
PFL/2025**November 07, 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 Q2 FY26 of Patanjali Foods Limited ("the Company")

This is in continuation to our earlier letter dated November 01, 2025 regarding audio recording of Q2FY26 earnings conference call held on October 31, 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 Q2 FY '26 Earnings Conference Call”

October 31, 2025

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 1st, 2025, will prevail



**MANAGEMENT: MR. SANJEEV KUMAR ASTHANA – CHIEF EXECUTIVE
OFFICER, PATANJALI FOODS LIMITED
MR. KUMAR RAJESH – CHIEF FINANCIAL OFFICER,
PATANJALI FOODS LIMITED
MR. PRIYENDU JHA – INVESTOR RELATIONS,
PATANJALI FOODS LIMITED**



*Patanjali Foods Limited
October 31, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to the Patanjali Foods Limited Q2 FY '26 Earnings Conference Call.

This call may contain certain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks 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 “*”, then “0” on your touch-tone phone. Please note that this conference is being recorded.

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

Sanjeev Asthana: Thank you. And good evening to everyone and thank you for joining us today for Patanjali Foods Limited's Call to discuss the Results of Q2 FY '26, and First half of FY '26.

I am joined by the company's CFO – Kumar Rajesh ji, along with Mr. Priyendu Jha from the Investor Relations team, and our IR team partner, Strategic Growth Advisors. We have uploaded the Result's Collateral on 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. This is the highest ever quarterly as well as half yearly performance for the company on revenue as well as EBITDA and PAT levels. Our strategic focus over the recent quarters revolving around deepening our market presence, promptly addressing the evolving consumer behavior pattern and brand building has translated into a healthy performance for the quarter and half year's perform.

The revenue for Q2 FY '26 stood at approximately Rs. 9,798.84 crores with year-on-year growth of 20.95%. The total EBITDA came at Rs. 603.32 crores, translating into year-on-year growth of 22.17%. The total EBITDA margin was 6.13%. The PBT margin stood at 5.13%. For Q2 FY '26, the PAT has partially increased due to the tax refund of previous years.

In line with our strategic vision to position the company as a focused FMCG enterprise, we have restructured our segmental classification this quarter. The earlier food and the other FMCG and HPC categories have been consolidated into a unified FMCG segment to better reflect the integrated nature of our portfolio, operating model and long-term growth priorities. Our half yearly revenue from operations reached Rs. 18,564 crores with total EBITDA at Rs. 937.50 crores and PAT at Rs. 697.09 crores.

The September quarter stood out as a transitional period for the FMCG sector due to GST 2.0. At an industry level, there was a short-term slowdown in consumer demand due to the GST rate revision. Wholesalers and retailers prioritized liquidating pre-GST inventory at higher prices and consumers postponed their regular pantry purchases. To counter this, the FMCG veterans deployed focused trade promotions and incentive schemes, ensuring that we maintain the market presence and the momentum.

While the transition posed short-term challenges, it has laid the foundation for broad-based consumption growth across categories, reinforcing our confidence in the sector's long-term trajectory. At a company level, around 55% of the FMCG portfolio had a positive impact. The GST reform is likely to spur stronger volume growth, particularly across price-sensitive categories.

On the demand front, at an industry level, the rural market continued to outperform the urban market. However, there were some early signs of recovery in urban demand towards the end of September, which is likely to strengthen as the year progresses.

On the cost basket front, the September quarter saw palm oil prices increase by 35% on year-on-year basis and 20% on Q-on-Q basis, making palm oil more expensive relative to soybean oil. As a result, the palm oil imports fell to the lowest level since May '25, while soybean oil imports reached their highest level since July '22. Going forward, pricing pressure is expected to persist due to tightening global vegetable oil supplies and other geopolitical scenarios. Also, on the domestic front, the unseasonal rains have impacted the crops and price thereof.

Our performance continues to be supported by various evolving consumption patterns across India.

Let me provide a detailed overview of our segmental performance for Q2 FY '26:

For the edible oils segment, let me address that first:

From a GST perspective, the rate for edible oils has remained unchanged, majorly being at 5%, which continues to account for approximately two-thirds of our current business. The segmental revenue was Rs. 6,971 crores, a year-on-year growth of 17.17%. One of the driving factors behind the surge in sales is strong brand building and deep market penetration. At 76% of the total edible oils sales, the branded edible oils continue to be the pillar for this segment.

