HINDUSTAN FOODS LIMITED
A Vanity Case Group Company
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Tel. No.: +91 22 6980 1700/01, CIN: L15139MH1984PLC316003

Company Scrip Code: 519126

Date: 15th November, 2022

To,
The General Manager
Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers, Dalal Street,
Mumbai- 400 001.
Tel: (022) 2272 1233 / 34

Through Online Listing Centre

Dear Sir/Madam,

Sub: Transcript of Analyst/Investors conference call held on 10th November, 2022

Ref: Pursuant to Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

With reference to our letter dated 07th November, 2022, intimating you about the conference call with Analyst/Investors which was held on 10th November, 2022, please find attached the transcript of the aforesaid conference call.

The above information will also be available on the website of the Company i.e www.hindustanfoodslimited.com

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,

For **HINDUSTAN FOODS LIMITED**

BANKIM DILIP PUROHIT

Digitally signed by BANKIM DILIP PUROHIT
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Bankim Purohit
Company Secretary
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Encl: as above

VANITYCASE
INTEGRITY INITIATIVE INNOVATION

"Hindustan Foods Limited
Q2 FY '23 Earnings Conference Call"
November 10, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the website of the company on 10th November 2022 will prevail.

MANAGEMENT:	**MR. SAMEER KOTHARI – MANAGING DIRECTOR – HINDUSTAN FOODS LIMITED** **MR. MAYANK SAMDANI – CHIEF FINANCIAL OFFICER – HINDUSTAN FOODS LIMITED** **MR. GANESH ARGEKAR – EXECUTIVE DIRECTOR – HINDUSTAN FOODS LIMITED** **MR. VIMAL SOLANKI - HEAD OF CORPORATE COMMUNICATIONS** **SGA – INVESTOR RELATIONS ADVISOR – HINDUSTAN FOODS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Hindustan Foods Limited Q2 FY '23 Earnings Conference Call. 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 partners on lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sameer Kothari, Managing Director. Thank you, and over to you, sir.

Sameer Kothari: Thank you, Mike, and good morning, everyone. Welcome to our Q2 H1 FY '23 Earnings Conference Call. I am joined on the call by Ganesh Argekar, who is the Executive Director of our company; Mr. Mayank Samdani, who's CFO; Mr. Vimal Solanki, who is the Head of Corporate Communications; and SGA, our Investor Relations advisor. I hope everyone has had a chance to go through our updated earnings presentation, which was uploaded on the stock exchange and our company website.

Overall, I'm pleased with the performance of the second quarter and the half year ended FY '23. The company has been able to grow both in terms of revenues as well as profit despite the challenging conditions in the FMCG market. The financial numbers of our acquisitions and new subsidiaries have started getting consolidated in the numbers according in the numbers. And accordingly, I believe that on the consolidated numbers would be more reflective of the performance of the company rather than the standalone numbers. We do believe that the slowdown of the FMCG demand and the inflationary pressures will lead to our customers rethinking about their manufacturing strategies and expect to do outsourcing more. And this will lead to a better growth prospect for us in the medium and the long term.

On a related note, as a part of strengthening our core professional team, I'm happy to share that Mr. Sunil Plakkat has been recruited as the President in Excellence. Mr. Plakkat is a chemical engineer with long years of experience in manufacturing operations in plant and corporate roles across companies like Asian Paints and Atul Limited.

I will now hand over the call to Ganesh Argekar, our Executive Director, to brief you on the operational highlights.

Ganesh Argekar: Good morning, everyone. I would like to highlight the operational performance of Q2 and H1 FY '23. The newly integrated Colour Cosmetics division and Reckitt Benckiser Scholl India Private Limited have successfully started contributing to the top line. The wholly owned subsidiary HFL Consumer Products has successfully commercialized the ice cream plant in Uttar Pradesh, Lucknow. While it has started commercial production, it has not contributed significantly to the revenue, this being a lean season. However, we are prepared to cater to the strong demand of the upcoming peak season. Additionally, we have expanded the capacity in the beverage plant in Mysuru and we are ready for the upcoming beverage season starting from Q4 this year. The project work at Hyderabad, Soap Bar project and the expansion facility are progressing well as per the scheduled timelines.

