



# **BIKAJI FOODS INTERNATIONAL LIMITED**

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**Ref: BFIL/SEC/2024-25/82**

**Date: October 29, 2024**

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

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

**Subject: Transcript of Earnings Conference Call for the quarter and half year ended on September 30, 2024**

Dear Sir/ Madam,

We hereby inform you that in continuation to our letter bearing Ref. No. **BFIL/SEC/2024-25/74** dated **October 21, 2024** and pursuant to the requirements of the Regulation 30(6), read with the Part A of the Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time, an Earnings Conference Call with the Investors and Analysts to discuss the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended on September 30, 2024 was conducted on **Friday, October 25, 2024** at **02:00 P.M. IST**. Please find enclosed herewith the transcript of the Earnings Conference Call.

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

You are kindly requested to take the same on record.

Thanking you

**Yours faithfully,**  
**For Bikaji Foods International Limited**

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

Enclosure: As above



“Bikaji Foods International Limited  
Q2 FY '25 Earnings Conference Call”

October 25, 2024



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

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

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

**Moderator:** Ladies and gentlemen, good day and welcome to Bikaji Foods International Q2 FY '25 post-earnings call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Hazel Rathod:** Thank you. Good afternoon, everyone. Thank you for joining us for Bikaji Foods International Q2 FY '25 Earnings Conference Call. From the management, we have with us Mr. Rishabh Jain, CFO and Mr. Manoj Verma, COO. I now request Mr. Rishabh Jain to take us through the key opening remarks, after which we can open the floor for the question-and-answer session. Thank you and over to you, sir.

**Rishabh Jain:** Good afternoon, everyone, and thank you for joining the call. First of all, we wish you all a great and happy Diwali. And so basically, from Bikaji lens, we are a company that has shown robust growth in volume. In volume sense, we grew close to 15% volume growth in the second quarter. And from value level, basically, all the categories have grown at upward 20%, be it sweets, be it papad, western snacks, they have grown at +20%. Ethnic snacks have grown at +10%, so all double-digit growth.

And despite tough, challenging environment in the street. Overall, from category lens also, we did a reasonably good job. We also started consumer offer in this season, mid of August-September. So, mid of August, basically, we started a consumer offer – Bikaji Khao London Jao, which was never before. This is the first time we've started, we've done this, and we're getting good response from this campaign. And you will see the results from family pack growth. So, our family pack has grown reasonably good speed compared to impulse pack. We're getting good traction from the same. Overall, from cost lens also, we've seen a cost pressure in edible oil, wheat, palm oil, or few pulses. But we were very proactive in passing on the prices. We are also working on cost-saving program, cost control program, where our team is working on cutting the prices and saving prices for the company. So, largely, at both levels, we are trying to maximize profit. But our main endeavour will be growing the volume, at least for the next two years.

That's the main endeavour. Overall, in quarter two, our value has grown at 16.5%, where volume growth was 15%. And if you exclude PLI, our value growth is close to 16%. Our EBITDA growth is close to 22%. Our EBITDA is close to 14.8%, but without PLI our EBITDA is close to 13%.

Overall, PAT growth compared to last quarter was close to 14.7%. Our gross margin in first quarter was close to 32.2%. And this quarter, despite increasing prices in palm oil, increasing few pulses prices, we've try to maintain a gross margin of close to 32%. From H1 lens, so basically, overall, our value growth is the value from operation growth where volume growth is



very strong at 15.5%. Our EBITDA margin is close to 15.3%. Also, like this year, Diwali is in October versus last year, Diwali was in November. So, last year, it was an extra 10 days, 7-8 days. So, the sweet sale is a major push in second quarter this year versus last year. It was also in contribution was good in third quarter. There will be a little freefall of sweet sale in this quarter.

From overall capacity lens, so we are good in capacity. So, we have built capacity in last two and a half years across all core and focus market. And we are largely okay with what capacity we have for next two, three years. We don't need major capex for growing the capacity for investment. In sweet category, of course, we'll do some investment in next one year to grow the capacity to meet the expectation. Because we are seeing great conversion of anomalies to augment in sweet category. There are a lot of innovation which we and across the industry is doing in the sweet category. Adding few products which are masses like Kaju Katli or Ladoo. These are big products coming on in the last one or two years, what we are seeing.