Driven by a strong marketing thrust and impactful brand endorsements, including that of MS Dhoni, our flagship brands Ruchi Gold, Mahakosh, and Sunrich delivered robust growth during the quarter. The EBITDA margin was 3.53% on the edible oils portfolio. With year-on-year growth of 21%, the revenue for first half '26 stood at Rs. 13,653.72 crores, with EBITDA at Rs. 364.89 crores.

For the oil palm plantation business, I will address this now:

The quarterly revenue stood at Rs. 599.43 crores in the oil palm plantation business, and the margin was clocked at 24.16%. In the first half of '26, the segment reported a revenue of Rs. 1,191 crores, with an EBITDA margin of 21.17%. We believe that palm oil cultivation will serve as the next major growth driver for the company. Consistent with this vision, we have strategically expanded our area under cultivation to ongoing plantation activities. As of September '25, we achieved a significant milestone by crossing 1 lakh hectares of land under cultivation. In fact, the exact number is closer to 1,04,000 (to be read as 1,00,997) hectares.

During the quarter, we participated in the World Food India '25 went to New Delhi. This served as a platform to highlight our contribution expertise in oil palm cultivation and crop information.

Coming to the reclassified FMCG segment:

Following the GST changes, nearly 85% of the portfolio is now in the 5% bracket, creating opportunities for stronger consumer traction and volume growth. The revenue contribution of the reclassified FMCG segment was 29.44% in Q2 FY '26, and 27.10% in the first half of '26. Our goal is to steadily increase this contribution and increase it to 50% of revenue in the next few years. Today, nearly 60% of our EBITDA is derived from this segment. With increasing FMCG revenue share, the EBITDA contribution is poised to rise significantly.

For FMCG segment now:

In Q2 FY '26, the revenue was Rs. 2,914 crores, marking a 34.3% Q-on-Q growth. The segmental EBITDA margin stood at 12.28%. The quarterly revenue from biscuits stood at Rs. 499.91 crores, reflecting a growth of 16.47%, driven by healthy sales momentum for emerging channels.

Doodh biscuit now contributes nearly 72% of the business segment sales. Our performance reflects the impact of sustained marketing efforts over previous quarters. We remain optimistic about the category's potential, reiterating our 10% year-on-year growth target on an annual basis.

Ghee recorded strong growth during the quarter, following successful execution of revised strategy. The festive period provided a strong boost to category performance of dry fruits, spices, and condiments. During the quarter, revenue of textured soya proteins (to be read as Textured Soya Products) amounted to Rs. 159.42 crores.

Nutraceutical revenue booked was Rs. 13.45 crores during the quarter. We encountered certain supply chain issues, which now have been resolved. During the quarter, we have collaborated with various influencers to promote our products. Recently, we launched products in the renal care category. The initial traction is positive. We believe that nutraceutical represents a significant growth category for the company.

Coming to the comments on the outlook:

The festive season began to build momentum towards the end of the quarter, signaling a positive shift in consumer sentiment. The direct and indirect taxation, coupled with government welfare initiatives and supported macroeconomic trends are expected to provide strong stimulus to consumption across urban and rural India.

In light of the GST development, we anticipate a 300 to 400 basis points increase in volumes over the coming months, resulting in high revenue. This creates an opportune moment for the company to accelerate its growth strategy by enhancing market penetration and expanding distribution reach. Additionally, we aim to offer a wide variety of products across both mass market and premium segments, catering to diverse consumer preferences and strengthening our position across multiple categories by leveraging these favorable market conditions.

We are well positioned to drive sustained growth and capture incremental demands across the country.

I sincerely thank you for your continued support and trust in Patanjali Foods. With this, I conclude my opening remarks and open the floor for Q&A sessions.

Moderator:

Thank you very much. We will now begin the question-and-answer section. The first question is in the line of Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit Patil:

Good evening to the team. My question to Mr. Asthana is, I have a forward-looking question. As FMCG and foods space gets more competitive, what is Patanjali doing to build a strong edge, not just through brand recall, but through something deeper that competitors cannot easily copy?

