



HINDUSTAN FOODS LIMITED

A Vanity Case Group Company

A Government Recognised Two Star Export House

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Date: November 19, 2025

To, The General Manager Department of Corporate Services BSE Limited Floor 25, P. J. Towers, Dalal Street, Mumbai- 400 001 Tel: (022) 2272 1233 / 34 Company Scrip Code: 519126	To, The Manager, National Stock Exchange of India Limited, Listing Department, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 070 Company Symbol: HNDFDS
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Dear Sir/Madam,

Sub: Transcript of Analyst/Investors conference call held on November 13, 2025

Ref: Pursuant to Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to our letter dated November 10, 2025 intimating you about the conference call with Analyst/Investors which was held on November 13, 2025, please find attached the transcript of the aforesaid conference call.

The above information will also be available on the website of the Company i.e. www.hindustanfoodslimited.com.

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

Thanking you,

Yours faithfully,

For **HINDUSTAN FOODS LIMITED**

Bankim Purohit
Company Secretary and Legal Head
ACS 21865

Encl: as above





“Hindustan Foods Limited
Q2 & H1 FY '26 Earnings Conference Call”
November 13, 2025

This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the website of the Company on 13th November 2025 will prevail

**MANAGEMENT: MR. SAMEER KOTHARI – MANAGING DIRECTOR –
HINDUSTAN FOODS LIMITED**

**MR. MAYANK SAMDANI – GROUP CHIEF FINANCIAL
OFFICER – HINDUSTAN FOODS LIMITED**

**MR. GANESH ARGEKAR – EXECUTIVE DIRECTOR –
HINDUSTAN FOODS LIMITED**

**MR. VIMAL SOLANKI – HEAD, CORPORATE
COMMUNICATIONS - HINDUSTAN FOODS LIMITED**

**SGA – INVESTOR RELATIONS ADVISOR – HINDUSTAN
FOODS LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the Q2 & H1 FY '26 Earnings Conference Call hosted by Hindustan Foods Limited. 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. Sameer Kothari, Managing Director from Hindustan Foods Limited. Thank you, and over to you, sir.

Sameer Kothari: Thank you, Shlok. Good morning, and welcome to our Q2 H1 FY '26 Earnings Conference Call. I'm joined on the call by Ganesh Argekar, Executive Director; Mayank Samdani, Group CFO; Vimal Solanki, Head, Corporate Communications; and SGA, our IR Advisor. I hope everyone has had a chance to go through our updated earnings presentation. I would like to take a minute to appreciate the work done by SGA in helping us revise our disclosures, which we hope will better explain our business model.

This quarter marks a defining moment in our journey. HFL crossed the INR1,000 crores quarterly revenue mark for the first time in its history. More than a financial milestone, it reflects the scale of transformation we have achieved and the acceleration with which we have grown over the last 4 years. This acceleration has led to a compounded growth of 22% in revenues, 32% in EBITDA and around 30% in PAT over this period.

This growth is a result of 4 key initiatives that we took: one, strategic diversification across product categories; second, addition of new customers; three, an aggressive M&A policy; and fourth, a sharpening of the business model to cater to the changing needs of our customers.

Allow me to quickly address each of these. In terms of the diversification across product categories, in the last 4 years, we have ventured into new categories like foods and beverages, ice creams, health care and footwear. In spite of our new entry into these categories, we have managed to build sizable businesses in each of these categories.

As far as new customers are concerned, we have managed to add new-age brands while continuing to work with the larger incumbents of the FMCG market. This diversification across customers positions us advantageously for the evolving FMCG ecosystem.

Coming to the M&A policy, we continue to adopt the string of pearls strategy and have been able to build capabilities in new areas with suitable acquisitions. We have completed more than 10 acquisitions in the last 4 years. However, we continue to be conservative in terms of our

capital allocation strategy and maintain focus on return on equity even while pursuing these high-growth opportunities.

Lastly, the commercial construct of our business model has evolved in the last 4 years, along with the changing demands of our customers. As a company, we were primarily engaged in dedicated manufacturing model. This business model assured us of consistent and fixed returns. Based on the foundation of these predictable earnings in the last 4 years, we have now increased our exposure to shared manufacturing.

This has allowed us to better serve the changing FMCG ecosystem and has also given us an opportunity to improve our returns and other performance parameters. The Q2 results are the first tangible outcome of this effort.

However, we are more optimistic about the future. As we move forward, our focus remains unchanged, disciplined execution, sharper capital allocation and relentless operational excellence. We remain committed to building on this foundation.

I will now hand over the call to Ganesh Argekar, our Executive Director, to brief you on the operational highlights.

Ganesh Argekar:

Thank you, Sameer, and good morning, everyone. I will now walk you through the operational highlights of Q2 and H1 FY '26. The first half of FY '26 has been defined by strong execution, consistent growth and steady progress across all our business verticals. Our performance reflects the growing depth of our operations, the trust of our customer partnerships and the discipline embedded in how we execute.

We have also advanced well on our growth agenda, securing new business mandates, strengthening long-term relationships and maintaining strong momentum on project delivery. Capacity additions across sites are progressing as scheduled, supported by sustained improvements in productivity and operational efficiency.

