



BIKAJI FOODS INTERNATIONAL LIMITED

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CIN: L15499RJ1995PLC010856 | GST No.: 08AAICS1030P1Z5

Ref: BFIL/SEC/2024-25/52

Date: July 31, 2024

To,
Dept of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001 (Maharashtra)
Scrip Code: 543653

The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051 (Maharashtra)
Trading Symbol: BIKAJI

Subject: Transcript of Earnings Conference Call for the quarter ended on June 30, 2024

Dear Sir/ Madam,

We hereby inform you that in continuation to our letter bearing Ref. No. **BFIL/SEC/2024-25/39** dated **July 10, 2024** and pursuant to the requirements of the Regulation 30(6), read with the Part A of the Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, an Earnings Conference Call with the Investors and Analysts for the quarter ended on June 30, 2024 was conducted on **Thursday, July 25, 2024 at 12:00 P.M. IST**. Please find enclosed herewith the transcript of the Earnings Conference Call.

In compliance with the Regulation 46 of the Listing Regulations, the transcript of Earnings Conference Call will also be hosted on the website of the Company and the same can be accessed at www.bikaji.com.

You are kindly requested to take the same on record.

Thanking you

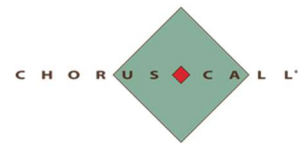
Yours faithfully,
For Bikaji Foods International Limited

Rahul Joshi
Head - Legal and Company Secretary
Membership No.: ACS 33135

Enclosure: As above



“Bikaji Foods International Limited
Q1 FY ‘25 Earnings Conference Call”
July 25, 2024



**MANAGEMENT: MR. RISHABH JAIN – CHIEF FINANCIAL OFFICER,
BIKAJI FOODS INTERNATIONAL LIMITED**

**MR. MANOJ VERMA – CHIEF OPERATING OFFICER,
BIKAJI FOODS INTERNATIONAL LIMITED**

**MODERATOR: MS. HAZEL RATHOD – S-ANCIAL TECHNOLOGIES
PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Bikaji Foods International Limited Q1 FY '25 Earnings Conference Call. As a reminder, all the participant's lines will be in the 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 "*" then "0" on your touchtone phone. Please note that, this conference is being recorded.

I now hand the conference over to Ms. Hazel Rathod. Thank you, and over to you, ma'am.

Hazel Rathod: Thank you. Good afternoon, everyone. Thank you for joining us for Bikaji Foods International Q1 FY'25 Earnings Conference Call. From the management, we have with us Mr. Rishabh Jain, CFO and Mr. Manoj Verma, COO.

I now request Mr. Rishabh Jain to take us through the key opening remarks, after which we can open the floor for the question-and-answer session. Thank you, and over to you, sir.

Rishabh Jain: Thank you very much and thank you to all the investors who joined the call. From Bikaji's perspective, I have with me, Mr. Manoj Verma ji, COO and Prateek Sharma. So this quarter has a very strong quarter performance from Bikaji's lens. We are close to 18.7% revenue from operation growth compared to Q1FY24. There is also PLI income, which has been added in other operating income. So, without PLI also, we have grown at close to 15.6%. So overall revenue growth is at 15.6% if we exclude PLI impact, but overall, it's close to 18.7% revenue from operation growth.

The main part is our volume growth is in ethnic snacks or salty snacks category. So it's close to 18.5%. And then when we see a traditional snacks, it's close to 16%. When you see Western snacks, it's 26%. So overall, underlying volume growth is as per our target is close to 18.5%. And EBITDA lens overall, the company delivered close to 9.2% growth over Q1FY24 and we delivered INR 91.6 crores from EBITDA lens. Overall, EBITDA is close to 16%. There's also PLI income, which has been added. So without PLI also, the EBITDA is closed to 13.7%. So if we exclude PLI income, the EBITDA is 13.7% from gross margin lens also.

So we are seeing little commodity inflation in key process, be it chana, be it few pulses, be it dry fruits like kaju or potato price. But overall, we have maintained the same gross margin level largely compared to when we see last quarter. Our overall gross margin was at 32.2% when we stood a PLI impact, but yes. So that's the target what we have taken, our target is to be at least a 32% gross margin and we are above it as of now, despite we have seen some price uptick in commodity prices.

From manufacturing facility lens, we completed our capex commitment in March quarter. In March quarter overall, we have committed close to INR 440 crores in capex. And then we made a plan 2.5-3 years back and we completed all the capex commitments. We have made a big capacity across all parts of India in all core markets as well as focused markets. So in core markets like Assam and Bihar, we have set a plant in the last two years in the focus markets also like UP, Raipur and in South also, we have set a plant set of big facilities to fuel the growth of income for coming years.

So we have built a great capacity in each category, be it Namkeens, be it Western snacks category, be it Bhujia. So across these categories, we have a good capacity, currently, we are at around 45%- 46% utilization at an overall level. Next quarter is festivity season where we see an uptick in demand in the sweet category, gifting categories. So we'll utilize more in that sense, but overall looking at the current sense, we are at a good level.