Sanjeev Asthana:

Sure. I think it's a great question. No, there are two sides. One is, the question is a very good one. Look, we have always maintained that Patanjali stands for certain values, which is around natural, which is around healthy, organic, towards wellness, Ayurveda, and everything that Indian stands for. We have two macro trends, which are supporting us and then I will come to the specifics of what Patanjali, why we believe that not only will we sustain ourselves, but we will be able to grow and look beyond.

So, one is that this entire campaign, as you are seeing from the Prime Minister of Atmanirbharta, of Swadeshi, and there is a big momentum that is gradually building up that we are witnessing is being very supportive of the overall the platform that Patanjali has. So, if there was one company which could lay a claim to say that this is as an Indian company, as the entire sort of policy driven initiative, we are right up there.

The second is the right-to-win to all the five elements that I spoke about, health and organic and Ayurveda, and wellness etc., again, Patanjali stands pretty much on top of that chain in terms of the right-to-win is pretty much there. Specifically what we have been doing is that, A, in terms

of the time to market in terms of delivering on product innovation, the research and development that we have, the growth opportunity that we see in the spaces that we operate in is humongous one.

Yes, there is a competition. Yes, we have seen that certain players, both the startup mode as well as the organized players they have been very competitively pushing it. But our belief is that two stated intents that we have declared, one is between 8% and 10% growth in the food business that we intend to not only maintain but consolidate and grow. And second is about 15% growth rate in the HPC businesses. Because the availability of the tailwinds for us, the headroom for growth is enormous in front of Patanjali. So, we feel not only pretty confident but we are also quite upbeat that we should be able to maintain the same trajectory as we go forward.

And we continue to innovate, we continue to nimbleness of bringing the product to the market, which typically the startups tend to do better compared to larger companies. But we have proven through our backend, through research, through the supply chain, through the distribution capacity that we can compete effectively, we can drive that growth and we feel pretty confident about it. So, I hope I have answered your question in terms of what you are seeking.

Sucrit Patil:

Yes. Thank you very much. And my final question is to Mr. Rajesh, it's on margins and cost. As input cost and demand patterns keep on shifting, how are you planning to protect the margins? And which cost levers do you think will remain strong over the next few quarters? Just trying to understand how you are going to balance short-term volatility with long-term margin stability.

Sanjeev Ashthana:

So, I will just address one part of it. In terms of protecting the short-term path- we have to sort of, the cost structures, which are always an impact, the commodity prices have a huge impact on our portfolio. So, if you recall, in the first quarter we had this challenge, where in the series of products like especially the butter that we used to make cow ghee, the veg oil prices I was explaining in terms of the palm oil versus the spread of sunflower oil and certain commodity elements like the rice etc., where the government was pretty heavy on interventions and pulses, and rice and a range of other areas, so that has one clear cut impact in terms of how the margins turn out for us.

Now, towards that we followed multiple de-risking strategies for ourselves. One is in terms of how much do we buy, how do we hedge, how do we maintain the inventory levels to a certain level that we are able to maintain the price points. So, some products we are able to pass on the price increase to the consumer. In veg oil for example, barring a one week lag, we typically are able to pass it on to the consumer a drop in price as well as increase in price. But in certain core FMCG product areas, that is not very straightforward, so it takes its own time. So, that is always one part which is there.

On the cost efficiency front, in terms of the operating cost, in terms of technology, there is a massive investment that we are doing. So, for example, we are now getting the latest version of

SAP, SAP HANA is getting implemented in the project now. We have implemented execution plan in terms of usage of AI and ML to manage the inventory movement to make it a lot more efficient, inventory buildup, etc. We go through that series of exercises in terms of making it more efficient on the cost side. We are using renewable energy to cut down on the cost front.

So, both the operating and the manufacturing cost, the distribution cost, as well as the raw material cost, there is a serious amount of effort that we are able to directionally move in towards the double-digit EBITDA and the cost optimization effort towards the double-digit EBITDA, where we are able to bring it to a level, where we are able to address this particular part of meeting the cost as well as this driver. So, where the company will continue to keep investing resources and manpower in terms of making sure that we have the right focus in maintaining our margins, we have the right focus in having the cost leadership, and towards the premiumization side that we are able to address the consumer's requirement in an appropriate manner in that direction.

Sucrit Patil: I think that's a good guidance from your part. And I wish the entire team best of luck for Q3.

Sanjeev Asthana: Thank you.

