PFL/2025 **May 23, 2025**

To

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

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

BSE Scrip Code: 500368

NSE Symbol: PATANJALI

Dear Sir(s)/Ma'am,

Sub.: Transcript of Earnings Conference Call Q4 FY25 of Patanjali Foods Limited ("the Company')

This is in continuation to our earlier letter dated May 16, 2025 regarding audio recording of Q4FY25 earnings conference call held on May 16, 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: 2025.05.23 16:40:07 +05'30'

Ramji Lal Gupta
Company Secretary

Encl.: As above

"Patanjali Foods Limited Q4 and FY '25 Earnings Conference Call"

May 16, 2025

E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 16, 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

Moderator: Ladies and gentlemen, good day and welcome to Patanjali Foods Limited Q4 and FY '25 Earnings Conference 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 this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone.

This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Please note that this conference is being recorded.

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

Sanjeev Asthana: Thank you very much. And good morning to all. Thank you for joining us today for Patanjali Foods Limited's call to discuss the results of Q4 '25.

I am joined by the Company's CFO – Mr. Kumar Rajesh ji; along with Mr. Priyendu Jha from the Investor Relations Team; and our IR strategic partners, Strategic Growth Advisors. We have uploaded the results collateral on the stock exchanges, as well as the company's website for your reference.

Let me begin by giving a quick snapshot of our performance. During the course of this call, we will be referring to standalone financials.

For the March quarter, we reported the highest-ever quarterly revenue from operations, the gross profits and the gross margins. Our revenue from operations stood at Rs. 9,692.21 crores, with 17.8% growth on year-on-year basis. The gross profits were Rs. 1,656.39 crores, with a margin of 17.09%. The total EBITDA came in at Rs. 568.88 crores, reflecting a margin of 5.87%. And while PAT was Rs. 358.54 crores, with a margin of 3.68%. For financial year '25, the revenue from operations and all profitability metrics exceeded the performance of all previous years.

During the quarter, the FMCG sector witnessed the following broad trends and operating conditions. The Q4 'FY25 experienced an overall moderate operating environment. The FMCG sector reported 11% year-on-year value growth in this quarter, with volume contributing 5.1% and the prices contributing 5.6% of the growth. The volume growth was led by HPC categories, which grew at 5.7%, due to a strong rural demand. The Food volumes reduced Q-on-Q basis from 6% to 4.9% in Q4 '25, owing to decreased volumes in staples categories.

While broader government initiatives stimulated rural consumption, some policies like distribution of free food grains under various welfare schemes dampened the demand for certain staples, such as wheat flour. The urban markets witnessed relatively muted growth, weighed down by persistent food inflation, high interest rates and stagnating real wage growth. These factors collectively suppressed discretionary spending, particularly in non-essential and premium FMCG categories, leading to cautious consumer behavior in urban areas. On the cost front, the key commodity prices, particularly palm oil, wheat, sugar and rice remained at elevated levels during the quarter, exerting significant cost pressures.

Now coming to Patanjali Foods Limited:

FY 2025 marked a pivotal chapter in our journey. Aligned with our strategic objective to diversify our product portfolio and drive sustainable profitability, Q4 'FY25 marked the first full quarter of integration of HPC business, which contributed 7.47% to the total top-line and 20.03% to the Total EBITDA. Just like the success that we built on after acquiring the Foods and FMCG businesses, this acquisition too is poised to drive innovation, enhance our product offering and strengthen our position in the market. We aspire for our Foods and other FMCG and HPC verticals to account for approximately half of our total turnover in coming years.

During the quarter, we significantly strengthened our distribution capabilities and market presence in both urban and rural markets. We added 30,000 new retail outlets in Q4, expanding now to the total reach, with the addition of HPC business, to nearly 20 lakh retail outlets. The rural outreach was further enhanced through the expansion of the rural distribution network. We also aim to cover several villages under the Patanjali Direct initiative in FY '25-'26.

In Q4 FY25, we spent 3.36% of the revenue from operations towards advertisement and promotion related expenses. It included our campaigns like Nutrela's collaboration with Zee Bangla's Dance Bangla Dance, Nutrela's visibility during Maha Kumbh. Among multiple initiatives for boosting Nutrela, it was prominently promoted at Maha Kumbh. In FY '25, we ramped up our ad spend to Rs. 233 crores (Note: The exact total is Rs. 233.36 crores) from Rs. 71 crores (Note: The exact total is Rs. 71.45 crores) in FY '24, which included onboarding various brand ambassadors, like MS Dhoni, Shahid Kapoor, Shilpa Shetty, Tiger Shroff and Tamannaah Bhatia. For the quarter, increase in expenses, like employee cost and other expenses, were partly due to integration of the HPC business and ESOP-related businesses. (Note: This is to be read as ESOP related expenses)

As part of our CSR efforts, we partnered with Robin Hood Army to mark National Protein Day with special campaign in Kolkata and Delhi. The initiative garnered very strong engagement, both on the social media and the regular media channels.

Coming to our segmental performance during the quarter:

In the Food & FMCG segment, the revenue for the Food and other FMCG segment was Rs. 2,257.22 crores versus Rs. 2,704.65 crores in Q4 of '24. Similarly, to the previous few quarters, an elevated cost base has led to the contraction in margins. Biscuits recorded a revenue of Rs. 426.25 crores in Q4 'FY25 and Rs. 1,677.38 crores in FY '25.

Doodh biscuit and Nariyal biscuit continued to be amongst the best-performing biscuit brands for us, with annual sales of Doodh biscuit crossing Rs. 1,000 crores for the second consecutive year. An increase in the cost of raw materials, such as palm oil, sugar and milk does affect the margins.

The shift in consumer preference also saw a major correction in ghee category, due to rising prices. Despite this, we invested in the long-term brand-building for ghee by activating 30,000 outlets during the quarter.

The early onset of summers led to a significant dip in sales of honey. The staples which include rice, atta, pulses, wheat products and couple of other spices, recorded a revenue of Rs. 1,034.65 crores.

