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CIN-L15140MH1986PLC038536

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PFL/2025 **February 14, 2025**

To
BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street,
Mumbai – 400 001

BSE Scrip Code: 500368

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

NSE Symbol: PATANJALI

Dear Sir(s)/Ma'am,

Sub.: Transcript of Earnings Conference Call Q3 FY25 of Patanjali Foods Limited ("the Company')

This is in continuation to our earlier letter dated February 11, 2025 regarding audio recording of Q3FY25 earnings conference call held on February 11, 2025. 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

It is for your information and records please.

Thanking you,

Yours Faithfully,

For Patanjali Foods Limited

Ramji Lal Gupta
Digitally signed by Ramji Lal Gupta
Date: 2025.02.14 17:57:01 +05'30'

Ramji Lal Gupta
Company Secretary

Encl.: As above

"Patanjali Foods Limited

Q3 FY '25 Earnings Conference Call"

February 11, 2025

E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on February 11, 2025, will prevail.

MANAGEMENT: **MR. SANJEEV ASTHANA – CHIEF EXECUTIVE OFFICER – PATANJALI FOODS LIMITED**

MR. KUMAR RAJESH – CHIEF FINANCIAL OFFICER – PATANJALI FOODS LIMITED

MR. PRIYENDU JHA – INVESTOR RELATIONS TEAM – PATANJALI FOODS LIMITED

STRATEGIC GROWTH ADVISORS - IR PARTNER – PATANJALI FOODS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Patanjali Foods Limited Q3 FY '25 Earnings Conference Call. As a reminder, all participant lines will be in 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 your touchtone phone. Please note that this conference is being recorded.

This conference call may contain some 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.

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

Sanjeev Asthana: Good morning. Thank you for joining us today for Patanjali Foods Limited's call to discuss the results of Q3 FY '25. I'm joined by the company's CFO, Kumar Rajesh ji, along with Mr. Priyendu Jha from the Investor Relations team and our IR partner, Strategic Growth Advisors. We have uploaded the results collateral on the stock exchanges as well as the company's website for your reference.

Let us talk about the industry trends and operating environment for the quarter gone by before we delve into our performance. Q3 '25 has experienced a moderate and lukewarm operating environment. The sharp rise in input costs was a key driver of higher inflation. Wheat prices surged by 12% in Q3 compared to Q2 due to reduced supply in the physical markets. Additionally, the government increased the minimum support price for all rabi crops by 4% to 7%. Edible oils also saw a significant price hike impacting overall margins.

Throughout the quarter, palm oil remained more expensive than sunflower and soybean oil, marking a significant shift from the previous pricing trends. The refined palm oil experienced nearly 67% year-on-year inflation in Q3 FY '25 due to higher import duties and currency fluctuations as most palm oil is sourced from overseas.

While imported palm oil prices rose due to tax revisions, domestically resourced (the mention of ‘resourced’ was inadvertent. It should be heard/read as ‘sourced’) oil prices have also increased given the widespread use of imported oil. In response, many large FMCG players implemented price hikes of 3% to 7% in the December quarter. Due to the price rise, consumers reduced the consumption, particularly in urban areas. The urban demand in India remains under pressure and subdued, consistent with the previous quarter. One major reason for the slowdown has been the high food inflation, which tightened the purse strings among low- and middle-class families, thereby dampening urban demand.

The new age channels like quick commerce and e-commerce continue to gain traction. We are listed on all the key platforms and are expanding our presence across all these segments. At an industry level, the general trade continues to face challenges, particularly in urban areas, resulting in lower ROIs for traders, FMCG players who are actively collaborating with GT traders to enhance their profitability and improve realizations.

Given the dual stress of demand slump and inflationary pressure experienced by industry in Q3, let's review our performance. During the course of this call, we will be referring to standalone financials. Our business is undergoing a tactical shift with a focus on the high-margin FMCG segment. Starting 1st November 2024, the acquisition of HPC business is now fully integrated into our current operations.

This move has strengthened our product portfolio and has served as a significant growth lever for the company. It is expected to drive substantial growth in both revenues and EBITDA. This move aligns with our vision to expand the Foods and FMCG business, aiming for it to contribute nearly half of our total turnover in next 4 years' time. By leveraging the distribution reach of Patanjali Foods, the HPC portfolio has started adding weight to our offering. This has enhanced our existing FMCG product range and our ability to grab more market share and wallet share.

