

# PATANJALI<sup>®</sup> PATANJALI FOODS LIMITED

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CIN-L15140MH1986PLC038536



**PFL/2024**

**July 09, 2024**

To

**BSE Ltd.**

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

**National Stock Exchange of India Ltd.,**

Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (E),  
Mumbai – 400 051

**BSE Scrip Code : 500368**

**NSE Symbol: PATANJALI**

Dear Sir/Madam,

**Sub.: Transcript of Investors/Analyst meet held on July 02, 2024**

This is in continuation to our earlier letter dated July 02, 2024 regarding audio recording of Investors/Analyst meet held on July 02, 2024. Please find attached transcript of the said Investors/Analyst meet.

The aforesaid information will also be hosted on the website of the Company at [www.patanjalifoods.com](http://www.patanjalifoods.com).

You are requested to take the same on your record.

Yours faithfully

**For Patanjali Foods Limited**

**Ramji Lal Gupta**  
**Company Secretary**

**Encl.:** As above



“Patanjali Foods Limited  
Analyst and Investor Meeting”  
July 02, 2024

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on July 02, 2024, will prevail.



**MANAGEMENT: MR. SWAMI RAMDEV – NON-EXECUTIVE DIRECTOR –  
PATANJALI FOODS LIMITED  
MR. SANJEEV ASTHANA – CHIEF EXECUTIVE OFFICER  
– PATANJALI FOODS LIMITED  
MR. KUMAR RAJESH – CHIEF FINANCIAL OFFICER –  
PATANJALI FOODS LIMITED**

**Sanjeev Asthana:**

First of all, good afternoon and welcome to this Analyst and Investor Meeting that we are having today on a very historic occasion. You all have seen on the media posts that we did yesterday on the filings at the exchange, the Board of Directors approved a very large transaction of our HPC business, Home and Personal Care business of INR2,800 crores, highly profitable, on a slump sale basis at a cost which is, some of our big investor friends were saying it's almost historical, a lot of feedback what we got. And this is a very important milestone in our journey, this is the third acquisition that we have done after the biscuits business that we acquired 2.5 years back.

Last year we acquired our foods business from Patanjali, both were done on the slump sale basis and this is the third business on the Home and Personal Care that we are acquiring. And just to give you a flavour and a context that both the businesses that we acquired, once they came under the listed entity, we have not only grown them at a huge sort of scale, nearly 60% and 50%, we have increased the profitability, we have repositioned the company at a completely different level.

But I will not come in between this, I have got a detailed presentation, but first I am going to request Pujya Swamiji to address all of you in terms of what is his vision, his mindset, his orientation towards Patanjali overall, how he sees the transaction and what is the vision he is drawing for all of us in terms of where he sees the company three years down the line, five years down the line and in general his own orientation towards everything that Patanjali does. So we would request Swamiji to come and address all of us.

**Swami Ramdev:**

Namaste, Pranaam to all. Please smile, you are sitting very serious. There are some people who are under stress due to political reasons, some due to business issues, some due to their husbands, some due to their wives, some due to their children. Where you are not the reason, 99% of the time you are under stress. It is someone else's fault, if something else is happening, it will be fine, you are fine.

So anyway, you should have a positive mindset. I have attended thousands of seminars across the country, I have travelled more than 25 lakh kilometers. I have studied in a government school in Gurukul and I had come out of the house with a resolution that something big should be done for the country.

I have heard that people study in IIMs, IITs, in big institutions like Oxford, Harvard, Stanford and in big business schools and sell foreign companies' soaps, shampoos and toothpastes. So we can create something big. With this resolution, I started my journey 35 years ago. I have been doing yoga for 50 years and my biological age is only 25 years. Some say I am 56, some say I am 58. Someone has made me old.

My age is written somewhere. Then people ask me, what is your real age? I say, when people are beating me up, let them beat me up, no problem. Anyway, it is not about age. The point is

that we should do something big on our own. And when you go out to do something big, the country also stands by you.

People always say negative things. People don't support you, the society doesn't support you, the family doesn't support you. At least you go out. I say, people supported me. The yoga that was on the path, I took it to the peak. Ayurveda has reached a great height.

And the Swadeshi movement, which we started by listening to it, has taken a very big shape today. Like our CEO Asthana ji was telling you, Patanjali Foods, which was formerly known as Ruchi Soya Company, has been on this journey for over 35 years. After the launch of the company's IPO, we merged Patanjali's whole portfolio of biscuits in just INR62 crores, which had a revenue of about INR 1,000 crores, which has now increased to INR1,600 crores.

Nowadays, how much revenue, how much EBITDA, and how much will be its multiple, on the basis of this, whether it is a related party or a new party, or if you do an acquisition of a business, so based on the multiple and its various aspects everyone calculate it. So biscuits, whose value was very high, in a slump sale of INR62 crores, you know that in a slump sale, land, buildings, and that too is based on book value, machinery, plant, stock, on the basis of that, there is a slump sale value. Food, which was a business of INR4,000 crores, which has now increased to INR7,250 crores.

In INR690 crores, it was transferred at the slump sale value. Today, the business, which is a very core business of Patanjali, which is called personal care, hair care, dental care, skin care, which has a lot of potential . Today-in dental care, Dant Kanti is the number one in more than half of India.

This is a big achievement and for this, 35 years of indirect and for the last 20 years, there has been direct hard work, penance, there has been innovation, thousands of people have worked hard for distribution, then it became possible. Now, recently, before the merger, we have launched a new product in Dant Kanti category, Dant Kanti Fresh.(7:11) We have roped in Tiger Shroff and Tamannaah Bhatia as the brand ambassadors to connect with the youth, because youth use freshness more. The stock that we had made for 15 days, that was finished in 3 days. Then, because our Essel group makes tubes, they make about 60 crores tubes for us. Now, our goal is to make 100 crores tubes. Their team came and said whatever capacity you want to increase, we are ready to increase it, you just take it further. It took us 15-20 days to reach different places.

