
PFL/2025**August 22, 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 Q1 FY26 of Patanjali Foods Limited ("the Company")

This is in continuation to our earlier letter dated August 15, 2025 regarding audio recording of Q1FY26 earnings conference call held on August 14, 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,

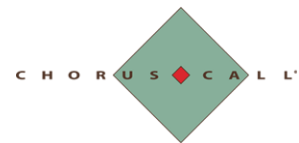
Yours Faithfully,

For Patanjali Foods Limited**Ramji Lal Gupta
Company Secretary****Encl.:** As above



“Patanjali Foods Limited
Q1 FY '26 Earnings Conference Call”
August 14, 2025

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings
uploaded on the stock exchange on August 15th, 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 –
PATANJALI FOODS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Patanjali Foods Limited Q1 FY '26 Earnings Conference Call. This conference call may contain certain 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 risk and uncertainties that are difficult to predict.

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 star then zero on your touchtone phone. 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 evening to everyone. Thank you for joining us today for Patanjali Foods Limited's call to discuss the results of Q1 FY '26. I'm joined by the company's CFO, Mr. Kumar Rajesh, along with Mr. Priyendu Jha from Investor Relations and our IR 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. The revenue for Q1 FY '26 stood at approximately INR8,900 crores with year-on-year growth of 24%. The total EBITDA margin came in at 3.75% and the PAT margin stood at 2.02%.

I would take a moment to share my perspective on the evolving demand patterns in the FMCG sector, which directly shape our business and strategies thereof of Patanjali Foods. This quarter, we saw favorable inflation trends with CPI hitting a 77-month low of 2.1% in June, owing to a sharp drop in food inflation, particularly vegetables and pulses. Over the past few quarters, rural markets have outpaced the urban markets.

Q1 FY '26 followed similar trends. The momentum in rural demand continued and demonstrated a preference for well-established brands. The urban demand was under pressure. Key commodities like edible oils, cereals, etcetera, saw consumers opting for smaller packs or cheaper alternatives from regional upcoming brands. This impacted the product consumption trends.

However, by the end of the quarter, the industry witnessed early signs of revival in the urban consumption, mainly due to easing inflation and recent fiscal and monetary policy measures. Those evolving market dynamics created opportunities for regional and emerging brands to expand their presence, gradually challenging the dominance of old economy names, industry veterans, especially in the urban markets.

Unseasonal rainfall adversely impacted the performance of seasonal products like beverages due to disrupted demand. During the quarter, the pricing for commodities such as palm oil remained high and wheat prices remained lower on a year-on-year basis. However, they began to soften sequentially towards the end of the period. Palm oil increased by 7.35% on a year-on-year basis and reduced by 10.2% on quarter-on-quarter basis. The palm oil prices are expected to remain range bound and downward trajectory driven primarily by recent policy measures and market dynamics.

The geopolitical tensions, primarily in the Middle East led to an excess supply of palm oil in the global markets that pushed the palm oil prices down. Effective May 30, 2025, the government of India reduced the basic customs duty on crude palm oil, sunflower oil and soybean oil from 20% to 10%, following over 8 months of elevated import taxes.

This also had an impact on our own results, which I'm going to speak about. The effective import duty on these products, which includes the basic customs duty and additional fees now stands at 16.5%, down from the previous 27.5%. This move is expected to lower industry-wide input costs, enable more competitive pricing and potentially higher -- drive higher consumer offtake.

Notably, with palm oil now priced below both soybean and sunflower oil, this trend bodes well for the overall demand in the upcoming festive season. Furthermore, with the differentiated duty differential between crude and refined oils, domestic refining operations are poised for improved utilization and competitiveness over imported refined products.

On the distribution front, in Q1 FY '26, the alternate distribution channel continued to register rapid volume migration from general trade. This led to intense competition and margin compression. Now coming to our quarterly performance. Overall demand remained muted in Q1 FY '26 and profitability was impacted by elevated raw material costs such as butter, milk and sugar, along with a reduction in import duties on palm, soya and sunflower oil.

Allow me to give you a more detailed walk-through of the quarterly segmental performance. For the Edible Oil segment, the segment revenue was INR6,685 crores, a year-on-year growth of almost 25%. The branded edible oil sales contributed 72% of the total edible oil sales. Sequential sales of the branded mustard oil and sunflower oil surged with double-digit growth year-on-year.

