conference call we will be starting this on June it is on timeline?
- Moloy Saha:** There are two processes for Pectin one is that the waste material to be dried so that drying process is likely to start by this month end and once the dried process is over then subsequent process next stage is to convert into Pectin that is likely to start in August but as of today we are on time on the project.
- Shanid VH:** Thank you Sir. That is all from my side.
- Moderator:** Thank you. Our next question is from the line of Nairit from TSG Capital. Please go ahead.
- Nairit:** Hello Sir. Congratulations on a wonderful set of numbers to the entire management team. I just had a couple of questions but before that I would just like to point something out so the previous participants with all due respect they have been mentioning the dividend payout should be increased or there should be a fixed percentage of payout I think majority of the shareholders would agree with me when I say that I really believe that you should retain your earnings and use it to fuel the growth of the company. We are more than happy with the capital appreciation rather than the dividend payout, thank you. My first question was if you can give me a breakup of how much revenue our top five clients contribute, and you mentioned that Coca-Cola is planning to take Maaza global rights so what sort of a revenue contribution we have from Coca-Cola and PepsiCo and those sort of clients?



Foods & Inns Limited
May 18, 2023

- Anand Krishnan:** We noted your first point on the dividend we are giving both the viewpoints a consideration and hopefully we will come up with a better solution next time around. The second question, you asked was not clear. Can you repeat that please.
- Nairit:** You mentioned that Coca-Cola is planning to take Maaza global right and we are suppliers to Coca-Cola so if you can give me sort of broad breakdown of how much percentage of revenue comes from the top five clients or top three clients and what sort of business are they expecting to give us in the future if any order?
- Moloy Saha:** Top 15 customers give us 65% of the revenue and all top 15 customers are from the fortune 500 companies.
- Nairit:** What kind of outlook have they given us in terms of like any outstanding orders or any promises or any sort of thing?
- Moloy Saha:** As I told you they are big brands in India they are showing very ambitious projection and three years' time they would like to make in a particular category where we are supplying for pulp and globally few brands they are growing 15 to 20% CAGR so I think overall fruit based juice drinks are really doing well and likely to continue for next few years that is our assumption and discussion as well as report what we are doing.
- Nairit:** Right my second question was on the lines of the tomato business so what sort of end user category are we catering with the tomato paste or tomato pulp is it like a majority driven by softness or is it more towards wider range of products?
- Moloy Saha:** Being a B2B segment we supply to big brands who are manufacturing ketchup. In India I would like to say that in-house consumption in India itself around 50 to 60,000 metric tonnes of tomato which are used for ketchup and many other tomato based products and there are also huge opportunity in unorganized sector in the QSR market because quick service restaurant or cloud kitchen their consumption in tomato puree is quite a big lot and one of the another lucrative business in the pizza market so these are the markets contribute in India it will become quite a big lot but good part is that from this year onwards we have started supplying tomato paste in export market in gulf as well as in Europe so far China was the leader in tomato paste since some geopolitical issues since COVID I think there is a decline in China in tomato paste consumption worldwide and last year Europe was affected on the drought and especially in the tomato growing regions so there is huge shortfall as of now and we expect the demand continue for the next few years.



Foods & Inns Limited
May 18, 2023

- Nairit:** Perfect. Thank you so much for answering all my questions. Congratulations and good evening to all the management.
- Moderator:** Thank you. Our next question is from the line of Rushil Selarka from Pioneer Wealth. Please go ahead.
- Rushil Selarka:** Hi Sir. Congratulations for the great numbers. My question is that at what GP per kg is sustainable for us, what GP per kg are we looking, and the number can be sustainable?
- Anand Krishnan:** So, as we said we would not be disclosing this number because this is price sensitive and customer sensitive data so we would not be able to comment on this.
- Rushil Selarka:** No problem, Sir. Thank you.
- Moderator:** Thank you. Our next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.
- Rahul Jain:** Thanks for the opportunity. Sir, congratulations on a great set of numbers. Sir, I was just trying to look at the numbers in detail and what I understand from the current figures our gross profit and EBITDA operating profit but in last two, three years our gross margins have remained almost similar in terms of per tonnage basis. I understand I am not looking at percentage basis but what I am trying to do is divide the amount by the tonnage quantity so what I get is for last three to four years the gross profit per tonne has practically remained the same or has gone up 2-5% but our EBITDA per tonne has gone up almost by 35-40% so I think that is to do with the operating leverage existing in the system and consumption of its overhead is that a fair understanding?
- Anand Krishnan:** No that is actually not a fair understanding basically because the mix of the products would have actually changed so that would actually contribute to a different number so what you are seeing as a tonnage which is being published is the consolidated tonnage so that will not give you the right picture.
- Rahul Jain:** But the gross profit per tonnage on a blended basis remains the same?
- Anand Krishnan:** Per kg it depends upon each and every product, so it depends upon how much the product is contributing to the total tonnage right?
- Rahul Jain:** For operating leverage do they exist in the system because the current inflation still will not be considering we are doing 78% mango our overall capacity utilization for the full year



