

**Date:** 14<sup>th</sup> February, 2024

To, BSE Limited The General Manager, Department of Corporate Services, P.J. Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 507552	To, National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Symbol: FOODSIN
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Dear Sir/ Madam,

**Sub.: Transcript of the earnings discussion/conference call dated 2<sup>nd</sup> February, 2024 to discuss the unaudited financial results for the quarter ended December 31, 2023**

In compliance with regulation 30 read with Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosing herewith the transcript of the conference call held on 2<sup>nd</sup> February, 2024 to discuss the unaudited financial results of the Company for the quarter ended 31<sup>st</sup> December, 2023.

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For **FOODS AND INNS LIMITED**

**Ameya Masurkar**  
**Company Secretary & Compliance Officer**



Foods & Inns

“Foods and Inns Limited  
Q3 FY '24 Earnings Conference Call”  
February 02, 2024



Foods & Inns



**MANAGEMENT: MR. MILAN DALAL – MANAGING DIRECTOR – FOODS AND INNS LIMITED**  
**MR. MOLOY SAHA – CHIEF EXECUTIVE OFFICER – FOODS AND INNS LIMITED**  
**MR. ANAND KRISHNAN – CHIEF FINANCIAL OFFICER – FOODS AND INNS LIMITED**

**Moderator:**

Ladies and gentlemen, good day and welcome to Foods and Inns Q3 FY24 Earnings Conference Call. This conference call may contain certain forward-looking statements about the company which are based on belief, opinion and expectation of the company as on the date of this call. These statements are not 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Milan Dalal, Managing Director of Foods and Inns. Thank you and over to you, sir.

**Milan Dalal:**

Good afternoon, my fellow shareholders, analysts, future investors, ladies and gentlemen. As per the tradition of having started this investor calls post each quarter, here we are. Along with me in my room is our CEO, Mr. Moloy Saha and our CFO, Mr. Anand Krishnan and we shall endeavour to reply to your queries and any understanding that you would require.

Briefly, what I would want to convey is that, we have seen a bit of a muted quarter. Having said that, the current quarter's call-offs have been good that's the trend shown for the month of January and looking forward to a great closure of the year-end and the quarter.

Two significant events which have just happened; one was that, the Ministry of Food Processing Industry, apart from our eligibility on the PLI Scheme, we had also applied for the Cold Chain Scheme and that our second instalment of approximately INR3.5 crores has been disbursed and has been credited to our account last week.

And another significant disclosure which already has been put up on the exchange site is that, the reclassification of my erstwhile Co-Promoter, the Dhupelia family, has been approved by both the exchanges as of yesterday. And I would leave it open to my colleagues to brief you all further and then take up your questions.

**Anand Krishnan:**

Thank you. Good afternoon, ladies and gentlemen. This is Anand Krishnan, the CFO at Foods and Inns Limited. Thank you for joining us and I extend a very warm welcome to all the participants of our Q3 FY24 investor conference call. Quarter 2 and 3 have been a couple of muted quarters for us. We have encountered headwinds which are temporary, but we remain committed to our long-term vision and strategy.

Also, as mentioned in the previous conference calls, what one needs to understand is that the business model is such that there is a committed volume that will be taken up by the client anytime over a period of 15 to 16 months. There is no strict monthly or quarterly commitments that run through the contract. The commitment gets honoured anytime during the 15-month period.

Having said the same, the customers also pay us an inventory holding cost to compensate for the higher inventory holding period as and when the call-off happens. As of 30th December

2023, we have applied for PLI incentives for the second year of FY23 for approximately around INR18 crores and are awaiting the receipt of the same. Last year, we received the same in July of 2023.

So, timelines with respect to when it can be received is actually up to the government. Also, the company has received an amount of INR3.37 crores under the Cold-Chain Subsidy Scheme of the Government of India on 25th January 2024. This amount will not be accounted in the P&L, but will be credited to the respective asset, as it is in the nature of capital subsidy.

I hope all of you had the opportunity to go through our published results and the investor notes shared on the stock exchanges. We have processed lower quantities of tomato and guava in the Q3 quarter as there was lower crop availability in our catchment areas. We have on-boarded new clients in our spray-dried business and have grown the Kusum Masala business in domestic markets.

Our own brand Tetra Recart products are now available in Nature's Basket and a few other emerging modern trade outlets. We continue to negotiate with various partners for co-packing in Tetra Recart, but have not yet signed on the dotted line with any. Our Pectin project, Beyond Mango, has started test production and will commence production from Q1 of FY25. As I come to the end of my opening remarks, I would like to thank each one of you for your unwavering support and your invaluable presence on this call.