Moderator: Thank you very much. The next question is from the line of Parth Vasani from KK Advisors. Please go ahead.

Parth Vasani: Yes. Thank you. Thank you very much, and good evening. Sir, I wanted to understand, for the last few quarters the share of edible oils has been upward of 70%, so I just wanted to understand that by when do you think we will be able to achieve 50:50 share between edible oils and FMCG business? So, if you can give a more definitive timeline around that. And also of the FMCG share, how much are you expecting that HPC category to contribute?

Sanjeev Asthana: So, let me answer the first questions first that this is a stated intent that within four years' time we will be 50:50. And the direction of that is, as I mentioned in my call just now, I think the edible oils part I missed out. We will continue to grow between 2% and 4% in edible oils category and we will grow at 8% to 10% in the food business and about 15% in the HPC business. So, basis these growth numbers, we should be able to move there.

Now one part which you have rightly mentioned that last few quarters we took over the HPC business on 1st of November last year. And we have done three quarters of the run, where the veg oil prices had spiked and because of which the percentage margin for example this quarter, if I were to do the math and say that okay the prices would have remained same of the edible oils and our FMCG business in the numbers that we have been able to achieve in the second quarter this year was there, we should have been closer to 32% and edible oils share should have been 68%.

But what has happened was that our edible oils volume grew a little and the prices were also on an uptake with the result that it's about still 70 point some percent, and this is 29.77% (to be read as 29.71%). But directionally, we are reasonably certain that we are headed in that direction because of the simple math on the current basis if were to look at, we should be pretty close to that number of 50:50 in four years' time. That is one.

Second is, as I had stated in my opening remarks also, that today 60% of our profits, EBITDA, we are deriving from FMCG segment and about 40% is coming from the veg oils segment. So, the idea is that at 50:50 revenue, nearly 75% of the profit will come from the FMCG, which is a lot more predictable, the quality of margin is consistent and is pretty much there. And about 25% margins will accrue from the veg oil segment, and gradually that should go.

Some quarters you will find that, yes, because the price spike or otherwise it was not met. But I believe that steadily you will see that our share of FMCG will continue to increase higher and better compared to the veg oil as we go forward. So, that's pretty much there. In four years' time, we should be pretty much at 50:50 level.

I am sorry, and there was a second question that you had. So, in terms of the HPC business, 7% was the contribution in the overall revenues of the company. And otherwise, the HPC business overall if I were to look at, in terms of the growth and otherwise perspective, we are pretty much on course for the business. So, that is pretty much there. So, for example, this quarter, we did a revenue in the HPC of Rs. 659 crores. And the previous quarter, it was Rs. 560 crores. So, we are making a steady progress on the HPC front.

So, for example, in the first half this year, we have done about Rs. 1,200 crores (to be read as Rs.1,219.13 crores) of revenue in the HPC, which is almost nearly 25% or 24%. And I think it will continue to steadily rise and will continue to grow in that.

Parth Vasani: Okay. Yes, that is good to hear, sir, it was very helpful. Lastly, sir, if you could just help me understand the trends which were emerged during the festive season.

Sanjeev Asthana: Sorry, what is that?

Parth Vasani: The trends which you saw, which emerged during the festive season, if you could just elaborate that.

Sanjeev Asthana: So, festive season was positive overall. I mean, we had a reasonably good uptake in the volume growth was about 5% we witnessed in the edible oils segment. So, that was a good growth we saw. We had an uptick in the food part of it. There was some uptake we saw which was there. But I have always maintained that this growth in food overall and even the FMCG, I mean, non-food as well, will take a bit of time before this will start reflecting in the sales.

So, give it a couple of quarters. We have said that guidance is between 300 to 400 basis points. Exclusively as a reflecting the change in the GST rate, I think will accrue to the company, so that we are pretty positive about. And that should be accretive to the overall growth numbers of 8% to 10%, that's what we have said. We should be able to read that number.

Parth Vasani: All right, sir. Yes, that's it from my side. Thank you very much.

Sanjeev Asthana: So, I will just correct one quick number, which we said as a percentage, HPC percentage. So, total was a little north of 25%. We did Rs. 659 crores out of the total FMCG business of Rs. 2,914 crores. So, we had a total of more to about 26% plus is what we did as the HPC share in the overall FMCG portfolio (26% was said erroneously. To be read as 23%).

