

File No. FAEL/NSE/2025-26

June 20, 2025

To

National Stock Exchange of India Ltd.

Exchange Plaza,

Plot no. C/1, G Block,

Bandra-Kurla Complex,

Bandra (E) Mumbai - 400 051.

NSE SYMBOL: FRESHARA, ISIN: INE0SFW01015

Dear Sir/Madam,

Subject: Transcript– Earnings Conference Call under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our intimation dated June 10, 2025 submitted to the Stock Exchange, please find attached the transcript of the Earnings Conference Call held on 16th June, 2025.

We request you to kindly take the above information on record.

Thanking you

For FRESHARA AGRO EXPORTS LIMITED

AJAY KUMAR
RANA

Digitally signed by
AJAY KUMAR RANA
Date: 2025.06.20
17:50:30 +05'30'

Ajay Kumar Rana

Company Secretary & Compliance Officer

Freshara Agro Exports Limited

CIN: L10306TN2023PLC165437

Corporate Office

Old No. 3, New No. 9, Puram Prakasam Road,
Balaji Nagar, Royapettah, Chennai - 600 014.

Factory - Unit I

Sy. No. 380, Velakalnatham Village,
Natrapalli Taluk, Tirupattur District - 635 854.

Factory - Unit II

Sy. No. 30/12A1A, Chengilikuppam Village,
Ambur Taluk, Tirupattur District - 635 751.



“Freshara Agro Exports Limited
H2 FY '25 Earnings Conference Call”
June 16, 2025



**MANAGEMENT: MR. JUNAID AHMED – CHAIRMAN AND MANAGING
DIRECTOR – FRESHARA AGRO EXPORTS LIMITED**

HOST: MR. RAJDEEP PATIL – AKMIL STRATEGIC ADVISORS



Moderator: Ladies and gentlemen, good day and welcome to the Freshara Agro Exports Limited H2 FY25 Earnings Conference Call hosted by AKMIL Strategic Advisors. 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. Rajdeep Patil from AKMIL Strategic Advisors. Thank you and over to you sir.

Rajdeep Patil: Hello, good evening everyone and a very warm welcome to H2 FY25 earnings conference call of Freshara Agro-Exports Limited. I am Rajdeep Patil representing AKMIL Strategic Advisors Private Limited and it's a pleasure to host this session on behalf of the company. We appreciate your presence here today to discuss the financial and operational performance of Freshara Agro for the second half and full year ended FY25.

Joining us today from the management team, we have Mr. Junaid Ahmed, Chairman and Managing Director of the company. Now I would like to hand over the call to Mr. Junaid Ahmed, over to you sir.

Junaid Ahmed: Thanks Rajdeep. Good evening everyone. I am Junaid Ahmed, Managing Director and Chairman of Freshara Agro Exports Limited. With over a decade of leadership in the agri-exports space, I've had the privilege of witnessing Freshara evolve from a regional enterprise into a globally trusted brand. It is my pleasure to welcome all our investor, analysts and stakeholders to this earnings conference call for the second half and full year ended FY25. I extend my sincere gratitude for your time, interest and your continued support.

Freshara Agro Exports Limited is one of India's leading exporters of preserved gherkins and pickled vegetables, operating two modern facilities in Tamil Nadu. The company serves over 40 countries across Europe, USA, Russia and many more, with a strong focus on quality, sustainability and farmer partnerships.

Backed by global certification and a network of more than 4,000 contract farmers, Freshara stands at the forefront of India's agri-export growth story. Financial year 25 has truly been a transformative year for Freshara. Despite global headwinds, we delivered strongly on our strategic commitments and further deepened our market presence.

I am pleased to report that we closed the financial year with a total revenue of INR260.68 crores and EBITDA of INR46.23 crores and a PAT of about INR28.79 crores, a significant leap from the previous years. Specifically in FY25, our total revenue grew by 42.58% over H1 and PAT increased by 53%, driven by strong volume growth, operational discipline and improved efficiencies. The EBITDA and PAT margins also saw sequential improvements, reflecting our ongoing focus on cost optimization and quality driven growth.

A major milestone this year was the operationalization of our second manufacturing facility in Tirupattur district of Tamil Nadu. Spread across eight acres, this facility offers a processing capacity of about 75 to 100 metric tons in a day and a scalable retail packaging line of about 18,000 jars per hour. Powered by a 100 kilowatt solar plant, this investment aligns with our sustainability vision and is already enhancing our margins and productivity.

We have also expanded our product portfolio, adding high-potential items like green peppercorns, corn kernels, olives and white onions, each of which have been well-received in the global markets. Our diverse packaging formats now cater to industrial, food service and retail segments, positioning Freshara as a preferred supplier across the value chain. We are equally proud of our NSE listing in October 24, which has ushered in a new phase of institutional visibility and accountability.

Our financial foundation remains strong with stable credit rating of CRISIL, BBB, long-term and A3 short-term, supported by about INR84 crores in bank facilities, ensuring we are well-equipped for the future growth. I am also pleased to share that our current order book stands at about INR82 crores, providing strong visibility and momentum as we move into financial year 26. Looking ahead, we remain optimistic and future-focused, with rising global demand for clean, labelled and naturally preserved food, Freshara has a well-positioned to lead.

Our enhanced infrastructure, diverse portfolio, strong farmer network and expanding global presence gives us confidence to pursue a clearly defined benchmark of 30% annual growth in the coming years. With that, I now open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nishant Agarwal from Kohinoor Investments. Please go ahead.

Nishant Agarwal: Yes, sir. First of all, congratulations on your good numbers, sir. For a good set of numbers. And so my first question is, we've shown around INR250 crores of revenue this year. So is it possible for us to show additional revenue of INR100 crores, which will in total INR350 crores in the coming years, sir?

Junaid Ahmed: We are targeting 30% growth. With that, we should be able to achieve the sum I feel.

Nishant Agarwal: Okay. Okay. Understood, sir. And the investment of around INR30-INR35 crores that we've done, is the entire investment completed, sir, or is some amount remaining?

Junaid Ahmed: Almost 90%-95% is completed. We have the line now doing production. We are doing some improvements in the – it's an eight-acre land parcel. So we are planning some additional storage spaces so that we can, you know, store our produced product. So that little bit of investment is there, but what we mentioned has already landed there.

Nishant Agarwal: Okay. Okay. Understood, sir. And one last question. Regarding the new portfolio expansion of the additional product, like the green peppercorns, corn kernels, olives, and white onions, so do

we – are we planning to set up a new factory for this, or is it in the same factory that these products will be manufactured?

Junaid Ahmed: These are value-added products, and these will be, at the moment, manufactured in the same facility.

Nishant Agarwal: Okay. Okay. Fine, sir. That's it from my side.

Junaid Ahmed: Thank you.

Moderator: Thank you. The next question is from the line of Kumar Saurabh from Scientific Investing. Please go ahead.

Kumar Saurabh: Yes. Hello, sir. Congratulations on a good set of numbers. I have two, three questions. So on INR100 crores of sales, how much is the working capital do we need?

Junaid Ahmed: We are able to rotate the funds two and a half to three times. Roughly, if you have about INR35 crores, we should be able to do 100.