Now I request the moderator to open the forum for any questions or suggestions that you all may have. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line of Sudhir Bheda from Bheda family office. Please go ahead.

**Sudhir Bheda:** Yes, good afternoon, sir. And my questions are like, what could be the reason of lower offtake, sir, in the last two quarters? Of course, we are a 15-month contract, but is there any particular reason why our offtake was not the way we expected? As I understand, the demand of our product is much more than the supply. That was my understanding. But what led to this kind of offtake, if you can spell out your findings or reasons?

**Anand Krishnan:** Is this the only question? Or do you have any other further questions?

**Sudhir Bheda:** No, I have one more question.

**Anand Krishnan:** Okay, so we'll just respond to this then and then probably take the other questions.

**Moloy Saha:** Hi, this is Moloy Saha. The reason in the last previous call also we have explained that in the month of 2nd of May 2023, the northern region of part of India experienced some unseasonal rain, which significantly affect the temperature. And juice and drink industry in India is basically a summer season and all the big brands like Coca-Cola, PepsiCo or Parley, their sales got affected. So that is the overall one of the reasons for this lower offtake.

But these two quarters, that is quarter 2 and quarter 3, quarter 2, their offtake is not much low compared to what has been explained to us by this big brand as well as quarter 3. Generally, if you see the trend of this market, quarter 1 and quarter 4, these are the two quarters when the major offtake takes place. Accordingly, if you see our quarter 1, there is a good growth and we are also expecting a moderate growth in Q4. That is current quarter.

So, there is no major setback on this, but one item on this particular thing I would like to highlight on the tomato. Last year, in the quarter 3, we have a good tomato volume produced as well as sales. But this quarter, there is an issue in the tomato production because tomato growing region in western part, that is in Nashik region, due to inadequate rain or water availability, there is a cross-field, which has overall affected the tomato production as well as the price. That is one of the reasons.

Second is in December 20th onward, in our export shipment, it got also affected because due to the recent Red Sea issue, you must have got the news that most of the shipment from India and China is getting affected due to the Red Sea, which is for last 10 days in December quarter, our export shipment is almost zero, because there is no vessel availability and we could not ship anything. But that problem is now solved partially, not fully, and the shipment has started.

So, these are a few reasons, but as my colleague Anand has explained that, and as you also told that it's a 15-month period dispatch, so there is no major concern. It's only the spillover of the dispatch from this month to that month. That is the only thing.

**Sudhir Bheda:**

And sir, will this kind of lower offtake or maybe whatever be the reason, that will affect the next year's planning and next year's volume, which they will guarantee the offtake. Because of the lower offtake this year, we will have a spillover effect in the next year.

**Moloy Saha:**

Offtake wise, there will be no issue, because there is a confirmed order that will be taken, but yes, all the brands are assessing the situation. It's too early to say. If it is a good summer, which we are expecting, as well as this is the election year, so there is a -- what has been informed to us that there is a good volume demand and they don't see any major setback on the next year's production, but it is too early to say. You have to give another couple of months to get an idea what will be the next year's target.

**Anand Krishnan:**

I would like to add one more thing to give you more confidence on this. Basically, a lot of the brands that we deal with, as with the previous year, they actually spoke to us about three-year contracts rather than a single-year contract. Basically, because of the newer brands coming into the market, they want to protect themselves and there are a lot of export customers also who have been actually talking to us about volume commitment.

So, we are really not worried about the volume at all, because we are quite confident on growing the volumes with respect to whatever strategies and plans that we have and the vision that we actually shared with you guys in the previous year. It will definitely continue is what I want to say in short.

