

3rd February 2023

Foods & Inns Limited (Investor Note – Q3 FY'23)

FNI Standalone Q3 FY'23 Performance

Sales  65% YoY in Q3 FY'23 at **195** crs v/s 118 crs

Sales  53% YoY in 9M FY'23 at **649** crs v/s 426 crs



EBITDA  99% YoY in Q3 FY'23 at **20.3** crs v/s 10.2 crs

EBITDA  58% YoY in 9M FY'23 at **66** crs v/s 41.9 crs





PAT  1129% YoY in Q3 FY'23 at **6.32** crs v/s 0.51 crs

PAT  109% YoY in 9M FY'23 at **27.2** crs v/s 13.04crs

(PAT before exceptional items considered above)



Pulp Sales Tonnage  18.8% YoY in Q3 FY'23 at 16204

Pulp sales Tonnage  35% YoY in 9M FY'23 at 63071

Performance: Q3 FY'23

A) Foods & Inns:

Q3 FY'23									
Particulars	Q3 FY'23	Q3 FY'22	YoY Growth	Q3 FY'21	9M FY'23	9M FY'22	FY'22	FY'21	FY'20
Breakup Details									
Sales Tonnage (In MT)	17,001	14,568	17%	9,012	73,836	52,576	78,379	46,220	54,848
-Exports	6448	6,079	6%	4,888	18963	19,145	24572	20,250	23,798
-Domestic	10553	8,489	24%	4,123	54873	33,431	53807	25,970	31,050
Sales (In Rs. Crores/-)									
(Including Export incentives & Scrap Sale)	194.95	117.76	66%	67.73	649.38	425.52	616.49	356.6	384.3

B) Kusum Spices:

Kusum Spices													
(In Rs.Crores/-)													
Particulars	Q1 FY'23	Q2 FY'23	Q3 FY'23	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	FY'22	Q1 FY'21	Q2 FY'21	Q3 FY'21	Q4 FY'21	FY'21
Sales (Rs. Crs/-)	6.16	4.48	4.28	3.81	3.99	3.83	4.25	15.88	2.33	3.70	3.33	4.9	14.26

Notes: The FY'20 number shown in the table above is the revenue of Kusum spices since Foods & Inns entered as a 99.99% partner i.e. Oct'19.

Business Commentary:

- We have submitted our first claim under the Production Linked Incentive (PLI) Scheme of the govt. for the Financial Year FY'22 and it is being reviewed by the Project Management Agency.
- We have received our 1st instalment of subsidy under the scheme of Integrated Cold Chain & Value addition infrastructure in the month of January 2023 for an amount of Rs.2.11crs. The total entitlement under this scheme is of Rs.8.89crs for our company. The claim for the second instalment will be filed soon.

a. Fruit & Vegetable Pulps:

The Indian Beverage market has started communicating through advertisements to ensure that beverages are a yearlong phenomenon rather than just a summer drink. Increased recreational activities have contributed to this change in advertising and consumption on ground.

Tomato pulp is witnessing a substantial increase in demand as a lot of business is shifting away from China and India is becoming a promising alternative. Such incremental demand in other categories is aiding our overall growth momentum apart from the demand for mango-based pulps.

b. Spray Dried powders:

The company is witnessing a substantial increase in demand for its spray dried powders with the use cases increasing and we will be able to meet the incremental demand when our brownfield capacity comes onstream which is now scheduled in March of 2023. We are seeing an upward trend in usage

of healthier options of sugar substitutes in the form of honey and other fruit powders in the beverage & allied industries.

c. Frozen Food:

Our new Cold Store is now functional which is expected to be more efficient as compared to the older ones. The shift in demand of B2B processed frozen foods from China to India is being witnessed by the Frozen sector. Shift in focus from commodity products to value added products along with addition of newer customers is helping us improve profitability in this business segment.

d. Kusum Spices:

We experienced strict control on pesticide residue in spices for export market which we are overcoming through various initiatives like sourcing from residue compliant certified farmers. This got down our export volumes this quarter which we expect to bounce back going forward.