I will now hand over the call to Mayank Samdani, our Group CFO, to take you to the financial results for the quarter ended 30th June '22

Mayank Samdani: Good morning, everybody. We posted strong numbers this quarter and are on track to meet our annual estimates. As Sameer mentioned, we will be discussing the consolidated number that they are more meaningful than the general numbers now on. Revenue for the quarter increased is by 40.7% on a year-on-year basis to INR 663 crores in Q2 and FY '23 as to INR 471 crores in Q2 FY '22. For H1 FY '23, revenue stood at INR 1,262.3 crores, a growth of 35.2% over HY FY '22. EBITDA for the quarter has seen a growth of 49% year-on-year and stood at INR 44 crores as against INR 29.6 crores in Q2 FY '22. Profit grew by 73.3% year-on-year, to INR 18.9 crores as compared to INR 10.9 crores in Q2 FY '22. EPS for H1 FY '22 stood at INR 3 versus 1.86in H1 FY '22.

As on September 30, 2022, our net worth stands at INR 338 crores. Gross block as on 30th September stood at around INR 708 crores on account of consolidation and our debt-to-equity ratio remains steady as the comfortable position as 1:1.1. We reiterate our near-term and the long-term targets for revenue and profitability as we continue to focus on accelerating growth through exploring organic and inorganic opportunities. With this, we also remain focused on strengthening our balance sheet and cash flow through effective capital management, which would facilitate us for the further growth.

With this, I would like to open the floor for the questions. Thank you.

Moderator: We have the first question from the line of Faisal Hawa from H.G Hawa and Company.

Faisal Hawa: Yes. So what is the kind of opportunity we are seeing with private label operators like DMart or Reliance -- and what percentage of sales do we see going forward from them? And do we see any kind of opportunity coming up from exports to Unilever or even to Reckitt going forward?

Sameer Kothari Good Morning Faisal,as I've mentioned before, private label is a very interesting category for us. In the last quarter, we've begun some with DMart as well as Reliance. While as a percentage of the business, private label will continue to be a very, very small part of the business for the next few years. But from a strategic perspective, we are keenly looking at this sector and working very closely, not only with the large retail players like DMart but also with D2C brands as well as e-commerce players. So yes, private label is very important to us. But from a financial perspective, it's still continuing to be a rounding of error on the entire balance sheet.

In terms of exports, -- you are aware that the Reckitt Benckiser Scholl facility that we acquired is 100% EOU. It is catering to nearly 20 affiliates of erstwhile Reckitt Benckiser and now Scholl Wellness company located in Europe as well as Japan and Australia. We believe that we will be able to expand that business further. We are working closely with Scholl, Sanjay and I actually visited them in UK as well to try and see what else got into this factory and also brought into India in terms of the Scholl portfolio internationally.

In addition to that, we are also exporting some stuff from our Jammu factory to Bangladesh and other South Asian countries where we are exporting coils, etcetera. And the shoe business, as you are aware, that's completely exports as well. So exports to continue to be a focus area. But again, as a part of the financial numbers, they will be a very, very small number for the next couple of years.

Faisal Hawa: And just like Varun Beverages done, is it possible that we have to get into the entire even E&F distribution for any of the large companies that we are associated with because most of these companies want to now concentrate on marketing and branding. So anybody who takes this load off their shoulders would get a lot of business?

Sameer Kothari: Faisal, I'm not sure that's the model for FMCG players. The bottling industry, as far as soft drinks and beverages is concerned, are slightly differently as compared to the FMCG industry. The bottling worldwide follows the same model which PepsiCo is following in India and Coke also follows in India. However, FMCG companies do strongly believe that distribution is a very, very strong component of their competitive mode. And as a result, I really doubt that companies like ITC or HUL or Reckitt Benckiser will give up their competitive advantage in terms of distribution to people like us.

