PFL/2024 **May 21, 2024**

To
BSE Ltd.
Floor No. 25,
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai – 400 001

BSE Scrip Code : 500368

National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E),
Mumbai – 400 051

NSE Symbol: PATANJALI

Dear Sir/Madam,

Sub.: Transcript of Earnings Conference Call Q4 & FY24 of Patanjali Foods Limited ("the Company')

This is in continuation to our earlier letter dated May 15, 2024 regarding audio recording of Q4 & FY24 Earnings Conference call held on May 15, 2024. Please find attached transcript of the said Earnings Conference Call.

The aforesaid information will also be hosted on the website of the Company at www.patanjalifoods.com.

You are requested to take the same on your record.

Yours faithfully
For Patanjali Foods Limited
(Formerly known as Ruchi Soya Industries Limited)

Ramji Lal Gupta
Digitally signed by Ramji Lal Gupta
Date: 2024.05.21 17:25:50 +05'30'

Ramji Lal Gupta
Company Secretary

Encl. As above

"Patanjali Foods Limited

Q4 FY '24 Earnings Conference Call"

May 15, 2024

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 15 2024, will prevail.

MANAGEMENT: **MR. SANJEEV ASTHANA – CHIEF EXECUTIVE OFFICER – PATANJALI FOODS LIMITED**
MR. KUMAR RAJESH – CHIEF FINANCIAL OFFICER – PATANJALI FOODS LIMITED
MR. PRIYENDU JHA AND MR. CHINTAN KOTAK – INVESTOR RELATIONS – PATANJALI FOODS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Patanjali Foods Limited Q4 FY '24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant 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 star then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjeev Asthana, CEO from Patanjali Foods Limited. Thank you, and over to you, sir.

Sanjeev Asthana: Good morning and welcome! Thank you for joining us today for Patanjali Foods Limited's call to discuss the results for Q4 and FY24. I am accompanied by the company's CFO, Mr. Kumar Rajesh, as well as Mr. Priyendu Jha and Mr. Chintan Kotak from the IR team, along with our investor relations advisor, Strategic Growth Advisors. For your convenience, we have uploaded the results collateral on both the Stock Exchanges and the Company's website.

Our initiatives in every area have set a solid foundation for FY24 and are keeping us on track for an even stronger performance in FY25. I'm pleased to announce that we've achieved strong results across multiple financial metrics in the fiscal year 2024. Our revenue from operations reached INR 31,721.35 crore, while our EBITDA stood at INR 1,518.81 crore, maintaining healthy EBITDA margins of 4.75% to total income. A strategic adjustment in our business mix led to a fourfold increase in the contribution of the Food & FMCG segment between FY22 and FY24.

During the year, we achieved a PAT of INR 765.15 crore, with a margin of 2.39%. As part of our strategic approach, we conduct pilot launches for new products to gauge market viability. Upon receiving positive results and encouraging feedback from these pilot launches, we proceed to introduce the products to broader markets.

Notable pilot launches throughout the year have included millets-based digestive biscuits and the Nutrela MaxxMillets cereals range, branded dry fruits under the Nutrela MaxxNuts brand, and Tea. Looking ahead, we have a strong pipeline of diverse products ready to meet the evolving demands of consumers in the upcoming year.

The impact of our advertising expenditure is evident, reflected in an increase in volumes. The company is dedicated to further strengthening its brand-building efforts. The company's growth is fuelled by ongoing product innovation and premiumization across various categories and price points. This allows us to keep pace with consumers' constantly evolving preferences.

The recovery of demand in rural India has commenced and is steadily gaining momentum. With our extensive reach in the hinterland, we are actively working to further stimulate this demand. Transitioning to our strategic updates, we're in the process of shifting our focus to high-margin FMCG business.

As part of this strategy, we're evaluating the acquisition of Patanjali Ayurved Limited's HPC portfolio, encompassing Hair, Skin, Dental, and Home Care products, which includes renowned brands: 'Dant Kanti' in Dental Care, 'Soundarya' in Skin Care, 'Kesh Kanti' in Hair Care, 'Super' Dish Wash and 'Herbal' Mosquito Repellent

A committee has been formed to meticulously examine the initial proposal. We're assessing this proposal for its strategic synergies across various facets with the aim of creating long-term value. However, it's premature to comment on the specifics of the deal.

Additionally, we've recently founded two Wholly Owned Subsidiary Companies in India: "Contemporary Agro Private Limited" and "Rishikrishi Farming Private Limited." These subsidiaries are committed to providing extensive training programs for farmers, with the goal of improving agricultural practices and promoting sustainable growth.

Coming to our quarterly performance, In the Edible Oil business, In Q4, the edible oil segment recorded INR 5,588.96 cr in revenue, marking a 1.9% QoQ growth. Out of this, INR 124.16 cr represents revenue generated from the palm plantation business. In Q4FY24, volumes increased by 5% to 6.34 lac MT compared to 6.04 lac MT in Q4FY23.

