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CIN : L15140MH1986PLC038536

RSIL/2022 **Date: 23.05.2022**

To
BSE Ltd.
Floor No. 25,
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai – 400 001

BSE Scrip Code: 500368

National Stock Exchange of India Ltd.,
"Exchange Plaza",
Bandra-Kurla Complex,
Bandra (E),
Mumbai – 400 051

NSE Symbol: RUCHI

Dear Sirs,

Sub. : Transcript of Investors' call

Pursuant to Regulation 30 and 46 (2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we attach herewith the transcript of audio call held on May 18, 2022 with the Investors and Analysts. The same is also available on the Company's website i.e. www.ruchisoya.com.

We request you to take the same on record.

Thanking you,

Yours faithfully,
For Ruchi Soya Industries Limited

Ramji Lal Gupta
Company Secretary

Encl. As above

"Ruchi Soya Industries Limited Conference Call on Acquisition of the Food Retail Business of Patanjali Ayurved Limited with Ruchi Soya Industries Limited"

May 18, 2022

MANAGEMENT:	**SHRI BABA RAMDEV – RUCHI SOYA** **MR. SANJEEV ASTHANA – CEO, RUCHI SOYA INDUSTRIES LIMITED** **MR. KUMAR RAJESH - HEAD (STRATEGIC FINANCE), RUCHI SOYA INDUSTRIES LIMITED**
MODERATOR:	**MR. ABHIJEET KUNDU - ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day and welcome to the Ruchi Soya Industries Limited Conference Call hosted by Antique Stock Broking regarding the acquisition of the food retail business of Patanjali Ayurved Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhijeet Kundu from Antique Stock Broking. thank you and over to you, Sir.

Abhijeet Kundu: Dear participants, welcome to the Ruchi Soya Conference Call. This is regarding the acquisition of Patanjali Ayurved Limited Food Retail business by Ruchi Soya. We have with us the management, Shri Baba Ramdev ji and the management of Ruchi Soya represented by Mr. Sanjeev Asthana, who is the CEO and Mr. Kumar Rajesh, who is the Head – Strategic Finance. We will start with the initial remarks from the management and then we can proceed with the questionnaire.

Sanjeev Asthana: I would request respected Swami ji to start with the opening remarks. We have nearly 98 – 100 people connected with us on this call, it will be good for everyone if you start the call. Your blessings will be there and we will also get your directions.

Shri Baba Ramdev: Good day, can you all hear me?

Moderator: Yes Sir, you are audible.

Shri Baba Ramdev: First and foremost, my lots of greetings to all the investors, my thanks to all the investors and today is a historical day for Ruchi Soya for doing our track record, our performance, our strategic plan. With this so many things in Ruchi Soya, first our turnover, our EBITDA, total turnaround of our business and corporate governance, professional management and transparency, accountability, ownership, everything is going very well in Ruchi Soya and now today is a very special day for Ruchi Soya, acquisition of Patanjali food business. This is a historical day in itself because in Rs. 690 crore, nearly Rs. 700 crore, we are giving nearly Rs. 4174 crore business on a slump sale basis in just Rs. 690 crore. And before whatever legal process was there for both the companies, for which a committee was formed for the complete acquisition of the business. Finally, the board has given permission today that we are giving the business in Rs. 690 crore on a slump sale basis of Rs. 4174 crore, whose next year plan is of Rs. 5200 crore turnover. It has eight verticals, it consists of staples, which includes all kind of flours, pulses, all kinds of spices, the biggest brand in this is Patanjali Cow desi ghee and total oils are there, virgin oils are there, physical refined oils are there, all premium oils are there. Beverages is there, honey is there, our Chyawanprash, our power vita and our dry fruits are there. So, each business in its own self is an incredible business. There is no competition in it, there is no competition in cow's ghee, there is no competition in Amla-Aloevera juice, there is no competition in Kachi Ghani. No one stands equal to us, no competition, no comparison, this is such kind of a business. All food businesses are dependent on trust, the trust level of Patanjali food is very high and we are not only giving the food business to this company, we are even giving the name Patanjali Foods Limited to it. Here all the boards have already given approval to it, now we will also get the approval from the shareholders, so this will be a big step because Patanjali as a brand, its brand equity is very high. The reach of Patanjali in India and all over world is very high, our reach is to nearly 200 countries of nearly 200 crore people in the world. The Patanjali's reach is so vast and in that our customer base, especially in India is too big. And with the complete distribution, with complete human capital, with complete human resource, without any liability or with non-compete agreement we have transferred this business and its future is quite big because if you look from FMCG base, India is the biggest market of food in over the world in. And now people who were a part of unorganized sector earlier, are now converting into organized sector slowly in India. And if we go to evaluate base of each and every vertical as to how big its market is, the size of market is very big and how far can we progress in it, then I would say the sky is the limit that is how large it is. And it will be a big step in it and the people who have been associated with us from the beginning in the form of partnership, in the form of investors, it is a big day for them too and the upcoming future is also very big. Since I am allowed to speak only to a limited extent within the legal boundaries but if a business of margin of 15% - 20% is merged together, someone would say 30%, 40% or 50%, is the multiples it will be getting, whichever ways you calculate, so this is such a big step that the investors will gain to a very large extent in the coming future. And the base behind this business has been built from the last 30 years, our few brands are 30 years old in this, like our Chyawanprash and Honey these are all 30 years old brands which used to be someday in our Divya Pharmacy and we merged them into Patanjali and some brands are 15 years old like our Cow Ghee and there are lot of other products, so there is a trust history built against the last 15-30 years and the future is also very bright.