Nutraceuticals recorded a revenue of Rs. 19.42 crores in Q4 '25, with an expanded overall portfolio in FY '25. We launched new products like moringa, adult gummies and plant protein, as well as new fitness SKUs, including creatine, pre-workout products. We expect the momentum in this segment to pick-up in few quarters supported by continued investment in products and brand development. Textured soy proteins recorded sales of Rs. 102.83 crores during Q4 'FY25.

My Nutrela was honored with the Trendsetter Campaign of the Year 2025 Award for its impactful digital campaign, “India Ko Strong Banate Hain, Nutrela Khate Hain”. The sales landscape for both mass and premium product categories was driven by modern trade, quick commerce, e-commerce. FY '25 saw 7% year-on-year growth in the modern retail sales and 28% rise in e-commerce.

As an update on the HPC business, the quarterly revenue for the HPC business segment amounted to Rs. 728.48 crores and the EBITDA margin was 15.74%. Of the HPC segment, the dental care revenue was recorded at Rs. 398.14 crores, followed by skin care at Rs. 178.49 crores, home care at Rs. 88 crores, and the balance for hair care and other products.

Our Oral Care category remains the largest contributor within the HPC segment and has delivered good volume numbers, mainly driven by enhanced distribution across both urban and rural has delivered good volume, mainly driven by enhanced distribution across both urban and rural markets.

Our flagship brand Dant Kanti continues to enjoy strong consumer trust. In Q4 FY25, we introduced a new variant, Dant Kanti Fresh, which received very encouraging feedback. The toothbrush segment itself has maintained a steady growth trajectory supported by new product launches, with a clear ambition to double the business over next three years. To strengthen our position in the HPC segment, we are focusing on premiumizing the category, while driving volume growth through increased penetration, supported by competitively priced high-quality branded products.

Coming to the Edible Oil segment and oil palm plantation business:

Our Edible Oil business posted revenues of Rs. 6,764.08 crores, with an EBITDA margin of 4.66%. Within this, the palm plantation segment generated revenue of Rs. 229.32 crores, with EBITDA margin of 5.27%.

The branded Edible Oil contributed to more than 75% of the total Edible Oil sales. While palm oil prices remained elevated throughout the quarter, the pricing environment for other key Edible Oils, namely soybeans, sunflower and mustard was relatively favorable. The divergence in pricing trends helped balance overall input cost for blended oil products and provided some cushion to margins.

During Q4 FY25, we saw upward and downward movements in cash markets for Edible Oils, which created favorable opportunities for both purchase and sales. There was no divergence between palm oil physical prices and the CPO futures. In soy oil, we observed an 8% divergence, mainly due to rise in futures prices, while the basis prices declined.

Price volatility is an inherent part of the industry. Our deep market experience enables us to navigate it effectively. We employ a prudent risk management approach. We consciously reduced our hedge ratio to under 2% during the quarter, given the market volatility. We also optimized our physical purchases to manage procurement costs more effectively. Our hedge strategy allowed us to navigate price fluctuations smoothly and protect our margins.

As of March '25, our total cultivated land stood at Rs. 89,546 hectares, with 44.81% of our plantation falling within the prime age bracket of 7 years to 25 years, known for their high-yield potential. As part of our ongoing commitment to advancing India's Edible Oil self-reliance, farmer prosperity, we recently signed a MOU with the Government of Manipur under National Mission on Edible Oils - Oil Palm. We are set to cultivate 2,700 hectares of oil palm plantations. The cultivation has begun from April '25.

We also set up new nurseries, two in Assam, three in Arunachal Pradesh and one in Andhra Pradesh. Additionally, we continue to hold farmer awareness seminars for the best practices on oil palm cultivation and pest management, helping improve the overall farming process. The company is aggressively expanding its palm plantation portfolio and is working towards expanding its palm mill expertise. We reiterate our plan to take area under plantation to 0.5 million hectares over next five years, which will cover about 60% of our requirement.

Now, I would like to summarize overall financial performance in FY '25:

The total income stood at Rs. 34,289.40 crores; the total EBITDA of Rs. 2,079.06 crores, with year-on-year growth of 36.89%; PAT grew by 70.08% to reach Rs. 1,301.34 crores.

We are optimistic about the demand revival in the Food,FMCG and HPC categories in both rural and the urban India. The falling cost basket of Food inflation, along with lower taxes and other supportive government policies is likely to aid a recovery in mass market urban demand. This impact should be visible from the second half of the fiscal year. Also, the stable prices of palm oil will prove to be a boon for us; both summer and the wedding season are expected to boost the demand, and it is likely to gain market share from soybean and sunflower oils.

Going forward, we will continue to invest in expanding our distribution network and brand building to solidify our market position across few of our four categories, such as Edible Oils, Oral Care, Food and FMCG categories.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vishal Gutka from ASK Investment Managers. Please go ahead.

Vishal Gutka: Yes. Hi, team. Congrats on a good set of numbers. Sir, two questions from side. I just wanted to understand your views on HPC, home and personal care business, approximately Rs. 730 crores revenue. So, what are your ambitions from a two-year or three years' perspective? Can we expect Rs. 1,000 crores quarterly run rate from this kind of business, when I look from a lens of two to three year kind of time frame?

And the second question is on the Food and FMCG business where the revenues have declined in FY '25, what is the strategy as a whole? What are you trying to do to revive the growth momentum in coming years?

Sanjeev Asthana: So, on the HPC business we have already committed ourselves. And we have repeatedly stated at the time of acquisition also and subsequently as well that we will maintain minimum growth rate target of 15% year-on-year growth. Now certain categories within that we find quite attractive, and there is a lot of focus that we have towards premium sort of launch of the skin care products. We are beefing up our portfolio on the home care side. So, our conviction on the 15% year-on-year growth is fairly strong. And the margin expansion that we had sort of planned, it will take maybe four quarters to five quarters before we achieve that 200 basis point margin expansion as well, on account of the efficiencies and the distribution network expansion.

So we are reasonably confident of achieving this and the target is that we should be double of where we currently are, at this rate in about four and a-half years' time. And this will continue to grow because we find both the market is expanding, the space for premium product launches is looking very good. And likewise, the consumer traction with our offering on the newer launches that we have done in the last 18 months, part of that was in the erstwhile parent company, is we will accelerate the process, we will have new products, new branding, we will continue to sort of invest with the new brand ambassadors. And so there is a strong conviction that we should be able to achieve these growth numbers.