And in the coming three to four years, the target is to take this close to 70%. That's a target which we are sticking to. On capex plan, we completed most of the capex. So in coming years, there will be minimal capex that will be just NPDs or regular maintenance capex. We'll not see any major capex in the coming years.

Manoj Verma:

Talking about distribution, as we committed and as one of the growth drivers the company has identified, this year's plan, what we have is to add about 50,000 outlets, of which over 20,000 outlets in our direct reach got covered in this quarter itself. So that's well on track. Overall, as we talk about in terms of category. So what we have heard and what we have witnessed is that last year, there were a couple of quarters where we felt that rural was in a slowdown, the good part was that it started picking up. And quarter one, if you look at has continued in that trend, so we see quite a recovery in the rural sector as well.

With the kind of budget which has come in and the money getting infused into rural and in job creation opportunity, we strongly believe that this momentum should continue. On top of it, the expectation is that monsoons will also be one of the enablers or the drivers of this continued rural and overall growth. So that's what we believe.

We have delivered, as Rishabh has just spoken about, the kind of volume growth, what we have delivered is ahead of our plans, what we had planned for the year. We hope that we'll continue this momentum and should be on track to deliver the full year numbers, what we talk about.

Within the category, if we look at, snacks category has grown in this quarter one year-on-year high single-digit number in terms of value, of which the higher growth has come from the Western snacks for the category. And within, if I put a split between rural, urban, so in urban, it is Traditional, which has grown faster in rural, which is Western, which has grown part. So that's the dynamics what we witnessed and what we see, which is coming through.

Our growth are replicating impact we have grown ahead of the category. That's the category growth. Numbers that we speak about. So our volume growth overall is about 16%, revenue growth 18.7%, which includes PLI. Without PLI, if we talk, it's 15.6%. The interesting thing is that ethnic snacks or traditional snacks, so to say, is a 16% growth and the Western snacks is grown 26% growth over last year's quarter one.

Packaged sweets have grown at 12.3%, papad though a small category, yet grown at 14%. So the interesting point here is that across categories if we look at, it's a double-digit or a high double-digit growth, which we as a company have witnessed in this quarter

We look our business in three parts like which is core, focus and other states. So core has grown at 14.3%, focus sales has grown at 16%, and other sales has grown though it's a small base, but

grown at 24%. Export growth is a little subdued, which is at 6.7%. But that, again, is a little seasonality and some impact of frozen stuff in there. So that's the growth which exposes witness.

Another point is that in this quarter, if we look at and I'm sure all of you would have heard and read that there was a heatwave. And so about 30-plus days was very, very bad for industry, which was from the consumption less. So that impacted us as well. But what helps us back was the family packs. Our family pack grew at 17.3% and impulse was relatively low. So the point is that the momentum on the family pack continues, and that's the growth that we have delivered. And hence, coming on to our contribution of family packs stays at 56.7%, and the impulse is 42.8% to our overall business.

Rishabh Jain:

So overall numbers plan so largely we delivered volume growth of 16% of our traditional snacks, largely delivered a greater growth in restaurant snacks, overall, from margin lengths also. So we have seen little uptick in prices in like persistent flow like chana prices, for great prices and have seen a good commodity inflation. And we also seen the same inflation in first quarter.

And second quarter also, we are looking at the same inflation type of inflation, hearing the same noise and you're getting reports from our vendors that we are seeing a good increase in like dry fruit prices, which is the key in Diwali season. So this quarter also, we are seeing good impact on our overall gross margin. So overall we are working towards the same that we will not go beyond the sales and will target what we have taken from gross margin then.

So from that lens, thank you very much, and we are happy to answer all the questions you have. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Percy from IIFL. Please go ahead.

Percy:

My question is that if you look at the geographic mix in terms of the focus states, the growth is faster than the core states. However, not by a very large amount. Given that our market shares in the focus states are very low, I think there is an expectation that maybe our growth rates should be like 25%-30%.

Related question here is that the others portion of the geographic mix, where we are not putting in much of resources and bandwidth, there we are seeing actually growth of a higher order. So, why is that happening? If you can just address these two related questions, then I will have one more question. Thanks.

Manoj Verma:

Yes. Thanks for the questions. So, one is that when we say other states, so it doesn't mean that they are ignored state. That's just the normal case. So we do everything there also, but yes, at a different level. To your question, let me answer if we look at it about this 30% of the other state sales comes from general trade and the rest is modern trade institutions, which is what is doing well at a PAN-India level.

And that's where we see that this growth, so with our growth now disproportionate growth in the modern-grade channel and e-com channel, these states are doing much, much higher. If I look at just the contribution of general trade, I mean, where we put feet on ground and all that stuff.

So the contribution of these states is very, very little, and that is why this number looks a little higher.

Percy: Right. So what I wanted to understand, sir, is that our strategy was that in the focus states, we are going to invest materially in terms of sales and distribution infrastructure. And that would be, of course, in general trade in addition to modern trade and e-commerce, and now that strategy has been articulated more than two to three years ago. So what is the reason that we are not seeing higher growths in the focused states, given that we are coming from a very, very low base in terms of market share versus our core state market shares?

