



“ADF Foods Limited Q2 & H1 FY23 Earnings Conference Call”

November 09, 2022



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FOODS LIMITED**
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**MR. DEVANG GANDHI - CHIEF OPERATING OFFICER,
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MODERATOR: **MR. BHAVIN SONI – ORIENT CAPITAL**



*ADF Foods Limited
November 09, 2022*

Moderator: People good day and welcome to the ADF Foods Limited Q2 and H1 FY23 Earnings Conference Call. As a reminder all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Bhavin Soni. Thank you and over to you, sir.

Bhavin Soni: Thanks. Good evening everyone. I am Bhavin Soni from Orient Capital. We are Investor Relations Advisors to ADF Foods Limited. On behalf of ADF Foods Limited, I extend a very warm welcome to all the participants on this Q2 and H1 FY23 financial results discussion call.

Today, on the call, I am joined by Mr. Bimal Thakkar - Chairman and MD; Mr. Shardul Doshi - CFO and Mr. Devang Gandhi - Chief Operating Officer. I hope everyone has had an opportunity to go through the investor presentation and press release that we have uploaded on the exchanges and company's website.

Before we begin the call, I would like to give a short disclaimer. This call may contain some forward-looking statements which are completely based on our beliefs, opinions, and expectations as of today. These statements are not a guarantee of future performance and involve unforeseen risks and uncertainties.

With this, I hand over the call to Mr. Thakkar for his opening remarks. Over to you, sir.

Bimal Thakkar: Thank you, Bhavin. Good evening everyone. I am pleased to welcome you all to our Q2 and half year ended 30th September 2022 Earnings Conference Call. The demand for our products continues to be strong and I am happy with the performance of the ADF team as we have achieved strong and profitable growth. On a standalone basis, we recorded revenue of Rs. 155 crores in H1 financial year 23 and Rs. 83.2 crores in the Q2 financial year 23, a growth of 17.3% and 12.8% respectively for the same periods last year.

On a consolidated basis, we recorded revenue of Rs. 204 crores in H1 financial year 23 and Rs. 106 crores in Q2 financial year 23. Our standalone EBITDA and PAT for the half year stood at Rs. 22.8 crores and Rs. 20.5 crores, respectively. Our consolidated EBITDA and PAT for H1 financial year 23 and Q2 financial year 23 stood at Rs. 27.1 crores and Rs. 21.2 crores, respectively. We are showing constant growth and resilience in our overall business despite the supply chain disruption which we have in our US based subsidiary that has affected its contribution to our revenue and profitability.

The company continues to see inflationary pressures on raw material side and is constantly working on improving cost efficiencies. We have witnessed softening prices of freight cost as compared to last year and this quarter. We are making every effort to maintain our margins despite strong headwinds in raw materials with a better product mix and cost optimizations and

price hikes taken in the previous quarters. Through our wholly owned subsidiary Telluric Foods Limited, we are pleased to announce the launch of our brand ADF Soul in India which will be sold through e-commerce channels all over India via the company's own e-commerce website, soul-foods.in and various leading e-commerce platforms like Amazon. Currently, we have launched pickles and chutneys in India, created with the right balance of healthy olive oil, sweet, less salt and spicy ingredients using traditional recipes. This is just a beginning as we are planning to launch a category of various international gourmet products under this brand.

In order to improve our product portfolio and to serve our valued customers, we continue to launch new products in categories of ready to eat foods and meal accompaniments like pastes and pickles. Our distribution continues to be on the right track and is helping growth of our own brands as well.

To conclude, we are extremely excited to capture all these opportunities especially the launch of products under ADF Soul in India. This is all from my side for the moment and I will hand over to Shardul for the financial update. Thank you. Over to you, Shardul.

Shardul Doshi:

Thank you, Bimal. Good evening, everyone and thank you for joining us today. Let me brief you on the financial highlights for the second quarter. Let me cover the standalone first. On a quarterly basis the Q2 FY23 revenue stood at Rs. 83.2 crores which is an increase of 12.8% on Y-on-Y and 15.3% quarter-on-quarter. Our Q2 gross profit and EBITDA for standalone business stood at Rs. 47.7 crores and Rs. 15.5 crores. Q2 PAT stood at Rs. 13.1 crores with margin of 15.7% which is an improvement of 110 bps Y-on-Y and 540 bps sequentially. We are continuing not to book any income on account of PLI incentive for the current year due to change in policy with respect to start year under the PLI policy. On standalone basis, our H1 FY23 revenues increased by 17.3% to Rs. 155.3 crores compared to the same period last year. EBITDA stood at Rs. 22.8 crores and PAT stood at Rs. 20.5 crores with a margin of 13.2%.