In one month, we have reached about 5 lakh direct, and 10 lakh indirect stores. This is the story of our success. In one month. This is a very big thing When we supplied to 5 lakh stores directly, and 10 lakh stores indirectly, we received 3-4 repeat orders from those 5 lakh direct, and 10 lakh indirect stores. So, this is the story of Patanjali's success.

It is true that in between, for 2-3 years, we had reduced the cost of product sales, distribution, and marketing. Now, this is all a matter of cost, we have to put in something. Now, Dant Kanti, in India, will take time. Because, when I used to talk about Swadeshi 30-40 years ago, people used to say, Sir, who can challenge Colgate? Who can challenge Close up? In this category,

there is no effective brand in India. Now, in the next 3-5 years or, it may take a little longer for some things. This is not a straight line. But, , our target is to achieve 50% plus market share in every category whether it is the dental category, hair care, dental care, and skin care. In skin care, it will take some time for skin care as it is a critical matter. But, slowly we will achieve our target. Like today, Patanjali aloe vera gel sells around 70%-80% in the whole of India.

Today, 60%-70% of cow ghee sold in this country is of Patanjalis, we have established our brand in such a way that. In this country, we have created the records. Today, in the Hair care category we have our Kesh Kanti brand. For hair oil and shampoo, our target is to reach INR1,000 crores plus.

In dental care category, our target is to reach INR2,000 crores plus. I am telling you a little less target. Mr. Asthana is looking at me, Swamiji, it will take a lot of effort to do this. I will support you, I will not leave you alone. Within the next 3-5 years, it can be INR 2,000 crores-INR 2,500 crores, but I am talking about the conservative side of INR 2,000 crores because you people have taught us, less promise, promise over delivery. So we are working on this concept. So we are targeting INR2,000 crores plus is Dant Kanti in dental category.

In skin care also, our target is INR2,000 crores-INR2500 crores plus, and later we will reach INR5,000 crores plus. Now we are doing INR700 crores plus. It will take some time, but we will do it. Because now people want to go back to nature. Many people have tried work arounds, but nothing happened.

Nothing beautiful happened. We sell Aloevera gel for INR175 crores plus. To make it INR500 crores plus, is not a big deal for us. We have to make people more aware. Today, if someone has any skin problem, whether it is rashes, pimples, wrinkles, some pimples keep coming out, sometimes you eat more mangoes, sometimes you eat more chillies, sometimes it rains more, humidity increases, pimples come out. In 99% cases, it just takes 3-7 days to get the normal and clear skin.

These are big things. People should be aware. Today, when I go on a flight, the air hostess says, we apply your AloeVera Gel. In news channels, or in different entertainment channels, whether it is GEC or news, the anchors say, they have to put on so much makeup, later they use Aloevera gel to remove the makeup, and they apply it again after removing make up, or else the skin will get damaged. So people want it. I am not telling you a story.

So there is a scope to do a lot in the skin category. About Face wash, Patanjali's face wash is ultimate. Today, some samples are being given – not for any inducement. Some people say, we have ethics, we don't take gifts from anyone. God has given you the biggest human head, what have you paid for it? It is a human body. It is a gift from God. It is a human body.

So we are not giving you a gift, we are giving you an introduction. You see, we have given some products. Sanjeev Asthana ji is a little greedy in this matter. I thought he would give 25-30 products. I saw a small bag with few of our products packed in it are being given. At least, we have more than 200 products.

Non-food business, personal care, home care products consists of More than 200 products. SKU's. So, about 50 products are made. So, he has given you 15-20 as a gift. So, you will get an introduction. Very amazing things. Face wash is ultimate.

Bathing soap is ultimate. Neem, Panchgavya, Aloe Vera, Haldi Chandan. These are opaque soaps. Then there are transparent soaps, 80% of them have coconut oil. Very premium soaps. Then there are shower gels. So everything is ultimate. We will increase it further. So, each category is around INR1,000 crores, INR2,000 crores. By increasing it like this, first INR5,000 crores, then INR10,000 crores. It will take time. This is a very big amount. And what we have said, we have done. Some will take 3 years. Some will take 5 years. Some will take 7 years. But, the resolution we have taken, we have not backed off from it. There is only one formula of my life - Resolution without alternative. Until my goal is achieved, I will keep going with full determination and spirit One day, we will reach our destination.

With the same resolution, we have reached here today. And without any selfishness. Without any selfishness, We work hard and we are a proof of the concept of trusteeship, if someone wins it in a real way, then it is Swami Ramdev, Patanjali, Acharya Balkrishna Ji.

We have only one goal. Investors, whether they are retired or institutional, whoever they are, they should also earn. And they should also create wealth in their life. But, our share, is for the service of 100% of the society. We work with this resolution. So, with this resolution, we have moved forward.

We will move forward. And, I have told you a small vision. The business of non-food, personal care and home care. Even in home care, we have amazing products. I will talk about 2-3 products. There are around 10 such products. If we count from the top, Kesh Kanti, Dant Kanti, Aloe Vera, our face washes, our bathing soaps and, in this, the amazing products, the premium products, the premium category, we have just launched it. And, some people say, Patanjali, is a masses brand. But, even for classes, we have launched many premium products.

We have done research and innovation. We have launched it. For example, I will talk about home care. So Gonyle. People used to apply phenyl in their homes. Gonyle is such a product, that, whether, we talk about its efficacy, on bacteria, virus, fungus, whether, we talk about its feel, whether, how much it is consumed, we talk about it. It is an amazing product. And, in India, for the first time, we did this. We gave Gonyle as an alternative to phenyl.

It is a very big product in itself. In which, in the coming time, it has the capacity to be a brand worth INR500 crores to INR1,000 crores. If we work a little on it, then it will happen. Why not? People are selling white water in bottles. This is an amazing product. It is tested. It is a scientific product. We have made it with innovation. We add cheed oil to it. We add guduchi to it. We use neem. We use cow dung. It is an amazing product in itself. So Gonyle.