Execution on this program is progressing as planned. We have commercialized nearly INR200 crores worth of new capacity in the first half of FY '26 and another INR550 crores plus is advancing towards commissioning in the next couple of quarters. Overall, segment-wise performance has been encouraging, and we continue to invest across business verticals. I would like to highlight the initiatives taken by us in the various business verticals.

Home and Personal Care. Expansion at Hyderabad and Silvassa are on track with existing facilities operating at healthy utilization levels. The Board has authorized INR120 crores in

greenfield and brownfield projects for the Home and Personal Care division, Ice Cream. Existing capex of INR300 crores are on track for Panipat, Sandila and Nashik locations.

Working on a backward integration strategy in this vertical, we have recently announced the acquisition of the cone manufacturing plant. Along with the sticks plant, this acquisition will open us a large part of our ice cream value chain for us to compete in.

The Nashik factory has stabilized production in its first operational season and Sandila continues to manufacture at optimum capacity across all ice cream formats. Foods & Beverages. The Board has authorized a further investment of INR80 crores for expansion in the Foods and Beverages division. This is in categories like flavored yogurt, bottled water. The merger of existing soups and seasoning facility is expected to be completed in Q4 FY '26.

Healthcare. Existing capex of INR30 crores is progressing well at Baddi and will be completed within the time lines as committed. We are cautiously optimistic about certain new projects in wellness and skin care categories, which will further unlock operating leverage in this division.

And finally, the Shoes. The Shoes division delivered its highest ever quarterly revenue of INR133 crores and is positioned to sustain this momentum in the second half. Both our North and South units are now stabilized and have significantly ramped up production.

In a sense, the first half demonstrates balance and growth supported by operational strength and financial prudence. As we move forward, our focus remains on scaling newer categories, driving productivity and pursuing opportunities that reinforce long-term value creation.

With this, I will now hand over the call to Mayank Samdani, our Group CFO, to take you through the financial results for the quarter, half year ended 30th September 2025. Thank you.

Mayank Samdani:

Thank you, Ganesh, and good morning to all. I will now run you through the financial performance for Q2 and H1 FY '26. For the first half, the total income stood at INR2,041 crores, representing a 16% year-on-year growth. EBITDA grew at 17% to INR173 crores. Profit before tax rose 31% to INR89 crores and profit after tax increased 33% to INR67 crores.

These results reflect sustained operational efficiency and improved cost management across all our businesses. For the second quarter, the total income rose 18% year-on-year to INR1,043 crores. EBITDA increased 24% to INR90 crores. PBT was up 49% to INR47 crores, and the PAT grew 54% to INR35 crores.

The profit expansion during the quarter was driven by the better utilization of capacity, operating leverage and continuous focus on execution excellence. Our balance sheet remains strong. As

on September 30, 2025, cash and cash equivalents stood at INR162 crores and net debt to equity was at comfortable level of 0.67.

Net cash flow from operations rose to nearly 50% from last year to approximately INR109 crores, reflecting healthy internal accruals and disciplined working capital management, which was achieved through better control over supply chain and stabilization of our shoe business.

With the robust financial position and adequate liquidity, the company is fully equipped to fund the planned INR550 crores of capex through the mix of internal accruals and prudent debt. In summary, the first half of FY '26 has delivered balanced growth, steady revenue expansion, strong profitability and a healthy balance sheet. We remain confident in sustaining this momentum while maintaining our financial discipline and focus on long-term value creation.

With this, I would like to open the floor for questions.

Moderator:

Thank you so much. We'll now begin with the question and answer session. The first question comes from the line of Akhil Parekh from B&K Securities.

Akhil Parekh:

Many congratulations to the entire team of Hindustan Foods for another quarter of sharp execution. And as Sameer already highlighted, good to see the final details about the business in the presentation. So I have 3 broad questions. First is we have laid out a road map of FY '26 in terms of the capacity addition.

But Sameer, if you were to stretch slightly for a longer time frame, say, for next 2, 3 years, how should one look at Hindustan Foods across, say, 3, 4 key vectors basically in terms of categories, whether there will be further scale up or extension.

With that, how the growth rates can pan out and with the growth rates, how the return ratios and cash flow generation would look like, say, over a span of, say, next 2 to 3 years' time frame? That's my first question.

Sameer Kothari:

Akhil, so I think this is a much bigger question. And while we are working on it, and we'll come back with a definite plan maybe early next year, let me just address a very it at a very brief view. What we've tried to do is that we've highlighted our business in terms of the 5 different business categories that we are in.

If you look at any of those single business categories, the total potential in terms of the business is extremely large. And that's what the idea is that in terms of even the disclosure that you were referring to and what I talked about earlier, we wanted to emphasize that across all of these business categories, we continue to invest money.

There's one particular slide in the presentation, which talks about the -- how the capital allocation is being done across these business verticals because we believe that all of these business verticals have the potential for us to grow manifold times from where we are today.

Now giving exact details of where we want to be in the next couple of years may not be appropriate and right for us to do it at this stage. But like I promised earlier, we definitely will come back early next year with some kind of a statement on that.