I'm pleased to update you that in Q3 FY '25, - we reported the highest ever quarterly revenue from operations at INR 9,103.13 crores. The top line growth was achieved without much change in the pricing. The total EBITDA was INR 581.24 crores and PAT was INR 370.93 crores. Patanjali has been awarded Asia's Most Trusted Iconic Brand by the Council for Brand Business Promotions and Research and Brands council Ratings, reaffirming our industry leadership.

We strategically spent on marketing and advertising to build on brand recall and brand loyalty. We have spent 2.5% of our Q3 FY '25 revenues from operations on advertising and sales promotion, the highest in last 10 quarters. We have undertaken various regional as well as national level activities.

Coming to our segmental performance during the quarter. The Food and other FMCG achieved revenues of INR 2,037.61 crores with an EBITDA of INR 153.40 crores with a margin of 7.53%. The rise in input costs has driven an increase in the overall cost structure, leading to the margin compression.

Our Biscuits segment recorded sales of INR 395.37 crores. Dry fruit, Pulses and condiments, Ghee and Honey and herbal product category sustained volume growth on a Q-on-Q basis. Honey recorded nearly INR 146.87 crores, doubling its sales from the previous quarter. While urban demand is facing challenges, we remain optimistic about its long-term potential. We will continue to closely monitor the overall demand scenario to ensure the sustainability of our revenues in the coming quarters.

The staples, which include rice, atta, pulses, wheat products and dry fruits recorded a revenue of INR 744.31 crores. Our recently launched nutraceutical products have been well received by consumers. Our revenues in nutraceuticals for Q3 '25 stood at INR 15.09 crores. Additionally, we have witnessed increased sales through e-commerce, improving overall operational efficiency. Nutrela continues to grow from strength to strength, giving us healthy EBITDA margins due to lower purchase price of soybean seed.

As a trusted household name recognized for its strong consumer loyalty, Nutrela has been awarded “The Most Preferred Brand for '24-'25” by Marksmen Daily. This reinforces its reputation and market leadership. The campaign ‘India Ko Strong, Banate Hain, Nutrela Khate

Hain' has attracted roaring success and spurred mass convergence (convergence was said mistakenly. It should be heard/read as 'conversations') on the needs for a healthy eating and meeting our protein needs. Nutrela soya chunks achieved a quarterly sales of INR 138.66 crores with a 4.83% year-on-year growth. The contribution of modern trade, quick commerce and e-commerce to sales has shown steady growth for both mass and premium product categories.

This is an update on HPC business. The HPC business segment was integrated into Patanjali Foods Limited on 1st November 2024. The operational streamlining has been smooth. We expect full scale operations within a few months. In this quarter, it shall begin. The HPC business segment's revenues have stood at INR 420.36 crores.

The dental care revenue within that split was INR 223 crores, followed by skin care at INR101.419 crores (erroneous mention of INR 101.419. It is INR 101.49 crores) and home care at INR 56.69 crores, and the balance is for hair care and other products. Our flagship products across categories such as Dant Kanti continue to grow. We remain focused on premiumization and portfolio expansion in this segment.

As explained previously, the edible oil faces inflationary pressures with respect to the trends of oil prices in Q3 FY '25. The cash markets experienced steady movements following the duty hike in September 2024. There was a noticeable price divergence between futures and physical prices with 11% divergence in palm oil and 6% in Soya oil. To mitigate the risks, the company consciously reduced its hedge ratio, maintaining an average hedge ratio of 10% in Q3 '25.

Hedging decisions, which are based on a thorough fundamental and technical research, the company has employed a natural hedge through regular position adjustments in line with market dynamics. In the case of edible oil, price increases are typically passed through to the consumers. Due to holding lower price inventory, the price rise worked in our favor in this quarter. India's palm oil imports fell 46% in January, whereas Soya oil imports rose 4%, the highest in 7 months, while sunflower oil imports increased by 9.5%.

In our Edible Oils business, we registered a revenue of INR 6,717.47 crores with an EBITDA margin of 5.42%. Of the above for Q3 '25, the Palm Plantation segment contributed 4.1% to the total revenue and 14.6% to the EBITDA. Our commitment to grow the oil palm plantation business continues. We have expanded our cultivated land, taking the total to 87,109 hectares as of December 2025.

