INTEGRATED INDUSTRIES LIMITED

CIN-L10719DL1995PLC277176
Formerly known as Integrated Technologies Limited

February 22nd, 2025

To,
The Manager (Listing Department)
BSE Limited
P.J Tower, Dalal Street,
Mumbai – 400 001

Scrip Code: 531889
ISIN: INE882B01037

Sub: Transcript of audio recording of the Earnings Call for Q3FY25

Dear Sir/Madam,

Pursuant to Regulation 30 and 46 read with Para A Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio recording of the Company's earnings call for Q3FY25 with analysts/investors held on Wednesday, 19th February 2025 is enclosed.

Kindly take the same on record.

Thanking you,

For INTEGRATED INDUSTRIES LIMITED

SANIDHYA GARG Digitally signed by SANIDHYA GARG
Date: 2025.02.22 15:35:39 +05'30'

SANIDHYA GARG
DIRECTOR
DIN: 09247567

"Integrated Industries Limited Q3 & 9M FY25 Earnings Conference Call"

February 19, 2025

MANAGEMENT: MR. SAURABH GOYAL – MANAGING DIRECTOR, INTEGRATED INDUSTRIES LIMITED
MR. VIKAS – VICE PRESIDENT (FINANCE), INTEGRATED INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Integrated Industries Limited Q3 and 9 Month FY25 Earnings Conference Call hosted by Adfactors PR.

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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements which are based on the beliefs, opinions and expectations 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.

I now hand the conference over to Mr. Saurabh Goyal - Managing Director at Integrated Industries Limited. Thank you and over to you, sir.

Saurabh Goyal: Good morning, everyone. I welcome all the investors to the Q3 Earning Call of Integrated Industries Limited. I have been joined by our VP – Finance.

Firstly, I will give a brief about the company. Integrated Industries Limited is presently engaged in business of organic and inorganic food products, bakery products and other processed food items. In 2023, the company acquired a successfully running biscuit manufacturing plant with a capacity of 3400 metric tons per annum at Neemrana, Rajasthan, and its subsidiary Nurture Well Foods Limited, which manufacturer biscuits and cookies under the brand name of Richlite and Funtreat. At the state-of-the-art production facilities in Neemrana, Richlite biscuits and Cookies are available at all major retail outlets in the neighborhood across North India. The distribution network of Richlite is supported by a large number of super stockiest and distributors.

We have a strong network of 150 plus business partners. Through them, we distribute our products in the complete North Indian market covering Jammu and Kashmir, Himachal, Punjab, Rajasthan, Uttarakhand, Delhi NCR and Uttar Pradesh. Along with the domestic market, our products are extremely acceptable in the overseas market such as UAE, Somalia, Tanzania, Kuwait, Afghanistan, Congo, Kenya and Seychelles. The company also has expanded its global presence by establishing Nurture Well LLC in Dubai, which is engaged in the business of bakery items on a contract manufacturing basis.

We have recently developed a range of healthier biscuit options, including low sugar, high fiber and gluten free variants to cater to the growing health conscious segment. We are proposing to introduce regional flavors and ingredients to appeal the diverse Indian taste leveraging local preferences for flavors like cardamom, saffron and jaggery. We are focusing on premium and value added products such as cookies with added vitamins, minerals or functional ingredients like probiotics which will expand into the international markets, particularly targeting Indian communities in countries with high demand for Indian food products. We are strengthening networks in rural and semi-urban areas where biscuit consumption is growing rapidly. We should focus on sustainability by adopting eco-friendly packaging solutions and reducing the carbon footprints of manufacturing processes. Thank you everyone for joining the conference call. You can ask the questions.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask questions may press * and 1 on the touchtone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. To ask questions, please press * and 1. First question is from Swapnil Kabra from SK Enterprises. Please go ahead.

Swapnil Kabra: Hi, sir. Firstly, congratulations for great set of numbers. Sir, I just wanted to understand what is driving the demand for us and can we continue this growth momentum going ahead in FY26?

Saurabh Goyal: Yes, the growth momentum will continue in '26 because we are setting up new biscuit manufacturing facility, which will be manufacturing cookies, confectionery items. So the growth momentum will increase only going forward from here.

Swapnil Kabra: Alright, sir. What are we doing differently from other?

Saurabh Goyal: We are expanding our distribution network also and we are coming up with the new product range from time to time. So the growth of around 35%-40% year-on-year will be there for the coming period.