Kumar Saurabh: Okay. So that means almost INR30 crores of working capital needed, and let us say if it is coming at around 10% interest rate, 3%, INR3 crores should go there, and our EBITDA margin is, sir, around 18%. So can we assume that on a 18% EBITDA margin, we should be able to convert INR100 crores of sales into INR15 crores of operating profit, given INR3 crores will go in working capital and all?

Junaid Ahmed: I mean, it is difficult to speculate like this because, one, we are trying to work with new products, new territories, and we are trying to be aggressive in the market. As a thumb rule, maybe it is possible, but on the functional basis, these things vary quarterly, half yearly, and year on, because the pricing for these different products is different. There is no fixed margin for each product.

I mean, there is fixed margin for different products. So each on a cumulative basis may, I know we are comfortably doing the numbers what we are doing now, but going forward, when we add value-added products, probably we will do better this.

Kumar Saurabh: Okay. So sir like, let us take it other way, and I know we are in a major growth phase, and we need to build inventories and all for that, but let us assume if there is no growth on a sustainable basis, we are able to do this INR100 crores. Take the conservative scenario, how much of EBITDA we will be able to convert into cash profit after all the working capital and all?

Junaid Ahmed: One minute. Can you just rephrase the question for me, please?

- Kumar Saurabh:** So let us say we are not investing for growth in terms of building inventories and all, and we are doing a steady state INR100 crores of sales. How much of these sales we will be able to convert into a sustainable operating cash flow?
- Junaid Ahmed:** Should be most of it, no? Because you are not investing any additional entry, but you are able to sell off everything.
- Kumar Saurabh:** Okay. No, but we are spending in working capital and all, for that we have taken some debt and all. So as you told, my...
- Junaid Ahmed:** Yes let me do this for you. See the cost of interest is somewhere around less than 8% for us, because we come under the packing credit facilities. And after factoring in all this, we are able to make the current EBITDA margin of about 18%. So you are saying that if we do not grow and if we just sell the same INR100 crores, you are saying?
- Kumar Saurabh:** Yes.
- Junaid Ahmed:** Then we would not require so much working capital, no?
- Kumar Saurabh:** Okay, okay. So at least I can assume 70%, 80% of that EBITDA, at least worst case that will get converted into operating profit.
- Junaid Ahmed:** Should be, yes, yes.
- Kumar Saurabh:** Okay, okay. And sir, in the investor presentation, you have spoken about the latest capex, INR30-INR35 crores of capex, which will give us some INR200 to INR250 crores of sales. So this capex, sir, does it include only machineries and all or even land has also been included or land was already there?
- Junaid Ahmed:** It is including the land, but the only thing is this land may not have the current value. As you know, this land was purchased about 5-6 years ago. So today the value application is very high. So assuming conservative numbers for the land and with the construction and the machinery involved, this is the capex we have invested.
- Kumar Saurabh:** So again, sir, which means almost on INR20 crores of capex is giving you almost INR100 crores of revenue and 18% of EBITDA margin. So worst case in two years, you will recover all your investments. So is it a correct inference?
- Junaid Ahmed:** It is a long shot, but I think in two to three years, we should be able to recover a lot of it.
- Kumar Saurabh:** Okay. And sir, last question, if you can explain the business in a little more detail in terms of supply chain, what I want to understand is from a risk perspective, whether the prices of raw material are changing or end price is changing, how we are balancing the risk side in the supply

chain, right from procuring the raw materials from farmer and ultimately delivering. Basically, I want to understand your business operation and supply chain in a little more detail, sir?

Junaid Ahmed:

Okay. We do, our sourcing is based on contract farming, most of it. There's some part of it which also comes from facilitators, who also follow contract farming. So contract farming is where we give a fixed price to the farmer and the cost of procurement is almost even or very similar across the years. So through the years, the price of products have gone up also slowly and there's also a dollar depreciation, I mean, a dollar appreciation, the Indian rupees have come down.

So thereby, year on year, we are able to at least calculate, 10% to 15% margins on our products. This fixed procurement of raw material helps us, have the same numbers throughout the years. The price of products wouldn't swing very, very high. They are majorly, now today, after the global, a lot of wars which have come up, there are a lot of fluctuations in the global freight market.

So global freight is, you can say, at least 10%-15% of the freight contributes to the final end product price. So when the freights are really down, the product prices are also down. When the freights are really up, the product prices are also really up. These freights are compensated by the customer. Another way, we work on our margins, which way we source, we produce and we export. So this part is very stable.

The only fluctuation part is the transportation part. And through the years, as I mentioned, historically, rupee has weakened. And some years, there's a lot of weakening where, you are comfortably placed that you're able to at least pass on some benefits to the customer.

Any other raw material which is associated is only packing material. There are only about three or four packing materials in our industrial packaging where it depends on your plastic prices. But again, they're also very stable.

We buy packing material from listed companies. There's a company called Time Technoplast. So they are a major supplier of packing material when you go for the industrial packaging. Then comes the glass products, which we buy from [AGI and Hindusthan National glass and Industries Limited]. So these jars also do not, have a, I mean, almost a similar price through the years. The price appreciation is very little, maybe 1% or 2%.

And we supply to two types of customers, one who repacks our product at the end destination, and the other is who directly takes our product and gives it to the retail chain. This particular line where the white label products are, the price are even further stable because it's a premium product and the contracts are long-term contracts. There are no short-term or spot contracts in this particular business.

So this business helps us, sustain, have sustained warrants through the year. The industrial packaging business also has long-term contracts and a lot of short-term contracts or spot

contracts, which are sometimes very highly profitable or sometimes a little less profitable. So on an average, because we are in both industrial packaging and as well as retail packaging, the more we do more retail packaging, the margins are becoming better.

And today's contribution of retail packaging is only about 15% or less than 20%. So we are trying to increase the retail packaging contribution, which helps us achieve even further stable margin, irrespective of the global market scenarios. Our supply chain is very simple. We source from the farmer.

We do the entire growing, sourcing, cleaning, packing, regarding, processing and export. So from end to end, we are involved. It is literally from seed to the shelf. This is the entire supply chain, which we take care of. The largest transport part of it is taken care of by the shipping lines.

Moderator: Thank you. The next question is from the line of Shaurya Punyani from Arjav Partners. Please go ahead.

Shaurya Punyani: Sir, is this your new capacity? So combining this, what is our total capacity as of now?

Junaid Ahmed: The first plant is able to do about 50 metric tons per day. The second plant is in the initial stages, it will be doing about less than 50 tons per day. And eventually, you want to stretch it up to 100 tons. So the new plant combined, you are asking me that on its peak performance, it should be able to deliver 150 metric tons per day.

Shaurya Punyani: And when we can expect this peak performance? And what is the current performance as of now?

Junaid Ahmed: So this year, we are expecting at least a plant to function at 50% of its expected capacity with the existing line. As we need a few more months to streamline the operations and get the best tasting product out of the line.

There on, probably in the second half of the year, we should be able to do at least 60%, 70%. And the current financial year, that is FY '26, we should be able to achieve 100% productivity from the new plant. The new plant also has, you know, scope for expandability. And after financial year 26, we are planning to have another production line in the same plant.

Shaurya Punyani: So by end of FY '26, new plant will be 100%, right?