Manoj Verma: No. So year-on-year, if you look at the focus states are growing faster than that stuff. It is a little bit of a period is change shifts you would see. I think it's more relevant that we see a little longer data now in that stuff. So states like if we get into states like UP, and Karnataka they are doing very hard. There are a couple of states, which have not done as well, and that's what is resulting into this little muted growth. But in quarter two, you will see this more coming back again.

Percy: Understood. And in the focus states, if I take all the focus states, six of them together, what would be the market share that we have in these six states at aggregate level?

Manoj Verma: That's why at aggregate level we would have about 1.8% market share less than 2%.

Percy: Okay. And would you have some kind of figure in mind that, let's say, three years down the line, this 1.8 has to become what market share or something like that?

Manoj Verma: So what we see, again, this is a weighted number which I'm talking about the very large markets like UP, the very small market like Chhattisgarh or Karnataka as well. But what we believe that some will do much, much better, some may not do as much good, but we are looking at that we should be reasonably mid-single digits kind of a market share is what we should reach. And within this, you will see certain states above that high-single and some would be little below that. So that's the number.

Percy: Right.

Manoj Verma: So, to sum it up, it is almost doubling this number in the next three years' time.

Percy: Doubling the market share or doubling the turnover, sir?

Manoj Verma: We were talking about market share. So there is 2 to some 4.5 mark kind of a number.

Percy: Correct. So if the market share is doubling, then the turnover will more than double, because the underlying industry will also grow along with it, right? So which means, that we should be looking at a 25% to 30% CAGR for that to be achieved.

Manoj Verma: Absolutely right.

Percy: Got it, sir. Secondly, just one clarification, there is this chart at the end which says sensitivity in key material categories. I'm not able to understand what that chart denotes. Can you explain, please?

Rishabh Jain: Yes, to pursue basically that quarter-on-quarter, how our raw material prices or pulses prices are moving. Like you see that like in corrugated box in last quarter it was 0.98%, this quarter its average is 1.04%. So overall, at a price level, it's close to 7%, 8% price increase what is seen in corrugated boxes. That's how we see it.

Percy: Okay. I was a little confused, because all your charts start from Q1 FY '23, but the starting point is different, like edible oil starts from 1.23 then another one starts at 1.13. So what are these? These are index numbers or what?

Rishabh Jain: Yes. So these are index numbers. Yes. So we've taken one as a number prior to this quarter like quarter one FY '23 to prior quarter was one and the quarter one FY '23, 1.23 compared to quarter four of FY '21 and '22.

Percy: Okay. So Q4 '22 is equal to one in all cases.

Rishabh Jain: Yes.

Percy: That's all from me. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: So, I wanted to ask, in Q1, a lot of the categories have been impacted because of heat wave. In your category, does in fact help the family packs, because if a customer is more at home, obviously, you're going to consume more of the family pack. So would you have seen benefit because of this in the family pack and that's reflected in the numbers also? So could this cool off impact in Q2, because now customer is again going out of home?

Manoj Verma: No. So I think you rightly picked it up, and which is what I was trying to make in my statement that family pack did relatively better because the heat wave would not impact as much on the larger packs it impacts more on the go or the impulse category.

Abneesh Roy: Now on the margins question, we also saw the results of the other snacks company. So they said that in terms of pricing, they are looking at some price hikes in the coming months and some have been taken also and you have also taken. So if you could tell us in terms of the dry fruits impact and on an overall basis, what is the inflation currently on a Y-o-Y basis? And what kind of a price hike has been able to overcome that hike. So if you could discuss both your prices and the total inflation till now in terms of Y-o-Y.

Rishabh Jain: Right. So Abneesh so basically in first quarter, we've done some price hikes compared to last quarter within close to 0.7%, 0.8% price hike on average level on the company. And also we have started withdrawing some promo offer we're going to withdraw some trade schemes compared to what we've given in last year when we have put a bumper in pricing.

So that's what we're doing last quarter. But overall, we see that this quarter also we will see at least 1% price impact overall coming in and that's what we are working on that we are planning to take some price increase in next month and also, we are trying to improve on a trade scheme that's what we are doing now.

Abneesh Roy: And one follow-up on this, so when does your sales growth go ahead of the volume growth, which quarter do you expect that to happen?

Rishabh Jain: Quarter three will be the quarter where we will see price will be ahead and value will be ahead in volume.

Abneesh Roy: Sure. Now final two quick questions. So marriage days in the coming quarters are going to be much higher, Q1 it was quite low. So if you could tell us in terms of your business of sweets, how does this have a beneficial impact? So that will be the first question.

Second will be, Bihar state has seen the highest allocation in terms of Budget, almost they are talking about INR 80,000 crores to INR 1 lakh crores kind of an outlay. Obviously, this means that Bihar GDP could see acceleration and Bihar is a key market for you. Do you think that in Bihar your penetration and market shares are very high, so you may not be able to enjoy too much benefit of this? Are you enthused by this higher Budget allocation to Bihar?

Rishabh Jain: Quite so. So one marriage season, so see we have already started a festivity season like Rakhi is in next month and Diwali is coming. So festivities started for us, because sweets is a key factor in next three months. And of course, marriage is an addition this year. So sweets is largely manual.

