HINDUSTAN FOODS LIMITED

A Vanity Case Group Company
A Government Recognised Two Star Export House
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Date: August 11, 2026

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

Dear Sir/Madam,

Sub: Transcript of Analyst/Investors conference call held on August 5, 2026

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

With reference to our letter dated July 29, 2026 intimating you about the conference call with Analyst/Investors which was held on August 5, 2026, 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**

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VANITYCASE
INTEGRITY INITIATIVE INNOVATION

"Hindustan Foods Limited

Q1 FY '27 Earnings Conference Call"

August 05, 2026

This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the website of the Company on 05th August 2026 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 OF CORPORATE COMMUNICATIONS

SGA – INVESTOR RELATIONS ADVISOR – HINDUSTAN FOODS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Hindustan Foods Limited Q1 FY '27 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to 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. Good morning, and welcome to our Q1 FY '27 Earnings Conference Call. Joining me on today's call are Ganesh Argekar, Executive Director; Mayank Samdani, Group CFO; Vimal Solanki, Head, Corporate Communications; and SGA, our Investor Relations Advisor. I trust all of you have had an opportunity to review our earnings presentation, which has been uploaded on the stock exchanges and our company website. We are quite pleased with the performance of the company in this quarter.

In spite of the headwinds in terms of the macro environment, especially around the elevated inflationary pressures and the geopolitical risks, the quarter's performance is a vindication that the long-term opportunity for FMCG contract manufacturing in India remains compelling. Increased outsourcing by consumer brands, rising consumption, premiumization and the growing preference for asset-light manufacturing continues to expand the addressable market for HFL.

Coming to the financial performance, we have started FY '27 on a strong note. While our footwear business faced temporary cost pressures during the quarter due to higher raw material prices arising from the Middle East crisis and the implementation of the revised wage rates, the underlying performance across our other businesses remained robust.

Leveraging the strength of our diversified manufacturing platform, we delivered our highest ever quarterly PAT with a growth of nearly 1/3, 33% over last year. Reflecting the continued confidence of our customers and the robust demand outlook across our businesses, we have already signed on various projects totaling to around INR340 crores in this financial year.

Including these investments and the projects already under implementation, we expect to commercialize manufacturing capacities exceeding INR500 crores during FY '27. Additionally, we continue to engage with our customers for various new projects, which gives us the confidence not only to reaffirm our FY '27 PAT guidance of INR200 crores to INR220 crores, but also makes us optimistic about sustaining this growth in FY '28 and beyond.

With that, I would like to hand over the call to Ganesh, who will take you through the operational highlights of the quarter.

Ganesh Argekar: Thank you, Sameer. I will now take you through the operational highlights for the first quarter of FY '27. We have started the year on a strong operational footing with healthy execution across our manufacturing networks and encouraging progress across all our business segments. The capacities commissioned over the past few quarters continue to ramp up well, while our team remains focused on improving operational efficiencies, onboarding new customers and strengthening existing customer relationships.

Our Home and Personal Care business remains at maximum capacity, supported by consistent demand and efficient manufacturing operations. We are seeing some traction in demand for these products across all categories and across all sites. Based on this, the division delivered a record performance this quarter.

The integration of the Aurangabad Personal Care facility has now been successfully completed with production stabilized and the plant operating seamlessly within our manufacturing network. The brownfield expansion at Silvassa is expected to commence production during the second quarter, while the greenfield Lucknow facility continues to progress as planned for commissioning later this year.

Our Food and Beverages business continued to witness healthy momentum across multiple categories. The Coimbatore, Nashik and Mysore units continue to operate at record production levels, supported by efficient operations and sustained demand. The Beverage division had an excellent season and validates our belief that beverages will be one of the major avenues of growth for this division. We are also expanding our manufacturing platform with addition of a Greek yogurt facility in Goa, marking our entry into another high-growth category.

The ice cream business delivered another strong quarter, supported by robust summer season and record production volumes across our manufacturing facilities. During the quarter, we successfully commissioned our state-of-the-art Panipat facility and continue to expand our ice cream manufacturing capacities. This capacity expansion will enable us to cater to growing customer demand and support the long-term growth of the category. We also continue to improve asset utilization at our Nashik operations by adding new customers across both the ice cream and cone manufacturing facilities.

Within health care, we continue to strengthen our capabilities by adding new customers across syrup, tablets and lozenges while progressing our ayurvedic wellness expansion at Baddi. We also initiated the certification process for Class III medical devices at our Chennai facility, which will support our expansion into regulated international markets over time. We are actively pursuing new export opportunities for our personal care product portfolio manufactured at Baddi facility. With scalable production capabilities and a strong focus on quality, we are engaging with international customers and partners to expand our presence in global markets.

Our footwear business continued to make steady progress during the quarter by expanding its manufacturing footprint and strengthening customer relationships. We added new customers while continuing to expand our manufacturing capacities across North and South India. Our order book and capacities starting from Q2 FY '27 onwards are full for the rest of the financial year. We have witnessed strong demand from some of reputed brands in the industry.

Our operations experienced temporary challenges during the Middle East geopolitical crisis, resulting in short-term disruptions due to logistics and supply chain activities. To continue uninterrupted production, we had to procure material at higher prices and increased freight. The division was also hit by a large increase in the minimum wages in Haryana. We are confident that our customers will support us in mitigating the losses incurred due to these causes and that the division will return to profitability in the coming months.

We continue to remain bullish about the long-term business outlook for all our divisions and remain focused on improving operational efficiencies and enhancing our manufacturing capabilities to support future growth.