Junaid Ahmed: It should, yes.

Shaurya Punyani: And then '27 will increase the capacity further?

Junaid Ahmed: Yes.

- Shaurya Punyani:** And so, what is the percentage between our own brand and white label in terms of sales?
- Junaid Ahmed:** We do not do our own branding. We do white labeling for the customer. I mean, we have all his product data and we ensure that he takes it directly to the retail chain. So we are a B2B customer. We are not a B2C supplier.
- Shaurya Punyani:** We only do white label?
- Junaid Ahmed:** Yes. We are the raw material supplier of the world. That is how we define ourselves.
- Moderator:** Thank you. The next question is from the line of Shubhranshu, an Individual Investor. Please go ahead.
- Shubhranshu:** So sir, going forward, like how much margins you are expecting operating profit margin? And can you also tell like if you have any other product like Gherkins in mind, which like you will like of similar scale, which you will be producing in future? These two questions.
- Junaid Ahmed:** Gherkins as such is a large volume product. And we, as I defined earlier, we are almost a raw material supplier to the world. There are some products where Gherkins from India enjoy monopoly.
- And we almost contribute about 15%-20% of the global supply of Gherkins. So I do not foresee a product which can compete with Gherkins, because of the sheer volume which is possible out of this particular product. And secondly, we are now expertise in this product, which to the last decade we have been there and we have been able to expertise and you know, become really special with this.
- So any other product will be able to contribute maybe 5% or 10% of the turnover. I mean, it will not be able to compete head on with Gherkins, but it will help us expand our product portfolio as well as the basket which we are offering to our customers. But none of the products come at even to Gherkins.
- Coming on the margin part, I mean, this industry, I mean, we find that these are very decent margins on this industry. And how we are able to achieve is surely through the scale of operation and the numbers which we are growing with. So going forward also, what I am expecting is a sustained margin process.
- And secondly, we are, since we are a little aggressive and entering a lot of, bidding processes where the large buyers do not operate on large margins, they all have a fixed number, because there is competition and there are headwinds, customers trying, I mean, suppliers trying to pitch in with cheaper prices just to win contracts.
- So thereby, when you enter the large market, the competition is very high. So being an MSME and being able to do this number going forward, we will be able to achieve the sustainable

margins and maybe improve a bit, but may not be beyond 14%-15%. But yes, our entire effort is to become better.

Shubhranshu: And sir, like in your pre-IPO also told that you will be extending to USA. So what is the plan on that?

Junaid Ahmed: USA, our overall sales contribution today is around 5% to 6%. We have already signed contracts for USA. Today, there is a lot of duty talks which are going on, but we are able to, we were able to secure our contracts. We do not have a problem with our contracts with the USA. Going forward, in fact, we do not, I mean, we are not supposed to fall under the reciprocal duties. We do not import this product to India.

And it is an ideal situation where the US will drop duties for this product. And there is a lot of lobbying which is going on for this. And there is a lot of talk and hope in a couple of months, it should settle down and help the industry really grow the US market share. But overall, as such, we have grown in volumes. Our US volumes have also increased. But our overall turnover has also increased. So though the percentage looks same, but in volume and value wise, we are improving year on year. And going forward, as I mentioned, yes, our focus is to grow the US market. And hopefully, this duty talk, if it settles down, it will become an even a better play field to enter and do much better.

Shubhranshu: So sir, are margins similar in both US and Russia or it will improve when you move to US, like move some portion to US?

Junaid Ahmed: See, the industry's margins are almost the same. Russia's consumption is very high. Russia, what do you call, you do not have FDA in Russia. In US, you have something called FDA. So I mean, Russia buys a lot of volume, it does not really strangle you with a lot of things related on quality. But US, yes, it is a tough market. So it is good for the best people in the world.

So margins are almost the same because customers know each other. Or you can say, I mean, everybody is well traveled, well exposed. And, the product produced in Europe goes to USA, product produced in Europe used to go to Russia, Russian products used to go to Germany or vice versa, German products go to Europe, sorry, USA.

So that way, the industry is quite old. So I mean, nobody comes out giving us extra margins. But yes, they know our costs, they know what it requires to make a good product, and they know which company or factory is better in producing such products and they pay better or less based on the quality which you provide.

Shubhranshu: Okay, sir. Thanks. I will join the Q&A.

Moderator: Thank you. The next question is from the line of Roshil Silarka from Pinc Wealth. Please go ahead.

Roshil Silarka: So congratulations for the great sets of number. So my question is that in FY25, we did a sales of INR251 crores. So just wanted to understand how much sales have been contributed from our old plant?

Junaid Ahmed: About 80% of the sales from the old plant, 80% to 90%. And the new plant was operational only in the last quarter.

Roshil Silarka: Right. So how much had come from the sales from the new plant?

Junaid Ahmed: Should be about INR30 crores to INR35 crores.

Roshil Silarka: So sir, with these two combined capacity, the peak sales we can achieve somewhere around will be INR450 crores. Am I right?

Junaid Ahmed: That's the target.

Roshil Silarka: Okay. And so, currently our order book is INR82 crores. So are we seeing any visibility in terms of order inflow since this INR82 crores we might be doing in three, four months only?

Junaid Ahmed: I think roughly around INR35 to INR38 crores order pipeline has already been under discussion. So I think today we closed some order and this week at least 50% of it will get closed. And a lot of orders come in the months of July, August, and September. So that way, we are, you know, every quarter we'll be able to get orders close to INR80 crores.

Roshil Silarka: Every quarter?

Junaid Ahmed: Yes. Three to four months period, you can say.

Roshil Silarka: And, sir, are we seeing any slowdown in terms of order inflow or the momentum has been as per our expectation?

Junaid Ahmed: It's good. What has happened is once we started the new plant, we are now able to cater to more premium customers. That is, previously we were, as I mentioned, we were the raw material supplier. That is, we were able to do more of industrial packaging. Today, we are able to cater to new customers who request products bottled and canned in their own brand.

So these are, this is a completely new business line, which has been only 10% of our business share earlier. So today, the good part and the best part you can see is that we are able to now forge hands and enter the market in a broader scope. Whatever be the global issue or, you know, whatever events are happening, it is not really affecting our volumes.

We are able to, in fact, we have a lot more demand, which can, which is prompting us to think about another line of -- to set up another line of production. That way, our volume growth is really good. If the global scenario becomes better, we'll, in fact, come out really victorious.

Roshil Silarka: So sir, this retail packaging, which is contributing less than 15%. So in this year, are we, like, have we set any target to reach in terms of percentage of sales? How much we can do?

Junaid Ahmed: For us, as I mentioned to you, Gherkins is a volume product and the industrial product, industrial packed product gives us the maximum volume. So when you, when you, for example, if we touch roughly, if I estimate about a INR300 plus crore turnover, the percentage share may not vary much, but the volume and the revenue share would have gone up for this particular product.

So we are expecting year on year, averagely, if you take that particular line of production, we'll go easily about 30%. But on an overall scale, if you see, we may be 10% to 15%.

Roshil Silarka: Okay. And, sir, like, we are expecting only 30%? Like, we have, in presentation, we are given 10% to 30%. So it's like lower side 10% and on upper side 30%, or, like, how is it?