Now coming to us, we are very clear that our strength lies in manufacturing. We are very clear that we are a B2B company. We have very little experience in dealing with B2C. And given the potential that we see for growth at least in the next three to four years in the field that we are doing, I don't see us trying very much away from what we are doing.

Moderator: We have the next question from the line of Abneesh Roy from Nuvama Institutional Equities

Abneesh Roy: Congrats on very good set of numbers. I have three questions. So first is what would be the organic growth rate like-to-like given you have a few new businesses in the sense, colour cosmetics Scholl and ice cream, if we take this out, what would be the like-to-like Y-o-Y growth?

Sameer Kothari: So Abneesh, I'll have to take a minute to explain to you the business model that we have. Nearly 80% to 85% of our business comes from dedicated factories -- and in case of dedicated factories, we actually reach our peak capacities within three to six months of the start-up of the factory. Once that has been achieved, we have very little operating, which basically means that on a steady-state basis, a factory will deliver a similar kind of volume and value throughout the course of the contract, which could be as long as 10 or 12 years.

So on a like-to-like basis, we will continue to see the same number from an existing factory subject to inflation numbers. And again, as far as inflation is concerned, you are aware that you probably are not aware, but our business model is that of a pass-through, which means that even the inflation numbers, while it will affect our sales numbers, it does not affect our bottom line. Our bottom lines are protected against inflation. So as a result, if you look at steady on a steady-state basis for our same sales growth basis, -- the number that we have today will be the number we will have for the next 10 years.

Abneesh Roy: No, two things here. One is, why don't you build much larger factories to start with, given these are very long-term contracts. So that was one question I wanted to understand. Second is, say, if one of your clients has seen an X percent price growth in this quarter, I'm not taking any names for obvious reasons. But from that client, also will you see almost similar X percent kind of price growth for yourselves? Is it normally very correlated?

Sameer Kothari: Okay. So the first question, I'll again try to go a little bit detailing of our business model. So we have two types of models. One is dedicated factories, where we build factories to suit. In this case, the customer comes to us and tells us exactly what size of the factory they want, what processes they want, what kind of machines they want, et cetera. And as a result, there, we do not have any discretion in terms of building larger factories or batteries, we build them exactly to the size of the customer.

This works in our favour, especially when it comes to larger investments because then we have zero operating risk, whatever the capacity which is guaranteed by our principles is what is built and that is guaranteed right from pretty much day one of our commercial production. In case of our second model of niche, where we do shared facilities, you're absolutely right that given the growth that we believe FMCG in India can achieve, we are investing in larger facilities. If you look at our update for this quarter, we have mentioned that we are upping the capacity.

We are investing some money in Mysuru, which is a shared facility which we acquired, and we are doing that because the last season of beverages was excellent for all the companies. We believe that the next season, we will ourselves see a substantial growth. And as a result, we are increasing the capacity more than 40%. So in terms of building large factories, we do that for the shared manufacturing model where we have that operating leverage where we can increase the capacity basis of that.

In case of dedicated factories, however, the discretion about the size and the capacity is not with us. Coming in terms of the price inflation, you're absolutely right that this quarter and the last quarter, a lot of the FMCG customers of ours have seen price rises. However, what you have to understand is the price rise that you look at from a customer's perspective is got to do with their sales realization.

So which means they are talking about the price increases, which they have taken vis-a-vis the customer, maybe an increase in the MRPs or a decrease in the volumes. However, in case of us as a manufacturer, our sales has got to do with the manufacturing costs and our manufacturing costs will increase or decrease directly in proportion with the commodity inflation in the commodity world. So it may not be completely correlated to, let's say, the price rise that our FMCG customers take. Does that answer your question?

