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To

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E) Mumbai - 400 051.

NSE SYMBOL: FRESHARA, ISIN: INE0SFW01015

Dear Sir/Madam,

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

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our intimation dated November 16, 2026 submitted to the Stock Exchange, please find attached the transcript of the Earnings Conference Call for the half year ended 30th September, 2026 held on 19th November, 2026.

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

Thanking You,

For **FRESHARA AGRO EXPORTS LIMITED**

PRIYADHARSHINI B
Digitally signed by PRIYADHARSHINI B
Date: 2026.11.27 17:25:11 +05'30'

Priyadharshini B
Company Secretary & Compliance Officer

Freshara Agro Exports Limited

H1 FY27 Earnings Conference Call

19th November 2026

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

HOST: **MS. VAISHNAVI VAITY**
AKMIL STRATEGIC ADVISORS

Vaishnavi Vaity: Good afternoon, everyone. I'm Vaishnavi Vaity from AKMIL Strategic Advisors Private Limited. It is my pleasure to welcome you all to the H1 FY27 earnings conference call of Freshara Agro Exports Limited. Today, we are joined by Mr. Junaid Ahmed, Chairman and Managing Director. Welcome, Junaid Sir. With this, I'd like to hand over this session to Junaid Sir to tell us more about the company's growth. Over to you, sir.

Junaid Ahmed: Thank you.

Thank you, Vaishnavi. Good afternoon, everyone. It gives me great pleasure to welcome all our investors, analysts and participants to Freshara Agro Exports Limited, H1 Financial Year 27 earnings conference call. Thank you for taking the time to join us today and for your continued interest and confidence in Freshara.

H1 FY27 has been an important period in our growth journey. We have delivered strong financial performance while making significant progress to our strategic ambition of transforming Freshara from an established Indian processed vegetable exporter into an integrated global specialty food platform. Our focus has been on combining India's agricultural strengths and manufacturing capabilities with international brands, established distribution networks, and access to global consumer markets.

Let me take you through our financial performance, key business developments, and priorities for the upcoming quarters. We are pleased to report a strong financial performance during our H1 FY27, reflecting the growth scale of our global operations and the continued business momentum. On the account of consolidation with the Spanish subsidiary, our total income increased by 84% year on year to about 260 crores compared to 140 crores in the corresponding period last year. EBITDA grew by 41% to 34.58 crores compared to 24 crores in H1 FY26, while profit after tax increased by 40.61% to 20.97 crore against 14.91 crore in the corresponding period. Earnings per share also improved by 40% to 8.92 compared to 6.35 in H1 FY26.

Alongside the growth in our consolidated performance, we are particularly encouraged by the improvement in the profitability of our Spanish operations in the very first year of our business. Supported by strong commercial momentum and improved operating leverage, the Spanish business has achieved enhanced EBITDA margins, contributing positively to the company's overall performance. Going forward, our emphasis will remain on sustaining revenue growth while strengthening operational efficiencies, cost management, and profitability. Strengthening our core business and operational capabilities.

Before discussing our internal expansion, I would like to highlight the strength of our established Indian operations. Since our establishment in 2015, Freshara has developed an integrated farm to export operating model, covering crop planning, farmer engagement, procurement processing, quality control and international distribution.

Our manufacturing infrastructure comprises 2 modern processing facilities in Tamil Nadu, with a combined processing capacity of approximately 150 metric tons per day. A key strength of our operating model is our agricultural sourcing network, which now comprises more than 6,000 contract farmers across 22 districts in three states. This network supports consistent raw material availability, traceability, and quality control, while enabling us to maintain reliable supplies for international customers. Today, we export to more than 40 countries and maintain relationships with over 100 global customers, including international retail chains, private label brands, distributors, and HORECA customers. Gherkin remains our flagship product category, complemented by Baby corn, Banderillas, Chilies, Jalapenos, and other preserved vegetables. Our business also caters to multiple distribution channels, including industrial packaging, retail packaging, and food service, allowing us to serve both bulk institutional buyers and organized retail customers.

We believe this established operating foundation provides the scale and flexibility required to support our next phase of expansion. Strategic acquisition of Spain's Sarasa business and integration. One of the most significant milestones in our growth journey has been our strategic entry into the Spanish preserved foods and table olives market through our wholly owned Spanish subsidiaries, which acquired the business of Aceitunas Sarasa, a heritage olive producer founded in 1968. This acquisition represents a strategic step towards diversifying our product portfolio and establishing a stronger presence in the European food industry. Sarasa brings more than five decades of experience in olive processing, an established brand portfolio, production infrastructure, and longstanding relationship with European retail and private label customers.

The acquired business recorded revenue of approximately 90+ crores during the first half of the year, with significant EBITDA margins of 11, 12%. Our focus following the acquisition has been on integrating the two businesses and identifying opportunities to leverage their complementary capabilities. An important operational initiative involves manufacturing Gherkins under Sarasa's Spanish brand at our Indian facilities. This allows us to utilize our existing manufacturing infrastructure more efficiently while freeing up approximately 30% of Spanish production capacity to focus exclusively on olive production. This arrangement brings together India's manufacturing efficiency and agricultural sourcing strengths, with Spain's established brand equity and market presence. We are also exploring opportunities to introduce our Indian preserved vegetable portfolio through Sarasa's established European customer network, while expanding the distribution of Spanish Olive products through our existing international relationships.

We are encouraged by the progress achieved on commercial front. During the period, we executed commercial contracts with major retail chains across Spain. These developments strengthen our access to organized retail markets and provide a platform for expanding our presence across Europe. Our priority is to translate these integration initiatives into tangible benefits through better capacity utilization, operational coordination, and improved profitability.

Global market opportunity and growth potential. Our strategic expansion is supported by attractive long-term opportunities across the global preserved food industry. We see particular potential in two complementary categories, table olives and pickled gherkins. The global trade table olives market is estimated at approximately $4.3 billion in 2026 and projected to exceed $6.2 billion by 2035. With our entry into the Spanish olive business, we now have an established platform to participate in this opportunity through Sarasa's products, brand, and distribution network. At the same time, the global pickled gherkins market is estimated at approximately $1.1 billion in 2025 and is growing at 8% annually, with the market expected to exceed $2 billion by 2033. India already holds a significant position in global cucumber and gherkins exports and our established presence across more than 40 countries, provides us with a strong foundation to capture opportunities arising from increasing demand across international retail, quick service restaurants, and food service channels. Together, these two categories represent a combined market opportunity of more than $5.4 billion. We believe the combination of our established B2B export business and Sarasa's B2C retail platform creates an opportunity to participate across different product categories, customer segments, and international markets.

Our capacity expansion and financial strengthening. Alongside our business expansion initiatives, we continue to strengthen our manufacturing capabilities. We have successfully modernized our Unit One by adding a faster production line for retail packs. The unit will have two production lines for the upcoming crop season and is anticipated to improve the productivity compared to the previous years. The second unit is also under expansion with an additional retail production line being added and the same will be functional in the upcoming crop season. We are happy to say that both the newly installed production lines are already fully booked with new customer orders. For the first time in years, we are outnumbered by customers’ orders than the lines present with us. Subsequently, we look forward to enhance our production capacity with additional machinery in the coming year. During the period, we have received a formal government sanction of 4.2 crores from the central government towards the expansion of our processing unit, which has also expanded, which will also help us in growing our revenue.

We remain focused on disciplined capital allocation, working capital efficiency, and ensuring that our infrastructure and financial resources remain aligned with our growth plans. Order book and Business visibility.