Junaid Ahmed: That is mentioned as year on year. That is, see, we don't want to speculate too much, or we don't want to talk on terms, which, you know, gives a lot of multiples. The plant capacity helps us to grow 30%. And we have a historical growth pattern, which is, we've grown about 30%. We understand the industry in such a fashion that 30% growth is easily achievable. But the sales targets are always at a higher scale, but we do not want to speculate on it.

Roshil Silarka: And, sir, for bulk packaging, is there any benefit for the client, in terms of tags or custom? So that is why there has been a lot of volume on the bulk packaging side.

Junaid Ahmed: See, for example, if you consider some products, customers prefer, for example, a German customer, he will prefer made in Germany products. He wouldn't, go for the last line, which says product of India. So as I mentioned, the raw material has to come from India, but the final product may be from Germany. So I mean, it is an entire customer's perspective, which is slowly changing that they are open to products produced in India itself.

Secondly, the bulk industrial packaging carries lesser duty, as you mentioned, rightly that the duty for a bulk raw material product is much lesser than compared to a white label product. But not all have large plants where they can repack and make products in their white label. So they balance both. They sometimes buy both.

They buy the industrial packaged product, they take it to the factory, then they repack it, as well as they buy the final ended product, which is completely ready from our factory, and they mix and match, and they try to sell it in the markets.

Roshil Silarka: Okay. Got it, sir. Thank you, sir, for the questions.

Moderator: Our next question is from the line of Dinesh Kulkarni from Finsight. Please go ahead.

Dinesh Kulkarni: Hello, sir. Thanks for giving me the opportunity and a really good set of numbers. Congratulations on that. So last time we had discussed, something around, like, say, FY27, we

may hit something like 50,000 metric tons of production or sales volume. Are we still on track there? Or do you think the new plant will help us excel that number?

Junaid Ahmed: The new plant will surely help us achieve the number. Extension of the number is, again, very speculative and too early to boost the volume. The number is quite large. 50,000 tons is like, it's a lot of kilos. So yes, the plant will surely help us do about 50,000, I think.

Dinesh Kulkarni: Right. Because I see, as you mentioned, the production growth is close to 30% year-on-year for the last two, three years. So we're still on track, as we can safely assume, right?

Junaid Ahmed: Yes, yes.

Dinesh Kulkarni: Sounds great. And just, like, say, how do you see in terms of revenue per metric ton or something like that? Is there a price increase we're witnessing in the last six months or something like that?

Junaid Ahmed: Price increase is not really happening. As you know, global headwinds are very high. Wars at every end of the world is happening. So I mean, price increases -- prices are very stable. I'm about a decade in the industry, but the industry is about three or four decades older than me. So there's a set margin where the industry works on, set pricing where the customers work on.

They generally don't fluctuate because they will have problems with their end retail supermarket chain, where they have to go and change the prices. And they have to change the consumer consumption pattern, which is very difficult in any product in FMCG or any eatable, which you know.

A INR10 product cannot become INR12. And I mean, if it becomes, there's a drop in sales. So that way, the INR10 product becomes 10, 10, 10, 20, 10, 25 with the years, and it's come to a very good position now. So price change usually doesn't happen.

Dinesh Kulkarni: I understand, sir, because the question, the reason I'm asking is, are we not witnessing a price increase in our raw materials over the years? Because I assume, the price increase which we get from our customers should be in line with the raw material cost, increase in raw material cost, right?

Junaid Ahmed: We have very few, very few raw material considerably. For example, in industrial packaging, there are only one packing material, one or two preservative material, and the remaining materials are very negligible. So the 70% of the product is a raw material, which we grow. So it's a hand-grown product, which we have not allowed elevation in prices. And it's a consistently evolving product. It's not a rapidly costing product like any other industry.

The raw price does not go up. It's very, very much controlled as an industry itself. It's been in a very controlled fashion. And we, since we provide almost like a fixed price through the year, the growing patterns are the same, the farmers are also comfortable. So that way, the cost of 70% of the 70% or 80% of the raw material is covered, much covered.

Secondly, we are an export industry, and we have a strong dollar, which consistently helps us every year, if any small variation happens also, we are able to cover off. Thirdly, the government also helps us with the -- with whatever support they can, it is all the back end helps, it helps us and maintain the same pricing through the year.

Dinesh Kulkarni:

Okay, that sounds really good. So some last questions for me, like you, you mentioned that we have somewhere around 4,000 plus, farmers. So are we increasing our footprint across different regions within South India, like maybe some parts of Karnataka, and Andhra, like, are we just focusing predominantly on Tamil Nadu for now?

Junaid Ahmed:

No, no, there's a there's a very, very big difference in the last three years. Before three years, we were only present in Tamil Nadu, and we were sourcing through different ventures in Karnataka. Today, we have our own farming contract farming happening in Karnataka, we have a large community of people working for us.

So the idea is to expand the farmer base, because our requirements are consistently going up, and we want a fixed supply of raw material, irrespective of whatever the market is. So that way, we are now in two states, very with a very strong foothold. And every passing day, we are adding on farmers, the 4000 plus number is increasing on a daily basis.

And we are not fixed a target as such, but the effort is to add more growing areas. Depending on the proximity to our manufacturing unit, we are trying to add on the farmer family number as much as possible.

Dinesh Kulkarni:

Okay, that sounds great. And like last thing from my end, so as you're witnessing last three months at least, we are witnessing a very erratic environment where the rain, it could be cloudy in nature and something. Is it impacting the production or the farming?

Junaid Ahmed:

Okay. See, we were predominantly a Tamil company that was, as I mentioned, we were majorly in Tamil Nadu for many years. Today, we are hedged in Karnataka, we are hedged in Andhra and we are hedged in Tamil Nadu. So we have a different climatic pattern across all three states. Not one state has heavy -- I mean, not all three states face a bad climate at the same time. Having said that, there has been an advantage that there has been an early monsoon this year. I mean, the rains have come much earlier.

Based on that, a lot of farming has happened much earlier. That means it helps us receive the raw material much in advance and start exporting much in advance. That will help us also in growing our top line. So the advantage of exploring different geographies has really worked out for us. And climatic conditions, I mean, at least in the south part of India, they really don't affect the crop to that extent.

Dinesh Kulkarni:

Okay, sounds good, sir. And the last thing, how much capex we would expect for this year and next year, sir, or is it all done?