The freight cost is showing declining trend which has continued for September also, however, we are still facing some inflationary challenges on the raw material side. In the current quarter, cost control, operational savings and prudent price increase across select product categories has mitigated the impact of inflationary pressure and improved the margins.

On consolidated basis, our topline was Rs. 106.7 crores for Q2. EBITDA stood at Rs. 18 crores and PAT at Rs. 13.6 crores which is 12.7% margin. For H1, our consol topline was Rs. 203.9 crores, EBITDA at Rs. 27.1 crores and PAT at Rs. 21.2 crores. This is all from my side. We can now open the floor for question-and-answer session. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line Ravi Naredi from Naredi Investment. Please go ahead.

- Ravi Naredi:** Thank you very much Mr. Bimalji for reasonable set of numbers. Sir, we are doing hard efforts at US and 2 godowns on rent or lease, but since last 2 to 3 years not growing much in topline or bottom line, so what is your comment and what you think for next 1 to 2 year in a line?
- Bimal Thakkar:** So, ever since we took warehouses on lease, right, we were hit with COVID and there were disruptions in terms of getting people, setting up that warehouse. We had some challenges and headwinds, but now that is all in the past and this is an investment which we have made for the future, and we are very confident that it is going to yield results and you will see in the coming quarters that things will get much better. Our distribution business subsidiary which we have set up for distribution also will continue to grow strong and we have already seen that happen where the indirect benefit is coming on the standalone basis because of growth of our brand through these distribution companies has grown substantially from what it was earlier in the same area. So, this be initial setting up phase and unfortunately, we got caught in that during the COVID times, I mean we set up a freezer, we made an investment on the freezer and it has been now over a year and we were not able to get a transformer, the electricity board doesn't have a transformer to give us, so we are still struggling with outside storage. So, there have been some challenges, but now going forward, we are already now seeing that hopefully by the end of this year we get our freezer started off in the warehouse as well and things should improve.
- Ravi Naredi:** And sir, at what capacity of different location we are running like Surat, Nadiad and Nasik?
- Bimal Thakkar:** So, various lines are running on different capacities, and I will ask Devang, Devang if you want to just take that question, please.
- Devang Gandhi:** So, what is happening is that like we said they are all different lines. As far as in Nadiad is concerned, we have got basically the majority about 12,000 to 15,000 tons, this depends on various products. As far as Surat is concerned, we have got 3,200 tons roughly and as far as Nasik is concerned, we have got another, let me say about 14,000 tons again. This is more because of our chutney capacity there.
- Ravi Naredi:** Sir, what is our CAPEX plan in next 2 years?
- Devang Gandhi:** So, our CAPEX plan in the next 2 years is basically, we have a Greenfield project that should be in the region of about Rs. 60 crores and we would have additional balancing equipment, additional capacity expansions at Surat, Nasik as well as Nadiad and that would be another in the line tune of about Rs. 10 crores.
- Moderator:** Thank you. The next question is from the line of Prakash Kapadia from Anived Portfolio Managers. Please go ahead.
- Prakash Kapadia:** Couple of questions from my end, you did mention in the opening remarks, US supply chain had an impact on sales, could you help us quantify the impact of loss sales because I think we had

Rs. 107 crores of consolidated sales, so what could be the impact due to this US disruption in terms of sales for the quarter?

Shardul Doshi:

So, our ADF Foods USA business which is **the Nate's & PJs** business, there is a disruption which has happened in fact there are no sales from that business in first half. When first half last year, we did almost Rs. 25 crores of topline and we had earned a profit of around Rs. 3 crores vis-a-vis impact in this year, first half, there is a loss of around Rs. 3 crores, so there is a profit impact of almost Rs. 5 odd crores and topline impact of Rs. 25 crores. So, at this business if you reduce that from last year, there is a good growth which we have seen in all our other businesses.

Prakash Kapadia:

In a global inflationary scenario, how does demand look like in say the balance of 23, how does second half look like if the inflation continues to be pretty high globally, so you have a risk of demand because I think now the supply chain and US could have been resolved, right, is what my understanding?