Swapnil Kabra: Alright. Sir, can you also show some light on our manufacturing capabilities and what is the maximum revenue that we can do with the current setup?

Saurabh Goyal: So with the current setup, our production facility that we have in Neemrana that capacity is at 3400 tons and then another setup, another facility we are making in Secunderabad, UP, that will start the commercial production by 2026, end of 2026. After that plant is commenced production, the capacity of that plant will be around 5000 tons. And plus, we have a lot of contract manufacturing where we get products developed from our vendors and we market it under our brand name.

Swapnil Kabra: Alright. So, sir, are we confident enough to maintain the margins at current level?

Vikas: Yes. Going forward, the margins will be in line only and we will be maintaining the margins.

Swapnil Kabra: Alright. Thank you so much. I will join the queue.

Moderator: Thank you. The next question is from Prabal Jain from SM Holdings. Please go ahead.

Prabal Jain: Hi. So first question, I wanted to understand is what is your sales geographical mix, like, I understand you are exporting and you have some domestic consumption also, can you provide me a mix?

Saurabh Goyal: Pardon. What do you want to know?

Prabal Jain: Basically, what I want to understand is how much of your sales are coming from India, how much is coming from Middle East, how much is coming from Africa?

Saurabh Goyal: Yes. So currently if you talk about the biscuit sales, around 75% is domestic, which is mainly to Northern India and 25% of our sales are coming from export businesses mainly into Dubai and the African region. And recently we have got orders from the South American market also. And export market, we are very robust on the export market as US has put tariffs on biscuits from China. So the export market looks very lucrative for the coming period.

Prabal Jain: Great. Can I also understand like what is your cash collection cycle because in the domestic business, I think it would be less but in the export, like how are you doing?

Saurabh Goyal: Yes. So the cash collection in domestic it is from the average period is around 15 days and in export we do it on a FOB basis. So in export, the payment cycle is maximum, you would say for around 45 days.

Prabal Jain: So from what I understand depending on?

Vikas: Depending on country to country, yes.

Prabal Jain: So for this FY25, since you have cumulatively done, I think Rs. 500-Rs. 550 Crores types revenue till now. So is it safe to assume that you must have collected a lot of cash by now, at least from the domestic segment?

Vikas: I just add into this that the realization has been well within the credit period that we are offering. So there are no overdues or there are no debtors which are beyond 90 days in the company. So we have been able to realize the debtors and are keeping the debtors at a very low level because the credit period that we are offering is also not much higher, let us say 15 days in case of domestic and 30-35 days in case of export. So all the realizations are coming in time.

Prabal Jain: So is it safe to assume on my part that FY25 will…..

Vikas: It is safe as well as it is actual fact that the realizations are on time, sir.

Prabal Jain: Great. Another thing I wanted to understand is what capacity utilization are you operating out of this one existing plant in Neemrana 3400 metric tons?

Vikas: Saurabh, sir, you are there?

Saurabh Goyal: Yes, I am here. Yes. So we are currently here running at 75% capacity utilization.

Prabal Jain: Great. Just a minute, yes. Also, I just wanted to understand like your plan going ahead like, do you have any specific revenue guidance for the next few years or FY26 specifically or any vision you are targeting for the next 4-5 years?

Vikas: See, this year on a consolidated basis, if you see our revenue has increased many fold and going forward with the new unit coming into operation in 2026 with 6 months of operations, so we are expecting our revenue to grow up by at least 50% in FY26 and with the full 12 months of operation in FY'27, so we are expecting close to 70%-75% growth in the sales.

Prabal Jain: Got it. 70%-75% in FY27 on FY26 sales?

Vikas: Yes.

Prabal Jain: Next, what I wanted to understand is more along the stake sale that you have done to I think India inflection opportunities fund?

Vikas: Yes.

Prabal Jain: So can you throw some light on that, is it for expansion or strategic stake sale or what?

Vikas: See, there are two things which need to be considered is that our company is a debt free company. We don't have any debt in our company. Second is that we need regular working capital to pump in, to manage the operations and to meet the working capital requirements wherein we are required to maintain the adequate stocks as well as the time period involved in the realization from the debtors. So the funds which ~~you~~ we have raised, we have funded into the company to boost the sales as well as to meet the working capital requirements.