We are working at a full capacity in these three months. So we see an uptick in demand in sweet category what we've seen in July month. So we see a good growth in the coming quarter also in the sweet category. That's what we are working on. Gifting is also we plan in a good manner in gifting category.

Plus, of course, Bihar is a big market for us where we are having close to 24%, 25% market share which is a big market share for us. So, of course, when the Bihar market will grow, investment will grow. And we are not at a very leadership position.

Haldiram's is also doing very well in that state. And that's a big market, big opportunity for us to grow in that market. So we see a good uptake in our overall growth in Bihar itself because in last 12 years, we are also struggling in Bihar. We've done a lot of changes in Bihar in last three, four months, a lot of changes is going on in coming quarters. So we see a good growth in Bihar itself in coming quarters.

Abneesh Roy: Sir, if I can squeeze one last question. So the regulator is now running for a much higher disclosure level. So if on the front of the pack, we have a very prominent mention of fat content, salt content, and sugar content, how worried would you be because obviously customer may be knowing at the back of their mind, but if it is so upfront how does this impact consumption? And any timelines you expect? And what will be the final color of this, any insights on this currently more of a draft, but what will be your take given you are a key player impacted by this?

Rishabh Jain: So see, I don't see any major consumption issue in this because from a compliance lens, in the last two, three years, there's been a lot of update on the pack itself. You'll see at the back of the pack, there will be how much grammage, what sugar content, everything is there on the pack. It

will be just bigger and everything. So we don't see any major changes in overall consumption lines. That's what we see.

Abneesh Roy: And when do you see it happening?

Rishabh Jain: So from happening, our compliance team is working on the same. I think in the next six months, six to 12 months, we will be on the compliance side.

Abneesh Roy: Okay. Thank you. That's all for me. Thank you.

Moderator: Thank you. The next question is from the line of Mehul Desai from JM Financial. Please go ahead.

Mehul Desai: Sir, just one book keeping question. One, can you let me know what will be the PLI benefit for the full year?

Rishabh Jain: So PLI benefit for full year will be around INR 60 crores.

Mehul Desai: INR 60 crores, right?

Rishabh Jain: So for the next 12 quarters, it will be on a quarter-on-quarter basis. So last quarter it was one of the times where we had the last two years, but from this year onwards we will be accruing it on quarterly basis.

Mehul Desai: Okay. So for FY'25, INR 60 crores and for FY'26 also, the number remain the same or does it reduce?

Rishabh Jain: INR 47 crores- INR48 crores.

Mehul Desai: Okay. And can you help me with what has led to this increase in staff cost on a Y-o-Y basis for the quarter?

Rishabh Jain: So staff cost this quarter, of course, we have some increments for the company. And there are a lot of investments in people, plus there are some ESOP, which has been done in this quarter, plus there are some expenses which has been booked in the last quarter in other expenses, which has been classified in this quarter. So overall, if you see, it's close to 11%-11.5% increase compared to last quarter.

Mehul Desai: Okay, understood. And we expect this this current run rate to sustain, right, in terms of quarterly run rate in staff costs? Or does this expense get reduced? I mean you see the INR 34 crores- INR35 crores run rate continuing?

Rishabh Jain: Right. Of course, but you will see that the next two quarters, there will be a lot of sweet festivities. But overall, when we see a percentage level, so our target should take around 5.5%, close to 5.7%.

Mehul Desai: Okay. And on the A&P spend, how do you see A&P spend for the full year? I mean I assume this quarter, the A&P spends were lower...

- Rishabh Jain:** From Bikaji lens, first and fourth quarter, we normally see A&P spend is lower. But again, second and third quarter, we see a reasonably good spend. That's overall, what we are doing because this is a festivity season. So at an average, we'll be targeting 1.75% of overall ads spend. That's what we are thinking.
- Mehul Desai:** Okay. Got it. Thanks, Rishabh.
- Moderator:** Thank you. The next question is from the line of Yash from Stallion Asset. Please go ahead.
- Yash:** Hi sir. Thank you for the opportunity. Just wanted to understand what would be your distribution target outlets for FY'25 and FY'26?
- Manoj Verma:** Just from direct reach, we would want to add 50,000 in each year. So we think that by end of next year, it should be at about 350,000 outlets, directly covered. And the overall indirect reach is the outcome of that. So difficult to know exactly put a number. But yes, our aspiration is to take it to about 12.5 lakh to 13 lakh outlets.
- Yash:** Okay. And sir, what would your volume growth CAGR guidance for next two, three years?
- Rishabh Jain:** So volume growth, what we are targeting that we want to grow volume at between 13% to 15%. That's the target what we are taking on at the company. So that's between 13% to 15%.
- Yash:** Okay. And sir, last question. Do you think as a strategy, you'll be able to maintain 32% gross profit margin, despite some sort of volatility in the commodity costs?
- Rishabh Jain:** So there's a target what we've taken that we need to maintain 32% in gross margin level. Because ultimately, as a brand is growing, we are focusing more on branding, more on brand equity, working more on distribution. So ultimately, that's what we are targeting. We'll be maintaining that 32% gross margin. Of course, we have not seen the future that commodity price or oil price again go to 150, 170 that we don't know. But yes, at current level, we don't see any major changes in gross profits.
- Yash:** Okay. Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.
- Gaurav Jogani:** Thank you for the opportunity and congratulations on the strong set of results. Sir, my first question is with regards to the price hike that you have mentioned of 0.7% to 0.8% in Q1. So is it because of the reduction in the trade seeds, or is it you have taken an incremental price hike?
- Rishabh Jain:** So we've taken an incremental price hike.
- Gaurav Jogani:** And there is an additional trade-in reduction as well in addition to that, right?
- Rishabh Jain:** Yes.