The EBITDA margin was 1.78%. The impact on margin can be attributed to multiple reasons. Following the government's decision to reduce duties, buyers deferred procurement in anticipation of price stabilization, which weighed on the overall demand and pricing scenario. The higher cost of goods, mainly due to the higher cost of inventory, further reduced sales of premium edible oils in Q1 FY '26 versus the strong growth in Q1 FY '25 impacted the margins.

However, the reduction in duty leading to normalized pricing trend on crude edible oils is a positive development for our oil refining segment. It catapults strong growth momentum in the edible oils business moving forward. We remain focused on leveraging this to enhance supply chain efficiencies and strengthen our competitive edge in the edible oil business. Our oil refining capacity as of end FY '25 was 33.36 lakh tons, operating at 44.85% utilization.

For oil palm plantation business, we doubled our quarterly revenue and booked INR592 crores in the oil palm plantation business. As of June 2025, the total cultivated area increased to 92,133 hectares with approximately 43.4% of the plantation falling under the prime yielding age category. Currently, there are 48 state-of-the-art nurseries under Patanjali Foods.

The oil palm plantation business remains a strategic long-term growth driver, particularly for margin improvement. Coming to our Food and other FMCG and HPC segment, its combined quarterly contribution was 25.80% to total revenue, reflecting steady progress towards strategic goal of increasing their revenue share.

On the HPC business front, the segment delivered healthy quarterly revenue of INR639.02 crores. Within this, the revenue contribution from dental care was INR332.18 crores. Skin care was INR157.21 crores. Home care was at INR91.61 crores and the remaining was by hair care and other products.

Dant Kanti, our flagship herbal oral care brand, delivered robust growth during the quarter. We clocked an EBITDA margin of 18.7% versus 15.7% in Q4 '25. In the HPC business, we witnessed healthy volume growth in low price point packs.

Our HPC portfolio expanded this quarter, led by new launches in dental care. Leveraging on the brand Dant Kanti, our strategic focus is on premiumization with greater emphasis on Dant Kanti Advanced, Sensitive, Aloe Vera, Red, medicated gel and toothbrush lines. Also in the export market, Dant Kanti had strong demand. It was exported to 9 countries in –Q1FY '26.

We look at the HPC segment as a significant contributor to our growth. We reiterated our 15% year-on-year revenue growth for this segment. We also anticipate a 200 basis point margin expansion over coming quarters. If you recall that this was a commitment that we had made before the acquisition.

For Food and the other FMCG segments, coming to the food part, the quarterly revenue from Food and other FMCG segments stood at INR1,660.67 crores. Non-essential and premium FMCG categories had subdued demand during the quarter. Various government welfare schemes such as free food distribution, duty-free imports of yellow peas, seasonal impacts, elevated raw material prices and slow recovery in urban demand led to a degrowth of 15% in revenue on year-on-year basis.

As part of the demand boosting measures, the new SKUs were launched at attractive price points, such as Patanjali Cow Ghee 900 ml priced at INR695 and 450 ml at INR370, ensuring both affordability while safeguarding market shares for our various products. The impact will be seen in the coming quarter. Our EBITDA margin was at 5.23% versus 9.42% in Q1 FY '25.

On a year-on-year basis, despite low inflation, certain items of the commodity basket remained elevated, this, along with previous held high-cost inventory, exerted cost and margin pressure. For instance, in the beverage category, the raw material costs, particularly for amla and fruit pulp had a 20% hike on a Q-on-Q basis.

For ghee, the cost of butter increased by 25% to 30% on a year-on-year basis. And as explained previously, wheat and palm oil witnessed year-on-year rate inflation. Elaborating on the performance of biscuits vertical, which clocked 8.24% year-on-year growth, Doodh continued to lead our portfolio, contributing INR304 crores in revenue this quarter, a 15% year-on-year growth.

Nariyal products delivered consistent performance with steady Q-on-Q growth, booking revenue of INR50 crores. We continue to invest in these brands while continuing to innovate as well. During the quarter, the revenue of textured soya proteins stood at INR139.69 crores.

Our refreshed ghee strategy implemented over past few months has already shown results with a 23% year-on-year growth. It is important to note that in ghee, the raw material butter, it saw a rise in price on Q-on-Q basis. Though to counter this, we implemented price hikes, it was only by middle of the quarter, leading to softness in margin. In the Q2 FY '26, it is expected to capture the full benefit of the revised pricing.

During the quarter, we rolled out new products across India, including Cholesterol Care Liquid and Orthocare Liquid in our medicated juice range. These launches are aimed at tapping into the growing urban preventive health and nutraceutical segment. The upcoming pipeline includes 10 to 12 SKUs focused on complete body wellness.