Prabal Jain: Makes sense. Any more equity realization plans going ahead FY26 CAPEX, how are you funding it?

Vikas: That we are considering an expansion for new unit and the workings are under process as of now which I can tell you. We are preparing the detailed project report in terms of what are the CAPEX required and how much revenue and markets to explore. So all those things are under process, so once that is finalized, we will definitely make an announcement as to how the CAPEX is going to be funded.

Prabal Jain: So we are deciding whether to fund it by equity debt or a mix, right?

Vikas: Yes, that is under consideration.

Prabal Jain: So right now, we have the land or land acquisition is also pending?

Vikas: So land, we have already identified in Secundrabad as our MD said, the land is already being identified and some formal agreements to sell ~~the kind of a thing~~ has been done. So depending on the CAPEX capacities at that 5000 capacities and the kind of lines that we require in the plant, so once that is finalized, then we will have a picture to discuss or to disclose with you investors in next quarter.

Prabal Jain: No issues. Another thing is not exactly a question, but something along this like, I understand you are mentioning about some new orders from South American market also you mentioned, right, and so I was just wondering if you could just keep us minority shareholders also updated by a proper timely disclosures, just simple press release and a quarterly con-call every quarter if you could do that would be very helpful?

Saurabh Goyal: Yes, this we have started and it will be continuing in future as well. Don't worry about it. We will be keeping you all updated.

Prabal Jain: Great. So for now, I am done. But I will get back in the queue if I get more questions. Thanks.

Moderator: Thank you. Before we take the next question, a reminder to participants that you may press * and 1 to join the question queue. The next question is from CA Garvit Goyal from Nvest Analytics Advisory. Please go ahead.

CA Garvit Goyal: Hi, am I audible?

Vikas: Yes, you are audible. Please go ahead.

CA Garvit Goyal: Good morning, sir. Congrats for a decent set of numbers. Can you please give a brief overview of the company history and how the company underwent a transformation after being acquired by new promoters? What is your vision with this company going ahead? What has been your own history and experience with the kind of industry that we have entered into and planning to grow and what are our future growth plans as well? So kindly spend a few minutes on it for better clarity, sir?

Saurabh Goyal: So we acquired this company in April 2023 and in this company with subsidiary, we acquired this biscuit manufacturing plant Nurture Well Foods, which was a running biscuit manufacturing plant. And if you see at the numbers in 24 itself, the company was profitable and the best part about the company is that the company is debt free. There is zero debt and we have got very aggressive expansion plans in the company and for that we are setting up new manufacturing facilities also and we are doing lot of contract manufacturing also from different countries and selling them in the international market. As you know that food industry FMCG market is growing at the rate of around 15%-20% year-on-year, so the demand cycle is always there and we are trying to make more value added products such as cookies and we will be entering into the confectionery business also, which are wafer cones, chocolates and in the export market we are putting up lines for Danish Butter Cookies so that basket is all value added basket in which the margins are very high. So yes, we have got a very aggressive growth plan for the company.

CA Garvit Goyal: And you mentioned new manufacturing facilities, so will these manufacturing facilities will be in Rajasthan only? And what kind of expansion will it be there over and above our existing manufacturing capacity like you mentioned, I think 3400 tons, right?

Saurabh Goyal: Yes, Currently, our plant capacity is 3400 tons, so the new facility that we are coming up with that is in UP, Uttar Pradesh and there we have a plan of setting up a production facility of around close to 5000 tons.

CA Garvit Goyal: 2000 to 5000 tons?

Saurabh Goyal: 5000 tons.

CA Garvit Goyal: Ultimately, you are more than doubling your existing capacity, right?

Saurabh Goyal: Yes. In that facility, we will be bringing in new product lines, new products.

CA Garvit Goyal: That will be value added products?

Saurabh Goyal: Yes, value added products.

CA Garvit Goyal: That is true. And sir, in existing facility, what is our utilization level right now?

Saurabh Goyal: Utilization levels right now is close to 75%.

CA Garvit Goyal: So it is almost at optimum utilization, right?

Saurabh Goyal: Yes, you can see that.

CA Garvit Goyal: With the maximum level of utilization, is this correct?

Saurabh Goyal: Maximum, we can go up to 90%-95%, but what we are doing is that we are getting a lot of contract manufacturing also done. So manufacturing is not a problem. So the main challenge is the distribution network, which we have a very strong distribution network. So we will be developing products from contract manufacturing and putting it into our distribution and once the facility is running in the new plant, we can do the manufacturing in-house.

