Management Discussion

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes. Good afternoon, everyone. It's a pleasure connecting here with the investor fraternity and sharing an update about our company. So, we have created a short investor presentation, which I'll present, which gives an overview about the company. Can you please change the slide?

So, the things that we have covered in this deck is, you can see this is the executive summary about the company. And -- so, first, we -- okay, so, I'll start with -- about the business. So, the company was established in 1987 with a small pan and cold drinks kiosk. And then later on, we started manufacturing of ice creams, and -- which is mentioned over here. So, this -- we're based out of Amreli, Gujarat, and we currently have a distribution network of more than 60 super stockists, supplying to more than 600 distributors in 15-plus states in the country and more than 15 countries across the globe, we are exporting our products. We are available in 40,000-plus retail outlets, and there are more than 100 standalone franchise stores who sell our products.

Can you please switch to the next slide?

So, it's a family-owned business. So our family is running the business and operations. Looking at the journey timeline, you can see the first picture. Can you please stay on one deck at a time, one slide? Yeah. So '87, it was started with a small pan and cold drinks kiosk opposite Amreli bus stand by my father and the three brothers. Earlier, we used to sell just cold drinks over there and back then, ice cream was a novelty. So, in year 1991, we did an ice cream stall in the Janmashtami mela. So, in Saurashtra region, there is a big trend of mela in the time of Janmashtami and other festivals. So, we did an ice cream stall over there. We procured ice cream from the local vendor and sold it over there. Received good interest from the consumers. So, we thought like this is one thing that we should focus into. And as a result, we started selling ice cream in our store as well.

We used to manufacture or prepare small batches of handmade ice creams in our own home and then used to sell it in the store. We did for quite few years. One product became a hit. That was Lassi. So Lassi generally is in liquid format. But what we did was, we converted that Lassi in an ice cream format. So it was a sweet-and-salty-flavored ice cream, like yogurt. We can see right now it's more of like in yogurt, sweet-and-salty-flavored yogurt. So that become a hit. In the year 2000, we set up our first manufacturing unit in Amreli GIDC. It was about 150 liters of milk processing capacity per day. A manual plant with an investment of INR15 lakh to INR20 lakh, which was earned in that time frame by the family and borrowings from the known person.

And we started supplying ice cream in the stores of the Amreli city and in the Amreli district and the nearby region. Did that for a few years. And then post 2010, our focus shifted more on setting up our own distribution, reaching more retail outlets and then we started supplying. Earlier, the target was the Saurashtra region. Following to that, we tried to cater the Gujarat market and then to the nearby states of the country, which are close to Gujarat. 2017, the company got listed on the BSE SME platform and that fund helped us to expand more.

And with that fund, we set up the new manufacturing premises in the same location in Amreli. But that current plant had a capacity of 2 lakh liters of milk processing per day and, collectively, 4 million plus impulse, like, cup, cone, and candy, more than 40 lakh pieces per day. Manufacturing facility, we set up in 2018 and started expanding our business more. In year 2022, company migrated from BSE SME to the main board as well as got listed on the NSE platform as well. So, currently company is listed on the main board of BSE and NSE, both the exchanges.

Next slide, please. So, this is the business vertical that we are product segments. So, core product of the company is ice cream. We do more than 200-plus SKUs under the Sheetal Ice Cream brand. We offer cups, cone, candy, party pack, novelty, take-home packs, the entire basket of novelties as well.

The main plus point is our product range starts from INR5, up until INR350, so catering all the consumer range, even someone who has less spending power and the kids who are spending their pocket money on the ice cream, we are able to target -- make our products available to each and every customer base, whether that is a mass product -- mass consumer base or is a premium consumer base.

Along with ice cream, the next product we do is value-added dairy range and the regular dairy range, milk, buttermilk, curd. So, the basic dairy plus the value-added dairy is -- we have more than 10-plus SKUs in that as well, such as paneer, ghee, and the other products as well.

The third segment is namkeen. We do namkeen, wafers, and fries, starting from INR5 range up until the take-home packs of 500 grams. Next slide, please.

Fourth vertical for us is sweets. We do dairy sweets as well as the frozen sweets. Majorly, the frozen sweets are exported, whereas the room-temperature and ambient sweets, there's a bit of a market in India as well.