Abneesh Roy: Only partly because the one is, again, coming back to a dedicated factory, it becomes almost fully utilized in, say, six months. So is there a possibility that you can add one more line because clearly, FMCG companies are also seeing 4%, 5% volume CAGR overlonger term. Currently, they are not seeing. But is there a possibility of adding one more line in existing or normally, that is not the case...

Sameer Kothari Absolutely. That's very true. And we have various examples to do that. So for example, in case of Hyderabad, we started off with only a detergent powder factory, we've installed there a liquid manufacturing facility. And now we're doing a Soap Bar facility to give you the size of the expansion we've gone from something like 60,000 tons to more than 200,000 tons now, and it's going to go up further. The same thing in our recent quarterly update, we've announced that in case of ice creams, we are nearly doubling our capacity expansion.

We had invested close to INR 125 crores in this facility, and we are now investing a further INR 100 crores in that facility. So from that perspective, you're absolutely right. When we look at factories, we tend to buy larger plots of land, which allow us the expansion capability. Maybe I misunderstood your question, but what I was saying is that we would invest only under the complete commitment of our principles. While we would probably have the scope for expansion, we wouldn't do that expansion unless our principal underwrite it.

Abneesh Roy: Sure. Now well understood. My second question is on the Board level development. So Mr. Dempo stepping down as Chairman and Independent Director, Shashi, taking over as Chairman in his replacement. What is the reason, what is the significance, if at all? And any colour you would like to give? How does this change from a medium, long-term perspective, if at all?

Sameer Kothari So frankly, it doesn't change anything. Mr. Dempo has been is the promoter of the company. And as you know, he's been Chairman of the company since 1999. Shashi, on the other hand, has also been with us for nearly -- I forget the exact number, but I think he's been a director for five years now. He's an independent director, is a professional comes from the FMCG industry. As we look at professionalizing our Board and our Company further, the Board just decided that we should rotate the chairmanship and have Shashi come in as well. Mr. Dempo continues to be the Director of the Company. And as I mentioned, he is also a co-promoter with us.

Abneesh Roy: Sure. Last question was on the previous participant's question on exports. So you mentioned next couple of years, it may not change dramatically. So my question is, one, after two years, is there a lack of visibility or there are reasons to believe it will scale up Second, just like many other categories, not just FMCG. Is there a China plus 1 and EU plus 1 option for you also? Or that's to currently low probability?

Sameer Kothari In fact, the probability is very high. China plus 1 should happen definitely in case of FMCG as well. I have mentioned this before in my investor interactions that, unfortunately, the ecosystem for FMCG exports out of the country is not very well developed. That's the reason why we mentioned that it might take a couple of years. In some cases, like pharma, OTC, health and wellness, we will see it happening sooner rather than later.

In case of FMCG products, which require a very robust ecosystem for plastic moulding and plastic injection moulding. We might require a cost for the ecosystem to develop thereby allowing us to export -- to give you a specific example, which I quoted before, but I'll mention it again, that in times of COVID, one of the main reasons why India could not manufacture enough hand sanitizers and hand washes was because we did not have the capacity to make any pumps and flip of caps.

You'll be surprised to know that a large percentage of pumps in India are actually imported from China. So in a situation like this for us to be able to position ourselves as an exporter in place of China would require that the plastic manufacturing capacity and the plastic injection moulding capacity has to be much better developed. I think a lot of action is happening in the packaging industry as well. A lot of consolidation is happening there and a lot of capital is being allocated. I think in the next couple of years, you will see things changing.

Abneesh Roy: Sure. Thanks. That's all from my side.

Moderator: We have the next question from the line of Ajay Thakur from Anandrathi.

Ajay Thakur: Congrats on a good set of numbers. So I just wanted to understand, first, on the margin front, we have seen a bit of a margin improvement. Any specific reason for the same? Is there kind of a mix improvement that is going through there, which is helping in terms of the margin? Or is it just because of the AeroCare and the Scholl unit getting kind of merged into which is helping our better margins?