- Junaid Ahmed:** The capex is almost all done, the 95% of the construction work and all is over, a little bit of finishing works are going on in the vicinity and all. Yes, having said that, it is an 8 acre plant, if you want some more storage spaces based on our customer requirements and based on our production capacity increasing. So we may have to build a couple of warehouses inside. That's all. Otherwise, most of the capex is concluded. There are a couple of other plans, but this would not be the right meeting to put it forward. Probably in my next investor's call, I will try to put it across.
- Moderator:** The next question is from the line of Varun Agarwal from Networthy Financial Services.
- Varun Agarwal:** Before I ask my questions, I just wanted to talk about one conversation by my earlier participant. It was mentioned that 50% to 60% utilization in FY '26 and 100% in FY '27. I think there was some confusion there. And about my questions, I would like to know what is the impact of the geopolitical disturbances which are happening in Asia and Europe right now?
- Junaid Ahmed:** Okay. See, 50% was mentioned for the year '25-'26 and 100% optimization was expected for '26-'27.
- Varun Agarwal:** That's right. He took it as FY '26 100%. So I just wanted to correct that?
- Junaid Ahmed:** Okay. Thank you. And luckily, see, the geopolitical tensions, I have seen every war bring some opportunity. I am not talking in a selfish way, but the food supply chain is such that a tough situation brings out good results in our particular industry. And luckily, we don't have wars in geographies which are large customers, our consumers basically.
- Iran, for example, is not in our customer list. And Israel, for example, is also not in our customer list. Iraq happens to be a large customer. And a lot of things changed after Iraq came out of the war and the sanctions. So I think once this is done and dusted, probably US should lift all sanctions of Iran. Iran is a very good consumer of this particular product.
- Unfortunately, in the last 7, 8, or 10 years, Indians have not supplied to Iran. So if at all the war ends in a good note, I think it actually would give me an opportunity to at least do a large number in Iran itself. So let us hope it ends soon.
- Varun Agarwal:** And related to the shipping costs, as and when they increase, the customers readily accept the increase or there is a lag of a few months in that?
- Junaid Ahmed:** See, customers are first knowers than us because most of the shipping lines are based in Europe. So any increase in freight is pre-informed to the customer than to us. Any decrease is also pre-informed to them than to us. So through the years, even before I know the freight, the customer has his price in hand and he knows that I am going to work at this particular price.

And we also try to forecast for them so that we save costs. For example, next month, if we anticipate a freight increase, we try to work very close to the shipping line so that we also inform our customers not to suffer the \$500 or \$1,000 increase. So it is in that space.

Varun Agarwal: So we have got clarity about the export business that we do. Are we planning to do anything or expand anything domestically?

Junaid Ahmed: Okay. Domestically, yes, we have a plan. It is a very broad-based plan and some groundwork is going on in it. Unfortunately, I will not be able to disclose more details in this particular part.

Moderator: The next question is from the line of Tejas Khandelwal from Prudent Equity.

Tejas Khandelwal: So there is INR10 crores of other income in FY '25. So what is that? Because if you keep this other income, then our operating profit margin is around 14% only.

Junaid Ahmed: INR10 crores is nothing but we have something called remission of duties and taxes. This is, again, what we suffer at the cost of our fuel and everything where duties are applied on the export goods. In a way, you know that taxes cannot be exported and these are reimbursed by the government.

It is just that either it can be categorized in other income or it can be added in the product's profitability itself. So this is a part of the cost which is involved. And there is a discussion now that this comes into the mainline income rather than other income. So this itself is about, I think, roughly around INR4 crores to INR6 crores. And the remaining is, again, forex gains. So again, the forex gains is nothing but on our export only.

And as you know, in any export industry, the forex margins play a big part because there is a lot of speculation and there is a lot of hedging. And we, as an exporter, are allowed to enjoy a premium of about 2% to 3% in all our forward contracts. So that way, it is all -- both are part of the industry and we are good to assume that they combinedly can give us a good number.

Tejas Khandelwal: Okay. So in FY '26, what can be this operating margin including all these benefits from exports and forex gains?

Junaid Ahmed: This, again, I cannot speculate because it, again, depends entirely on the export volume. Roughly around, maybe on the export, it will be about 1% or 2% will be an additional revenue, I mean, additional bottom line it will contribute to.

Tejas Khandelwal: But can we just maintain 16%, 17% margin at operating level?

Junaid Ahmed: At operating levels, I am not sure because, as I mentioned, we are trying to be aggressive. We are trying to get into biddings of contracts. And in food industry, generally, you can never expect 15% or 20% margins, gross margins. So yes, I think what we are making now, we are consistently been making and we are confident of reaching the same level. There will be some

improvement as we try to do more of white labeling. And hopefully, if at some point of time, we have our own grant, that will help us achieve the number which you are speaking.

Varun Agarwal: Okay, sir. And sir, I wanted to know this debt level. So what borrowings can we expect by the end of FY '26?

Junaid Ahmed: It shouldn't change much based on what we have programmed. The requirement of funds for further working capital are not really there. But there are plans for certain expansion. But again, until it comes on paper, we are not able to project it now. But there will not be a major difference.

Varun Agarwal: Okay, sir. And have you started taking orders for this new plant?

Junaid Ahmed: Yes, we have already started export. From January 2nd itself, we've started production. February, March, we've exported from the new plant.

Varun Agarwal: So this order book, which you are showing in this investor presentation, this is including both - this is for both plants, right?

Junaid Ahmed: It is both plants, Yes. And the orders are for about a period of three to four months.

Varun Agarwal: Okay, sir.

Junaid Ahmed: We are not showing prospective orders.

Varun Agarwal: Okay. And sir, I just wanted to know about this current ongoing situation between this Iran and Israel. So basically, we are exporting to Iraq. So around 12% of our revenue comes from Iraq. So any supply chain issue can create any disruption in our revenue potential?

Junaid Ahmed: I don't think so. Iraq doesn't come under any kind of favorability either with Iran or with Israel. And I mean, you know how the US came and exited Iraq. And now it's more of a, you can call it an upcoming country than from the past. So like, if you take it six years back, there were a lot of -- I mean, there were not regulations and there were a lot of sanctions. Today, a lot of sanctions have been lifted.

And in fact, Iraq is now working with international banks like Citibank, where the money comes directly from Iraq itself. There were years when Iraq didn't have an international banking channel at all. So that way it's -- and in fact, Iraq is a neutral party in this. So I don't think there should be any issue in the ongoing war.

Varun Agarwal: Okay, sir. Got it. And sir, another question was, like, are you looking to foray into any new export countries in this year?

Junaid Ahmed: Yes, we have come to a new contract with a country which we weren't there. We were not much in Hungary. And we've come to it recently with this particular country, a good volume, a decent

volume. Similarly, there are a few other territories which we are in talks, and hopefully this year we should be able to enter those new markets.

Varun Agarwal: Okay, sir. That's all from my side. Thank you.

Junaid Ahmed: Thank you.

Moderator: Thank you. The next question is from the line of Balaji from Kotak. Please go ahead.

Balaji: Yes hi, sir. First of all, very good set of numbers that you've shown. So my first question would be, can you please explain about the seasonality of the industry? Because I want to understand that from your perspective. And yes.

Junaid Ahmed: Balaji, I'll do it really quickly because it's an earnings call.

Balaji: Oh, yes, okay. Yes, yes.

Junaid Ahmed: See, seasonality, we are now in 3 geographies. So every geography has its own crop. Tamil Nadu has a very good -- last Q4 is very good for Tamil Nadu. Q3 and 4 are very good for Karnataka. And there's one intermediate, 1 and 2 for Andhra. So that way we have a 360 degree visibility of our crop, about 200 to 250 days of arrivals of raw material at our factory. So basically, the word seasonality really doesn't apply here when you are able to cover all 3 districts.

If you take one city or one state, then yes, you can say that you will have crop only in some part of the year. But as a company which is present in all these territories, we are able to have at least 8, 9 months of good arrivals at our unit. So we rule out the seasonality part of it from the industry.