Under the sweets segment, we do Aamras, Basundi, Gulab jamun, Rasgulla and the different varieties of Basundi as well. The fifth segment of our company is bakery. We do khari, rusk, cream roll, cookies, such 20-plus SKUs in that. And the sixth segment is ready-to-eat and ready-to-cook products. There are 10-plus varieties in the frozen food segment, which -- among that our hero product is Samosas and Malabar paratha. Recently company inaugurated another unit that is specifically targeting -- focusing on ready-to-eat and ready-to-cook product range that is also set up in Amreli itself. Next slide, please.

Over here, we have shown the manufacturing process of ice cream and milk and milk products from procurement of milk up until the storage of the finished products. Next slide, please. This is the same presentation is uploaded on the exchange. So if anybody wants to see the process in detail, they can overview it over there. In terms of manufacturing capacity, as I mentioned, there are two units currently operational. The first unit, the mother unit is in Amreli GIDC, which -- please be on that slide, which over there the production of ice cream, dairy, namkeen and bakery segment is being done.

The production capacity in that unit is 17 lakh candies per day, 11 lakh plus ice cream cups per day, 7 lakh of cones, 5 lakh plus namkeen pouches per day collective 2 lakh liters of milk product -- milk processing unit and 80 liters -- 80,000 liters of liquid milk processing and packaging per day. Next slide, please.

So over the years, we have worked on backward and forward integration in the company. We have tried to do the process in-house, which plays a significant cost in our production, supposedly manufacturing of corrugation box, chocolate syrup, biscuit corns, everything, we do it in-house, which helps us to reduce the cost. So we believe in the market, the competition is available. When will a retailer choose our product? Either he gets a same product at a better pricing or else a same product, same price, but more quantity. So we have tried to do it both ways through different product range and through that as -- we have been able to do that through our own in-house capacity -- capability of manufacturing the corrugation box. So our core product is -- the huge

volume for us is in the ice cream segment is through ice cream cones.

So what we have done is we have tried to in-house the entire process, the manufacturing of the backward integration. Supposedly ice cream cone is available in the retail store. So first of all, the ice cream is sold to the retailer in corrugation boxes. So that corrugation box, as you can see, we have our own in-house unit. So when the boxes -- when the retailer takes the cone -- if you take one cone out of that box now, you might be well aware there will be a sleeve in it, packaging sleeve. So that sleeve we have our own in-house unit. It is manufactured over there. So we are able to save cost over there. When we take out the sleeve, you know there is a biscuit corn in the bottom. We have our own bakery unit over which those ice cream cones are manufactured. So we save cost over there. In the bottom, there are chocolate syrup and on the top, there is chocolate topping. So that is being done in-house, either we -- in two ways. Either we procure directly cocoa beans and grind it and make chocolate out of it or else the cocoa powder and do the conversion process in-house.

So that's where we save cost. And then comes the milk. Milk, we procure directly from the farmers in the Saurashtra region. So we have tried to eliminate middlemen everywhere where it was not needed and tried to save cost over there and then forwarded that cost to either to the retailer, consumer or the trade partner. That's what our thought process has been from the day one. Next slide, please.

We have a dedicated team of more than 10 people in the R and D department who look -- who works on new flavors and what new can be done to serve the consumers or else newness in the industry.

We are the first in the entire industry to serve ice cream in a plastic-free cup. The product is named Tripple Sundae. It's made from betel leaves and three ice cream sundaes with garnishing on that, INR60 MRP product. Then, the entire industry copied it out. But it was an innovation from our team. Similarly, right now we are working on innovative products, such as right now Navratri is coming. So we have prepared dandiya-shaped ice cream sticks. So that's how our R and D team is working. Whatever the milk that comes into the factory, that is even if it's 1 liter or is 1 lakh liters, it goes through the same process of QC checking.

All the milk that we procured is GC certified through our own in-house lab. If it's not GC certified, no matter whatever the quality or quantity it is, we don't accept it. Entire plant currently is automated with minimal human intervention. Next slide, please. The entire logistics that is of companies in-house, we have a fleet of more than 70-plus reefer vehicles, which supplies our goods to the distribution point across the country. Currently, we are available in more than 15 states. Primary market being Gujarat, Maharashtra, Madhya Pradesh, Rajasthan. Then up until the north, we are doing Jammu and Kashmir, Punjab, Haryana. East, we are doing all until Central Chhattisgarh and then Kolkata. And South, Telangana, Coimbatore, Kerala, all this region. All this is managed through our company-owned reefer vehicles, which again helps us to eliminate middleman cost and keeping better track on quality control up until it reaches the distributed touch point. Next slide, please.