CA Garvit Goyal: And the new facility, like the backup, is yet started or we are just planning phase and we have yet to?

Saurabh Goyal: No, we are at advanced stages.

CA Garvit Goyal: So from where we are going to raise the funds like on balance sheet, I think we are having Rs. 60 lakhs cash equivalent only, so is it going to be financed by debt or are we looking for equity fundraise for the dilution of the equity?

Saurabh Goyal: That we have to decide. So whatever will be the best we will be doing that. It will be mix of everything, internal accrual and debt and equity. So once the detail project report and everything is in place, we will have a clear picture of what we have to do in it.

CA Garvit Goyal: And by when do we expect the capacity to come online for production?

Saurabh Goyal: You can see out end of 26 or you can say 27-28, the numbers will start reflecting in the balance sheet.

CA Garvit Goyal: The capacity will start by the end of the 26, right?

Saurabh Goyal: Yes.

CA Garvit Goyal: And it will start contributing to revenue in FY27?

Saurabh Goyal: Yes.

CA Garvit Goyal: And our existing distribution network is 150 plus you mentioned. So do we have any further plans to expand on it?

Saurabh Goyal: Yes. We are expanding our distribution network also. So we are currently operating in Northern India only. We are planning to start our distribution in part of Eastern and Western part also. So that will add to more distributors.

CA Garvit Goyal: Understood. And can you give a number to where do you see our topline in FY25 and where do you see our topline in FY26 as well like in the absolute number term?

Saurabh Goyal: Vikas, you can get the numbers.

Vikas: Just one minute. I am not able to hear. Can you repeat the question because I did not hear it?

CA Garvit Goyal: Where do you see our topline in FY25 and where do you see our topline in FY26?

Vikas: See, FY25 we will be close to 700, we will be closing at and going forward in FY26, we are planning, rather we are well on course to touch Rs. 1,000 figure in terms of topline.

Moderator: Thank you. Mr. Goyal, we request you to rejoin the queue.

CA Garvit Goyal: Yes.

Moderator: The next question is from Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the opportunity. So sir, out of this Rs. 526 crores of sales, the entire sales is for the biscuits or some other element also, if you can also give the breakup between exports and domestic market in FY26?

Vikas: This Rs. 526 crores sales is for Biscuits.

Saurabh Goyal: Go ahead.

Vikas: Can I take it?

Saurabh Goyal: Yes.

Vikas: So out of this Rs. 525 crores of turnover, approximate, the entire sale is for the bakery items only and if you talk about exclusive biscuits, around Rs. 425 crores which is almost 80%-85% is from the biscuit segments.

Ankit Gupta: And what will be the breakup between exports and domestic?

Saurabh Goyal: The exports in terms of the revenue from the domestic company, Nurture Well Foods that approximate Rs. 20-Rs. 22 crores of the turnover will be exports and whereas the contribution from our Dubai business is entirely exports that you can say. So majorly, you can say that.

Ankit Gupta: Dubai business, if you can talk about it?

Saurabh Goyal: Yes, it is a kind of a contract manufacturing of bakery items, biscuits mainly and we get it manufactured on contract basis based on the orders in hand, so similar lines on which we do the business in India only.

Ankit Gupta: So Dubai will be how much? So Rs. 20-Rs. 25 crores is direct exports and how much is Dubai?

Saurabh Goyal: Yes, direct export, direct export to our direct customers and whereas Dubai company, the overseas operations, they contribute close to Rs. 350 crores of turnover.

Ankit Gupta: So we are planning to reach almost Rs. 700 crores of revenue and in such a short time, I think biscuit manufacturing and selling is not that easy business. You have established players like Britannia and all in this market, so how have we been able to scale up these revenues in such a short period of time? How have you been able to establish our brand and do contract manufacturing, establish brand in local market and establish contract manufacturing in exports if you can talk about the business model and how like what is the reason for our success, if you can talk about that?

Vikas: See, as already told by the MD sir also that we have a strong distributorship network of around 150 in India and similarly we have the same distribution network in overseas also. So that is why the penetration is generated through these distributors through overseas market as well. And some of them are the counterparts of our Indian distributors who are managing the operations there. So obtaining the orders or developing the customer base is not that difficult for us to expand into different geographical entries and expand our sales figures. So that has been the plus point or the strong point with us is that we have a strong distribution network wherein we are generating lot of orders, not only for our Indian company as well as for the Dubai company as well. So that has been the key strength.