- Sudhir Bheda:** Understood. And lastly, sir, competitive force has affected the lower volume, that kind of thing has happened, because some of the facilities which were closed and they restarted the facilities. So, in any way, does that have a bearing on our volume?
- Moloy Saha:** No. Overall industry, if you see the last two years, it is going in a double digit. This year, as of now, the industry -- I am talking about brands, beverage brands, they are growing at single digit, but they are expecting that in this quarter, it will reach to double digit.
- So, overall demand is quite good. In fact, if we have to scatter such kind of demand, no more capacities are required. So, there is no concern whether the plans which are earlier or facilities which are earlier closed, they have started operation. That is not a concern for us. And I think overall industry is growing and we need more and more capacities. So that is what I would like to say.
- Sudhir Bheda:** Understood, sir. Really, I am thankful for getting the very detailed and elaborate answer from you. Thank you, sir, and all the best.
- Moloy Saha:** Thank you, Sudhirji.
- Moderator:** Thank you. Next question is from the line of Kapil Ahuja from Equinox Capital. Please go ahead.
- Kapil Ahuja:** Yes, hi. Very good afternoon, Melen sir, Saha sir, Anand sir and all the management. My question is, till date, how much amount have we invested in Tetra Recart facility? And what will be the revenue potential of this Tetra Recart 12 months, 18 months down the line? And what will be the approximate rough estimate of EBITDA margin?
- Anand Krishnan:** Hi, this is Anand Krishnan here. So we have invested around INR30-odd-crores in the Tetra Recart facility. On a fully utilized capacity basis, we would actually have a sales of around INR100-odd-crores. But INR100-odd-crores is based on the only single line that we have actually installed as of now.
- The infrastructure has been actually set up for four more lines, which we can actually install in the same facility as such. So, without too much of a capex related to building and infra, we can actually expand the capacities and quite quickly as well.
- Kapil Ahuja:** And EBITDA margins?
- Anand Krishnan:** EBITDA margins should be north of around 15% to 18% as such.
- Kapil Ahuja:** And we'll get PLI benefit also on the capex that we have done?
- Anand Krishnan:** Absolutely.
- Kapil Ahuja:** And is there any delay with this Tetra Recart facility to commence operations?
- Anand Krishnan:** Sorry, I didn't get your question.

- Kapil Ahuja:** Is there any delay? There has been delay in conceptualizing to start this operation?
- Anand Krishnan:** No, there has been no delay with respect to conceptualization. What has actually happened is that a lot of the B2B customers whom we have actually approached wanted smaller sample sizes to be actually done for them and have a proof of concept ready for them. So, we have already installed the smaller testing line now and we have actually started giving those samples to the brands that we have been speaking to. It's just that we have not signed on the dotted lines with respect to these larger brands, but we are quite hopeful to do something quite soon.
- Kapil Ahuja:** Okay...
- Anand Krishnan:** So, our products, we have already started launching them in the emerging modern retail trade outlets. Nature's Basket is one of the outlets where you would actually find our products.
- Kapil Ahuja:** Okay. So, the single line will be running. It's up and running now?
- Milan Dalal:** Yes, yes, absolutely. It's running. It's a very high capacity line. So, we will have to do minimum production of a very high size and that's what Aravind was just explaining that we have just gotten the pilot plant come in whereby smaller quantities, but we ran with approximately seven SKUs, two in soups, four in dal and one in the mango pulp and we've already introduced that into the market, but our real capacity utilization will happen when other brands start using our facilities.
- Kapil Ahuja:** Okay. Thanks a lot, sir.
- Moderator:** Next question is from the line of Rajen Shah, an Individual Investor. Please go ahead.
- Rajen Shah:** Yes, good afternoon. Can you hear me?
- Moderator:** Yes, we can.
- Rajen Shah:** Yes. My question is for Milan Bhai. I saw the presentation, the press release and the opening remarks made by you and the CFO, Mr. Krishnan. Everything looks poised for a decent growth. So, my question is, you know, last year we reported about INR1,035 crores of top line and an EPS of about 10, almost 10. So, can we expect at least that much for the current year or are we expecting anything, any kind of degrowth in the top line and bottom line?
- Milan Dalal:** We said that, based on what we are aware and the current fall off and all that, I don't see it as a major challenge to maintain the same levels.
- Rajen Shah:** Okay. So, approximately what we achieved in '23, FY23, we may close the year '24 with the same numbers, like almost. That is what you are mentioning. Okay. Sir, I wanted to know, after this declassification or reclassification, I don't know, of these two promoter entities, which are now public shareholders, the promoter holding is quite low at 20%. So, what is the reason for such a low promoter holding, just 20%, 21% post this reclassification or declassification? I don't know.

**Milan Dalal:** Yes. So, basically, this was always the position. In fact, in this last quarter, there has been an acquisition of approximately 0.5%. So, as and when opportunities are coming up and one is able to do it, one will see an increase. So, doing it, the fact that the co-promoters decided to reclassify themselves and, in fact, in the process.

When they requested and the process was happening, they have already sold out of their 19% level of almost 14% shares and they are just holding 5%. So, yes, we are conscious about it and any opportunity that comes our way, we would be ensuring to get in a better stability.

**Rajen Shah:** Yes. So, when they sold 14%, we could have bought it, right? Or they sold it to some other entity?

**Milan Dalal:** It's not right to say that on a call, but sometimes you have something called a noto negative vote. You don't want to vote for someone, so you pass on a noto. So, if one does not want to sell, the offers were there.

But anyway, that's part of its foregone conclusion now. It's all over. So, but every effort and every offer was given at the right stages, which this has been standing out for the last 12 to 15 months.

And at least what we wanted was the stability and the growth of the company and no other kind of forces to bring down the morale of our staff and everything. And we have been able to achieve that, including our support of our bankers and our investors, etcetera.