Moderator: Thank you very much. The next question is in the line of Kunal Shah from Jefferies. Please go ahead.

Kunal Shah: Hi, good evening. Thank you. Sir, my first question is on edible oils. Can you give us a sense of how branded volumes have done this quarter on a Y-o-Y basis in absolute terms?

Sanjeev Asthana: So, much better than the previous quarter. So, the volume, the growth in the edible oils segment is that compared to the previous quarter we did 4.59 lakh tons in the previous quarter. This quarter, we did 4.82 lakh tons. We grew about 5% on the growth side. 76% of everything that we sold was in the branded form, so pretty positive. Because Q1 was pretty dull, the demand was sluggish and the Q4 of the previous year was also dull. But broadly, we have seen that the preparation for the festive season started to get some momentum. The demand was in an uptick, so volumes are improving now.

Kunal Shah: Okay. So, this 5% is on a Y-o-Y basis, right?

Sanjeev Asthana: It is on a sequential basis, on quarter-on-quarter basis it has grown up.

Kunal Shah: Okay. Understood.

Sanjeev Asthana: And Y-on-Y if I were to look at, it is actually negative 7%. There is some de-growth as I was mentioning, because of the spike in edible oils prices. The overall edible oils imports in the country have gone down by 3%. So, that is reflecting back in the sales of every single company. So, that is there. But now, I am seeing that sequentially on Q-on-Q basis we will continue to see an uptick on the growth.

Kunal Shah: Understood. Very clear. Second question is on the palm side. So, this sharp jump which you have seen in first half, is it possible to give a split on, let us say, how much is increased production as your plantations mature and how much is higher prices? If you can, give some sort of split on those two things.

Sanjeev Asthana:

Yes. So, as I was mentioning on the oil palm plantation side, so total revenue is about Rs. 600 crores. So, our volume spike is continuous what we are seeing right now, and it continues to grow. So, for example, in this quarter, Q2 FY '26, the volume is about 2.74 lakh tons is what we did compared to 2.42 lakh tons in Q1, which is a 13% increase. Last year, at the same time the volumes were higher, but because of the harvesting sort of period change was there. Otherwise, our business overall is undergoing a very significant growth momentum in the oil palm plantation, as what we planted four years back continuous to get into the fruiting stage.

The second part for this business is that the first half of the year is in general nearly 70% of the year in terms of the both revenue as well as the profitability, or 65% to 70% typically is the range, now we are getting into the leaner months in the balanced part of the year. So, as a overall, the growth momentum trajectory is very positive. But as you do know that some bit of harvesting etc., depending on the weather conditions part of that may spill over into the Q3 versus Q2 and et cetera occasionally happens. But typically, it's a very positive sign in the way it has grown in this quarter. And we expect part of that to reflect back again in the Q3 and we should end the year pretty robust overall basis on the oil palm.

Kunal Shah:

Understood. And moving to oil margins, so given this strong performance in the palm side of it, the overall margins still look a bit lower versus what they were let's say last year. So, fair to say there is room for that to improve, let's say, in second half?

Sanjeev Asthana:

No, you are absolutely right, and it is correct, because the oil palm was a major contributor to the profit. And on the edible oils side, as I was mentioning earlier, the palm oil actually volumes dropped substantially in the previous quarter because of the price spike that we witnessed. Palm oil prices had gone up nearly 25% on a half-yearly basis, so that had a big impact in terms of palm oil imports coming down substantially, that's one.

Second is, because of the sunflower supply chain, I mean, soybean oil demand sort of spiked but soybean in India was off-season entirely, the harvesting is happening right now. So, it has happened, which has had some dampening effect in terms of both the crush was off-season entirely and the edible oils refining business and the branded business also was pretty much off because of this price change here. But I am anticipating that this quarter it should change and we should get back to better performance on the edible oils, both for the next two quarters.

So, the prices are looking to pick up are, first one month what we have seen today, what we have done with the first month of this quarter is looking pretty decent. So, I think we should be able to recover substantial part of what part of that what we did not make as much, we should be able to recover in these two quarters. In any case, in the edible oils, more than 60-65% business gets done in the last two quarters. So, there's a bit of seasonality there because driven by festive season and winters and high demand etc. So, more than two-thirds of the business gets done in this period, so we should be able to clearly recover on that front.