And in fact, there are products which we get when there are no gherkins. For example, baby corn comes in a particular period when there are - when the gherkins are not available. Jalapenos comes, overlaps with gherkins and comes for a few more days extra. So that way we are now into 6, 7 different vegetables which have their own climatic condition requirement and own arrival days. So yes, we try to maximize our productivity by running as many days as possible.

Balaji: Okay. And there was also one more post by AKMIL, which said in April and May, there was some signs of flow. And how do you see H1 to be?

Junaid Ahmed: Okay, it was not a post of AKMIL. It was a post by another, probably an influencer or somebody who had put wrong numbers. And I mean, as a promoter, I also had a discussion with my IR & PR and said it is right to give a right response to the wrong number. So basically, it was a speculation. And it's not based on official data or anything. Usually, April and May are slow months, because these are summer months and none of the vegetables are really grown, procured or the sales really does not happen in this period.

And as I mentioned, the industry has its own buying months and days when they procure most of the inventory and there are some months which they procure less. So we cannot be compared like a machining industry or a forging industry to a monthly basis. We can be well compared on a half yearly or at least a quarterly basis, because some, one cycle of the crop would have almost got over or something like that.

So you cannot compare us on April to April basis, because sometimes the crop would have come earlier and we would have exported earlier in March and sometimes April we would not have exported or May would have exported. So month on month comparison is not the right thing to do in a cyclical industry, as everybody knows. And we convince our investors to compare us on a half yearly basis.

Balaji: Okay. So I have one more question. So what would you say the industry growth rate for your kind of a company is? Because you are growing, say you are projecting yourself to grow at 30%.

Junaid Ahmed: I think industry is growing at about 9% to 10%. And probably I am growing at about 30%. 30-plus percent. Yes.

Balaji: So you are scaling at 30% because of being small or how is it? Or if you mature, would you also continue to grow at 30% or how is it?

Junaid Ahmed: It is completely two different things. The industry is widespread, the industry is into different types of packaging, the industry sees different opportunities through different eyes. So I will still say that there is a long way to go. I am at about, I think 10% to 14% of some market share I have for the gherkin industry. The other products, I am only doing about 1% or 2% market share and I think that can easily climb up to 10%, 15%.

So the basket is bigger now than it was in the previous year. And there is a large scope by saying that -- we need not compare it only with gherkin, we can compare it with the processed vegetables which are exported from India. So that way we have a large market which we can capture.

Balaji: Okay. Last question from my side. How difficult or easy do you think to identify and acquire contract farmers?

Junaid Ahmed: It is difficult for a new company. You would take, I mean, you need to understand the product first, second, you need to have sufficient working capital, third, you need to have sufficient consumption. Without consumption, you are not going to enter the farming practice. And I call it an entry barrier. It took me at least 2 to 3 years to understand the farmer's chemistry and you have to be a family with the farmer to have a, I mean, it is basically a long-term relationship. It cannot be a day or two's thought process.

So it's a challenge. It is the first entry barrier in the industry. And these days farming is also not easy and large companies are not good farming companies. So we are trying to have an essence of both and we are trying to grow along with our farmer base.

Balaji: Okay. Okay. Sorry, just a follow-up question. So if you want to integrate more, it could be any integration, what would you do next? Vertical or horizontal?

Junaid Ahmed: Yes See, integration is something which is possible where I can integrate and launch my product in India and I can do a few more -- there are a few more processing techniques, like dehydration, I mean, which can help us, help me launch in India and some countries. So that particular integration is still pending.

And thirdly is that we are almost very close to the ready-to-eat segment where your chili sauces, your -- anything which you compare in ready-to-eat can be possibly integrated into this value chain because we are at the sourcing level, we are very strong at the sourcing level. Also, we are very strong at the export market level. So export goods, as you know, are any day, they pass through even stringent quality norms and the Indian standard. So that way we are well equipped to launch and integrate other products and other packing methodology in our ecosystem.

Balaji: Okay. Okay. Fine. Thank you. That's all for my side.

Moderator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Yes. Congratulations on the great result. I just have two questions. One, clarification on the margins. So you said that will maintain 14% to 15% margins for the next year or 2 years?

Junaid Ahmed: Hopefully for the next 2 years, ma'am.

Maitri Shah: For the next 2 years. And that will be the EBITDA margin, correct?

Junaid Ahmed: EBITDA margin for around 18%, I think.

Maitri Shah: So the 14% to 15% is the -- are we expecting those to be a PAT margin?

Junaid Ahmed: I think we'll be somewhere here only, ma'am. A little bit of improvement is expected.

Maitri Shah: Okay. And with more value-added products, what kind of split are we expecting between that? So how much will our value-added products contribute in FY '27 or 28?

Junaid Ahmed: I'm -- see, though the contribution individually may rise, but on an overall level, the contribution of pickle gherkins is always going to remain higher because of the large market which is available from India. And we are only at about 10% to 14%. So until we reach the pinnacle of, you know, the last part of it, the other products will also grow, but will not look very determinant

when you compare this particular product. So yes, year-on-year, I think 5% of growth of each product should be there individually. But on an overall scale, they may sound at somewhere around 2%.

Maitri Shah: So 2% contribution to the overall revenue...

Junaid Ahmed: Yes, vegetable to vegetable, I'm saying. I'm saying about vegetable to vegetable.

Maitri Shah: Vegetable to vegetable, okay. And we mentioned that we're starting our own brands. So any timelines when that will happen or maybe after FY '27?

Junaid Ahmed: Not the right day to talk about it, ma'am. There are a lot of plans which are going on, a lot of progress happening in that also. So I mean, we already had our brand in Russia some time back. I mean, given an opportunity, we are also working on it to have our white-labeled own brand in another country soon. Domestically, we're also planning to have some products which can help us, you know, reach our customer and investor base as well.

Maitri Shah: Yes because having our own brands in the export market will also, like, cause issues with our own clients. Isn't that right?

Junaid Ahmed: We wouldn't enter such markets. We know markets where we are doing branding for some customers, the white-labeled product. But again, as I mentioned, the market is still very large for us. We are very small. I mean, we have not achieved even a 10% market share in white-labeled products. So it's a large market and there will be some headwinds.

And hopefully, at that time we will try to be in direct competition with our own products or own customers.

Maitri Shah: Okay. That is it from my side. Thank you.

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

Prabal Jain: Sir actually I wanted to understand the nature of your revenue. So you said that in the opening remarks that you have INR80 crores worth of orders in hand. So let's assume, not even assume, you get INR250 crores in FY25. So is there any component in your revenue which is like a recurring revenue based on some long-term contracts you have?

And that is, like, different from the order book. So order book, I'm assuming, come and serve basis. Like, come, 80 crores, you serve it and then there is a fixed recurring component also in your revenue. Is it like that or it's totally order book revenue?

Junaid Ahmed: It's totally order book revenue only. We have not spoken about the orders in the pipeline or the orders in the final stages of the closure. We've mentioned order book, which is of last week. And

these are not like, there are some contracts, as you mentioned are recurring contracts, but the quantities and the value keeps -- the volume keeps changing.

For example, the contract will remain the same. The customer will place another order, probably of a certain value in a month's time, something like that.

Prabal Jain: Okay, noted. So sir, in that case...