Nutraceutical marked year-on-year growth of 37.6%. Positive EBITDA in nutraceuticals was achieved through manpower restructuring as intensified focus on e-commerce and D2C maximized the use of our mega stores.

In Q1 FY '26, we added various touch points and established new direct outlets with focus on middle class -- middle India cluster. We also expanded our rural reach through superstockist network, Gramin Mitra (Note - Should be read as Vitrak) program and have set up new Gramin Arogya Kendras as rural India continues to be a volume driver. Some of the other key updates include on emerging channels of distribution.

During the quarter, the modern trade was under pressure due to footfall drop and stiff competition from e-commerce and quick commerce. For us, quick commerce is now around 70% of our total e-commerce business. As a company, we continue to focus on strategizing with the traditional format of trade.

However, we are also undertaking proactive steps to deepen our presence across these emerging platforms through tailored strategies and stronger partnerships. With our omnichannel road map, we aspire to remain ahead of the curve and to position ourselves to capture growth across all key touch points.

Lastly, our ad spend during the quarter stood at 0.72% of the revenue from operations. My closing comments, looking ahead, our focus remains firmly on strengthening our market presence by investing strategically in expanding our distribution footprint, ensuring wider and deeper reach in both urban and rural markets.

To address evolving consumer behavior and downtrading trends, we will continue to focus on affordable products and smaller size packs that cater to both rural and urban demand. Alongside this, we are ramping up our brand building effort. On the macroeconomic front, multiple factors such as healthy monsoons, continued MSP support, tax benefits for individuals and festive seasons are converging to create a conducive environment for demand recovery and we are hopeful for H2 FY '26 will be brighter.

I thank you for your continued support and trust in Patanjali Foods as we navigate this evolving landscape together. I now conclude our presentation and open the floor for Q&A session.

- Moderator:** The first question is from the line of Sucrit D Patil from Eyesight Fintrade Private Limited.
- Sucrit D. Patil:** I had a question for Mr. Sanjeev Asthana. So is Mr. Sanjeev Asthana online? I joined a bit I joined the call a bit late. So hence, I'm asking.
- Sanjeev Asthana:** Yes, I'm online. I'm very much online.
- Sucrit D. Patil:** Yes, yes. So sir, first of all, congratulations on the record revenue and FMCG traction which company has achieved. As Patanjali aims to make FMCG half of its turnover, how are you thinking about evolving the brand architecture and product portfolio to win in premium urban categories, especially where ayurved intersects with functional food, nutraceuticals or even clean label indulgence, could we see Patanjali repositioned as a wellness-first lifestyle brand beyond the traditional staples? Yes, sir. That was my question.
- Sanjeev Asthana:** No, sure. I mean it's very interesting. And this is something that we've already -- always spoken that one of the intents that we declared while this entire restructuring of the company was being done that in 5 years' time, our intent was that we will have 50-50 revenue accruing from edible oils and FMCG portfolio.
- Now to the question of the company's repositioning and if you look at the overall segment and the way it is going, right now, what we are seeing is that the change as it is being done, we, as part of the strategy, acquired all the leading businesses that the company had with the parent company. So for example, we started with the biscuits, we did for the foods, we did for the HPC We launched nutraceuticals.
- And now we're witnessing two trends in the marketplace. One is, as you very rightly said, that this whole sort of, call it, fusion or call it amalgamation or call this entire change on -- towards the wellness, health, ayurveda, even overall orientation, I think Patanjali is amongst the -- has a right to win that we call, I think we are right up there in terms of achieving it.
- And both the persona that Patanjali carries, the imagery that it has and the brand equity that it has built over a period of time is very supportive to that effect. What we are doing is right now that all our products, whether in terms of the HPC, if you look at the foods as a business, if you look at even biscuits and even partially some of the nutritional products like soya-based products, etcetera, that we have, the whole idea is that our positioning remains very consistent, that it's around a wholesome health and nutrition that Patanjali is working towards.

And if you see all our -- the new brand ambassadors, if you look at what swamiji has been espousing all through and the core strategy of the narrative which the company has built around its brand, we are pretty much on path to do that. We are continuously exploring new businesses where we can start sort of bring in newer products. There's a newer -- new product development work which is going on, is entirely on similar lines. So I'm reasonably confident.