For FY24, volumes rose to 24.99 lakh MT, reflecting a growth of 13.1% over FY23. This growth in volume was attained through expanded distribution reach and enhanced consumer offerings.

The premium oil segment, including Nutrela Oil, is flourishing, witnessing a significant annual growth of 26.2%, reaching 21,275 MT, with an additional 20.6% year-over-year growth in Q4, totaling 5,988 MT. This underscores robust consumer demand and Nutrela's effective market presence. Ruchi Gold received the prestigious "Best Brand Award in Palm Oil" from the Rabi Seminar & Central Organization for Oil Industry & Trade (COOIT), highlighting its excellence in the palm oil category.

During the fourth quarter, cash market prices experienced a significant rebound, marking a notable recovery from the low levels observed in previous quarters. Edible oil prices demonstrated a sharp upturn in Q4, with Palm Oil, Soy Oil, and Sun Oil prices increasing by 17%, 10%, and 6% respectively, quarter-over-quarter (QoQ).

The price differential between futures and physical prices indicated a close alignment for Palm Oil, with both markets moving in tandem, minimizing disparities. However, Soya Oil exhibited an 11% divergence, primarily attributed to an increase in cash prices.

In the Oil Palm Plantation business, the company is advancing its oil palm plantation on a fast-track basis, with over 74,376 hectares under cultivation, involving collaboration with numerous farmers across 12 states in India. As of March 31, 2024, the share of young plantations (under three years) stood at approximately 33%, marking a significant increase from around 19% recorded in March 2023.

Furthermore, the company has established 14 new nurseries during the year, bringing the total nursery count to 40, to support future expansion of the cultivation area. For this quarter, the oil palm plantation has generated revenue of INR 124.16 cr. Our oil extraction rate was 18.65, reflecting the efficiency in the FFB processing, continues to rank among the best in the industry, aligned with global standards.

The oil palm plantation business represents a key avenue for long-term growth for Patanjali Foods. Serving as a vital element in national development, it forms an integral part of our national endeavors, and we are committed to nurturing this business to contribute meaningfully to the nation's progress and prosperity.

Talking about the Food & FMCG segment, this quarter, the Food & FMCG segment achieved revenues of INR 2,704.61 cr with an EBITDA margin of 9.6%. During the quarter, the Food & FMCG segment accounted for approximately 32.57% of total revenues, maintaining consistency with Q3FY24 performance at 31.27%. Similarly, on a full-year basis, the Food & FMCG segment contributed approximately 30.06% to total revenues, demonstrating an impressive growth of 55.09%.

The company's dedicated focus on expanding the Biscuits portfolio has yielded significant results. With new premium biscuit launches, a direct retail reach extending to over 1 million outlets, and distribution through various channels, the segment achieved a remarkable growth rate of 22%, surpassing the industry's 8% CAGR.

Biscuit volumes witnessed a substantial increase, reaching 39,787 MT in Q4 compared to 34,614 MT in Q4 last year, and 1.64 lac MT in FY24 as opposed to 1.31 lac MT in FY23. Our flagship biscuit brand, 'Doodh,' has crossed the INR 1,000 cr milestone in this financial year. We express our gratitude for the widespread acceptance of our product. Similarly, Nariyal and Crunchy Coconut biscuits have received tremendous consumer response and registered double-digit during the quarter on year-on-year basis.

Additionally, the recently launched premium biscuit range continued to garner positive traction among consumers. The direct retail reach has expanded to over 1 million outlets, showcasing extensive market penetration. Nutrela soya chunks experienced a notable 7.7% increase in annual sales volume, reaching 27,710 MT. Nutraceuticals sales remained consistent with the previous quarter, standing at INR 9.12 cr compared to INR 14.12 cr in Q3FY24.

We closely monitor market trends and consumer preferences, ensuring our offerings align with evolving consumer demands. We recently relaunched Sports Nutrition under “Nutrela Sports,” establishing separate teams and distribution infrastructure. There has been a significant surge in eCommerce sales of Nutraceuticals. In FY24, the company was honored as the "Nutraceutical Company of the Year" by the India Food Safety & Nutrition Summit & Awards 2023. Overall, the nutraceutical segment remains an integral part of our business, and we maintain a positive outlook on its future performance. Patanjali maintains its employee-centric approach and continues to invest in its workforce. During the year, we introduced the PFL-Employee Stock Option Plan 2023.

Additionally, for the third consecutive year, the company has been recognized as a Great Place to Work. Offering a glimpse into the industry landscape, the rural demand has surpassed urban demand for the first time in the last 5 quarters, with rural sales growth at 7.6%, surpassing urban growth at 5.7%. This resurgence in consumer activity can be attributed to robust rabi crop yields, bumper wheat harvests, increased government initiatives such as higher MSP, and greater spending on MGNREGA. The upcoming months show promise for the rural segment, supported by factors such as promising monsoon forecast, potential increase in rural wages and farm incomes and broader macroeconomic conditions conducive to growth.

