

**CMP: INR 100**

**Rating: BUY**

**TP: INR 311**

**Stock Info**

BSE	507552
NSE	FOODSIN
Bloomberg	FI:IN
Reuters	FDSI.BO
Sector	FMCG
Face Value (INR)	1
Equity Capital (INR cr)	7
Mkt Cap (INR cr)	736
52w H/L (INR)	165/ 75
Avg Yearly Volume (in 000')	240.24

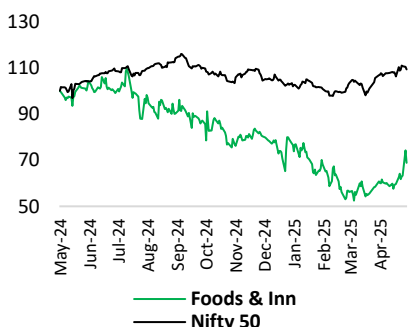
**Shareholding Pattern %**

(As on Mar 2025)

Promoters	25
FII	2
DII	1
Public & Others	72

Stock Performance (%)	1m	3m	12m
Foods & Inns	12.6	(0.75)	(32.3)
Nifty 50	1.83	8	9.9

**Foods & Inns Vs Nifty 50**



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Foods & Inns reported a strong operational recovery in Q4FY25, supported by robust domestic demand, export traction, and category-level resilience. The company remains well-positioned to accelerate into FY26, underpinned by margin tailwinds, expanding capacities, and portfolio diversification. Revenue: INR 3,973 Mn (+109.75% QoQ, +15.1% YoY) – below our estimate of INR 4,557 Mn. EBITDA: INR 478 Mn (+156.8% QoQ, +26.5% YoY) – below our estimate of INR 637 Mn. EBITDA Margin: 12.03% (vs 9.82% in Q3FY25 and 10.94% in Q4FY24) – short of our estimate of 13.97%. PAT: INR 229 Mn (+2,808% QoQ, +339% YoY) – vs our estimate of INR 328 Mn. Sales Volume: +13% YoY

**Domestic demand rebounded sharply in Q4**, with the momentum sustaining into April 2025; the company expects a healthy order book for FY26.

**Tomato season** ended positively with adequate inventory built for FY26.

**Alphonso procurement** commenced mid-April; overall crop quality is satisfactory barring Konkan. Totapuri harvest is strong, with higher output targeted.

**Spray Dried Powders:** Strong demand with the current plant at full capacity; expansion is planned.

**Frozen Foods:** Delivered ~35% YoY growth in FY25; greenfield capacity at Vankal expected to drive further upside.

**Kusum Spices:** Sales impacted by loss of a tender-based customer due to pricing; growth in General Trade helped cushion the decline.

**Tetra Recart:** First export order successfully delivered to Finland; ongoing discussions with Canada-based customer. New product development initiatives underway with a MasterChef onboarded.

**Outlook and valuation:** The CMP presents an attractive entry point for investors, supported by margin tailwinds, upcoming capacity additions, and increasing traction in branded product monetization. Growth visibility for FY26 remains strong, with tomato, frozen foods, and spray drying expected to be the primary drivers. We reiterate our positive stance on Foods & Inns, underpinned by: Leadership in fruit processing, Tangible benefits from the PLI scheme, Ongoing diversification into high-margin, value-added segments, While we remain watchful of near-term headwinds from elevated working capital, we believe the long-term fundamentals are compelling for patient investors. We assign a TP of INR 311, valuing the company at 25x PE and FY28E EPS of INR 12.4, and maintain our 'BUY'

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	10,268	9,921	11,723	13,047	14,412
YoY	3%	-3%	18%	11%	10%
EBITDA	1,270	1,163	1,379	1,582	1,787
PAT	434	419	581	738	913
YoY	-8%	-3%	39%	27%	24%
EPS (INR)	7.6	5.7	7.9	10.0	12.4
YoY	-18%	-25%	39%	27%	24%
EBITDA Margin (%)	12.37%	11.72%	11.77%	12.12%	12.40%
EV/EBITDA (x)	6.8	7.5	4.9	3.8	2.6
P/E (x)	13.1	17.5	12.6	10.0	8.0

Source: Company, Arihant Capital

**Government Incentives & PLI Update:**

•**Incentive Realization:** Foods & Inns received INR 25.08 Cr under the third tranche of the PLI scheme for FY24.

•**Pending Claims:** An additional INR 2.84 Cr related to FY22 and FY23 remains pending; management is actively engaging with authorities to expedite disbursement.