So whether in terms of the stage of development where we are that whether that takes 3 years or it takes 2 years or it takes a while longer, maybe another 6 months or 1 year. But this aspiration of 50% of the core revenue coming out of the core FMCG products, that part we are very convinced about. And I think building up the market, creating new marketplaces because Patanjali has always prided itself in creating new markets and being the market -- to that extent, being a leader in terms of creating new categories, building on that front.

We are pretty confident that we are very much on that path. And I think we will be able to make that. So people's perception, the consumers' orientation, our whole sort of narrative and imagery that we're building both through ATL and BTL that we work on, we are reasonably confident that we're pretty much on course to get on towards that segment. We'll get on to those numbers of 50-50 between FMCG and edible oils.

Sucrit D. Patil: My final closing question is to Mr. Kumar Rajesh. As you scale FMCG mix and invest in brand building, how do you internally evaluate ROI across media spend, channel expansion and innovation? Is it -- is there any framework that balances short-term volume lift with long-term brand and margin?

Kumar Rajesh: Yes, yes. Can you repeat the question please?

Sucrit D. Patil: Yes. I want to understand as you scale the FMCG mix and invest in brand building, how do you internally evaluate ROI across media spend, channel expansion and innovation? Is there any framework that balances short-term volume lift with long-term brand equity and margin expansion?

Kumar Rajesh: So see, there are 3, 4 parts of your question. So first of all, just you see the FMCG segment's compositions. So we are just building the brand by taking all the -- just you rightly said, Asthana sir said that we have introduced all the brand ambassadors and all for establishing our brand properly.

And we are introducing all new brands also, new SKUs also in the separate brand to reach out to the rural and urban levels. So this is one part. As far as media spend is concerned, we are just increasing the level of media spend to gain very good gain from the brand premium. That's why earlier we would be able to achieve the branded sale of below 70%. But now it is above 70%.

As Asthana sir rightly said that we have achieved more than 72% in the edible oil. As far as FMCG is concerned, we are selling mostly all the sales in the branded forms. So this is towards the brand building.

Sanjeev Asthana: So Rajeshji, if I may expand that to the question that you asked. So there is a from a framework perspective, there is a very clear thought process that the spend that we do on the advertising should lead to dollar and cent returns on a immediate basis. That uplift in terms of the sales and the returns that we have observed. So for example, last quarter, we spent INR64 crores on the direct advertisement expenses on the ATL.

Now this -- the framework is very clear that if you are spending the X amount of money, it should lead to X dollars that should be returning in terms of immediate sales pickup in the revenue side. However, the longer-term margin expansion that you spoke about, I think this part is something which is both there's a maths involved, there's a science involved and there's an art involved as well in terms of how exactly we are looking at.

So there our measure is very clear that currently, our longer-term construct of margin is 8% to 10% that we're looking at the margin overall on the FMCG side. And very clearly, we are looking at the margin construct on the edible oil between 2% and 4%. Our view is very clear that 200 basis point margin expansion that we'd like to attain in the HPC, we'd like to go upwards of in the double-digit minimum EBITDA margin on the FMCG that we want to clearly establish.

And the third one is that on the long-term framework that you mentioned on the margin expansion is that a double-digit EBITDA at a company overall level by expanding continuously our margin construct on both the new businesses of FMCG that we have and the margin expansion on edible oil, we should go towards a double-digit margin construct.

This is -- this framework, we have always consistently maintained to the investors, to the -- on all the investor calls and everywhere we have said that company's aspiration is that we would like to grow our revenues to INR50,000 crores, of which INR25,000 crores should come from FMCG, INR25,000 crores should come from the edible oils and the margin should expand towards a double-digit EBITDA.

We are doing consistently 5.5% to 6%. We'd like this to go to 10%. And at that level, our EBITDA would be about INR5,000 crores. That is a very stated clear intent that the company has declared. That is all the internal frameworks as well that we'd like to work on and head in that direction.

Moderator: The next question is from the line of Manvi Karnik from MV Securities.

Manvi Karnik: So I wanted to know how much market share would new-age or regional player has taken from Patanjali across products?

Sanjeev Asthana: Sorry, so new-age market players in which category you were mentioning?

Manvi Karnik: Like new age or regional players, any category?

Sanjeev Asthana: Yes. So ma'am, it's, you know that a lot of emerging new players who've relied largely on e-commerce and their own websites, who have largely relied on low-cost entry into the marketplace, they have been very consistently across the regions, they have in a smaller way,

they have consistently done and which is no different than any multinational who has to compete at a national level in the new markets that they enter, they have to compete.