All the electricity -- so major cost for our company is electricity as once the goods are manufactured, it needs to be stored in cold storages which is a major electricity consumption is being done over there. More than 75% of our electricity, we manufacture it in-house through our own two solar farms. The first farm was being operational more than five years ago of 1.20 megawatt. And recently company inaugurated another plant. We set up another plant of 4.90 megawatt a year ago in Chavand, Gujarat, as well as there are two windmills of 1.25 megawatt and 1.5 megawatt. Customers need a place to sit and try our products. We set up such Sheetal Palace at

key locations. This is the outlet, the first ever outlet which was started with a small kiosk.

Right now, it's running parlor and restaurant. More than 300 people of sitting capacity. Such outlet is also operational in Somnath Jyotirling with collaboration with the Somnath Mandir Trust. And so we set up such outlets in collaboration or else in JB with the trust. Similarly, one such outlet is in plan in Sarangpur Hanumanji Mandir, which is again a devotional tourist place and other Gujarat -- touristy place in the Gujarat state as well. Next slide, please. This is one more such outlet picture we recently inaugurated in Ahmedabad at the premium area, Sindhu Bhavan Road.

And we are planning to open more such stores at strategic locations which will help us to create brand visibility and have a place where consumer can buy our premium products at one place as well. Next slide, please. As I mentioned earlier, this is the distribution network. The presence of the brand in the domestic market, about 12 states in India, as I mentioned primarily markets being Gujarat, Maharashtra, Rajasthan, Madhya Pradesh and then the rest of the states are recent additions of -- in last three years.

We are trying -- we are working on strengthening our distribution in our core states as well as the new addition of states as well. Post-COVID, we started exporting our products. The entire plant is BRCGS US FDA and dairy plant is EIC certified. The countries that we export are mentioned in the presentation. Key markets being Japan, Middle East and USA, we're seeing good response from our distribution network as well. The certifications of the plant, as I mentioned, plant is BRCGS, EIC and Halal certified for the Middle East region.

Next slide, please. Key modes for us in our industry which we can share is we have a wide range of product portfolio which helps distributors to de-risk from single product range and increase their revenue through multiple product range from the same retail outlet. This is the offering which very few companies in the industry are able to provide to the distribution and the retail outlets which we are able to. We are able to -- another is we are expanding our domestic and international presence through our distribution network.

Our team is strongly focusing on product innovation and we have strong manufacturing capability with two plants currently in place. And there is a strong stakeholder relationship with our investor community and through our distributors and trade partners as well. Next slide, please.

The leadership team. As I mentioned, it's a family-run business. This is the first generation of the company. The three brothers. The eldest brother, Dinesh bhai, he looks after the entire supply chain, parlor out -- parlor operations and the CSR activities that we do under the organization. Second one is Bhupat bhai. I'm his son. He is the Managing Director. He looks after marketing, sales, account finance and -- sorry marketing, sales and account finance. Third brother, Sanjay bhai, he looks after entire R and D, manpower, production and new product innovation that -- whatever that is done in the company. Moving forward to the next slide, the second gen in the business. Four brother -- we are four brothers. The eldest one, Hardik bhai, he looks after the production with Sanjay Uncle. Keval bhai, me, Yash and Jeet, we look after sales, marketing and I am now looking into the investor relations as well.

Figures about the global dairy market and the dairy market, which is being of the Indian dairy market as well and the potential of growth that is currently possible. Next slide, please. Key numbers of the previous performances. Next slide. Next, please. Next. So we have our own CSR Foundation. All the CSR activities that we do is through DJBS Foundation. Various activities such as tree plantation, hunger projects, diabetes checkup, blood donation, help to the needy.

And moreover, next slide. There are more such activities in another slide, such as cow-- cattle to the cows and eye donation, eye implantation camps as well. Next slide, please. Thank you, Gaurav [Phonetic]. Other than this, I would like to add is we have a team of more than 1500 people. Out of that more than 800 are women of the local region associated with us. I have already informed about the market presence of our and the distributions that we have and a strong sales team of more than 400 people. And currently we are expanding to more region, more distribution network and increasing our retail strength. This is what our focus currently is. And I would like to end my presentation on this note and open to question and answers, please.