- Gaurav Jogani:** And sir, you have also mentioned that you are looking for a 2% to 3% kind of a value increase for the year apart from the 15% kind of a volume growth. So this 2%, 3%, is it on an annualized basis or is it for the remaining three quarters that you see?
- Rishabh Jain:** So the 2% to 3% would remain for seven, eight months largely. So yearly, we'll see 1.5%.
- Gaurav Jogani:** And also, in terms of the PLIs that you mentioned, so there are two PLIs, right? One PLIs is with regards to the capex that you have done and there is also a PLI in regards to the exports, advertisement, and branding activities that you undertake. So that will be over and above this INR 260 crores of PLI that you will be receiving?
- Management:** Yes, Gaurav, that's the two PLI what we have got from the government. One is of course INR 261 crores and other one is close to INR 23 crores. So in that line, so what we committed that we will invest close to INR 46 crores in ad investment outside India. So government will reimburse us 50% of the same. So that's the plan we have in six years, we'll invest INR46 crores and government will facilitate INR 23 crores year-on-year basis.
- Gaurav Jogani:** But this INR23 crores will it be booked in other operating income or will it be booked in the netted from the other ad spends?
- Rishabh Jain:** It will be netted out from ad expense because there is no point doing double entry.
- Gaurav Jogani:** Okay. Sure sir. Thank you. That's all from me.
- Moderator:** Thank you. The next question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.
- Priyank Chheda:** Hi, sir. Sir exports we were planning to grow at 20%-25% while it has remain muted. The factory which we are planning to come up with has that been operational and if that so what would be the export target for this whole year?
- Manoj Verma:** So factory is partially operational. What happens is that when we do this frozen food. So it has lots of assortments. Now container goes when you put in all those products and then the container goes. This factory trial has started so few of those stuff we have started doing. The balance still has been no source from outside. I think within by end of this quarter, this will all get stabilized. And the growth numbers what we spoke about by end of the year you will see those kinds of numbers coming in so it's well on track.
- Also, there is a lag between what orders come and what gets executed because there's a huge transit time. So the kind of orders what we see in the export, the kind of the excitement and the confidence what we see I think we should be well on track on our exports plan.
- Priyank Chheda:** In case sir there would be some targeted PLI for FY '25 also which is the INR23 crores marketing PLI for exports, does that have any impact in case if we are delay in our sales growth with respect to the export PLI?
- Rishabh Jain:** So this INR23 crores we will get in six years they divide it in six years like this year if we'll do INR8 crores, INR9 crores of ad investment outside country and government it will reimbursed

INR4.5 crores, INR5 crores. That's the overall yearly numbers if I say. So overall we see because ultimately, we need to grow a market, we are basically in good teams in the export market. So we are targeting 20%-25% growth in export. That's what we are targeting.

Priyank Chheda: Got it. So basically it's not sales linked. It's related to the investment that we would be doing in terms of marketing the product internationally?

Rishabh Jain: It's both. So we are also recruiting team because ultimately only one thing we cannot push the numbers. We are working on distribution. We are working on team as well as when will help in filling the group.

Priyank Chheda: Okay. And then we are supposed to hire a national distributor in the US and Middle East. Is that working fine or is there any other update that we would like to share?

Rishabh Jain: Sorry, I didn't understand. Can you repeat the question?

Priyank Chheda: Sir, there was one national distributor which we were planning to appoint in US and Middle East sir, that was what you had shared last quarter. So any update on that? Is that been appointed? Is that the sales getting booked from there?

Manoj Verma: I think perhaps maybe the articulation issue and all because you cannot have one person or one exporter. We export to over 25 countries. It is in the countries of, in US we do have one large person one exporter – the importer. But besides that also we have in say West Coast, East Coast, the North America and also there are other distributors as well.

Priyank Chheda: Okay. And any plans to share on the QSR verticals?

Rishabh Jain: So from QSR length so we're doing a lot of trials on that length. We are targeting this year as we'll open, for next 18 months it will be a slow start. We'll set up process and everything. In post 18 months we'll build on business planning everything. From that next 18 months it will be just setting up process, IT system, setting up object type, category, product, everything. So next 18 months will be slow on QSR.

Priyank Chheda: So what would be the number of stores that we would add in the next 18 months today we have two, three stores?

Rishabh Jain: Around close to five- six.

Priyank Chheda: Okay. We will open five stores in the next one and a half years. And then sir any breakup you would like to share on the set reach between 4% core for this quarter?

Rishabh Jain: On reach.

Priyank Chheda: Yes, on the reach of 2.72 lakh, what would be the breakup of core?

