

12th February 2021

Foods & Inns Limited (Investor Note – Q3 FY'21 / 9M FY'21)

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 Chittor, 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), Kusum Masala – (Spices), Triveni Global - (Frozen food) & Zatpat Zaldee - (QSR)

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

COVID related impact / update:

As the COVID-19 situation has evolved - safety, hygiene & wellbeing have been our number one priority as a business.

Our production was partially impacted during the peak production season (Apr-June) due to COVID related lockdowns across the country. The Export volumes were down by around 6% in H1 FY'21 and the domestic volumes were down by 61% in H1 FY'21 as April to June also coincide as the peak demand season from local beverage manufacturers who were in turn hit by the absence of demand from the HORECA & Tourism segment. With the slow opening of the aforementioned segments in India, the domestic volumes have started to pick up as shown in the table below. The export market in EU slowed down in the current quarter i.e. Q3 FY'21 because of the 2nd lockdown across UK & Europe.

Performance:

A) Foods & Inns:

(In Rs. Crs/-)							
Particulars	Q3 FY'21	Q3 FY'20	YoY Growth	YTD 9M FY'21	YTD 9M FY'20	YoY Growth	FY'20
Breakup Details							
Tonnage (In MT)	9,012	9,489	-5%	24,787	35,585	-30%	54,327
-Exports	4,888	6,099	-20%	14,885	17,327	-14%	31,154
-Local	4,123	3,390	22%	9,903	18,258	-46%	23,173
Sales							
(Including Export incentives & Scrap Sale)	67.73	79.48	-15%	198.79	249.88	-20%	384.30

Notes: MEIS was reduced from 7% to 5% with a cap of Rs.2crs/- per exporter from Sep'20 till Dec'20. This resulted in reduction of Incentives on exports. TMA (Transport & Marketing Assistance) scheme assistance to the tune of Rs.1.5crs has been recognized in Other Income in this quarter.

Kusum Spices:

Kusum Spices							
(In Rs. Crs/-)							
Particulars	Q3 FY'20	Q4 FY'20	FY'20	Q1 FY'21	Q2 FY'21	H1 FY'21	Q3 FY'21
Sales	3.98	4.09	8.07	2.33	3.70	6.03	3.33

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. Export demand was down in the current quarter for spices due to lockdowns and reverse migration in the exporting countries.

Overall Business outlook (Foods & Inns / Kusum Spices):

- The company is working towards improving its EBITDA margins 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
- Geographical outlook:
 - a) **Export markets:** The company sees good opportunities for growth in the markets of EU, UK, US, Canada, Japan & South Korea for products across its portfolio. The Middle East market has shrunk for the time being. Possibility of lower demand in spices across GCC countries due to return of expats. The company sees a strong demand pipeline for the mango pulp business. This needs to be matched with production during the season period.
 - b) **Domestic markets:** The lockdown during the peak beverage demand season and not yet fully operational HORECA markets in India has impacted the overall demand in Domestic markets during the year for both pulp and spice business. Market share gains from competitors led to growth in the current Q3 FY'21 quarter in the pulp business. Local supply chain & HORECA business has slowly picked up pace. We expect to gain domestic market share in the coming quarters.

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.

Contact:

- 1) writetous@foodsandinns.com
- 2) Landline: 022-2353-3102/3103
- 3) Mr. Anand Krishnan, CFO (Ext:222)
- 4) Mrs. Randeep Kaur, Company Secretary (Ext:146)