On the back of the emerging demand across various product categories, we have announced a series of investments. The Board has authorized additional investments towards new expansion projects of INR190 crores, bringing the total for FY '27 to INR340 crores. This is in addition to the INR150 crores worth of projects carried forward from FY '26. The breakup is as follows: Food and beverages, INR210 crores at Coimbatore, Mysuru, Goa, Aurangabad and Hyderabad plant. Ice Cream, INR80 crores at Panipat; Home and Personal Care, INR50 crores at Lucknow.

Now before I conclude, I would like to briefly update you on the disruption at our Silvassa manufacturing facility following the record rainfall witnessed in the region during July. Production has already been partially restored, and we expect the facility to be fully operational by the end of August. The facility is adequately insured, and we do not expect this incident to have any material impact on our long-term operations or growth plans.

Overall, we believe that the investments made over the past few years, together with the expansion projects announced in FY '27 have created a diversified manufacturing platform that is well positioned to capture future growth opportunities. As we move through FY '27, our focus will remain on ramping up utilization across recently commissioned facilities, executing our expansion pipeline with discipline and continuing to enhance operational efficiencies across the business. We remain confident that these initiatives will support sustainable growth in FY '27 and create a strong foundation for FY '28 and beyond.

With that, I will now hand over the call to Mayank Samdani, our Group CFO, who will take you through the financial performance for the quarter.

Mayank Samdani: Thank you, Ganesh, and good morning, everyone. I will now take you through the financial performance for the first quarter of FY '27. We have started the year on a strong financial footing, delivering healthy growth across key financial parameters. Total income for the quarter stood at INR1,207 crores, registering a growth of 18% over the corresponding quarter last year. EBITDA increased by 26% year-on-year to INR106.3 crores, reflecting improving operating leverage and better asset utilization across our manufacturing platform.

Profit before tax grew 33% year-on-year to INR56.6 crores, while profit after tax increased -- also increased 33% to INR42.8 crores, marking our highest ever quarterly PAT. This performance is a testament to the resilience of our diversified manufacturing platform, disciplined execution and improving operating leverage across our businesses.

The quarter numbers were impacted due to cost pressure faced in our footwear business arising from higher raw material costs and revised wage rates, which totaling to around INR6 crores impact for Q1 FY '27. We have been proactively addressing these challenges by securing alternate source of raw materials, working closely with customers on appropriate cost pass-through mechanism and driving operational efficiency across the business. We expect these initiatives to progressively mitigate the impact of these temporary headwinds and support margin recovery over the coming quarters. In spite of these headwinds, the quarter performance is satisfactory and encouraging.

From the capital allocation perspective, we continue to follow a disciplined and customer-led approach to investing with clear focus on returns, capital efficiency and timely commercialization. As Sameer highlighted earlier, we have planned approximately INR340 crores for new projects during FY '27 in addition to the project carry forward from last financial year, bringing the total for this year to nearly INR500 crores already.

After having executed the record capex in financial year '26, it appears that FY '27 will be larger than the previous year. Supported by improving utilization of recently commissioned capacities, healthy execution across our project pipeline and sustained operating leverage, we remain confident of delivering our FY '27 profit after tax guidance of INR200 crores to INR220 crores, representing the healthy growth of 34% to 48% over FY '26.

On the accounting-related matter, the duty inversion in GST continues to affect our cash flows of some of our business units. As the steps we have taken to address these issues, we will continue to see higher growth in our profitability numbers as compared to revenue numbers.

With that, we would now be happy to take your questions.

Moderator: Thank you very much. We have first question from the line of Faisal Hawa from H.G. Hawa & Company. Please go ahead.

Faisal Hawa: So Sameer, with the GST inversion problems and even manufacturing becoming more difficult by the day, do you feel that we are now in a position to negotiate better terms from our customers with regards to ROCE, ROE or even some kind of equity funding from them so that it reduces the risk of our business?

And second is, to what extent we will try to do some backward integration like we did for the cones in the ice cream? And third question is whether we will do any kind of revaluation of assets because many of our factories are very old and depreciated. So -- but their actual value on the books must be much more. So, is there anything of that also in your planning?

Sameer Kothari: So, 3 questions. Let me try and address all of them. The first one being about backward integration. You're absolutely right. We did start this journey with the acquisition of the cone manufacturing facility for ice cream and the setting up of the stick manufacturing facility in Lucknow. We've had actually very good experience in the last 1 year, where not only have we managed to get our existing customers to start sourcing from these 2 units, but we've also been able to seed new customers who are currently not the customers of our contract manufacturing business.

So, I think backward integration for us will be an interesting avenue for us to explore, not only to increase the wallet share of existing customers, but also to be able to cross-sell to some other customers. So, we are actively looking at this -- how we can grow in terms of the backward integration, and we'll come back to you in the near future of specific plans along that line.

Second, in terms of the GST inversion and manufacturing becoming difficult in general, yes, you're absolutely right that the GST inversion is leading to some amount of cash flow getting stuck across food industries. I'm not so sure whether that can be the only driver for people to outsource contract manufacturer products. However, given the diversity of the products that we have and our relationships with some of these brands, we are hoping that we are a little bit better placed than some of the other players in terms of handling this GST inversion.

And as far as your third question, Faisal help me with your third question, please?

Faisal Hawa: Revaluation of assets.