Akhil Parekh:

So just to pause on this point. So not the scale, but is it fair to assume that we can continue to grow our top line at say, 20% to 25% compounding with the categories which we are operating at right now for, say, at least next unforeseeable future?

Sameer Kothari:

So that's the endeavour. And if you look at the categories that we are in, we believe that irrespective of whatever happens in the macro environment in terms of slowdown, etc., I think we should be shielded from it. And we should be able to deliver at a company level the kind of numbers that we are aiming for, yes.

Akhil Parekh:

Okay. Great. That's good to hear. And just highlighting on the return ratios and cash flow, maybe Mayank can also chip in and add how should one look at it, right? I mean we have already seen over the last 2 quarters, the share of shared manufacturing in terms of EBITDA has gone up now, like 27% sales as well as EBITDA is coming from shared. So the expectation is the return ratio, the ROE and ROCE profile of the business should improve further from here on, right, for the next 2, 3 years. That understanding is correct, I believe, right?

Mayank Samdani:

So Akhil, your understanding is correct. But I will put a caution to this that as we move towards the more shared manufacturing, it is the operating leverage is entirely upon us. As we have seen last year in the shoes business, we have suffered some losses in it. .

And also today, the cash is in bank, so our return ratios is looking a little down. But as we go forward and invest these monies into the asset, which will give returns, the return ratios will come as per our expectation.

And as we ramp up these businesses, the return ratios will also be in the higher degrees. So yes, you are correct that the return ratios will continue to grow and look better from what they are today.

Akhil Parekh:

Sure. And my second question is on the sports shoe business, and we have given the quarterly run rate now of INR133 crores, which we did in second quarter, operating this business for the last 6 quarters. Is it -- are we comfortable now in this business in terms of supply chain management, working capital, etc.?

And I believe this business will turn positive or has turned PAT positive this year, basically FY '26 and the return ratios are expected to be better than the company average. That's my second question.

Sameer Kothari:

So I'll address the question in terms of the potential of the shoe business, and then Mayank can probably answer specific questions about PAT, etc. But you're absolutely right. We've been working on this for the last 6 quarters. And finally, we managed to get a grip on the entire business.

The integration is done, which is why we hit our highest ever turnover last quarter. We continue and given the confusion that we managed to cause in our last investor call, we've kind of clarified that for H2 as well, we'll be able to maintain the same kind of momentum in this business.

We continue to be extremely confident and optimistic about this business, not only in terms of what we are currently doing, but also in terms of growth and which is why if you look at the capex, capital allocation, we continue to allocate capital to this business because we are confident that we'll be able to grow this further. Coming to the specifics about the numbers.

Mayank Samdani:

Sport shoe business, as I have answered in the earlier that it was in loss last year. We have managed to stabilize this business and the business is PAT positive now. And as we optimize and stabilize this business further and optimize the capacities further, we believe that the PAT percentage will be better than our current businesses, which we are delivering in very near future term.

Akhil Parekh:

Sure. My third and last question before I get back in queue. On the ice cream backward integration, right, we have invested INR30-odd crores in capacity for 1 million cones per day. we have a number like what kind of sales that particular business was doing when we acquired it? Or what is -- if we were to sell the cones, what would happen to the potential? Or if you can highlight at what valuation we got this particular plant basically?

And second is the backward integration through the stick manufacturing as well. What kind of benefits we should expect in terms of the margin profile basically or working capital improvement are expected because of these 2 investments? That's my last question.

Sameer Kothari:

So the cones manufacturing business, Akhil, should be able to generate about INR50-odd crores of turnover. And the sticks is a lower value item, should generate about INR10 crores odd of revenues, both put together, giving about INR60-odd crores I think more than the significance of that INR60 crores, I think what is more important is that this is a step in terms of backward integration.

It's a step in terms of changing our business model, what I kind of referred in our opening remarks as well. This is a vendor relationship as opposed to what we've been comfortable, which is the dedicated manufacturing or the contract manufacturing. This is a vendor relationship where we will be responsible for gross margins, for net margins, etc. We will have the operating leverage benefits working in our favor as we ramp up capacity, etc.

So I think more than the number of INR60 crores, I think what's more important is that from the nature of the business perspective, it's symbolic of what we are trying to do. The shift from dedicated manufacturing to these kind of business models is what I would urge your attention to.

Moderator: The next question comes from the line of Abhishek Mathur from Systematix Group.

Abhishek Mathur: I wanted to check, we have already achieved a gross block of -- or we would be achieving a gross block of INR2,000 crores by the end of FY '26 as indicated in the presentation. We had earlier guided for an INR2,000 crores gross block by FY '27. I think we are ahead of schedule on that.

So with that now being the case, what is the visibility that you will give on the FY '27 capex and gross block addition? I think out of the INR550 crores to INR570 crores indicated in the second half, I think only about INR40 crores which is indicated in the SMB capex would spill over into FY '27. Beyond that, what can we expect for FY '27 in terms of capex addition? That's my first question.

Sameer Kothari: So Abhishek, I am not in a position to give you tangible numbers right now. There's a bunch of things happening in the pipeline, which we will come out with disclosures as and when we can. And these initiatives in the pipeline include both organic as well as inorganic opportunities.