Ankit Gupta: Sure. How have we been able to establish 150 distributors in domestic market and so many distributors in exports in such a short period of taking over this company of let us say around 1.5 years back. So in such a short period of time we have been able to scale up so well?

Saurabh Goyal: So I will give you a brief about the company. So the company we acquired that was into operation since 2014. It was already a very established brand in the export and the domestic market and we have a huge sales team of around 75-80 people across North India and in the export market.

Ankit Gupta: How much did we pay to acquire this brand and plant?

Vikas: Rs. 75 crores.

Ankit Gupta: And when we acquired it, how much was the turnover of the company?

Saurabh Goyal: They were operating at approximate, I think Rs. 70-Rs. 80 crores.

Ankit Gupta: So from Rs. 70-Rs. 80 crores, we have scaled to almost 7-10 times in let us say span of 1.5 crores?

Saurabh Goyal: So there was some issues in the management of the earlier company. That is why they sold the plant to us. They were not able to manage the plant.

Ankit Gupta: But I am still not able to figure out how we have been able to grow this business in such a short period of time. It is commendable that we have done so well, if you can briefly talk about exports, how we have been able to establish distributors and geographical break-up for the Dubai subsidiary with Rs. 350 crores. So to whom do they sell, if you can talk about that?

Vikas: Do you have any question or you just?

Ankit Gupta: No, I am just asking, to whom does our Dubai subsidiary sell, if you can talk about it?

Vikas: Can you explain again? Because I am not able to because the voice is very slow.

Ankit Gupta: You are saying that the Dubai subsidiary has done almost Rs. 350 crores in these 9 months? To whom do the contract manufacture for if you can talk about that?

Vikas: We get the contract manufacturing done from Malaysia ~~majorly~~ and the Indonesia also. It is done in the bulk and shipment is done to various traders or ~~what do you call them the~~ consolidators who take the ~~boots~~ goods and ~~then they onward~~ cater to the customer depending upon the region that they are catering to. So it is basically the kind of a contract manufacturing. We get the specifications from the consolidators or the description of the items that they want. Based on that, we ~~re~~develop the recipe and all those requirements to make the biscuits. So then ~~this is~~ the same as advice to the manufacturer. Then they carry out sample, they advise the sample to us. Then, once the sample is approved by our team, then the entire schedule of manufacturing is decided and then they deliver as per the delivery schedule and then we deliver it to our customers. The credit of 30-35 days is given to the customers and within that time we receive the payment and then part of it is utilsed to pay off the creditors also.

Saurabh Goyal: I will take over. We participate aggressively in the Trade Shows also. Currently also we have participated in Gulf Expo which is in Dubai. It is going on till 21st and the response in that Trade Show is very good. So we are getting lot of customers, we are getting lot of enquiries from the exhibition.

Moderator: Thank you. Mr. Gupta, we request you to rejoin the queue. We take the next question from Manickam Ramchandran, who is an Individual Investor. Please go ahead.

Manickam Ramchandran: Hi, good morning, sir.

Saurabh Goyal: Yes, good morning.

Manickam Ramchandran: I just want to say congrats for these very good set of numbers. Actually you answered everything. I have nothing to ask. You have very good outlook as well as how the company is going to go up. You answered many of them which I was waiting to ask, so no more question from me and thank you very much and all the very best for you.

Saurabh Goyal: Your voice is not very clear.

Manickam Ramchandran: Am I audible?

Saurabh Goyal: Yes, but your voice is not clear. I am not understanding what.

Manickam Ramchandran: I have no questions, you have already answered the question. Thank you very much. Congrats for very good set of numbers. Thank you.

Moderator: Thank you. The next question is from Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Hi, good morning, sir. Sir, my first question is in our financial results, we have given 2 segments, one is trading and another is manufacturing. So my understanding is that whatever that we sell in India, it comes under manufacturing while whatever that we supply from Dubai, subsequently that is under trading? Is that a right understanding?

Vikas: The manufacturing from the biscuit is coming under the manufacturing and then the trading business comes under the integrated Industries Limited wherein we are doing the kind of a contract manufacturing. So that is classified as a trading by the auditors in the results.