Bimal Thakkar:

No, for our subsidiary, we have still not been able to resolve the problem on the supply of products, so the ADF Foods USA is the subsidiary of ours which Shardul just gave you information on. That will still have challenges, we have still not been able to resolve that supply chain, but all the other businesses, we are seeing a strong growth and strong demand for the products, so all the ethnic Indian food which we are doing from India, the agency businesses, we are seeing good demand on those.

Prakash Kapadia:

And on the domestic side, how is Soul priced as compared to competition? Is it higher, is it lower, is it at par because you know online is a very price sensitive kind of a market, so how does pricing of our products happen?

Bimal Thakkar:

So, the whole Soul value proposition is healthy and tasty products. So, it is not priced on the economy, and it is priced for the millennials, and it is at a slight premium. There are a lot of other products within the same kind of category which are there, and we are all on similar kind of price points as those, but we are not an economy or midlevel kind of brand. It is a premium brand and in the first month we have had good traction on the products, we have had repeat orders and now we will be going very aggressive with campaigns on Amazon and also launching on other websites as well, but we are very pleased with the initial response that we had. Consumers have come back, rebought, so that is a very encouraging sign.

Prakash Kapadia:

And lastly from the US business perspective how and what should you give us the trigger which will ensure and get us a better understanding the worst is over and these issues have been sorted and demand would come back?

Bimal Thakkar:

I cannot see it going anything worse than what we currently gone because the ADF Foods USA subsidiary has virtually given zero business and it has only gone negative for us. All the other

businesses we are seeing good growth on them and so I think the worst is behind us now and we look forward to a good future now from the US subsidiaries.

Moderator: Thank you. The next question is from the line of Kartik Shah as an individual investor. Please go ahead.

Kartik Shah: Congratulation Bimal and team, you all have done a good job this quarter. My simple limited question is, is there any room for spending more on marketing in terms of advertisements etc., because the presence in the Indian market seems to be quite not so visible and any other acquisitions in the pipeline if the CAPEX that we have, the cash we have is quite a lot in the company?

Bimal Thakkar: So, yes we have not started our ad campaign in the domestic markets. You will start seeing activity on social media from this month onwards and we are committed in investing and know that we have to invest in marketing to get this brand popular in India. So, we will do that and you will see the activities starting up from this month. We just didn't want to launch a campaign last month because it was high season Diwali time, and these products wouldn't have really got any kind of impact or push because of the Diwali season. So, you will start seeing the campaigns from this month onwards and as far as acquisition opportunities, we constantly evaluate and we are always on the lookout, so we will look at that. We definitely want to look at something and hope we get something which is a good fit for us and at the right price.

Moderator: Thank you. The next question is from the line of Tushar Shetty from GB Capital Markets. Please go ahead.

Tushar Shetty: Sir, just wanted to know, how has been the response to the launch of ADF Soul in India and how are we planning to scale up?

Bimal Thakkar: So, I just answered Tushar. we've had a very encouraging response and it has just been one month and we are now going to step up on the marketing activity of that brand in India. So, we are very pleased with the initial response that we have got on the brand and there are lots of more products that we will be adding on under this brand. We are very optimistic.

Tushar Shetty: What are our internal sales target for the same? Can we share it will be helpful.

Bimal Thakkar: So, the first financial year, it is just going to be 5 months in this financial year so we are not looking at anything over the top, but next financial year onwards, we are looking at a minimum of Rs. 1 crore a month to begin with and this is all online and after we have established that then we want to look at getting into modern trade. So, the first full year, which will be next financial year, we should be looking at least about Rs. 12 crores topline, minimum.