So I would say that all of them in terms of working through, they have their own strategies. They have got their own ad spend. They've got their own strengths also. And certainly, they work in terms of taking some market share but it doesn't necessarily come out of Patanjali's market share because as you said, our positioning is fairly unique in one sense that this whole sort of -- one is that our very firm and clear customer base, which is there, which consistently has stayed with us over the years, over decades now. So they pretty much stay with us.

We are continuously attracting new customers. So as you know the person who asked the first question, that's exactly what we are working on that in terms of enticing, working towards encouraging the emerging new customers, which is typically in the Gen Z, which is between 20 and 45 years of age, how they are interested in the wellness. They're interested in ayurveda. They're interested in nutrition and health.

And they are the ones who are getting attracted to Patanjali. So to an extent, I would say, yes, at a local level, regional level, there might be some market share in some odd product categories or some SKUs, there might be some share going. But nothing that I can speak of in any significant way that any one of these players would have sort of snipped on our heels and taken away any significant amount of market share from Patanjali.

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

Yug Modi: Sir, I just had 2 questions. Sir, you have mentioned that there are some green shoots in urban India that you have seen, so...

Sanjeev Asthana: Can I request, just speak a little louder, please? It's just...

Yug Modi: Sir, you had mentioned that there are some green shoots in urban India that you have seen. Could you tell me a bit more on that with some examples.

Sanjeev Asthana: Yes. So for example, that I think urban India as a, this whole challenge, which was there earlier. And as you know, the inflation component, the food is the largest segment. So what we're seeing right now with the softening of the commodity markets overall and the price benefit with the companies have tended to transfer in certain cases, not in all cases.

The companies are basically passing on the benefit of the commodity inflation on to the consumers. So we believe there should be an uptick in the consumer demand. We are seeing that very clear cut, the green shoots of some small bit of recovery, especially in the larger cities now.

And the stress that we saw in a couple of quarters previously, that is tending to go away. And I think the uptick what we're going to witness is especially on the food side that we are feeling pretty confident that the food, which was the biggest source of stress for the consumers, that is tending to have an uptick.

And so we should see some bit of growth in the demand on the urban side. So even otherwise, that if you look -- go by the data that while the rural markets continued expanding at about 3%, we are seeing that in the urban center, the growth is about 1%. And this momentum progressively can tend to pick up as we go forward.

Yug Modi:

Yes, sir and lastly, sir, how much will they contribute to our top line and to margins?

Sanjeev Asthana:

So look, the growth, as you saw this quarter, that owing to certain specific -- the actions of the government or the market, there's some disturbance. But overall, our target is very clear that -- and I'm reasonably confident that this year, we'll be able to accomplish that, that between 8% to 10% growth we should get in the overall FMCG segment. We will expand 15% on our HPC portfolio and we will expand between 2% and 3% on the edible oils.

And that guidance, we pretty much stay true to and are feeling reasonably confident that we'll do that. Now some bit, the only one marginal change is that in very low-margin categories like staples, especially in areas like rice and turdal and others, where at a cash contribution level, if the margins turn negative, then we would not tend to go down that path of continuing to build up our business.

We are pretty confident that the core FMCG, which is around ethnic foods, which is around the soya protein, which is around the biscuits business, the nutraceuticals and all the value-added products in HPC that we do, that we believe fully committed that we should expand the food portfolio between 8% and 10%.

And if it means that compromising a bit on the staples part of it, which is, could be from very low margin to negative margin, then we are willing to sacrifice that growth for the overall margin of the company.

Moderator:

The next question is from the line of Parth Vasani from KK Advisors.

Parth Vasani:

Just one question. So large players have looked at D2C brands for inorganic opportunities. However, so far, I mean, your inorganic plans have been in the group only. So I mean, are we looking at further opportunities or some thought process on that, if you can just help elaborate that?

Sanjeev Asthana:

No. So we have got a fairly robust D2C portfolio of products, except that we haven't launched any new products targeted only D2C market. So for example, very substantial part of nutraceutical business, it's small in absolute numbers, considering the overall size of the company. But nearly 18% of what we do is by D2C is what we're selling to consumers in the nutraceutical side.

Similarly, on the food businesses, certainly in the HPC category, certain products tend to -- are much more amenable to D2C sales. So it is there. It's very small compared to the overall size of the company has right now. We haven't looked at launching separate brands for only D2C. But the one category in which we are very bullish on is the nutraceuticals, where we will continue to introduce new brands.

We will continue to focus on D2C and we are reasonably confident of expanding that range of the nutraceutical side. On the Foods and the HPC, we haven't given -- I would say that the focus has not been in launching new brands for the D2C but otherwise, our D2C business is fairly robust on across the range of categories that we deal business in.