So, I will only say this to my investors, whatever we had committed to you, we have delivered 100%, we said that we will merge biscuit into this and we merged that, we said we will merge food into this and we did that. And we said that in the slump sale, selling with minimum amount to give investors maximum benefit because the greater number of investors associated with us with loyalty, we will be able to progress to a long journey. So, we are looking to establish a long-term partnership, the future is very big and we had committed that we will be debt free and we did that and the size of this company will be so big that the commodity business at least in the next 5-10 years, there is a one of a kind price future and there will definitely be challenges for the common people but as a business, commodity will be a very big business and in them biscuit and food is such a big market, if you look at its verticals, then it has become so big and I was saying this only. I had mentioned the important point anyways, that the commodity business, food, nutraceuticals and palm plantation, we have a 15-lakh acre plan in which we have executed agreements worth lakh of Rupees and we are working towards executing them, so whatever we had committed, we executed 100% of those deliverables and will execute in the future too. A big thank you to all of you.

Sanjeev Asthana: I will just take brief for a couple of minutes, just add to what Swami Ji has already said and give some specific details. So, my name is Sanjeev Asthana and I am giving you the details of what occurred today and I will just take a few minutes and then the floor is opened and we are willing happy to answer any questions. So, basically what we are moving is, the food's business with 536 SKUs that has spread across 8 product categories, like staples, edible oils, beverages, spices and condiments, cow ghee, honey herbal products and dry fruits and there are some marquee products, like for example cow ghee more than Rs. 1000 crore a year, similarly Chyawanprash, similarly Aloe vera juices, Patanjali Honey. So, there are lot of good and solid products and product lines which are moving, this is one part. The second is, that consistently we are seeing a growth rate in Patanjali food business for last 3 years and constantly that needle has kept on moving forward, so we are hoping to keep the momentum and in terms of the next year as we follow with the same one.

Compared to the industry growth again, Patanjali business has done way better as it continues to move forward and has done well. Patanjali's distribution reach, just to reemphasize is extremely high along with Ruchi, so together for example the direct reach for Patanjali has more than 5.5 million retail outlets, Ruchi has additional reach to retail outlets of nearly 0.5 million. We have got 100 depots across the country; we have got 4700 distributors and indirect access to customer touchpoints or retail points is additional one million for Patanjali. So, that is on the distribution side, we are getting the business along with all the brands for which there is a 1% brand license fee is what we will pay on the revenue for keeping Patanjali's brand in Ruchi Soya for the usage of the brand. Likewise, the transaction has been done on the slump sale basis where the consideration amount is Rs. 690 crore that we are paying and in addition to that, this is going to be a fairly significant step because our proportion of the FMCG part of the business is going to substantially pick up. So, we are expecting that this year our FMCG portfolio should be about 18% - 20% of the overall revenue size compared to just about 8% what we had last year or the year before. So, that component is going to increase and we continue to work and drive that entire process, we are moving in the entire team of Patanjali foods at least all the direct business people as well as the shared services resources and the transaction is subject to the shareholders' approval and other regulatory approvals, we are expecting this transaction to go through in the shortest possible time, so endeavor is that we close it at the earliest possible. So, this broadly is a brief summary and Mr. Rajesh, if you want to add something otherwise, I would like to open the questions. One more thing to all of you, this was the first time and there was some technical glitch what we had, so my apologies for us having started the meeting about 6-7 minutes late and we have taken note of the problem and in the future it will not occur.

Kumar Rajesh: Almost all the things have been explained by you sir and there is nothing I want to explain. But I would like to just highlight one point, we are taking over this business under the slump sale methodology and one thing I would like to highlight before you all, that we are not taking any bank loan, any creditors, I mean to say that we are not taking any liability, except for some liability of PF and gratuity pertaining to the employees. So, this is the undertaking consisting of only and only assets, land, building, plant and machinery and inventories, infrastructures.