**Rajen Shah:** Yes, you're right, Milan bhai, but you know, what happens normally, you know, I'm a long term investor. And normally, when the promoter holding is high, you know, the investors get confidence and especially when it's a family led business...

**Milan Dalal:** Yes, so we have been doing it for 50 years, almost with a similar level of holding, the kind of doing it. So, in this 50 years, barring some minor changes, in fact, there has been this addition. So, surely, every endeavour would be made to get in a much, much better, you know, investor confidence.

**Rajen Shah:** So, a couple of more questions, actually, when can we see our products in D-Mart, Reliance, Forex, Spencer and all that? Because they have a better visibility and they have a huge market vis-a-vis Nature's Basket.

**Moloy Saha:** Yes, our team are, I mean, exploring all the opportunities, as you know, to launch any new product, it's always takes some time to conceptualize the product, the technology, the visibility. So, it's taking its own time, but we are pushing and I believe that we will be coming to many stores over a period of time.

**Rajen Shah:** Can I ask one more question?

**Moloy Saha:** Yes, please.



**Rajen Shah:** Milan bhai, I wanted to know your vision, I wanted to understand your vision for this company over the next two, three years, like, you know, we are doing INR1000 crores of top line, where do you see this company in three years, you know?

**Milan Dalal:** So, we, as my colleagues did mention that there is no doubt about the consumption story growth in this segment of beverages, which is our main segment, and we will continue to grow. Having said that, our other fresh initiatives, which is be it our spices, be it our Tetra Recart, we are at a very, very, I would say that for spices, it's been a couple of year.

But for us, it's just been a few years, but Tetra Recart and others, the scope and the possibilities for these segments, you know, doing a quantum leap business is very much a possibility. And we are all kind of geared up to ensure that we get better performance.

**Rajen Shah:** So, can I understand that we can see at least 13%-15% kind of top line growth for the next three years, at least, from the current levels?

**Milan Dalal:** It's a matter of, yes, why not, but I don't want to give it a kind of figure, you know, or putting it whereby, you know, it becomes a kind of forward-thinking disclosure. At the same time, we'll be very happy that he has any kind of, as we've talked about my vision, I would not be happy if I grow less than 15%. That's the way I put it up, and that's my personal thought process.

**Moloy Saha:** I would like to say one line. We have different categories of products or facilities. So, we have now structured in such a way that each category, there's a team who are exploring independently all opportunities to grow in the market, to grab the market, because few sectors are really exceptionally doing well, and we should not miss the bus. So, all efforts are on from all sectors, and we are quite hopeful as a team, as a company, as a Board level, we are all in alignment, and we hope to see a good year ahead.

**Rajen Shah:** Okay, right. And so, is there any equity conversion pending, warrants pending to be converted into equity?

**Milan Dalal:** Yes, there's quite a very substantial amount of conversion. The due date is by June of 2024. So, we should, because it was 18 months from the issue date, and currently approximately only 30% of the allottees have converted them into 100% shares. Balance 70% are yet to exercise their right to convert it into equity.

**Rajen Shah:** Once that is done, sir, assuming that everybody converts, what will be the equity and what will the promoter holding post that? Can I get some idea?

**Milan Dalal:** So, the equity holding would go up by, it's a INR1 rupee share. So, it would go up, the capital would go up to approximately INR7.20 crores. Having said that, we have done some ESOPs and all. So, it will be slightly northwards of that 7.20, but they take effect in multiple years. And yes, the endeavour is to maintain at a minimum level of 25% to 26%.

**Rajen Shah:** Promoter holding, okay. Okay, fine, sir. Thank you so much.

**Moderator:** Thank you. Thank you. Next question is from the line of Rusmik Oza from 9 Rays EquiResearch. Please go ahead.

**Rusmik Oza:** Thanks for the question. Good afternoon, team. My question was on volumes for, you know, last quarter we have seen volume de-growth of 10% and for the 9 months around 13%. And if I'm looking at the FY23 minus 9 months FY23 last year, we've done almost 29,000 tons volumes in Q4 of FY23. So, will we see a number higher than 29,600 tons in Q4 or will it be lower than that just to get a feel of the full year volume?

**Anand Krishnan:** Rusmik, your entire question was not very clearly audible because your voice broke in between. So, if you can just repeat it, it will be helpful.

**Rusmik Oza:** Yeah, I'm saying we have seen a 10% volume de-growth in Q3 and for 9 months it is 13% down. And last year in Q4, we had around 29,600 tons of volumes. So, will we do a number better than 30,000 in terms of volume to show volume growth in Q4 or will there be a de-growth in Q4 also?