Manoj Verma: Yes. So, about 100,000 outlets plus. So to be precise 1.07 lakh outlets would be in the four states, 1.35 lakhs in the focus state and the rest in other states. That's the breakup.

- Priyank Chheda:** Perfect. And so would the indirect reach also move with the increase in direct reach or it would move more than the direct reach?
- Manoj Verma:** See, hypothetically what happens is that over a period of time your products start moving through wholesale. But when you get into focus states you will see that initially it is directly proportional kind of stuff. But as the brand starts getting momentum this number becomes a factor starts increasing in the multiple factors.
- Priyank Chheda:** Okay. And just to clarify the PLI benefit that you mentioned for full year is INR60 crores, right versus the previous quarter update was INR45 crores. So any revision in this because of the higher sales which we are thinking off?
- Rishabh Jain:** Previous quarter INR 45 crores was for full year not for one quarter.
- Priyank Chheda:** Yes, full year which you are guiding this year about the INR60 crores?
- Rishabh Jain:** Right. So it's a formula of government that how do they release on top line basis.
- Priyank Chheda:** Okay. Perfectly. And then the other operating income which you are booking INR17 crores is completely PLI or is there something else also in this?
- Rishabh Jain:** So PLI is close to INR 15 crores there are other subsidies overall the company is getting a lot of subsidies from the government.
- Priyank Chheda:** Okay, but the major portion is there INR15 crores. Perfect. And just a last question I couldn't understand your initial answer on the focused market growth this quarter which is flat almost flat at INR74 crores. I couldn't understand, is there a seasonality in this particular product to be seen in this. Can you again explain it would be great?
- Manoj Verma:** So there's huge seasonality you will see in that stuff.
- Priyank Chheda:** Okay. So that, the seasonality is that.
- Manoj Verma:** And see it's not flat in terms of growth. If you look at year-on-year it's a 16% growth. When you talk about swing then this is a lean quarter and now this quarter two and quarter three will be the highest quarter you will see.
- Priyank Chheda:** Okay. All right. Thank you.
- Manoj Verma:** And that's true gentlemen if you look at even not only in focus you look at the core, you look at others this swing on quarter one over quarter four is always low. You will see a huge swing between quarter one and quarter two. Since quarter two and quarter three will almost be the same then you will see a negative swing in quarter four in that. So that's the progression in this business we have.
- Priyank Chheda:** Actually sir what has happened is the base quarter which is June 23, there is some readjustment that you have done from focus to others is why there is a mismatch in the numbers which you

are seeing I mean I'm not sure if we can take it offline. There is some readjustment with respect to the previous year quarter which you have done on the focus and other?

Manoj Verma: So that's very miniscule and the thing is we also have spoken earlier on that stuff. Chhattisgarh is one the state wherein we got our factory commissioned in March this year so which is three months just before. And that's where we've been getting it into, we got the state as a focus state. And replaced it with Telangana that's the only shift. We said we will only have six as focus states and that's the replacement for us, that's the adjustment if the numbers you are referring to.

Priyank Chheda: Okay. All right. Thank you, sir.

Rishabh Jain: Yes.

Moderator: Thank you. The next question is from the line of Sumanyu Saraf from JM Financial. Please go ahead.

Sumanyu Saraf: Hi. Thank you for the opportunity. So my question is regarding RM prices and gross margins. So I understand from your remarks that there has been an uptick in raw material prices which I can also see falling gross margins year-on-year. However, if I see slide 17 of your PPT on sensitivity and key RM categories prices of all categories have actually fallen year-on-year. So what am I missing here?

Rishabh Jain: So slide 17, if you see in last quarter, like overall level is also increasing compared to last quarter. Purchase largely seen in first quarter but overall, we see good increase in inflation in purchase price also in this quarter. So overall, this is just a trend of overall at average level because there's a lot of process. So we are a multi-category brand. It's not depending on a single brand that like if we are only a chips company this year potato price has been in a very inflationary pressure like potato price correctly the 27, 28 level, which last year was 15, 16 level.

So we did not, for potato price overall, which is selling 6%,7% overall business share in our overall business. So we are not dependent on any single brand, single category. We are using multiple process, multiple, a lot of like there are lot of raw material we are using. So any significant impact on single raw material doesn't impact much on our gross margin. But overall, yes, we are seeing some inflation in potato, dry fruits like kaju or few pulses like chana, chana and more prices. So that's what we are seeing.

Sumanyu Saraf: Okay. Now so I understand sequentially, prices have gone up. But if you see year-on-year, so basically do you mean that there are some other key raw material apart from the four discourse in the PPT because year-on-year all these four have fallen Like if I say, laminates have gone down from 0.90, 0.84?

Rishabh Jain: Right. Like edible oil what we see it said 150 levels came down to around 100 level. So on year-over-year but we also passed on the prices. We will see last year, volume growth was 18% versus value growth was 13%, 14%. We have passed on the prices we have given promo offer, a lot of trade schemes, what we've given. So that's how you will see that the prices is also falling and our sales value is gone down compared to volumes. So that's what is going parallel.