Parth Vasani:

Understood, sir. That was helpful. Just a follow-on. I mean, overall as a group, I mean, what would be the D2C share of our revenue currently?

Sanjeev Asthana:

Right now, it would be below 1%. It's very, very small right now. So we have got -- so for example, just to tell you on the nontraditional channels, we do about a total about 12.5% is what we do overall between the modern trade, e-commerce and quick commerce and D2C. And within that, the distribution is that we do about 4% through e-commerce.

We have about 1.5% that we are doing through quick commerce and the balance is all going to the modern trade. So both quick commerce and the growth in ecommerce is expanding fairly rapidly. So the D2C is -- would be a very small sort of fraction of around 1% right now.

But we are working on it because we have got our own Order Me app under which we operate. We have our own website. So both through the social media and otherwise, our own website, people can place orders. The delivery is becoming a lot more efficient. We have got partnerships done with various companies.

So that is going on pretty efficiently right now. But it is -- in absolute terms, it is small. But growth-wise, if I were to give you a percentage that's growing at about 40%, on a very small base, it would mean nothing. But we are reasonably confident that we will be expanding that distribution channel of D2C.

Parth Vasani:

Got it, sir. And just one last, if I may squeeze in. So any inorganic plans to drive this growth?

Sanjeev Asthana:

So there are lot of opportunities. Many times, they keep coming, especially in different regions. So we explore selectively on those opportunities. So for example, there are some white spaces that we have and some gray spaces in the different regions for different categories.

And we are open to that, except that if the pricing is not right for the acquisition, then it does not make any sense because the belief -- fundamental belief that we have is that our ability to launch a new category to build up a entire sort of range of activities around that to make it into a successful brand, if we do it organically, we'll do at a much lower cost.

So if the price is sensible, if the brand fits in well into our portfolio, if it fits into our value system of Patanjali, I think these 3 are very critical elements. So we don't mind exploring acquisition of good brands and we are quite open to that. But every time we evaluate, we normally come up short on these sort of brand acquisition.

So right now, there's nothing seriously on the card, which I could say that, yes, this is what we'll do in our hair care category in South or XYZ category in North. So I don't see anything visible really in front of us on the table.

- Moderator:** The next question is from the line of Abhishek Mathur from Systematix.
- Abhishek Mathur:** It's quite heartening to see the growth revival in your biscuits and high-margin foods segments. Just wanted to check, in biscuits, are we expecting this momentum in terms of high single-digit growth to continue going forward?
- And in the high-margin foods business, you mentioned cow ghee as something that came back strongly. Which are the other sort of products in the high-margin foods segment, which have contributed to this growth turnaround in 1Q?
- Sanjeev Asthana:** So biscuits, what we had always targeted that we are going to be building up into actually lower double digits of growth. But -- and what happened was also that while the overall market was very sluggish, we kept on growing at quite a rapid fire clip. And we still believe that the opportunity for expanding into spaces where either we are distributed less today or the spaces where we need to add on more sort of riding on top of what we do currently that we can expand that market.
- But we are very confident that biscuits certainly at the rate of 10% year-on-year growth is what we'll achieve, perhaps even more. And the second part is and we believe that, that space is available to us because our biscuits are very differently positioned. And the consumers really have responded very well to the offering that we have given to them.
- And every new market we have gone to or the markets where we were less active when we have gone, they've had a phenomenal sort of response to the offering that we gave. So biscuits, we are pretty confident that we'll continue growing at double digits. Now the question is that earlier 2 years back, we were growing at 20% year-on-year.
- And last year, our growth tapered off closer to high single digit. But now this -- again, this year, we are expecting that we should be double-digit plus. So we are reasonably confident that double-digit biscuits growth will continue. On the Ghee front, as you mentioned, actually, what happened in this quarter was there was a slight drop in the ghee sales.
- And as I mentioned in my opening remarks also that there was a pretty substantial uptick in the prices of the raw material, the commodity on the butter side and which led to very substantial sort of price increase on the raw material side, we did not pass on to the consumers well into the quarter. And so when we did that, so it both impacted the margin and the sales as well.
- But we are reasonably confident. I think there's a stabilization in the price of the butter. There is the price sort of correction that we had to do in the marketplace that we've done. And so second quarter, we should see a substantial uptick on the cow ghee side.
- On the other premium products that we have, as like we have got a range of HPC products, which typically we mentioned also, where the margin is pretty good. For example, Dant Kanti is fantastic. Our skin care products are doing exceedingly well. So we're reasonably confident that this 18.7% margin that we made, I think we'll consistently expand growth at 15% level.