With a 46% of our plantation falls within the prime age range of 7 to 25 years, the prime plantations have a high yield potential. The new mill at Arunachal Pradesh has commenced production, marking a significant milestone in our expansion in the Northeast. We reiterate our plan to take the area under plantation to 0.5 million hectares over the next 5 years, which will cover about 60% of our requirement.

In the recent budget, the Honorable Finance Minister emphasized the importance of self-reliance in edible oils. An allocation of INR10,000 crores has been made over 6 years to the National Mission on Edible Oils aimed at reducing import dependence on edible oils. This renewed push by government is essential and will empower farmers with better seed infrastructure and other resources for cultivation. At Patanjali Foods, we welcome this initiative, and our efforts align closely with the government's plan.

Now I would like to summarize our overall financial performance in the quarter. The total income stood at INR 9,143.78 crores. Total EBITDA stood at INR 581.24 crores with 48.79% growth on a year-on-year basis. PAT of INR 370.93 crores, registering a 71.30% growth on a year-on-year basis. In the 9 months of financial year '25, the numbers stack up as follows. The total income of INR 24,544.67 crores. The total EBITDA stands at INR 1,510.17 crores with a year-on-year growth of 47.79%. PAT grew by 68.71% to reach INR942.81 crores.

From here on, what is the path forward? We must innovate and adapt to navigate the dynamic FMCG landscape. Our strategic focus for the upcoming quarters will include premiumization, revamping the urban playbook, strengthening our presence in hinterland, enhancing productivity and distribution and driving the digital transformation which the company has taken.

As a consolidated FMCG entity, our endeavor will be to retain a growth-oriented company, expand in high-margin segments and reinforce our vision of becoming a prominent Food and FMCG player in the country. The industry projections suggest that Q4 will show improvement with CPI expected to reach -- to be around 4.5%, thus improving consumer purchasing power and spending.

Further, the recent budget introduced significant income tax cuts. We anticipate these measures to help moderate inflation and increase disposable incomes. We also expect demand stimulation and economy's momentum, which has been sluggish in recent quarters. Several tailwinds, including strong domestic demand, favorable government policies and softening of inflation are driving growth, stabilizing prices and improving consumer purchasing power. Going forward, we remain cautiously optimistic about the demand outlook, commodity headwinds and better cost management for the company for the remainder of FY 2025.

With this, I conclude our presentation and open the floor for Q&A session. Thank you.

Moderator: Thank you very much. The first question is from the line of Dhiraj Mistry from Antique Stock Broking. Please go ahead.

Dhiraj Mistry: Congrats on a good set of numbers. Sir, my first question is on what would be the volume growth in our oil business and realization because given the inflation which we have witnessed in the oil business, would you split your revenue growth in volume and pricing?

Sanjeev Asthana: So Dhiraj, that's a great question. There's a certain degree of volume compression which has happened across the board. And so for example, that in palm oil, we had a volume compression of close to about -- between quarter 2 and quarter 3, I'm talking of this year, we had about 40,000 tons of reduction. In soybean, it was very marginal. It was just about 5,000 tons. In sunflower, it was about 7,000 tons.

So broadly, two trends have defined the compression in the volumes in Edible Oils side, which was more than made up by the price rise which happened, which occurred both in the international markets and as well as the price increase that we took domestically, partially on account of the duty increase and partially on account of the consumer requirements. So broadly, the sudden increase in the international prices prompted consumers to cut down on certain consumption that was clearly witnessed.

The second big trigger which drove the change was that, as I mentioned in my call, in the presentation is the palm oil prices for a change went significantly higher than Soybean and Sunflower oil prices. And palm being the biggest driver of the volume, that change -- that the industry in terms of the HoReCa segment, the institutional segment, et cetera, they started cutting down on the palm oil consumption, which was the biggest driver and which is where we witnessed the largest change, which occurred. But broadly, this trend should tend to stabilize as we see the -- going forward in this quarter. So already, the volumes are tending to pick up.

But broadly, overall, I must say that the oil consumption has slightly flattened in last two months in a very distinct way. And certainly, going forward, we are seeing a muted volume growth overall. So -- and this is also witnessed incidentally, not just in our volumes, but across the board. Even the country's imports of palm oil have gone down substantially. So broadly, this is reflective of the supply-side challenges and the price spread, which has suddenly occurred between palm and soy, this preference has started falling on both on soya and sun. And that's why this change has occurred.