So, overall, some number of outlets planed. So, basically, we always focus on adding direct coverage. This is what helps us in getting to right distributors and right retailers. Focusing on right coverage, focusing on right products and right outlets. That's what we are focusing on I would say. We added sales team in last one and a half years. And our major focus, like you will see in the last one year, where in September '23, our overall direct reach was 2,08,000. We increased it 2,78,000. So, that's 70,000 increase in direct coverage. And that's what our endeavour is to reach at least 3.5 lakh outlet till FY '26.

**Manoj Verma:**

Yes, so, this was a Bikaji Khao London Jao, a consumer offer. This was on our large packs, family packs. And a never before kind of investment for the consumer, what we did. This has given good and very, very, you know, magnum, magnumus branding opportunity across. And the vehicles that we used on to it was getting on to prime time. We were also co-sponsor for Kaun Banega Crorepati kind of programs across channels, news channels, print media, BTL and the rest of the activations along with it.

So, there were a lot of, you know, noise which is still there in the market, because this promo would continue till 15th December, 2024. So, a half of the last quarter is what we could utilize in this. And we'll have almost full quarter three to leverage on this promo.

The entire buzz is being created around social media. Talking on the quarter two business performance, if you look at the volume growth as Rishabh spoke about is 15% over last year. Revenue growth was 18.5%. This is inclusive of PLI. Net of PLI 16%. The thing is that Ethnic Snacks is at 10.5% growth, Western Snacks at 23.2% growth and Packaged Sweets at 22.0% growth.

Normally, there's always a scene when Sweets does high or is on a high growth or high share of business. That's the time Ethnic Snacks takes a little hit on that stuff, because end of the day, there is a stocking capacity on the retailer's shelf. And the stock rate at the stores goes down. So, that's a general phenomenon if we look over the last many, many years. That's how it works. So, this is purely in line of it.

Papad has grown in this quarter at 26.2%. So, sum total Q1, Q2. So, YTD, H1 numbers, if we look at volume growth stands at 15.5%. Revenue growth at 18.6%. Ethnic Snacks, 13.1%. Packaged Sweets, 22.7%. Western Snacks at 24.5%. And Papad at 19.4% growth. A trend if we look at over Q2 last year versus Q2 this year. So, Ethnic Snacks contribution from 68.9% last year is now at 65.5%. This is primarily because higher salience of Sweets in this quarter. At H1 level, if we look at H1 '25, it's almost 70% which is Ethnic Snacks.

And over last year, it was 71.4%. Sweets has slightly moved up, which is what Rishabh was explaining that this time, it is a little early Diwali, so it has moved up in this quarter. Moving up to 13.5% contribution versus 12.8% which was last year. Western Snacks is at 9.1% versus 8.4% last year. Our others at 2.6% this year versus 2.5% which is almost the same. It is Papad which has slightly moved up at 5.0% share of business versus 4.9% last year.

Talking about geography, so our core market in this quarter has grown at 11.0%. Focus market has grown at 27.0%. Other markets have grown at 34% that's on the back of Modern Trade and Sweets and Gifting, which plays a big role in the rest of the states. Export continues to grow at a good double-digit number at 20% in this quarter. Overall H1 data or growth percentage if you talk about core states are at 12.7%, focus at 14.8%, other states at 40.6% and exports at 14.7%.

What we always talk about now are dominance or the strong footage on the Family Packs. So in quarter two this year, Family Packs has grown at 22.4% while Impulse Pack was a little slow at 6.9%. The contribution of Family Pack hence is now at 62.3% in this quarter versus 59.1% in the last year, quarter two. But at H1 level if we look at our Family Pack is at 19.7% growth, Impulse at 10.0% and the split between Family Pack and Impulse Pack is 59.6% versus 57.6% last year and the Impulse Pack this year is 39.1% which was 41.2% last year.

**Rishabh Jain:**

So overall from revenue length we have done close to INR 721 crores of revenue from operations where EBITDA is close to INR 107 crores. EBITDA margin is at close to 14.8%. Overall compared to last year, last quarter overall EBITDA was close to 16% primarily due to higher gross margin compared to this quarter. But overall compared to, in this quarter, so we have done ad cost of close to ~2% versus in last quarter one, our ad cost was less than 0.5%. So, despite increasing ad cost our EBITDA margin is intact and largely this lot of efficiency which has been below gross margin level which has come in once we start building sales and top line. And that's what we will see in next two, three years.