Coming to our business outlook, our near-term revenue visibility, we are encouraged by the order momentum and customer engagement across our export operations. As per our latest update, our order in hand position stands at approximately 170 crores and we anticipate closing an additional 100 crores of orders in the next quarter. This reflects the continued demand for our products and the confidence that our international customers place in our manufacturing and delivery capabilities. Our immediate focus is on converting these orders and business opportunities into timely execution and revenue while maintaining product quality, delivery commitments, and efficient working capital management. We believe that this order momentum, together with our expanding international presence, provides a positive foundation for the upcoming quarters.

Outlook, and strategic priorities. As we look ahead, our vision is to build Freshara into a globally integrated specialty food company with a diversified product portfolio, a stronger international presence, and a sustainable profitability. Our priorities for the coming period are centered around three key areas. First, strengthening our core Indian operations through deeper customer relationship, product diversification, efficient manufacturing, and improved capacity utilization. Second, accelerating the integration of our Spanish business by expanding Sarasa's market presence, leveraging its established customer relationships, and capturing cross-border manufacturing and distribution synergies. Third, maintaining financial discipline and improving operational efficiencies to ensure our business expansion translates into sustainable earnings growth and long-term shareholder value. We recognize that building an integrated international business requires consistent execution, careful integration, and a long-term approach. Accordingly, our focus will remain on delivering measurable outcomes while building a resilient and scalable business platform.

To conclude, H1 financial year 27 has been a meaningful period for Freshara, marked by strong financial growth, strategic international expansion, and encouraging progress in our commercial operations. We believe that the combination of our established Indian manufacturing and agricultural ecosystem with Spain's olive processing capabilities, heritage brand, and European retail presence gives us a strong foundation to pursue the next phase of our growth. On behalf of the entire management team, I would like to thank our shareholders, our employees, and our customers, and our business partners for the continued support and confidence in their company. With that, I will take you through our investor presentations and some key business developments.

These are the consolidated and standalone numbers. The noticeable point here is that we've grown year on year as we promised before. We have our first consolidated half yearly balance sheet where the Spanish revenue of around 95 crores has helped us almost double our total revenue. The Spanish business margins have successfully improved as we had planned. The company is operating at 7.5% of PAT margins, which is excellent for this industry. And we want to enhance its profit margins as we go ahead. At Freshara standalone, we have grown up by 25%

from the last year. Our EBITDA and PAT margins are stable, and our EPS has improved.

Next slide, please. The major difference which you can see from the previous years is that our retail packaging contribution has increased. It has not cannibalized the industrial packaging, but our sales of retail packs has gone up. Since we started our second unit a year back, this has led to more white labelling jobs which we get and white labelling exports which we are doing. So compared to previous years, almost 25% increase in retail packaging can be observed. Prior to 2024, we were an industrial packer. Today we are evolving as a retail and food service packer, which is helping us reach the global supermarket chains and the category A customers. We in fact have two large orders with us from the top two retail chains of Europe and this will be subsequently serviced in the coming months.

Next ma'am. Our product-wise sales and our country-wise export analysis. Gherkins happen to be our leading product as usual. There is a great demand for the product across the world. India happens to be a leading exporter of Gherkins and we continue to dominate the global Gherkins industry. Country wise sales, as you can observe, Russia happens to be our number one destination. Europe happens to be our number two and the Middle East are number three. Our exports to US, I think, in the second financial year will be contributing more. It usually contributes to about 10% of our business. And we hope to, you know, try to improve the sales distribution to the USA as well.

Next one. This is the comparison of our financial data, which we've already seen before.

Ma'am, next slide, please. Yeah, I would like to conclude this small presentation saying that, you know, we have witnessed a good growth in the first half and we anticipate to close our financial year with a revenue which is about 30% higher than the previous years. We are anticipating to reach about 570 to 600 crores. The Spanish business is looking good. We are looking forward to reach at least 170, 200 crores business from the Spanish company and close to 400 crores from Freshara. And the first half was a little, you know, very competitive from the India's point of view. And the second-half is our major exporting half where we do the largest volumes in the entire year. So, we are looking forward to better numbers in the coming season. That's it for me.

Vaishnavi Vaity: Thank you, Junaid sir. Investors, the floor is now open for Q&A session. To ask a question, kindly

raise your hand and unmute your line when prompted or drop your questions in the chat box. Thank you.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: We have first question from Mr. Bharat Kumar. Mr. Bharat, you can go ahead and ask the question.

Bharat Kumar: Sir, good afternoon and thank you for the opportunity. Congrats on good numbers in this challenging environment. Just wanted to get a sense first around on your cost element, sir. Anything you want to highlight as a one-off cost in this quarter? And what have we taken as measures in the second-half, so that these costs, which is something which is recurring in nature, can be passed through to end customers.

Junaid Ahmed: The most significant was the ocean freight. As you know, since the war has started and there is a subsequent shortage of containers from India and all of September and the earlier month was, you know, the freight had multiplied by two times to three times. So, this was, you know, the changes were very substantial and they were happening in a period of 10 days,12 days, 14 days. So irrespective of when you book the contracts, the day when you carry out the shipment, you always had a different freight. And shipping companies didn't obey their contracts. So, we didn't have good contracts during that particular quarter. The first quarter, it was a little better, but the second quarter was a challenging one especially because of the ocean freight. And as a company, we tend to enjoy margins on the ocean freight when they are stable. But when you have unstable ocean freights, we are not able to capitalise because the customer, the end customer is already feeling the pinch of it and those changes are pretty sudden. Yeah, the good thing is they are now kind of stabilizing. They've come down by a great instance from the last half yearly. And as you know, the war also looks subsiding, the energy costs are coming down, which had spiraled to almost two times the cost in the previous half. So, we we use a lot of products, we use sugar, we use furnace oils, you know, anything which goes, I mean, these have the energy cost has a big contribution to it. These prices had doubled, so I mean, you we can we were passing on it to the customers, but they were, but it was a knee-jerk reaction,

so, we cannot revise the contract on a fortnightly basis. So yeah, there were times when we had to share the brunt and this half yearly, we are able to reprice it and most of the customer contracts come in play in December and January. So yes, this half yearly looks better and the operating cost would substantially reduce from the previous half yearly.

Bharat Kumar: Understood. The second question would be on your growth. You highlighted a lot about the organic growth and inorganic growth opportunities over the medium term. Just if you could throw some light while you did mention about 4.2 crores of sanction for setting up capacities in India towards your expansion. What is your overall CAPEX expectations and what are the other opportunities you're looking for with respect to from an inorganic standpoint over the medium term, sir?

Junaid Ahmed: Okay, At Freshara, we've consistently grown at about 25 to 30% year on year, and we are able to

pace it up really well. That's particularly because we anticipate what is coming up and we are able to predict our customer demands. So today we are able to convince our customers to, instead of distributing their purchases to different companies, we are able to narrow them down to our one point of contact, one point of service, and one point of establishment. So, this has actually helped us multiply our orders.

Whatever production capacity we have, we are already sold out. So, anticipating this and anticipating our Spanish subsidiaries business had already planned expansion and additional production line in both the units. So, the first one is already implemented. This doesn't necessarily give us capacity in tonnage or kilos, but it gives you more retail packaging capacity. So, as we transform into a retail packer, as I mentioned, the revenue growth is going to be much faster and the EBITDA margins are going to be better in the coming years. So, what we are now foreseeing is we are foreseeing orders from multiple European retail chains. And before they knock on our door, we want to be ready.

So, every year we are targeting to add another production line. This is inorganic growth. Yeah, we also want, we are also looking at unidentified targets, you know, where we want to acquire them in the coming year so that we substantially increase our capacity. Again, the capacity is not about tonnage, the capacity is about servicing the customers. In retail packaging, you may not be able to do a lot of tonnage. In industrial packaging, yes, you can value them in kilos, but in retail packaging is more of the number of containers, the revenue which you are able to categorize for a different country or to an individual retail chain. So, these lines are going to be customer specific, are going to be taste specific, so we need, we are planning to do a CAPEX every year to, you know, to foresee the demand and to match the demand.