Sameer Kothari: Yes. So Faisal, obviously, there's been no revaluation of the assets. And yes, you're right that a lot of these assets have been procured over a long period of time. Our business model is not contingent on that revaluation. But yes, that money definitely sits on the balance sheet and will get unlocked at some point of time.

Faisal Hawa: So, my question with regard to inversion of GST was more leaning to the fact that can we have now better terms from our customer because we are dealing with many more intangibles now and plus competition is also weakening.

Sameer Kothari: So yes, Faisal, the second and the third part is right, which is that we are dealing with more intangibles and competition is weakening. But is GST inversion the cause of that? That's where I'm not agreeing with you. Definitely, as we improve our scale, as we diversify our customer base, as we look at various products, we should start seeing some amount of improvement in terms of our profitability margins, et cetera, especially on the capital-based ratios, which is ROE, ROCEs. That is a given. I am still not sure whether GST inversion is going to be one of the tailwinds for that.

Faisal Hawa: This investor presentation has also been done very well. A lot of changes in it and much easier to then go through.

Moderator: We have our next question from the line of Abneesh Roy from Nuvama.

Abneesh Roy: Congrats on good numbers. My first question is on the cost and wage headwind. So, ex of the footwear do you have in contract in terms of pass-through of the new labor code or the cost inflation because of the Middle East crisis because you have mentioned only footwear area.

Sameer Kothari: So Abneesh, as you are aware, most of our contracts other than shoes, we have a pass-through mechanism. And as a result, whether it is the changes in the labor code or whether it is the changes in the inflationary aspect of Middle East crisis, et cetera, we've been able to successfully pass on those costs. In case of shoes, the arrangement is slightly different. And that's the reason why we've been saddled with not being able to pass on those costs.

I also want to just delineate the fact that this particular quarter was not affected by the new labor code. It was affected by a very local problem, which was that in the NCR and especially in Haryana, the minimum wage rates were changed. And as a result, the rates were increased by nearly 30-odd percent. And since the quantum of increase was so high, it was very difficult even in a normal business to be able to pass this on.

In case of a shoe business where purchase orders and prices are confirmed nearly 6 months in advance, it was virtually impossible for us to be able to pass it on. However, we've been successful. Our customers are understanding this. And starting from this quarter, we have been able to successfully pass on the effect of both the increase in material as well as the wage increases.

Abneesh Roy: One follow-up here. So, in your contract going ahead, can you build this structurally in your footwear contracts or there the industry works on separate contracts, as in, separate terms?

Sameer Kothari: So, it unfortunately works in a separate paradigm, Abneesh, because these products are made at least 6 months to 8 months in advance for the season and the MRPs and orders are taken by the brands that much earlier. So any kind of change in the middle of the season is just not part of the industry playbook.

Abneesh Roy: Understood. Second question is on this INR340 crores new project win. So if you could elaborate which of the 4, 5 segments which you have bulk of this is? Is this largely ice cream and footwear?

Sameer Kothari: Abneesh, Ganesh is going to answer that.

Ganesh Argekar: Hi Abneesh. So the breakup that I told you would be -- for food and beverages, it's going to be INR210 crores spread across 5 units, Coimbatore, Mysore, Goa, Aurangabad and Hyderabad. This would be for the beverage part. In ice cream, it would be INR80 crores at Panipat. And in Home & Personal Care, it is INR50 crores at Lucknow. This would be again for a bar and a liquid line coming up in Lucknow. This is a breakup of the INR340 crores.

Abneesh Roy: Sure. One small follow-up here. Recently, what we have seen in foods is the regulator has been clamping on some of the terms like 100% pure, natural, et cetera. I wanted to understand as a manufacturer, do you face any risk from this because they have set a deadline also by which time this has to be withdrawn from the market and stopped also. Any risk to your numbers because of this?

Sameer Kothari: So our arrangement with most of the brands is that any kind of label claims, any kind of marketing is under the purview of the brand. And as a result, while we are definitely party to any of these notices, there are no risks that we assume for any kind of claims made by the brands. So the short answer is that no, it doesn't affect us at all. The slightly longish answer is, I think the FSSAI cleanup of the food sector will lead to some amount of disruption in terms of the brands. But I think in the long run, it will help all of us because the products and the production will move towards the organized market more and that should help us.

Moderator: We have our next question from the line of Surbhi from Bellwether Capital.

Surbhi: Congrats on great execution. My first question is on the shoes business. I wanted to get a sense, where are our capacity utilizations there right now? And since you've mentioned that there's a strong order book for H2, can you give some color on -- is this coming from the existing logos that we have? Or have we won any new logos? And post this order book, where will our capacity utilization in shoes business would be at?

Sameer Kothari: So, capacity utilization in the first quarter was obviously not up to the mark. I think it was affected by a couple of things. One, because of the availability of material across all the imported components and the disruptions in terms of the freight, et cetera, we had a very poor capacity utilization in the first quarter. However, I'm happy to say that starting from something like August onwards, we have nearly 80% to 90% capacity utilization. I would like to say 100%. But since you know that in case of shoe manufacturing, it's a labor-intensive industry. So, we are already trying to ramp up our capacities by employing more people.

We have a full order book. This is on the back of a couple of things. One, yes, there have been new customer wins, both on the domestic front as well as multinational companies who have now started working with us. I think that's a very encouraging sign for us. We've been able to broad base our customer base in the last 1 or 2 quarters. And I think that's going to play out in the next 6 months.

And I know that there's a lot of unease about the shoe business and especially what we've been up to in the last 1 - 1.5 years. And I think what we've done is we've been able to consolidate our operations well. And I think the customers have also recognized that, which is why order books from each of our customers, the existing ones has increased. Some of the customers who had stopped doing business during the transition when we took over the company have now come back.