Coming to the decline in the Foods business:

There are twin factors which have impacted this – One is that we saw very distinct slowdown in the urban sort of demand, especially for certain premium products in, for example, the cow ghee category. Similarly, some bit of seasonal impact that we saw in the chyawanprash business. Likewise, in certain other ethnic Food categories like the medicated juices, etc., with the decline overall of the health risk perception that the consumers have had. So now the work is clearly afoot.

We expect three things to drive this growth now. One is the urban demand we are expecting with the announcement on the income tax relief and others that came in in the last budget, that should start spurring the consumer demand. We believe that the distribution expansion that we have embarked on, we have moved almost, in last six months from 1.5 million to 2 million retail outlets, with the addition of the HPC business. So a lot of strategies are being worked on. So a reasonable confidence is there that the ethnic Foods category, which saw a distinct decline, we should not only be able to arrest it, but we will continue to grow between 8% to 10% growth that we have set for ourselves. We should be able to recover the market share and we should continue to get back on that growth trajectory.

Vishal Gutka: Great. Thank you.

Moderator: Thank you. The next question is from the line of Saloni Patil from SD Capital. Please go ahead.

Saloni Patil: Hello, sir. Sir, I wanted to know about ESOP cost and CAPEX cost for this year and for next couple of years.

Sanjeev Asthana: So, I will address the CAPEX cost part of it and would request Kumar Rajesh ji to explain the ESOP cost, so I will be quick. So as we have mentioned several times before, large part of our CAPEX, the regular CAPEX spend that we have is close to about Rs. 125 crores to Rs. 150 crores per year is our targeted CAPEX, which is required for the routine sort of maintenance cost and addition of few machines here or there. In year three and four we are expecting almost over two years' window, we will invest close to about Rs. 1,000 crores of spend we are anticipating in year four and five from today. And before that, in case any opportunity comes up, we might look at. But right now there are no major CAPEX plans that we have on cards to be spent over next four years, we do not need to spend on CAPEX. On the ESOP treatment of the expenses, I would request our CFO, Kumar Rajesh ji, to answer that.

Kumar Rajesh: Sure, sir. So, thank you very much. This year we have debited near about Rs. 122 crores, Rs. 10 crores per month as ESOP cost for the fair valuation adjustment of ESOPs into the cost. So, this is the basic numbers.

Moderator: Thank you. The next question is from the line of Akshay Raut from BSM Securities. Please go ahead.

Akshay Raut: Hello, good morning, sir. So, how sustainable are the margins in our Edible Oil segments?

Sanjeev Asthana: So, Edible Oil segment, Akshay, that we have said that we target, for example, in the Edible Oil segment this year we have done overall 4.64%. And we have stated that the range of margins is 2% to 4%. And this is almost the fifth quarter in the run that we have been sustaining the margin. So, the effort that we are doing towards the branded oil segment, the work that is happening on managing our supply chain more effectively, the distribution network expansion that we have done, the spend on the ad and marketing that has happened over the years. So, we are reasonably confident of maintaining our margin and hopefully on the higher end of the chain. And this should not alter at all.

For example, you would notice, barring exceptional, in the year and a half before that four running quarters when the markets were in great turmoil, Edible Oil markets have stabilized. We do not anticipate any significant movement either way. So the consistency of the profit that we speak about, the quality of margins that we speak about and the predictability of margins, I think we should be able to meet all the objectives that we have set for ourselves.

Akshay Raut: Okay. That's it from my side. Thank you, sir. And all the best.

Sanjeev Asthana: Thank you.

Moderator: Thank you. The next question comes from the line of Yogi Modi from VT Capital. Please go ahead.

Yogi Modi: Yes. Good morning, sir. Thank you for this opportunity. Sir, I just had one question. Sir, the demand scenario still remains lukewarm despite of falling inflation, how are we looking at the demand from both rural and urban areas as we speak, and also for the couple of next quarters?

Sanjeev Asthana: So, you are right, the overall environment was fairly muted. Earlier, it was led definitely by higher prices and stress, the cautious consumer spend that we clearly witnessed in the urban areas. So, there are two expectations which are driving our conviction that we should see certainly a pick-up in the demand sort of momentum. One is, clearly we see on the side of the income tax relief that has been given to the middle classes this year, that should be spurring a growth in the urban consumption. Second is the softening of the inflation, Food inflation especially, last quarter to 3.6%, should be helpful. Staples continue to be a challenge, the consumer staples overall. As we see that on the side, whether it's a price on the wheat flour, whether we see price partially still on the Edible Oils, if you see the prices in case of certain pulses, etc., so there would be some stress on the staples side. But overall, the consumer demand side looks healthy. And it will aid in the recovery of the growth target that we had planned for ourselves overall. And I believe that the overall sentiment looks certainly more positive than perhaps what it was in the last quarter.

Yogi Modi: Perfect, sir. Sir, that answers my question. Thank you, sir.

Sanjeev Asthana: Thank you.

Moderator: Thank you. The next question comes from the line of Kunal Shah from Jefferies India. Please go ahead.

Kunal Shah: Hello, good morning. Sir, my first question is on the oil business. So, can you share the volume numbers for the quarter and how much would that be?

Sanjeev Asthana: So, basically, on the volume front, last year we had done a number of 24.99 lakh tons, this year the volumes have declined by 5%. This was primarily due to the larger part of the overall decline in palm oil, because for large part of the year the palm oil prices started to trade at a much larger premium to the soy and sunflower oil prices. And palm is the largest segment that we have because of which we saw this decline. So, for example, in last quarter versus this quarter, if I were to look at, in the palm oil segment we had 2.6 lakh tons, this quarter we had 2.25 lakh tons is what we did.