•**Forward-Looking Benefit:** The company expects a further INR 33.2 Cr under the PLI scheme for FY25, supporting planned capex and innovation-led growth.

**Working Capital:** Elevated levels persist due to higher raw material costs and delayed customer pickups. However, management expects normalization in the near term.

**Growth Outlook:** FY26 is expected to witness broad-based growth across verticals, with a targeted 15% volume growth in mango pulp.

**Demand Momentum:** Domestic sales rebounded sharply in Q4FY25, with strong traction continuing into April 2025.

**Volume Growth:** Full-year sales tonnage stood at 98.4K MT, marking a 1% YoY increase.

**Capex Strategy:** Capex remains tightly aligned with PLI-backed initiatives, focusing on high-IRR segments including Tetra Recart, Spray Drying, and Cold Chain infrastructure.

**FY25 Segment Snapshot:**

**Fruit Pulp (INR 815 Cr) – Cash Cow**

•Mango pulp leads (INR 735 Cr), with diversification into tomato, guava, chilli, garlic, etc.

•Strong client relationships (e.g., Coca-Cola, PepsiCo) and favorable raw material procurement.

•Successful tomato season has led to robust inventory for FY26.

**Spray Dried Powders (INR 21 Cr) – Capacity-Driven Upside**

•Operating at full capacity; expansion underway to meet rising demand.

•Benefiting from global supply chain realignment due to Europe's energy crisis.

**Frozen Foods (INR 68 Cr) – High-Growth Engine**

•Recorded 35% YoY growth; robust demand from modern trade and exports.

•Capacity expansion at Vankal expected to further drive scalability.

**Spices (INR 21 Cr) – Branded Play**

•Tender client loss impacted volumes, but general trade growth provided partial offset.

•Renewed focus on brand-building, compliance, and retail penetration.

**Tetra Recart (INR 1 Cr) – Scalable Packaging Innovation**

•Successfully executed first export order to Finland; strong pipeline in Canada.

•Product innovation progressing with a MasterChef-led RTE product range.

**Pectin – ESG-Backed Waste Monetization**

•JV in Chittoor commercialized; converts fruit waste into pectin, oils, and butter.

•Long-term opportunity with an estimated INR 15 Cr revenue potential in early stages.

Income statement (INR mn)	FY24	FY25	FY26E	FY27E	FY27E
Net Sales	10,268	9,921	11,723	13,047	14,412
YoY (%)	2.75%	-3.38%	18.16%	11.29%	10.47%
Adjusted COGS	7,113	6,587	7,541	8,335	9,193
YoY (%)	1.49%	-7.39%	14.48%	10.53%	10.29%
Personnel/ Employee benefit expenses	419	488	594	660	714
Manufacturing & Other Expenses	1,466	1,683	2,209	2,470	2,718
Total Expenditure	8,998	8,758	10,344	11,465	12,625
YoY (%)	27.80%	-8.45%	18.58%	14.69%	12.95%
EBITDA	1,270	1,163	1,379	1,582	1,787
YoY (%)	27.80%	-8.45%	18.58%	14.69%	12.95%
EBITDA Margin (%)	12.37%	11.72%	11.77%	12.12%	12.40%
Depreciation	164	207	193	201	201
% of Gross Block	4.91%	4.90%	4.20%	4.02%	3.69%
EBIT	1,106	956	1,186	1,381	1,585
EBIT Margin (%)	10.78%	9.63%	10.12%	10.58%	11.00%
Interest Expenses	461	582	564	548	533
Non-operating/ Other income	67	125	157	178	196
PBT	711	498	779	1,011	1,250
Tax-Total	277	79	197	273	337
Profit After Tax	434	419	581	738	913
PAT Margin	4.23%	4.23%	4.96%	5.65%	6.33%
Shares o/s/ paid up equity sh capital	57	73	73	73	73
Adj EPS	8	6	8	10	12
Dividend per share	0.5	0.3	0.3	0.3	0.3
Dividend payout (%)	6.13%	5.25%	3.79%	2.99%	2.41%
Retained earnings	408	397	559	716	891
Balance sheet (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Equity Share Capital	57	73	73	73	73
Reserves & Surplus/ Other Equity	3,929	5,318	5,899	6,637	7,549
Networth	3,986	5,391	5,972	6,710	7,623
Unsecured Loans/ Borrowings/ Lease Liabilities	16	125	124	123	122
Other Liabilities	544	443	484	538	607
Total Liabilities	6,287	7,511	6,990	7,227	7,493
Total Funds Employed	10,272	12,901	12,962	13,937	15,116
Application of Funds					
Net Fixed Assets	2,852	3,375	3,462	3,656	3,896
Investments/ Notes/ Fair value measurement	307	173	195	216	239
Current assets	7,193	9,290	9,244	10,005	10,922
Inventory	3,843	4,902	3,142	2,977	2,419
Days	184	242	152	130	96
Debtors	1,754	2,149	1,750	1,812	1,758
Days	58	72	54	51	45
Other Current Assets	1,126	2,165	2,281	2,404	2,533
Cash and Cash equivalent	387	70	2,066	2,806	4,204
Current Liabilities/Provisions	5,343	6,649	6,209	6,519	6,849
Creditors / Trade Payables	941	2,586	2,084	2,319	2,562
Days	39	65	65	65	65
Liabilities	113	83	90	97	106
Net Current Assets	1,850	2,641	3,034	3,486	4,074
Total Asset	10,272	12,901	12,962	13,937	15,116
Total Capital Employed	8,422	10,260	9,928	10,451	11,042
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY27E
Profit After tax	711	498	779	1,011	1,250
Depreciation and amortisation	164	207	193	201	201
Interest adjustment	394	456	407	370	337
Change in assets and liabilities	1,019	1,105	1,203	1,331	1,473
Inventories	-515	-1,059	1,760	165	558
Trade receivables	-250	-394	399	-62	54
Trade payables	-303	1,645	-502	235	243
Other Liabilities and provisions	130	-136	56	67	80
Other Assets	-683	-822	-95	-100	-105
Taxes	187	-54	-18	-16	-15
Net cash from operating activities	640	25	2,803	1,620	2,288
Net Sale/(Purchase) of assets, CWIP	-669	-729	-281	-395	-441
Net Sale/(Purchase) of investments	-7	79	-8	-7	-7
Others	60	178	145	163	181
Net cash from investing activities	-616	-472	-144	-239	-268
Interest expense	-176	75	-12	-13	-14
Dividend paid	-27	-22	-22	-22	-22
Other financing activities	-33	413	-563	-547	-532
Net cash from financing activities	7	326	-663	-641	-620
Closing Balance	155	34	2,029	2,770	4,168
FCF	-283	-880	2,437	1,315	1,988
Capex ( % of sales )	9.00%	9.12%	2.56%	2.30%	2.08%