Even our South units, which we had started and were going up the learning curve, we now have a full order book there as well. So I think, yes, the journey has been long. It has taken us nearly 2 years to get to where we are. But I think the shoe business should finally start paying off in the second half of this financial year.

Surbhi: Got it. Very clear, Sameer. Also, if it's possible, can you give us a sense of how much of the employee cost that we've reported in this quarter is related to shoes business? Just ballpark?

Sameer Kothari: Okay. So we have about 5,000 people working in our shoe business. However, I do not have the number. In terms of quantification, the number that we came prepared for the discussion was that the effect of the minimum wages is INR3 crores for this quarter. But okay, Mayank is trying to do a back of the envelope calculation. Hang on, Surbhi.

Mayank Samdani: Around 35% to 40%. So Surbhi, the employee cost of shoe division will be around 35% to 40% of the total number of Q1.

Surbhi: Got it. Very clear. And congrats on the new project wins in the beverage facility. Just wanted to run by a math by you and if it makes sense. So of the INR210 crores that was going to come on stream by Q4 FY '27, one, is it fair to assume that we will expect 100% of the capacity utilization of the same in 2028? And given our ROCE threshold of 18%, is it right to say that INR40 crores of -- out of this INR200 crores, like INR210 crores into 18%, INR40 crores is the bottom line addition that can happen over FY '28 for us from this additional capex?

Sameer Kothari: So I will address the operational issue, and I'll let Mayank give you a guidance in terms of the numbers. From an operational perspective, we expect all of these beverage units to come online by December, Jan. And that's the understanding of the customers also because, obviously, the season starts in Jan and it would be stupid of us not to be able to catch the season.

In terms of the overall capacity utilization, some of these projects, and I would like to say most, but let's say, some of these projects are on an anchor tenant basis, which means our capacities are underwritten by those principles. So unless we screw up and we actually are unable to start the project in time or we are unable to produce, I think capacity utilization should not be a problem for any of those units. In terms of the extrapolation of the number…

Mayank Samdani: Surbhi, the gross number, the numerator is EBIT, not the PAT. So EBIT will increase by 18% on the investment which we make.

Sameer Kothari: What he's trying to highlight is that we will continue to maintain a 1:1 debt equity ratio even for these projects. And as a result, there will be some outflow on account of interest.

Moderator: Next question is from the line of Ankit Dharamshi from RNM Capital Trust.

Ankit Dharamshi: I think we have made significant changes in the presentation. So again, this is not a question. Just some suggestion, if you can kind of break out utilization? I mean, like you just mentioned about the shoe business, how it was impacted. I mean it will give a better visibility and a great amount of clarity for us. Also, you can see that capex and gross block has been detailed out, but that's a suggestion that can be implemented in next quarter.

Sameer Kothari: So let me address that right away, Ankit, that in terms of capacity utilization, the reason why we were so forthright in case of the shoe business and why we are so reticent in terms of giving out the information for the others is because in case of the shoe business, it's a completely shared manufacturing site. So as a result, when we give out capacity utilization numbers, we are not making a commentary on which of our customers is doing well or which is not.

On the other hand, when we start giving out capacity utilization numbers for some of our dedicated factories, it then ends up becoming a proxy for how our customer is doing or it ends up becoming a way of gauging the number or the production volume of our customer. And that's why we tend to avoid that. I take your suggestion, but I really am not sure whether we'll be able to give any more detailing as far as capacity utilization is concerned.

Moderator: We have our next question from the line of Abhishek Mathur from Systematix Group.

Abhishek Mathur: Congrats on the strong business expansion. Just on this -- again, on this shoe business, the raw material cost impact, which you have talked about, just wanted to understand this better. So, you said that shoes are made 6 to 8 months in advance, and so mid-season changes are a bit difficult, and we are negotiating. But just for my understanding, how does the mechanics work here? Have we not contracted for the raw materials for that in -- 6 to 8 months in advance? And if there is a lag, then is it a difficult negotiation that has to happen for us to get that amount with a lag at least?

So, I just wanted to -- and also, thirdly, is it that whenever in the shoe business there is such an event which happens which causes our raw material cost to suddenly inflate, it will be similarly equally difficult for us to maintain profitability in the business? Just these 2, 3 questions around this, please.

Sameer Kothari: So, Abhishek, Ganesh will address the question in terms what prices got affected and what's the overall buying process in terms of shoes.

Ganesh Argekar: Yes. Abhishek, First of all, let me tell you that the shoe industry works on a fixed pricing for the season. That means the prices for the shoes are fixed almost a year in advance. The development starts a year in advance, the prices are fixed almost a year to 6 months in advance. And the rates of the raw material packaging material are also fixed. However, if there is a change in the rates, the brands do not change the prices of the finished goods.

I mean the impact cannot be passed on to the brands like what we do in our other business categories. This is prevalent in the shoe business. However, what we are trying to do, for example, in shoes, let me be specific about this, a lot of material we import. We import almost 50% of our raw materials -- fabrics, laces, eyelets, soles, a lot of incoming labels also we import.

Here, because of the hike in raw material costs, because of the changes in sea freight, the brands are not in a position to absorb the cost. What we are doing now, we are in discussions with the brand for the coming season to tell them -- to convince them to absorb some of the cost and which they have agreed. Maybe going ahead, we might be able to pass on the cost to the brands. What is your next question, Abhishek?