KRAs being targeted by the company:

The company is working towards improving its ROCE & EBITDA on a sustainable basis by:

- a) Increasing the share of value added and branded products across its food offerings.
- b) Increasing its operating leverage by producing allied products during non-peak season
- c) Converting its waste into Value additive products
- d) Focussing on the Asset Light model of expansion
- e) Concentrating on Higher EBITDA margin business

Other Facts:

- a) Foods & Inns got selected under the Production Linked Incentive (PLI) Scheme of the Govt. of India under Fruits & Vegetables processing category. The selection was under both Component 1 as well as Component 3 of the scheme and the company stands to receive incentives of around Rs.148crs on a best-case basis between the period FY'22-23 to FY'26-27 based on future growth in sales and investment as per committed capex. As per the scheme guidelines we have to grow our sales at a minimum CAGR of 10% over FY'22 to FY'27 to receive incentives under Component 1 of the PLI Scheme. The incentives will be payable upto a CAGR of 15% on eligible sales. Under Component 3 of the scheme, we are expected to get incentives of 50% of our Branding & Marketing expenses incurred abroad over the period FY'22 to FY'26. These incentives under both the components will be in the form of direct bank transfers to the company upon achieving yearly milestones as committed under the scheme.
- b) The Govt. of India under Budget FY'22-23 has enhanced its focus on chemical-free Natural farming throughout the country. It has announced various programmes under PPP mode with private agri-tech players and stake holders of agri value chain for delivery of digital & hi-tech services to farmers. These initiatives augur well for the company as the company has partnered with IDH from Netherlands to drive sustainable mango farming in India by addressing environmental issues such as climate impact, pesticide management, crop traceability etc. Increasing smallholding farmer income is also a KPI of this tie up.

- c) To achieve our ESG goals, we have filed our GHG (Green House Gas) inventories and Carbon Emission data via Carbon Disclosure Project (CDP). This brings us on a global platform with other players who are collectively trying to reduce global emissions. We have been rated B- under the CDP platform which is a great achievement for the company in our industry globally.
- e) The company has shifted its Spice manufacturing facility from its acquired rented premises in Goregaon (Mumbai) to its own campus in Gonde (Nashik). The state-of-the-art facility will help us to grow our export business worldwide. Further installation of sterilization and ETO units in the newly built campus under the PLI scheme are under consideration.
- f) We have installed the Tetra Recart machinery at our greenfield facility at Vankal (Gujarat) and are currently having test runs and expect the plant to be commercially operative by the end of March 2023. We will also be associating with prominent brands to fulfil their packaging requirements in the Recart form. The Tetra Recart facility will run under an exclusivity arrangement in India for the first couple of years of operation with the company having First Right of Refusal for future expansions.

About:

Foods & Inns (FIL) is a manufacturer and exporter of a range of processed tropical fruits pulps, purees, and vegetables with state-of-the-art factories in Chittoor, Valsad, Sinnar and Gonde (Nashik). The company operates in the food processing industry and its principal divisions are Aseptic, Canning, Spray drying, Frozen fruits, IQF (Individually Quick Frozen) vegetables and snacks. Product range includes tropical fruit purees, concentrates of Mango, Guava, Papaya apart from Tomato Paste, Natural Fruit & Vegetable Powders.

The company became a 99.99% partner in Kusum spices (Spice brand established in 1972) from the 2nd of October 2019 and has consequently widened its offerings in the foods segment. The Indian spice market is ~ Rs.40,000cr industry (Source: APEDA)

The company owns brands/trademarks such as Madhu - (Fruit Pulp), Green Top - (IQF Vegetables & Other RTE Snacks) and Kusum Masala – (Spices).

The company as an initiative towards Sustainability and Value addition entered into a Joint Venture on the 13th of April 2021 with a food technology company to convert its fruit waste into Pectin, Oils & Butter. The idea behind the venture is to upscale waste from mango processing to address its disposal and convert into pectin which has a huge potential in India given that 95% of India's pectin requirement is imported. The joint venture company is named Beyond Mango Pvt. Ltd.

Managing waste is a huge pollution control challenge as well as large waste disposal cost. This initiative removes the challenges with an immediate and opposite effect.

The company has also associated with other plants to expand its capacities in the Fruits & Vegetable processing segment and has already started work with a few contracts in place.

The company has been rated B- under the CDP (Carbon Disclosure Platform) which is a global standard.

For more details please visit: www.foodsandinns.com / www.linkedin.com/company/foodsandinns

Disclaimer:

This document may contain some statements on the company's business or financials which may be construed as forward looking. The actual results may be materially different from these forward-looking statements.

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Investor Call

Foods and Inns will be conducting an Investor Call on the 9th of February 2023 at 4 PM to discuss the Q3 results and the way forward for the company.

Time: Feb 9, 2023 04:00 PM India

Join Zoom Meeting Link:

<https://us02web.zoom.us/j/84955593854?pwd=UEtsODY4bmsrWndCeE1JN1ZnK21hQT09>

Meeting ID: 849 5559 3854

Passcode: 381689

Our Brands:



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