Similarly, on the soybean oil, we had a much larger pick-up, we had 1.26 lakhs in the Q3 of previous year, in the Q4 we had 1.5 lakh tons, so there was a growth pick-up. In the sunflower category we moved it up by marginal about 3,000 tons. So, broadly, the decline has been palm oil, which is also an industry trend as well, that overall if we see, that on an overall basis that the decline largely has been marginal between Q3 and Q4. But overall, on a yearly basis, the decline also has been slightly about 100,000 tons drop that we saw. But that will pick up because the palm oil prices have sort of tapered off, they have reached a level of equilibrium, which is trading at a slight discount to the overall oil prices, and we should be in a reasonably good position now.

Kunal Shah: Understood, understood. That's very clear. Second bit is on the plantations business.

Sanjeev Asthana: And Kunal, I just wanted to say one more thing, and palm oil also is the least generator of the profitability for us. So to that extent, what we are much more focused always is on the premium oils like soy and sun, and palm is a big driver volume growth for us. But in terms of profitability or marginal dip, so that is why I repeatedly have said, that it is not the absolute margin pressure, but the quality of margin. So we are much more focused on soy and sun and mustard because they are the premium oil categories. So, palm marginal decline in a quarter or two quarters really does not impact our overall profitability profile.

Kunal Shah: Understood, understood. That's very clear. Second bit is on the plantations business, so if you look at the acreage, that's gone up by around 15,000 hectares this year. I mean, when you put out this target of 500,000 hectares in the next five years, would that be front-ended in the next few years or would that be, let's say, a bit back-ended? So just basically help us model out our numbers.

Sanjeev Asthana: Yes. Sure, sure. So, there is a lag, as we explained, that palm plantation has a typically 15 to 18 months cycle on the seedlings sort of matured enough for small plants to be planted. So there is always a lag, but the momentum is going to pick-up. So, for example, this year the target is that we should do 40,000 hectares, next year the pick-up will be 125,000 hectares, and thereafter it will continue on that same momentum trajectory. So now the pick-up at a scale and level is going to be significantly higher. And in line with that, we are consistently ensuring three steps; A, that the number of nurseries has gone up substantially in this period; the seedlings that we have, the imports that we have done, they are in a growth mode, and they are already to be planted now.

The pick-up earlier what we used to have 5,000 hectares and 6,000 hectares a year, I am talking of three years back, has now gone to almost last 15,000 hectares, this year 40,000 hectares, next year 125,000 hectares. So, we are reasonably confident of achieving our target in five years of 0.5 million hectares. And progressively, that also as they come into the maturity phase of the fruiting, we also expect the margin profile to start picking up for the overall business itself.

Kunal Shah: Understood, understood. That's very clear. On that note, is it possible to share the margin profile for plantations this year?

Sanjeev Asthana: Yes, of course.

Kunal Shah: For the full year?

Sanjeev Asthana: Yes, of course. So, this year for example, in Q4 the EBITDA was Rs. 12 crores, but overall for this year, in FY '25, our revenue from palm plantation business was Rs. 1,263 crores, the EBITDA was Rs. 203 crores, which is 16%, and this is in comparison to Rs. 951 crores FY '24 and Rs. 156 crores EBITDA. As we maintain that it is always generally a pretty consistent annuity business for us, and in general we are able to maintain the margin construct. So we are pretty confident of this being in the ballpark range of 16% to 18% on a consistent basis.

Kunal Shah: Understood, understood. That's clear. My second question was on the HPC business, so good numbers there both on top-line and margins. We hear from a lot of peers that there is a lot of competition in Oral Care, at least in the last few months, which is also your largest category. Can you share of, I mean, what's helped your numbers and what are the trends that you see in this category in the market and from your perspective?

Sanjeev Asthana: So, overall, two trends are driving this. It is a hypercompetitive category, there is no question about it. So one is the core sort of consumer base that we have in Dant Kanti; that not only remains intact, that continues to establish itself in a growth mode. We typically have seen 6% to 7% growth in that space that we have achieved in this year, in the Q4 of '25. Now the target going forward is what we believe is that the new range Dant Kanti Fresh, the extra push that we are making in that Oral Care category, the new variants that we are launching, market is also getting very deeply segmented now.

And the different categorization as we are doing in the urban areas, we are looking at different sort of age groups, deeper segmentation, and that is what is going to be the strategy of the company. So, the target is that if we can continue to grow higher than the market, at somewhere around 10% is the ballpark number for dental care, continue to drive innovation with the new product launches, there is a confidence that we should be able to achieve 10% growth rate in the dental care category. And broadly, that is the plan.

Similarly, the opportunity is much larger that we see in the skin care and home care, and there are multiple different products that we are continuing to sort of bring to the market. There is a lot of strategy towards pushing it through the e-commerce and quick commerce route now. The modern trade as a distribution channel is emerging. So, we are reasonably confident of 15% growth rate what we have set for ourselves this year, we should be able to achieve it comfortably, but with lot of effort which has to go into in terms of distribution expansion and the product innovation.

Kunal Shah: Understood, understood. And on the margin side, this guidance which you have given for next few quarters, I mean, let's say, four, five quarters of 200 bps gain from synergies and distribution improving, so this basically means that the 17% margin that this business was as acquisition, minus 3% royalty, which takes you to 14%, so you are looking back to, let's say, 16%, 17% margin in the medium-term, that would be a fair way to look at it?

Sanjeev Asthana: Yes. So, as we said that this additional 200 bps margin to kick in would take certainly good four to five quarters before that synergy starts to sort of kick in. And so somewhere around the Q1 or Q2 of FY '26 is what we are estimating that we should start to see some results. So the idea is that somewhere around next fiscal that we should see in the 1st Quarter or 2nd Quarter, I think we should start to see the impact of 200 basis points expansion in the margin. So, we should head back towards somewhere around 16% to 17% margin construct in the business, and that looks reasonably achievable.

Kunal Shah: Understood. Finally, I have a couple of bookkeeping questions, so this ESOP cost --

Moderator: Sorry to interrupt sir, but I may request you to rejoin the question queue for follow-up questions.

Kunal Shah: Sure, sure. I will do that. Thank you.

Moderator: The next question comes from the line of Disha Giria from Ashika Institutional Equities. Please go ahead.

Disha Giria: Hi, sir. Good morning. I just have one bookkeeping question. There seems to be some restatements within your revenue figures and your other income. So, if you could just let us know what's the reason behind it?