- Tushar Shetty:** And the second question is sir, the growth in quarterly revenue for the distribution business has remained flattish, so could you help us by throwing some light within?
- Bimal Thakkar:** One of the core agency brands that we had, which is the Unilever Teas that has undergone some changes where Unilever globally has sold those brands to a private equity firm. We now are working with that private equity firm for managing the distribution and there were some disruptions during that whole transition which is why there was a flattish sale, but everything is now resolved and from January onwards, you should start seeing again a good growth trajectory. So, there was a transition period between the sale process, so that lead to some slowdown for us.
- Tushar Shetty:** And sir, does this quarter reflect the sales made for Patanjali? Have we onboarded them in the last quarter?
- Bimal Thakkar:** Yes, Patanjali has started off for us and we are pretty much on target to achieve our half a million-pound target for the first year. We have just launched it in UK. We are now in the process of putting it in some other European countries as well, but yes, so this quarter does reflect the Patanjali sales as well.
- Moderator:** Thank you. The next question is from the lines of Anupam Aggarwal from Lucky Investment Managers. Please go ahead.
- Anupam Aggarwal:** Congratulations on good numbers. I will start up with, sir if you can help us understand the freight cost during the quarter as a percentage of sales how much would that be? And what is the kind of variation we have seen in the cost Q-o-Q and Y-o-Y?
- Shardul Doshi:** So, freight cost in fact in Q2 has come down by almost 5% of our topline, which used to be 20% in the previous quarter it come down to almost 15% now, so that is the number which we have.
- Anupam Aggarwal:** So, secondly, I want to ask you the CAPEX timeline, the Rs. 60 crores CAPEX, if you can help us understand by which quarter will that start to commission and on peak utilization, what is the kind of revenue potential it can have?
- Devang Gandhi:** So, the CAPEX is primarily both Greenfield as well as internal expansions in existing plants, so while I can give you a timeframe for the Greenfield to be about, say roughly 1-1/2 to 2 years. It is an ongoing process at our plant, so as far as revenue kick in is concerned, at full capacity, at 100% capacity, the Greenfield should be around Rs. 170 crores- Rs. 180 crores as well as we would be giving probably quite a substantial figure from our internal expansion also.
- Anupam Aggarwal:** And sir, what is this Greenfield? Is it largely for frozen food category or some other expansions?
- Bimal Thakkar:** Yes, it is for frozen food, just to give an idea just to give you an idea it is for frozen foods, where we would add most of we would replicate all the lines which we have in Nadiad today.

- Bimal Thakkar:** We will be adding some new product line as well in this, so the first phase is frozen, then we have a second phase planned for some other ambient products as well.
- Anupam Aggarwal:** And the Indian brand, ADF Soul, where is that getting manufactured? Is it in the lease plant or?
- Bimal Thakkar:** No, that is being manufactured in our Nasik facility, ambient products.
- Anupam Aggarwal:** And the lease facility is for what category and when is the lease contract?
- Bimal Thakkar:** The lease facility is for frozen products and probably we will continue with the lease facility till the Greenfield project is complete, so for another 2 years at least.
- Anupam Aggarwal:** Sir, just to understand on the gross margin piece between the US and our other European and Middle East markets and the brands that we cater to in those regions, just trying to understand on the gross margin piece, how would the ADF Soul be for us? Is it higher than the other regions or?
- Bimal Thakkar:** So, the ADF Soul also as because it is a premium brand, the gross margins are upwards, I mean between 40% and 50% gross margins.
- Anupam Aggarwal:** And what is the kind of marketing and ad spends we are looking at, let us say in the next 5 months we will be getting 5 months in FY23, so what is the kind of or an absolute amount if there is in mind?
- Bimal Thakkar:** So far for the next 5 months, we are looking at close to about Rs. 3 crores in marketing spend.
- Anupam Aggarwal:** So, will we be breaking even in those 5 months or breakeven is going to happen in FY24?
- Bimal Thakkar:** No, FY24 will be breakeven. This Financial year, no it won't breakeven, but you know it is a new brand we have to make the investments.
- Anupam Aggarwal:** Lastly sir, just an update on the QSR acquisition we did last quarter or an investment we did last quarter, what is the update there?
- Bimal Thakkar:** So, we have put that investment on hold for the moment. So, we have not made the investment yet. We have put it on hold. We will be deciding on it before the end of this fiscal year.
- Anupam Aggarwal:** But is it committed or is there some other reason for keeping it on hold?
- Bimal Thakkar:** No, there are certain discussions we are having with that company, so till certain clarity is not there, we have decided to put it on hold. The discussions are still going on. We are still going on with the discussions on that.