Junaid Ahmed: I have a one-year contract with a particular customer. Every three months, he would come and give me new quantities. That's how some contracts work, some long-term contracts.

Prabal Jain: Okay, sir. So it would be helpful, if you could disclose any future like your order intake as and when you get any significant orders, that would be helpful for us?

Junaid Ahmed: Sure.

Prabal Jain: Sir, second question would be just wanted --- yes, please go ahead.

Junaid Ahmed: No. Going forward, we have some plans. Just for competition reasons, we are trying to stick to our own numbers.

Prabal Jain: Okay, sir. Makes sense. Yes. So sir, I also wanted to understand like at the INR250 crores, you approximately did 220 from your old plant, INR220 was done from the old plant and INR30, INR35 you did from the new plant, right?

Junaid Ahmed: Approximately, yes.

Prabal Jain: Yes. So now you have 50 metric ton was in first unit. Second unit, you have 50 metric ton, which is scalable to 100 metric ton, as I inferred from the call recently. So you have a total of 150 metric ton capacity, right?

Junaid Ahmed: Correct.

Prabal Jain: So sir, when do you expect, like, based on your experience, to have 100% utilization and by which level of utilization, let us say 70%, 80%, you will start planning on maybe a new unit or something like that?

Junaid Ahmed: Any new unit takes two to three years of materialization time because today constructing and planning a new unit is not as simple as the previous year. And, in fact, being in a specific industry, you need to be very close to the raw material. So that would be the main target. So what we plan to do after two to three years, we are already in some thought process that the discussions are going on.

Having said that, the existing unit also has expansion capacity to, I mean, the peak of its production will reach only by next year. So this year we should be doing about 50 metric tons

per day. And, hopefully, by next financial year, we should be able to touch about 75 to 100 metric tons a day.

And, by then, we want to -- by next year financial year, we want to have another processing line, which will help us to grow another 30 percent from that particular plant.

Prabal Jain: Okay. So sir, just to have a clarification here, you said new unit takes two years or so, you know, worth of time to plan and something. And, you came with your IPO somewhere around October 2024. So and you raised money for the capex for the new unit. So and you commenced it, in the next 7 months, 8 months. So on one hand, you are saying it takes two years, but you commenced quite quickly. So were you planning it beforehand?

Junaid Ahmed: No. Let me explain the process. See, the land was acquired during COVID, roughly around 2018-19, we had acquired the land, I think 20, we had acquired the land. We started a little bit of ground development work, a little bit of acquisition work. I mean, we wanted to have a bigger factory.

We had a five-acre land, then we went for an eight-acre or a three-acre addition to made it an eight-acre land. And planning and approval took us some time. So in the IPO, we just raised money for the machinery. The construction was already at 70% of completion. Through our internal approval, we have funded I think close to about INR18 crores, INR20 crores we have funded from our internal approval and we've constructed in the previous year itself.

Basically, it was a work in progress. And this year, if you see our assets, they are about INR50 plus crores. So this particular factory took us about three plus years. So that, I take it as a thumb rule that if you want a very good, nice factory and with a sufficient backing capacity, you need at least two to three years for it to come out of good shape.

Prabal Jain: Okay. So I know you have been hinting a lot in the call that you have some plans which are on paper, but because it takes two to three years and by next two years, you are expecting 100% utilization of unit two. So I'm assuming on paper, like you must have started something on the expansion line. It's fine you can come back?

Junaid Ahmed: On the appropriate call, I'll update you probably in the coming days.

Prabal Jain: Yes, sure, sir. And sir my final question would be, you have mentioned that you have explained us the cost dynamics, like the way you procure from farmers and the way you sell it. You mentioned that price wise, mostly your product remains in the stable range. It's a game of volume.

And for volume, obviously, we'll keep on adding up the capacity. I wanted to understand in the next two, three, four years, how your revenue lines, like, are there any new channels or revenue sources? When is this D2C type stuff you can do? When is the branded product line? I think I heard something on that. So you can throw some light on the next two, three years, how you see

your revenue channels evolving, like any new revenue lines you have or you are planning to explore?

Junaid Ahmed:

The domestic part of it, we have already started exploring. We are in talks with -- we are trying to learn the dynamics of it. It's completely different than the export market. The revenue line, I mean, the competition for some products is really high and the margins of some products are very, very low and some products are really good.

So we are trying to choose a product which are of very good margins. And, in fact, there are some products which are already there in the domestic market, which we are not selling, we are just exporting them. So it is very easy or a channel which is already open. It's just that we are taking it step by step because we are running on full capacity and our priority is to optimize our production from the second unit.

Yes, having said that, there is a new revenue line planned and hopefully in the coming months, there should be some positive news out of it. The second part of it is intrinsically adding more products, because we are only doing about in our five product basket or six product basket, one of the products contributes to our major revenue. But there are many other products which are also preserved and exported in similar fashion.

So that is also a priority because export markets bring in us with the bottom line can be really good in export market, but when you take it domestically the margins can be sometimes really thin. So we want to have a very sustainable model upfront and then explore the domestic market with some products which have decent profit margins.

Prabal Jain:

Okay, sir, noted. Our final question, sir, would you be able to name some of your clients, some reputable clients, some retail chains around the world or maybe any local retail chains, if you have some like renowned clients?

Junaid Ahmed:

Unfortunately, over the call, I will not be able to name them, but yes...

Prabal Jain:

Yes, that's fine.

Junaid Ahmed:

I mean probably you can write to us and if you're comfortable, we'll surely dive into the industry.

Prabal Jain:

Okay, sir. Thank you. All the best..

Moderator:

Thank you. The next question is from the line of Sahil from Samdareeya Capital Ventures. Please go ahead.

Sahil:

So one small request and I don't know if it's already been discussed with your internal team. Are we planning to release some quarterly one page summaries going into FY26? Any insights on that?

- Junaid Ahmed:** That is in plan, yes. We should be able to do it from hopefully from the end of H1, we should be planning something like that.
- Sahil:** Okay, sir and from the existing unit
- Junaid Ahmed:** Carry on. Sorry I am not able to hear you clearly.
- Sahil:** I wanted to ask the second unit, which is mentioned in the presentation at 95% utilization. So has it already started operations in, I want to say, it is reflected?
- Junaid Ahmed:** Yes, it started operations in January this year.
- Sahil:** So it is already reflecting revenues in this year?
- Junaid Ahmed:** Yes.
- Sahil:** Yes. And the land that you have mentioned for the upcoming expansion, what is timeline for that?
- Junaid Ahmed:** The upcoming expansion? Okay, the current factory will take about a year to become optimized. The new plans have not diverged anything over the call. Probably in the next call, we'll have some more details.
- Sahil:** All right. Thank you.
- Moderator:** Thank you. The next question is from the line of Miten Shah, an Individual Investor. Please go ahead.
- Miten Shah:** Thanks for giving me the opportunity and congratulations on posting a good set of numbers. So my first question would be like of all the products that we have, Gherkins, Jalapenos, Baby Corns, which product gives the highest margin?
- Junaid Ahmed:** In the industry, almost all of them carry equal margin because the cost end customers also very similar. I mean, a customer buys Gherkins, buys Jalapenos, and similarly, Baby Corns. But revenue-wise, I think Baby Corns is an expensive product. And yes, sometimes it carries a better margin.
- But geography to geography, product to product, everything is variable. And we see Gherkins has consistent margins and the others are all a little more seasonal. So it depends country to country that some countries provide better margin for a particular product and some countries provide thinner margin for some products.
- So you cannot unilaterally say that this is a product with high margins. We are all in the same industry, same preservation method and same consumer also. So almost all of them are, with the same margins.