Also from cost management level, so we have done a lot of cost management activity which has helped us in overall maintaining margins, be it managing freight at the right place, opening depots at a different place or be it cost at a raw material level where we have done long term contract at the right time to have hedge in overall pricing of our commodity. So basically, edible oil, so in last quarter, majorly in September we have seen increase in prices but in third quarter we are seeing edible oil price increase in a different level.

So overall edible oil has increased compared to last quarter it was close to 22%. But overall, we also started passing on the prices in October. In October first week we increased the price to 2.5% in Salted Snacks category which will help in maintaining our margin at overall level. And

this year we have seen a good crop across a good rain and we are seeing a good crop coming in. So, we are seeing price reduction in key commodity.

We started seeing order in moong dal, wheat, peanuts and everything we are seeing price reduction. So we are hopeful that in next third and fourth quarter it again came to our original levels of gross margin. From balance sheet level, so in second quarter largely we see upwards of stock is mainly due to mainly to support like modern trades normally do 30 to 40 days of outstanding. So largely it's a modern trade and few generated party. But normally in third and fourth quarter it's all realized. So this is in second quarter phenomena where Diwali season is a uptick of stock later. That's from the presentation part.

I'll also update on PLI. So with five, so that is last year PLI, so basically we'll mostly be receiving fourth quarter from the government. And we have re-filed all the filings to the government by third quarter end. So we are hopeful that government will reimburse the same in fourth quarter. Normally it's 12-month phenomena that we'll receive the same in the duration of 12 months. That's all. Thank you very much. We're happy to answer any questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Percy Panthaki from IIFL Securities.

**Percy Panthaki:** Sir, can you give some idea on what is the inflation in palm, especially after the import duty was levied? And does it make sense for you now to also launch some other variants which are not made with palm oil if the cost differential isn't too huge? Maybe price them at a slight premium with a health focus, etc. Does that make sense? And thirdly, what are the pricing actions that you have put in place or which would require to be put in place in order to meet the input cost inflation?

**Rishabh Jain:** Thank you, Percy. So, basically, of course, you will see that our average purchase of palm oil was close to INR 100 later in the second quarter versus currently we are doing it at INR 125 plus right now. So, we are seeing an increase in palm oil and not in palm oil but in all the other oils because they all run in the same way. But overall, we have immediately taken action and we have started passing on the prices in October 1st week. We have increased the price of all – next week INR 5, INR 10 we reduced some grammage – increased MRP. So, we started working on the same and we increased it to 2.5%. So, that's what action we have taken.

**Percy Panthaki:** Sorry, how much I missed that?

**Rishabh Jain:** Between 2% to 2.5%...

**Percy Panthaki:** And that is enough to maintain your margins or this is only the first tranche and more price increases would be required?

**Rishabh Jain:** It's largely enough. So, basically, we are also seeing post-November. So, from mid-November, we are looking at some downfall, downside in key raw materials. So, it will be held largely. So, we are not seeing any major price increase in third quarter.

- Percy Panthaki:** And a lot of companies have been talking about urban slowdown. Are you witnessing any such thing in your business?
- Manoj Verma:** Yes, Percy, Manoj this side. So, that's true to certain extent but it so happens that our Gifting and Sweets is very, very large. And that is the reason that for us, urban has not been as bad. But when we go, when we visit markets and all, which is reflecting from our small pack performance, which should have been much better but it's on a slightly lower side. So, yes, that's what is the stuff. Because, you know, when you do wholesale or these small outlets in urban where the throughput of small packs is very high.
- So, that has slightly come down. Overall, if we look at rural has grown or done better than urban. Net of Gifting and Sweets, if we look at.
- Percy Panthaki:** So, going ahead, let's say in 3Q or definitely in 4Q, this Gifting and Sweets will not be there to rescue. So, if the demand environment continues at the current level, how much of an impact do we see in our business in terms of volume?
- Manoj Verma:** So, two things. One is that if you look at our business phasing in quarter two, quarter three, it has a huge component of Gifting and the Sweets. All I meant was that these two components have huge share of business. But in terms of growth standpoint or budget delivery, they are in line with what we have planned. In quarter three, these two components are small. So, what we have done is and which is what I was trying to explain that to keep up this urban momentum.
- The "Bikaji khao London Jao", the consumer offer, we have extended till December. So, this would certainly help us both in Bhujia and in Namkeen. So, that's what we are covering. And most of our teams is on to it. I mean, there would be certain things which we would be doing. So, as to proactively, find out that what is that we need to do and we will see these programs rolling out in the marketplace. So, we are cognizant of this challenge and trying to address that.
- Percy Panthaki:** And coming to your Focus states, can you give some color on out of the five-six states that we have? Where is it that we are getting very good traction? Where is it that we are lagging? Roughly what kind of market share we have achieved in the best among these six states? Some flavor of that, please.
- Manoj Verma:** So, we added, last year, one state in our Focus state, which is Chhattisgarh. And that was primarily because we got our plant up in Raipur. So, this is a small state, small in terms of the category size as well. But we have done, we have got very, very good results, in last one year, what we what we've seen. So, Chhattisgarh has come out very well in the upwards of 5% market share as we speak.
- Even otherwise, if you look at the share gain across states, across all the focus states. Delhi is one state which has not done so well. I mean, because of competitive intensity is fairly high. And I think, when we look back, we also haven't done or could not do as much for Delhi. So, that's what would need some more attention. Otherwise, the rest of it is all on track. And that perhaps is the reason is that overall, 27% growth from focus states in this quarter.
- Percy Pathaki:** Okay. That's it for me. Thanks, and all the best.