**Anand Krishnan:** As things stand today, we are lined up to deliver better numbers than what we did in the last quarter of FY '23.

**Rusmik Oza:** Okay. And my second question was on realization, because in the first half, we had almost a 29% jump in realization based on the figures which you have given in the presentation. And in Q3, it is down 19%. I wanted to understand, is it because of the lower processing of Tomato and Guava or something more than that?

**Anand Krishnan:** No, no. So, how it actually takes place is that Q1 of FY24 would have had inventory of something that would have spilled over from FY23 as in the production year of CY22 and it would have spilled on to FY24 as such. So, likewise, what you actually see in Q3 is the actual realization of the inventory of this particular season as such.

So, it is a 15-month contract. So, it's always a spill over that actually happens. I hope I have made you understand that.

**Rusmik Oza:** Okay. Because the realizations keep changing a lot every quarter, I think so.

**Moloy Saha:** Realization not only change for a particular -- I mean, one of the reasons why the realization is changing also is the product mix. Because we have multiple products like mango, tomato, guava, then vegetables, and soy powder, so it depends on the product mix also. And the realization range, lower minimum level is INR30, maximum can go up to INR450.

If these are different, different product mix, definitely going to be a realization will be going to be changed. So, for apple to apple compare or something, each product you have to go, then only better comparison can be done. But overall realization, yes, it depends on which product was more, what is the range of that product range, and all these things.

**Rusmik Oza:** Okay. And is there a seasonality in Q4? Because if I look at last year's numbers, for example, in the nine months of FY23, the realization was 87,658, whereas in Q4, last year, it shot up to 1,10,000, which was like 26% higher. Similar thing will play out in Q4 of this year also.

**Anand Krishnan:** See, the inventory of this year is at a much lower price. Basically, it's a pass on that we actually have with respect to the raw material price. So, when the raw material price is lower, the realizations are lower. And last year, the Q4 bumped up basically, because it was the entire last year inventory, which actually came in Q4. So, it would be with respect to the raw material price, which is actually lower this year.

**Rusmik Oza:** Okay. And my second and last question is on this pectin project. Once you commercialize in Q1 of FY25, since it's a very small pilot kind of a project, what kind of revenues we can expect in FY25 from this pectin project? And what kind of margins can we look in?

**Anand Krishnan:** So, the whole company of Beyond Mango will generate around INR15 crores of revenue is what are estimated. And 50% of that revenue is ours. And out of which the gross margin can be anywhere. I mean, gross margins are extremely high, basically, because there is no cost of raw material. There is only a transfer pricing rule that we will actually have to apply for the waste that is actually transferred from Foods and Inns to Beyond Mango. But apart from this, the EBITDA margin should be north of 60%-odd or so. So, you can do the math then.

**Rusmik Oza:** Okay. And once this is properly commercialized, then what kind of ramp up are you looking at thereafter? Maybe because we'll have some capacities or probably space to increase capacity going forward?

**Anand Krishnan:** It's very easy to actually replicate this and expand the capacity. But we will want to first be successful in the first project and then probably take the call of the next expansion. But once this is all set, I think the demand is there and the machineries are all set, the technology is all set. It's just a question of executing it and building our confidence and the investor confidence and taking the next step. And that is where we are as a company.

**Rusmik Oza:** And my last question is on the debt side. What is the outstanding debt right now? Because you know, our quarterly interest now has the last three quarters has been at a run rate of close to INR10 crores. So, what is the debt and how will the debt be positioned next year?

**Anand Krishnan:** So, there were a couple of reasons that we have actually enlisted in our investor presentation with respect to why the interest has actually gone up. One is that one of it is basically because our capex, which was actually happening has now been commercialized. So, whatever used to hit the assets, they have now started coming to the P&L. That's number one. Second is with respect to the interest rate itself actually going up.

Third is because, we are actually availing the PLI, there is this interest subvention scheme, which used to be there by the government, which is no longer applicable for us, as we are actually taking benefits under the PLI. So, these are the three major reasons. The fourth other reason why the interest rates are up is also because of the higher inventory, which is there with us this year.

The higher inventory is actually causing us the additional working capital load, which is there. But having said that, whenever the call-offs happen, the call-offs would also have an element for this inventory holding cost, which would be compensated to us in the form of sales.

**Moloy Saha:**

I would like to highlight one point here. I think we are all looking only debt, but we should look at the total liability of the company. Last year, debt was in the lower side, but current liability, that is creditors, was quite higher side. So, if you add both debt and current liability, other than the creditors, and if you compare the similar position of currency as debt plus creditors, we are at the same level. It is not increased. So, yes, debt has increased, but creditors has reduced to that extent.