The extent of margin enhancement depends on the trajectory of price growth and further easing of input costs for most raw materials, with a favorable outlook as global inflation is predicted to ease. However, the volatility of crude prices remains a factor requiring close monitoring.

Taking a closer look at our financial performance during the quarter, our revenue from operations for Q4FY24 reached INR 8,221.66 cr, marking a YoY growth of 4.43%. The total income recorded stands at INR 8,348.03 cr. Our EBITDA stood at INR 497 cr, experiencing a significant QoQ growth of 27.23% and a YoY growth of 19.37%. This growth can be attributed mainly to changes in our product mix.

Our PAT stood at INR 206.32 cr with a margin of 2.47% vis-à-vis 2.72% in Q3FY24.

For FY24 the numbers stack up as follows, Our Revenue from operation stood at INR 31,721.35 cr marking a stable performance with a modest increase of 0.62% YoY. The Total income booked at INR 31,961.62 cr. Our EBITDA was recorded at INR 1,518.81 cr at a margin of 4.75%. Our PAT recorded at INR 765.15 cr with a margin of 2.39%.

We continued to export to over 25 countries with value amounting to INR 323.42 cr. Our annual performance reflects the culmination of past strategic initiatives, reshaping our company's revenue mix and profile. This evolution enhances the quality of our profits and introduces higher-margin opportunities, ultimately delivering superior returns to our business.

Let us now open the floor for Q&A, and we are very happy to answer any of your questions that you may have.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Abneesh Roy from Nuvama Wealth.

Abneesh Roy My first question is on biscuits category. We have seen the market leaders see good revival in volume growth. And at some stage, it expects in FY '25, double-digit volume growth also to come for it. So I wanted to understand, are you seeing broad-based recovery in biscuits industry? And on the raw material for biscuits, on wheat, you did allude briefly. So I wanted to understand last 2 years for wheat crop, it has been challenging. So this year, what is your understanding because still we are in the midst of the crop collection. But how do you see that some level of deflation in wheat crop can happen y-o-y?

Sanjeev Asthana: Yes. So no, very good question. So two parts. One is that our biscuit performance is actually generally an outlier overall because the volume increase and the revenue increase that we are seeing is both, of course, adding to the bottom line significantly. So for example, our margin from 9.3% last year, EBITDA margins have moved to 14%. And as a threshold of the distribution that we have seen. So we're clearly seeing that the distribution base that we continue to expand, it is giving us a huge leg up in terms of building up the sales.

And we continue to target aggressively. And while the specific numbers annually, it is difficult to give. But broadly, we expect that we will continue to maintain between 16% to 20% growth on the biscuit front on the revenue side. There, we are trying to now go in for a better superior mix now.

So Doodh has already crossed INR1,000 crores. The other biscuits are about INR600 crores. We are expecting that Doodh will continue to maintain its trajectory. And the premium end of the biscuits will continue to grow. So we are hoping that our bottom line EBITDA margin of 14%, we continue to improve because to be on a certain point, EBITDA continues to kick up way better with the cost structures being same.

Coming back to the industry. I think largely the growth has been fairly subdued for most companies. And you said the industry average was about 8%. But broadly, I'm expecting that the recovery should happen because the rural demand continues to show some positivity. And so that growth is there. And second is on the urban side, the premium end of the market, basically in digestive and cookies and cream crackers and others, there is an uptick. So I would be positively sort of oriented toward the biscuits as a range, for most players.

On the part of the commodity prices, I think oil prices have been extremely supportive through the year barring this last quarter when we saw an uptick, but broadly it is supportive. The wheat prices, the crop has been good. The government, both for the purposes of upcoming ongoing elections that we had and to control consumer inflation, has taken a very strong grip over the market in terms of controlling in multiple different ways on the stock control orders, on the -- private trade is not allowed to sort of speculate much, making sure that the actual users using the buffer stocks to sort of continue to maintain in the marketplace.

So I'm expecting a reasonably benign sort of price outlook for wheat prices this year. And likewise, for sugar as well, both the global prices and the domestic prices are being soft. So overall wheat, the biscuits industry with a 3 prime ingredients, the oil, the flour and the sugar being supportive. So overall, I think this year should be positive for most biscuit companies. And certainly, as I mentioned already, that we are targeting aggressive growth plans. We continue to expand distribution. And virtually every month, we're adding between 12,000 to 15,000 retail outlets to our expansion.

So we are pretty much on course to have an expanded reach on the biscuits business.

Abneesh Roy Sure. My second question is on the demand side. So we are seeing in Q4, the commentary of FMCG company is turning positive. And we are seeing also in a few categories like oral care, good volume growth coming back, especially in South India. So wanted to understand your sense on the demand trends in FY '25, clearly rural was seen behind. But given you are also across many categories, how you see rural versus urban? And is South India leading the recovery currently?