Sanjeev Asthana: So, now we can open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chetan Shah from Jeet Capital. Please go ahead.

Chetan Shah: Thank you for the detailed update, I have two very specific questions; going by the way food prices are going up and there is an inflation pressure and there is also a cost of farming going up, can you give us some color and sense on how do this can have an impact on our business in terms of raw material sourcing, that is the first question. And second question I have about our distribution network, in our presentation the exchange thing which we have mentioned that we are present in some 26 odd states and almost 4.5 lakh retail touchpoints, so sir can you give us some flavor about the town, cities and large cities, how this distribution network is and what is the plan for next 3-year time horizon, comparing with other FMCG players in the country? That is it from my side and congratulation and all the best to entire team for such a super execution of deals.

Sanjeev Asthana: So, to answer your question on the food inflation side what you mentioned, that raw material impacts us, so we have got our four businesses which have a direct impact on the food inflation. One is the edible oil, edible oil as you know, is basically a pass-through business, where the prices change virtually every day, in fact three or four times a day. So, that becomes a pass-through, which means that if you are procuring at a higher value, largely you are passing it on to the consumer, so other than the inventory, you know, gain or a negative what might occur, in general, the risk levels in edible oil is only to the extent of the inventory that you hold, in which the prices may move up or down but structurally there is no problem on the edible oil side. The second business that we have, which has got exposure is our biscuit business, which has got exposure on four big levels; one is the grains that we procure the atta that we procure from these, second is the edible oil that we have to use, third is the sugar, fourth is the packing material. And so that clearly that inflation is putting a lot of pressure on all the biscuit companies and especially because the prices of raw materials have moved up substantially, the price points at the consumer end are very difficult to change, especially in the category of Rs. 5 and Rs. 10. So, there our strategy has been in two parts; one is that, we have looked at downsizing in terms of the grammage that we give in the biscuit, we have sort of slightly reduced that, we are trying to build up our premium portfolio, we are trying to take the prices up and we are also introducing mid category packaging, where we are able to offer to the consumer the value, that **(Inaudible)18:32** to a pack can offer and basically to mitigate the cost pressure that the company faces but clearly that cost pressure is there, we are using multiple different means of managing that inflation to ensure that we maintain our EBITDA and we will have to see in the days to come as to how that goes. The other two businesses which is basically going to be Patanjali foods business and nutraceuticals, there while this pressure remains but the premium that we command and the value that is there, it is fairly healthy, so our ability to absorb the additional raw material cost is significantly better than compared to the biscuits business. So, to that extent, I would say, our exposure is there but not to that extent, where are 100% dependence is on only the raw material sources and to that extent, we are relatively safe.

Coming to your second question on the distribution. Our distribution, when we mentioned the presence across 26 States through the retail touch points. So, Patanjali has very extensive distribution network, they have got mega stores, Arogya Kendra and Chikitsa Kendra, which are dedicated outlets which are selling Patanjali products. So, that is one source of access, which is across the country, second is through the general trade channels to the super stocked distributor and retail touch point, that is extensive, combined with Ruchi now, that becomes almost a million retail outlets that we have access into, we have got additional retail access into almost indirectly about a million more outlets and we are continuously working on expanding. So, for example, like I talked about the Ruchi side businesses, like nutraceuticals we are adding nearly 10,000 retail outlets every month. In the biscuit business we continue to expand, every town with 20,000 population and above, our presence is there through distributors and retails touch points. So, that is a work in progress and we believe that we should be able to, from the current network that we have, we should be at least 50% more in the next three years' time from a retail access point and the distribution that we are putting in place.

Chetan Shah: Yes, thanks sir. Just one last small follow up question. If we see our product portfolio, we are more focused on a mid-size, mid-range, more affordable category. Do we have any specific plans for going into premium and super premium category in a time to come and is there any specific strategy which we have kind of talked about, where there is a better brand premium and a product premium which we as a Patanjali or we as a Ruchi can command? If you have any specific thing which you can share will be very helpful, sir.

Sanjeev Asthana: Sure absolutely. So, I will just take quick 30 seconds answer to that. We have several premium category products, and so for example Nutrela Badi, which is the most premium selling in the soya chunks category is there. Likewise, nutraceuticals, all the products have fairly up-market but affordable. To that extent, it is, you know the price point that which they are sold is quite expensive. Similarly in the biscuit business, we have got digestives and cookie cream like crackers and biscuits, etc. So, we are introducing constantly more premium and products to, for a better price realization and very mindful of what we intend to do and this is something which has constantly been a support factor for us but we are now building that up, especially, we have realized biscuits, etc., we need to have a blend of both sides. We need to have an economy offering as well as the premium adopting, as to on that we are continuously working.