Kunal Shah: Understood. Very clear. Moving to the foods bit. So, it looks like a good performance after many quarters. My question was, is there any GST destocking impact both, let's say, in here an HPC which we should remember, I mean, negative impact of let's say destocking due to GST?

Sanjeev Asthana: Partially. Initially we had a bit of a challenge in terms of the destocking process. I was talking I think somewhere else today itself, we saw a bit of stoppage where the inventory drawdown was happening by the retailers and distributors in terms of selling off everything before they were. So, they were delaying all the orders and deep clogging of the channel was happening. Now that it started sorting itself out, so we have seen very robust orders, which are coming in. So, I think that is now a thing of the past. I think we should start to get an uptick in the demand also, and the pipeline fill up of the inventory is also happening pretty decently. So, we should be on good wicket now.

Kunal Shah: Understood. So, fair to say that the foods there should now grow Y-o-Y?

Sanjeev Asthana: Yes. We are pretty much there and that's what we are predicting is we are pretty much on course. In fact, across the board, Kunal, we had very good growth in the ghee, very good growth in honey. And also, sequentially if I were to look at certain of the product categories which are large ones for us, in mustard we had a very good pickup, beverages side, dry fruits, Chyawanprash, etc. These are smaller categories, but across the board, for example, we have got a fairly good pickup.

So, if I were to give you some specific numbers just for the flavor, like ghee we picked up pretty well from Rs. 257 crores in the previous quarter this year, Q1 of '26, to Rs. 448 crores with nearly an uptick of Rs. 191 crores. Like if I were to compare it with the same quarter last year Q-on-Q, it's almost up Rs. 93 crores.

Honey, similarly, is up by Rs. 78 crores. So, there's a heavy push which happened, the demand lag which was there in the system, which was the beverages came down because more on account of the weather changes, etc. with the demand typically tends to take a lower response. Dry fruits, we had a pretty good run, Rs. 33 crores plus. Chyawanprash, we had a Rs. 10 crore uptake.

So, broadly, across the board, biscuits, we had a good pickup in demand of maybe 16% versus the previous quarter, Q1 of this year, 8% versus the last year. (This was erroneously said. The YoY growth in Biscuits was 16.46% and 13.6% in QoQ). Likewise, on the TSP side, Nutrela, we had 21% pickup (this was said erroneously. The QoQ growth was 14.12%). So, yes, it's across the board pickup. And I think the momentum in the second half should continue. So, we should pretty much be able to recover what we lost out in the Q1 last year, it should get picked up in the remaining two quarters.

- Kunal Shah:** Understood. That's very clear. My last couple of questions. So, one is, you have typically disclosed the EBITDA splits across different segments, staples, biscuits, Indian ethnic, would it be possible to do it? Or have things clubbed now?
- Sanjeev Asthana:** On this, they are clubbed now. So, I think, I mean, I can give you a broader category level overall. So, I think right now in terms of the numbers, availability right now in front of me, we can talk about that foods we have done about 6.4%. In the biscuits, we have done 9.8%. In the Nutrela, I mean, the soya protein business, we have done 18.81%. So, broadly, that is how the split is. In the non-food, we have done about 27.7%. So, Rs. 659 crores of revenue. And based on this, on an overall basis, holistically, it's coming to about 12.18% EBITDA margin of FMCG segment .
- Kunal Shah:** Sorry. I missed the non-food number.
- Sanjeev Asthana:** Non-food was the FMCG, HPC, it is 27.7%, Rs. 182 crores EBITDA on a Rs. 659 crores revenue.
- Kunal Shah:** Okay. So, that seems quite high versus what we have done.
- Sanjeev Asthana:** No, it is not high. So, I have spoken before also, we have done like last quarter Q1 this year we did about 21.3%. And this time, we had some gains on the uptake in the orders and otherwise. So, we should be pretty much going back to the regular course of 18% to 20%, that is the remaining part. But from the initial cost structures that we had, and basis that there was a change, but I think this may not get repeated, this level of gain.
- Kunal Shah:** Understood. Very clear. Last question is on the balance sheet. So, I can see a very large increase in gross debt and a commensurate increase in gross cash, so any specific reason why this is happening?
- Sanjeev Asthana:** Can you repeat that question again Kunal, Rajesh ji will answer that.
- Kunal Shah:** So, my question is on the balance sheet, there seems to be a very large increase in gross borrowings and also a similar increase in gross cash, I mean, cash on books.
- Kumar Rajesh:** Kunal, basically, that is a withdrawal of working capital limits, LC. That is majorly on account of withdrawal of LC. So, LC and working capital demand has grown, we have used this into the business and drawn from the banks. That is why borrowing increased.
- Kunal Shah:** Understood. That's all from me. Thank you so much.
- Moderator:** Thank you very much. The next question is in the line of Shirish Pardeshi from Motilal Oswal. Please go ahead.