So, this is the reason. So, yes, one of the reasons, as Anand told, that last year, I mean, last mango season, we have done 40% higher production based on the customer's order, but unfortunately, the call-out delayed, which causes the larger holding period interest cost. That is one of the reasons.

**Rusmik Oza:**

Thanks for the clarification. I'll come back in the queue. Thank you.

**Moderator:**

Thank you. Next question is from the line of Shyam Garg from Ladderup. Please proceed.

**Shyam Garg:**

Hello, sir. My first question is with respect to the revenue potential. What is our revenue potential when we will be working at 100% capacity on all our plants? And what is the break-up in case of each plant that revenue will be generating? And what is the capacity utilization in the last quarter and as well as this quarter?

**Anand Krishnan:**

Shyam, so basically, our business model is such that we don't rely only on our capacities. We also take up satellite capacities, which are actually available for lease, and we actually put our people and take care of the production during the season time. And we wouldn't like to comment as to what the potential could be, basically, because we have already given you a guidance with respect to whatever the three, four-year forward guidance could be, which is around INR1,800 crores is what we can actually do.

So apart from that, we wouldn't like to break it up with respect to our plants or with respect to each and every facility of ours as such.

**Shyam Garg:**

And what is the capacity utilization in Q3?

**Anand Krishnan:**

Q3. So Q3, the capacity utilization generally is very low, basically, because it's a non-season time for us. Maximum production for us actually happens in Q1 and Q2 as such. So Q3 is generally a low-lying period for us. But having said that, we do produce a lot of fruits and vegetables during the Q3 season. But this particular Q3, we have had lower production for tomatoes and guavas.

**Shyam Garg:**

What is the number of capital utilization?

**Anand Krishnan:**

Sorry?

**Shyam Garg:**

Any percentages, any numbers on capital utilization? What was the capital utilization?

- Anand Krishnan:** Shyam so this is exactly what I said initially, that for us, it's the capacity that we have in-house as well as what we actually outsource as such. So if you just see the in-house capacity, we'll never give you the right picture. We utilize satellite capacities to increase our production. That's how we have actually grown our sales in the last two, three years.
- Shyam Garg:** Okay, sir. And what is the order book that we have?
- Anand Krishnan:** Yes, we have an order book of 40% plus, which we actually did produce, I mean, to cater to that increased order book as of the beginning of the year.
- Shyam Garg:** Okay, sir. I mean, if I can know the order book at the beginning of the year?
- Anand Krishnan:** So 40% more than what we did last year is what we are saying. So our production was approximately around 1,30,000 tons.
- Shyam Garg:** Okay. And, sir, any specific guidance with respect to the segment that we will be targeting in the next two to three quarters?
- Anand Krishnan:** Shyam, the voice is not very clear.
- Shyam Garg:** Any guidance on regarding the pulping business? We are largely, mostly into mango pulping, and we are trying to, or I would say, trying to tomato and guava. So if you can give guidance regarding the next two, three quarters.
- Anand Krishnan:** There is no specific guidance that we can actually give with respect to each and every product. So, [inaudible], we have already given you the guidance with respect to what our order books are as of the beginning of the year. It will definitely get called off over the 15-month window is all that we can actually say. But production of tomato and guava were lower because of the sales of that will be lower going forward.
- Moloy Saha:** But one thing, we would like to highlight that being a seasonal industry, whenever the specific variety of fruits are available, we run from day one till the end. We do not wait for customers' order because being in this industry for the last 50 years, we have a clear idea on the customer requirements. So our challenge is that how to maximize the production during raw material availability. That is the whole focus of the company.
- Shyam Garg:** Okay. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Purvesh Tibrewala from Finavenue Growth Fund. Please go ahead.
- Purvesh Tibrewala:** Hello. Am I audible?.
- Moderator:** Sir, Purvesh, please go ahead with your question. You are audible.
- Purvesh Tibrewala:** Sir, I wanted to ask some more questions on the pectin business. So you told, sir, at optimum capacity, we will be trying to make around INR15 crores of revenue. So this entirely INR15 crores is from the pectin main product or you have mentioned that oils and butter also. So are

you also going to make that simultaneously and we are making INR15 crores out of that? Sir, I wanted to know that. And are these products similar to what Manorama Industries is making, sir? So can you highlight more on that, sir?

**Anand Krishnan:** So the INR15 crores that we are actually talking about is only from pectin. We are not talking about the other products that we can actually get from it. All those products will be in stage two after we actually start manufacturing pectin as such. So that is with respect to the first question of yours. Second, the product is not similar to what we actually, what Manorama Industries does, but the stage two products that we will actually generate, that's out of cocoa butter or the CPE equivalent, will be very similar to what Manorama Industries does.