So the blend of the premium products that we have and the value pricing that we do, I think that equation is something that we are very mindful of so that we are able to maintain a margin construct on the foods FMCG overall of 8% to 10% that we want that EBITDA level that we'll be pretty consistent about and as well as 15% of the HPC that we feel pretty comfortable with.

So I think we should be able to maintain the growth momentum that we have in the areas that we do. And the places where we have had either sluggish growth or we had a negative growth that we are correcting to make sure that we start meeting those objectives.

Abhishek Mathur: Right, sir. And my second question is, if you can just help with the absolute EBITDA numbers for biscuits, staples, higher-margin foods, Nutrela and nutraceuticals for the first quarter?

Sanjeev Asthana: Yes, I can give you that. So for example, on the biscuits, our margin was 9% EBITDA, 9.2% margin that we had. On a INR451 crore revenue, we had a INR41 crore margin (note: this is to be read as INR41 crore EBITDA). On the nutraceutical side, the base is very small. So the margin wouldn't mean much. We had a INR17 crore sale and the EBITDA margin from negatives that we had on account of high cost, etcetera, we turned the corner and we got into that.

The -- on the Nutrela side, we had INR140 crores of revenue. We had INR20 crores of EBITDA margin, where we made 14.5% margin. So the margin profile that we had and on the -- similarly on the HPC side, we had -- on the nonfood, we had INR639 crores of sales and INR120 crores of margin, about 18.7% margin that we had on the business.

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

Abhijeet Kundu: My question was on -- so on staples, what would have been the revenue? I missed that -- during the quarter.

Sanjeev Asthana: So staples, as our revenue -- Abhijeet, as I mentioned, it was INR616 crores and pretty flat in terms of EBITDA. The whole idea was that the rice and dal and -- so what has happened is that there's a massive intervention of the government across the board on the core staples. So whether it's wheat, rice, pulses and sugar and salt.

Edible oil by virtue of being very largely import-led, there is not many times the government -- the only tool it has is of the duty structure, custom duty. It doesn't have a pricing control really but it's trying to do that now. I don't know if you're aware, that asking every single company to declare their physical stocks to the government every week or 15 days and which is quite an onerous task for a very distributed industry like this.

So what has happened is that the space available for the private trade to really create a value on account of the -- for the sort of supply chain investments that they do or the amount of work they do towards the branding and distribution side or the strength they have on the origination that they might build up, I think that space is getting increasingly crowded by the government.

So not that it is only the shape of things to come. But right now, that is the situation. For example, that nearly 40% -- I don't know if you guys track, that nearly 35% to 40% of the country's paddy production is getting procured by the government. So it has got a problem of overflow of stocks and which is ultimately finds its way to the marketplace at highly subsidized levels.

So the choice in front of companies is twofold. One is that you continue staying in that business and subject yourself to the risk of inventory losses. If the government were to take a sudden action and price it lower and sell it in the marketplace, then you're left holding the inventory high and dry. And the second option is to try and make it towards the branded side.

But as you know and I know that the branding only has a limited role to play where the pure staples are concerned. So whether it's a rice and dal and otherwise. So I think we have taken a very conscious choice that we will continue building the business selectively where it makes sense for us.

But if it means a direct cash loss, if it means a very direct -- too much of exposure that we might have to the government's intervention, then we'll be careful with that category. So I'm reasonably confident that this ballpark range of the last quarter results that we have of INR616 crores -- so INR600 crores to INR1,000 crores we'll continue doing because that is something which is a sweet spot for us but not at the cost of losing money on that.

So we'll be careful about it. We'll be cautious in the way we execute on that. But we will not go crazy simply for the top line growth because we have got ample opportunity to grow our top line in the other areas where the margins are far superior and we feel pretty confident about those areas.

Abhijeet Kundu:

Okay. Sir, then structurally, is it not right that you reduce your exposure to those business? I mean your non-staple business, obviously will grow. But on an absolute basis also, does it not make sense to reduce exposure as much as -- even though you say that in the INR600 crores to INR1,000 band, it is still a sweet spot to be.

But still, the profitability there becomes pretty volatile, right? I mean and government intervention will always be there because your other part of the business, I mean, the staple part of the business is a pretty strong business. And so one question is why not reduce it because this is -- rather than getting exposed to the vagaries?