Questions & Answers

Operator
Okay, thank you. So we can start with the Q and A session. First question is from Resha. Please go ahead.

Resha - Analyst
Hi, Yash. So thank you for the presentation. So if I look at the last five years' revenues, right, they've been broadly flattish in that INR340 crore, INR350 crore kind of range. And especially when we see this in light of the fact that you all have added more product categories and also got into new channels like exports, etc., and expanded to more states, this seems a little divergent. So can you explain that why would revenues have been flattish in the last five years despite us doing so much of distribution expansion and new product category addition?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
So post-COVID, the way the business operates in the domestic market has changed a bit. The -- first of all, the entry of Quick Commerce has been a factor for this. As a result, the GT trade, the consumption of ice creams over there has decreased a bit for Tier 1 cities as that consumption has shifted to Quick Commerce. So there is a decline of sales for the domestic market over there as well as our distribution operates on freezers. So earlier what was the thing was supposedly a freezer cost is INR25,000, there was a contribution of INR10,000 by the company and INR15,000 was the contribution by the retailer. So to start new retail outlet, an upfront cost of INR10,000 for the freezer rent, INR10,000 to INR15,000 of branding was required by the company. And that used to generate revenue for next four years. Post-COVID, with new market entrants and more competition, that model has shifted completely on FOC basis. Now for my company or my team to add new retail outlets, we have to upfront invest the entire amount of freezers so because of which we were not able to deploy more freezers. Earlier, we used to deploy supposedly 10,000 freezers with the same capital. Now, we are able to deploy only 4,000 or 5,000 freezers. That has been the reason for us for not able to add more retail outlets. Entirely, the -- and whatever the freezers deployed throughout the year, that is divided into two parts. One part goes to the existing retail outlet where the asset is torn -- worn out. So we need to give a free replacement over there. And then the rest of the freezer goes to as a new retail outlet expansion. So the only thing for us to increase our sales we need to deploy our freezer contribution more.

So we are currently working on that and have created a strategy for that as well that in near future we'll be deploying more freezers and the team is already working on it.

Resha - Analyst
So, the [Speech Overlap] yeah, sorry, please go ahead.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes. Whereas we started exports recently only like post-COVID, it's been five years and we are seeing year-on-year increase in the exports business. So that has been our growth contributor, which is covering up the domestic sales impact currently. Whenever we start a new state or a new region, on an initial basis, there is no profit out of it. It goes in the market establishment time. So we are doing currently in that stage in the rest of the states. Our key markets are Gujarat, Maharashtra and Rajasthan and Madhya Pradesh, four states.

So first of all, our target for us to increase our revenue is to deploy more freezers and add more retail outlets over here.

Resha - Analyst
Understood. So your first reason when you say that the market has shifted to q-commerce post-COVID, right, so what would now be our channel mix? How much comes from GT, how much from our own retail parlors, Quick Commerce and exports? If you can help me with the FY26 numbers.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
So very simple, around, right now, 7% to 8% is the exports contribution in the overall revenue. That will be this -- in the coming future as well. Proportionately, there will be an increase in the overall turnover as well. And when we say parlors, the parlors are set up where the whole range of products are available, but that is distributed through our distribution channel only. So there is no separate revenue out of it. The parlor excess and source of additional revenue for the distributors. Wherever -- once the distributors' revenue increases, it automatically increases the revenue of the company.

So that is one thing. And so can you please repeat what was the last question?

Resha - Analyst
Yeah, so basically your revenue is from different, different channels. So you said 7% to 8% comes from exports, general trade plus your own parlors that probably number, if you could give me and also the Quick Commerce number.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
So GT, more than 98 of our domestic sales comes through the GT channel only. We are currently in Quick Commerce on a very early stage. Our products are getting listed and more than 300 stores recently have been unlocked for us by the Blinkit. So we have started supplying our products in Blinkit as well right now. So we are focusing now to start aggressively being available on all the Quick Commerce platforms. As a result, one platform is unlocked, the rest of the two platforms, Zepto and Instamart, we are in talks to get it live as well. For GT market, specifically, I have said we will start aggressive freezer deployment.