So, yes, next year we are looking at a 30% growth again. Organically, we'll achieve this 30%, and anything which comes inorganically is going to be an additional.

Bharat Kumar: Do you see that your target of 1000 crores by FY30 getting achieved earlier itself given that rate of growth you are being highlighting?

Junaid Ahmed: It's very much possible. One is entirely based on what we are able to service to our existing clientele. Second, as I mentioned, we are looking for possible acquisitions in the near-term future. I think without that itself; we should be able to reach that very much in time. Any, any inorganic acquisitions will help us, you know, catapult to that number a little earlier.

Bharat Kumar: Got it. Last question from my side, sir. You have, in this presentation, you have given industrial

pack, retail pack, and food service distribution separately. Now, given that you're setting up more capacities, how do you see this mix changing in the next two to three years, given that more capacities are coming towards retail packing and all so on? And given you are also mentioned

that the retail one is more profitable, then how do you see your profitability trajectory going ahead?

Junaid Ahmed: See, capacity expansion is one thing. Achieving efficiency in production is one thing. The first year for us has been more on adding this new production line and this year and the coming year would be more on, you know, achieving efficiency. So in retail lines, it is more on how much you can do in a single day. I think once our business is, you know, giving more volumes from the same lines and the same units, we'll be able to cut down our cost at least one-third from what we are currently incurring. Yeah, and if global macros are good, I think we should be having an improved second-half. And the coming year, we should be really good because both the production facilities will have two production lines.

The cost of the cost of manpower would be relatively same. The cost of energy would be efficiently utilized and lesser man-hours would be able to give us more productivity. So basically, we can double from here with only a marginal increase in cost. Having said this, the retail expansion is going to be much faster. At the same time, the industrial pack is also growing. The second-half will bring a lot of industrial pack products, which does not really require capacity as such. The retail packs is going to bring a lot of large retailers. You know, there are about 25 retailers in Europe and about 10, 15 retailers in the US. So yeah, so the mix is going to be more towards, it'll shift faster towards retail. And in the long term, it will be a lot of retail and probably a less of industrial packaging.

Bharat Kumar: Got it, sir. Thank you. I will get back in the queue.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: Thank you. Next question is from Mr. Darshil Jhaveri. Also, I request participants to limit their questions to two each. Thank you.

Darshil sir, you can go ahead and ask the question.

Darshil Jhaveri: Hello, hello, am I audible?

Junaid Ahmed: Yes, sir, please go ahead.

Darshil Jhaveri: Yeah, yeah, thank you so much for taking my question, sir. Firstly, congratulations on a really

great set of results, sir. Sir, I'm sorry, I just I think didn't catch the last, you know, quote about FY27. I think did we say that, you know, planning to do 170 crores from the Spanish and 400 crores from Freshara? Was that correct? Did I heard it correctly?

Junaid Ahmed: No, no, no, the 170 is the close to 170 is the order book, and we are anticipating another 100+ crores as an order book, so we are anticipating close to 260 to 270 crores of sales from the Freshara Indian unit. The 400 would be a combined number for both the halves.

Darshil Jhaveri: Okay. Okay, good.

Junaid Ahmed: For the Indian unit. And the Spanish unit, we are targeting anywhere between 170 to 200 crores, depending on how much your forex fluctuates.

Darshil Jhaveri: Correct, so approximately overall 600, 500 to 600 crores, roughly.

Junaid Ahmed: 575 to 600 is our target number.

Darshil Jhaveri: Yeah, OK. So, so with this, we'll also have some significant operating leverage also, right? As and also, I think you were saying that ocean freights are also stabilizing, so the margin that we did in, you know, H1, we can we can go back to what we did, like for the full year FY26. Is that possible for us, sir?

Junaid Ahmed: Sir, in the last 45 days, the freight has dropped, but it has not gone to your Feb-March levels. For example, if a container would cost $1200 or $1400 to Europe, today it still costs around $3500, but it had gone up to $5000. So yeah, I mean, if the war scenario dwindles down. We are anticipating this freight to normalize. But having said this, again, the pass on is now a little visible to our customers. The last time was an Ad hoc increase, which customers couldn't absorb it. Today, they know that the freights are higher. So, it's a little more easier to convince the customer than the previous months. We should be able to achieve at least one or two basis points improvement in our margins in the second-half and I think in the overall performance.

Darshil Jhaveri: Oh, okay, okay. That's really good. I just wanted to know, like, in terms of our inorganic acquisitions or something, what's the level that, you know, we are, you know, in terms of ballpark cash flow, what are we looking at, like, it could be what kind of purchase cost for us?

Junaid Ahmed: See, the average size of an Indian entity would be ranging with anything less than 50 crores, because the large entities are not here for sale. The smaller ones who may be struggling in business or who may not have a succession and who may have good infrastructure, this is our primary target. So yes, if we do anything, we will do, we will have to spend anything less than 50 crores to acquire a unit which can do anything above 150 crores as revenue.

Darshil Jhaveri: OK, OK, that that really good this purpose of me asking this question is, in future, what are the cash flow needs we have, because you know our working capital also, we need the trade that we are growing, as well as we want to do acquisition and some, you know, capex. So, like over the next two years, like what is the capex plan and borrowings that you know that we are expecting.

Junaid Ahmed: I don't have the number for the next two years, but for the immediate year. Yes, I know that the working capital requirement is not going to be very high. Anything between 30 to 50 crores would be a requirement for the next one year in working capital terms. And maybe if I'm going to acquire a company, yes, I should be requiring another 50 crores. This is a span of about 12 months from now. The source of it, we have still not, you know, gone into the details.

Darshil Jhaveri: Okay. Okay, so it will be need to do a fundraise like if that's if that like something that we are hoping.

Junaid Ahmed: It really depends on the acquisition which comes, if it comes with a suitable banker or if it comes with a suitable land bank, you know, which can be taken over. I mean, there are a lot of opportunities which are there in the market. So yes, it's 50-50 at the moment. We don't have a clearer vision at how we are going to do it. Probably in a month or two, we should be able to come out with some more, you know, narrower information.

Darshil Jhaveri: That, that's really great to know. So, just a small request if we can do quarterly con calls, that would also be really helpful.

Junaid Ahmed: Sure, I think from the coming quarter, I think we should be quarter because our if we if we if we are working, sorry, our paid-up capital is somewhere close to twenty-five crores. I think from the next quarter we'll be doing quarterly.

Darshil Jhaveri: Yeah, that will be helpful. Thank you so much. All the best.

Junaid Ahmed: Thank you. Thank you.

Vaishnavi Vaity: Next question is from Mr. Rohan. Mr. Rohan, you can go ahead and ask the question.

Rohan: Congrats on the strong set of numbers. Sir, firstly, like you mentioned on the freight, right, like freight, there would have been a shock. So, the freight cost has pushed our margins down. And the second part is that our acquisition, right, I mean, do you see more efficiencies play out over there? So, will these two aspects lead to, say, at least our EBITDA margin coming to 12, 13% in H2?

Junaid Ahmed: Very high chances because we now know how it has played out in the last six months. We now

know our numbers much better through, you know, a torrid six months, right? So, the first 45 days have been really good of this half yearly. And the next 45, next four or five months, yes, we are able to convince our customers that, you know, and they are also pretty much accepting on the changes happening globally. Yeah, if the war goes away from here, it's going to be a very good day. I'm pretty sure that one or two basis points correction in margins will surely happen because that's our costing at the moment and hope the, you know, the freight

stabilizes. Because any knee-jerk reaction, we cannot go and change contracts. So yes, that is our only hope.