Moderator: Thank you very much. The next question is from the line of Chetan Gindodia from AlfAccurate Advisors. Please go ahead.

Chetan Gindodia: Hello sir, congratulations to you for executing this in a very rapid and fast manner. Sir wanted to understand on, with the growth of the acquired Patanjali food business going ahead. So, what is the strategy that you are looking at, so you are guiding for 20%, 25% kind of growth next year itself, so what will eb the source of this growth, are we looking at market share gains and what has been the growth in the last two to three years?

Sanjeev Asthana: Okay, so growth typically as we mentioned, that we have done significantly better than the last year. Our growth rates have been nearly 15% to 25% range in last two years and we expect to maintain the same momentum and that is why we are projecting that we should be able to reach 5200 annualized numbers because by the time the food business comes into Ruchi Soya, it is going to be sometime, maybe one or two months, that is one. The strategy is very clear that we continue to expand at levels of a) expanding our distribution, b) launching constantly new products in different product areas and c) that we are working on it, that basically drives the revenue category as the growth in those segments and all of them general, a growth segment. So, you know for example, with extra honey, with extra Chyawanprash, cow ghee, which is a large category, edible oils, etc. We are seeing consistent move away from you know the traditional non-branded, loose consumers are moving to the branded ones and Patanjali, they associate with health ad nutrition and you know, wellness. So, in general, we have found that especially in edible oils, cow ghee, Chyawanprash, Aloevera juices, etc., our market share is continuously growing. So, we are consistent in the market and we are reasonably confident of achieving all these numbers.

Shri Baba Ramdev: I would like to add on one thing in this Mr. Sanjeev. We have a case history that we have given a growth from 10%, 20% to 100% in different product lines. In the last two to three years, we had done less expense in sales and marketing, now we have no problem for the funds of working capital, we are not doing any new expenditure. So, if we focus a little bit on sales marketing, then not only 25%, in different products we can do a growth of 50% and 100% also, this is our capability, this is our brand equity and this is our history also. That is why, 20% or 25% growth is not a question mark for Patanjali or a big number.

Sanjeev Asthana: Yes Swamiji.

Chetan Gindodia: Thank you so much. One thing more I wanted to understand, though EBITDA margins, so 15% to 16% EBITDA margins that this business has, so this is including advertisement spend or this is excluding advertisement spend? And how do you see, are there any margin levers going ahead or our focus will be on revenue bit?

Shri Baba Ramdev: Since we had not put in much marketing in this, so this is inclusive of what little expense we have done, we have not done much of expense in the last two, three years. We have started as little this year, so we have not sone much of expenses on sales marketing, the expenditure is very nominal.

Moderator: Thank you very much. The next question is from the line of Akhilesh Bagri, an individual investor. Please go ahead.

Akhilesh Bagri: Just wanted to ask one question about the royalty arrangement, this 1% fee will be on the overall gross revenues of Ruchi soya which includes the edible oil part of the business also? Or is it just on the categories which are being transferred from Patanjali to Ruchi Soya in this transaction?

Kumar Rajesh: So, this 1% is on the item transferred from the Patanjali to Ruchi soya only, they depend on turnover of that items, not on overall basis.

Akhilesh Bagri: Okay, so our existing edible oil business, etc., that turnover is not included in this calculation.

Kumar Rajesh: No, that turnover will not be included.

Moderator: Thank you. The next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: First of all, congratulations for a remarkable kind of a portfolio, which has been graciously handed over to Ruchi. I read with lot of interest, that this food portfolio which has been transferred, would grow at the rate of 25% and more over next many years. So, I wanted to understand, is this a reasonable assessment or are we being a bit more ambitious?