Similarly, we have Dish wash Bar, which is available, we will build its capacity further. Meaning, today, in it, it is about, how much is it now, sir? It is our product worth INR250 to INR300 crores. Dish wash Bar. It is worth INR200 crores plus. We will be able to do INR500 crores in the future easily. And in the future, it has a capacity of INR1,000 crores plus. All this,

to clean the utensils, the soaps that are made only with chemicals, people's hands are getting spoiled because of it.

It has a negative effect. The mothers who, clean the utensils at home, or the women who clean the utensils themselves, their hands are getting spoiled. Patanjali's, Super Dish Wash Bar, is advertised by women. So, it is worth INR240 crores. It has a capacity of INR500 crores, and we can do it INR1,000 crores more. That is its capability.

At the end of the program, we have prepared the ad campaign in the same way. We had spent money in the middle. The amount we spent, I have seen, if we spend INR100 crores, we can build a brand worth INR1,000 crores. This is my experience. Which, does not match the standards of the industry. People say initially at least, 50%, then 30%, then 20%, then 10%, is to be spent on advertising.

We have built the brands at 10%, where people spend 10% just for the sustainability of the brands. So, these are such big products. Rest, from Herbal Wash, Herbo Wash, we have worked very hard to make these products.

In skin products, whether it is anti-wrinkle cream, anti-aging cream, or gold cream all these products, we have innovated, because, their formulation, their aging, their effect, there are no complications, we have worked very hard on this delicate topic, skin. So I gave you a brief, about the business that is being transferred, and, all the work has been done. Some small formalities are still left.

How long are you going to put in for shareholder approval? Yes, put it in as soon as possible. Shareholder approval, regulatory, everyone is feeling joy at this news. Very few people thanked me, instead, they asked me why did you give it in so less? I said it was you people who told me, that make a lot of money for the investors.

So their question is what is your goal in this? Our goal is to grow Patanjali. Our goal is growth of the investors. And when Patanjali becomes big and when investors become big, then we will become big on our own. In the corporate history of today, thousands of crores, which have a value of at least INR30,000 crores to INR50,000 crores in the market, in the capital market, in the equity market, which you multiply, INR30,000 crores to INR50,000 crores value, at least people get it.

From today, 10 years ago, 7-8 years ago, when people used to value Patanjali, they used to say Patanjali has a brand equity of around INR1,00,000 crores. Today, when we have transferred business, we have done it with a resolution that we all should move forward for a long journey as a team and we will move forward. Earlier, I had promised that we, at any cost, you will remember when we had launched FPO then also then I keep meeting different events, I have met at least 4 times, 5 times with the investors. So I said, at any cost we will not only match, we will meet it and give more than that.

So this is not a matter of giving and taking. It is a matter of doing something big. So we want Patanjali to become the biggest brand of the country and spread it all over the world. Today,

Patanjali has become the number one food brand in the country. For this, I would like to thank you. You have given us the strength and we have worked hard to take it forward. Today, there is one brand that is ahead of us Unilever.

Now, I will say this in a funny way. I am going to do Asana. So some companies will be toppled / dethroned and then Bharat Mata will sit on the throne and we have a dream of self-sufficiency from Swadeshi. We will see it happening in front of our eyes. So after saying a few more things. People ask what is the distribution of Patanjali? Patanjali has a biscuit distribution, a food distribution and a non-food distribution. We were 10 lakh shops before then 5 lakh shops were added then 8 lakh shops were added.

Now 20 lakh shops have our direct distribution and 20 lakh shops have our indirect distribution. Today, we have reached the distribution between 40 lakh and 50 lakh. Our reach is 100 crores and we have customized the reach of that 100 crores. Now in that, we can reach our product portfolio to their homes as much as possible. This is our target. That our range reaches there as much as possible and we can deliver very healthy, affordable and premium products to them.

With this resolution we are moving forward with this journey. Rest the work of the figures is of our respected Mr. Asthana. You always have the recognition of our Mr. Asthana in a conservative way. Whenever I go to the investors' meet, I am going to go again from 21st, first America then Britain then Singapore. We will definitely go to the foreigners. We will invest their money in good work. They will also earn some good, but our Indians are also not less. They also have a lot of strength. So, we thank you a lot.

Our Indian investors ie retail and institutional investors' strength has increased a lot. Your contribution has increased a lot and we want your contribution to increase even more. We don't want to defeat anyone, but we want to increase ourselves so much that we can build bigger structures. So, I have a broad vision in front of you. Patanjali's palm plantation work is also moving fast you must have seen it.

We have planted about 20 lakh acres of land. We want India to become self-reliant in edible oil. We are working for that. There are three, four new initiatives we are going to give a live presentation on that. Mr. Dhoni who is a very good brand ambassador has joined us in edible oil. I was talking to you about Tiger Shroff and Tamannaah Bhatia. Our new ad launches of Ghee are also very good. I was talking to you about Gonyle and Dish wash bar. So you will see new creations you will see how to connect with the new generation. We want to take it to a new level.

First we want to become a winner in the country and then we want to be ready to become a world winner. When Colgate can be the number one brand in the dental category, why can't Dant Kanti be the number one brand? This is our dream. I was talking to you about one brand. In the same way, we will give strength to export as well, we will give strength to online as well. We will fulfill our big goal and dreams. You all invited us with so much love. This was a limited meeting.

We were able to meet you in a small place. If we invite you openly without an invitation I think we will have to meet 5,000, 10,000 people. For this, I would like to thank Mr. Kirti Doshi. I



would like to thank him and his team. I would like to thank you all for your valuable time. I would like to thank you all for your faith in me and Patanjali. I would like to thank you all for your faith in me and Patanjali. I would like to thank you all for your faith in me and Patanjali. You and we would together we would achieve new heights. I wish you a good luck. Respected Asthana ji for further presentation.