Sanjeev Asthana: So clearly, two trends are quite visible that one is that rural from this Q4 onwards looks reasonably stable. I think after a difficult sort of a couple of quarters when the demand was subdued, I think Q4 onwards, it looks very positive overall. So in general, we are bullish. And if you see between rural and urban, the growth pattern in rural is sort of the uptick is way better. In terms of the regional wise uptake, we are not in per se witnessing anything in particular that Southern India are doing better or otherwise.

I think the broad-based recovery that we're seeing in the markets and which is reflection of the stronger sort of the rural incomes on account of the good crops, the better MSP administration that is happening. So overall the trend is good. I mean South is, of course, has always sort of a little ahead. When the demand upsurge happens typically, South tends to demonstrate better uptick sooner. So that is there. But I don't see any major differences per se between the respective regions.

Abneesh Roy Sir, and last quick question. So recently, last 1 or 2 months, the group overall has been there in terms of news flow, Supreme Court and may be one of the Northern states, et cetera. So how does this impact the brand given consumer is also reading all those news flow on a daily basis? And second related question is ESOP policy is there. So if you could comment how that's helping? How has been the attrition in terms of the middle level management and senior level management? In terms of professionalization, how is the journey?

Sanjeev Asthana: So Abneesh, broadly two parts. One is that to the sense of being in the news, yes, it happens, which from Patanjali Foods perspective, the impact has been minimal. So both -- we have continued to sort of grow on the business both and across the board on all the Food & FMCG segments that I speak about. So for example, if I were to look at from Q4 of last year versus this year, I mean, our sales have broadly actually gone up substantially, we are up almost 14% there.

And likewise, overall, I feel that the impact is minimal. Having said that, I think at the individual level that is being dealt with, and there's a positivity there. Broadly, I think, it should, sooner than later, be out of everyone's mind, and also broadly, it has been sorted largely clear. In terms of the one particular state that you mentioned, even that is getting addressed and the matter is under consideration. We're hoping that all that will be behind us soon.

On the side of ESOP that you mentioned, so attrition rate in terms of, at a junior level, I think if I were to look at the industry trends, so they're multi-tier. At the top leadership level, there are 0 resignations. At mid level, we are pretty much on course. They are not -- the percentage of resignations and all that are nothing to sort of even worth mentioning that there's any attrition at all.

But at junior level, that attrition rate continues, which is at absolutely the ground level sort of feet on the street. So there, it's a pretty much standard part where the people tend to sort of rotate. And we keep addressing that. We continue to work on the various programs, et cetera, to keep training the workforce, to work closely with them. And so that there's nothing adverse at all. In fact, I would say it's compared to the industry, we are more positive on the side of manpower retention.

Moderator: The next question is from the line of Dhiraj Mistry from Ashika Stock Broking.

Dhiraj Mistry Yes. Congrats on a very good set of number for the FMCG business. So Sanjeev sir, can you split this Food & FMCG turnover between foods, biscuits, Nutrela and Nutraceuticals and which segment particularly has led to this 50% growth during the quarter?

Sanjeev Asthana: Yes, sure. So the quarterly revenues, I will just split that for you. In the Nutrela soya products, we did INR125 crores. In the biscuits business, we did INR423 crores. In the food business, we did INR2,148 crores. And we did INR10 crores in Nutraceuticals.

Dhiraj Mistry Okay. So what is driving our EBITDA. So we are long time away. So we have been always guiding that this Food & FMCG turnover business will be contributing somewhere around 15% to 17% kind of EBITDA margin, whereas our current clocking rate of 9.5%, 9.6% is way below the expectation.

How do we look forward like what kind of EBITDA margin is kind of a sustainable EBITDA margin for this segment? And within Foods category is also, which particular segment has led to the 62% growth in Foods category?

Sanjeev Asthana: It's a valid question, and I would like to just explain the mix of food business. So food, we have two parts. One is the staples part, which is a lower margin category, which comprises of rice and pulses and even partially the wheat flour and some of the other product categories typically, which would fall in the staples category.

And the rest of it is the higher-margin categories like Ghee, our Chyawanprash, Honey, medicated juices, et cetera, which is a fairly large category and even spices, et cetera, which is a large category that we work in. So if I were to give you a split of it compared to last year, we had revenue in the Food business overall of INR3,791 crores, which was 9 months only.

But as a percentage part we should look at. And this comprised of about INR811 crores in staples and about INR2,980 crores in others. What has happened is that this- INR2,980 crores has jumped to INR4,062 crores on a full year basis and INR811 crores of staples jumped to INR3,234 crores.

So there was a large scale sort of push towards a lot of staple tended to move faster. There the margin is about 7.5% broadly, and we can go to categories also -- each of these categories. So if I were to look at the margin construct, so INR2,980 crores, we moved to INR4,062 crores, okay, the high-margin business.