- Moderator:** Thank you, sir. The next question is from the line of Anand Shah from Axis Capital. Please go ahead, sir.
- Anand Shah:** Hi, sir. Just a question on the recent acquisitions, I mean, of THF and you're looking to sort of build a housing branch in QSR. So, just wanted to understand your thought process here and any specific capital deployment you have planned here? Are you looking for more acquisitions? Will you also be scaling up the Bikaji brand into QSR and all?
- Rishabh Jain:** Right. So, Anand, basically, this acquisition major objective was like we want to create a house of brand strategy, where Bikaji will mainly focus on North Indian snacks and sweets. But you will see bakery, artisanal sweets are a big category coming up and it's a big market in next, we see in 5-10 years. And that's how The Hazelnut Factory came in. And this is majorly into artisanal sweets, bakeries or coffee. So, that's a major sale and the best part is it's highly profitable.
- They are doing a bit of close to 11%-12% the top line what they are doing and we see great potential in next 5-7 years in this business. Currently we have valued the company at INR 100 crores pre-money and we've taken 40% stake in first charge. In next 2 years, we'll increase our stake to 53-54%. That's the plan we have as of now. But yes, we see great potential and we normally look into it when we see acquisition basket. So, we see small brand where we can help and make them big. That's where we will focus on.
- Anand Shah:** Thank God. So, all these bakeries and artisanal products, you will essentially be looking to scale up in your own business. It will be more like this cafe QSR model.
- Rishabh Jain:** Right, right, right. So, basically, of course, because Bikaji QSR will also come up in end of this year. So, basically, we are also evaluating all other divisions, be it this bakery business is very big. So, they are very beautifully made. So, we see great potential in this acquisition. Like what we see, that this business can become 5x in 5 years, comfortably.
- Anand Shah:** Okay, great. And also, another acquisition, I mean, if you can outline Ariba Foods, you had done a while ago, a few months back on the frozen food side. So, I mean, you're also expanding capacities in business. So, what is the plan here in terms of scaling up the frozen business?
- Rishabh Jain:** So, basically, we are strengthening our backend. So, we have a QSR frozen plant in Bikaner, which is in Bikaji Foods and in Ariba Foods. So, we have done complete backend, we have strengthened our backend. And now, so this, our QSR has done it also, when they will scale this, this capacity will help them to grow further into business without looking at any other investment in capex.
- Anand Shah:** So, Ariba will act as a backend as well as enhance your export business, both?
- Rishabh Jain:** Both, both. In export, frozen is a big category and we will start focusing in export post Diwali for the outside India market. There's a big opportunity for us.
- Anand Shah:** And currently, how big will be your frozen exports business?



**Rishabh Jain:** Currently, it's very small. It's close to, close to 25%-30% of overall export, 25%, 26%. Got it. And lastly, is there any specific amount of capital that you have sort of blocked in your internal plans towards this QSR expansion and all?

So, we didn't see any major expansion coming in next two, three years and we have done major Capex in last two, three years. Now, normally, so we'll generate a lot of cash in next two- three years. So, we'll look at right asset, which can give either category addition or anything. But yes, it doesn't require any major fund in any way.

**Anand Shah:** Okay. Got it. And on your focus states, I mean, kind the of expansion and distribution, are you seeing any resistance from any competition there or any competitive intensity, because you have expanded and doing well in some of the focus markets?