Sanjeev Asthana: Yes. Mr. Kumar Rajesh will answer that question.

Kumar Rajesh: Yes, thank you. So, basically, we were incorporating the seedling income from palm plantation and some export subsidy into the other income earlier. So, this year we have changed the methodology, and this year we have transferred this revenue from other income to the oil segment, income from operations. So, this year the amount is Rs. 47.50 crores, which have been transferred from other income to income from operations, and last year it was near about Rs. 20 crores.

Disha Giria: All right. Okay. Yes, that's it from my side.

Moderator: Thank you. The next question comes from the line of Abhishek Mathur from Systematix Shares & Stocks. Please go ahead.

Abhishek Mathur: **(Inaudible)**

Moderator: Mr. Mathur, your voice is breaking, sir.

Abhishek Mathur: Is it better now?

Moderator: No, sir, it's still breaking. May I request you to rejoin the conference?

Abhishek Mathur: I will do that. Thank you.

Moderator: Yes. The next question comes from the line of Ajay Thakur from Anand Rathi Securities. Please go ahead.

Ajay Thakur: Hi, sir. Thanks for taking my question. So, I wanted to get some understanding on the Edible Oil margins actually. So, you had kind of highlighted that bulk of the margins actually, or quite a bit of a part of the margins actually is coming from the sunflower or the non-palm oil kind of oil businesses. So, I wanted to get a sense of what would be the average contribution, generally, if you were to look at the EBITDA margin constitute, what would be the average constitution of palm oil, or what would be the contribution of Edible Oil to that segment overall?

Sanjeev Asthana: So, I will just clarify. On the front of palm oil what I said was that there was a volume decline of 100,000 tons, that does not mean that the palm oil does not make margin. It's amongst the lower-margin products for us. So, the drop in about of 100,000 tons of the volume on the palm oil does not impact our margin to a large extent. But having said that, oil palm is nearly 70% of the business that we do. It's highly profitable for us. We have the largest brand, Ruchi Gold, in the country. It is one of the most recognized brands, which consistently earns a premium of more than Rs. 1,200 a ton. We make a very solid margin on our oil palm plantation business. And we do a very good job on the supply chain side.

So, really, so my comment was in that light. But what we do a lot more margin is, in our branded business, for example, on the soy and sunflower side, our margin profile typically is about Rs. 2,500 to Rs. 3,500 a ton, which gives us a lot more leg-up to that extent. So, if there's a significant drop in that, that also hurts us. But in absolute terms, palm continues to be one of our mainstays of the margin profile that we do in the business.

Ajay Thakur: Understand. Sir, what I was trying to understand is that if palm oil is kind of constituting 70% of the Edible Oil business, will the contribution in terms of EBITDA would also be the similar quantum on an average basis, like 70-odd-percent or would it be more like around 50-odd-percent to the Edible Oil ?

Sanjeev Asthana: No, so that typically is no reflection at all. So, what happens is, since the movement between the interplay of each of these oils is reasonably dynamic, so it typically would not be reflective of 70%, percentages would not be matching at all, it would typically be at a variation. But I would say that 50% of the income that we derive would definitely, in all years, would be from palm oil category for us. The percentage may vary a bit here or there. But overall, about 50% income we would always derive from palm oil, and the balance part of the income accrues from the other oils. And so, we do not many a times talk about the mustard oil and sesame oil and other businesses, but there's a fairly robust portfolio that we have. So, it's almost 50-50 between the two. But volume-wise, palm oil would be about 70% of what we do.

Ajay Thakur: Understand. Sir, I also wanted to understand, generally during a deflationary palm oil trend, would we be kind of having a better margin scenario in the palm oil business, or generally during the inflationary scenario is the margins better for the palm oil business, for us?

Sanjeev Asthana: No, so palm oil margin gets driven for us by two factors, one is of course the supply chain capability that we built in. Second, which is very crucial is, that consistent brand equity that Ruchi Gold has built over the years, and I was mentioning that typically between about 1.5% margin that we generate consistently on account of a brand in the marketplace, and that is a very strong point that the company has. And if we add the supply chain efficiency, the purchase efficiency that we bring in and add close to 1.5% or 2% to that, then the palm oil is a very big, solid part of our portfolio, which is driving this growth.

So, it's a combination of the brand marketing as well as the supply chain efficiency, which is driving this growth. So, if there is a natural inflation in the palm oil prices at the purchase level, in the international prices, it tends to benefit us. If there is a dramatic drop, it would not benefit us, but most of it gets neutralized on account of the premium that we draw from the marketplace on account of the brand premium that we get.

Ajay Thakur: Understood. Sir, also I wanted to understand a bit more on our Oral Care market share, how has the trend been shaping in terms of the Oral Care share for the last quarter and for the year FY '25? Some light on that front could help.

Sanjeev Asthana: Sure. So Oral Care, this was the first full quarter, of course, that we saw. But knowing the background of the Oral Care, I was just answering actually earlier also the same part, the overall category that we have seen is that typical growth is about 5% to 6% year-on-year. We are pretty confident of achieving 10% growth in the Oral Care, largely driven on two levels. One is by the product innovation and much deeper segmentation that we have to drive in the Oral Care category. So, there is a reasonable confidence that we should be able to achieve it.So there is a core that we have on the Oral Care that has been built over the brand equity that Dant Kanti enjoys.

I think now riding on top of that in terms of bringing in new customers who can start to relate to Dant Kanti, the new variants, getting that completely entire segment of population which would like to try different variation of Dant Kanti, I think that is where the big effort the company is making. And we got in the brand ambassadors in the form of both Tamannaah Bhatia and Tiger Shroff, we continue to sort of expand that distribution in different geographies. So, part of the growth will be a secular growth that we have seen in the Dant Kanti category itself, as in Dant Kanti Natural. And the balance part of the growth will come through largely by the new launches and segmentation that you are trying to drive to really position the products to particular segment which should drive the growth for us.

Ajay Thakur: Thanks. That's about it. Thanks for answering the question.

Moderator: Thank you. The next question comes from the line of Naitik from NV Alpha Fund. Please go ahead.