**Sanjeev Asthana:** It is not easy to speak after Swamiji because he speaks so impressively. So I will speak in brief. Generally my speech becomes boring and everyone gets less interested. So, I will take some time.

**Swami Ramdev:** Mr. Asthana is a very capable man. Please clap for him and encourage him. When a great wrestler steps down people get disappointed. By the way you are very courageous.

**Sanjeev Asthana:** So, a quick presentation before you. Patanjali's version 1 and version 2 are very popular now. When we acquired the version in the first stage, our FMCG share was less than 5% in the business. After that, we did a lot of activities. Our version 2 which lasted for 2.5 years, we acquired biscuits, we took it from INR1,000 crores to INR1,600 crores, we acquired food, we took it from INR4,000 crores to INR7,000 crores, we launched the Nutraceutical business, we restructured the balance sheet, we paid off the debt. And now, Patanjali is ready for version 3 in which a major change is coming.

The HPC business that we are acquiring today, you have the details and I will tell you. Under that, we did our best to acquire the business and done premiumization. Now the focus is on how we can take version 3 of Patanjali, become a consolidated FMCG entity become growth-oriented and grow in a highly profitable area and how to increase it. Our turnover was INR2,771 crores which is almost INR500 crores EBITDA margin.

The terms of acquisition very quickly the slump sale value is INR1100 crores in which the inventory alone is INR500 crores, rest the land, plant and machinery and the total building is INR1,100 crores which is almost 2 years EBITDA. And if you look at the past track record, we had paid INR62 crores for biscuits. Our last year's biscuits alone had a profit of around INR125 crores.

So within a matter of 2 years the cost we paid doubled our margin, in the same way we have grown in food. So the cost we are paying, the existing EBITDA, and the growth we achieve, I think with a 1.25 year earning we can get this business virtually in that cost. The second term is our 20-year licensing agreement in which we will give Patanjali a 3% license fee in which all the patents, all the brands, all the intellectual property they have, will come to Patanjali Foods which we will make and grow, and it is for 3 years, 4 years.

And I would also like to say, that our synergies which I mentioned later, but it is right to say here that the synergies we will bring, we estimate that in 18 months to 2 years, 200 basis points we will increase the margin by 2%, through our supply chain efficiency, through distribution efficiency, through our marketing consolidation and how we will change the ground level forces. So the net cost of current value also less than 1% of the license fee will be left out and we believe

that within 2 years, we can increase this margin almost nearly 1.5 times to 2 times, because that is the kind of potential which the business has. So, we will grow it consistently.

We have four segments in the business as we just discussed in which there is home care, personal care, skin care and dental care. We have 92 products, 186 SKUs which are coming to our business and the strong competitive edge of the business is that the positioning of Ayurvedic, the positioning of natural, the positioning of health and the positioning of natural, is a very strong positioning of ours around the HPC business which we will increase further.

In the business segment, one by one, I will keep addressing as Swamiji has already told a lot, but just the specifics, the numbers. So, in dental care we have INR1,345 crores which is almost nearly 50% of our business. We have a gross margin of 56%.

We have 24% EBITDA, 9 products and 31 SKUs. A lot of changes we have done, which you can see in our ads and it has already come on television. But just as a recap, you will see, that a very strong, largest category, according to our estimation, more than 65% market share, in the herbal and category toothpaste, is a very strong level brand, which continuously, consolidates on it, with new products.

**Swami Ramdev:** Those who copied us, they had to recall their brand Colgate Vedshakti, etc., after spitting thousands of crores. So in this category, the leader was already Patanjali and will be Patanjali in the future too. This is visible in front.

**Sanjeev Asthana:** So next. You guys just play the ad. [Video Ad 34:10]. Next. So the second segment of our skin care...

**Swami Ramdev:** People saw the ad for the first time and said this is Patanjali's. I said yes, it's Patanjali's. Now you can see the beginning.

**Sanjeev Asthana:** So very contemporary, very latest. We have a turnover of INR725 crores in the business skin care segment, 48% gross profit margin, 14% EBITDA margin, 45 products, 85 SKUs and very marquee products like our body cleansers that Swamiji was talking about, the samples that we gave today, no one is doing justice to it. There are so many other good products available. My request to you all is that please try them, please buy them. They are available. They are available online. They are available in retail stores.

They are available in Patanjali stores. Please buy them and you will be delighted with the soaps and body soaps and face washes etc. They are of extremely high quality. Next please. Similarly, in our home care segment, we were talking about a revenue of INR410 crores, 29% gross profit margin, EBITDA margin of 9%, 18 products, 38 SKUs, super dishwashers, bar and gel that we were talking about, we have a revenue of almost INR238 crores. It is a very fast growing segment.

It is on a rapid base. Since the base is herbal and natural, its takers and attraction to the market is extremely high. We are seeing a very good attraction in the marketplace. Next one. Play the TVC please. [Video Ad 36:38]. So I would really urge you please try them at home. These are

brilliant products. They are most natural products and once they started experiencing that, they have seen the difference compared to the chemical sort of dish washing products etc. It is a very remarkable value that you will derive out of this.

Our third category which is a hair care category, INR291 crores, 35% gross profit margin, 12% EBITDA margin. It is in the range of Kesh Kanti brands. It has oils, shampoos, hair colours etc. Very popular, getting growing increasingly. There is a lot of demand in the export market. Especially we are seeing a lot of orders from the US which is growing consistently.

We feel that there is a growth momentum in terms of both creation of new product introduction and growth. We are expecting a huge play in this marketplace. Next one please. Just play the TVC please. This is new ad of Tamannaah Bhatia. [Video Ad 38:07] Next. [Video Ad 38:54]

Just as a quick split of the top selling products that we have. Dant Kanti as I mentioned as a toothpaste brand is about INR1,300 crores plus. Body cleanser INR353 crores. Dish washer bar INR238 crores. Shampoos INR195 crores. Aloe vera gel INR180 crores. Face wash INR105 crores. Detergent powder INR101 crores. You can see that range of products which are popular.