Especially after the GST rationalization, we expect that the growth impetus at least for the various verticals that we are in, should be higher. Let us come back to you with specifics as and when we can. In terms of overall figure, we continue to be looking at similar kind of growth, something that we answered when Akhil was asking a similar question that our endeavor would be to continue to grow at a similar rate that we have in the last 3 to 4 years.

Abhishek Mathur: Right, Sir. Just a follow-up. Is it fair to assume that of the fresh capex as indicated in the presentation, only about INR40 crores is the one which is spilling over into FY '27 in the F&B business?

Sameer Kothari: So Abhishek, we've announced an acquisition in HPC. We've announced some greenfield projects as well. The time lines of some of these projects would be beyond our control would be

in terms of closing agreements with the seller, would be in terms of getting requisite government permissions, etc.

So I would say difficult to exactly slice it and say that by 31st March, all of this will happen and all of this will not happen, give us some time and maybe in the investor call of the next quarter, we'll be able to come up with a better time line.

Abhishek Mathur:

Sure, Sameer. And secondly, so I had asked this question maybe a couple of calls, I just wanted to get an update on that. On the shoe business, what is the sort of feedback that you're getting from clients in terms of the quality and finishing, etc., of the shoes manufactured? Is it as per their expectations? Or is there still some ways to go as far as these parameters are concerned?

Sameer Kothari:

So Abhishek, you would recollect that we acquired this facility in the north, especially because of the skill set that they had and the ability to deliver quality product. This factory incidentally has been manufacturing shoes for all of these multinational companies for more than 20 years.

From a quality and a production perspective, while we did have issues in terms of supply chain and in terms of timely deliveries, from a quality perspective that's never been an issue. In terms of our South unit, which we set up new, there was a steep learning curve.

And I'm happy to inform that even from that perspective, we have now been in this quarter, even the South factory has been able to stabilize both in terms of quality as well as in terms of production. So from that perspective, I don't see any major issues on that front.

Abhishek Mathur:

Great, Sameer. And finally, any quantification of where we could land up as far as the shoe business PAT is concerned for FY '26? We've just turned PAT positive, maybe an INR10 crores to INR20 crores kind of a number. Any quantification you can give?

Sameer Kothari:

Abhishek, difficult to do that at this stage. But I can tell you that our target is that this business should deliver close to 5% PAT once we reach our optimum levels. So let's just say that we are working towards it, and it should happen sooner than later.

Moderator:

The next question comes from the line of Bhavya Nahar from Tamohara Investment Managers.

Bhavya Nahar:

Congratulations on the good result. My first question is that so shared capacity as a percentage has been steadily increasing. So is there an internal limit that the company maintains on shared versus dedicated capacity? And how do you weave this balance going forward?

Sameer Kothari:

So Bhavya, I mean, I'm just being anal about it, but the fact that it has been increasing is by design and not by default. We've taken a lot of efforts to ensure that the nature of the business

changes. If you look at the overall nature of business, while it is significant, we still see a lot of growth coming in.

It's difficult to set up a limit in terms of what we will be doing because a part of this is also a response to the changing ecosystem in the FMCG market, right, whether it is new brands coming in, whether it is the ask of our existing customers, whether it is the growing importance of the platforms and the distribution people.

So from that perspective, I think it would be difficult for us to tell you that this is a red line which we won't cross in terms of dedicated versus shared. It's something that we're very cognizant about. It's something that we worked hard about.

And actually, we look at it in a very positive way that the higher percentage of shared manufacturing that we've been able to garner allows us to unlock the operating leverage in various factories, which we, at some point of time, hope will better our return ratios as well.

Bhavya Nahar:

Got it. And secondly, could you elaborate on the company's outlook for the OTC Healthcare segment? Like what sort of growth do we see there in the future? And what sort of products maybe?

Sameer Kothari:

So the OTC Pharma, a vertical of ours actually has done well, though it's not visible in terms of our financials, etc., because the industry as such is a very long gestation industry. So while we've signed on a couple of new customers, by the time we actually start delivering the products to them after having completed their validation trials, etc., is a gap of nearly 6 to 8 months in one case.

And in case of multinational companies, it's nearly about 1 year, 1.5 years. From a perspective of both our sites, which is the one in South as well as the one in North, we are reasonably confident of having fully utilized the capacity which is available at both of those sites. That's -- yes, that's what I can say right now.

Moderator:

The next question is from the line of Mayur Parkeria from Wealth Managers India Private Limited.

Mayur Parkeria:

So congratulations to the entire team for a good set of numbers. After a reasonably long period of time, we are seeing operating leverage to kick in. So with that, I have a couple of clarifications to ask and then a little top of the slightly broader question to ask.

So the first thing is just a clarification. The capex summary slide, which we have where we have given the outlook for INR2,000 crores, there we start with March '25 numbers as INR1,220 crores and we have written a note, you can exclude the CWIP and intangibles in this. But if we

look at the actual audited numbers, the gross block is INR1,550 crores and net block is INR1,000 crores. Intangibles are only INR8 crores. CWIP is anyway separate than INR1,500 crores. So what is this INR1,220 crores number which we are having this? I just wanted some clarification on that.