And second is what are the benefits of being in this business? Does it give you volume, substantial volume? Because generally, all these staple businesses, even the other companies who are into it, they get -- I mean, they always have problems of volatility primarily in the -- on the margin front.

Even in -- and then my second -- another question was that now in edible oil, what is the kind of margins for the year can we look at because we are sitting on a high base, high margins. And now that government has cut down the duty and edible oil prices have crashed from there, what is the kind of margin that we could look at for this year, next year? I mean, broad range?

Sanjeev Asthana:

So let me answer the first question that what you raised. So staples is actually a very good category to be in because it allows you -- we don't sell it in largely in bulk in terms of just giving it away in some 50 kg bora or whatever. It's a brand which goes to the consumer's kitchen and I think it adds a huge amount of value, exactly like edible oil we speak about.

That if in every kitchen, you've got a Patanjali rice -- a bag of rice and pulses and spices and sugar and salt and otherwise, it's of huge value. So both in terms of the brand recall or otherwise, we have a very extensive network of building up supply chains around that. We have got great strength at managing the price risk around it.

And alongside, we also have got capacity to deal with both the logistics and supplies and otherwise. And I think that's a terrific strength that the company carries. The challenge in a couple of quarters, which can accrue is, Abhijeet, is that where we get stuck with the sudden government action. So at one level, we have done.

So now if we can go back previous 10 quarters or 15 quarters, I think barring 1 or 2 quarters, we would have done consistently well. We have made a margin base. I don't have that precise number but I'm happy to sort of go back and check for you. But we would have consistently made margin of between 3% and 4% on the staples as a category consistently. So it is barring - - so this particular quarter, which has been there.

And I was trying to explain that reason as to what is truly happening at the policy level in the way government is driving it. So I would say this is not something that we should scoff at in terms of giving it up. It has a brand equity. So at a strategic level, it gives us a brand equity. It gets our brands into the consumer's kitchen. It gives us a margin construct also and it fits in pretty well with the capability which the company has on in terms of origination and otherwise.

To your second question on the edible oil, I think the dent in the last quarter was precisely on 30th of May when this duty structure changed and we had to take an inventory markdown. I'm pretty confident of our guidance of 2% to 4%. And I think this quarter itself, you will see a change that we should be closer to 3% plus and 4% and rather than closer to 2%.

And I think this year, I'm reasonably confident that we should end the year with very closer to the higher end of the projections that we have done on the edible oil side, which would be closer to about -- at least that's what we are targeting 4%, is what we should make on the edible oil. So I'm very confident that on the veg oil front, our strategy is very sharp, very clear.

Our management of risk is very strong. Our -- the brand equity that we have, especially after having taken the brand ambassador like Dhoni and we continue with that, is very strong. So we feel pretty confident of being closer to 4% than on the lower end of the band.

Abhijeet Kundu:

Okay. And what could be the kind of growth rates -- revenue growth rate that we can achieve during the year or?

Sanjeev Asthana:

So it depends. So edible oil, as you know, that the revenue growth rate we have stated as a target that we'll grow between 2% and 3%. Our -- but we are more focused on the volume side of it.

So there was a marginal dip that we saw in last 8, 9 months on the volume front where about a little less than 2%, it dropped.

But overall, what we are confident is of maintaining the volume and growing perhaps between 2% and 3%. So there was a dip in India's imports, India's demand, etcetera, owing to multiple different reasons in the last 6, 7 months. I think that's a thing of the past. I'm seeing a very robust recovery.

We are heading into the peak festive season. We are heading into strong robust demand in the marketplace. The economy, we just discussed earlier about the rural and urban demand. So I'm reasonably confident that India should see close to 3%, 4% -- between 2% to 3% volume growth and I think we'll be pretty much consistent with that volume growth on that front.

But because the price point could be different, Abhijeet, so that I'm not saying on the -- projecting on the revenue side that will exactly go up like this. But I think we should see 2% to 3% growth, which is fairly in line with what the country's growth is. And our margin should be closer to 4%, and we try to do better than that.

Moderator: Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Sanjeev Asthana: So I would thank -- that for the patient hearing everyone had. And we wish everyone the very best of the Independence Day and Janmasthami as they ensue. And with this, I conclude the call. And if there are any further queries that you have, you have got our Investor Relations Advisor, SGA and our Investor Relations Head, Mr. Priyendu Jha, who are very much on the call. So you can reach out any time and we'll be very happy to answer all your queries.

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.

Kumar Rajesh: Thank you.

Sanjeev Asthana: Thank you.