- Shirish Pardeshi:** Asthana ji, good evening. I have a few questions. I did not find the press release, so can you provide the breakup of Rs. 2,914 crore? So, I could pick up biscuit is about Rs. 500 crores, ghee is about Rs. 448 crores, soya is Rs. 159 crores, and you mentioned HPC is about Rs. 659 crores. So, what is the balance?
- Sanjeev Ashthana:** Foods business is Rs. 1,583 crores.
- Shirish Pardeshi:** Yes. Okay. And you gave the HPC number at Rs. 659 crores and Q-o-Q growth against Rs. 560 crores, what is the number last year?
- Sanjeev Ashthana:** Last year we did not have this business, so we may not be able to exactly, I do not have that number right now, would have happily done that. It was the business was sitting with the parent at that time, so this is the available number right now. So, last year's comparison is not available for Q2.
- Shirish Pardeshi:** Okay. And when you say you are at a 12.3% overall margin, can you break, I mean, because I have been following so I know clearly what is the biscuit, but how has the margin moved, specifically operating margins for HPC in Q1 and Q2, and gross margin if you can provide?
- Sanjeev Ashthana:** So, I told you that in the Q1 in the HPC business, we did 21.3%, Rs. 120 crores of EBITDA over Rs. 560 crores of revenue. And in the second quarter, we have done Rs. 659 crores revenue, Rs. 182 crores of EBITDA. So, on that basis, it has moved up. And some bit of lower priced raw materials, some bit of price benefit that we got in terms of price uptake that we took based on the advertisements and otherwise that we did. So, based on that, so that is a movement over the last two quarters.
- Shirish Pardeshi:** Okay. And in terms of biscuits, when we say that we have a sales of Rs. 360 crores for Doodh Biscuits, which you are saying that you are targeting Rs. 1,000 crores. So, once we reach to Rs. 1,000 crores revenue or volume, what would be the margin change? Because I would assume that you have a better margin in that business.
- Sanjeev Ashthana:** In the biscuits, so biscuits typically I will tell you this operates on --
- Shirish Pardeshi:** Specifically Doodh Biscuits.
- Sanjeev Ashthana:** Specifically, Doodh Biscuits. So, Doodh part is dependent partially. So, Doodh as you know, I mean, it's a fairly low-priced point product, which is extremely popular and is very critically dependent on the pricing that we witnessed typically on palm oil, sugar and flour, and the packing material. So, those four are big drivers of the final margin. But we have got a threshold level beyond which if typically, we exceed that level then the margins will continue to improve.
- Now last year, we had almost 9.65% margin in the biscuits on EBITDA basis. This year, the margin construct is, overall, I am just saying on the annualized basis. But if I were to compare

the first half of last year in H1 of FY '25, our margin in biscuits were sitting at nearly 14.6%. So, beyond a certain threshold level, and if the price is attractive on the raw material side, we typically would be able to pretty much make margins upwards of between 10% and 12% and could be higher as well.

Now Doodh Biscuits automatically tends to limit our margin construct at sub 10% to 12% number because of the very nature of the product what we have. So, there's a lot of work which is happening on the premiumization side, the launch of the product that we are doing, there's the premium cookies and rusks and cream crackers and others are getting sort of, there's a manufacturing plant that's coming up at Noida, which is our own facility, we are working on launching newer products, at a high end premium level.

So, the idea being that, if we can get an uptake upwards of 15% to 18% growth category, which cannot come based purely on Doodh, it will have to have a very large proportion of the premium biscuit and cookie, which will drive that growth. So, that is the work which is going on right now by us.

Shirish Pardeshi: Okay. My second question on the edible oils, and you mentioned that the price increases in the import prices has gone up. So, to what extent we have passed on? And do we have any benefit on the existing inventory?