Shri Baba Ramdev: Mr. Bharat, I will say two, three things. Like Amla-Aloe vera juice which is our very high profit product, is a part of people's everyday life. Like many people's morning starts with tea, coffee, similarly many people start their day with Amla- Aloe vera juice. And we are the first one in India to make Amla- Aloe vera juice and also to make people drink it. Amway like companies used to sell it earlier, but it was very limited. No one used to sell Amla juice at all to the masses, we brought the Amla-Aloe vera juice. So, in this we can add many more people, to add new customers to it is not a problem. We are the only market leader, so today if you take that 2-crore people drink our Amla-Aloe vera juice, so how we can go to 4 crore to 5 crore is what we have. In that also, there is a lot of opportunity for growth but without any competition. In honey and Chyawanprash, we had done once earlier that we had gone higher than Dabur in these two products. We had done a little advertisement spent on it, we had done campaigns also and there was sales team involvement, retailers' involvement from many ways and with lots of ways we had taken that thing forward. So, in this business also, I do not see any challenge up to 50%, we have already done that. So, we had reduced our advertisement spent a little, we will increase it a little again. We will do some expenditure in sales marketing in that, then there be no problem in doubling the size in honey and Chyawanprash. And now comes ghee, in ghee also we do not have competition, now only this Batra price increase, then also our sales did not go down, it is a very big thing, otherwise people are buying ghee for Rs. 650. Now in this one thing is there, ghee's craze is increasing a lot amongst people, post Corona. So, in this also, we do not have any challenge, no threat, no competition, nothing. We can do how much we want to. Kachi Ghani mustard oil and physical refined oil, I have seen I the entire country in the past two, three years that people prefer natural oil, virgin oil, extra virgin oil to natural fats means ghee. Now they believe that physical refined oil is much better and people's inclination towards refined oil is getting lower but there is a certain portion of masses, which will have refined oil. But we as a premium product, in physical refined oil and Kachi Ghani mustard oil, in which Patanjali is the leader, that is the reason, to compete in these products with others, is not a big challenge for Patanjali. I am saying category wise, those products which are a good profit business for us, remaining atta, salt, etc. are ordinary things, which are 3%, 4% profit business and now due to increase in wheat prices, there are lot of challenges in it. We can do a very big work on spices. So, I am not paying much attention on wheat in this, we are not going to get much profit in the flours and we are not much worried about it also, its natural growth is enough for us but in that also, we have done different types, we involved millets a lot, so we can increase on millets and there is a good profit in it, it is beneficial for us. In spices, we can do as big work as we want. Now, within two months, I ran a little advertisement campaign, so there is already a growth of 30%. If we increase the advertisement campaign a little in this, Patanjali is a big brand name in itself, you see in spices, there are 10 types of brands, from MDH to Everest which are big brands, remaining some Goldiee masala is there, some Suhana Masala is there, some Ashok masala is there. Each masala does thousands of rupees' business, some does Rs. 500 crore, someone does Rs. 1000 crore, someone does Rs. 2000 crore of business. So, in spices, we can grow as much as we want. In this Mr. Bharat, I believe that we can take a 100% growth, this year I have planned to take a 100% growth anyways. For the coming two, three years, we can take 100% growth, there is such a big gap in spices, we could not focus on it due to any reason. Yes Powervita, this is a big brand but we had not done much advertisement spent on it, we had increased once and it had reached at a good level, so Powervita, which is a fantastic food supplement. So, for each product, if we have eight different types portfolio, so in different products, there is a possibility of growth ranging from 25% to 50% and 100% and continuously we will, if we average out, then we can easily think of 25% in the coming five years, so there is no question to grow this business from Rs. 5000 crore to Rs. 10,000 crore within five years, I do not see any difficulty in it. How much more we can do, that is a different thing, so how much strength we will get, we will build that much big, with your support, the support from the investors, we have one way become too strong and will be able to strengthen ourselves in the market without any competition and without doing comparison with anyone, as I had just said some while ago, Mr. Bharat. Thank you.

Bharat Shah: I appreciate this self-confidence and **(Inaudible) 34:51**. The other thing that I wanted to ask was, as you said that many people's day start with Amla juice or Aloe vera juice, etc., I would want to say that my name is also amongst that list. I always felt one question, that there are lots of Patanjali products where demand or supply is much more than availability. That there is a lot of demand of those products, but they are not easily available. There is some hindrance in bringing it to your home with ease, so the distribution strength of Patanjali has increased over a period of time, but I believe, that in demand-supply in many products is too much. So, can this issue be resolved?

Shri Baba Ramdev: We will do something. I will say in short, that is the reason I told you these things. This complete brand has been built by our own hands and what you said, in four, five places, our distributors SD is a little challenging, we will sort them out, within one or two months, the SDs who are problematic what they have done is, they have diverted the capital a little, the money that they earned from Patanjali, some invested in land, some invested here and there and diverted the capital and they came into trouble. So, we have a challenge to change our super distributors over there, it is not that big a challenge, they are good people but they removed money by doing mistakes, so we will remove them from this and will add new super distributors. So, this problem that you are saying about in many places, is 100% correct. We will improvise our distribution channel and competition and market size, market share, all these dishonesty over there. We can take 20%, 25% growth only by strengthening our distribution system, Mr. Bharat, I am saying honestly. I have no difficulty in accepting my mistakes that we have such few drawbacks, we will correct them also very shortly. Whatever small loss will be there, Patanjali will bear it, like any distributors' loan or anything else, we will not let the Ruchi Soya face the heat because of it, we are capable that much now. Some people may give later, some people may remove SDs, so few difficulties will come, so we will solve it but technically we will correct our distribution, this was one. In this there is a problem at our SD level but not at the distributor level and we will also align good distributors. So, with this, we will get one growth naturally, which we call as a low hanging fruit is in front of us. And to increase direct distribution more, to increase rural distribution more, we need to work more in this direction. And we will also increase our exports, then the Indians who are staying worldwide, they will get these products. As it is, there is a lot of demand of Patanjali biscuits and other products worldwide and in this we can take the revenue to thousands of crore. So, we will focus on it even more, so we will get from there also. So, there are three more directions, which will add on to our natural growth by correcting the distribution and rural distribution and extending the export and we will achieve this, Mr. Bharat.