**Purvesh Tibrewala:** Okay, at the stage two.

**Anand Krishnan:** Correct.

**Purvesh Tibrewala:** Okay. And the other question was, sir, that this plant of pectin we have established at Chittoor, but we have other pulping units at Maharashtra and Gujarat also. So is it like that we are going to transport the waste, mango waste from there to Chittoor? Or like in the future, we are going to establish pectin plants there also? Like what's the plan, sir? Like what will happen? And this is a feedstock for the pectin business. So like I wanted to know some clarity on that also?

**Anand Krishnan:** Right. So, Chittoor is the largest mango pulping belt in India as such. So the current pectin plant has been put out outside one of our factories in Chittoor. We have our own three factories in Chittoor, but we have put the factory only outside one factory. So this particular factory has more than enough peels to actually give to this particular pectin unit.

Having said the same, once we actually stabilize on this particular unit, we will expand in Chittoor and then probably actually expand into our other regions wherever we are present.

**Moloy Saha:** But currently, we will be collecting the waste from the western region and after the drying process, we will take it to our Chittoor unit where the facility is there.

**Purvesh Tibrewala:** Okay. So we will be transporting after drying the peels.

**Moloy Saha:** Yes.

**Purvesh Tibrewala:** Okay. And sir, my other question was on the Green Top business. So can you highlight on what's going on there? How is the growth? And like what are we making? What's the future prospects of that? Can you highlight something more on that?

**Moloy Saha:** Okay. Green Top is basically our brand which we started in domestic market in the frozen category initially. I think eight, nine months ago, maybe one year ago. And currently, we are mainly focusing in general trade and produce the market and able to scaling up the operation and the current sale is not much, maybe around INR25 lakhs per month as per in the consumer side.

And we are only in small store, so far Maharashtra in Mumbai, Pune and Nasik, three regions we are selling as of now. Now we have expanded to Goa and we have now tied up in northern

part of India also. We are very soon we are establishing our office there, satellite office as well as the distribution network there.

So we are expanding this consumer division brand Green Top in a slow step but steady. And after analysing each, every market and what is the acceptability based on that we are moving a slow step. That is the frozen category.

Second category is the Tetra Recart, that is also green top brand where we have launched seven products so far. One is the pulp category mango, other six in the ready to eat. And that also I think a lot of corrective action may have to take based on the taste profile of the consumer.

So that is also going in a slow pace. But we are quite hopeful that within a year or maybe 18 months period we will have a much better visibility on the Green Top brands in frozen as well as in Tetra Recart. Sorry I forgot, recently we have also launched our product in Gulf market, first in Dubai in Green Top vegetables. Very soon it will be available in Dubai market also. And let's see, I think we are quite hopeful that we will be able to, because we are manufacturing in frozen since 1993 on private level. So we quite well understand the customer taste profile everything in each province and accordingly we are taking a very steady.

**Purvash Tibrewala:** Okay, so sir what is the other joint venture partner doing in this business and so we have only 50% I guess or 49%. So what are they contributing and who are they sir?

**Moloy Saha:** No, nobody is in Green Top.

**Milan Dalal:** No, you are talking about the pectin projects beyond mango. There are no partners in Green Top, it's 100% brand of Foods and Inns.

**Purvash Tibrewala:** And other associates, I'm sorry, we have our two associate companies, I guess? The one which was Tri Global Food which we incorporated and then the name was changed, I guess, sir?

**Management:** Tri Global, we have initiated our consumer division brand that is under Triveni brand just before pre-COVID time and then it's not very successful. So we discontinued this Triveni brand and we have relaunched our Green Top brand. So now Green Top is 100% ours.

**Purvash Tibrewala:** Okay, I thought. Okay, sorry. So all the frozen food, we are manufacturing contract manufacturing, sir? Whatever we are selling?

**Management:** No, no, factory. In our own factory.

**Purvash Tibrewala:** Okay. Thank you very much, sir.

**Moderator:** Thank you. Next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.

**Rohit Ohri:** Hi, sir. A couple of questions. First one related to the debt part of the [inaudible] entire business, which Anand also alluded. I understand that some part will auto-correct, but do you

think you should be looking at some rise issue or maybe refinancing the debt or refinancing the -- rebalancing the entire debt portion?

**Anand Krishnan:** Hi, Rohit. So basically, the debt is only based on the working capital as we see as of now. The long-term debt is basically limited to the quantum of capex that we have done, but we are also getting incentives from the government for that. So the working capital debt is something that you see because the business has actually grown, right?