**Manoj Verma:** See, we are very small at this point in time. So, now our competition, to start with and getting distribution is nothing to do with the major giants there or the market leaders. It is a journey. It's getting our placement done, which is what we're working on. And we have gained number of stores in these focus markets as well. I think that perhaps the question what you're asking would be, no getting shares from the competition or from the market leaders.

That would be part two of it. But for now, distribution is falling in place. Our ATL activation and BTL activation gives the air cover to the sales team to get this placement in these markets and in these stores.

**Anand Shah:** And one last question is, a campaign that you are running that you'd be booking the cost in the ANP line. This 2% of spend that you have done this quarter, you will be capturing.

**Manoj Verma:** Yes, that's a consumer offer, the ATL spends.

**Anand Shah:** And so on A&P, will you see a good amount of hike this year because of these consumer offers and all? I mean, was this your usual?

**Manoj Verma:** Oh, we'll manage within our budgets. What we have, I mean, this is just a location, what we don't get in this term.

**Anand Shah:** Perfect. Perfect. Thanks a lot and a Happy Diwali to you.

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

**Abneesh Roy:** Yes, congrats. My first question is on the INR 5 price point. So, we have seen in the past few years, noodles face this issue that at INR 5, the grammage became so low that they had to vacate it and eventually even INR 10 got vacated even in the urban areas.

So, I wanted to understand at INR 5, what is the challenge? Are we very close now to saturation point given palm oil is seeing very sharp inflation? If you could talk about, is the customer happy at that INR 5 price point against the grammage which you will now offer post the grammage cut?

**Manoj Verma:** Hi Abneesh, Manoj here. So, I think now the example you took of Maggi is perfectly right because that used to be a meal that was not a snacking. I think the better example would be biscuits, wherein, you know, INR 5 tax still exists and still a dominant share of business of this particular price point. And our snacking category is also in line with the same. So, for now, the price is going to be passed to the consumer which they will witness in this month onwards. So, that's where it is.

But I think there is still a headroom that now we can go ahead. Over a period of time, maybe in 3 to 5 years is what you will see the larger impact. Because if I look at INR 5 and 10 issues put together, still in the Namkeen category, they contribute to 70% of business.

**Abneesh Roy:** Okay. And second question is whenever the new packaging norms come in terms of all the carbs, fat and all those calories etc. being more prominently featured, would you see that as an opportunity given the local players or maybe the customer also will then become more aware? And so maybe he will go towards more branded. But flip side is maybe he will cut down also because on health and all this heart related issue, and the customer awareness is also increasing. So, if you could specifically comment on the packaging norms whenever they come, how do you see impact on the business?

**Manoj Verma:** We abide by all the norms in the compliance which comes as and when. So, see, if you look at or visualize just a INR 5 pack, there's hardly a place to put or when you put, I mean, for a consumer or a shopper standpoint, not as comfortable to read even. 70% of the business happens from INR 5 and INR 10 pack. So, on the go the consumer is not as much conscious. It is the family fact wherein, you know, these things goes loud and bold. And that is good for us is in terms of that vis-a-vis competition. I think we would only gain mileage in that stuff. To your last point, I mean, we haven't seen these changes. If you see every year, there's something or the other has kept on changing. But that has not made any impact in terms of what any measurable impact on our business, which I can quantify.

**Abneesh Roy:** Sure. Last question is on your quick commerce, e-commerce, if you could share some more initiatives and numbers. And second is a lot of FMCG companies are expanding in rural areas significantly in terms of van direct distribution, reach, etc. For example, Godrej consumers spending 100 bps of their sales on vans. Significant investment. If you could tell us in terms of van usage in rural areas, how much is the usage by you currently? And do you see that significant ramp up can help in this kind of business?

**Manoj Verma:** Yes, so I'll take the latter question first on the van coverage. So currently, what we do is we subsidize our distributors, right? And which is what they do. So, it's not a company operated van we have, right? We are not in that model. But yes, we are evaluating it in the focus states where we are not as strong, or where the distributors are not getting as much ROI to run on their own.

That's on the cards, but we haven't started as yet. Howsoever, our coverage in the rural market in the core of the state is pretty high, but then done and led by our super distributors or the sub distributors there.

**Abneesh Roy:** Okay, quick commerce, e-commerce.

**Manoj Verma:** And yes, so I'm coming on to quick comm. So q-comm is doing extremely, extremely well. And it's not only for us, I think it's for the industry. As such talking about numbers. So H1 growth for QCOM is 165%. So that's the kind of number we've not yet had. But also because of one lower base, and second that they're also opening more and more pin codes.