Sameer Kothari: And Abhishek, just in terms of the normal process, this will work both ways, right? So, the inertia for not changing prices will work in our favor when hopefully, at some point of time, the Middle East crisis gets resolved and prices start coming down. And in that case, we are hoping that the inertia works in our favor as well when the commodity prices come down.

In terms of the overall negotiation, we do build in some kind of inflation, which is expected in any of these pricings. However, obviously, these kind of black swan events where the freight rates nearly doubled or the Middle East crisis led to polymer prices increasing by nearly 50% or 60%, these kind of scenarios are not baked into the pricing ever.

Abhishek Mathur: Right. So is it fair to say that out of all of your business segments, probably shoes is the one unique segment which requires that 8 to 12 months of preparation time, is labor-intensive, and so therefore, this kind of impact would happen mostly in the shoe business and not in the other divisions?

Sameer Kothari: Absolutely, Abhishek. In fact, I would go as far as saying that only in the shoe business and not in any other business.

Moderator: The next question is from the line of Akhil Parekh from 360 ONE Capital Markets.

Akhil Parekh: And once again, many congratulations for the entire team for the sharp execution, what we have been seeing for the last many years. Sameer, my first question is slightly broader, right. I mean we have seen the scaling up of company from INR500 crores of top line to probably INR4,500 crores, INR5,000 crores this year and from a bottom line of INR12 crores to INR200 crores this year. How has the perception of our customers and clients changed over the years? How it stands now? And how do you see that, say, from next 3 to 5 years' perspective? That's my first question.

Sameer Kothari: Akhil, this is an interesting question. I mean I would be hard-pressed to understand what the customers think of us. It's a better question to ask of them. But broadly, I think what has happened is that I think we definitely defined the FMCG contract manufacturing industry in the country. We are the largest and the most diversified contract manufacturer. I think with all humility, I think HFL is the one which brought FMCG contract manufacturing into some kind of a limelight. And I think we are very happy and proud about the fact that we did.

From a customer perspective, I think we've been able to establish ourselves as a partner who is able to sustain, as a partner who is able to take -- if you look at the shoe experience, is able to take some pain in the short run to be able to service the customers. If you see what we've done with our Silvassa facility, in spite of having nearly 10 feet of water in the factory, our teams have worked overnight, and we've been able to partially resume the production within a week, and we'll be completely on board within August.

I think the customers have gotten to a stage where they realize that when it comes to execution, whether it comes to execution at scale, when it comes to projects across the country, whether it is in the South, East, West, North, whether it is in product categories as diverse as liquid detergents to ice creams, we bring some amount of skill set. I think the customers are beginning to realize that. I think we are beginning to build on it.

The fact that in the last couple of years, we've actually tried to build up domain expertise by establishing 5 different BUs, hiring Chief Executive Officers who come with a lot of experience and a lot of domain expertise in each of these businesses further strengthens this confidence with the customer that we know what we are doing. And hopefully, we won't screw up their brand and the trust that they have placed on us.

Akhil Parekh: So, if I were to just extend this, right, I mean from a scale and pricing perspective, how things have changed? Like would you be able to kind of give some broader or few examples without naming the customers, how our wallet share have increased -- has increased from, say, last 3, 5 years till date with some of our top 2, 3 clients? And is it fair to assume that from a pricing perspective, we are slightly in a better position in terms of negotiation with our customers than what we were, say, 5 years back?

Sameer Kothari: So, from a scale perspective, I think it's evident from the fact that after having invested close to INR500 crores last year, we have already signed on projects of about INR500 crores. In terms of our pipeline and the discussions that we are doing with customers, I think the pipeline itself is nearly about INR1,000-odd crores of projects that we are discussing. So, from that perspective, I think our customers now have the confidence that we can execute projects across various geographies as well as scale.

In terms of the significance of us for a customer, I think just yesterday in our Board meeting, we were discussing about the fact that one of -- that we are beginning to mirror one of the national airlines where if we end up shutting down for a few days, you would definitely have trouble in the FMCG industry.

Akhil Parekh: Yes. I don't know if I should be saying it, but that's good to hear from the company's perspective and the dependency of customer on us. That's -- so my second question is, from 3 years' perspective, what are some of the categories where we think we will have huge dependence like ice cream, beverages, I think are 2 of the categories which have been doing phenomenally well for us. Would you share some light at least, not exact numbers, but broadly, like what are some of the categories where our contribution to the sales will be relatively higher?

Sameer Kothari: At the extent -- I mean, obviously, from a customer perspective, I cannot give out that detail. But let me tell you that across all the 5 BUs, we are significant partners for most of our customers, right, across all the 5 BUs, whether it's HPC, whether it's food and beverages, especially beverages, whether it's ice cream, whether it's shoes and even in case of OTC pharma. So, depending on the product category, we could be the only manufacturer in the country. And depending on some of the product categories, we would probably be one of the largest manufacturers, accounting for a significant percentage of the customers' sales.

Akhil Parekh: No, I'm sorry, just to clarify, what I meant was how does our category-wise product sales mix look like basically, broadly, like which would be some of the categories for us, which would be contributing on a higher side to Hindustan [inaudible 0:40:27]?

Sameer Kothari: Sorry, Akhil, everyone is trying to explain to me what exactly your question is. So let me take a...

Akhil Parekh: Sorry, let me simplify. The sales mix is what I'm trying to understand, from a category perspective, how it will look like, say, from next 3 years perspective?

Sameer Kothari: Okay. So, from our perspective, right?