Sameer Kothari: Ajay I want to request Mayank to take this question.

Mayank Samdani Ajay, you are absolutely right. The margin improvement is because of the product mix changing. The health care R B Scholl is a better margin business. So as the ice cream also has been better margins. So as Samir told that in the dedicated unit, the entire the COGS has passed through. So it is through the product mix, which is going on here.

Ajay Thakur: Secondly, on the ice cream front, I just wanted to understand how -- what could be the full year revenue for ice-cream, say, in FY '24 because that would be the first full year of our operation post commissioning. And I believe the second unit at the expansion that you're looking at in the ice cream plant would be coming more towards FY '24? Or would it be more towards FY '25?

Sameer Kothari: So Ajay, I can't give you specific numbers in terms of the ice cream turnover, et cetera, because it's a dedicated factory and it's working for one particular customer for us. So which means any number that we give out in terms of turnover can be directly attributable to that customer. However, the expansion we mentioned before that we are expanding from 15,000 tons to nearly 20,000 tons.

And we are hoping that we will be able to bring this online by Q4 of this financial year. So which means the Jan quarter, which is the peak season for ice cream. The build-up for the ice-cream season starts from Jan. We believe that the new capacity will come online by then as well. In addition to that, we'll be able to ramp up the existing capacity as well. So we're kind of excited about what the ice cream facility will contribute in Q4 of this year.

Moderator: We have the next question of the line of Aakash Javeri from Perpetual Investment Advisors.

Aakash Javeri: Extremely happy and satisfied with the results, congratulations once again. Just a few couple of quick questions. One was the first one being Mr. Plakkat, who is designation at resident manufacturing excellence. Could you just throw some light on what exactly is this role and how this would progress?

Sameer Kothari: So Aakash, as you know, we've been growing at a rapid scale. And we've tried to keep our management structure in sync with that growth. We now have 17 factories spread across the country. And obviously, we are expanding both organically as well as inorganically. So the Board realized that we probably needed some senior management bandwidth at the operating level. And that's why Sunil has been brought in. You know before that, just about a year ago, we brought in Sanjay as well who is heading the Health & Wellness division. -- so between Sanjay and Sunil, we believe that we now have enough senior management bandwidth to be able to take the company to the next level. In terms of specifics, Sunil will be looking after operations for all the non-health and wellness factors.

Aakash Javeri: The second question being the Soap Bar project, if you could throw some light on the time lines of completion because I don't think that was mentioned in the investor presentation this time?

Sameer Kothari Sure, Akash. And if it wasn't mentioned, it was probably a slip up. But we are expecting that we should be able to commercialize this by Q1 next financial year. In fact, my SGA is pointing out that we have mentioned it, it should be Q1 FY '24. It's mentioned in the investor presentation as well. So we had talked about it being implemented -- commercialized in Q4 of FY '23 in our last investor presentation. If you would have noticed, the scope of the project has expanded. We've talked about Phase I, last investor presentation, and we are now looking at a larger scope. And as a result, the pushback of the commercialization has happened by a couple of months, and we should be able to start it by Q1 of FY '24.

Aakash Javeri: The next question was I just wanted to pick your brain about this kind of deal pipeline that you are seeing in the FMCG market. Are you confident like if you could just throw some light on that?

Sameer Kothari Akash, I'm not sure what I can discuss in terms of specifics. Am I confident I can just give you an answer, yes. I mean, I can't obviously discuss anything specific in terms of what we are doing. But in terms of overall, I think contract manufacturing is quite an exciting place to be in. Like I don't remember somebody was mentioning Abneesh, I think was mentioning that the last couple of quarters have been tough for our customers. But in the medium term, as in the long term, we all believe that FMCG should do well. It's the consumption story of it. And on the back of it, we believe contract manufacturing should do as well very well. In terms of the short term for contract manufacturing, because of these inflationary pressures and because of actually the slowdown, we believe that some of the customers will look at their manufacturing strategy very-very closely to be able to try and get as much leverage as possible through partners like us...