Some of them are growth momentum driven. And some of them are very recent starts. There are some products and brands which started just 2-3 years ago. In which we are moving towards a big scale growth momentum. Next one. In the sales and distribution network, this is just an illustration of what the architecture of distribution that we have. Right from super distributors to distributors to modern trade, Patanjali stores, retail distribution. This is the network that we have. Geographic distribution. Clearly you can see that green which is a strong strength area. Followed by red which is INR250-INR450 crores. There are some spaces which are less than INR50 crores.

We need to focus on a lot more. And that gives us a very deep insight. That when biscuits we saw that the distribution wide spaces were available where we were not reaching. The moment we started pushing on them, we saw immediate take off in the sales. Similarly, the food business, when we saw the wide spaces available, immediately it saw that immediate pick up in the sales. So, now the benefit what we are drawing is different products, we write the distribution chains and we are able to leverage the synergies between the respective businesses, the independent distribution that they have, which is driving this growth and the momentum forward.

Next one please. This is the past acquisition which I was telling you. Revenue for biscuit business in '22 is INR906 crores, In '23 it became INR1,350 crores and last year it became INR1,600 crores. So one of the values what we have seen is that under the unlisted entity with the way it operates and it is not that it is an inefficient operation, it is just that the way it operates.

It is a different way of operation. Under the listed entity, we have helped by adding to distribution. We introduced the other synergies, linked it with oil, ran our ad campaigns differently, did the teams differently.

We achieved nearly 60% growth in biscuits within a matter of two and a half years. Similarly, what you can see is that we have nearly doubled our turnover, little less than double in the food

business within a matter of two and a half years. So the lot of effort which has gone into building the businesses by expanding the value.

Likewise, we are confident that even the HPC business, we will see a very rapid expansion. Once the combination is done with rest of the four businesses on the distribution side that we have, we will be able to drive the growth of the brand and the profitability and of course, the synergies financial gain is there, we should be able to drive that a lot better. I just want to share with you a very critical part and this is what Swamiji was speaking about earlier, what we commit, that vision what we had and how we have worked to assiduously achieve our target and reach there.

Next one. So clearly one of the stated if you people remember that 2-2.5 years from now we are continuously saying that when our share was below by 5% in FMCG and the overall thing and it's a commodity business, we told the people that we will take this share to 50% equivalent. And this path is clearly visible in front of you today if we look at the combined basis of our last year. including the current business if we see looking at it right now, including the current business that we are acquiring on an annualized basis its nearly 36%, last year it was 30% market share for FMCG, share of the revenue, this year it will become -- if we simply keep INR2,700 as it is, our share will become 36% of the revenue, if our growth momentum will grow at 15%, so this INR12,500 crores is going to become INR20,000 crores in 3 years time.

And at that time if we keep our oil revenue static, then we should be hitting 50-50 FMCG share and the edible oil share. And this was our stated strategic intent, which we are continuously monitoring and growing and one of the major commitment was that how do you build up a INR18,000-INR20,000 crores of FMCG business in next 3-3.5 years time and how do we have edible oil as a stable but the volume growth will continue to happen. We will emerge as and how many companies in the country exist with this kind of turnover on the revenue side of INR18,000-INR20,000 crores on the FMCG business, so that was a stated intent and we are going to sort of work towards that & in wide array of products we are looking at both organically growing new lines as and when the opportunity shows up.

And if we see any opportunity inorganically, which we feel we can invest in selectively, can integrate it, can bring a good team, then our focus will remain on that to and we are very well prepared towards that. And I will talk briefly about some of the strategies on the premiumization, what the company has followed and started to work towards.

Next one. We have talked about brand enhancement there has been a massive work, so one of the things which is less understood that this is a value play, this is, but how we have systematically built up our brands and business and I will show you some of the ads etc. What Patanjali has accomplished in last 2-2.5 years time.

We got Mahendra Singh Dhoni for Mahakosh and Sunrich sort of brands, we got Tiger Shroff, Tamannaah Bhatia, you saw the ads, we built up all these brands what you are seeing below, they are leaders in their respective categories and they have done phenomenal amount of work and lot of work has gone towards building up, both the marketing campaign, creative sort of storyline behind it, getting the brand ambassadors and building them in a very new and different way that new orientation of FMCG has emerged for Patanjali in how it has gone about it.

Next one. So, I am going to show you couple of the TVC which you may have seen but I would really like you to refresh and see that what all has it been a completion matter of just a short time of 3 years and where we have reached. You play the TVC please.

[Video Ad 45:43]

We took a little time to showcase the kind of work the company has done in 2.5 years and 3 years. And how we are repositioning the company, building its growth and addressing the contemporary. This is a big focus that we have on premiumization of the businesses. We have repositioned a series of products, redesigned it, changed the packaging, brought in ambassadors and added growth to it.

For example, we changed it to food products, we brought in a max range of Breakfast Cereals, likewise we brought in millet based products like Biscuits, which is in 7 Grains, Ragi and digestives, which has gained a lot of traction in the market place. In the personal care range, we have launched advanced versions like Kesh Kanti, fresh Dant Kanti, we have launched max range of nuts, which has become very popular in e-commerce and our own stores building up. Nutraceutical business repositioning even though it meant that we took a step back but completely repositioned a completely contemporary basis to build it.

So, then what it has given to us is that both uptick in the margin and drive that we have been able to build up which has been a very positive step in the way the company has gone about building its own structure of FMCG businesses as we are going forward. Next, please. This is a quick snapshot of the extensive reach which the company has today. So, our reach is estimated at nearly 4 million retail outlets.

That we've got a strong base of nearly 84 super distributors Mega stores, 8,000 plus distributors Chikitsalaya, Arogya Kendra Exports to more than 34 countries. We are doing no justice. The demand is massive, and we are working to build now we are listed on Amazon US directly for a lot of our products. Which we are working on, both in US and Canada. Similarly, in e-commerce and D2C channels we are building it up.