Resha - Analyst
No, fair. So but then if the trend had changed rapidly post-COVID with sales getting skewed towards Quick Commerce, why would we be entering Quick Commerce only recently. Was there a problem in getting a listing with these partners?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes. So the thing is every partner has a limited shelf space for frozen and they have commitment with the other companies based on, like, the consumption and the warehouse facility or else the space in the warehouse they'll give. So that was the issue for us for not being able to list on the Quick Commerce platform.

Resha - Analyst
Right. And in terms of your presence across states, right, so if you can just quantify how much revenues comes from your core states of Gujarat, Rajasthan, Maharashtra, MP?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
50% is from Gujarat.

Resha - Analyst
And what was this number say five years ago?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
That was 80%.

Resha - Analyst
Okay. And how much of it comes now from Rajasthan, Maharashtra, MP?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
I can -- you can connect with our IR CS team and they can provide you the statewise data from there. But we'll be more than happy to share those details with you.

Resha - Analyst
Right. And the second reason that you alluded to was the freezers, right? We were unable to deploy freezers because it became more capital-intensive. So now like you're saying, if a freezer costs INR25,000, you have to invest the full INR25,000 and also plus the INR10,000, INR15,000 branding expense, right? So this is the -- now with this additional capital outlay, what kind of freezer expansion are we planning and hence because of all these efforts of entering Quick Comm, increasing your freezers, what is the kind of revenue growth now that you all are internally aspiring for?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
So I cannot share the percentage growth that we are expecting or we are targeting for the forthcoming years. But Quick Commerce, still I feel it will be very early to say because we are right now on the onboarding process and there are few stores that we have started. So looking at the trend for next one quarter, we can determine what will be our future on Quick Commerce. We are very aggressive for the Quick Commerce part and for the GT market, I can say in terms of number is last three to four years, we have deployed around 8,000 freezers on a yearly basis.

That was splitted across existing retail outlet and new outlet addition as well. We are focusing to 1.5x and from the coming year to 2x to 3x the number of retail outlet freezer distribution. So that will proportionately increase our revenue. One asset deployment on an average generates INR2 lakh of revenue on a yearly basis. And asset lifespan, we consider it for four-year basis. So one asset, it generates revenue for four years. So that's what the calculation that we do it on for freezer deployment.

Resha - Analyst
Sorry, I missed the number. How many freezers do you have currently in the market? And annually, how much do you plan to add?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yearly basis, for the last five years, we have deployed 8,000 -- around 8,000 freezers on an average per year that out -- that number is split in two parts. A contribution of that goes into the existing outlet retail freezers, whichever has gone out so as in replacement. And the remaining goes for the new outlet addition. This year, we are planning to deploy 1.5x of that number of freezers. So around 12,000 to 15,000 freezers for this year. And from the coming year, we'll double the number of freezers that we're deploying.

So that will be around next year, we'll be deploying before season 16,000 freezers in the market. One freezer when we deployed, it generates revenue for on an average for four years. For -- per year, we generate a revenue of INR2 lakh. So when we say we deploy 100 freezers, INR2 lakh into 100 for one year top line.

Resha - Analyst
Understood. And total number of freezers in the market currently, approximately?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
In the last 10 years, we might have deployed for more than 70,000, 80,000 freezers. But the -- because that goes as in replacement as well, entirely everything won't be new. So once the asset which was deployed four years ago, now we need to give them a replacement asset as well. On an average, we can say about 35,000 new outlets we have started with our own freezers.

Resha - Analyst
Understood. And just the last question on -- see so we again have multiple product categories, you know? At a company of our size and scale, do -- what kind of bandwidth in terms of resources, in terms of people, etc., do we have to kind of enter so many multiple categories and are we able to do enough justice to scale all of them? Because in any case, our core ice cream business seems to have been flattish over the last five years. So what was really the rationale for entering all these categories?

See while I understand that milk and paneer etc., the dairy products are adjacent categories to ice creams, right? But entering namkeens or bakery, bread for that matter there, your ingredients, raw materials, etc. are also broadly different. So what was the rationale for entering these categories? And if you can just share that in FY26, what was the revenue contribution from all of these different, different product categories?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
So we have a very just -- we have a very simple understanding of what we want to do. Any product that has milk in it in any form, that is what our focus will be. That will be ice cream, paneer, ghee, or Shrikhand. So that is what our expertise is and that is where our focus will be. The reason to add the other range of product is first of all the outlets where our products are sold, this is the same place where this product range is required for the franchisee outlets to survive as well. Otherwise, what happens is in the time of summers, they have good business but then they won't be survive -- able to survive for the rest of the eight months or seven months of time frame.