Sanjeev Asthana: So, as I mentioned that the second quarter was in general the prices, A, there is not much that you can hold on to, you can work it out in such a way that typically the price benefit you cannot hold for long. So, this is just typically not more than a three, four, five, six days of lag that you can get the benefit. So, unless there's an event based benefit that you get gain on the inventory, that is a one-time event gain. That duty structural change something happens, government sort of regulates the import of refined oil vis-à-vis the crude palm oil, so that crude oil, so that is one impact which we see.

And the second is that if suddenly there's a spike in prices, that's a gain. So, typically we get. So, I do not think that those are the events which happened in the second quarter, in the Q2 this year, this quarter. But on an overall basis, I am seeing some bit of demand uptake as well as the price increase. And there's almost nearly 65%, two-thirds of the business gets done in the demand peak, demand period now, which is unfolding in front of us Q3 and Q4, so part of that we should be able to recover back in the in the margin constructive business.

Shirish Pardeshi: Okay. No, I was just trying to look for some reason because we have reported a growth of 17% and you said about 65%, 76% business is branded. So, is this growth will continue and then there is a price change which will also happen?

Sanjeev Asthana: No, it will not. Our volume growth will be pretty much, as I mentioned, will not be exceeding 3% to 4%. And even right now also, compared to last year as I mentioned, the demand

contraction has happened in India. So, we have 7% lesser compared to Q2 of last year versus this year. So, it is lower volume. And this demand contraction is a very structural contraction which has happened on account of the compression in the imports, and I think that is going to be a bigger driver in how this is going to change. So, I think we will not see exponential increase. So, if at all the revenues happen much larger, it will happen a lot more driven by the price increase. Our volumes will not be an uptick at that level.

Shirish Pardeshi: Thanks. And last two questions. On the GST front, what percentage of our portfolio is impacted because of change in excise?

Sanjeev Asthana: I mentioned that. So, about 55% portfolio is at 5% right now of the FMCG overall, and edible oils, veg oils were already at 5% prior to that. So, right now, almost 85% of our portfolio is at 5% level. And basically 85% on overall basis and about 55% of the FMCG segment which is at 5% levels now.

Shirish Pardeshi: And to what extent we have executed, I mean, the reason why I am asking, when do you think the normalized behavior from the retail trade will happen? Will it take substantial time, because I do not have a number of what is the inventory lying in the system?

Sanjeev Asthana: No, it will take time and so it is not that straightforward that reduced GST is instantly leading to an uptick. Our estimation is that we should be between 300 to 400 basis points is what we should have a demand uptick, but that may take several months before it takes down. And especially in consumer products which are very low price points, I am not anticipating any immediate uptick on that front. But yes, fundamentally, we see that demand uptick is going to be there and we should benefit from that.

Shirish Pardeshi: Okay. Wonderful. Thank you, and all the best.

Sanjeev Asthana: Thank you so much.

Moderator: Thank you so much. The next question is from the line of Sumit Mathur from Yashwi Securities. Please go ahead.

Sumit Mathur: Yes. So, my question is on the balance sheet side, we noted that there is an increase in borrowing, so can you explain me about this?

Sanjeev Asthana: Sorry, can you repeat?

Sumit Mathur: My question is on the balance sheet side. So, there is an increase in borrowings, and a significant increase in borrowings from Rs. 780 crores to Rs. 789 crores, so can you explain?

Kumar Rajesh: Yes. This is primarily due to working capital loans and development of credit facility from the banks.



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- Kumar Rajesh:** So, further, see, this is increased by Rs. 2,108 crores compared to March '25, primarily on development of working capital loan of Rs. 1,376 crores, buyer's credit from SBI London of Rs. 367 crores, and unsecured working capital loan of Rs. 360 crores. These all are basically borrowings from the banks for the working capital facilities, fund based and non-fund based.
- Moderator:** Thank you so much. As there are no further questions, I would now like to hand the conference over to Mr. Sanjeev Asthana for closing comments.
- Sanjeev Asthana:** So, thank you very much for all the questions and this call, and we look forward to hearing from you. We are available as a Management. You have all the coordinates, and we look forward to meeting you all in the next quarterly results. Thank you very much.
- Moderator:** Thank you very much. On behalf of Patanjali Foods Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.