Dhwanil Desai: Got it. The contract manufacturing is the trading part as such?

Vikas: Yes.

Dhwanil Desai: And sir, you mentioned in the answer to earlier participant that in the contract manufacturing, you kind of get the orders from the customer and then get it manufactured and then kind of ship it to them. So I don't see any manufacturing setup in Dubai. So does it mean that we will get it manufactured from the other companies and then supply it to the customers?

Saurabh Goyal: Yes, it is like that.

Dhwanil Desai: So it is more of a trading than contract manufacturing?

Saurabh Goyal: It is more of a contract manufacturing as well, becauseIn case, we have our own manufacturing then will be done from there only, then there is no question of contract manufacturing. We get it manufactured to other players who have the manufacturing capacity in there.

Dhwanil Desai: Got it. And sir, as you are saying, that you are putting up a new plant in Uttar Pradesh, which will come by FY26 and FY27, so that plant will actually manufacture biscuits and bakery products?

Vikas: Yes, that is the manufacturing plant.

Dhwanil Desai: So that you will primarily use to expand our India business or that will also we will show the export market to that and what?

Vikas: Both.

Dhwanil Desai: So whatever business that you are doing from Dubai, some of that we can be transferred to this plant?

Vikas: Yes. That will be transferred.

Saurabh Goyal: Yes, same customers will be there and that business or this business will be different. And this contribution of the new plant is going to add to the topline and there is no transfer of the revenue from Dubai to Indian company. That company will be doing it. And this company, the new unit is going to manufacture the premium products.

Dhwanil Desai: And sir, if I see your raw material cost, that is almost 85%-87% while most of the FMCG company even in the biscuit side of it or bakery side of it, the raw material cost is around 55%-60% kind of a number. Now, I understand that we do contract manufacturing and that raw material cost doesn't count, but in our own operations where we manufacture and sell, our gross margin should be upward of 40%. So can you elaborate in our own manufacturing, what is the gross margin that you are making? The gross margin means, final product prices minus raw material prices, is what we mean by gross margin?

Vikas: So our gross margins are approximately 20% and you are saying that other biscuit manufacturing gross margins are 40%, I think that number needs to be rechecked because we are at par with the industry standards only. The gross margin is around 15%-20% in the confectionery and biscuit manufacturing business.

Dhwanil Desai: And last question, sir, you said that FY26, we are going to grow at 50%, but the plant is going to come towards the end of FY26, so probably revenue will start in FY27, so where this growth is going to come from?

Saurabh Goyal: So the growth is coming from the domestic plant as well as the contract manufacturing. That is there also because we want that by the time our capacities come into operation, we don't lose the market, so we will have the market ready and whereas the contract manufacturing which we are doing for the Indian plant, so that will be generating to the new plant in which we will have the capacities to manufacture. So that is how we are projecting the incremental revenues for 26 and 27.

Dhwanil Desai: Got it. Thank you. That is it from my side. Wish you all the best.

Moderator: Thank you. Next question is from Yogesh Sarode, who is an Individual Investor. Please go ahead.

Yogesh Sarode: Thank you so much for the opportunity sir. Congratulations on great set of numbers. I wanted to confirm a few things. Earlier in the call, we said we have 25-75 split in domestic versus export. So 75% is coming from export, is it good to say that?

Vikas: No. So the subsidiary Nurture Well Foods Limited, there, the domestic business is 75% and export business is 25% and Nurture Well LLC, it is 100% exports.

Yogesh Sarode: So if I look at these numbers, which I have, so I am just doing some back of the envelope calculations. So we have Rs. 526 crores up till now for this YTM and this would have been contributed to Rs. 131 crores is it okay to see?

Vikas: Yes. You need to bifurcate to understand this figure, but Saurabhji said is correct, there are two companies which are into exports that is Nurture Well Foods Private Limited, our Indian company and then the Dubai company. So Dubai Company has export of Rs. 20-Rs. 28 crores and rest of the exports are from the LLC.

Yogesh Sarode: So in this contract manufacturing that we get it done from Malaysia and other countries, so what are the pricing fluctuations handled over here? What are the risks? Are we seeing the risk of ending the contract from the customer? Do we also see the risk of price fluctuations on the raw material on the contract manufacturing in Malaysia, so how are we looking?