The idea being, and across all the modern trade outlets and channels that you have, we are present. So, the idea is that we want to consistently develop and build up both direct and indirect reach to the marketplace. And continuously we are adding to the distribution range that we have, any new business that we launch, for example, HPC when it comes into our fold. Not only will we be able to leverage HPC's distribution.

But we'll be able to give the benefit of the food distribution that's available, for that to grow and build up in a much larger way. Next. In terms of synergies, broadly, which I told you, in the HPC business alone, not for the entire FMCG, we believe that there is a gain of 200 basis points that we can get over the next 18 months to 2 years by various things in streamlining supply chain or unified operations that we can put in.

Similarly, enhanced cost optimization on sales force and distribution network maybe we'll be working on very closely. Manpower efficiency so actors across the skill trained force in terms

of both training and retraining and leveraging our ground level assets to a significant benefit that we'll be able to drive and of course a very robust R&D setup that Swamiji spoke about earlier is that the kind of network that we have the Patanjali Research Centre and the research lab that we have is one of the most advanced versions of new innovative products, new ideas that get generated and new medicines, Food Products, Nutraceutical product and non-food businesses, products that have been generated backed by more than 500 Scientists, peer reviewed journals etc.

So huge value that has been generated. So net, I would summarize by how to look at this version 3 of Patanjali. Our plan is to complete our target of 50-50 in 3 years, to 4 years. Our target for the FMCG portfolio is still there It's clear that between INR18,000 crores to INR2,000 crores we'll build the FMCG portfolio. By that time, in the next 4 years our Oil palm plantation. Which currently has 75,000 hectares. Will have more than 3 lakh hectares. Next year we'll plant 40,000 hectares. By end of next year, we'll have total 1.25 lakh hectares.

Our Edible Oil portfolio, will have a growth of 4% to 6% in volume. I don't want to guess its revenue because its dependency is always on the price point. It has no meaning. Our stated intent is that we want to reach the double-digit EBITDA margin which is the turnover of a company between INR40,000-INR45,000 crores and a 10% plus margin which is our stated clear-cut target which will take 3-4 years between that we'll accomplish it.

And this is only directly which is an organically growing business we'll do it in the same way. There are no inorganic growth elements. We don't have any capital expenditure requirement. The entire INR1100 crores payment which we'll do to the parent is through our internal accrual. We have more than INR5,000 crores of free cash flows in our balance sheet.

We have zero debt. Our free cash flows are building up year-on-year. And are being added further. We don't have any capex requirement other than routine maintenance capex that we have. The entire funding will be done through internal accrual. So it is going to be EBITDA accretive business on a huge way.

And benefiting from this we'll do a new Patanjali version 3 over next 2.5-3 years which are going to totally redefine the FMCG sort of play and the work that we are going to develop and build up. And with that I'll end my presentation.

**Swami Ramdev:** And if you want to see someone in person, come to Haridwar. I'll invite you.

**Sanjeev Asthana:** And come to Haridwar. And now it's Q&A time. So in front of all of you Swamiji, Rajeshji. Any question that you have, we'll be very happy to answer.

**Swami Ramdev:** Rajeshji is also a very hardworking person who is in our service. A big round of applause for him.

**Chintan Kotak :** Please raise your hands. And please state your name and organization name before asking a question. Thank you.

**Abhijeet (From Antique):** Pranam Swamiji. Pranam Sanjeevji and Kumarji. First of all, congratulations for this acquisition. Sir, the first thing I want to know is the expected completion of consolidation of business and integration of business, when will it happen?

**Sanjeev Asthana:** We have two requirements. One is regulatory approval like CCI approval because the transaction size is larger. So that application will go to CCI in the next few days. We'll go for shareholder approval. These two activities shareholders' approval will be done within 25-30 days. And for CCI approval we'll work for it. For the requirement of corporate affairs. So our target is within this quarter it will definitely be done hopefully within 4-6 weeks we'll be able to complete the transaction.

**Abhijeet (From Antique):** So we can assume that from second quarter onwards the number would be integrated?

**Sanjeev Asthana:** May be middle of second quarter onwards. Because today we are already sitting at the beginning of this quarter. So my guess is by 15th August the consolidation will definitely be done. May be plus minus 5 days it can happen 5-7 days earlier or it can happen 4-5 days later. But our effort is that all the preparation is ready. Our bankers are already working on CCI application. Our shareholders' approval documentation is already ready. So, very quickly within next couple of days it will get done immediately.

**Abhijeet (From Antique):** Sir, second question on financial parts. You've said that there is INR496 crores EBITDA. But what would be the contribution on the PAT front? Depreciation, interest cost and ultimately PAT, what would be the PAT for this acquired business?

**Kumar Rajesh:** There won't be much depreciation. Because fixed assets have low value. So there won't be much depreciation. You know about the burden of interest. Our company is completely debt free. Hence no question of interest burden is there. So, very minimal depreciation will be there.

**Abhijeet (From Antique):** And third and last question. Right now for the listed entity A&P spend is relatively less compared to other FMCG companies. In HPC category we are increasing our advertising spend. What would be the contribution right now as a percentage of sales? How much will be the A&P spend and how far can we take it?

**Sanjeev Asthana:** So total annualized basis, our ad spend will be close to INR300-INR350 crores. Because right now it is distributed. Percentage wise it is compared to other FMCG companies. It is on the lower side. But our estimate is about INR350 crores is what we will spend. So if as a percentage that you see, it will be about 2.25% or there about. Of the FMCG share, if you look at the overall revenues, it is going to be just about 1.25%.

**Abhijeet (From antique):** And just one clarification on this 3% royalty that is only for HPC business or including food business?

**Sanjeev Asthana:** Only for HPC business. And as you remember on biscuits we pay 0.5% royalty fee of the gross revenue. On food business we pay 1% royalty fee. On these businesses we will pay 3% royalty fee and it is only for this business.