Bharat Shah: Thank you Swamiji, one last question. Mr. Asthana, now going to Patanjali food portfolio, merging with the Ruchi Soya existing portfolio, the synergy of the distribution resources, synergy of the marketing and sales resources would be an important challenge. People challenge, managing that synergy together would be an important issue. Any thoughts and any views on that?

Sanjeev Asthana: Yes Mr. Bharat, so your point is very valid because then that is something which we are very fused off that; a) how do we rationalize the duplication of resources and manage it within various businesses. So, for example, the whole marketing, promotion, branding, that entire piece, if you have got multiple different pieces of selling, there is a straight opportunity. Ground level, distribution resources, there is a possibility to rationalize. Similarly, we are looking at the shared services like HR, Accounts, supply chain, looking at IT resources, etc., we have seen a great deal of synergy possibility. The only part is that all this together work in progress, it will take time once we have said is done, once the acquisition happens. Post that we are already working on a plan, the teams are working both the HR side that how do we rationalize the positions and how do we work together. So, I am expecting two benefits, one is a clear cut, more nimble and smarter organization, second is that you know, linked to that is the cost saving. We will have own rationalization of resources and I am also expecting that this should enable us to make one and one, closer to becoming the three, rather than one and one becoming two only, so that is work in progress and we are working towards it. Including, one more thing I forgot is the entire structured finance area, like vendor financing, distributor financing, consolidating those position, risk management, treasury management, etc. I am expecting a lot of synergies and value add as we go forward.

Bharat Shah: Sanjay thank you. Swami Ji looking at the significant portfolio size and the way it has been transferred over, this is in itself a big achievement. I would like to extend a vote of thanks to the entire team of Ruchi and Patanjali.

Shri Baba Ramdev: We get guidance from such senior people like you, we just do not perceive you as an investor but also see as a guide and you are an inspiration to us and a belief to us. And in spite of me being a Sadhu I learn a lot of things from you. People do know me as a Guru and senior but we admire you a lot and you all have taught us whatever we do, we do with full integrity, with full transparency, you have given me 2-3 big teachings that I always remember and we focus on our own work rather than looking at other things. And whatever we committed, we have completed it timely and propelled forward and in a channelized way, we always remain focused and do not get distracted in other items. A big thank you to Mr. Bharat.

Moderator: Thank you. The next question is from the line of Varinder Bansal from Omkara Capital. Please go ahead.

Varinder Bansal: Sir my question was the way in which Ruchi Soya and Patanjali Foods is growing, like I heard in one channel where Swamy Ji was telling that this company's sale can go up to Rs. 1 lakh core in the future. In the coming 2-5-10 years this can happen and its your vision. Sir, can you comment a little bit on your team. I know your team comprises of very talented people Ram Bharat, Sanjeev Kumar and Sanjeev Khanna is there but when the company will expand to this extent then I am sure that you will want to strengthen your team more.

Shri Baba Ramdev: I will give a very short answer to your question. Today also our team right from CEO & MD we have very talented people. I have already started working on scrutinizing for manpower for the past 6 months. So, from standpoint of exports to lead the food business, leading nutraceuticals and the rest capable leaders who have excellent experience, who are excellent performers and nationally and internationally the known people are there, we are already working on scrutinizing for them. Around 2-3 people will be joining us and 4-5 people are in the pipeline who are at a very big level. Whose package would be somewhere between Rs. 1 crore to Rs. 5-7 crore, such people have already been interviewed and scrutiny has been done and you will see very soon that in Ruchi Soya's team you will see world renowned names including very soon. So, this work is already in progress and since the business is so big and the target is so big to achieve the, so we are fulfilling it. And rest we are referring to just one business, our Palm plantation excellence team is also very big, likewise in biscuits also we have a very talented team. At a lower level we do not have an issue from manpower standpoint. In Leadership lot of big names and who have been true performers, our search is on for them, few have been selected and some are in pipeline and you will see this very soon.