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- Anupam Aggarwal:** The Rs. 60 crores CAPEX Greenfield and Brownfield Rs. 70 crores will be funded through internal cash or?
- Bimal Thakkar:** Yes, it will be funded through internal accruals. We will be taking some term-loan, but primarily through internal accruals and we are hopeful of getting some government subsidy on this.
- Moderator:** Thank you. We have the next question is from the line of Faisal Hawa from H. G. Hawa and Company. Please go ahead.
- Faisal Hawa:** Sir, did I hear correctly that we are planning a Greenfield expansion of Rs. 180 crores totally?
- Bimal Thakkar:** No, sir it is Rs. 60 crores.
- Faisal Hawa:** So, with the strategy of so many D2C brands who have really scaled up so well and taking the social media approach and telling a very compelling story, so will our new marketing firm which we are going to also get PLI benefits abroad, will it be now more targeted towards this kind of platforms and so that we can scale up much faster that is one? And second is sir, how many more countries do you think we can really expand to? And third is that how many more companies are we now engaging to act as a distributor for Indian diaspora products abroad?
- Bimal Thakkar:** So, as far as the PLI scheme and so what we are going to do, of course even for our international brands, we do use social media, but not to the extent that we intend to use in India because India, our focus is to be online and sell these products online only for the first 1 to 1-1/2 years, so internationally, even though we use the social media, majority of our money's are spent on above the line like television, in store promotions, POS material in the stores, demos that is how we spend internationally. India is primarily going to be social media.
- Faisal Hawa:** How many more countries can you really expand to where there is a very big Indian diaspora, I always believe that somebody who is able to succeed this model in the US, can then do it anywhere and that is what ADF has actually done?
- Bimal Thakkar:** See, we are currently in over 55 countries. We are adding constantly every year a couple of new countries get added on. We have added some countries in Europe as well. So, that is a constant process, but the more important thing is within the main markets that we are in we are increasing our depth in that market. That is the important thing and within those markets also we are now trying to target the non-Indian consumer. So, that is where we are going to start seeing more growth coming. The new countries will of course help and add, but they will be smaller countries because all the major ones we are already present in. The important thing is in these major markets is to increase the penetration which is what we are doing and addressing a new consumer base.

Faisal Hawa: Third question is, how many more companies that we could engage with us for like for sole distributor?

Bimal Thakkar: So, at the moment, we have the two anchor ones are Unilever and Patanjali for Europe. We have 2 more discussions going on and we hope to conclude that within the next, we have one other company from Malaysia where we have just started distribution of that and there is one more company which we are in discussions with for further distribution.

Faisal Hawa: And going forward you feel that these terms could get more and more favorable for us with the kind of mass we are building up and the distribution and the warehousing strengths that we have because with HUL and Patanjali, you may not have been able to negotiate that while being this is our first for foray, but now it could get much more favorable to us?

Bimal Thakkar: Yes, absolutely, and as we add more products through our pipeline it is only helping us reduce our distribution cost, the fixed cost gets reduced further, so yes it will be more beneficial for us going forward.

Moderator: Thank you. The next question is from the line of Raj Oza, as an Individual Investor. Please go ahead.

Raj Oza: First of all apologies, if this question got repeated because I have missed your commentary. I just wanted to understand on the raw material like we also participated in many calls where management indicated that the raw material price has started stabilizing, but still they see some kind of inflationary pressure in coming quarters, so I just wanted to understand your view on that on our raw material?

Bimal Thakkar: So, as we have mentioned we are still seeing some strong headwinds on the price increase on the raw materials. We are still seeing that, and we hope in the next quarter, it gets better, but what is helping us is the freight cost are coming down and we are trying to maintain our margins by better efficiencies and better product mix. Inflationary pressure continues to remain on the raw material prices.

Raj Oza: Sir, my one last question was like we have seen a good growth in our standalone business, but how do we assess the performance of our products on a local level like which big-box retailer we are targeting to enter and on what criteria what basis, we enter them and how do we assess like country manager performance?

Bimal Thakkar: All our country managers performance is evaluated on the budget and targets that we have given to them right and as far as India goes, we have just started last month with a launch of ADF Soul which is going to be online only and the initial response on that has been very good. So, we hope to see good traction in the next financial year on this brand as we have a lot of exciting new products which we intend to launch in days and months.

Moderator: Thank you. Our next question is from the line of Ashish Kacholia from Lucky Investment Managers. Please go ahead.

Ashish Kacholia: My question basically is sir, is that we are currently running at a run rate of about Rs. 200 crores per quarter, by when do you feel that we can kind of reach a run rate of say Rs. 400 crores per quarter in how many years or how are you seeing that the opportunity space opening up for us?

Bimal Thakkar: Ashish, you know as we always maintained that our endeavor is to try and double up in size every 3 years. Because of COVID and certain disruptions, this financial year was a little bit of challenge, but otherwise had we not gone through those disruptions, I think we would be on track to do that, now that the worst is behind us, I think we hope to continue with that trajectory of doubling up every 3 years.