Mayank Samdani: So there is the ROU, right-to-use asset of around INR60 crores, INR70 crores in this. There is a CWIP, which is there, right? And then there is an interest.

Mayur Parkeria: It does not include. It says it does not include that.

Mayank Samdani: INR1,220 crores does not include any of it. It is just the commercialized capex.

Mayur Parkeria: Correct. So INR1,550 crores is the gross block of March '25, which includes everything. Okay. So how much we need to ROU, CWIP is excluding that, INR1,550 crores plus CWIP was INR100 and odd INR50 crores, which is excluding that. So I'm not counting CWIP INR1,550 crores?

Mayank Samdani: No, when we -- in the first slide, when you look at INR1,550 crores, we have written that it includes CWIP also.

Mayur Parkeria: Okay. I was referring to the audited balance sheet number. So there, the gross block of INR1,550 crores does not include -- so Okay. I'll recheck, but there is INR120 crores of CWIP?

Mayank Samdani: We will separately do that, and I will give you the reconciliation of this, yes.

Mayur Parkeria: Okay. Because there's a huge INR300 crore difference, which I'm unable to understand and reconcile the starting point...

Mayank Samdani: You are talking about the March '25 number, right?

Mayur Parkeria: Yes, yes. Yes, yes. Yes, yes. Because March '25, we are starting with INR1,220 crores. March '25 gross block, which excludes CWIP, our intangibles are barely INR8 crores. Now if you say ROU are INR65 crores, INR70 crores?

Mayank Samdani: There is some accounting adjustment which we need to do where we take over some of the -- when we take over some of the assets or some of the businesses, we have to take the gross block of that time, not our paid-up value for that business. So I'll give you the reconciliation, don't worry.

Mayur Parkeria: Because everything for us, the discussion is moving around INR2,000 crores, which has a base of INR1,220 and that number becomes important to understand, there is a huge INR300 crores...

Mayank Samdani:

Don't worry. We will give you the reconciliation

Mayur Parkeria:

Okay. Okay. So that was one. Secondly, we -- as somebody -- one more participant also tried to ask is we had a target of INR1,800 crores on this same INR2,000 crores like-to-like for March '26, and then we had INR2,000 crores for March '27. You have given the breakup of the -- wherever you are planning to spend. But a slightly broader level, what led to this INR200 crores kind of rise at a capex increment, if you can just throw some light?

And because we will be spending INR700 crores, including acquisitions, I understand, INR770 crores in this year, next year, it definitely gives us a slightly -- from a cash flow perspective, and I'll ask that question separately, but INR770 crores, then it gives us just a number -- just a thought what can it be the number because we are on an aggressive capex plan.

But if we look at our sales growth, even a good number in this quarter is 17%, 16% growth. We are still not clocking our aspirations of 25% kind of numbers. So on one side, the capex intensity continues to rise. On the other side, the sales growth still lags our own aspiration. So can you help us reconcile both sides of the -- one is the capex side and the other is the sales side growth?

Sameer Kothari:

Sure. Mayur, I mean, first of all, I'm assuming it's a good thing that we are doing more capex than what we had projected and a little earlier. The reason we are doing it earlier is because we've signed on 2 acquisitions. The cone manufacturing facility that we acquired just -- we announced the acquisition about a week ago, that's about around INR30-odd crores.

And in addition to that, we've -- in this quarter -- in this investor presentation, we've announced another acquisition, which is a facility in Home & Personal Care, which is another INR40-odd crores.

What we have announced also in this quarter is that we've signed 2 more contracts in the Food & Beverages segment, one in flavoured yogurt segment and the other in bottled water segment. So from that perspective, this -- and this will continue to be the way that we grow.

So from that perspective, while we will give guidance, we certainly hope that this guidance will get beaten. We will continue to look at M&A. We will continue to look at any kind of opportunities that come our way, especially with the changes that have happened in terms of GST, in terms of the income tax cut, reduction of interest. And the falling inflation, we believe that this growth should get accelerated, if anything else.

Now coming to the sales perspective, we've explained this before, and I'd like to take a minute to explain this again. In our case, some of our contracts would be on job work basis, which

means that the raw material and the packing material will not flow into the top line. However, the bottom line would reflect the entire sweating of the assets.

So if you look at an asset turn for a project or for a contract where there is only job work income being booked, this would not be the same as where raw material and packing materials are being built into our books.

So in quite a few of these cases, especially when we are dealing with multinational beverage companies as well as some of the ice cream guys, the nature of the contract is that they supply us with the raw material packing material, and we earn what is in our terminology called conversion costs, which is why our growth in sales may trail the growth in capex.

However, our PAT, our EBITDA will always be in sync with the growth in capex, subject to the time lag in terms of commissioning of those assets. Does that answer your question, Mayur?

Mayur Parkeria: Yes. I understand that -- so only thing is, given the longevity of time now, we were hoping for numbers to start talking the same directional. I understand and it's a business and -- but does that -- the numbers still lag reasonably well behind our own estimate. That's the only thing I wish the numbers would do a little bit more of this directional statement. So I understand that. You have our support, but that's the part I was looking for.