And in this particular year, the inventories have actually had slower call-offs because of which there is the working capital debt that has built up. But having said that, the other part of the equity, which the warrants actually get in once it gets converted, should easily suffice us with respect to the capital that we need. So we are not bothered about the debt at all.

**Rohit Ohri:** Okay. Anand, on the freight cost, the Red Sea issue, of course, everybody knows about that. But what are the kind of contracts that we have? Do we have FOB, CIF, or CFR, or DDP?

**Anand Krishnan:** Most of our contracts are on FOB basis only.

**Moloy Saha:** I mean, not most. I think 99% is FOB. There may be a couple of contracts on CIF or CFR basis, but now this is the force majeure clause. So we have approached all the customers who are having the CIF contracts and everybody has agreed to revise the price. So there is no impact on us on the recent Red Sea issue.

**Rohit Ohri:** Okay. We have around 61 domestic and around 39 for the export. So is it a big difference in the realizations that we get in the domestic and the export markets?

**Moloy Saha:** Realization depends on which product. Because in export market, we sell, I mean, major sale is the Alphonso, which is a premium variant. So that's having a better realization.

In domestic market, we sell a product called Totapuri, which is a per kg realization or per metric realization is lower. So it depends on the product we've got. See, appeal to appeal of the product wise, yes, in a particular category of what we are selling in domestic market is having better realization than export market.

**Rohit Ohri:** Okay. So you are comfortable with this 60-40 domestic versus export kind of a range?

**Moloy Saha:** Yes, with the population, there's a huge opportunity in India and brands, whether it's Coke, Pepsi since COVID period, they have already increased the capacity by 30 odd percent. And they would like to invest further 20%-25% to increase the capacity. So I think we will go with this flow, which is a huge opportunity in India market.

Though we are not neglecting at all export market. We all time we're looking wherever we are not in present currency or focusing in that market more in export.

**Rohit Ohri:** Sir, in the domestic market, we do see a lot of opportunities in other parts like chili, garlic, ginger. So do you think FoodZone will be interested in that business also going forward, maybe in the next two, three years?



**Moloy Saha:** We are already in this business in a few years. We supply to brands like Ching's quite a lot of products. We also supply to other brands.

And we have recently restructured or renovated our chili, garlic, ginger capacity in B2B. So I think that's a good opportunity as rightly said. But unfortunately, in our realization, price per metric ton is very lower.

So even if you sell a higher volume, it's not much impact on the overall sales value. So there is a good space and we would like to grow in that space also.

**Rohit Ohri:** And on the spices masala side, what sort of developments are there currently to increase the capacity that we have? Because I understand it's quite restricted and we do have some satellite players as well. But in terms of the high margin business that we can fetch some more profitability, if you'd like to share something on that.

**Milan Dalal:** So basically, the capacity for manufacturing Kusum is very well provided for. We shifted it since our takeover to our Nashik facilities. And we do not foresee any challenges to take it to an easy level of 3x to 4x plus from the current level. As far as the markets are concerned, we are into domestic, hardly into the western zone.

And we see the western covering up Maharashtra, Gujarat, Goa, etc. It is already enough opportunities and we are making inroads into that. As far as the export is concerned, we are very well established in the Oman market.

There is a certain change of regulations that have happened in the previous year up there. And we are now making sure that we would be able to comply to that requirement.

**Rohit Ohri:** Okay. So my last question is, do you think you'd be able to double the turnover from last year being the base by 2029 or something?

**Milan Dalal:** FY '29 you said? No, sorry. Can you just come again? We missed out the context.

**Rohit Ohri:** Yes, sir. Taking the base as last year and doubling the turnover by FY '29 or so.

**Anand Krishnan:** Sorry, I didn't get that, Anand.

**Management** Sorry, I don't think we have understood your question well because there was some disturbance in the line. Can you just repeat?

**Rohit Ohri:** Can we reach INR2000 crores kind of a top line by 2029?

**Anand Krishnan:** Why not? That's what this team is meant to...

**Management** That's what we have paid for, boss.

**Rohit Ohri:** Okay, Anand, that's quite encouraging. Thank you, sir. Thank you for answering my question.

**Rohit Ohri:** Thank you.

**Moderator:** Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Participants, now I hand the conference over to the management for the closing comments.

**Anand Krishnan:** All right. Thank you, Yusuf. I want to express my gratitude to all our investors and shareholders for their continued support.

Your trust in our company is invaluable and we take it seriously. We have already laid a strong foundation for consistency and sustainability and are confident in our ability to navigate and emerge stronger. Should you need any further clarification or would you like to know more about the company, please feel free to write to us.

Thank you once again.

**Moderator:** Thank you. On behalf of Food and Inn, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.