So they need a whole basket to cater. The same goes for the company as well. Seven months, we have peaks -- good demand. But four to five months of winter and monsoon, even my manpower needs to be managed. And that is what we have tried to accomplish through management of power and manpower. 80% of our revenue is from milk segment and that is where our focus will be and the same will be moving forward. Frozen food, ready-to-eat and ready-to-cook products, it's very -- still a very early market for the Indian region but we're receiving good response in the global markets.

Exports, it is being driven through ready-to-eat and ready-to-cook foods as that was the only reason for us to set up another unit of it because current plant was at its peak capacity of production. So our focus is for exports market, ready-to-eat, ready-to-cook and dairy. For domestic market, it's only dairy. So dairy means whichever the -- any product which has milk associated with it. Our focus is not namkeen or bakery that it runs as a rider product along with the other product range.

Resha - Analyst
Understood. Thanks, Yash. I'll join back the queue.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Done. Okay.

Operator
Okay, thank you. So the next question is from [Indecipherable]. So, please go ahead.

Unidentified Participant
Hi, can you hear me?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes.

Unidentified Participant
Yeah, hi. Thank you for the opportunity. Just wanted to ask a couple of questions very quickly. So first of all, I believe this would be your first investor interactions. I mean -- I've not seen many interactions with Sheetal. So are you like planning to do a regular quarterly investor call? Do you have such plans, okay, for more investor interactions?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes. From now on we'll be doing regular interactions with the investor community.

Unidentified Participant
Okay, thank you. What I would like to know is the competitive landscape, okay, so recently there was news around Reliance, again the form of Bombay Creamery entering into market. How do we see the competition again? How do you see that affecting our margin again in terms of the intensity of competition increasing, okay, especially in the dairy, dairy product and ice cream kind of a product range?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
So this is not the first time entry of Reliance into the ice cream market. Five years ago, they started ice cream with the brand name of under the brand Independence, which is their grocery brand. Manufacturing was being done by us only at that time. But that operations didn't went well. The planning which was given by the team was never fulfilled. As a result, then the whole brand was

dissolved for the ice cream segment. And then again after three to four years, they've started new -- under the new brand name of Bombay Creamery.

The market is very simple. There is a huge potential right now still. The only thing is whoever deploys the freezer, right now the market works in a way. You deploy freezer, you generate revenue. So if Reliance is coming into the picture, they will be deploying freezers. Same goes for us. Whoever deploys freezer will be able to generate revenue. And in terms of number, we say still ice cream, there is a huge upside potential of consumption. When we say the numbers, we are still at about 600 ML of per person per annum consumption for India.

When we speak with developed countries, supposedly USA or else developing countries are of same population like China, they are at 8 to 12 liters per annum. So still there is a huge gap and I think there are more. The more the merrier, the more players in the market. It leads to more innovation and more flavors and consumer gets a better choice as well.

Unidentified Participant
Okay, thank you for that. And what would be our current split between dairy and non-dairy products? When I say non-dairy as in everything else like frozen, okay, namkeen and few other things, what is the current split like and how do you see the trend, okay, basically 18% [Speech Overlap]

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Sorry, please complete.

Unidentified Participant
So I was just asking, how do you see the trend? Okay, I mean, would you like to expand that category again? How is the margin-wise, okay, both these, basically categories they perform in our bottom line?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
80% is dairy, 20% is rest of the products. We would like to keep the ratio same, focus on dairy products. And in terms of margin, ice cream is the highest margin business and that is our forte as well. So we'll be focusing on that only.

Unidentified Participant
Okay. And one last question from my side. Okay, so we see trend around health, okay? And we see the trend around premiumization, okay? So how do we see that trend, okay? I mean do we have any plan around kind of catering to those markets?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes, currently we are working on adding a range of high-protein range in terms of flavored milk. So we do flavour milk that is a very good product of us. Now we are adding lassi in our basket as well of flavored milk beverages and that is in a high-protein, prebiotic, probiotic range. So that's how we are working on. And the same, we are focusing on adding the range of ice creams as well with a high-protein and no-sugar or low-sugar range. And in terms of other premiumization, the trend has been, we have seen is 3D- shaped products which is being a big hit among the consumers as they want to try new products, new thing in the ice cream segment specifically and they are ready to spend.