Source: Company, Arihant Capital

Key Ratios	FY24	FY25	FY26E	FY27E	FY28E
<b>Solvency Ratios</b>					
Debt / Equity	0.98	0.69	0.63	0.56	0.49
Net Debt / Equity	0.88	0.68	0.28	0.14	-0.06
Debt / EBITDA	3.06	3.22	2.71	2.37	2.10
Current Ratio	2.76	3.16	1.22	0.59	-0.26
<b>DuPont Analysis</b>					
Sales/Assets	1.00	0.77	0.90	0.94	0.95
Assets/Equity	2.58	2.39	2.17	2.08	1.98
RoE	10.89%	7.78%	9.73%	10.99%	11.97%
<b>Per share ratios</b>					
Reported EPS	7.65	5.71	7.92	10.05	12.43
Dividend per share	0.47	0.30	0.30	0.30	0.30
BV per share	70.21	73.43	81.35	91.40	103.83
Cash per Share	33.63	29.72	51.47	62.40	80.70
Revenue per Share	180.89	135.13	159.68	177.71	196.31
<b>Profitability ratios</b>					
Net Profit Margin (PAT/Net sales)	4.23%	4.23%	4.96%	5.65%	6.33%
Gross Profit / Net Sales	30.73%	33.60%	35.67%	36.11%	36.21%
EBITDA / Net Sales	12.37%	11.72%	11.77%	12.12%	12.40%
EBIT / Net Sales	10.78%	9.63%	10.12%	10.58%	11.00%
ROCE (%)	13.06%	12.56%	9.68%	11.44%	12.51%
<b>Activity ratios</b>					
Inventory Days	184.02	242.31	152.08	130.36	96.05
Debtor Days	57.91	71.79	54.48	50.69	44.51
Creditor Days	38.83	64.88	64.88	64.88	64.88
<b>Leverage ratios</b>					
Interest coverage	2.40	1.64	2.10	2.52	2.98
Debt / Asset	0.4	0.3	0.3	0.3	0.2
<b>Valuation ratios</b>					
EV / EBITDA	6.77	7.54	4.91	3.81	2.59
PE (x)	13.07	17.51	12.63	9.95	8.04
OCF/EBITDA (%)	50.41	2.17	203.25	102.43	128.03

Source: Company, Arianth Capital

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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