There, last year, we made about 24.2% margin. We made this year, 17.1% margin, owing to some of the input cost challenges that we had on the supply chain front in certain products because all of them are largely agriculture products. So there was higher prices at the input level. So that we saw a decline of about 7% on those products.

On the staples side, our margin typically pretty much remained around in the range of 7-8%. So on the INR3,234 crores, we made INR243 crores margin. So in absolute terms, the margin has moved up from INR781 crores to INR937 crores. But on a percentage basis, which is showing a lower reflection versus 20.6% on a consolidated basis on the food, we are seeing 12.8%.

I think the mix of our product portfolio because of the higher sort of staples that move to the system that has brought down the percentage of margin. But in absolute terms, we have done better. So the plan going forward -- and this year, we are saying it was basically largely the year, as I mentioned in my brief remarks earlier and to one of the questions, that there is certain subdued demand, which was there seasonality impact and certain other sort of factors had an impact.

But broadly, this run rate of 17% to 18%, which we've always said, should remain. We got a benefit last year incidentally on the premium products, was also the onetime inventory gain, et cetera, which came in when the food was transferred in the second quarter of last year.

But broadly, the target longer term is that we should maintain a trajectory of 16% to 18% margin on the food overall portfolio, which is including the staples as well. It is just that the configuration of the portfolio because there is a higher demand for certain products, many times this may switch, but broadly, the target is pretty much clear that 16% to 18% is the growth that we want to maintain in the food business overall.

Dhiraj Mistry Got it. And second, on Nutraceuticals, that we have been relaunching this product. But for the full year basis, it's still below what we have been guiding for. How do we look this category going forward, Nutraceuticals?

Sanjeev Asthana: I'll explain that to you. So we have gone over this question a few times. We've actually taken a complete sort of reorientation towards the branding of the business entirely. So for example, this year, our margin on the business is good as a percentage terms, but in absolute terms, it's low.

So we have done about INR100 crores this year. And we've made about INR22 crores of EBITDA on that, about 22% margin, which is our expectation in line with between 25% and 30%, we should make the margin.

The problem which we encountered, which has taken a little longer than what we anticipated is that on the Nutraceuticals side, completely rebrand, for example, our entire sports nutrition, we rebranded. we launched this VMS, vitamins, minerals and supplements, we have relaunched. So there's a lot of adjustment to the marketing contours in the way we have gone about it.

We are positive. So this year we have done INR100 crores last year in FY '24. This year, definitely the target is we should grow upwards the 50% that is the growth rate we want to sort of have at Nutraceuticals and thereafter continue to stabilize with a margin profile of 25% to 30% and have a business which is growing quite rapidly. So I would not be, at all, negative towards Nutraceuticals, if, at all, I'm now much more positive that from this fiscal onwards, you will see a positive run on the Nutraceuticals business for us.

Dhiraj Mistry Got it. And sir, second question on Palm Oil Plantation, what would be the annualized turnover and EBITDA margin, what we did on the Palm Oil Plantation?

Sanjeev Asthana: So Palm Oil Plantation last year, we did INR950 crores. And I'll just take a minute more and the year before that, we did INR1,161 crores. So the absolute margin, what we had in FY '23 was INR215 crores, which has actually come down to INR156 crores and the EBITDA margin was about 17% this year compared to about 18.5% last year. So I'll explain the reason for this. So our yields are going up constantly because of the drop in overall palm oil prices of 10%. So the margin, the way this business is structured is that the oil FFB prices, that we pay for as a raw material, are entirely linked to the international prices.

And the end prices are also linked to the domestic oil prices. So if these prices were to double up, let's say, it goes up by 100%, our margin would go up to almost INR350 crores, INR320 crores. if the price were to go still further down, we would lose margin on that.

So it is dependent entirely on the oil prices, which are rolling internationally. But the progress on palm oil is very good. With all the work that has happened in the last 18 months, we are quite hopeful that next year, we will have a plantation, which will add additional anywhere between 40,000 to 50,000 hectares to the plantation. 0 to 3 years plantation, which is about 1/3 of the portfolio now, should start yielding, the initial sort of revenue should start kicking in from end of next year. So we are very optimistic that this business range of 16% to 18% as an EBITDA margin business. It's like an annuity business. It will consistently give to the company, and it is going to increase.

Moderator: The next question is from the line of Shirish Pardeshi from Centrum Broking.

Shirish Pardeshi I am on Slide 7. So I'm just basically looking at INR22,384 crores, what we did for edible oil. Broadly, if you can give the split between Mahakosh. Obviously, Mahakosh is doing better, and we have now have M.S. Dhoni also on the brand. So maybe if you can specifically give the split of various edible oil segments?

Sanjeev Asthana: So the standard split that we have between palm, soya and sun is that 70% of our product mix is typically a palm oil, about 25% is soya and about the balance would be comprising of the sun flower. So typically, in the split of 25 lakh tons what we did in the last year, we would have done close to 16 lakh tons, is palm oil; close to about 4.5 lakh tons would be soya oil; and the balance would be sun and the other oils -- because we do other oils also, mustard oil is quite a large portfolio for us. So that is how this split would be there.