Akhil Parekh: Yes, yes.

Sameer Kothari: From our perspective, we continue to see a lot of traction in at least 4 out of our 5 BUs. We've been talking, and Ganesh has referred to this in his opening remarks, I think beverages continues to grow rapidly for us. In terms of ice creams, we've had a fantastic season. Obviously, the weather gods smiled on us as well. And we think that ice creams will continue to deliver growth in the coming few years as well.

In terms of HPC itself, I think there's been a lot of press recently about how the liquid category of the home care is growing across the country and witnessing nearly double-digit growth as far as volumes is concerned, and that's becoming a tailwind for us as well. In terms of shoes, I spoke about that at least from the Q2 -- at least from the H2 of this financial year, we have a full order book, and that's something we've kind of started expansion in terms of the capacities for shoes as well.

And lastly, in case of OTC Pharma, while we are not announcing any new capex, just because of the gestation of the customer itself, we have finally reached the situation where our site has been approved. We've started commercial production for 2 more multinational companies in addition to our existing customer. And I think in the next 6 months to a year, I think the Baddi facility itself should be working at 100% capacity utilization.

Akhil Parekh: Great. That's great to hear. And lastly, in the last con call, if I recollect, you had mentioned that we are in talks with some of the large box retailers in U.S. Any further update on that particular segment?

Sameer Kothari: So, the discussions are on, Akhil. Unfortunately, the ambiguity on the tariff continues. We -- in fact, Ganesh also mentioned this in his opening remarks that we've got some -- I would like to say orders, but we've actually -- potential orders for personal care products to be shipped to the U.S. All the development for those products have been done, all the trials, investments in the molds, et cetera, have been done.

But based on the tariff situation and also based on the freight situation, those orders are currently on hold. So, I think it will take still some more time. As far as shoes are concerned, we also have begun some discussions to try and leverage the India-U.K. FTA as well as the India-EU FTA. So, we are hopeful that some of these will start translating into action soon.

Akhil Parekh: Just clarification on this front. So, when you say U.S., we are in talks with some of the U.S. consumer brands or the retailers for the private label basically?

Sameer Kothari: Both actually. The order that we've received is from a U.S. personal care brand, which we had mentioned, I think, 2 quarters ago, we've made all the product development. We've made all the packaging development. The product is ready to be shipped as soon as Mr. Trump allows us to.

Moderator: We have our next question from the line of Riddhansh Chandak from Unifi AMC.

Riddhansh Chandak: Congrats on the sharp execution. I just had one question. I think we discussed this earlier on. Part of it was answered with Akhil. On international clients that we were planning to add apart from the U.S., which you've already answered, can we just get some commentary around that? And also with regard to the shoe prices in terms of raw materials, are we seeing some softening in that -- in our raw materials there? And the third question is a little bit of a longer-term perspective. Other categories where contract manufacturing takes place like textiles, pharma, EMS, any thoughts on entering newer categories over the medium term?

Sameer Kothari: Okay, Riddhansh. In our opening remarks, we mentioned that one of the steps that we are doing is we are getting ourselves registered for a Class III medical devices registration in South. This will enable us to be able to export to the EU as well as U.K. as far as medical devices is concerned. So that's one initiative that's going on. In terms of our exports other than the U.S., just to bring to your notice and to the rest of them, the entire Dr. Scholl portfolio is currently being exported to U.K., EU, Australia, New Zealand and Japan. Our IBD, our international business team is working very strongly to open up the Middle East.

In fact, we had extended discussions with companies in UAE and Saudi Arabia. Unfortunately, that's been put on hold again because of the current Middle East crisis. So, while efforts are on, I think exports is something which has taken a little bit of a back seat in the last couple of months. In terms of the raw material prices for shoes, I'm going to ask Ganesh to answer that.

Ganesh Argekar: So Riddhansh, as I told you -- as I already mentioned that we work on a fixed pricing for shoes. So, the development is done 1 year in advance and the prices are fixed at least 6 months in advance. For the shoes, which are going to be manufactured for January '27, the prices are fixed in June, right? The raw material prices are also fixed. And as compared to other business categories where there is a pass-through, we won't be able to pass these prices to the customer.

Right now, we have seen an increase of almost 50% to 60% in raw material prices -- polymer prices, fabric prices have increased. Even the freight rates have gone up by 4x. Hopefully, once the situation comes under control, the prices will again go down, and we will go back to the customer. I mean, we can go back to the vendor and issue purchase orders at the revised prices -- I mean, at the decreased prices. This is for the raw materials. And what was the other question?

Riddhansh Chandak: The other question was a medium-term perspective on other categories like EMS, formulations and pharma, textiles for garment because these are other categories where contract manufacturing is very prevalent.

Sameer Kothari: Right now, I would have to say no. We have a huge order book. As you can see, we talked about nearly INR500 crores of capex for this year. I did mention briefly that we have a pipeline in terms of inquiries of nearly INR1,000 crores. I really don't think -- I mean, our management bandwidth, our hands are completely full for us to be able to look at new categories right now.

Moderator: We have our next question from the line of Virat Pansuriya from SkyRidge Wealth Management.

Virat Pansuriya: I had 2 questions. Can you quantify the absolute EBITDA and EBIT impact the shoe business currently has for Q1 FY '27 on the consolidated business? And also, what would be the ROCE for the shared facility?