**Abhijeet (From antique):** Okay. Thank you very much.

**Kumar Rajesh:** Its industry norms are also like this. This has already been benchmarked.

**Shirish Pardeshi:** This is Shirish Pardeshi from Centrum. Asthanaji, Babaji congratulations whatever you said and did is Unparalleled. I wanted to ask 2-3 things. This INR1100 crores slump sale, this money is going to go to the trust or will come back in some form investments at the back end?

**Sanjeev Asthana:** As we are acquiring business from PAL. So all this money will go to PAL and PAL has already told us their purpose that they will retire all the debt liability. So all this money will go to PAL and that is the main purpose.

**Shirish Pardeshi:** Okay. When I am looking at the margin gross margin and EBITDA margin, in personal Q&A you mentioned premiumization, so now you are seeing that skin has 34% gross margin and EBITDA margin is also less. So in these 3 years any advice for future growth path that where will you settle this margin, what contribution premiumization will do? Patanjali's Kesh Kanti is also a big segment, you have already done this in Dant Kanti you have already achieved 24% EBITDA margin but these 200 basis points which you are saying ,which segment has a better lever to get this margin very quickly?

**Sanjeev Asthana:** So I will answer that Rajeshji if you want to add to that, I will just quickly tell you that I think we see a big opportunity in the skin care, home care segments are typically normally stressed hair care and skin care. We see huge opportunity for margin expansion. We are going to work on both in terms of the price points and the premiumization work that we are doing.

Similarly we are going to work on the supply chain side of efficiency so our current estimation is that the integration based benefits are around 2% points on the HPC business. We should be able to accomplish that. The rest of the effort towards premiumization and growth the new brand ambassadors, the work we are doing Towards premiumization, repackaging, growth momentum that we are driving, that should also start to add.

So in broader terms the target is currently 18% blended EBITDA. We should, in the natural course, be able to take it up to 20% and then we will start working towards that. There is no specific target that we will make it 14%-18%. But we are going to sit down, work on it and we will certainly look for expanding the overall profit targets in each of these categories. So certainly we should start to better that.

**Shirish Pardeshi:** Last question on the distribution. I understand you have done a phenomenal job on the biscuits so the growth of biscuits is a distribution led growth. I agree that in FMCG especially in Dant Kanti and the hair oil business but can you tell us some numbers like what will be your market share in toothpaste, what are you targeting or what is your target in hair care?

**Sanjeev Asthana:** So in toothpaste we had told you in the respective category of herbal care segment the natural toothpaste has more than 65% market share. And in hair care there is no target because that category has got different levels at which it is dealt with. And we are not setting any specific



target in rest of the categories because there is a lot more growth and up room that we have to build up.

The idea is, in the respective brands within that there is a particular sort of market share that we have. But that is not something that as a stated intent, we have not declared that we will only do this much. But that is what it is, but we are going to soon come out with a clear road map once it is fully integrated and then we will start working towards what market share we are targeting, what distribution levels we can reach, it will take some time.

Give us one or two quarters to reach that number and then we will give our clear-cut objective for this business because as you have seen in biscuits and food, we grew that very fast when we acquired them. The growth was much slower, but when we got them in, it became much faster. So here also as you have seen the growth was about 7% prior to acquisition we believe that we should be able to double it straight away. But whether it is double or it is three times larger or higher or whatever it will be I think that the team is working on it right now I think hopefully over two quarters we will build that up.

**Shirish Pardeshi:** Thank you and all the best.

**Sanjeev Asthana:** Thank you.

**Abneesh Roy:** Sir, Abneesh Roy from Nuvama. Sir, the first question will be on hair oil the listed hair oil companies they have had very low growth for the last 3-4 years. If I look at your number, it is about INR55 crores so I wanted to understand what is your view on hair oil as a category and INR55 crores is a low number. What is the reason for this? Because earlier also Patanjali's R&D In terms of Babaji's Overall connect with the customers was very strong. What will be the change in this specific product?

**Swami Ramdev:** See in the hair category. We have not done a lot of Advertisements, we have not spent much on sales marketing earlier in the market 99% of the hair oils sold all are mineral oil based. Ours is 100% based on natural oil. In this there are many possibilities of growth we will drive it in the same way so that especially from coconut oil and our Kesh Kanti Advanced hair oil the problem-solving Product towards natural products in this direction we will have to bring awareness in the society. That they are applying **LLP (01.05)**, Mineral oil or are they really nourishing their hair. This is a little time taking process but we will move ahead.

**Abneesh Roy:** Sir, one follow up will be, your point about **LLP (01.06)** is absolutely right but those who use natural pricing increases. The listed companies' that are number one or that Kolkata company. They also say that their premium hair oil their sales are very slow versus their mass-based hair oil.

**Swami Ramdev:** The challenges are there and they are not going to go anywhere. We have beaten the challenges and we will do it in the future. To achieve big goals you have to put in a lot of effort.