Dhiraj Mistry: Got it. Got it. Just can you help me with the absolute total oil volume in metric tons for the quarter?

Sanjeev Asthana: Yes. So absolute volume for the quarter, we have is 5.8 lakh tons is what we did. Last quarter, it was 6.07 lakh tons. So there's about a drop of 27,000 tons.

Dhiraj Mistry: Got it. Got it. And second is for the margin for the oil business, we have seen good improvement in our oil business. So I would like to know, is there any one-off in this where you have realized some inventory gain or anything like that? Or this kind of margin is quite sustainable going ahead?

Sanjeev Asthana: So broadly, the margin we made was about INR 364 crores, which is 5.42% compared to the previous quarter, which was 4.04%. And last year, just for a comparison perspective, it was 1.96%. So we've always maintained that the margin construct is between 2% and 4%, which is a standard one. 4% is a good margin and 2% is a fairly standard margin. Below that, I think it's a cause for alarm.

So part of this gain of INR 364 crores came through the one-off price inventory gain that we got. But most of the part has been a very natural phenomenon of pass-through of the prices that we maintain. So basically, since we are largely a long-only position business, we buy ahead of time and then we process, refine and package and sell it in the marketplace. So there's a natural gain that we got.

And -- but yes, part of that, I would say, about INR 60 crores, INR 65 crores would typically would have come as a one-off inventory gain. So broadly, 5.42% is largely an outlier, and we will go back between 4% and 5% range overall. But just to give another perspective that in the nine month period, for example, we have done better than our trend rate. We've done about 4.65% in the margin construct, and which is a fairly positive trend that we are following. And I'm reasonably hopeful that over the next couple of quarters, this trajectory will be maintained.

Dhiraj Mistry: Got it. Got it. Thank you. And second question is for the food business that we have. some part of the stress is also because of the urban slowdown, which has been there. But my question is on margins. Like margin has constantly seen downward pressure. From 18% margin at the start of the last year financial year, now it has gone down to 7.5% margin. When we can start seeing improvement in this business? And can you help me with the revenue for the staples business also and segment-wise EBITDA margins in Foods business?

Sanjeev Asthana: Yes. So I can -- for the foods part, let me -- overall basis, I think I can give you that number. So broadly, what we have is that INR 2,038 crores was the revenue. We made 7.53% margin in this quarter. This is versus 10.19% in the previous quarter and 10.85% in the last year quarter -- same quarter last year. So broadly, two trends have defined. We have always maintained that the margin profile and incidentally, on the nine-month basis, our margin is 9.09%. We have consistently maintained that Food business overall will give between 8% to 10% margin in our business. And we still maintain that, and we are pretty much on course to achieve that.

The second point is that what exactly was the defining part, which has actually changed the margin construct. Three things broadly. One is that in the staple foods, so there are two categories within the Foods category. One is staple and Indian ethnic foods. Within the staples category, what has happened is that there's a sales loss of almost about IN R250 crores, which was largely on account of the rice prices, which collapsed by nearly 10% and which was a major significant change which occurred.

The second change which occurred was the increase in the wheat prices and palm oil prices, which has impacted the biscuits margin because these are the core raw material which goes into that. So palm, for example, increased by nearly 30% to 40% in the previous quarter. And likewise, the wheat prices, as I mentioned, went up by almost 12%. So these two things.

Third thing is that we increased our ad spend by nearly INR 20 crores. The additional amount that we spent in this quarter was INR 20 crores on the ad spend. So they all combined basis typically tended to put pressure on the margins, and you saw 7.12%. This, we are going to -- will change in this quarter. So we should pretty much be in the same ballpark range of 8% to 10%, which we are pretty confident about.

Dhiraj Mistry: Got it. Got it. And sir, now the HPC integration is complete, is there any operational synergies still to be done or whether we are done with the operational synergy and we can expect full performance from 4Q onwards and the margin profile for the same as well?

Sanjeev Asthana: So this quarter, in the Q4 of this quarter (this was said erroneously. It should be read as “Q4 of this year”) now, I'm expecting that we should be -- so initial two months have been spent. The larger part of the integration broadly is over. And minor matters are being sorted out right now. But broadly, I would expect that this quarter 4 should be in a fully operational status. So we did have some initial 15, 20 days of changeover, et cetera, happened. But I think this quarter, I'm expecting that we should get on to the similar healthy trend rate of the HPC business and pretty much we should start integrating that into our revenues and margins.