Sameer Kothari: At the expense of antagonizing the other people in the queue, let's address that in detail.

Mayur Parkeria: yes.

Sameer Kothari: I'm very curious to -- so let's look at what numbers you're talking about. If you're looking at the PAT number, the PAT number has grown at more than...

Mayur Parkeria: No, no. no, no, the top line growth of 20%, 25% -- and given the fact that our understanding -- so if we remove the -- again, pardon me for a slightly detailed description here, other participants also. But just a little more under, if we remove the Home and Personal Care, historically, we have seen good capital returns and the margins were in the region of 6%, 7%. We used to have that ROCE, which is in place.

Now with ice cream, shoes, beverages increasing, you may reiterate the kind of capital returns which we can see and the margin, which will help us to get more clarity. But the timing of those growth, which can come in is something which needs a little more clarity and visibility before I think we harp on the next leg of the aggressive because if the sales growth continues to be in teens or less than 20%, but our capex continues to be this high, that's the -- directionally, we understand the business.

And I'm not denying that there are contracts which will have different ways and the margins will get booked. But the top line growth continues to significantly trail our understanding and the capex, which has happened and the visibility of capex, which is there?

Sameer Kothari:

Top line growth will also be affected, like I said, by the nature of the contract. It would be affected by the deflation in commodities, especially in case of some of the agricultural commodities, which has seen a deflation of nearly 20-odd percent in the last year or so. If you read today's headline numbers, which says that the inflation for the country has come down to 0.25% on the back of food prices, etc.

So I would urge you not to get too fussed about the top line number. As I said, our EBITDA number as well as our PAT number should grow in sync with the capex. And given the changing nature of the business in terms of shared manufacturing, etc., we are hoping that, that should grow even faster because of the operating leverage and unlocking of the efficiencies in case of our shared manufacturing. That's, I think, the bottom line.

Mayur Parkeria:

Okay. Small 2 questions, just clarity again, and that's my last -- on the shoe business, can we say now that we are well behind the headwinds in terms of our understanding, the way the business is catching up and the issues which were there. Are we firmly behind it and there are no -- there won't be any further hiccups as far as the growth or the margins on the shoe side is concerned? That is one.

And secondly, on the second side, if my understanding is right, we are now on a run rate of INR4,000 crores top line. If we say 8.2%, 8.3% EBITDA, that still gives us around INR350 crores of EBITDA. And we will adjust that for working capital needs. In the opening remarks, you mentioned that the incremental capex will be all taken internally accruals. But if we have excess to INR300 crores, INR350 crores, how do we go ahead in the next year? Some colour on that and the shoe business? That will be all from my side, and thank you.

Sameer Kothari:

Sure. So let me address the shoe business part, and then Mayank can probably walk you through the cash flows, etc. As far as the shoe business is concerned, yes, we are -- the worst, as you put in, is definitely behind us. I think it has been a steep learning curve, both in terms of supply chain management as well as ramping up of the new capacities, etc.

However, we continue to be very, very optimistic and enthusiastic in terms of growth, which means we continue to allocate capital to grow this business. Like is the nature of this business, any new facility will have its own ramping up curve. But at least for the existing facilities, which is the one in the North and the South, we are definitely seeing that the worst is behind us.

Mayur Parkeria:

Great to hear that.

Sameer Kothari: In terms of the cash flows...

Mayank Samdani: So Mayur, in the opening remarks, we have told that the funding of these capex will be through internal accruals and prudent debt. So as we have mentioned in earlier calls also that we are okay to take or the Board has approved to take the 1:1 debt equity ratio. So we will certainly leverage this internal accruals to the prudent debt, which can go up to 1:1 here.

Mayur Parkeria: Okay. Okay. So on INR1,000 crores net worth, we are -- this we could exclude the lease liabilities as well. So we are almost there, right? So you mean to say incremental profit and incremental borrowings can happen to that extent. Is that understanding right?

Sameer Kothari: Currently, we are at 0.67 in terms of our debt-equity ratio from a net debt perspective. So if you look at taking that up to about 1:1, you're talking about around INR400 crores right there. In addition to that, we have been able to generate cash flow from operations of about INR100-odd crores in the first half itself.

Assuming that we maintain the same run rate, that's about INR200 crores in a year, hopefully the second half, like Ganesh was referring earlier, should be better than the first half, in which case, if you're talking about INR200 crores, INR225 crores of internal accruals in terms of cash generation plus the headroom in terms of debt, that's what Mayank was referring to.

Moderator: The next question comes from the line of Ankit Dharamshi from RNM Capital Trust.

Sameer Kothari: We seem to have lost Ankit.

Moderator: Yes, we have disconnected Ankit. So next question comes from the line of Sanjay Mahajan from Wealthwise Capital.

Sanjay Mahajan: Congratulations on good set of numbers. I have a question which segment we are going to benefit because of the GST rationalization. That's my first question. And from the capacity utilization perspective, where do we stand now? And the third is, by when do we see the ice cream facility capex going live?