- Sumanyu Saraf:** Okay. Thank you.
- Manoj Verma:** So just to add to it. So one is year-on-year. The other thing is idea was to just show you the swing and trends that is moving up. So when we look at what we did in quarter, last quarter or the yesterday quarter and where it is. So it's just indicative. Idea was to give that flavor and sense of how it's moving.
- Sumanyu Saraf:** Right. So overall, should I understand raw material prices have risen year-on-year or they have been benign
- Rishabh Jain:** So overall, compared to last two quarters it has started increasing in the last two quarters.
- Sumanyu Saraf:** Yes. But on a year-on-year basis?
- Manoj Verma:** On year-on-year, it is largely same.
- Sumanyu Saraf:** Okay. Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Kuber Chauhan from Anand Rathi. Please go ahead.
- Kuber Chauhan:** Thank you for the opportunity. And congratulations for a good set of numbers. I just wanted to note that what kind of price hike variation is there between our core market and focused market? And what kind of price hike we have taken in terms of categories?
- Rishabh Jain:** So from price hike lens, what I told earlier also that we're taking on average close to 0.7% price rise in first quarter, end of first quarter largely May, I think. So that's how the price hike we have taken. And also, we have withdrawn some consumer offer and go more offer. So overall also in the coming quarters, what we see that we'll take 1.5% price rise in coming quarters.
- Kuber Chauhan:** So across category, we have taken? Or I mean if you can just specify the categories. Is it Western, is it Bhujia Namkeen?
- Rishabh Jain:** All the snacks categories
- Kuber Chauhan:** Okay. And is there any kind of a variation between core and focused market in terms of prices, what we sell?
- Rishabh Jain:** Pricing is largely same.
- Kuber Chauhan:** Okay. Thank you and all the best.
- Rishabh Jain:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Prashant Kothari from Pictet AMC. Please go ahead.
- Prashant Kothari:** Hello, sir. A couple of questions. First is on this pricing versus raw materials, it a bit confusing because year-on-year, we see that the volume growth is higher than the sales. So that we see

some pricing, but on an overall basis versus about 3% price increase that we are kind of guiding to us and explain that, please? And second question was on the Ecom side. How important it is for us on an overall business? And also maybe if you were to kind of drill down into kind of big metros is like Delhi and stuff, how far important it would have been. Thank you.

Manoj Verma:

So I think this new channel is picking up the case and is extremely important from two lens. One is in terms of it can help you reach anywhere and everywhere and anytime. That's one. And second is that this is where this also helps you to be on top of mind. So that's what it also do that besides volume. Today, if we look at the contribution of this is Ecom channel is not as much when because if we see the universe of outlets selling this stationary product is 8.5 million, even more outlets.

So Ecom cannot make it for all. But still last minute, convenience is what other factors, which is really picking it up. So we speak about this channel for us has grown at over 200%. But then the bases are small. We see this channel getting stronger and that's where our synergies are JVPs with these channel partners has strengthened over years and we will continue to invest behind this channel.

Prashant Kothari:

Thanks and the question about pricing?

Rishabh Jain:

Yes. So from pricing lens. So can you repeat the question, please?

Prashant Kothari:

Yes. The question is that we are seeing at 3% price growth but what you're seeing actually is volume growth being high in the sales, pricing is actually declining year-over-year. So just explain that what is some one-off or something else?

Rishabh Jain:

Yes. So largely from pricing lens, you'll see that last 1.5 years back, we have seen a good inflation in each raw material. And then it started falling like commodity prices started falling, purchase prices started falling. So overall, we have seen a good fall in all the commodity with edible oil and other pulses. So we also reduced the prices. So last year, you will see that our volume growth was in salty snacks was much higher than a value growth. We will begin promo offer, reduce prices, both things we have done.

So last year, volume growth was close to 17%-18% in salty snacks category versus value growth was close 13.5%. There was a gap. Like this year, we will see the gap has been reduced where we have done some increase in prices and also started removing some consumer offer and everything. So this year, we'll see a capex reduced compared to last year. And in the coming quarters also, we will see that largely if we've seen until last quarter, we'll see increase in prices of increase in value growth versus volume. So that's what we see. And in end of second quarter largely into next, we will also take some price increase depending on what commodity prices have been going on.

Prashant Kothari:

All right. Thank you, sir.

Moderator:

Mr. Prashant is your question over?

Prashant Kothari:

Yes. Thank you very much.

Moderator: Okay. Thank you very much. The next question is from the line of Abhishek Kumar from Sanctum Wealth. Please go ahead.

Abhishek Kumar: Hi. Good afternoon and congratulations on good volume growth. So I had two questions. My first question in this quarter in your strategy. So when you guys focus on any particular new state or the focuses or how you guys go about it with respect to your products? So is it all the products at the same time? Or is it on the taste references of that particular region that you decide on maybe for sampling our first in terms with a particular product and we are gradually pushing other products? So that's my first question.

Manoj Verma: Yes. So as we get into the state, we look at it, what is the saliency of what product sales more? And again, whom are we wanting to know play. So that's the first stuff. So while we have a large bouquet of products, huge number of SKUs but we go with limited set. And then we see what works. So we start putting pressure or investment behind that.

And certain products when we see that the movement are very slow we try to cut the tail. That's what is the strategy we work. And even otherwise, if you look at we have been there in these states for quite a while. And the salience of products is not the same.

