



RUCHI SOYA INDUSTRIES LIMITED

CIN : L15140MH1986PLC038536

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RSIL/ 2022

May 18, 2022

To,
BSE Limited
P.J. Towers
Dalal Street
Mumbai – 400 001

To,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No.C-1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Scrip Code: 500368

Scrip Code: RUCHI

Dear Sirs,

Sub: Note for investor meeting

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith a note for investor meeting for your records.

Thanking you,

Yours Faithfully,

For Ruchi Soya Industries Ltd.

Ramji Lal Gupta

Company Secretary

Encl.: As Above

RUCHI SOYA INDUSTRIES LIMITED

Promise Less Deliver More

The Board of Directors of Ruchi at its meeting held on May 18, 2022, approved signing of the Business Transfer Agreement (“BTA”) with PAL to acquire the food retail business of PAL (“Food Retail Business Undertaking”). This shall consist acquisition of PAL owned manufacturing units situated at Padartha District Haridwar in Uttarakhand and Newasa unit in Maharashtra, Transfer of employees, distribution network, customers etc.

Ruchi Soya Industries Limited submitted in Red Herring Prospectus (RHP) and statements filed with SEBI and other authorities that one of the Company’s strategy is to “**continue to leverage the Patanjali brand and enhance synergies with Patanjali Ayurved Limited (“PAL”) food portfolio**”. In furtherance of the same, Ruchi has acquired Patanjali’s Food business to increase the food portfolio and this will directionally change Ruchi’s growth trajectory. **In next 5 years, Ruchi will become World Class Indian FMCG Company** and will create immense value for Ruchi Soya’s shareholders and investors.

In the previous financial year (FY2021-22), **Ruchi forayed into the biscuits, breakfast cereals and noodles category** by acquiring the business under a slump sale on a going concern basis.

By acquisition of PAL’s food business portfolio, Ruchi’s **food portfolio is expected to contribute to ~ 18 % of total revenue in current fiscal (FY2023) compared to 6% revenue in FY2022**. This will have positive impact on the margin profile as well and will re-position Ruchi from largely commodity oriented company to leading Food company of India.

PAL’s Food business comprises of 536 SKUs across 8 product categories viz, Staples, Oil, Beverages, Spices & Condiments, Ghee, Honey, Herbal Products and Dry Fruits.

S. No.	Category	Products
1	Edible Oil	Mustard Oil, Rice Bran Oil, Other physically refined oil
2	Cow Ghee	Cow Ghee
3	Staples	Whole wheat, traditional chakki aata, Pulses, sugar and jiggery, other staples
4	Beverages	Aloevera Juice, Amla Juice, Medicated Juice, Fruit Juice and Beverages
5	Spices & Condiments	Spices, Candy, Murabba, Pickle, Jam, ketchup
6	Ghee	Cow Ghee
7	Herbal Products	Badam Pak, Musli Pak, Herbal Powervita, Chayawanprash
8	Dry Fruits	Dry Fruits, Madhuram, Kesar etc.

Patanjali has diversified food portfolio comprising of both high volume – low margin – moderate growth products such as Staples, Edible Oil etc. and high margin – high growth products such as Cow ghee, Beverages, Dry fruits etc. We are market leaders in products such as cow ghee, Chayawanprash, medicated juices.

Within the overall portfolio, **edible oil is the largest category**, accounting for ~ 35% share, followed by Cow Ghee at 31% share in total revenue. Within the edible oil, mustard oil account for 60% share. Edible oil segment will get strong growth impetus by riding on the widespread and robust edible oil distribution network of Ruchi Soya.

Patanjali Food Business is growing at 2 – 2.5 times industry growth. In FY 2022, Patanjali's food business cloaked revenue of Rs. 4,174 crore, registering 28% growth over previous fiscal i.e. FY2021 whereas the industry's growth is pegged at 11%.

Ruchi Soya's existing food portfolio mainly comprise of TSP (soya nuggets), Biscuits, Noodles and Confectionary products. The combined Food Portfolio of Ruchi and recently acquired Patanjali Food business is estimated to cross revenue of Rs. 6,600 - 6,800 crore in FY2023. At a conservative growth estimate of about 25% CAGR; it is expected that **Ruchi's combined food portfolio will cross revenue of Rs. 22,000 crore in next 5 years** at constant price (excluding oil).

Patanjali Foods has reach extensive distribution network across 26 states of India. Uttar Pradesh and Maharashtra accounting for about 1/3rd of total sale. Bihar, Haryana, Madhya Pradesh and Rajasthan are also strong markets contributing to 26% of sale. Together, these 6 states contribute to 54% of total revenue. The combined distribution network of Ruchi & Patanjali will give impetus to sales growth.

SYNERGY

The merger will translate to stronger food portfolio for Ruchi along with synergy across manufacturing, distribution, R&D and human capital. The key synergies that are expected to be arrived at with this acquisition are:

1. **Brand Equity:** Patanjali has a strong brand equity in the market and is known for offering quality products at reasonable price. Patanjali is amongst the most significant success story in Indian FMCG space that achieved a record of achieving 100% yoy growth in past and building a strong home grown brand. The brand has high trust and following amongst its customers
2. **Formidable Distribution Network:** The combined distribution strength of Ruchi and Patanjali will be formidable in Indian FMCG space.

Ruchi products of our Company are sold through a Pan-India network of over **100 sale depots, 4,700+ distributors** who in turn reach out to **over 4.5 lakh retail outlets** (General Trade channel) in the urban, semi-urban and rural areas of the country. In addition to GT, we are present in over 4,600 modern grocery stores. Ruchi is also presence on e-commerce platforms such as Flipkart, Amazon, Big Basket etc.

Patanjali super distributors and Patanjali distributors provide access to over **5.5 lakh retail points** including approx. 47,316 Pharmacies, Chemist & Medical Stores.

With increase in product portfolio, our distributors will have access to larger product basket that will translate to higher RoI for them.

3. **Research & Development Capabilities** of Patanjali group: Patanjali has strong R&D facility at Haridwar, Uttarakhand and it has state of art facilities and experienced R&D team to ensure that we continue to develop world class products at reasonable prices.
4. **Human Capital:** Ruchi has over 10,500 employees; out of which 3,396 are on-roll employees. With this acquisition, 1,850 Patanjali employees will be transferred to Ruchi across departments including sale, R&D, quality etc. On-boarding of experienced team will bring synergy across the board; however, it is expected that the combined sales team of Ruchi & Patanjali will help in quick growth in reach across states, cities and retail stores across the country. The sales team efficiency will also increase manifold considering larger product basket.