Naitik Mutha: Hi, sir. Thanks for taking my question. Sir, can you please give me the breakup of sales for your Food, FMCG and for HPC for 2025, the breakup of sales in staples, ethnics, honey, ghee and then in HPC?

Sanjeev Asthana: Yes, I can. So in terms of the breakup is that the consumer staples in the Food for this year, we have done Rs. 3,756 crores and in the ethnic Foods we did Rs. 2,451 crores.

Naitik Mutha: Right. And specifically for honey and ghee?

Sanjeev Asthana: Ghee, I do not have that specific number right now. We did about Rs. 1,100 crores of revenue for the full year on the ghee side. And honey number I can share that with you.

Naitik Mutha: Sure. And same for HPC, sir, the home and personal care category?

Sanjeev Asthana: So, home and personal care revenues that we have right now, I can share that. Because I can just share with you only for one quarter, so revenue for the 5 months I am sharing now. For dental care we did about Rs. 625 crores, skin care we did about Rs. 280 crores, for home care we did about Rs. 145 crores, for hair care we did about Rs. 95 crores; and the others form about Rs. 10 crores. So, total about Rs. 1,150 crores in five months. (Note: The exact total is Rs. 1,148.85 crores in five months)

Naitik Mutha: Right. Rs. 1,150 crores for five months. So sir, my question is, last year when we spoke about acquiring this business, the top-line was close to Rs. 2,700 crores, Rs. 2,800 crores, right? So, compared to last year is this top-line lower now?

Sanjeev Asthana: Yes. So I mentioned that that this integration process is time consuming. I think from this quarter onwards you will see more consistency in the revenues. We had stated that right in the beginning also, that the first couple of months are going to be time of integration. So, for example, getting the full teams aligned, the distribution networks are done, getting all the distribution structure in place, integrating them to go through on the SAP systems, etc., has taken its time. But this quarter onwards we expect this operation to completely stabilize. Integration is now done, and we should get on to the growth path of 15% from the time of when we acquired the business we should achieve that 15% growth. Sequentially it will start building up, but for the year our conviction is that we should get the 15% growth rate that we had stated.

Naitik Mutha: Right, sir. Just one clarification, the 15% you are talking about would be on a base of Rs. 2,500 crores or on Rs. 2,800 crores?

Sanjeev Asthana: Rs. 2,800 crores; Rs. 2,794 crores, if I remember my number right.

Naitik Mutha: Yes, approx.

Sanjeev Asthana: Yes.

Naitik Mutha: Sure, got it, sir. That's it from my side. Thank you.

Sanjeev Asthana: Thank you.

Kumar Rajesh: Somebody wanted to know the figure of ghee sale, I think?

Naitik Mutha: Ghee, I think, they mentioned Rs. 1,100 crores.

Sanjeev Asthana: So we got the number, Rs. 1,286 crores was the ghee sale. And honey we have the number now, it is Rs. 324 crores for the full year, yes.

Naitik Mutha: Got it. Thank you.

Moderator: Thank you. The next question comes from the line of Vishal Gutka from ASK Investment Managers. Please go ahead.

Vishal Gutka: I just wanted to understand your thoughts on palm oil business. So, you told that it is lower-margin versus the other two businesses, just wanted to understand your thoughts, why it is so, why it is like that? And second question is on the palm oil plantation business, you told you did around Rs. 12 crores EBITDA for the quarter, and for the full year the number was around Rs. 203 crores. So there seems to be a big variance in terms of quarterly and annual performance, can you please explain the same?

Sanjeev Asthana: No, no, it's just a regular seasonality part of it. So typically what happens is there's seasonal impact, now that it's a peak season which is going on, so this quarter the numbers will entirely change in the Q1 of this year. So, just a seasonal variation it is there, so that is why this number was there.

Vishal Gutka: Got it. First half is heavy, is that the thing?

Sanjeev Asthana: Yes. So, how it works is that when there is a peak harvest going on, at that moment what happens is that you are doing a lot more processing, there is a lot more operation going on, lot more business goes on. And then it tapers off in the subsequent months, in the Q3 and Q4 typically, that is why you will see some bit of tapering off. And then some cost allocations and otherwise which is there, so that is why typically this variation you will see. But that evens out, that part of the annual number will pretty much stay stable at 16% to 18% EBITDA, that will always be there.

Vishal Gutka: Got it. And in terms of the palm oil business, why it has lower margins versus other two oils, can you explain?

Sanjeev Asthana: Yes. So, typically what happens is that palm oil is seen more as a commodity sort of a play, and the business is done largely to the institutional players. But there is a big segment in the palm oil which also is in the branded form, especially in South India, where there is a recognition of the brands, the consumers' asking particular brand of palm oil because that is used in the household cooking in large way in south. So that is why the palm oil typically tends to be, the margins tend to drag a little in the consumer, especially if you look at the front-end retail sales level, where we tend to see the lower margins in the palm oil compared to soy and sun, where the consumers' brand recall, the outlets from where it gets sold, the consumption pattern that is demonstrated, the SEC A and B class customers are much more aligned towards soy, sun, mustard, cold-pressed oils, like sesame, etc., compared to palm. So that's why typically at the front-end you will see that the palm oil margins typically would tend to be lower at the sales level. But on the supply chain side, if the efficiencies, etc., are typically good, so the run rate that we have typically seen is that out of 70% volume, 50% margins, some years it could vary as well. But typically 50% margins would accrue out of palm oil, which is a combination of the premium that we get on Ruchi Gold as well as the value that we derive on our supply chain efficiencies.

Vishal Gutka: Got it, sir. Thank you, sir. Just one short question on this EBITDA per ton from palm oil is what, Rs. 1,000 to Rs. 1,500 kind of number? For soy, it was in the range of Rs. 2,500-Rs. 3,000 number, so for palm oil, please.

Sanjeev Asthana: Yes, so I will explain that. So, what we do is a typical estimation that the brand premium that we derive is that number when I spoke about is typically about Rs. 1,000 to Rs. 1,500 a ton we derive on the palm oil, about Rs. 2,500 to Rs. 3,000 we get on soy oil, and about Rs. 3,500 to Rs. 4,000 is typically what we target is for the sun oil. And for mustard and cold-pressed oils, etc., it's significantly higher. So, typically that's for the front-end margins.