Sameer Kothari: So the GST should benefit most of the business verticals that we are in; 2 verticals, which we are very keenly awaiting the entire fallout of the GST changes. One is in ice creams, where we believe that the fall in the GST should really change the consumption and increase the consumption as far as ice creams is concerned.

And the second thing that we mentioned even in our previous call is on bottled beverages and bottled water specifically. Bottled water, the GST has been brought down to a situation where

we believe that a lot of the unorganized players will now face competition from the organized players.

And since we deal with the larger organized players, we believe that we should be able to unlock some growth in that category as well. In addition to that, there has been GST changes in a lot of other of our FMCG products as well. As time goes by, I'm sure that should play and trickle down to us across all of those categories.

In terms of the ramping up of the ice cream -- sorry, Sanjay?

Sanjay Mahajan: Please go ahead.

Sameer Kothari: In terms of -- in terms of the ice cream facilities is concerned, like Ganesh mentioned earlier, the Sandila facility is working at its full capacity. Nashik started production in the previous quarter. We are gradually ramping it up, and we should be at full capacity by -- in time for the season, which is Q3 end and Q4 beginning and the whole of Q4 for that matter.

In terms of the Panipat facility, which is the new facility, we expect to start commercial production by Q4 of this financial year, assuming that it will take a couple of months for ramping up. I think the capacity will be fully ramped up by Q1 of next financial year.

Sanjay Mahajan: So out of 353, which is pending CWIP, how much do you see we'll be able to start utilizing and utilize in this season. So we'll be able to capture and sweat the asset for this season, Q4 of FY '26?

Sameer Kothari: Sanjay, we obviously will start production across all of them. The sweating part is the question because as you can imagine, setting up a factory with an investment of about INR250 crores, hiring about 500 people to work in that factory entails some amount of ramp-up. While all of these assets will get commercialized, the ramping up is what we said will happen as far as Panipat is concerned between Q4 and Q1.

Sanjay Mahajan: Okay. And I just heard the previous analyst and help me understand if I'm correct, the right way to look at our business is not from the sales metric, it would be better to look at the EBITDA number and the growth in the EBITDA number because a lot of the way our businesses are there without raw material and with raw material can skew the sales number and will make it difficult for us to have a right picture on the business. Am I correct on it?

Sameer Kothari: Absolutely, Sanjay. And that's the reason, thanks to the SGA team, we've started giving out more disclosures in terms of even the sales within dedicated share versus the EBITDA in dedicated share and the PAT numbers. So yes, you're absolutely right. And if I may, I think any business should be evaluated only on the basis of PAT and not on anything else.

Sanjay Mahajan:

Okay. And is it fair to understand that a lot of business dynamic has fallen in our benefit with emergence or the growth in the quick commerce because obviously that's probably prevailing our confidence and the numbers with a lot of players would be liking to use our expertise and grow the business.

This question might sound slightly lean because the way I see the margin -- operating margins to stay intact in our case and the way we are trying to ramp up our capacities and the way the numbers are flowing in, it really gives a lot of conviction and hope in the business.

But what the market -- the way market is evaluating our business or valuating our business since 2021, the investment community doesn't seem to have understood, am I missing out any picture? That's point one. And point two for this is, again, is there any other global businesses that we can look at and try to understand where the pug is moving for us?

Sameer Kothari:

Sanjay, at some point of time, people are going to think that we paid you to ask this question.

Sanjay Mahajan:

No. But it's pretty baffling because since 2021 to '25...

Sameer Kothari:

We completely understand your question. So let me address 2 points, right? Obviously, the market valuation is something that I can't address and the understanding of the market, I can't address. What we can do is improve our disclosures. What we can do is better explain our business model. We started that journey with our investor presentation this quarter, and we expect to do that further, and that's how we will address that problem.

The part about quick commerce and the part about the changing ecosystem is absolutely bang on. I think the FMCG ecosystem is evolving. I think in the next few years, we will see major changes in terms of market players, in terms of brand shares, etc. And we, at our end, are trying to ensure that we have an equal share or an equal footing in all of these new developments.

So if you see our changes, and I referred to that in our opening remarks as well, -- we've managed to get our foot in the door with the newer brands. We are increasing our wallet share with the traditional and the legacy incumbents. We are working with the channel players, etc.

And not only that, we are also trying to allocate capital to segments within FMCG where we see there will be greater amount of growth. Even the disparity between, let's say, urban consumption or the consumption between Gen Z and the rest, we are trying to ensure that our exposure is across all these categories. So from that perspective, we think we have a good runway ahead of us, Sanjay.

Sanjay Mahajan: Okay. And last, just the question I asked is, are there any global players that we actually -- our business model is comparable to them or we aspire and look forward to those competitors and try to get some clarity for the investment community to understand our business model better?

Sameer Kothari: Sanjay, you would have to look at global peers in comparison to our BUs now. And that's the idea why we've also started looking at our business in separate verticals. There are players who are contract manufacturers in beverages. There are players globally who are contract manufacturers for the shoe business.

They are very, very large players, obviously, in OTC pharma, in HPC and foods. So from that perspective, now that we have taken some steps in terms of evaluating our performance internally across these BUs, I think over a period of time, we should be able to get to a situation where the investor community can also evaluate us within those verticals against global benchmarks.