Rohan: Okay, yeah. And so, on the acquisition, right? Like I, you know, just to double down on that. So it generally we see that these larger assets which are struggling, they take some time to turn around, but you've done a very good job in turning it around to a certain level. Do you see larger efficiencies kick in from there?

Junaid Ahmed: The Sarasa brand, as I mentioned, the, you know, at one-third of my quantities, they can actually cross my revenue. It's a high-priced product compared to the Indian standards. Yeah, this year we should be doing close to, you know, about 20 million, that's about 200 crores. Very good, very good opportunity to double the number because even at 20 million, the entire unit will be only at 50% productivity. The unit was historically is known to do about 30 million, 300 crores. And in fact, we have shifted, we have started shifting a lot of Gherkins production to India, which is actually helping us and them. They don't have to store inventory on Gherkins. We at the same time can run our lines more efficiently. So, they can do more olives. So, the programming is happening. I think by December, they close their financials. So from next year, I think they will be hitting a higher number than the current year.

Rohan: Okay, and this is entirely from Spain only, right? The sales numbers which you have mentioned.

Junaid Ahmed: This is entirely from Spain. Anything we have, I have not disturbed them at the moment or, you know, push them to sell across the world. But yes, a lot of my own clientele would want to engage and I want the first year for them to do well in their own distribution network because a lot of retail supermarket chains still don't have enough gherkins. So, we are trying to push more on the distribution rather than the sales, and once that that reaches a certain 65 or 75 percentage level, I want to take them global.

Rohan: Okay, sir, one question on the inorganic strategy in general. Like from this one acquisition, we can see that, you know, you have a very strong capability, like you have identified this asset at a very good value and you have turned it around so quickly. So, are you thinking about going more aggressive on inorganic? Don't you feel you should? Maybe look for identify more such assets in Spain or whichever geographies you know you see there is potential and especially when this the macros are not so good. You might get even another really good value by like what is your take on that? That is just a off-hand question for me.

Junaid Ahmed: In Europe, bankruptcies are pretty common. You may have, we may have, we may come across an opportunity anytime. But yes, I am assessing them on what kind of strength it will provide me. I really just don't want to do olives alone. I would want a strong brand.

Rohan: Right.

Junaid Ahmed: So, if there is no brand, there is no point acquiring somebody. At the same time, if it is in a geography where manufacturing is very important, where I cannot reach, for example, a landlocked country where, you know, the freight is very high, it's in multiples. So those countries, I would rather want to have a manufacturing base.

Rohan: Correct.

Junaid Ahmed: I would not say I'm going to be aggressive, but yes, since we travel globally, meet more than 100 customers, we do come across opportunities where customers themselves don't want to continue the business because they are aging out or they don't have the next succession coming in. And at the same time in Europe, it's pretty common that you can find assets at today's level, especially after COVID, that you may find a good company with a good, good distribution channel, with a good brand, maybe coming at a very good price, wherein, for example, in Sarasa, we are, I think we'll recover the investment in 1.5 years at the max in a year's profitability. I'm already there. In the next year, it should be net to net an asset, which I've already you know, it's already paid up. So, something like that. Yes, not aggressively, but yes, opportunities which I can control and which I can run as a brand.

Rohan: Okay, and so final is on the B2B, B2C mix. Like what is the B2B, B2C mix right now? And for the full year, say, we are, I think we should be able to clock probably 600 crores in top line. So, what is the mix you see for the full year? Is it still majorly B2B or with Sarasa it has changed a bit?

Junaid Ahmed: It will be 60:40, whatever revenue comes from Freshara will be B2B, whatever coming from Sarasa will be B2C.

Rohan: OK, and sir, last year, what was this number just for clarity?

Junaid Ahmed: Last year it was 90:10 or you know somewhere close. No, no, last year it was 100% B2B. Last year it was 100% B2B to this year.

Rohan: Oh, okay. So, there is a big shift. Okay. So, there is a big shift towards B2C, right, for us.

Junaid Ahmed: Especially because of Sarasa.

Rohan: Okay, okay. Okay, sir, if I can just squeeze in one last question, like it seems to be like you're building a gourmet food platform sort of. So do you look at it that way and you feel you can add new such products or you are happy and content, you know, I'll just...See how it goes with Gherkins, Olives. You know, how are you thinking on the positioning of the business and the overall strategy or vision, you know?

Junaid Ahmed: Basically, in India, we have a 10% market share. In Spain, we may have maybe less than 5% of market share. In food industry, first is to dominate the same industry. If you're in India, I would want to take this market share to about 30%. In Spain, I would want to take this market share to 15 or 20%. This will help achieve economies of scale, first of all, which is very much required to have a very long-term business. After that, the goal will be to explore other opportunities. But yes, in this journey, intrinsically, we'll be adding a lot of products which go hand in hand only then we will be able to reach the number. So yeah, in Spain, we are trying to reach every retail outlet. That is my aim. I would want to distribute it so well that any supermarket going customer would be able to pick Sarasa as a first preference or at least a second preference. Today we are not there. Today is an opportunity, I would say, that, you know, getting there itself will be a very strong word in the market and would help us be known as a global brand. So yeah, that will be our target. Yeah.

Rohan: Correct sir, Yeah, like in the likes of Walmart and... Okay, sir, so thank you so much and all the best. I mean, congrats on such a strong set of numbers.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: Thank you. Next question is from Mr. Vinayak Mohta, Mr. Vinayak, you can go ahead and ask the question.

Vinayak: Yeah, hi, am I audible?

Junaid Ahmed: Yes, Mr. Vinayak.

Vinayak: Yeah, hi. Perfect. Thank you so much for this opportunity and congratulations on a great set of numbers. I just have two questions. So first, I want to understand from the current capacities that you have across existing Freshara and the acquisition in Spain, what is the peak revenue that the company can do without any considering the small expansion that you are doing across on the brown field side?

Junaid Ahmed: The immediate number would be 1000 crores. We should be able to achieve it without having another industrial setup itself. Intrinsic expansion of another production line, adding it in every six months would easily take us to that level in the next probably 24 months. Yeah, after that, we will surely require an acquisition, which would be another full-fledged setup where we could

do another 300 or 400 crores. So, from here, yes, our nearest target would be at the existing unit capacity, we would be 1000 crores at a standalone level. At a consol level, we should be able to do at least 50 million from the Spanish entity, with a little bit of additions in machinery lines of production. So, yeah, combinedly you can take us somewhere around 1500 crores.

Vinayak: Understood. And like you said, you should be able to reach 1000 in the next two to three years or so. So broadly by FY 30, we can expect the 1500 crores to fully play out ex of any acquisitions or further anything coming broadly.

Junaid Ahmed: I really don't have the number on my paper, but yes, but yes, I'm targeting it.

Vinayak: Okay, fair. And can you help me understand what is the peak? So, you have done 15, 16% margin, but I understand that Spain comes at a lower relative margin, but it being a B2C and you bringing in further, you know, efficiencies through in products, what is the peak margin for the branded business that you can expect? on a normalized level when everything subsides, general state.

Junaid Ahmed: See, the moment we fully utilize our capacities, both of us together, we should be net to net 14-15% EBITDA stable margins, probably 10, 11% combined consol margins. I would not be able to see the peak of it, but yes. Consistently doing a number would matter more to me than, you know, try for a peak margin. Globally, as you've seen in the last few years, I mean, you have too many counter-actions to handle. And when you are globally exposed, yes, I would not tell it a 17-18, or a 19% margin business. I would restrict myself at a 15%.

Vinayak: So, 15% for the blended business consolidated level would be steady state.

Junaid Ahmed: It very much possible, yes.

Vinayak: And 10 to 11% you meant PAT margins?

Junaid Ahmed: Yeah, 11% PAT, yes, we should be able to.