So, it's both organic and inorganic growth, which is what is translating into these numbers. But yes, very promising. And this heat is going back to the general trade accounts, right? So there's a lot of noise around, the general trade, that no our business is going to QCOM and all, but that's how the business is. I'm sure GT will, being a very high share of business would continue. But for now, yes, there is some resistance.

How we as an organization, look, this QCOM is an opportunity to grow our category, because many a times, a QCOM consumer, in the absence of QCOM would not have had that product. But these yields get them to consume that stuff. So it is a little bit of cannibalization from general trade to QCOM. But we see it as an opportunity that now this is how the category is also growing or will help the category grow.

**Abneesh Roy:** Just one small follow up and that's the last. So in terms of INR 5- INR 10 on quick commerce, is it different versus company average? As a mix?

**Manoj Verma:** We hardly sell INR 5 and INR 10 on that stuff.

**Abneesh Roy:** Ok, sure. That's all from my side. Thank you.

**Moderator:** The next question is from the line of Nitin from Emkay Global. Please go ahead, sir.

**Nitin:** Hi, thanks for the opportunity. Hi, Manoj. Hi, Rishabh. I just wanted to gauge further on raw material side where Rishabh has highlighted that mid-November raw material prices should ease. Can you elaborate on that?

**Rishabh Jain:** Raw material pricing? What needs to be elaborated?

**Nitin:** No. So raw material prices are inflationary and you are expecting by mid-November, prices to sort of ease. So, like, can you throw some light into it? Like which all raw materials and how the easing you are expecting?

**Rishabh Jain:** We see all the pulses because the fresh crop normally comes in October and November. So there's a fresh crop. So, we normally see reduction in pricing across each raw material. Also, like for example, potato. Currently, potato price is on the rooftop. It's the end of potato season. But from November, mid to November, and you'll see again fresh potato come in and the price will be close to 50% of what we are paying as of now in the next one month. Right. So that's what we see in all the key crops.

So, we see major price ease down in a few commodities. Key commodities is what we are using as of now. But edible oil is a big factor which we are trying to pass on the same to consumers. But other than edible oil, all the other pulses, what we are seeing ease down of price.

**Nitin:** And this edible oil is how much percent of your raw material? Is it around 30% or higher?

- Rishabh Jain:** Need to check, but yes, close to 24- 25%.
- Nitin:** Second question is on employee cost remained on a higher side. So what are the drivers? Is this because of like a high contract labour or like the ESOP cost or something? Can you help us?
- Rishabh Jain:** So last year it was ESOP cost. So last year in December, we gave an ESOP to our employees. That's the ESOP cost which is one of the major part in increasing employees. But yes, we are largely in last one year, we added frontline employees, frontline sales team to drive our MDs and drive our sales. That's one addition. But overall, we also added leadership position like CHRO added in this year. So, we are investing a lot in the people and that's what will drive business in the future.
- Nitin:** So is the employee cost increase, going to be high going ahead also?
- Rishabh Jain:** We see 12%-13% growth year-on -year for next few years.
- Nitin:** And lastly, if I look at your capacity, installed capacity data, so there is some shift or there is an expansion Q-o-Q in Namkeen and contraction in Sweets. So, any specific reason for this?
- Rishabh Jain:** So, there is an increase in Namkeen versus change in Western Snacks largely. So, there is some just classification, but classification nothing else.
- Nitin:** So, line wise, like in terms of your capacity remains same, it's just the classification.
- Moderator:** The next question is from the line of Shirish Pardeshi from Centrum Broking.
- Shirish Pardeshi:** Congratulations on the Hazelnut acquisition. So, I have three questions to start with Hazelnut. In the first half, what is the number? And the question here is that, when do you start reporting and consolidating numbers for Hazelnut?
- Rishabh Jain:** So, these Hazelnut numbers will get reported in post-December '26 when we complete, we will take 50% plus stake in the company. So, these are first tranche where we have taken 40% shares in the company. By end of next year, December '25, we will take another 7%-8%, then 5%-6% in December '26. Suppose that we will be having majority and, in that time, this number will get merged into our business by December '26.
- Shirish Pardeshi:** Would you be able to share what is the first half number in FY25?
- Rishabh Jain:** In FY25 first half, it's close to INR 24-25 crore. Close to, I need to check, but yes, it is around...
- Shirish Pardeshi:** So it is running the similar run rate, because last year, I think...
- Rishabh Jain:** Diwali and gifting are big for them, like what's for us. Because they are also running like what Bikaji store is, big stores majorly focusing on Sweets, Gifting. So that Diwali is also big, like what we have.