Moderator: The next question is from the line of Yug Modi from AP Capital.

Yug Modi: Sir, any update on the ghee as last quarter, you had said that we are restrategizing ghee. So what is happening on that right now?

Sanjeev Asthana: So the two parts to ghee. One is, we are seeing that there is a stress, as I mentioned, in the urban segments. So the ghee growth overall has been flat. And in the Q3 versus Q2, so pretty much standard. We haven't seen any -- typically in the winter season, the ghee sales tend to increase always. And normally, we see an uptick of between 8% to 10%. We haven't witnessed that. But that I would imagine is more a problem that I was mentioning about the urban demand, where it is slightly muted and ghee being an expensive product typically tends to get sold more in the urban areas than the rural areas. So that part we're witnessing. But that we are seeing more as a temporary blip. I think we should get back to post the budget, post the overall buoyancy that we're seeing now. Hopefully, that will start to kick in, in this quarter. So we should be in a better state.

In terms of the strategy part of ghee, I mean, the idea was that the uncovered territories on the distribution side that we would tend to cover more. The territories, for example, in terms of the mix of the SKUs, that has started sort of working in. So I would say that this quarter's flat sales on the ghee side should not be a dampener. We should pick it back in the Q4. And I think already we are seeing the change in that on the sales side.

Yug Modi: Okay. Sir, just one follow-up to that. Sir, what was the revenue for the Ghee for this quarter and for the previous quarter?

Sanjeev Asthana: So ghee, for example, we sold INR 356 crores in this quarter and the previous quarter was marginally INR 1 crore less, INR 355 crores.

Moderator: The next question is from the line of Kunal Shah from Anova Capital.

Kunal Shah: Yes. Sir, my question was on HPC business. Like I want to know how the integration process has been for us? And also want to know who is heading it? Like how have the synergies been with us so far? And what does the future hold for us for that?

Sanjeev Asthana: So HPC business integration has gone on very well. And that part is going on very well. We have already integrated the teams. We have already integrated all the IT systems, and we have also already done in the process of distribution part is already done for the business. So overall, in terms of the change part of it, the overall HPC business side,the team integration, the IT integration, the business of -- the working through in terms of the distribution side.

The synergies, as I mentioned, it will take 15 to 18 months for that to happen that we have started already working on. So in terms of distribution at the ground level, how do we synergize, how do we consolidate in terms of the manpower synergies at the ground level. So that will take time. But otherwise, the integration has worked out fairly smooth. All the systems and everything is aligned. And now in this quarter, we should be tending to stabilize and move it forward.

Moderator: The next question is from the line of Raj Jain from Crystal Capital.

Raj Jain: Can you give guidance on distribution, how it's working for us with the modern trade and general trade? How are the margins here, inventory days and demand from this channel?

Sanjeev Asthana: So as of now, the split is as following. We are about 8% is what we do through the e-commerce and the modern trade. So 2% is through e-commerce and quick commerce and about 6% is what we're targeting to -- we are doing through the modern trade system. Within that, there are two parts that we're working on. We would like this ideally to be closer to 12%. And there is a lot of work that is happening on the emerging channels like quick commerce. Likewise, a lot of work that is happening on the e-commerce side, including listing, working on certain product listings on Amazon U.S. website, working through that process. So this effort is going on constantly.

In terms of the split of certain, just to give you some ballpark numbers, broadly in Edible Oils, we do about 5% contribution comes through the modern trade. Typically, about biscuits, we do about 3% through the channel. Food and non - food, we're doing about 13%. And Nutrela Soya food, we do about 9%, which comes through modern trade and e-commerce.

All these numbers are set to change. We want nearly from current 8% to taking it to 12%. That process is on. We are investing quite heavily on social media. We are working on listing and bringing our products on all the emerging quick commerce channels. We are available across the spectrum on all channels. So that is a work in progress, and we are reasonably confident that we should be hitting that target of 12% at least of the overall sales coming through e-commerce and modern trade. That work is going on.

Moderator: The next question is from the line of Rahul Desai from RB Securities.

Rahul Desai: Sir, my question was, we are aware that how the demand is panning out in urban areas has been very sluggish. So when do you see that improving? And on coming to the rural demand, do you think that's sustainable?