Shirish Pardeshi And specifically, what is the growth we would have had on Mahakosh?

Sanjeev Asthana: So Mahakosh, as I mentioned in my call also, it's the largest selling palm oil brand in the country. So the growth we have seen this year, so the palm oil has 2 sides to it. One is what we do in institutional business and second is what we do on the branded side. To your question of Mahakosh, our growth rates are typically between 7% to 8%.

Shirish Pardeshi But that is on the branded side, I'm asking.

Sanjeev Asthana: On the branded side, I'm saying.

Shirish Pardeshi Okay. And typically, you mentioned that the prices in quarter 4 has firmed up for palm about 17%, soya on 10% and sun is 6%. What's your -- this quarter or maybe if you can give medium-term outlook, is this prices will remain steady or move upward?

Sanjeev Asthana: So broadly, see, the two things, the trends -- I mean, global prices are obviously a little volatile because we are getting into, now the weather markets in the U.S. But the expectation is the palm oil -- longer-term view is that palm oil prices should tend to firm up.

But short-term view is that now the peak harvest time is coming in both Malaysia and Indonesia, the peak harvest is starting in India. So, in general, our view is that market should be more easy. The prices should be benign and markets should tend to head lower. They've already declined, partially compared to the soya prices. While on a stand-alone basis, they went up, but I think broadly, we're expecting a softer sort of market going forward for the next 2 months.

Shirish Pardeshi Okay. The reason why I'm asking because generally, you give the volume growth for edible oil. So what is the quarter 4 and full year growth we would have?

Sanjeev Asthana: So I mentioned that, 13.1% has been the volume growth in edible oils, and we've grown to 25 lakh tons in volume terms. And I mean we have, overall, our absolute volumes are at 25 lakh tons in the edible oil segment overall.

Shirish Pardeshi Okay. And just last question. When you say your gross margins are higher on overall biscuit portfolio. Will Doodh will have a better margin as the company average overall in biscuits or will be similar?

Sanjeev Asthana: No, Doodh will tend to have a lower margin, but Doodh because of the absolute size of the scale of the business -- so biscuits typically run on the basic equation that beyond a particular point, the overall EBITDA margins tend to sort of get better. So Doodh is contributing overall because of the sheer size of the portfolio that we have, contributes to the positive margin. But if I were to look at the comparison between Doodh and the other products in biscuit portfolio-- like INR1,000 crores versus INR600 crores, the margin would be equally split.

Shirish Pardeshi Okay. My last question on the international part. Can you share what are the plans for FY '25 and which category, which countries?

Sanjeev Asthana: So this is one part. There's a very heightened focus on the international exports, and these are not just the commodity exports. Commodity exports are declining actually. So both our earlier sort of business of soyameal exports and others has continued to trend lower. Our big focus right now on the branded business, also the food additive business, so like food application businesses.

So I'll start with the food additive side, and then I'll go to the branded side. So working quite aggressively on things like lecithin, the soya flour, soya sort of grits, et cetera, which have got multiple different food applications in different industries, where the value sort of realization is better, the application, the more we make it superior, the better the realization and better the profit margin for us.

On the branded side, the broad businesses that we're working on both in terms of expanding our reach in the Foods portfolio as well as while that is not available. But at some point of time, when we're able to go towards the non-food side, we would be expanding it quite rapidly because there's a large sort of demand base which is there. So we've got our 4 distributors in the U.S. We'd expand it. So North American markets are a large part of our target. We were building up bases in Europe; Australia, we've got a dedicated distribution base that has been set up now.

And likewise, in the Middle East. So for the specific regions where the demand side is high. So overall, broadly, the number of countries, the target is that we should go in fullness of time to 60 countries. This portfolio of INR323-odd crores that we did should continue to expand at 20% year-on-year, and we continue to drive exports in a more aggressive way. Because there is a big demand pool that we see and which is today under service and which is getting service to great channels.

So if you were to look at the Patanjali products reaching the shelves, a lot of them would be reaching through market channels other than what we're directly putting in. So that has been put in place. There's a team which has come on board, there's an aggressive push in the way it is being driven. So we are pretty positive that this will do well in this year also. We should achieve 15% to 20% growth on the export side.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers.

Bharat Shah Two or three questions on the Foods part first. As I was saying, what you have done on biscuits is truly remarkable in my opinion. The rate of growth, number of products, gaining the market share and the quality of products, all scored very well in each aspect. But on the other part of the Foods portfolio, how do we see the growth if we break it up into those staples, the low-margin business and higher-margin ghee and other business.

How do we visualize or see success of what has happened on biscuits on these other parts, mainly not staple, but higher-margin food business. What kind of plans are afoot? And what kind of growth do we visualize there?