**Manoj Verma:** And see, that is perishable stuff, so it's not on CPG kind of stuff. So you will see that Hazelnut, very big performance getting into this October month, so which would come up in quarter three, not in H1.

**Shirish Pardeshi:** Yes, I understand and that is why this question I made, Manoj. Okay, my second question on Slide 21, when you compare last year versus this year, the family pack contribution has moved from 59 to 62. So just more curious, because your promotion is on and it will also last till December. So, what kind of contribution we will expect? I mean, it will inch up, but will it be significantly rise to maybe about 75%-80%?

**Rishabh Jain:** No, so basically the ratio will be around same. I also told you, so largely in this year, Diwali is little earlier, so last year Diwali was in November 10, this year Diwali is in October 31st, right. So there is little preponderance of Sweet sale also in this quarter. So that's how sweet sale is looking at ~22% growth. But overall when you see full year number, it will be close to what we are doing in ethnic snacks.

So that's how, but overall what we see that the issue will be around same, because Impulse's also grew at the same level, this will not be at 6%-7%. So overall what we see 60-40 ratio will be maintained in third quarter also.

**Shirish Pardeshi:** No, potentially if the contribution has gone up about 400 basis point, it is a perfect case that we can expect the margin expansion. Is that the case or right assumption we should go with?

**Rishabh Jain:** So, margin expansion, so majorly our major focus is, at least for next 4-6 quarters is driving growth, that's what our major activity is. And of course, margin we want to do a profitable growth, that's what our principle. So yes, overall, but yes, margin expansion level, we want to do margin EBITDA sustain excluding of PLI what we did earlier. That's what we will try to maintain. Subject to any other calamity like edible oil, taxes came in, nothing comes in as of now.

**Shirish Pardeshi:** The last question on the edible oil sourcing, can you just explain how we source edible oil, because we see the prices is really moved out of roof and there is an escalation on duty also. So just more curious how we will manage this cost?

**Rishabh Jain:** So, we source from all the big vendors in India, nothing from, we are not sourcing directly outside from India, we are sourcing from Indian vendors, all the big vendors who were doing, who were selling edible oil. So, but yes, we are not only dependent on farmers, we are mainly using cottonseed oil, which is mainly farmed and produced nearby Rajasthan. So that's the key commodity which is equally equal size to what we are using palm oil, that's equal size.

So, but yes, overall price of both the edible oils are largely the same, they both go together, either up or either down. But yes, overall what we do is that we have kept a medium threshold in gross margin level. So once any threshold breaks, we immediately increase the prices, that is what we do. In October first week, we pass on the prices to consumers at both be it in-person or family event to maintain that threshold.

- Shirish Pardeshi:** So just one quick follow-up, do we hedge and have the fixed contract or we have a spot and that's the way the Indian operators will start working?
- Rishabh Jain:** In-person we normally hedge for longer period of time, but in edible oil we normally hedge two to four weeks of type of thing, which we don't do long-term hedge.
- Moderator:** The next question is from the line of Priyank Chheda from Vallum Capital.
- Priyank Chheda:** My question is on the distribution. If you see the direct reach addition has slowed down significantly over the last few quarters now. We are at 278,000 and we had a target of 350,000 by the year end, which means that for next half, we'll have to accelerate the distribution significantly. So first on how this has decelerated, how it will again accelerate? And if you can also divide this directly into Focus and Core, what has been the reach for September?
- Manoj Verma:** Yes, so let me clarify to start with. When we said that 3.5 lakh outlets, so that's the outlook or the target what we have for, by FY '26. This year we said we'll add 50,000 outlets and another year we'll again add 50,000 outlets. So, we are well on track or rather ahead of our expansion plan as of now. This quarter two, if you look at is more of Diwali preparations and all that stuff. So therefore, here the game is more of the same store growth or throughput.
- Now you will see that the major expansion and we internally intend to cover or come close to our expansion numbers by end of quarter three itself. So whatever spillover or the last trench is left will get completed in quarter four. So, against 3 lakhs exit plan for this year, we are already at 2.78 lakh. So well on track on that stuff. And balance 50 would come from the next year, which is FY '25-'26.
- Priyank Chheda:** Okay, perfect. I thought it 3.5 was for this year. What is the break up between Focus and Core as of September?
- Manoj Verma:** Just give me a second. I'll give you the exact number. In the meanwhile, any other question if you have, you can...
- Priyank Chheda:** Yes, just on the clarification part when Rishabh mentioned for full year, we will target around 13.5% kind of EBITDA margins when the earlier guidance was, we were looking out for some around 500 bps of expansion for the for the full year versus last year. So, is that because we expect some volatility in the commodity prices for second half is what we need to break in while we keep it for while we're looking for the full year around 13.5%?
- Rishabh Jain:** So largely, that's what our major focus will be to drive growth. Henceforth there is volume growth is important for us. But yes overall, margin is also target is to increase margin levels. That's what we try to maintain 13.5% EBITDA, that's what we'll try to maintain this year.
- Priyank Chheda:** And in the meanwhile, whenever possible, you can send across the distribution list for Focus and Core.
- Moderator:** The last question is from the line of Tushar Khurana from Desvelado Advisory.