Aakash Javeri: And if you could just also throw some light on the knitting shoe facility and its progress? How is that doing?

Sameer Kothari: Yes. Akash. So this is actually, this is the China, this is a direct correlation of the China Plus One strategy that we had talked about earlier. As you are aware and have been traditionally manufacturing only leather shoes. We decided to get that into knitted shoes or actually, we were asked to get to knitted shoes by our customers because of the pushback from China. We believe that that can become a very strong and a very large part of the business. However, we are taking baby steps with our first factory in Tindivanam, which is close to Pondicherry. And we are taking baby steps along that line. But I'm quite confident that, the business should grow substantially over the next couple of years.

Aakash Javeri: And a couple of quarters ago, I think you had mentioned about Pets food as well. So has there been any progress on that? Like maybe you might you something soon? Or your thoughts on that?

Sameer Kothari: So we're working with some smaller D2C brands on the Pet food , nothing that I would call bring to the notice in terms of the financial figures, and I think it will continue to be very-very small.

Aakash Javeri: And my last question is regarding the effective tax rates that should come down. So just want to understand the sustainability of the same and the INR 40 crores deferred tax liability that we have, over how many years would this come down?

Sameer Kothari: Sorry, I missed that, Akash. Were you talking about the math?

Aakash Javeri: I was talking about the effective tax rates, which have come down historically, we've been about 35%, 40%, which have now come down to 25%. So I would just try to find about the sustainability of the same and also the deferred tax liability that we have on the books, over how many years does this come down?

Sameer Kothari Sure. So I'll ask Mayank to question.

Mayank Samdani So believe me this question is giving me sleepless night from the management and the Board also. So what we have seen and discussed with our tax partners, we will be able to reduce our tax liability from next year when we will be exhausting all our MATS in the books and all our previous losses in one of the takes, so next year, we will see the revision of the tax rate coming in. And to give you an idea that the new factories, which are in subsidiaries, which we have done in the ice cream is already at a lower rate, right. So as that progress, the effective tax rate will also come down on that prospect also.

Moderator: We have the next question from the line of Akhil Parekh from Centrum Broking.

Akhil Parekh: First of all many congratulations Sameer to you and your team for maintaining a very high growth trajectory. My first question is on the revenue resolution that we passed recently of INR 300 crores of capital raising. Any further update or signs on that?

Sameer Kothari: Akhil, there have been no update that yet. As and when something happens, we will come back to it.

Akhil Parekh: Is it, are you guys looking for any inorganic opportunity? Or is just for the organic growth?

Sameer Kothari So Akhil, we continue to look at both organic as well as inorganic opportunities. We appreciate that still something happens, we can't announce anything. So we are continuing to do business as usual, ya.

Akhil Parekh: Second question is on the capex plan that we have outlined in the presentation, the ice cream and the bars and soap bars on health and wellness. So if I include all that capex, that should help us achieve the sales target of INR 4,000 crores, right? I mean, so that's part of the INR 4,000 crores target line that we are trying to achieve for FY '25.

Sameer Kothari So we've given a guidance before, Akhil, on the turnover and the capex that we've announced is also the capex forecast before. We will not, so you're absolutely right, yes.

Akhil Parekh: And there's no change to the time line in terms of sales target? I mean probably because of some slowdown in the markets and all because of that?

Sameer Kothari: So Akhil, we’re talking of two years out, I'm sure there will be something which will happen faster than expected and something that will happen slower than expected. Right now, at this stage, I have no material to what we have announced.

Akhil Parekh: And lastly, any new client additions that we have done during the quarter?

Sameer Kothari: Akhil, I think we have addressed this question before. We continue to do that on a regular basis. I spoke about D-Mart, Reliance. We've talked about Tata Consumer and SABMiller. We generally avoid giving specific updates to the market in terms of each and every customer that we signed. But obviously, the retail team is working hard to bring in new businesses, either in form of new customers or in form of increased wallet share from existing customers.