Foods & Inns Limited
May 18, 2023

may not be optimum so is there a operating leverage that exist in the system which can drive the EBITDA per profit higher from what it was for March 2023?

- Anand Krishnan:** Yes, there is operating leverage possibility for sure.
- Moderator:** Thank you, we move to the next question. Our next question is from the line of Akshata Telisara from Aionios Alpha Investment Management. Please go ahead.
- Akshata Telisara:** It has been answered thank you very much.
- Moderator:** Thank you. Our next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.
- Rohit Ohri:** Hi Sir, one question. Two or three parts to that with this pesticide compliant certificate for exports probably Middle East what sort of turnover was gross is it possible to share the cuts?
- Moloy Saha:** Four Crores we lost inspite. Overall, in consolidated it may not be big revenue but yes from the spice category we lost some opportunity.
- Rohit Ohri:** Do you see any capacity constraint in this high margin lucrative run business that has very immense opportunity?
- Moloy Saha:** Capacity constraint for us is continuing effectively because we are growing and opportunities are huge so as and when there is a requirement we use the contract manufacturing process, some of our volumes cover it. I did not understand what is exactly the question on the high value business what you are trying to say.
- Rohit Ohri:** For the spices business.
- Moloy Saha:** Spices we have recently built up the new capacity and that capacity is enough to have the double revenue. Yes, if we are thinking to have 3x or 4x revenue we may have to look for additional capacity.
- Moderator:** Thank you. We move to the next question. Our next question is from the line of Preet Malde from Centra Advisors LLP. Please go ahead.



Foods & Inns Limited
May 18, 2023

- Preet Malde:** Thank you for taking my question again. From what I understand the Pectin capacity is coming under our associate which is Beyond Mangoes so the revenue from Pectin would not be consolidated in our books right?
- Anand Krishnan:** Yes, that is right. It is not consolidated. It is at 50% right, so it is a joint venture reporting that actually happens.
- Preet Malde:** Tetra Recart that we have put up how much capex have we incurred for that?
- Moloy Saha:** Total capex will be around 25 to 26 Crores.
- Anand Krishnan:** 26 Crores approximately.
- Moderator:** Thank you. We move to the next question. Our next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** I just wanted to understand in terms of EBITDA per tonne if you see for the last entire year our EBITDA per tonne was close to about 9200 and maybe for the fourth quarter it was about close to 10000 plus now with the kind of contract that we have in terms of fixed margin on per tonne or per kg basis with the client and with operating leverage will that be fair to have this understanding that this Rs.10000 in fourth quarter would have a upward buy because of the leverage and that is kind of a sustainable thing going forward?
- Anand Krishnan:** No, it depends on the product mix number one, and it also depends upon the inventory season product which actually goes as sales in that particular quarter so it would be a blend of that.
- Deepak Poddar:** Largely sustainable this number plus or minus somewhere?
- Anand Krishnan:** On a gross margin per kg, we are trying to make it better each and every year-on-year basis as such.
- Deepak Poddar:** These non-mango margins are higher than the mango margins?
- Anand Krishnan:** No.
- Deepak Poddar:** The mango margins are higher.



Foods & Inns Limited
May 18, 2023

Anand Krishnan: With respect to pulping the other products are not having higher margins than mango but then it is broadly similar.

Deepak Poddar: That is it from my side. All the very best.

Moderator: Thank you. That was the last question for our question-and-answer session. I would now like to hand the conference over to Mr. Anand Krishnan for closing comments. Over to you Sir!

Anand Krishnan: Thank you so much. I wanted to take a moment to express my heartfelt gratitude to all the investors for their unwavering support and trust in our organization. It is your faith that fuels our drive for excellence and propels us forward. I hope we have been able to answer most of your questions satisfactorily. Should you need any further clarifications or would like to know more about the company please feel free to write to us. Thank you once again.

Moderator: Thank you. On behalf of Foods & Inns Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.