Vinayak: Understood. And last question, you know, just wanted to understand the cash availability side, even ex of acquisitions, given our working capital days are significantly higher. So, for example, every incremental rupee would require you to generate working capital. So are there days, number of days going to reduce? Do you have some target in mind? And over the next two years as the B2C and B2B make shifts, what kind of working capital days should we consider for the business to be operating at?

Junaid Ahmed: See, I'll start with the Spanish business. At Spanish business, we don't have really too many

exports at the moment. The credit period to the market is roughly around 60 to 90 days. So, there's not a lot of cash required to run the Spanish business. It can be anywhere between 60 and 90 days, which would be sufficient. So, at a consol level, it would actually bring down our overall working capital capacity needs. With, if at all, yeah, if you've seen my, if you've heard of my previous conference call, the freight, as you know, plays a major role.

We have experienced delayed deliveries for at least seven months, nine months now because the war keeps expanding and a lot of routes are blocked. So, this leads to your, you know, your tight stretch of working capital. Two years back, it was only 120 days, 90 days. Today it is about 150 days, 160 days. So, I anticipate that going forward it should be reduced by another 30 days. So, we should not require too much of working capital. Yes, provided that we don't face any external problems from the ocean freight. I think this one component determines how an exporter can manage his working capital cycle. We generally don't do any factoring or discounting of our receivables because we feel that the product comes at an expensive cost of interest. But yes, we are exploring it.

So yeah, going forward, the working capital days would come down considerably, especially after we started looking at it in a deeper fashion. Previous years. We didn't have to worry because there were no external factors which would come and control these things. Today we are looking at it very closely. The challenge would be, we being a retail or a white labeller, we are trying to expand and grow fast. So, in this case, we are having more customers compared to any other exporter of this particular product from India. So, the kind of SKUs you maintain, you stock them, you produce them, and export them. That is actually our strength, which helps, you know, to have a no, never say no attitude to our customers and convince them that even on a bad day, we will have the product compared to the entire industry. Yeah, we are trying to tune it, yeah.

Vinayak: So, you don't see any cash crunch coming in the near term from working out acquisition side?

Junaid Ahmed: Not really, not really, not really. See, every acquisition would be planned separately. It wouldn't be, you know, interfering with the existing framework.

Vinayak: Okay.

Vaishnavi Vaity: Next question is from Mr. Ashish. Mr. Ashish, you can go ahead and ask the question. Also, I request all the participants again to limit their questions to two each. Thank you. Ashish sir, if you're speaking, we can't hear you.

Ashish: Hello!

Junaid Ahmed: Yes, Ashish.

Ashish: Am I audible?

Junaid Ahmed: Yes, yes, please go-ahead.

Ashish: Well, yeah, and congrats all for the great set of numbers in this environment.

Junaid Ahmed: Thank you.

Ashish: My question is on that, on the last question, you said we can achieve 15% kind of margins in the long period or one or two years if all things remain steady. So, can we can we expect 1 to 2% more increase if EU FTA comes into force? What is the impact of that and when can we expect where do you see that?

Junaid Ahmed: The EU FTA is still not on the floor yet. It'll come in the next year. It has a quota system and you know it has a lot of fine tunings to be done. It will eventually help our Spanish business on the 1st preference because we will be manufacturing Freshara or Sarasa branded products from India, which will be going duty-free or, you know, at very less duties to Europe. This will help us become more competitive compared to Turkey, Egypt, which currently enjoy subsidized duties. So, India has for long not been able to enjoy this with the European continent. Yes, Euro FTA would really benefit not only us, but I think almost all the food exporters from India. We will become more competitive, especially with a gherkin growing country like Turkey. They happen to be our head-to-head competitor. So, we will be at probably 0 or less than 5 currently, Turkey has, I think, 5% of duty. So, any customer you go to, they compare us, our prices with Turkish prices. So yes, going forward, one will be more customers will start buying us. Second will be, we will surely be having, should have better margins.

Ashish: Thank you, sir, and all the best.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: Thank you. Next question is from Mr. Navin. Mr. Navin, you can go ahead and ask the question.

Navin J. R.: Yeah, thank you for the opportunity. Congratulations on good set of numbers, sir.

Junaid Ahmed: Thank you, Navin.

Navin J. R.: So yeah, my first question is, you said because of cost inflation on the freight side, the margins were impacted. Is it possible to quantify the same?

Junaid Ahmed: The freight had that, I mean, the volume of freight is roughly around, for example, three times higher from the previous half yearly. So roughly around 10 or 15 crores of freight would have

been additionally incurred. The disadvantage would not be the freight, but the margin on the freight, which we have not enjoyed because the freight has shot up. So, for example, if the freight component was 25 crores, we should have enjoyed 2 1/2 crores as profit on freight. which on a regular day is how we bill our customers. But unfortunately, since the freight increased drastically, we were not able to pass on the profit because the customers already feeling the pinch of it, you know, trying to delay the purchase. We didn't want that to happen.

So, we had to compromise on the margins on the freight. So as a product when we bill, a lot of our sales, our top line combines the freight expenses. So, when you do your EBITDA and PAT, you also do it on the top line. So yes, at least a large portion of our sales has been without margins on freight.

Navin J. R.: Yeah, and employee cost also has seen a significant jump. Is it to do with the Indian or the Spanish operations?

Junaid Ahmed: Okay, in the consolidated level, yes, in Spain, the employee cost is the highest because compared to Indian cost, you know, the average labour wages is a lakh rupees more compared to the Indian minimum wages. And I think when you compare us, I mean, we will not be able to be comparable because we don't have a full consolidated year. Otherwise, on a standalone basis, there's not much of an impact. I see a small number of difference, but the moment we enter retail packaging and slow products like Banderillas, the cost of people are more because we use manual labour more. I don't think that is significantly higher.

Navin J. R.: We were planning to explore Spain as an export base to enter other European countries. Can you give an update on the same?

Junaid Ahmed: Yes, we have already a lot of customers who are interested in our Spanish branded products. We are trying to, you know, identify and establish distributors for the brand. Rather than turning the Spanish company into a white labeller, I would want the Spanish company to do a brand export. Like we want to register a brand in a different country and do it. That is in process. We are making a significant, you know, we are going to different markets trying to identify which price points suit us. And probably by next year, we should be there in at least a few countries.

Navin J. R.: And this retail pack contribution, which is increased during this first half, is it because of the Spanish operation or is some other geography also contributing to that?

Junaid Ahmed: No, we've won good contracts in the last six months. Two large European retail chains have become our customers now. We now have year-long contracts, which were unlikely in the previous industrial packaging segment. And we, in fact, from the year 25-26, we have a separate or a new unit which started with the retail packaging line. Years prior to it, we didn't have an extra unit. Today we have a unit which focuses on retail packaging. And we have new customers who've come in in the last 12 months. And I think going forward, we are able to foresee a lot of

retail demand and our mix of retail and industrial, I think retail will catch up much faster than industrial.

Navin J. R.: My last question is on sourcing. Because of the lower rainfall in the southern belt, are we seeing any impact on our sourcing?

Junaid Ahmed: Compared to the previous half yearly, we've already done more quantity. We've already, I think, 600, 700 tons additional to the previous half yearly, so we don't have a reduced crop. And in fact, we have very decent inventory levels. The challenge is that there is no surplus crop, but that usually helps the business because you have the right people surviving in the business. When there is a surplus crop, you have too many competition coming in. But yes, in our Tamil Nadu circle, there's been very good rains. It is our major harvesting months from December to Pongal and up to April. So, I don't foresee a shortage of crop, we are also extending our Agri capacity and trying to engage more farmers. So yes, we look forward to the same kind of growth which we've done in the previous years.

Navin J. R.: Will it impact our next year's operation because of the lower inventory we are carrying?