Vikas: So under this, what we do, as soon as we get the order, let us say the order is under negotiation and the pricing is under the final stage. We book the corresponding raw material cost in terms of flour or the palm oil and the other items. So that is why we try to keep the position open, at least for 3 or to 4 days max. So that we close on to the cost part as well as the revenue part, so that the open position doesn't go beyond 3 days, and we don't foresee any major fluctuation happening in the raw material prices in 3-4 days. So that is how we are mitigating any fluctuation in the raw material prices later on and then impacting the overall margins. So to keep the margins secure, we place the orders, ~~we place the orders~~ and freeze the raw material costing in such a way that the overall margin of 12%-13% is maintained, gross margin of 12%-13% is maintained for the contract manufacturing.

Yogesh Sarode: Got it. Sir, the next question is on the 5000 metric tons capacity that is coming in. Sir, we said we already operationalize by the end of FY26. So roughly, if we start the manufacturing, how much utilization can we do it on FY26 level, if we assume at the end of FY26?

Vikas: What we are planning is that the COD as far as we have planned to achieve the COD by October 2026. So that means we are trying to have at least 4-5 months of operations, initial 2-3 months will be low, but yes, at least 3-4 months of operations with the new unit and considering the capacities that we are putting in and the market response that we have for the unit, that is why we are putting in it and also so we are expecting a close to Rs. 100 crores of revenue will be coming from the unit in FY26 considering 4-5 months of operation, at least 5 months of operation in FY26 because if you compare it with the existing factory, so once we are into premium segment, so the sales realization is much higher. It is almost like double than what we are doing in our existing setup. So once your revenue realization in terms of per kg, you can say that goes up, so turnover definitely goes up accordingly.

Moderator: Thank you. Mr. Sarode, we request you to rejoin the queue. The next question is from Abhishek Jain on AlfAccurate. Please go ahead.

Abhishek Jain: Thanks for the opportunity. Sir, how much mix of manufacturing versus outsourcing revenue?

Saurabh Goyal: Can you repeat your question?

Abhishek Jain: How is the mix for the manufacturing versus outsourcing revenues, so total revenue is around Rs. 526 crores, how much is the outsourcing revenue and how much is the manufacturing revenue?

Vikas: See, the overseas subsidiary revenue is entirely through the contract manufacturing that is there and in terms of Indian company, the total revenue of let us say 9 months that we have that is close to Rs. 90 crores approximately 10%-12% of the revenue will be from the contract manufacturing, other is the in-house manufacturing for Indian company.

Abhishek Jain: So that means the 70% revenue comes from the outside of India Rs. 350 crores that is from the Dubai and the rest from your own manufacturing. So 70% only comes from there, right, sir?

Vikas: Yes.

Abhishek Jain: And how much mix would be after this starting of this plant that will start in FY26 because most of these will be used on sales in the India?

Saurabh Goyal: See, going forward when the new setup will be operational, so let us put it for FY27, let us say, because that will be the year when 12 months of full utilization of the new unit will be there. So we are expecting close to almost like 50% revenue will be coming from India and 50% revenue will be coming from overseas subsidiary.

Abhishek Jain: And what is your target of revenue by FY27 end?

Saurabh Goyal: FY27 end will be close to Rs. 1,200.

Abhishek Jain: Rs. 1,200 in FY27?

Saurabh Goyal: FY27 consolidated revenue will be approximately Rs. 1,200.

Abhishek Jain: As that putting your own plant and that is why the margin is expected to improve?

Saurabh Goyal: Yes even that because.

Abhishek Jain: What kind of the margin we can expect, sir, EBITDA margin?

Saurabh Goyal: See, in terms of profitability, we are expecting our profits to go up by at least 30%-40% because the new setup that we are catering or we are coming up, it has better margins or increased margins than our existing because these are premium segments only. So that is definitely going to add to the bottom-line also.

Abhishek Jain: So how much of improvement in the operating margin?

Saurabh Goyal: See operating margin will be close to 15%-17% that is going to be there.

Abhishek Jain: But now the operating margin is just 9%?

Saurabh Goyal: That is saying that because the new unit is going to add to the margins because that is the premium segment.

Abhishek Jain: And how much CAPEX would be required for these plants?

Vikas: See, that is what we are working out. We will be able to give you a better picture in the next quarter that is under consideration. The land has been acquired so that is rather the agreement has been signed for the land. So based on the number of lines and the type of lines that we are considering, so then we can decide upon this thing. But yes, to give you an overall picture, we are considering a CAPEX of close to Rs. 400-Rs. 500 Cr.