Now, at the back-end when we are talking of the building up supply chains, the origination margins, etc., they may vary because of the movement in the prices, etc. So the idea is that we evaluate ourselves on twin parameters, one is the efficiency of supply chain that we should be consistently better on bad day's market prices on the bulk side, because of the efficiencies that we derive on account of risk management, supply chain and the origination. And on the market end, on the distribution side we should be able to consistently earn a brand premium and margin. So the two are totally distinct sort of strategies that we follow, and that is why I mentioned about the higher margins in other oils. And the palm typically is a consistent margin creator, and it is a very critical, core product for the company.

Vishal Gutka: Got it. Great, sir. Wishing you all the best for the year ahead. Thank you.

Sanjeev Asthana: Thank you.

Moderator: Thank you. The next question is from the line of Shirish from Motilal Oswal. Please go ahead.

Shirish Pardeshi: Hi, Asthana ji and Kumar, good morning. Thanks for the opportunity. Sir, can you provide this 25 lakh tons, what we have sold in Edible Oil, what is the broad volume breakup of each segment?

Sanjeev Asthana: Yes, I can. The overall quantity that we have done is 23.64 lakh metric tons, 2.36 million tons. Out of this, 10.5 lakh tons is palm oil, 5.4 lakh tons is soybean oil, 60,000 tons is mustard oil, 1.4 lakh tons is sunflower oil, and the balance would be the other oils.

Shirish Pardeshi: Okay. And on the front-end, broad breakup of brand side, Mahakosh and other segment, if you have already?

Sanjeev Asthana: So, as I told you, 75% of the volume, that I have told you, it gets sold pretty much across the categories. So sunflower, for example, 100% would be branded because there is no bulk sale. Soybean, typically our sales would be almost about 80% to 85% entirely in the branded category. Palm oil, as I mentioned, will be close to about 70% typically would be in the branded form and the balance would be in the form of the bulk, institutional sales and otherwise that we do. And rest of the oils, like mustard and others, they are 100% branded form.

Shirish Pardeshi: So just understanding, what would be the total sale for FY '25 for Mahakosh? Because I think you have seen a lot of ad spends and a lot of activities around that brand.

Sanjeev Asthana: So, for soybean oil, Mahakosh, as I mentioned, close to about 75% would be the branded. So it would be about 4 lakh tons plus is what we would have done in the branded form.

Shirish Pardeshi: Okay, wonderful. My second question on OPP, 45% is the number which you have shared in terms of seven to 25 years aging. So, I was just more curious if this revenue is going to be a positive momentum in terms of margin and growth, what is the number which you are expecting maybe in terms of volume, value contribution for FY '26?

Sanjeev Asthana: Sorry, I did not get your question right.

Shirish Pardeshi: So, in the presentation you said that 45% of our oil palm plantation is in the age of seven to 25 years.

Sanjeev Asthana: Yes.

Shirish Pardeshi: Yes. So, I was just expecting, what kind of output we can expect from this in FY '26, maybe it's volume or value, whatever you can share?

Sanjeev Asthana: Yes. So, in the palm oil plantation business, I had mentioned that we did a revenue this year of Rs. 1,263 crores, which itself was a growth over Rs. 951 crores that we had done in the previous year. Part of that came through the volume growth and the balance came from the price inflation that we saw. So, each year we are expecting that this revenue to grow close to about 10% year-on-year, as the more plantations come in. And the momentum will pick-up in fiscal '26-'27 when we expect what the pick-up in the plantation driver that we took two years back, some of that should start coming on-stream. And '27-'28 onwards, we should see minimum 25% growth year-on-year on the oil palm plantation side.

Shirish Pardeshi: That's really helpful. Last question on the distribution front, you mentioned about 2 million is the coverage which we have, so when you look at this 2 million, is the total or it's direct distribution?

Sanjeev Asthana: This is a direct distribution, and our estimation is that to more than 100% of this, 1:1 or maybe even 1.25x of this should be indirect distribution. So, all the sort of work, so currently our products are available at more than 4 million retail outlets, 2 million directly, which is tracked by the company. And that with the HPC business and the expansion that we have seen should continue to see a substantial uptick.

Shirish Pardeshi: Okay. The reason why I am asking, because there is a variation which we have seen in terms of staples, Foods and FMCG, personal care and HPC business, which is around 15%. So, I am more curious, if distribution is the angle which is driving HPC, which are the pockets where we are seeing the diversion for the Food versus FMCG or HPC in terms of quarter which has gone by? And some color on the demand situation at this point?

Sanjeev Asthana: So, two sides, which is, for example, that in terms of reach on the Food side, we typically see the strength profiling and in terms of where the brand equity is the highest where the distribution reach is way better that our markets are northern part of the country, the central part of the country, western India are the leaders, in terms of where we currently do well.

In South, we are expanding our distribution reach to better levels. There are certain product categories which typically tend to be less appealing in South, but that we are correcting the course, as I mentioned about the segmentation and distribution that we are working towards.

And similarly, in east and northeast we need to do some more work. So, broadly the idea is that progressively we should take our direct distribution reach to 4 million.

So growth will come from two areas, as we have repeatedly mentioned. One is that expanding our distribution, obviously, there is a lot of headroom for growth that we have. And second is, the markets are tending to divide themselves in a much sharper focus in terms of which segment is consuming what product categories. So, that work is going on quite seriously, that we want to drive much more customized, much more oriented, focused product launches to achieve this growth of 15% that we have set for ourselves in the HPC.

Shirish Pardeshi: And in terms of demand, any regional variation?

Moderator: Sorry to interrupt sir, but I may request you to rejoin the question queue.

Shirish Pardeshi: No, I am done. I mean, I asked the question, I am just expecting the answer.