Mayank Samdani: So, in my opening remarks, Virat, I have told that the approximate number of hit is around INR6 crores for the shoe business, considering both the things. And RM/PM and both labor-related costs -- with the labor-related cost is around INR3 crores for the quarter, which has increased during the quarter. As far as the category level EBITDA, we are not giving that right now. And...

Sameer Kothari: I think, Virat, the question was about ROE, ROCE level for shared manufacturing. Is that what your question was?

Virat Pansuriya: Yes, correct.

Sameer Kothari: So our -- and obviously, we can't -- if you look at our numbers, we do declare the EBITDA number at the shared manufacturing level and the gross block at the shared manufacturing level. That in the last few quarters, of course, has been heavily affected by the shoe manufacturing business.

The past is no indication of the future. Our endeavor is that shared manufacturing facilities should deliver a much higher ROCE number than the threshold number of 18%, which means that they should deliver much higher. Unfortunately, if you see the numbers which are published in our investor presentation, they are not there yet, which is mainly because of the shoe business.

Virat Pansuriya: I just have one more question. Given that the footwear business is under stress, so should we consider that our PAT levels for the year should be towards the lower end of the guidance?

Sameer Kothari: I think it's too early to say that, Virat. We have continued to reaffirm our guidance. We've continued to keep the same range of INR200 to INR220 crores. Let's come back in a couple of quarters and give more granular details in case we have to revise that guidance. Right now, we don't feel that we need to revise that guidance.

Moderator: We have our next question from the line of Mayur Parkeria from Wealth Managers India Private Limited.

Mayur Parkeria: Congratulations on a set of numbers as you had guided earlier. So that's a great thing. And also, the recent release around disruptions, and we are seeing that across India and especially for outsourcing companies like us where the manufacturing plants are multiple, the geographies are multiple, products are multiple, wishing all the entire team all the best and great work and take care during these natural disruption periods.

So, with that, I had 2 questions. One is on the shoe side. While near term, there have been impact on the margins and this, but I think the certification issue from the government, the BIS and other things, are that in place? And now means you sounded -- you're sounding quite positive in the outlook from the -- on the shoe business now relative to what we have heard in the past. So, has that -- has anything changed in respect from a policy perspective and from the perspective of customers' outlook towards the shoe business?

Sameer Kothari: So, first of all, Mayur, thank you for recognizing the grim details of manufacturing. And you're absolutely right that it's tough. I think the teams have done an excellent job in terms of being able to deal not only with these natural calamities, but a bunch of other things. I think while

Ganesh was talking about this, I didn't want to interrupt him, but I think I'm going to take a minute just to give you one anecdote.

Ganesh is currently importing one machine from China, which is supposed to be installed in our Silvassa factory. And that machine, thanks to the Middle East crisis, has been stuck at an Iranian liner ship for the last 2.5 months. And that's the kind of disruption that has happened that we've had to deal with in the last few quarters. It is heartening to see someone acknowledge it. So, thank you, Mayur.

Coming to the shoe business, I think a couple of factors which is giving us some amount of confidence. I mean, I know that I have been less than bullish about the shoe business in spite of the fact that I personally believe in the business, but I think the commentary that we made didn't come across and didn't convey our commitment and conviction. I think what has changed is that the market dynamics are changing.

I think in the last 2 years, we've been able to position ourselves much better. I think the last 1 quarter, especially where Ganesh's team and Girish and our operating team did a fantastic job of being able to deliver in spite of all the uncertainty, all the lack of material, et cetera, I think that has really helped in developing customer confidence and that's translated into additional orders for us. Part of it is because of BIS, but I would like to think that a large part of it is because of the performance of the teams and the confidence that customers are getting on our ability to service.

Mayur Parkeria: Okay. Okay. All right. Another thing was an observation and a related question to that is after a very, very long period of time, we are seeing some green shoots on the core HPC category, the numbers which OEMs and companies have started to report in terms of volume growth. Does -- and you also partly mentioned in terms of the outlook that HPC is also looking up.

So, does this accelerate now the fact that if there is new capacity requirement and new outsourcing requirement, which may come up, does it -- what I wanted to understand, relative to where we were, let's say, 3 months or 6 months back, has that materially changed? Or is it just at the margin which we are seeing and nothing great in terms of the core HPC categories?

Sameer Kothari: So, Mayur, I think it would be safe to say that it has materially changed. I think in our commentary as well as I think both from Ganesh's perspective and my perspective, I think both of us have mentioned, one, he's also talked about the amount of investment that we are doing. Mayank has talked about the fact that FY '27 will probably be a record capex even higher than FY '26.

And I have mentioned that we have a project pipeline, not confirmed orders, but project pipeline, which total up to about INR1,000 crores. We are definitely seeing an increase in terms of the traction, in terms of the demand, et cetera. I am a little hesitant to go out there and pump my chest as yet because there's still a lot of ambiguity variability in terms of the macroeconomic situation, right?

I mean I understand that, again, while the oil prices fell yesterday, again, there have been some flare up in the Middle East. And that's one of the reasons why we are being a little circumspect. But if you ask me a direct question, are we more bullish than what we were, let's say, 3 months ago in the segment of HPC, the answer is a definite yes.

Mayur Parkeria: Okay. That's great to hear. Finally, last one suggestion. The market was worried about the capex for FY '27. I think it is now put to rest. It was worried about the profits not coming through ROCEs. That is also now put to rest. The numbers have started to play out. Things -- there was also -- even including me, we had a lot of things around the disclosures. So that has also started to play out. So, wish you all the best with all these things. Just one small suggestion over here, with respect to outsourcing and when we look at other companies and when we look at slightly larger ones in other segments.