Right now, recently we have launched mango-shaped ice cream. It looks exactly like in kesar mango

and it's a 3D-shaped product. So more such premium products of like, you know, strawberries, blueberries, the ice cream itself looks like the fruit. So that's how we are working on premiumization of ice cream and targeting that product range.

Unidentified Participant
Is that only for domestic at the moment or we are basically looking at the export for the-- [Speech Overlap]

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Domestic. No. No, no, ice cream will be for domestic only.

Unidentified Participant
And s it too early or they are still a good contributor to our basically overall revenue?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
No, no, that will be too early.

Unidentified Participant
Okay, thank you. That's all from my side. Thank you very much.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Thank you.

Operator
Okay, thank you. Okay, so we have few questions in the chat box from Anonymous. Will Sheetal get into protein drinks? Secondly, are you planning into fruit juices?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
So as I said protei, we doing as whatever our current existing product range is, whereas the new products that we do such as Lassi and all, we're adding protein as a key factor of the product as a high protein like you get 10 gram or 15 gram of protein per 200 ML of bottle. So that's how we're doing protein not the core gym going whey protein stuff that we are not focusing on. Fruit juice currently is not in the books. The reason, the process is completely different from what we are doing currently.

So fruit juices is not in the plan right now.

Operator
Okay, thank you. And the question -- and the second question is from Krishna. What is the exact inventory split between skimmed milk powder or raw materials packaging and finished goods?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
That will be -- can be given by our CS team or in the IR team. If they want, they can connect with the team and they'll be more than happy to share those details.

Operator
Okay. Another question is from Anonymous. What percentage of FY26 revenues is on volumes originated outside of Gujarat and what are the freight and distribution cost differentials between serving your home market versus non-Gujarat markets?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
As I said Gujarat still contributes in a range of 50% to 60% of our total revenue currently. So that was the -- that is the trend for the sales in Gujarat and the rest is out of the Gujarat, the rest of the states. Freight expense goes higher as we go far more. Our focus has been first we generate that much amount of volume and so -- how we have been able to manage that cost, supposedly, if it's in Gujarat, the freight cost will be 3% to 4%. And overall, our try has been to keep the freight cost in the range of 5% to 8%.

The farther we go, the freight cost increases. To manage that, what we have done is we have set up our own freight cost -- freight logistics fleet. So through that we are able to manage that cost. So there is no profit out of the logistics business. It is just helping us to save our cost in distribution.

Operator
Okay, thank you. And the next question is how do we compare with Havmor food outlets? Are they direct competitors?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
No, we don't come -- first of all, Havmor also doesn't do food outlets. They do ice cream -- Ice cream outlets. We are not into that business. We are -- our focus is to create more daily-needs stores as if our competitor is more of similar to Amul. How the Amul stores are, we set up similar such stores. Low investment business and high usage of daily-need items.

Operator
Okay, thank you. And the last question from chat is can management provide segment-level EBITDA margins and ROCE across each of the key verticals?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes, can be given by our IR team and the CS team. You can just -- it's mentioned in the investor deck, there is a contact details about the relevant team members. You can just connect, either give them a call or an email and they'll provide you the details.

Operator
Okay, thank you. And another question is from Sankar. Sheetal recently raised funds, how these funds are deployed?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
As I mentioned, those funds are currently being used for more freezer development and advertisement, branding purposes. So that funds are being used to increase our retail outlet presence.

Operator
Okay, thank you. If there are any further questions, please raise your hands or put in chat box. We have another question in the chat box. What's the current capacity utilization?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Currently, we are -- at summers, we are at 100% capacity utilizations whereas on an average of an yearly basis, we are at 75% of our capacity utilization. We've been able to take one more summer through this plant and then we are planning on a capacity increase in our exist -- either we'll be setting up a whole plant from scratch to meet our further future goals and we are doing a small

expansion this year as well to meet market demand. The overall answer is on an yearly basis 75% of utilization of machinery.

Operator
Okay. Thank you. So we have one question from Sidharth. Please go ahead.