Sanjeev Asthana: So both sides. One is that in terms of precise prediction as to when the urban demand is going to come back, I think it's difficult to mention. But having said that, the budget has been very promising on account of the income tax rule change. There is -- the repo rate from the RBI has gone down. We are hoping that the overall environment will become more benign. Inflationary pressures will tend to decline. And the possibility of the urban demand coming back and especially in the consumer goods side, I think we're reasonably hopeful. But having said that, we should be patient about it because that is not something which is guaranteed and can be taken as a given.

The second question about the rural demand, I'm very optimistic because the budgetary provisions, we are seeing already the momentum picking up on the rural demand side. So I'm reasonably hopeful that the rural demand should continue to sustain itself. Government has been very supportive on the MSP prices what they've given, the number of social programs, which have been announced. So there's a lot more money which is being injected in the rural areas into the overall agriculture ecosystem. So hopefully, it should be sustained momentum on the rural demand side.

Rahul Desai: That was great. But I have one more follow-up question. How has the January been with respect to demand? And how is it looking for rural and urban both?

Sanjeev Asthana: Slow. Itis straight answer. The urban has been slow. And the rural has been pretty much on the same trajectory. There is no significant uptick or downside on the rural side. But overall, urban areas have been very sluggish. So that's -- there's a lot of hope, which is banking on the budget being a big trigger for the urban demand to come back, and we're waiting for that.

Moderator: The next question is from the line of Dhruv Modi from DSM Securities. Due to no response from the current participant, we will move on to the next participant. The next question is from the line of Kuldeep Gangwar from ASK Investment Managers.

Kuldeep Gangwar: Sir, can you please provide the split of food between, say, specialty food and staples? And second point like in the press release, you have mentioned that 2.5% was the A&P expenditure. So it is proportion to overall company sales, how we should read it?

Sanjeev Asthana: Kuldeep, your voice is very muffled. I think you're on speaker phone, if you can just...

Kuldeep Gangwar: So I'm saying the split of food business between specialty food and the staples. And second part, you have mentioned about, say, 2.5% of sales in the A&P. So it is overall company sales like INR 9,000 crores, 2.5%, how we should read it?

Sanjeev Asthana: So yes. So first of all, let me just give you the split of Indian ethnic foods and consumer staples. So we did some INR 744 crores of Indian ethnic foods in this quarter. And we did identical amount in consumer staples, almost INR744 crores. So there is some points. The margin that we made on ethnic foods was INR141 crores, which is at 19%. This is versus 23% in the previous quarter and 17% last year same quarter.

On the consumer staples side, we had a negative margin of INR35 crores. Primarily, the largest contributor to this was the rice price increase and the ad spend that I spoke about. So broadly, that contributed to the change in the foods category. And the 2.5% of the advertising and sales promotion was on the overall basis, like including edible oils and everything.

Kuldeep Gangwar: So the number is close to INR 225 crores, right?

Sanjeev Asthana: INR 226 crores to be exact.

Kuldeep Gangwar: Okay. Okay. And what should be expected in staple business margin in the coming quarter? Like say Q3 was one-off or how we should read it this quarter?

Sanjeev Asthana: Q3 was one-off, consumer staples because this rise suddenly, there was a collapse on account of the lot of actions which happened in the marketplace. So broadly, that was the impact factor. This is more one-off. I'm expecting this to stabilize in this quarter.

Kuldeep Gangwar: Okay. So the way it appears like in the specialty food, the margin is largely stable. The volatility is coming from the staple part of it. And going forward, probably it should stabilize.

Sanjeev Asthana: Yes. So Staples and ad spend both, I mean, I'm not just adding because that's become a critical component of our overall strategy of marketing that we need to sort of crank up on our advertising and promotion. So we'll continue aggressively pushing for this. But this rice bit was a one more one-off. I'm not expecting this to sustain itself in this quarter. So we should be surging that trough.

Moderator: The next question is from the line of Abhijeet Kundu from Antique Stock Broking.

Abhijeet Kundu: So one question was on Home and Personal Care business, where you have specified that...

Sanjeev Asthana: Abhijeet, a little louder, please. Your voice is a little muffled.

Abhijeet Kundu: Yes. So in the HPC business, dental care was about INR 223.47 crores of sales. How should we see it? at what rate it would have grown? How has been the performance in terms of market share? Some color on that, first question.

Sanjeev Asthana: Yes. So dental business, we did INR 223 crores of revenue in the two months that we had, which is nearly half of what overall sort of revenue that we do. So fairly good. I think post the launch of the range of new sort of products that we had, the response has been very good, supported by ad spend that we did and on the promotion side. So it's picking up.