Varinder Bansal: So, Swamy Ji what will be the ESOP policy for the people who join us in the Senior Management? Do all of these people get ESOPs?

Shri Baba Ramdev: See this is not the discussion point for today but whatever established parameters are there, the way in which the market behaves, we will be doing correction for those things at our end, whatever was not included earlier, we are now including it in our company.

Varinder Bansal: Okay Swamy Ji, did I hear it correctly from you that going ahead...

Shri Baba Ramdev: This will be a Rs. 1 lakh crore, there is no question about it at all.

Varinder Bansal: In how many years sir, what is your vision, in today's time if I see approximately Rs. 27-28 crore sale, if I take both of these businesses together, right?

Shri Baba Ramdev: Sir I will tell this only. This questioning is not for this, we are in edible oils, foods, biscuits, and nutraceuticals and palm plantation, the market size is so big for each of these items, likewise I said organized sector is expanding and unorganized sector is declining day by day, organized sector is increasing day by day and in those there is no trustful brand apart from Patanjali. And the strategy of mix of masses and classes and by no means there are any questions on this. So, in the coming 5 years this is a big movement, there can be 1-2 years up or down because we do not want to make false commitments, so you believe this only.

Varinder Bansal: Sir my last question is in India for the last 50 years we did not see a big agriculture company, whenever we spoke about Bharat IT, Pharma, Autos we spoke about this is the first time that we are referring to an agriculture company, so according to me it is a very big thing, 55-60% GDP is done by agriculture but as a company never did something this large happened. But going ahead because if the opportunity size is so huge, in all the sectors that you see, then there will be competition also, right? Adani Wilmar Estate like for example but how do you get such a level of confidence that we will grow 25-30% and competition will not come in the areas to slow us down because all the other FMCG companies from the last 4-5 years have not grown even at 10%?

Shri Baba Ramdev: See, we have this 12 years history of Patanjali with us and the way in which we achieved from day 1 right from scratch, in this it will be an insult for us to speak on this, what should we say, we have already done and will do in the future also. And as far as the competition is concerned, we do not see competition as competition, we are people who live in self-competition, self-inspiration and self-motivation. Whatever we have done previously like in Yoga what was the competition in front of us, there was self-inspiration, self-motivation and we were always working for it. Who will come? In the 70 years of history of India not even a single food park was made and was not profitable also but we did it no. Whatever was impossible earlier we made it possible, who used to say that will people get up at 4 AM, we had that happen. Who would say Amla and Aloe Vera will people drink, we made it to happen? Who would believe that people will have Cow Ghee, we made that to happen? When I had taken over the company right in the beginning, I had completely forgot that we had planned to make the company debt free in the coming 5-7 years, so we made the company debt free in 2 years only know, we achieved in 2 years what was planned to happen in 10 years. So, we work with full confidence and we do not have any personal benefits here and we do not have any work apart from working for the company, neither a girlfriend, nor a boyfriend, nor family or outings, nationally or internationally. Nothing do we want to achieve personally but we have this passion to make India a world level brand and when this passion is there then things are bound to happen even in adverse conditions, at present there are no such adverse conditions and whatever challenge comes by our way we will work with more enjoyment, there are no problems.

Varinder Bansal: You explained this very well sir. I was only thinking is there any kind of magic wand with Ruchi or Patanjali that boosts so much confidence in you. You made this understand to me the passion that you all have.

Shri Baba Ramdev: Thank you. Whoever have that passion and enthusiasm will collaborate with us and the rest can do 'Anulom-Vilom' when their madness goes away then they will come over.

Moderator: Thank you. The next question is from the line of Surabhi Saraogi from SMIFS Capital Markets. Please go ahead.

Surabhi Saraogi: Hello Sir, actually I have few questions. My first question is, what will happen to Patanjali's personal and body care products, like soaps, shampoos, body lotions, are they also getting transferred?

Shri Baba Ramdev: No. Not any medication, no any herbal cosmetic. This is a separate business and Patanjali Ayurved will run it and its value today is already more than Rs. 1,00,000 crore. There should not be so much freebies that people take advantage of it. So, how much we have given is too much, that is entirely a different program.

Surabhi Saraogi: Okay and sir another question is, there are some products which are common under both the companies like cooking oil, like if you think about Soya chunks, Ruchi has its own brand of soya chunks and Patanjali has its own brand. So, sir what are your plans regarding the consolidation of this?

Shri Baba Ramdev: It is a non-compete agreement, nothing will happen. It is a non-compete agreement, in food whatever business we have transferred now, none of them will be made by Patanjali. Patanjali's brand value is more due to its name, if we get more brand value in it, more price, we can get premium product, so all that will happen but whatever food products that we have transferred, Patanjali will not make it, it has been transferred on non-compete agreement, no one will make it and this is our legal, moral commitment.