Sidharth - Analyst
Yeah. Can you hear me?

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes.

Operator
Yes, now, we can.

Sidharth - Analyst
Yeah. So one, I wanted your view on what is the scenario of milk prices right now and do you see -- how do you anticipate the coming flush as your entire industry is completely -- it's actually seeing a continuous rise in the milk procurement cost and so far you have been successful in passing on these prizes being raw milk prices also or even in the value added products like ice creams or other products. But till what point do you think or are you seeing any signs of improvement in the pricing?

And my second question is that even in your ice cream, a lot of other players have gotten into it. Like Heritage has gotten into it. Like somebody mentioned Reliance has gotten into it and also a lot of D2C brands have come up in this space. So how do you look at competition overall? Because a lot of brands are ready to burn at the moment and just wanted your thoughts on this.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Yes. So first of all milk is available at whatever volumes we need. The price increase -- so recent price increase has been because two states, Gujarat and Maharashtra government banned analog or else artificial paneer. As a result, what happened was demand for original paneer increased which led to consumption of more milk. So that was the reason for the recent price hike. And consumers are more than willing to pay -- like we have been able to increase prices and consumers are paying for it. So that has been a standard format since I think more than last five years.

There has been two ways. Supposedly when you say about price revision, it is done in two parts. Up until INR20 of MRP, there is no change in the pricing. The volume decreases and when the price range is more than INR20, consumers are paying for a better quality product. We are charging them and they are paying it. So it's not an issue. We are able to recover the price hike from the consumers.

In terms of what discounting we get, so there is two things. Either they will be selling milk to the cooperatives or else they'll be selling milk to a private dairy such as us. Now when we say cooperatives, they pay in a time grip [Phonetic] of 7 to 15 days. Whereas, we have set a practice of paying to the dairies, sorry to the farmers or else the bulk unions in three days or max four days. So they get money earlier in their hands and we are able to get cash discount out of it. So that's how we have been able to create a bridge for the milk price revisions on a daily -- on a regular basis. When you say about the D2C brands, Quick Commerce is completely different and the GT trend is completely different.

Quick Commerce brands cannot survive in the GT market because of the price game over here.

Majority of volume, still about if INR100 of ice cream is sold, INR70 will be up until the INR30 price point. So for that you need to go through the distribution channel only and you need volumes for it from day one. But D2C, it's completely different for the Quick Commerce platforms. And as I said, if you look at the competition part, there is competition from various brands for every state.

There is no single brand who has Pan India presence. Every brand is a regional brand or is a state brand. The reason being logistic has been an issue. It's a major cost driver which -- because of which every brand is not able to create a Pan India presence. For that you need statewide plans for it. So and the entire market shifts. India as a country, it's not a single market. It's like Europe. Gujarat, the market is completely different. Maharashtra is different. Up in the Jammu is different and south is different.

So the way the product is consumed in its texture, its quality, the quality of milk and the ingredient used is completely different. So every brand comes, they bring something new with it. So it's not an issue, when we say about the competition. And burning part, yeah, even when we are doing Quick Commerce, earlier stage, it's a burn for us as well. It's only the Quick Commerce players who earn out of us. There is no good earning for we as a brand out of it. Over there, we focused that -- we tried to create an omnipresence for our brand that we are available everywhere where consumer purchases ice cream. That's what our target is for that.

Sidharth - Analyst
Got it. Okay. Great. Thanks.

Operator
Okay. Thank you. So due to time constraints, we will have to close the call. I request management to give a closing remark.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Okay. So it was our first investor meetup or a presentation over here at any platform. Glad for this opportunity. We have decided -- the management team has decided we'll be communicating more with the investors and stakeholders community in the forthcoming future. And we'll be looking to meet this investor community more often in the near future. It was a pleasure to be here. And we have -- it's an open invitation from our side. Our plant is in Amreli. I sit in the Ahmedabad office. We are operational 365 days.

Whenever you are in Gujarat or the Saurashtra region, please do visit us. We'll be more than happy to have you.

Operator
And I'd like to thank the management and the participants on behalf of Arihant Capital for sparing time and sharing insights about the company. If the participants have any further doubts, they can get in touch with the team at Arihant Capital. Thank you so much for joining the meet.

Yash Bhuva - Director - Sales and Operations, Sheetal Cool Products Limited
Thank you.