Junaid Ahmed: Not really. Why? Because see, we again, we are geographically spread. If there's less rain in one state, there's not always less rain in another state. And I think the El Nino may have affected one particular state, but not the other. And the other has, you know, it's rained really decently well. So I don't think that's going to be a problem in the future.

Navin J. R.: Thank you, Junaid, sir, for answering all my questions. Thank you.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: Thank you. Next question is from Mr. Dheeraj Thakur. Mr. Dheeraj, you can go ahead and ask the question.

Dheeraj Thakur: Hello, I'm audible.

Junaid Ahmed: Yeah, Dheeraj.

Dheeraj Thakur: So, my question is on the cash flow side. I just wanted to understand our cash flow is currently negative and we were saying once we reach the revenue of 400 to 500 crore on yearly basis, the cash flow should turn positive and based on current analysing run rate, the revenue run rate is 400 to 500 crores. So just wanted to understand why cash flow is still negative and when it is expected to turn positive.

Junaid Ahmed: No, on the standalone balance sheet, we are actually cash positive. We don't have a negative issue here. On the consol level, we have a very small difference. I think that's because we have a cyclic business, both India, a little bit of cyclic nature in Spain, where you get all the crop in a few months. So, our particular harvesting months are September, October, where you get a lot of olives. So, I think otherwise, there is not much of a, I think we've done a lot better than the previous years. And at the end of the financial year, we should be cash positive.

Dheeraj Thakur: Understood. And the second question is on the Sarasa side. So, have we started shifting the sourcing of olives to the Egypt side which you are telling to save the cost?

Junaid Ahmed: We are already we are already doing it. That was my first step. So, I think entire Europe today buys from a cheaper destination. They don't really wait for a particular variety. There are even Spanish varieties are now grown in Egypt. So that has brought down our cost that is straight away visible in our numbers. So, the olives which used to cost 250 rupees are now costing only 150 rupees. So that gives us a good leeway and we have multiple sourcing destinations, not only Egypt. You can also buy from Greece and, you know, Morocco and wherever there's surplus crop. So, you have to be open-minded, not say that, you know, I'm going to buy only from Spain because today the Spanish and the European community consumes different varieties of olives. Only for olive oil you need specific variety, but otherwise it's okay.

Dheeraj Thakur: Understood. And the last question is on the operating margin side on the standalone business. So, it has fell to 10.3% in this first half. So just wanted to understand if it is entirely related to the freight cost or some other costs are also there, which has contracted the margins.

Junaid Ahmed: Majorly, majorly is the freight cost. Second would be our energy cost, which have which has impacted the cost of some of our, you know, the furnace oil, the sugar, the ingredients which we use, the packing material which we use. These 2 are the major components. Then there's some forex volatility, where the Euro and the US dollar has, you know, been very volatile and that has not given us a positive revenue. Usually, it gives us a large revenue, a bonus revenue sometimes. So yeah, and sometimes it is notional, you know, I mean, we really, when you do your numbers, it has to reflect, otherwise we are okay. But these are two major components the freight and the energy costs which have given us a major impact.

Dheeraj Thakur: I understood. So, do you see this cost going to the FY26 levels?

Junaid Ahmed: The cost of freight and the cost and the energy costs have come down. As you know, the crude prices are falling. At the same level, yes, very high chances. We hope that it continues to decline because it's at artificial levels today. Anything which was costing 30 cannot be 80. So yeah, today it's now at 60 and you know, it's going down. So, every 15 days we see a good reduction in cost in certain raw materials and products. So yeah, we should be two bips, two and 1/2 bips better than the first half. I'm not sure on the 26 levels, but yes, we'll be pretty close.

Dheeraj Thakur: I understand. Thank you, sir. Thank you so much, sir, for answering all the questions.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: Thank you. Next question is from Mr. Sanjay Kumar. Mr. Sanjay, you can go ahead and ask the question.

Sanjay Kumar: Hi, sir. Congratulations on turning around Sarasa. We've already hit the 8% PAT margin. Is there any other scope to increase this PAT margin or you feel that this is this is the mature level for Sarasa? Ideally, it should be higher given it is a retail-heavy, B2C heavy brand.

Junaid Ahmed: Sanjay, I take it step by step. See what, it's more of a turnaround for us for the six months. I'm pretty glad that, you know, it has gone as per our plan and understanding. There are high chances that it can reach Indian margin levels, provided we continue the same discipline in purchasing as to what we are doing. Yeah, maybe in a year or two, Spain will be head-to-head with India. As you mentioned, it is a B2C product and we are still not listed in a few of the top retail chains in Spain. Once we, I mean, we are trying to list there and once we list there, yes, the volumes are going to go two times higher. And in Spain, the fixed cost is only the employee cost. Rest of it, probably the little bit of energy cost. There is no farming or contract farming like how we do it in India. So, the exposure to costing is to only two or three major components. And I think we have this under control. So yes, as you mentioned, we have a lot of opportunity to become better in the coming months.

Sanjay Kumar: Got it. That was my second question. So, we are at 90 crore run rate, so full year, probably 180 crore, 200 crores. What will take you to 300 first and then eventually 500 crores of revenue at Sarasa?

Junaid Ahmed: We are being very selective on what we sell. You know, in Europe, they are not really mindful of PAT. They always are mindful of EBITDA. So we are, I am trying to put it in their minds that, you know, PAT is what we want. So, to maintain a healthy profit and a healthy EBITDA margins. It's important and wise to choose products which are having higher margins. So, the entire first year is about flushing out the slow SKUs, which historically has not given the money. Only for face value sake, they were doing some business. And yes, 300 crores is what they were doing previously. So that is an immediate achievable target. Since I brought out Gherkin from there and I'm trying to push as much as possible from India, if we are now trying to check the acceptability part of it and yes, if it is true, 500 crores is a landmark which we should do in a couple of years, if not maybe in three years.

Sanjay Kumar: Got it. And one on the base business, given Turkey is our competition, how is the crop in Turkey this year? Will we have any advantage because of that?

Junaid Ahmed: See, Turkey globally, you know, El Nino is a known factor. Nobody's done extraordinary. Everybody has done normal or average. So yeah, it is not playing out too much. We haven't heard too much on Turkey. They've just got a normal crop. And the next six months is is where India actually sells. So, 60, 65% of the Indian business comes in the next six months. So yeah, we are gearing up and I think we should not really need to worry about Turkey because we have our existing contracts in place. We should be trying to more on concentrate servicing the contracts rather than worrying about a competing country.

Sanjay Kumar: Okay, last question. So, we, you spoke about two European retail chain. Can we win more such customers?

Junaid Ahmed: Very much.

Sanjay Kumar: Not just European?

Junaid Ahmed: No, that's going to be a part of the process plan. I mean, after we being listed, after we acquiring the Spanish brand, we've had probably we have at least five or six good customers trying to contact us in a week. So, the customer approach, the mindset itself has changed because we have a European presence. And there are a lot of contracts which we can bid from Europe, which we are not being able to bid from India. So, there are brands which Sarasa is already serving, which Freshara is not a part of. So, we are trying to engage that, you know, the reverse integration as well as the indirect marketing, which is possible. And there are plenty of brands which are still not in our portfolio since retail has caught up and we need to have additional production lines to cater to each customer because every customer is a large customer. You cannot share infrastructure of your existing line with another flavour or a variant of product. So yes, I'm forecasting it to happen in a year and I'm adding capacity production lines and people who can directly interact with these customers, understand the technicalities, and keep them happy with the products.

Sanjay Kumar: Great, sir. Thank you, and all the best.

Junaid Ahmed: Thanks, Sanjay.

Vaishnavi Vaity: Thank you. Our next question is from Mr. Vishal. Mr. Vishal, you can go ahead and ask the question.

Mr. Vishal, you can unmute your mic and ask the question.