Sanjeev Asthana: So Bharat bhai, to answer your question in simple terms, there is two parts, sort of in percentage terms, brought the margin down from 24% to 17%. –-There is some change that we are seeing, it happened in the medicated juices, where the prices -- I mean, the sales this year declined and part of that impact we saw on honey. So these were 2 products where we saw a decline. But overall, in terms of the ghee, which is more than INR1,500 crores, has grown consistently and continues to occupy very premium end position.

If we were to look at the Chyawanprash, which is continuing to grow at a healthy rate; the medicated juices, we are bringing back to the floor; spices have grown quite a bit. So broadly, I would say that the margins are now coming back. On the premium products I'm talking now -- margins are coming back to more steady state, which we've already said that they will be between 16% and 18%. This year, we did about 17.1% on a full year basis.

So EBITDA margins. And this, we expect that once the revenue growth is there, we are seeing typically between 8% to 10% of growth. The margin we will project that should remain between 16% to 18%. The issue is, as staples as rightly what we are seeing is that the more it gets pushed through the food system, on a percentage basis, it tends to show a lower margin.

Even though absolute terms, we've actually gone up because this time, we had the benefit of the full year numbers compared to 9 months last year on the food side, so INR937 crores that we got. I would say that we're pushing and innovating. We launched the new campaigns on Chyawanprash, on honey and spices. We're exploring more brand ambassadors. We're exploring more ways of reaching the consumer to maintain that growth rate of 8% to 10% typically in the premium food portfolio.

And I'm reasonably hopeful that we will be able to obtain that momentum and the margin profile also. Now to the question whether the staple, should we focus less on and not do that. I think missing sales does not make sense because we do make positive margins. We do have a very positive view towards pushing our staple products, which have done very well for us.

So I think the effort going forward is going to be that wherever the opportunity on staple side is, we continue to sort of build that business. And on the premium end of the portfolio, we continue to focus a lot more and make that -- and we are quite hopeful that both on the sales increase number and 16% to 18% margin, I think will be the steady state we should keep as an objective, and we should go towards that.

Bharat Shah Maybe it will be useful if you separate the food business details on the lines of premium portfolio and the staples portfolio so that we can see granularity in the business and margins more clearly. Because of inclusion of these staples, the ability to understand the overall food business is somewhat getting confused.

Bharat Shah **G**oing ahead, in general, rather than showing food portfolio in its entirety, we can split it into staples part separately and the premium part separately.

Sanjeev Asthana: We can do that. I think in our commentary, I think what we put on the exchange, we can split that number between the staples and the premium end products. Yes, we can do that.

Bharat Shah There is a better understanding of how each business is moving and how overall margins have behaved. In absence of the separation, on initial glance, it leads to a lot of confusion.

Sanjeev Asthana: We'll do that. I think that's a good input. We'll definitely work towards it.

Bharat Shah On other hand, I'm a bit surprised, why juices and honey have degrown, maybe anecdotal, but I, personally, am a consumer of at least 3 juices on a daily basis. And I find them to be remarkably good products. These are really distinguished products in the market because there are not too many competitive standard products available in this category. Given all of that and given our focus in scale there, why these juices businesses would have degrown, is something confusing to me.

Sanjeev Asthana: So Bharat bhai, I'll just put that in a perspective so that I'm more clear in what I said just now. One is that in juices, we had a huge bump up last year at the time of the acquisition. It is showing a steadier state growth right now. So that, technically it has not degrown in that sense, number one.

Number two is that, we retain the leadership in the medicated juices.If we were to look at the longer-term run rate, I don't have the numbers specifically for medicated juices of the year before. I can share that with you. So it is just a onetime sort of change that occurred in the business in the medicated juices. But overall, we have not seen any significant decline, yes, compared to 9 months period-annualized basis that we saw a certain sort of lower sales revenue.

And on the honey side, again, we had a onetime benefit that we got on account of the initial in the business, what transferred on the inventory, a lot of aggressive selling which happened basis that it happened. These are not areas of any particular alarm. I think we'll get back to the steady state and we'll build up the business.

So broad idea being that sequential growth in the revenues is anywhere between 8% to 10% of the premium category food business will continue. The margin profile of 16% to 18% will continue and that we're pretty confident about that.

Bharat Shah One on the edible oil. I mean when I look back in '21,'22, it was a golden performance period for edible oil, where our margins were robust, growth was robust. Growth in the volume still continues to be very healthy. But that was a year when we made almost about INR1,300 crore profit in edible oil, which is remarkably large. In the last 2 years, a couple of quarters in each year have been really, really terrible and where it has produced losses.

And the other 2 quarters in each year have been kind of below average. And therefore, last 2 years, edible oil performance in profitability terms has been nothing much to talk about. Can we say that slowly, but steadily, we will climb back to where we got in 2021-'22 because that was the year we made about a reasonable 5% plus kind of margins and almost about INR1,300 crore profit. So maybe it will be a climb and somewhat a measured one. But do we believe that -- we are out of the hump, out of the trouble in the last 2 years of the edible oil, and we should get back into steady ascend in that business.