- Tushar Khurana:** Sir in last quarter export, your export growth was around 6.7% slower than expected. Have exports picked up regarding your segments like in quarter two compared to traditional snacks and western snacks?
- Rishabh Jain:** So, exports, basically, exports like this is pre-Diwali. So, Diwali is in October. So, exports normally we mainly focus on Sweets and Namkeen, Sweets and that's what -- of course, Frozen is being there. So that's where major focus is.
- Manoj Verma:** Western is a very small component in exports business because it carries a huge logistics cost, whosoever picks it. So it's primarily if you look at it is Namkeen's and Sweets. That's the key stuff. Namkeens, Sweets and Frozen.
- Tushar Khurana:** You are planning capital expenditure. So, can you tell me like what-on-what segments you will mainly do your investment like to support expected demand growth of your segments?
- Rishabh Jain:** Nothing major capex addition is there. So, it's regular maintenance capex plus few additions' sweets category.
- Manoj Verma:** So what Rishabh was talking about, perhaps now what you're taking away from is that Sweets we will build some capacity. That's what it is but that will be a very minor investment.
- Moderator:** The next question is from the line of Vineet Bothra from IIFL Management.
- Vineet Bothra:** My question was on the QSR part like the last con-call you have mentioned that the drive will be going on for the next 18 months. So as like I mentioned that you'll be opening five to six stores. So, in which states you are planning to open the stores? Can you just specify?
- Rishabh Jain:** That's very early to answer. Maybe by next quarter end we will be able to tell you.
- Moderator:** The next question is from the line of Niril Parekh from Awriga Capital advisors.
- Niril Parekh:** My question is for the Hazelnut factory acquisition that we have done. So, with respect to that, I need some data inputs for the store to make sort six to eight stores they have.
- Manoj Verma:** Gentlemen, you're not audible. Can you be a little closer to the microphone?
- Niril Parekh:** Sir my question was with respect to the Hazelnut factory. So over there we have acquired like around six to eight stores with that. And I wanted some update over economics like how much is the capex per store revenue average -- the average order value we get?
- Rishabh Jain:** So largely, the one store cost is close to INR 2 crores. And they normally sell close to INR 6 crores to INR 7 crores of sales in a year. So that's the overall metrics of the Hazelnut factory. And overall the per person or per business, the value is close to INR 350 to INR 400.
- Moderator:** The next question is from the line of Raj Sharma, an Individual Investor.
- Raj Sharma:** My question is, what is the reason for the higher tax rate in this quarter?

**Rishabh Jain:** So basically, overall few additions, few deferred tax provision, basically. And that's overall ESOP cost was there, last year versus this year ESOP was not there. ESOP cost was there, and ESOP provision was there, tax provision. Mainly due to ESOP and Hanuman. Hanuman Agro merger was there. So that's how extra tax provision has been done.

**Moderator:** Thank you, sir. As there are no further questions, I would now like to hand the conference over to management for closing comments.

**Manoj Verma:** Yes. Ladies and gentlemen, thank you so much for taking time out. It's always wonderful connecting with you all. And now, we try our best to take as many questions and answer your questions. In any case, any of the question or any of the participant has missed out asking anything. Please do reach out to us, we'll be happy to answer. Thank you very much. And wishing you all a very, very happy Diwali ahead.

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