Moderator: We have the next question from the line of Faisal Hawa from H.G Hawa and Compay.

Faisal Hawa: Yes. So Sameer, what is the acquisitions? And what are the kind of acquisition opportunities we get every quarter? And how many do we really actively then pursue? And what is the -- generally, what is the encaptive sales that you, which would get you interested? That's one. And secondly, what is the unutilized land in most of our factories. And do you feel that almost out of the 12 factories that we have most are equipped to have enough land for the next 10 to 12 years, so where you can keep on expanding without any further acquisition of land at least?

Sameer Kothari: So Faisal, in terms of acquisitions, we basically in terms of the strategy we look at of acquisitions. One is we look at acquisitions, which are consolidation, which means what we do is we look at acquiring some of our competitors who are either not willing to continue the business or are in unnamed to continue the business. And that's one type of acquisitions that we look at. The second type of acquisition that we look at is divestments from our principles. You know that we've acquired the Scholl facility from Reckitt Benckiser and before that, we have acquired the Jammu facility from Reckitt Benckiser and even before that, we acquired the factory from Unilever. So we continue to do that in terms of acquisitions, we look at a board, which is consolidation, which is competitors bringing into like ATC beverages or AeroCare and divestment the examples that I just gave you.

In terms of pricing, there's no set formula for the pricing, etcetera, if anything, you would agree that we are very seized of our responsibility towards capital allocation, and we try to ensure that we are not buying growth just for the sake of growth. In terms of the second question that you asked, and I forgot what the second question was.

Faisal Hawa: Yes, do you have enough land for you, further expansion in most of the factories that we have?

Sameer Kothari: Sure. So Faisal, I would say that we have, so there's never enough land, right. I mean if you look at the FMCG growth and again, to leave the next couple of quarters, there's a huge potential for contract manufacturing. The volume growth other than the last two quarters in India has been in the range of between 5% to 7% as far as FMCG is concerned. And in addition to that, there is the wallet share increase that happens between in-sourcing and outsourcing for any traditional FMCG company.

And third, this factor of consolidation where some of our competitors are unable or unwilling to grow. Given that, we've realized that we've been able, and that's evident from our numbers disproportionately to what we had planned or what we had thought. So if you ask me, we have enough land. While my answer might be today that, yes, we generally tend to buy land with an eye for expansion. I also have to caveat that with the fact that even in a site like Hyderabad, which we acquired the first plot of land nearly 10 years ago, and we acquired a substantially large plot than what was originally required. We then ended up buying more land just about two years ago. And if the expansion that we are currently doing there, including the Soap Bar project, we might probably have to look at acquisition again. So it's a relative thing. But yes, in principle, we definitely try to acquire land more than what is immediately required.

Moderator: Thank you. We have no further questions. I would now like to hand the conference over to Mr. Vimal Solanki, Head, Emerging Businesses and Corporate Communications for closing comments.

Vimal Solanki Thank you, Mike, and seasons greetings to all. We're pleased with HFL's operational and financial performance for this quarter and the half year ended FY '23. It has been in line with the company's targets, and we are on track to meet our medium-term and long-term goals. We are confident that our customers will look at our track record of executing greenfield project flawlessly and integrating the acquisitions seamlessly. We are hopeful that they will continue to propel us towards our next goals.

We strongly believe that long-term success is possible only by connecting economic growth with environmental stewardship and financial performance with social responsibility. As a socially responsible company, we will always strive to ensure that our ESG focus is embedded into our strategy, and that our growth ambitions are well suited with sustainable development practices consciously using the right approach. I take this opportunity to thank everyone for joining on this call. I hope we have been able to address all your queries. For any further information, kindly get in touch with us or strategic growth advisers, our Investor Relations Advisers. Thank you so much.

Moderator: Thank you on behalf of Hindustan Foods Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.