Vishal Shah: Yeah, sorry, am I audible?

Junaid Ahmed: Yeah, Vishal.

Vishal Shah: Okay, thank you for having me. Congratulations on a great set of numbers. Sir, my question was once again around the fluctuation in the currency, the euro, which has appreciated from 111 to 101, and also the dollar from 98 to 93 approx. So, what impact it will have on the operating margin?

Junaid Ahmed: Yeah. See, Vishal, we are usually borrowing in a foreign currency. So, whatever we've borrowed in the six months in the coming months is always going to be in the foreign currency.

Vishal Shah: Okay.

Junaid Ahmed: On a realizable value, we don't have to really worry on how the currency fluctuates. We are decently hedged until the first half of the first quarter of the next year.

Vishal Shah: Okay.

Junaid Ahmed: And I strongly feel that three to four months, it may come back. You know, the three to four months is a cooling off period. When it goes down,

Vishal Shah: Yes.

Junaid Ahmed: It usually jumps back. But yes, borrowing in a foreign currency automatically hedges us to these seasonality problems.

Vishal Shah: Got it.

Junaid Ahmed: Yeah, we are pretty okay.

Vishal Shah: Got it. Thank you. And sir, along the same lines, so will the revenue target of 600 crore hold?

Junaid Ahmed: Pretty much it should.

Vishal Shah: Okay, so can we expect a revenue of 750 crores? Next year.

Junaid Ahmed: It is a part of our target, yes.

Vishal Shah: Okay. Got it. Appreciate it. Thank you so much for your time. And once again, congratulations on a great set of numbers. Thank you.

Junaid Ahmed: Thank you. Thank you.

Vaishnavi Vaity: Thank you. Next question is from Mr. Dinakaran. Mr. Dinakaran, you can go ahead and ask the question.

Ugesh Dinakaran: Hi, sir. Congrats on the good set of numbers for the H1. I would like to ask, like, do you have any plans to expand into the UK market or do you just want to stick with the Europe market through Sarasa brand? And also, I just want to understand whether you're only catering to the I mean, whether you're only doing B2C business through Sarasa or you're also using Sarasa for the B2B businesses, like mentioned, where you want to do more retail chains business within Europe.

Junaid Ahmed: See, Sarasa as a brand, we want to take it to every country possible because Olives, as you know, is consumed in more than 120 countries. UK is very much a possible base and I'm exploring it already. From Freshara, we are already supplying to UK-based customers as a B2B solution. Sarasa can travel worldwide. We don't have any restriction on or we would be more than glad or happy to introduce a brand, but it's just that since it's a brand, it needs brand building, it needs a proper distribution channel to justify its presence. Otherwise, it would fail easily. So, you know, without having a concrete setup or, you know, without having the vision for it, there's no point of doing it. So yeah, I'm carefully selecting where I should place the brand first, which is still a lot to do with Spain. Sarasa will also supply, make B2B supplies depending on our customer requirements. So yeah, I think it's a step-by-step process and hopefully by this time next year, we would be in a very much mature state. Probably we'll be doing both of it of what you have named.

Ugesh Dinakaran: Thank you, sir, understood. And when you say it's B2B, you mean you would be doing white labelling for retail chains, right?

Junaid Ahmed: Possible. Depends entirely on the kind of demand and if it's a sizable demand.

Ugesh Dinakaran: Thank you, sir. Thank you so much. That's it on my side.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: Thank you, Mr. Balakumar. You can continue with your question.

Balakumar M.: Hello, sir.

Junaid Ahmed: Hi.

Balakumar M.: Hi, sir, my question is regarding our working capital, not specific to the negative working capital cash flows, but you know, if you look at the inventory, what we hold at standalone level, it is 120 crores and trade receivable is 120 crores. I understand in H2 we flush out majority of the inventory because the sales is higher and due to the seasonality reasons. But the trade receivable, the number if we take it is roughly about four months of credit period. I just want to understand from you what is the typical credit period in this industry and is our creditors covered by any

letter of credit or any form of SBLC or anything that we are assured of, you know, getting the payment on time.

Junaid Ahmed: Okay, let me give you an example. In March 2026, I think our receivables were somewhere around 124 crores. In the last six months, we've collected more than 160 crores. It has been a record collection. So yeah, what has happened in the last year or so is that the goods don't reach on time or are reaching at least 45 days delayed or 60 days delayed than the existing timeline

because of obvious reasons of your Red Sea and your Strait of Hormuz being closed. The containers keep getting rerouted through a longer transit period and also, we do a lot of Russian shipments. There was bombing in Novorossiysk and you know, for all reasons, there is always a delay of containers reaching our customers. Our payment terms, at least 75% of it is on CAD terms. That is only before reaching of goods or reaching on good is when we get the monies. The 121 crores is entirely, I think, your last three or four months sale, probably one or two delayed payments. Because we offer at least 60 days to our European customers. We offer 90 plus days, close to 100 days for our American customers. The change in period for both or longer period for US is because of your tariffs which came.

So, our customers in the US have wanted or extended the credit period. It's an acceptable term in the industry. So yes, this would be how the industry works and probably three or four months of my sales would be my receivables. That's at least 90% would be depending on the transit times of my cargo a year back or two years back when the transit times were quick. For example, Spain used to be 21 days. Today it is 45 to 60 days. So, at 30 days or 45 days or 60 days, I would have the payment. But today, only at 45th or 60th day is when my customer gets to know that his cargo is arriving. So that has made a lot of differentiation on how customers pay, and they don't want to pay without seeing the cargo or without having a visibility on when it is arriving.

I think that should become better in the coming year, having seen the worst of times in the export markets, and hopefully if the Strait of Hormuz opens up. I think we can bring down our deliveries by at least 50% in time. So, our receivables should also come at least by 30, 40% down in time. So yeah, it is influenced by external factors which are not in our control. But yes, we have not had any bad apples in the last 11 years. Most of our receivables are under control. Most of the customers buying from us are pretty much older than us in the industry. And yes, backed by bank credit and, you know, insurances, which we do.

Balakumar M.: Okay, sir, understood. And just to follow up on this, so when you say the sailing time is close to two months, and we also hold inventory of about four months, which is 4 plus 2, 6 months, considering that we are dealing with perishable commodity, isn't that a large time that we exhaust in this, you know, time period itself?

Junaid Ahmed: See, we on the headline, we are a preserved vegetables exporter. The only advantage or God-given gift to us is the longevity of the product. My product can live for three years. It can undergo

sub-zero temperatures, come back to life. So basically, we preserve them with natural vinegar, high salt, it's heat treated, it's your entirely your World War product. You know, if you go to a World War bunker, you may find a tin can of pickled gherkins or pickled olives, which are still good. That's because they've been heat treated, canned, and you know, they're good. So basically, the shelf life is pretty long. My customer keeps my product for a year because he doesn't want to stop his production line and he also has his own crop. So, he uses our, when you do your industrial products, he uses our inventory almost the entire year. So yes, we don't have a worry on cargo life and the older it becomes, the better it becomes.

Balakumar M.: Okay, sir, understood. Thanks for that. And, sir, just a follow up on the previous participant's question on the acquisitions, future acquisitions, if we go for any. I've been tracking the company since we listed. I've also participated in the past conference calls. So, when you acquired Sarasa, we all had our doubts on how the bankrupt company is going to be turned around. And kudos to the management, to you and your team for doing it swiftly. You know, it's a great thing. And like you said, Sarasa has a lot of potential to grow. We are seeing the 1/3 of what it can do now. You know, there is a lot more room to grow in Sarasa as well as in the Indian context. But when we look at acquisitions at India, you know, Sarasa provided us a brand, but in India, it's basically the business. If we have to put it in simple terms, you know, you are located in Tirupattur with catchment area in four different 4 bordering states.