Moderator: The next question comes from the line of Chetan, an Individual Investor.

Chetan: I have a quick question. Any revenue guidance for next 2 years and margin guidance as well?

Sameer Kothari: Chetan, we cannot give revenue guidance or margin guidance. We've given some amount of guidance in terms of our gross blocks. We've given some amount of guidance in terms of what we are doing as far as the business is concerned. Beyond that, it would be difficult to give any more specific numbers.

Moderator: The next question comes from the line of Ankit Dharamshi from RNM Capital Trust.

Ankit Dharamshi: So my question is on the shoe business. I think you have kind of explained everything in very detail. Just 2 follow-up questions. Given the assessment that we have been maintaining and the way we are looking to -- and our gross block for shoe business is 140. With a similar run rate, is it fair that we will be able to double the revenue in FY '27 or we will require the ramp-ups as guided earlier that we need to double our workforce from 5,000 to, say, 10,000 on that?

And secondly, the earlier participant had asked about the market perception. I had the similar query with the company now diversifying into these new categories, particularly footwear. Are we considering some kind of a rebranding exercise to move beyond Hindustan Foods and I mean our ability to reflect better the entire broader business portfolio? Yes.

Sameer Kothari: Okay. Ankit, I'm sorry, I wasn't very clear on the first part of the question. Can you just repeat that for me?

Ankit Dharamshi:

Yes. So I was saying since for ice cream business, the gross block that we are looking to end is INR140 crores, right? -- right? Yes, shoe business, shoe business, sorry. And the kind of asset turn that we have been maintaining until now; with the similar asset turn, I think we should be able to double revenue in FY '27 for the shoe business.

But then it also requires additional workforce to be ramped up, right? Is it fair to assume that we will be able to scale up that or the asset turn will be muted and not matching the current asset turn that we have been maintaining for shoe business?

Sameer Kothari:

Okay. Okay. Now I understand. So Ankit, you are absolutely right. In case of the shoe business, asset turns -- I mean, the overall business has to do a lot with labor. Any kind of increase that we do in terms of turnover, whether we do it through the capex or not, we would have to increase our labor component.

The capex that we have indicated, which we are increasing is a combination of new capacity and also debottlenecking of our existing capacities. That debottlenecking of our existing capacities is leading to the improvement in the margin of our shoe business that we talked about that we are hoping that sooner rather than later, we'll be able to get to a better leverage -- operating leverage in the shoe business. But your point is absolutely right that in terms of hiring new people, any increase in terms of capacity would require new people.

Ankit Dharamshi:

So FY '27, we will not be able to double the revenue, I mean the revenue that we have been generating right now, right? Is it possible to double?

Sameer Kothari:

I cannot give you an exact number in terms of what we will be able to do in FY '27 as far as the shoes is concerned. I can just structurally guide you, which is that beyond the debottlenecking and beyond the improving the efficiencies of the existing factory, if we set up new factories or we set up new capacities, we would require new people, we would require to train them and we would require to do the same ramp-up exercise that we did in the South factories.

Ankit Dharamshi:

Got it. And my second question again was that since now we have diversified into the categories like footwear, right? So as a company, are we considering some rebranding exercise so that our identity reflects better overall the broader business that we are having now?

Sameer Kothari:

Ankit, the rebranding exercise, I'll let the Head of Corporate Communications answer this.

Vimal Solanki:

Ankit, this is Vimal Solanki. We've actually discussed this a few times, but the kind of name that we have, which is Hindustan Foods, it's difficult to get a name like this in current times. For now, we will stay with Hindustan Foods. Everybody is in love with that.

Moderator:

Does that answer your question, Mr. Ankit?

Ankit Dharamshi:

Yes.

Moderator:

In the interest of time, we will take this as the last question. I now hand the conference over to Vimal Solanki, Head, Corporate Communications and Emerging Business of Hindustan Foods Limited for closing comments. Over to you, sir.

Vimal Solanki:

Thank you, Shlok. So the first half has reinforced the strength and balance of our operating model, which is consistent execution, disciplined cost management and a sharper capital allocation. Our financial position remains strong, supported by healthy cash flows and prudent leverage, giving us flexibility to pursue growth and focus and intent.

Diversification across categories and customers continues to anchor our resilience, helping us sustain momentum despite near-term fluctuations. We are also deepening our sustainability agenda, so transitioning fully to green power through a group captive solar source, introducing Bio Briquettes boilers and adopting recycled packaging plastic packaging.

Each step strengthens our commitment to responsible growth. As we move forward, our priorities remain clear: scale new growth engines, strengthen existing operations and embed sustainability across everything we do. Hindustan Foods today stands more agile, future-ready and purpose-driven, continuing to create enduring value for all our stakeholders.

Thank you for your continued trust and partnership. We look forward to keeping this momentum and your smiles intact next quarter too. Should you require any further information, please feel free to reach out to us or connect with SGA, that is Strategic Growth Advisors, our IR partners. Thank you so much.

Moderator:

Thank you. On behalf of Hindustan Foods Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.