I think it may be important and think of an idea to create a risk management committee from the perspective of various kinds of risks which are continuing to increase, whether it's natural calamities is one thing this time, something else may pop out some other time, whether those are people risk, attrition risk, sourcing risk, geopolitical risk, team and personnel risk, many things on that.

And because of the diverse, again, products, geographies, nature, categories to create that setup and so that we are much better positioned in a process and at a company level to be able to manage the situations which are ever changing in this sense. So, with that, wish you all the best. Thank you.

Sameer Kothari: Thank you, Mayur. I think that's an excellent suggestion.

Moderator: We have a next question from the line of Rahul from Ambit Investment Advisors.

Rahul: First of all, congratulations on excellent number to Sameer, you and your team. Just one question. As we you always keep highlighting about the pipeline, and that's one of the lead indicator for the entire company, so can you give some elaboration that how we should look at the gross block from a 3 to 5-year perspective? Because in the past, we have seen that the last 5 years, the gross block has grown at a 28% CAGR, whereas the top line has grown at 20% CAGR. So should we expect the same to continue as a run rate, plus or minus is a different thing, but just from a directional point of view.

Sameer Kothari: Rahul, thank you for asking that question. Actually, we've been very reluctant to give out our project pipeline number. The policy of the company has been to announce capex only after we've signed it. And as a result, I think in the last quarter, like Mayur was referring, there was some confusion about whether for FY '27, we have projects only worth about INR150 crores. And I think we were not able to explain that properly that the policy is that we announced capex only after we've signed it.

And however, at any given point of time, our project pipeline, the discussions that are going on with customers, the various teams who are interacting with customers or even working on feasibility across BUs, the number of that is much higher than what we have announced. And I kind of gave some indication this time around, which, of course, my team was not very happy about. But the pipeline is about INR1,000-odd crores. And that's the kind of investment that customers are looking at.

Whether we will be able to successfully convert all of those inquiries into orders, your guess is as good as mine. But what we will do is we will continue to give out a number of the capex as and when we sign the projects. The second point that you raised was the dissonance between sales increase and the gross block increase.

I think Mayank and the company have kept mentioning this for a few quarters -- for a few past quarters. Because of the GST inversion and because of the way the customers are looking at the contract manufacturing business, we are encouraging some of our customers to work with us in a methodology where they supply us with raw material and packing material.

As a result, in our revenues, we will recognize only the conversion cost. And as a result, I think Mayank in his opening remarks also mentioned that you will continue to see a disproportionate rise in our EBITDA and PAT as compared to revenues. If I can extend that, you will see a disproportionate rise in our gross block EBITDA and PAT and our sales growth may not be growing at the same rate.

Rahul: Just extending -- that's very helpful, Sameer. Just extending that, if you want to maintain the internal in terms of your threshold ROCE, et cetera, among the pipeline, what is your hit ratio? Means how much is your rejection and how much is your approval rate, if that -- and has it improved if you look at the past?

Sameer Kothari: Difficult to say that, right? I mean the hit ratio varies from customer to customer, varies from BU to BU, difficult to say that and which is why we made the policy that we will announce there was no point in hyping up the fact that we have a INR1,000 crores pipeline and then coming back and saying we will convert only INR100 crores out of it. What we do and we will continue to do is we will make announcements as and when we sign the projects. If you look at our track record, we've invested about INR500 crores last year.

We will invest about INR500-odd crores -- more than INR500-odd crores this year. We will have an opening carryforward at the end of FY '27 of a similar amount as last year. And I think what is more important than the conversion ratio is the ability to execute these projects, both from an operational perspective as well as a financial perspective. And I need to go back to your earlier question, which was your 3- to 5-year target of gross block.

I think the endeavour that we will continue to invest the monies that we are generating out of our business into productive assets, which will continue to give us the threshold ROCEs of 18%. So effectively, what we are saying is we should be able to grow without having to access outside funds. The opportunities are large enough. We will continue to leverage our internal accruals 1:1. And I think that gives us enough headroom in terms of being able to grow for the next few years for sure.

Moderator: Ladies and gentlemen, due to time constraints, that will be the last question of the day. And I now hand the conference over to the management for closing comments.

Vimal Solanki: Thank you, everyone, for joining us today and for your continued interest in Hindustan Foods. Q1 FY '27 has been a strong start to the year. We delivered robust growth across our key financial metrics and recorded our highest ever quarterly PAT despite temporary cost pressures in our footwear business. This reflects the strength of our diversified manufacturing platform, disciplined execution and long-term strategy.

Looking ahead, we remain optimistic India's contract manufacturing sector continues to benefit from strong structural tailwinds and with a healthy project pipeline, new capacities coming on stream and deep customer partnerships, we are well positioned to sustain our growth momentum. Our priorities remain clear: commercialize new capacities on schedule, improve asset utilization, allocate capital prudently and consistently enhance returns. We, therefore, reaffirm our FY '27 PAT guidance and remain committed to deliverable, sustainable, profitable growth.

Before we sign off, here's a general reminder, take care of your health, enjoy your favourite ice cream, stay refreshed with your preferred beverage and lace up your sport shoes for a walk or a run. We are proud that Hindustan Foods is part of so many everyday moments.

Finally, my sincere thanks to all our shareholders, customers, employees and business partners for their continued trust and support. If you have any further questions, please reach out to us directly or through our Investor Relations advisors, Strategic Growth Advisors. Thank you once again for your time and engagement. We look forward to speaking with you again next quarter.

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