Miten Shah: Perfect. And one more thing, I mean, see, we are a 100% export-oriented company. And we just heard in the call, there are plans to tap inroads locally as well. I mean, after 10 years, why was not that thought earlier on? I mean, how big is the opportunity in India, especially for pickled Gherkins, actually? Or does the industry already exist in India?

Junaid Ahmed: Sorry?

Miten Shah: Does the industry for pickled Gherkins already exist in India?

Junaid Ahmed: Yes. See, it is almost present in your ready-to-eat segment. It is like, for example, traditionally what we buy vegetables, cut them and, use it the same day. This particular preservation method gives you a longer shelf life and it is like you get a ready-to-eat product and it is also customized. It can be chopped into small pieces at the manufacturer level itself. And there is also a lot of flavoring added to it.

If you have a globe trotter, if you have traveled or stayed in America or Europe, you will probably come back to India and consume this product. Otherwise, there is no knowledge or awareness of this product. Previous years, we were mostly sold out.

We never had an opportunity or capex or the working capital to say that, we will start in India. Because, as you know, India goes on a distributor model, the geography is large and there is separate investment required to store, produce and, there is a lot of marketing also required.

So that way, we had to focus to, have good margins, first of all, in the food industry so that we focus more on the export because it is always traditionally been the bread and butter and it has always helped exporters to sustain the business.

Going forward, we have more opportunities, we have more exposure in the market and also a lot of awareness has come in the last years after the era of COVID. So we see that there is an opportunity and we want to expand locally also.

Miten Shah: But how big is the TAM in India? I mean, what is the approximate TAM for this product?

Junaid Ahmed: So I do not have the numbers as such, but again, it is not seen as one particular product and it is seen as a ready-to-eat market. So once you enter this segment, you are entering the ready-to-eat market segment.

Miten Shah: Okay. So at India, at, you know, exporting the world's largest, I mean, 15%, who is the next, which one is the next country with exports largest after India?

Junaid Ahmed: Maybe Turkey and there is also the same product produced in Europe, USA and Russia as well at a smaller scale, because they do not have the method of contract farming and they do not have so many farmers basically. It is a laborious job.

So yes, India happens to have the major, India happens to be the major grower and you have smaller countries like, Vietnam and so, I mean, there is a little bit of production everywhere here and there and you can say Turkey is a major competitor sometime and you can also classify the local produce of Russia and USA as a competition.

Miten Shah: Yes. I mean, the only, why I ask this question is basically, like when we say, suppose, if we understand Turkey probably is the next largest contributor, is there a difference in the quality between us and other export-oriented countries?

Junaid Ahmed: We can probably say that our gherkins are the best in the world. Our exports, in fact, I am very proud to say that India exports the best quality product through its years and ages and decades. We polished our products so well that globally we are, I mean, there cannot be a, so, for example, US cannot be without China, like that you can say world over.

Indians play a very smart role and an increasing role in the goods which they export. So the quality from India is guaranteed any day that it is going to be much better than your Vietnam or your Thailand or your Turkey or your Egypt. So we also import some products from these countries and they come in a really bad condition. So eye-to-eye I can see that, any day we are the best.

Miten Shah: And how about the pricing difference?

Junaid Ahmed: We are at the best again. Probably Vietnam or Thailand may have a little bit of pricing advantage, but they cannot do the volume and they cannot do the sophistication packaging and, time they do not, they cannot stick to the time. Yes, I mean, we are a more organized exporter country than compared to these people.

Miten Shah: Correct. And what would be the typical shelf life, especially for this kind of pickles?

Junaid Ahmed: In the industrial packaging, we give about 18 months or 24 months of good shelf life, if not tampered with and stored in ambient conditions. And in the white label, sometimes it is about 24 to 36 months. If you are opening it, yes, the shelf life is only about a week or two because it becomes almost a ready-to-eat product.

Miten Shah: Perfect. So just one small question, like of all the INR251 crores of revenues that we did, were there any rejection or failure rate, basically? And how much of that would be in terms of percentage?

Junaid Ahmed: Very negligible. I cannot even have a value, it's very negligible. And mostly that is also packed and re-exported.

Miten Shah: Okay. My last question, I'm sorry, not take much time, basically, like at 10 years, in the industry and with, I guess, almost 51 competitors, as I see in the presentation, what, I mean, where is the saturation now? I mean, is the saturation achieved or we have not yet scratched the surface?

I mean, I just want to know what would, what is the time and how bigger the time could be? With already 10 years in the industry, I don't know now how, what best, after setting the second unit, I don't know what is the time that could be expected from this industry? How many more workings can we produce and export? So that is what I wanted to know. Where is that saturation, basically?

Junaid Ahmed:

Basically, out of 51, only about 15 or 20 are names which can be mentioned. The remaining are all former investor companies, which are very small. You can call them sometimes as SPOs also. They don't have capex and they don't really export the produce.

So yes, the remaining 15 people in which about, about seven or eight companies have this, in fact, the machinery to make the white label goods. The competition for white label goods is very limited or a very small circle and it can be fingered out simply.

So yes, we are an industry of about 20 good exporters and, for the industrial packaging and the industry of white labelling or the circle is small as much as maybe five or eight numbers. And we are at a very basic level at the white labelling and there's a large scope. I mean, we scaled well in the industrial packaging and there's a large scope to scale in the retail or white labelling basically.

That way the, until we reach a market share of 35%, 40% or 50%, I don't think we are seeing any headwinds. We are having more orders and we need more of production lines to worry about instead of worrying about the industry.

Miten Shah:

Correct. So at 10% market share, are we the highest or where do we stand?

Junaid Ahmed:

Second or third, I think, maybe.

Miten Shah:

No, I mean, who is the top one or top two player?

Junaid Ahmed:

One company, a very good company called Global Green. Global Green, they are pretty, I think they have two or three decades experience in the industry and they're more into white labelling than the industrial packaging.

Miten Shah:

Okay, fine. But I mean, I really appreciate and I must confess, you are one of the best entrepreneurs I've seen in recent times and really congratulate for that and feel very proud. Thanks a lot for the opportunity.

Junaid Ahmed:

Thank you so much.

Moderator:

Thank you. Ladies and gentlemen, due to time constraint, this was the last question for today's conference call. I now hand the conference over to Mr. Rajdeep Patil for closing comments.

Rajdeep Patil:

Thank you, Mr. Junaid, sir. And thank you to all the participants for being a part of today's conference call. We hope the discussion provided valuable insight into Freshara business and future roadmap.

If you have any further queries or require additional information, please feel free to reach out to us at info@akmiladvisors.com. On behalf of management and AKMIL Strategic Advisors, thank you once again for your time and participation. Have a great evening, stay safe, take care and thank you.

Moderator:

Thank you. On behalf of AKMIL Strategic Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

