


14th November 2022


Foods & Inns Limited (Investor Note – Q2 FY'23)

FNI Standalone Q2 FY'23 Performance

Sales  45% YoY in Q2 FY'23 at **240.6** crs v/s 166 crs

Sales  47% YoY in HY FY'23 at **454.4** crs v/s 307.7crs



EBITDA  74% YoY in Q2 FY'23 at **27.9** crs v/s 16 crs


EBITDA  45% YoY in HY FY'23 at **45.9** crs v/s 31.6crs




PAT  116% YoY in Q2 FY'23 at **13.8** crs v/s 6.4crs

PAT  67.8% YoY in HY FY'23 at **21.04** crs v/s 12.5crs



Pulp Sales Tonnage  14% YoY in Q2 FY'23 at 18,669

Pulp sales Tonnage  43% YoY in HY FY'23 at 46,866

Performance: Q2 FY'23

A) Foods & Inns:

Q2 FY'23							
Particulars	Q2 FY'23	Q2 FY'22	YoY Growth	HY FY'23	HY FY'22	FY'22	FY'21
Breakup Details							
Sales Tonnage (In MT)	22,287	20,355	9%	56,835	38,008	78,379	46,220
-Exports	8,847	8,073	10%	12,515	13,066	24,572	20,250
-Domestic	13,440	12,282	9%	44,320	24,942	53,807	25,970
Total Sales of the company (In Rs. Crs/-)	240.61	166.02	45%	454.43	307.77	616.49	356.60

B) Kusum Spices:

Kusum Spices	(In Rs.Crores/-)											
Particulars	Q1 FY'23	Q2 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	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:

a. Fruit & Vegetable Pulps:

New entrants in the Beverage market like Reliance Retail acquiring the 'Campa' brand and Tata Consumer Products going aggressive on Fruski as well as ITC with B Natural augur well for the Fruit Pulping sector. Several other companies are in the pipeline to launch their own branded beverages. This coupled with the rapid capacity expansion by Coca Cola and Pepsi provides the necessary tailwinds for the sector. This is resulting in existing branded players wanting to go for long term agreements to secure continued supply to ensure their growth. Our incremental greenfield capacities committed under PLI will help us meet this incremental demand from the brands.

We expect an increased demand in other processed fruits and vegetables like guava, tomato, chilli etc. 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 should help in better absorption of our Fixed Overheads and aid in overall growth momentum.

Increasing outreach of electricity in India's villages, return of mobility, Govt. push for incremental fruit content in drinks to reduce GST and increased demand from HORECA as well as Tourism sectors is leading to the growth of pulping industry.

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 February of 2023. We are seeing an encouraging 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 as well. We added marquee brands in the HORECA segment as our clients this quarter.

We launched our inhouse brand 'Greentop' in the month of October and are present in Maharashtra & Hyderabad. We added 14 distributors and 150 retail outlets.

d. Kusum Spices:

Large brands have been gearing up to corner a bigger share in the fast-growing branded spices segment for some time now with the latest one being acquisition of Badshah by Dabur. Their big bet is on the strong consumer shift from loose and home-ground masalas to packaged spices driven by a focus on health and convenience.

We have added around 14 distributors and 250 retail outlets in this quarter. We have worked on modernizing our packaging and have applied for certifications in our new factory to cater to specific markets abroad.

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 February 2022. 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), Kusum Masala – (Spices), Triveni Global - (Frozen food) & Zatpat Zaldee - (QSR).

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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Our Brands:



PRODUCT LIST





Foods & Inns

green top
FROZEN FOODS

100% Veg

SPIRALIZED ZUCCHINI Colourful and convenient noodle cut vegetables, ready to use in your favourite recipes. Enjoy as a quick and easy alternative to pasta.

400g (Net Wt)

FROZEN VEGGIES

SWEET CORN Freshly frozen to seal in the goodness, taste and nutrition.

1kg (Net Wt)

GREEN PEAS Freshly frozen to seal in the goodness, taste and nutrition.

1kg (Net Wt)

FROZEN SNACKS

MIX VEG SAMOSA Delicious spicy vegetables wrapped in thin crisp pastry.

400g (Net Wt) 10 Pcs

VEGETABLE ROLL Mixed spicy vegetables wrapped in thin crisp pastry.

400g (Net Wt) 10 Pcs

PROUDLY
Made in India

FALAFEL TIKKI A traditional Middle Eastern speciality made with chickpeas, onions and spices.

240g (Net Wt) 12 Pcs

PROUDLY
Made in India

FROZEN VEGGIES

SPIRALIZED BUTTERNUT SQUASH Colourful and convenient noodle cut vegetables, ready to use in your favourite recipes. Enjoy as a quick and easy alternative to pasta.

400g (Net Wt)

SPIRALIZED BEETROOT Colourful and convenient noodle cut vegetables, ready to use in your favourite recipes. Enjoy as a quick and easy alternative to pasta.

400g (Net Wt)

PROUDLY
Made in India