Sanjeev Asthana: Yes. So, just a quick one. Yes, on the demand side what we see, there is a regional variation clearly, and that's pretty significant actually. So, for example, in the Oral Care, so the natural toothpaste category, while very popular, we see that north, central, and west is much more larger; and similarly what we see in south is that it's lesser. So, there we are launching different kinds of products. Likewise, in the HPC home care we find that consumers have very different sort of choices when it comes to deciding as to what kind of products they are consuming and what brand. So, that is being addressed. And we realize that one of the core things about complexity of India is, very much, that addressing the markets specifically will make a big difference. So, that effort both through data analytics that we have in terms of the market research that we are doing, the new ad campaigns that we have followed and researching on that, I think wherever the gaps are there we should be able to address it efficiently.

Shirish Pardeshi: Thank you, and all the best.

Sanjeev Asthana: Thank you.

Moderator: Thank you. The next question is from the line of Abhijeet Kundu from Antique Stock Broking. Please go ahead.

Abhijeet Kundu: Hi, sir. Congrats on a good set of numbers.

Sanjeev Asthana: Thanks.

Abhijeet Kundu: So, going ahead, I was just looking at the construct of margins. So, say, when I look between Edible Oil to Food products, I mean, would it be right to say that Food products' margins got impacted because Edible Oil margins were higher, because there was inflation in Edible Oil, which helped Edible Oil margins, and on the other side, Food margins got impacted. So will there be a interplay and how do we see it, because your Food margins on an annual basis has actually halved, I mean, not halved but gone down by about close to 489 bps. So going ahead, if we have to look at improvement in margins, is there any interplay because vegetable oil prices have been higher and it has been impacting Food margins across the board, not only your company, other players have also got impacted by the higher vegetable oil prices, and also wheat prices have been higher.

So there has been, from other companies what we understand is, there is an expected moderation in wheat prices as well as there is expected moderation in vegetable oil prices. So, what do you expect? How should that play out for you next year? And how can you come back to that better margin? Because Food margins, Food absolute EBITDA is also very important, actually if they do well and you are able to sort of not retain but at least be closer to your previous margins in Edible Oil, you should see a better margin profile and an earnings EBITDA growth profile.

Sanjeev Asthana: So, this year is, Abhijeet, pretty exceptional. I think it's a very good question, because I was hoping that somebody is going to ask that. I think three things have largely been responsible for the change in the margin construct. One is very clearly the high commodity prices. So palm oil, for example, this year was almost elevated between 30% and 40% almost through the year. The sugar prices were up between 2% to 5%, the wheat prices were up 12% last year. Similarly, we saw at the wholesale level, the commodity inflation, the paddy prices were up between 5% to 8% consistently. And all these are very core products which typically go as raw material into manufacturing of many of the FMCG Food businesses. So they tended to impact quite a bit, and which is where we saw this drop in the margins.

Likewise, so it impacts, for example, what all, it directly impacts things like atta and rice and the palm oil itself on the demand side, it impacts directly our biscuits business a lot. So, all those have been part of the challenge here that we faced. So this year I am expecting this to taper off. So, this would have an interplay between the margin as you rightly observed. And I believe that we should be mindful of this factor, which typically tends to have some play. And my only suggestion would be that, and the guidance that we have internally within the company, I am seeing A- that the Food, sort of, as far as commodity prices, the government is working extra hard to ensure that the prices are kept stable. International prices, we have very little control over, so government has a duty sort of at its control to control that, so broadly, but this interplay will remain.

Now coming to the point of that where it is going to less likely impact and how we should be addressing the price inflation which has an impact on the margin, I think this is something which the company is very ceased of. So we are tightening the areas where we need to control these prices, but this impact we cannot deny that many of the Food product companies will typically tend to face this problem on the Food inflation side. If suddenly we see a big spike on the commodity prices, so it does have an impact both on the sales as well as on the margins.

Abhijeet Kundu: Okay. So, essentially we have to just look at the blended margin between oils and Food products sort of because when it's oil --

Sanjeev Asthana: And I would say, Abhijeet, just one correction, that do not look at oil alone, it's a basket of commodity prices which has an impact on overall on the Food portfolio. So biscuit, for example, depends on sugar and fat, which is palm oil and wheat prices. And likewise, most of the products, wheat flour example, it's directly linked to the wheat prices. And typically, the ability to pass on the commodity inflation on to the consumers in all cases is not there, so margins gets squeezed in that. So it impacts both the demand, so either consumer tends to move to lower brands or cheaper prices, or they tend to sacrifice on the margin to continue focusing on the volumes. So, that is the interplay which will always have an impact. But we are pretty confident that between 8% to 10% margin construct that we have always maintained in the Food business overall, we will do that. This year also we did about 8.35% margin overall on the Foods portfolio, FMCG. So, we are pretty much in the range of what we have projected. But yes, you are right that it has dropped from 13.18% last year to 8.35%, but this would be more a temporary phase, we are expecting for us to tide over it.

Abhijeet Kundu: Yes. So structurally during FY '26, I mean, looking at the moderation in inflation across input prices, you should benefit on the Food product side.

Sanjeev Asthana: Yes.

Abhijeet Kundu: And Edible Oil, the margins may not be as high as for FY '25 but it still would not really see a substantial decline. And what is important here is what is the kind of volume growth that you expect in Edible Oil during, I mean, in FY '26.

Sanjeev Asthana: So, to answer, it is very important that from a guidance perspective we are reasonably certain that between Edible Oil, Foods and HPC, we should meet all our objectives what we have set. So, between 2% and 4% margin on the Edible Oil, more at the higher end of the margin construct. Food margin 8% to 10%, we should pretty much definitely meet. And likewise, for the HPC of 16% to 18% is where we should see consistent growth, that should come in. So, this is an overall conviction that we should be able to do that.

On Edible Oil, though, the growth that we see in volumes is typically between 2% and 3%, and we are pretty confident of getting it back this year. So, palm oil was a very typical year that we saw, that's pretty much the palm oil price has stabilized, so I am not expecting any slippage on the volume numbers.

Abhijeet Kundu: Understood. Thanks. Thanks a lot.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Sanjeev Asthana for closing comments. Mr. Asthana?

Sanjeev Asthana: So, with this, I thank everyone for having participated quite actively. I would like to sort of conclude the call with this and look forward to your continued support and guidance. Thank you so much.

Kumar Rajesh: Thank you.

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