Now having said that, the thing is that it has moved into a new entity, while we expect everything to stabilize in this quarter, but we are reasonably hopeful of maintaining 10% to 12% of growth in this category. And we should do better than the marketplace because a lot of areas which were uncovered by us, we've launched products to fill in those gaps, in those product categories, and there is confidence that we should be able to maintain that growth rate.

This quarter, I think by end of this quarter, by end of March, we should get a reasonably good idea as to where the gaps are that we need to work on and how the growth trend has been. But broadly, I would say it's positive to good.

Abhijeet Kundu: Okay. Great. And sir, on the Biscuits division, INR 395.37 crores of sales and 1.64% year-on-year growth. The largest player in this category, they have grown by about 6% and primarily driven by volume growth. So one, have you taken any price hikes during the quarter which would reflect in the next call in Q4 in case of Biscuits. And why this muted growth? I mean, biscuits is primarily majorly sold in the rural markets and rural markets relatively have done better than the urban markets. So just some color on the price hike and why the muted growth? Any recovery in growth you would see in the coming quarters?

Sanjeev Asthana: Sure. So I think we had a scorching growth in the last two years on the Biscuits side. So almost from INR 950 crores, we grew to INR 1,650 crores. So it's a huge spike that we had. There's a bit of tempering in this quarter. So one is on the growth part of it, like our -- this year's growth overall has tended to be just about 6%. We had targeted to keep it at 15%.

So overall, we have seen that there is some bit of slowdown in the Biscuits overall demand. But -- and we've taken no price increase. So in terms of this entirely, all this growth has been largely on the volume side. And the business segments where we are in, the price increase is not possible. So even passing it on is a tougher call. That's one.

Second is that as a guidance perspective as to what we expect to end the year with, I would imagine that the yearly growth would be anywhere between 6% to 7%. This is slightly -- this particular quarter has been off-season also. So biscuits incidentally also have a certain degree of seasonality to them. And so this particular quarter is this one, but I'm not anticipating that -- any significant drop to be there. I think, we should get back to -- in the next fiscal, we should get back to the targeted range of 15%.

There's a lot of work which is continuing that we want to reduce our dependence on doodh biscuit. We want to continue focusing on the premium categories, which are showing a very healthy uptick. We want to focus on newer variations that need to be launched. And I think that both these efforts will work in parallel.

So reasonably good. I think volume growth will maintain. And that is obviously impacting the margin. The palm and the prices that we saw in wheat side, I think has impacted the margin a bit. But overall, if I were to tell you, in the biscuits category, our EBITDA margin is still at about 11.51%. We still would like to continue this trend and we should end the year with pretty much a similar margin construct.

Abhijeet Kundu: Understood, sir. And in terms of distribution, any distribution increase you have done any numbers on that? And what's the plan ahead? Because your FMCG, Home and Personal Care business and the Foods business would strongly benefit from that. So overall FMCG business would strongly benefit from that. So any expansion plans there right now?

Sanjeev Asthana: So overall from the tracked numbers, 1.5 million is our direct retail outreach. We are expanding in certain categories. For example, in nutraceuticals, we have expanded substantially our reach of GT, though the focus and the drive is much more towards e-commerce side. Biscuits, we continue to expand. And the indirect reach, we estimate is almost nearly 1.25 times of that.

So broadly on the distribution side, and there are regions where a serious amount of work is happening, including the -- reconfiguring the teams and working through that. So for example, in South and East of India, we need to do a lot more work and in the North-eastern part. And so this will continue to keep a pace. The positive with us is that there's a lot of headroom for growth on the distribution side with us compared to a lot of our eminent industry peers who almost have reached a saturation level.

So we are reasonably confident that this growth expansion will continue to happen. And the target is that we should cross 2 million retail outlets as a direct reach and that we'll continue to expand and build on. So that effort is month-on-month that is getting tracked and that is getting worked out.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to Mr. Sanjeev Asthana, CEO, for closing comments.

Sanjeev Asthana: So this overall, thank you very much for all the questions that we had today. And with this, we'll conclude the call. If you have any further sort of queries, you may contact SGA, our Investor Relations advisors, and we look forward to connecting with you in the next quarter after the quarterly results. Thank you.

Moderator: On behalf of Patanjali Foods Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.