- Abneesh Roy:** Sir, last question. You also told us about e-commerce and quick commerce so quick commerce companies have already done largely 4%-5% of the total sales. How is your product right now Based on this consolidation, what can be the difference Over 3 years?
- Swami Ramdev:** E-commerce is not a big excitement for us nor is it a restriction. We have kept it running without disturbing our mass distribution that is why we are conservative. You also know if you put in a lot of stuff in e-commerce there will be cutting and your brand will be damaged.
- Sudarshan Bhandari:** Good evening. Myself Sudarshan Bhandari from Beat the Street. My question is around strategic planning for the company. Patanjali Ayurveda has around INR6,200 crores revenue and after 2,700 acquisition there is another INR3,500 crores businesses left. What business exactly it is and do we have a plan to acquire into the listed entity so that there would be any synergetic opportunities this is the first question and as you said the PAL Patanjali Ayurveda has a debt which will be the current amount would be used to repay the debt so what is the debt overall and whether a promoter stake sale would be required to pay off the debt or the royalty payments would be sufficient to meet the debt obligations? These are the two questions.
- Sanjeev Asthana:** I will answer both the questions the first one first. The other businesses are basically medicine business the Ayurvedic medicine business. The second business there is the puja, which is the religious for the puja purposes there is a very wide product range which Patanjali has that comprise of that. there are two other businesses there both are commodity oriented which we were not interested in taking over. One is the rice business and second is the dairy business liquid milk business which is fairly large. And then there are couple of smaller segments so that comprises the balance part of the business which there is no plan to acquire and the listed entity in terms of the acquisition from the parent.
- This part is already done so that we will not be acquiring any further. In terms of the debt repayment, I don't believe that – I mean I am speaking on behalf of Patanjali Ayurved INR1,100 crores will be used to retire the debt. There will not be any OFS Offering which will be coming anytime soon because really the royalty payments and the income that they generate those are highly profitable businesses the medicine business, the puja business are very highly profitable. So there is enough cash flow generation within the company to pay off the debt Of the Patanjali Ayurved side.
- So really there is no need for either PFL to sort of issue any fresh equity or for PAL to issue any OFS in terms of repaying the debt. So this is a fairly comfortable position they have so the royalty payments not withstanding royalty payment is one. But also, they will have very substantial profitability from the existing medicine and the puja business what they have.
- Sudarshan Bhandari:** Thank you
- Apoorv:** Pranam sir. This is Apoorv from Whitestone Financial Advisors. First of all, thank you for this acquisition. My question is on oil palm plantation business, so if you can share some metrics on this, like the plantation how long does it take to mature? And then once it gets matured then for how many years can we take oil from that plantation? And how to see that business, how much revenue can we get from per acre or something. If you can share some numbers on that.

**Sanjeev Asthana:** Sure. Typically, the plant to mature takes about 4 years when it starts to do early fruiting. The full maturity happens in 7 years' time. So that is one, so just a quick fact check farmers typically end up making about nearly about INR1.5 lakh to INR2 lakh per hectare. And our business, our plan currently is that we do 75,000 hectares is already planted of which 35% of our plantation is between 0 to 3 years which means that we have got very young plantation which is going to continuously keep growing and adding to our income.

Similarly, we are planting very aggressively right now, so it took 18 months to 2 years to get our nurseries up and running get the sprouts in. So right now, the plan is next year we should do more than 40,000 hectares of plantation new plantation we will keep expanding that year after that we will do nearly 1 lakh hectares of plantation. And the plantation in terms of the income generation for us what is there is nearly 16% to 18% annuity EBITDA business the way India is structured. So, we are guaranteed almost that kind of income that we are going to get. So, to give you some flavor, year before when the oil palm prices were high, we made INR256 crores in that business EBITDA last year we made INR216 crores of EBITDA in that business.

So that business in the fullness of time in next 5 to 6 years' time we should start seeing a bigger uptick on that business nearly INR400 crores to INR500 crores of EBITDA margin and in 7 to 8 years' time, we should start seeing nearly INR1,000 crores of margin coming out of oil palm plantation alone. And once we start to see that kind of revenue it is going to stay consistently for next 25 years and at the end of 30 years cycle, 32-33 years cycle then the trees start getting old then you have to cull them and start doing the new plantation that is how the cycle works in oil palm.

**Mihir:** Hi sir. This is Mihir here from Nomura. Sir if you can talk a bit about your rural urban split in the HPC business and may be the other food and biscuit business as well. How much comes from rural and urban?

**Sanjeev Asthana:** So current split overall in the company is about 60% is urban and 40% is rural. And that my expectation is that will not change too much as we are seeing the pace of urbanization that is happening while the rural markets if they get a big fill up in terms of the income and sort of better earnings that they will start having. So that market will certainly grow but my guess is that 60-40 split is probably going to remain there in the longer run on the distribution side.

**Mihir:** So, can you talk about your distribution expansion more it will be there? Do you have more space to increase distribution in the urban areas or will it largely be in the tier 2, 3, 4 towns?

**Sanjeev Asthana:** No. There is a huge opportunity for distribution expansion as we were discussing earlier that both direct and indirect put together our estimate is 4 million outlets that we reach I think the benefit that we are getting so we are expanding every town below at 20,000 population we have a distributor. Our retail outlet reach is still substantially less than where we could potentially go. There are a lot of white sort of pockets that are still not addressed in the way we would like them to be addressed. There are certain segments, certain states where we are continuously sort of working towards it.

I believe we have a long way to go on distribution expansion and I think the minimum target as a company as a direct reach we should do for ourselves is nearly between 3.5 to 4 million retail outlets that we want to reach Indirectly we want to do 1x also further of that so nearly 7-8 million retail outlets is what should our target has to be to really do justice to the range of FMCG portfolio businesses that we have. And to be able to reach most of the sort of points of purchase where consumers are likely to ask for Patanjali product or we'd like to be seen visibly on that retail outlets.

**Mihir:** Can you talk a bit on the manufacturing capabilities that you will get, how much is insourcing? How much is TPA and how do you expect it to go for that to progress going forward?

**Sanjeev Asthana:** So right now, in terms of contract manufacturing nearly 100% of what we are acquiring is in house there is no contract on the HPC business I'm talking about, in the biscuits business we have 15 plants of which 4 are owned by us 11 are contract manufacturing locations and smaller ones. In the nutraceutical business we have 2 small plants which are very small products that we get but that's a regular practice in biscuits which is there but rest of it is 100% of it is all In house manufacturing

**Mihir:** Fantastic. Wishing all the very best. Thank you that's all from side.

**Shanti Patel:** Hello, I'm Shanti Patel Chartered accountant I just wanted to know how much we have paid to Mr. Dhoni and Mrs. Bhatia as a brand ambassador and for how much period?

**Sanjeev Asthana:** I think that is unfair for me to answer on this.

**Swami Ramdev:** We will send you the bill. Thank you. This is an endless process, our journey will continue. We will have some fun in between. So all of you with so much love, some were hungry so they went out. The house was full. They thought we will reduce the crowd. Thank you all very much.