Ashish Kacholia: So, you are saying because the US and these are mature markets, so what would lead to this doubling of our sales out there?

Bimal Thakkar: So, if you saw the standalone business of ours, ethnic food, Indian food brand that gives us all the confidence that we should be able to do it. We are seeing strong demand for those products and we are pushing that. We have seen a good growth on that even in this fiscal year, so we feel confident on that basis from this product line.

Ashish Kacholia: This is largely the Indian diaspora, or this is we are able to reach out to the local communities there as well?

Bimal Thakkar: At the moment it is the Indian diaspora and of course we have already started making inroads in distribution for the main stream consumer as well, but currently largely through the Indian diaspora that we are seeing a strong demand and as I mentioned the main stream is something where we see a good run rate going forward for us.

Ashish Kacholia: The Indian diaspora itself may not be growing at a great pace, right, I mean we are taking market share from somebody else or what are the main demand drivers for our growth overall?

Bimal Thakkar: It is a combination of a couple of things, Ashish, we are taking market share. We are increasing our penetration in terms of our width and depth in the stores and we are adding new products which are helping the growth as well.

Moderator: Thank you. We have a follow up question that has come up from the line of Anupam Aggarwal from Lucky Investments. Please go ahead.

Anupam Aggarwal: Sir, if you can help us understand the 17% growth on H1 over H1, can you bifurcate that between price hikes we have been taking on the volume growth?

- Shardul Doshi:** So, it is roughly around 60% is coming from the price and 30% to 40% is coming from the volume.
- Anupam Aggarwal:** And how easy is it for us to take such a price hike every year or is it just onetime every 2-3 years?
- Bimal Thakkar:** We can't take such price increases every year unless we are under like these kinds of extraordinary circumstances where everyone was getting hit by high cost on the raw materials, on the freight, all of that, but normally we do have price increases of about 4% to 5%, it all depends. So, this year was an extraordinary year and everyone, not just us, but a lot of other competitors also did take a price increase. Everyone's percentage would have been different, but this is not a normal trend, it all depends on all the other situations. If there is a crop failure, of course then one does take a price increase accordingly, but if it is just normal, then it is about under 5%.
- Anupam Aggarwal:** Sir, you mentioned about HUL selling some brands to a PE firm and because of that disruption, we are in the transition phase and all that, what is the kind of revenue loss we have seen during this transition and the brands that were sold to the PE firm?
- Bimal Thakkar:** So, the brands like Lipton, all their tea brands have been sold for HUL India and I think Unilever Indonesia, if I am not mistaken. There are 2 of the Unilever companies which have kept those brands. The rights across the world everywhere else has been sold to this other brand. So, all your brands like Red Label Tea, Taj Mahal Tea, Lipton Yellow Label, all these brands world-wide rights have been sold to this private equity firm and what happened during this whole transition period is, we had I think in terms of sales loss, Shardul how much was the sales loss? There was not any growth and I know there was a marginal sales loss because of that.
- Shardul Doshi:** Roughly, 7% to 8%.
- Anupam Aggarwal:** 7% to 8% of the HUL billing that we used to do?
- Bimal Thakkar:** Yes, correct. We never worked with HUL. We were always working with Unilever Canada and Unilever International, so our dealings have never been with HUL.
- Anupam Aggarwal:** Right sir, absolute about if you can highlight?
- Shardul Doshi:** So, in Q2 when we convert in rupee terms, it is around Rs. 16 crores versus Rs. 18 crores in the last year same period.
- Anupam Aggarwal:** Sir, lastly on the distribution business after Patanjali, so for us to grow to a higher level, let us say, Rs. 150 crores to Rs. 200 crores are we in dialogues with other brand agencies as well for us to distribute their products?



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- Bimal Thakkar:** Yes, we are having some ongoing discussions with 2 more companies.
- Anupam Aggarwal:** And any timelines we can?
- Bimal Thakkar:** So, with one company, I think before the end of this year or probably in the last quarter, by then we should finalize it. We are hopeful to finalize with this one company before the end of this year.
- Moderator:** Thank you. Ladies and gentlemen that would be our last question for today. I now hand the conference over to Mr. Bimal Thakkar for closing comments. Thank you and over to you, sir.
- Bimal Thakkar:** Thank you everyone for the participation and wish you a good evening and we will catch up in the next quarters. Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of ADF Foods Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines. Thank you.