So let's say, in Rajasthan, if my Bhujia contributes to about 30%. In southern states it contributes about 10%, 12% kind of stuff. So product mix is changing. We do not deprive or just not say we will not sell. That's not the strategy. But yes, what must sell is definitely we push for.

Abhishek Kumar: And in continuation with this, so new innovations all SP was particular product saying ethnic or basis. So innovations are possibly through the core markets or again over there also we just go that all the market at the same time or what's your tried look for this and absolutely bigger?

Manoj Verma: So few are at the national level and few are at a regional and geography specific. So for example, last year, we launched Paneer Bhujia, right? And this was for Pan-India. So we started off from core, but did extremely well moved on to focus and to other states as well. There is the products like, say, Mangalore mixture, Southern mixture, so those are more south specific.

However, on quick-con, if we look at, so maybe the South Indian that product staying in the north or daily part. So it does there also. But then, yes, focus on these kinds of entities was more on south, but still sell, but in a very limited quantity. That's how it works. So it's a mix of both certain say, Jhalmuri kind of stuff which works very well in the eastern states. But we do sell it in other states as well, salience is low.

Abhishek Kumar: And my last question was with respect to competition. So as you mentioned earlier to one of the participants that you wouldn't want to increase your market share in focus markets from, say, currently less than 2% to 4% in net coming 2 years, 3 years. So how exactly is the competition in those markets currently we see and the sand labor also? And then as competition from other Pan-India players, both in ethnics versus that, and along with local regional there, so if you could throw some light on that.

Manoj Verma: Yes. So for us, Western is a very small category for us, traditional is large, and that's where we focus more on. In terms of competition, we do have intense competition. The market is like a

battlefield. All brands want to get gain space in the store, market share, distribution and so does we want.

So it's about doing right things in the right place at the right time, that's what is the mantra we play on. And for that, the back end supports the kind of marketing investment, synergies between marketing and sales, what we try to bring in helps us thus far, and we would continue to invest behind this kind of investment. So two-pronged again, one is to create demand that marketing and to push that sales services sales and distribution SMB.

These are the stuff that we are working around to top it up is with the right innovation, right products, quality and all, so which is what giving consumers a good experience, which helps in us getting impact for our consumption. So that's the philosophy or the mantra we are trying to work on.

Abhishek Kumar: Thanks a lot and all the best.

Moderator: Thank you very much. The next question is from Manan Vandur from Wallfort PMS. Please go ahead.

Manan Vandur: Thank you so much for the opportunity and congratulations on the numbers. I was reading a report from September '22, and I was just looking at the market share. So in Western we had 0.8%, in ethnic we had 9%, in sweets we had 6%, and in papad we had 5.7%. So could you please help us out into knowing for FY'24, how have we gained or have we lost? Can you please elaborate on this, on these four aspects?

Manoj Verma: Yes. So gentlemen, that was the time where we were going in for IPO, and we had taken this one-time data from one of the research agencies, right? So maybe we can separately get back on that stuff. We have asked for some data to come in. Looking at the kind of growth year-on-year, what we are doing. And if you read and if you would have heard that overall category hasn't grown in the pace what Bikaji has done.

So which leaves us with a number which that year-on-year, we have gained share. That's where it is. Western snacks, yes, let's say, even in quarter one, even if you look at last year, we have grown by 25%. So which, but it's a very small share. So therefore, I don't know at a national level, what movement it would have done. But maybe we can get back to you on the start on more in details.

Manan Vandur: Okay. Sure. That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Nishant Joshi, who is an individual investor. Please go ahead.

Nishant Joshi: Hello, sir. Nishant here. I have a small query. As the ethnic snacks contribute the largest in the top line, around 75% and the capacity the company has production around Ethnic snacks contribute around 55%. So can I know what is the capacity utilization for this particular segment. Production capacity utilization?

- Rishabh Jain:** So ethnic snacks, so we have built a big capacity in Namkeens, which summarized in ethnic snacks category. So in Namkeens, we have a big capacity. Of course, in western snack, the capacity utilization is low because we are building this category. And then ethnic snacks compared to western snacks, the capacity utilization is high. So overall, I don't have exact number as of now, but yes, overall western snack capacity is low compared to the ethnic snack, that's what I can say.
- Nishant Joshi:** Okay. So means capacity is enough to take care of next 3 years, 4 years of sales.
- Rishabh Jain:** For the next 3 years, we are very much comfortable that we don't want to do any major investment in any category with ethnic snacks or western snacks.
- Moderator:** Mr. Nishant, is your question over?
- Nishant Joshi:** Yes. Thank you.
- Moderator:** Okay. Sure. Thank you very much. This was the last question for today. I would now like to hand the conference over to the management for closing comments.
- Manoj Verma:** Yes. So once again, thank you very much for joining this call. I hope we could answer your questions. However, if any of the question you feel you couldn't ask now on the paucity of time or you feel that no was not answered well. We'll be glad to take them up separately and you can reach out to our communication manager, Prateek, he will help you connect with the right person, and we'll be happy to answer any more questions. With this, thanks, once again.
- Moderator:** Thank you for joining us, and you may now disconnect your lines.