Abhishek Jain: So they make Rs. 500 Cr, now this will be funded internal accruals or?

Vikas: That will be a mix of equity, debt and internal accrual. That is under consideration. We will let you know by the next quarter.

Abhishek Jain: So that means that below the EBITDA level, there will be some finance cost, increasing of finance cost because of this?

Vikas: Yes, there will be some finance cost, but yes, the debt that we are considering that will entail and outlay in terms of cost of interest also in the books.

Abhishek Jain: Thank you, sir. That is all from my side.

Moderator: Thank you. Before we take the next question, a request to participants to please limit your questions to 2 per participant. The next question is from Piyush Chheda, who is an Individual Investor. Please go ahead.

Piyush Chheda: Thank you for the opportunity. I just want to understand our domestic sales, which we do through distribution in North India. How are our products positioned? What kind of detail products, is it small shop? Is it supermarkets? Or in organized trade, and how do you actually sell to the final consumer? What is it that gets the final person to buy our products and it is a relatively new one. Is it price, is it the right understanding?

Vikas: Yes, sure. So this business is like totally distribution business. So we have got our wholesalers, then we have got our super stockist and then from the wholesalers that good goes to the retailers. So this 150 distributors, those are the super stockist of the company and from there, we have our own sales teams, through the sales teams, we tap all the wholesalers and after the wholesalers, we have got a sales team for the wholesalers also, they tap the retailers. So our sales person goes to shop to shop, whether it be a retail shop, whether it be modern trade and they get the orders from there. They give the orders to the distributor and then the distributor procures the goods from the super stockist. So this is the whole supply chain we work on.

Piyush Chheda: And what is the incentive for the final retailer to stock our products? Is it a better margin, lower price, better value for the consumer? What they tend to invest in capital in our product?

Vikas: So the incentive is all about the reachability. So we have got extensive reachability, number one, then, which the product range like for different type of geographies, different taste, different kind of varieties. So second is that and thirdly the margins are definitely better in our product as compared to the big companies, like Britannia, Parle, ITC so that is what invites them.

Piyush Chheda: The end product also comes a little bit better for the final consumer?

Vikas: Pardon, can you say again?

Piyush Chheda: Product, is it a little cheaper also than the big company product?

Saurabh Goyal: No, to the final consumer, the product price is the same. But what the other companies do is like if you talk about the grammage of the product that varies from companies to companies, but the actual price to the final consumer that remains the same.

Piyush Chheda: So you always give a little more in terms of balance?

Saurabh Goyal: Yes.

Piyush Chheda: And finally, how is this biscuit market? Is it a large unorganized segment in it or is it largely organized sector that dominates the confectioneries business?

Saurabh Goyal: So it is a mix of both. Mainly it is organized only and the unorganized market, biscuits it is more for the bakery products. You can say that is the more unorganized market. For biscuit, it is largely organized market.

Piyush Chheda: The last question, why on this trading game, the trading game can't have margins more than. 3%-4%. So what is the incentive to get into that? I am trying to take time, attention and effort so what are the thought process over there?

Vikas: Can you ask again?

Piyush Chheda: The exports trading business, usually these are very low value added businesses, so what is the incentive for you to spend so much time and effort into this kind of business?

Vikas: See, there are two things in this. One, you need to see that in order to cater to the customer base, when you are expanding or where you need to know the new customer, you have to tap in. So then you start doing the trading also so that when the manufacturing substitutes are trading so that you have the customer base ready. That is one part. Second is basically, considering the order size, sometimes we arrange the material on the contract manufacturing or from the other manufacturers which have ready material. So we procure it and deliver it to the customers. So these are the basic reasons why we get into this thing also and sometimes and sometimes, we have got order from some customers, and they require biscuits as well as some other accessories or other some ancillary products also that we are in from the market and then we send it as a bundle to the customer. So that is why trading supports the manufacturing as well.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to Mr. Saurabh for closing comments.

Saurabh Goyal: I would like to thank everyone, all the stakeholders, Adfactors for the conference call. Thanks a lot.

Moderator: Thank you very much. On behalf of Integrated Industries, that concludes this conference. Thank you for joining us, ladies and gentlemen, you may now disconnect your lines.