Sanjeev Asthana: Thank you, Bharat bhai. You asked a very important question. I was hoping somebody will ask, that 5 quarters for the industry have been the worst ever in maybe in a 30-year time frame. The second quarter of last year to stretching to the second quarter of this year. So nearly 5 quarters, we have seen consistently barring 1 or 2 exceptions that we got. Typically, they have generally been bad.

Now coming back to the state of what we've always maintained at between 2% and 4% margin in the edible oil portfolio that we feel pretty confident. This year is 1 year of change. So while this year on the overall EBITDA, we have made INR117 crores. But if we were to split this between Oil Palm Plantation and the edible oil as an overall portfolio. So we made INR156 crores on the palm plantation business, lower compared to last year because of the average prices being lower.

So broadly, I think we are getting away from all this. And I would be pretty confident that on INR22,000 crores of revenue or thereabout. If we were to do a steady state on the lower band of 2%, we should be about INR450 crores, we should add -- definitely compared to a negative INR39 crores on the edible oil side, we should be up by INR450 crores. If we were to take 3%, it obviously is better. So one sort of with a lot of conviction and with a lot of effort, our target is that this INR117 crores should be closer to anywhere between INR500 crores to INR600 crores this year and that is the path we're working towards.

Now why am I saying this? I've seen that the first month of -- April has gone by. We're seeing the second middle of this month, we have seen. It's been very positive. So I'm reasonably comfortable that we will not go back to perhaps INR1,300 crores, which was an outlier because clearly those 2 years were very positive for the industry.

But between 2% and 4% range, and I'm saying on the lower band, we should add INR400 crores. On the midsized band, we should add INR600 crores to the bottom line and that I feel pretty comfortable with that the edible oil should be a turnaround story with all the effort that is going on, both on the brand side, on the risk management side, on seeking supply security, the Oil Palm Plantation increase that we are seeing year-on-year. I think broadly, I feel reasonably comfortable that we should add substantially to the EBITDA margin in this year.

Bharat Shah And one last short question. Interest and depreciation in fourth quarter has shot up very sharply,

Kumar Rajesh Sir, basically, interest, which you are seeing for this quarter is INR115.90 crores. It includes interest apportionment of redeemable preference shares, near about INR93.65 crores, that's why it increased. In '23, '24, we had made an alignment of life of all the assets, which was not done earlier in the pre-CIRP period. That's why the depreciation has been increased by near about INR75 crores. That is still depreciation. Going forward, our depreciation for the whole year will be near about INR240 crores to INR245 crores.

And correspondingly, I would like to clarify one more thing. Other income last quarter, it was INR46.59 crores. And this quarter, it has increased to INR126.37 crores. This also includes the treatment as per IndAS of reasonable preference here to the tune of INR78.95 crores.

Moderator: The next question is from the line of Jaidev Bhalaje from Motilal Oswal.

Jaidev Bhalaje: Okay. So I just wanted to ask -- this question is not related to numbers, anything. Just wanted to ask any new product launches or any integration processes you're thinking about in the future or any new developments that you want to launch in the near future, that is, to say, 3 to 5 years? Any plans for the growth of the company in terms of new product launches?

Sanjeev Asthana: So one is that the big work that is going on, which we were not able to discuss on this call, is that the valuation of the non-food HPC portfolio of Patanjali Ayurved that we are evaluating right now. And we are hoping that very quickly, we should be able to go through the diligence & the numbers. And very soon, you will sort of hear from us, post our diligence and once we have got a bit of clarity. And if all that happens, we are going to have a very major addition to both the revenue and the bottom line given the business.

The second is that very clearly from the FMCG perspective, our premiumization drive across verticals, across portfolios will continue at the rapid clipboth on the food side, on the biscuit side, Nutraceuticals side as well as the Nutrela side. There are multiple initiatives which are underway.

And the last initiative, which I wanted to speak about was our Oil Palm Plantation, which while on the P&L, has yet, we are not seeing a big growth kicker, but the next 2 years' time, that the growth momentum is going to pick up very substantially. And you will see that I think from end of next year, we'll see the planting that has been -- the growth momentum has picking up. I think we'll get towards a much larger growth path, both in terms of revenue and the profitability.

Moderator: As that was the last question for today, I now hand the conference over to Mr. Sanjeev Asthana for closing comments.

Sanjeev Asthana: So thank you very much and for all the wonderful questions and patiently listening to us. With this, I conclude the call. Thanks again for all the patience. If you have any further queries, please contact SGA, our Investor Relations Advisor. And everyone, please have a good day and wish you all the best. Thank you so much.

Kumar Rajesh Thank you. Thank you very much.

Moderator: Thank you. On behalf of Patanjali Foods Limited, we conclude this conference. Thank you for joining us. You may now disconnect your lines. Thank you.