Junaid Ahmed: Bala can't hear you.

Vaishnavi Vaity: Bala sir, we can't hear you.

Balakumar M.: Sorry, I lost the network.

Junaid Ahmed: Yeah, yeah.

Balakumar M.: So, I was asking, you know, doing an acquisition in India, you know, unlike Sarasa, and you know, what I cannot understand is we are not getting brand or any specific, you know, intrinsic, you know, value I could see in a food processor. So, if you could throw some light on that part, it will be helpful, sir.

Junaid Ahmed: Yeah. Okay, that's a very good question. See, we, the Gherkin growing area is pretty large, has about 900 thousand farmers. We, though being in the centre of the sourcing areas, we are more of a Tamil Nadu based company and most of our sourcing happens from Tamil Nadu. A lot of it happens from Karnataka as well from distant places, closer places, and different geographies. So, when we try to acquire somebody, we try to look at how strong they are in their agriculture, what team they have, what kind of policies they follow, and what kind of historical presence they have amidst the customer base. So, there are some customers, for example, if there are stickiness of customers are pretty high in the industry. So, if I choose a company, the customer base would be like, they will have 5 to 10 special customers whom I've not been able to break

in the last 11 years. They have a very good production facility, very close to the growing areas. As I mentioned, agriculture is good. The crop arrives early; the crop wastage is very less. Has a very good management team. Also has a very good quality control team, which cannot be developed overnight. A third will be the potential to grow from there, because a lot of units are underutilized, probably located at very good places.

Probably the ownership has been very good, but somebody is phasing out, right? And second, if I don't try to acquire, there is going to be a competitor who's going to take it up and run the show. And there's going to be some kind of competition on sourcing also. Third is we may soon run out of space because we are growing at a very good pace. We have acquired a Spanish brand. Just to service the Spanish brand, I will require a separate unit. If the Spanish brand does really well, starts buying a lot of Gherkins from India, we are experimenting with other products as well. So, we will need to have a dedicated line because when you start being a brand, you come face to face with a customer.

So, you have to be very, very clear on what you're manufacturing. If it is Spanish product, it is not going to be same as any other company country's product. And if it is a brand, it is going to have its unique taste. So, all these localization uniqueness needs attention, which you cannot provide when you are crowded. You have about 50 customers on the same unit. You may not be able to give preference to this customer. So, it's more of longevity, more of your, you know, some kind of luxury which you give to the brand to the customer that he's going to feel, you know, looked after. He cannot come in and see that I'm doing 10 different brands and I'm also taking 11th brand. And what kind of a likelihood that he'll have preferential, you know, behaviour towards it. So, we need to have some infrastructure. The existing infrastructure has its own limitations. We will be running out of space. As you know, it's a food product cannot. We cannot multiply warehouses; we cannot keep constructing warehouses to store.

So rather, we have another unit with a geographical advantage which can exclusively produce products for a few handpicked customers. So that's how the growth can happen. We are not very large units at the moment. If you have a 50 acre or 100-acre plant, I can say that, you know, let me expand in the same vicinity. But no, this happens to be, I know, I'm still an MSME. I still have a 10-acre plant. I need another 10-acre plant. So yes, this growth is obvious. I cannot stop it.

Balakumar M.: Got it, sir. Thank you and wish you all the best.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: We'll take next question from Mr. Geetharth Tandon. Mr. Geetharth, you can go ahead and ask the question.

Geetharth Tandon: Yeah, hi, thank you for the opportunity. I just have one technical question that is being on an export business that to vegetables gherkins. So why do we have so low gross margins like 20, 25% instead of like export margins are usually higher. So, I just wanted to understand the dynamics of the industry. Why are you selling at a lower price when export prices could be much higher compared to like other vegetables when sold globally?

Junaid Ahmed: Somebody on not on mute. Can you put them on mute?

Vaishnavi Vaity: Yes, sir.

Junaid Ahmed: Yeah, see, not necessarily. We don't deal with a premium vegetable like a bell pepper or an olive, where the selling price can be 200 rupees, 300 or 400 rupees. The product sells at an average price of 70, 80, 100 rupees. And it is also selling in a preserved format. And we also do a lot of industrial packs. The industrial packs don't come with a lot of margins. They have limited margins. So yes, historically, I think a lot of businesses are in the same 20 to 30% gross margin export. It's not necessary that, or, you know, I don't see, I haven't come across a vegetable business which is doing more than 35, 40% or 45% gross margins.

Geetharth Tandon: Got it. So, sir, what is the difference in gross margin in retail packaging versus industrial packaging?

Junaid Ahmed: There will be a 3-4 % bips. It will be a straight 30, 35% business. So, this will be a 25 to 30% business.

Geetharth Tandon: And how competitive are we to the other countries who sells Gherkins globally in terms of pricings?

Junaid Ahmed: We happen to be the largest exporter and there are some variants which are only available in India and a lot of countries are phasing out their Gherkins to India. So probably you can say if there is no Indian Gherkins, half the world would run dry of Gherkins, you know. So, we have a very good advantage and competition is from Turkey. Though they have a limited number of limited quantities, but yes, sometimes on price point, they happen to be a competition. And every country has its own Gherkins as well. So, they do a small crop, unlike us, which we do like, you know, we do two to three crops and our volumes are at least five, six times higher than any other country.

Geetharth Tandon: Got it. And then lastly, you were also mentioning during your opening remarks that Indian brand through Sarasa will be the next stage, which you will be focusing on and it will be started soon. So, what exactly are we bringing? What kind of products, which type of customer are we catering to?

Junaid Ahmed: No, we are going to manufacture the European brand in India. That is going to be a priority, which was previously manufactured in Europe. We may also substitute another variant of our brand Freshara for the European market. So, both of these are in the pipeline. And yes, we have started the European brand manufacturing in India already.

Geetharth Tandon: In the previous call, you mentioned that you were figuring out a company who was doing decent top line of 500 odd crores, and you were trying to do a partnership with them to bring an Indian brand as well. I am specifically asking about that.

Junaid Ahmed: You are talking about distribution in India.

Geetharth Tandon: Yes.

Junaid Ahmed: So, we, yes, OK, we've not yet come across good numbers that you know support the or incentivize us to sell in India, especially because the EU FTA is still not on the floor, that that you know the current duties are 25% or 30%, which would not substantiate or you know, we will not be competitive enough in the Indian market if we import European products to India. Those products are already there in your grey market and to be competitive with this market or to have a settled price market, you need to have this FTA, which I think will mature in the next year and by then we will have some results.

Geetharth Tandon: Got it, sir. Thank you. All the best.

Junaid Ahmed: Thank you.

Vaishnavi Vaity: Thank you. Junaid, sir, we'll take one last question from the chat box. It's from Mr. Johnny. Sir, loved the bottling and packaging of Sarasa. I would love to see it in India soon. And his question is, are we seeing a slowing of demand from Europe, US and other markets due to current inflationary scenario?

Junaid Ahmed: See, demand remains good. In fact, in the last two years, the Indian exports have gone up by 40%. The global consumption has gone up by 8%. So, there is no question of slowing demand. And as a company, we are actually sold out for the next 6, 7 odd months. The demand from these countries is actually going up. Inflation has remained there; it's not something new. And in fact, with higher freight, also the products are getting consumed. With the correction in freight rates and with a better geopolitical situation, I think the consumption is supposed to be going up.

Vaishnavi Vaity: Okay. Participants, if you have any queries, please feel free to reach out to us at info@akmiladvisors.com. Junaid sir, I think we can conclude the session. Thank you to all the participants for your time, and thank you, Junaid, sir.

Junaid Ahmed: Thank you, ma'am.

Vaishnavi Vaity: Thank you, everyone.

Junaid Ahmed: Thank you, everyone.