Moderator: Thank you. The next question is from the line of Narendra Porwal, an individual investor. Please go ahead.

Narendra Porwal: Hello, Swamiji. Sir, first of all, I would say that it is not madness, I would say you are very passionate. The craze that you had for doing business and in fifteen years you have done and proved it, we can see that either our Honorable Prime Minister Mr. Modi has done it or you have done it that how do bring up the rural economy and how to give growth to our Agriculture. Sir my question is, the Palm oil business plans that we are doing, so will our quality and foreign countries' quality will be the same? Otherwise, is their cost price less, so that they can give it on a very low price?

Shri Baba Ramdev: We are already doing on 1.5 lakh acre land and will do on 15 lakh acre land and our quality will be better than Indonesia, Malaysia, our oil is good, our air-water is good and no one can threaten us. Indonesia, Malaysia keeps threatening us in between, sometimes they talk rubbish on Kashmir, sometimes rubbish about here and there, sometimes they threaten that they will stop supplying. Now also, they are doing something work in disorderly manner, so Patanjali, Ruchi Soya is going to do a very big work in the direction of making the country Atmanirbhar in edible oil. So, in any ways, price, etc., our product will be less than the imported one, there is no problem in it.

Narendra Porwal: Sir, my next question was that our brand is so big and the way people are earning money in rural, in villages from agriculture and we will get the highest growth from there. So, sir our marketing, as you said that we will bring some big personality, so if we do our marketing in this way and if we do 1% or 2% of our margin and grow our business a lot, like in villages, because this is in listed, so you can become complete Britannia or Parle company or in spices as you said we can become bigger than Everest, MDH, in Cow ghee we can become Amul. And it was our dream that we will never be able to buy Patanjali's share, but you have given us an opportunity to buy Patanjali share by bringing in the Ruchi Soya issue. This is a very big opportunity for us that we are getting Patanjali share, otherwise we would have never been able to see the Patanjali brand share ever.

Shri Baba Ramdev: We will move forward will all the ownership and all your dreams will be fulfilled by, Mr. Narendra.

Narendra Porwal: Okay sir, thank you. And you grow even more, not even Rs. 1,00,000 lakh crores, may your company become a Rs. 2,00,000 crore, Rs. 3,00,000 crore company because your vision for India that every small investor should earn money and rural economy should grow and growth from agriculture should take place so that our GDP increases, so this is our dream with you.

Moderator: Thank you. The next question is from the line of Praful Agarwal from Blue Chip Financial Services. Please go ahead.

Praful Agarwal: Hello Swamiji. My best wishes to Patanjali group for this. I have a small question; in which quarterly financials can we expect these figures on the sheet for this merger?

Sanjeev Asthana: On the second quarter, we are reasonably expecting but, if I understood your question right, we are expecting this should take about two months. So, next quarter, quarter two onwards, I think we should be there, sometime by middle of July.

Praful Agarwal: Alright, and how is the Palm oil revenues from the Palm oil's plantation, that will be coming into the company, when can you expect that?

Sanjeev Asthana: So, Oil Palm plantation is very much a Ruchi business only. Patanjali has no Oil Palm plantation business, so that is in the Ruchi, continues to remain and we continue to expand in the area plan, etc. as Swamiji has mentioned earlier, that we continue to expand the Oil Palm business on our own. So, Patanjali has nothing to do with that.

Moderator: Thank you. The next question is from the line of Amit Jeswani from Stallion Asset. Please go ahead.

Amit Jeswani: Good evening, Baba ji and Sanjeev ji. Sir my question is on the plantation of Palm. So, today our margins are 6%, assuming if we plant from India only, what will be our margin in the oil business, in the edible oil business? Like, of course, we will save on price, we will save on lot of things. Will we buy it at the market price from the farmers? How will that plantation business work, just trying to understand?

Sanjeev Asthana: So, I can quickly explain, Plantation business is a Tripartite arrangement between the farmer, the government and the company and there is a fixed formula which is defined by CACP, which is the commission on agriculture, cost and prices, which takes in the monthly prices, C&F kind of basis of international prices, the oil extraction rate that we get and how the farmer that would deliver, basis that there is an almost an assured margin construct that we have in the business and that margin construct is quite handsome. So, it is more back-ended return as we get but once the plantation starts to yield fruits, then the margin is nearly assured between 20 to 25% EBITDA, is a consistent margin that we earn in that business.

Amit Jeswani: Got it and do we invest money for the plantation or do we give some money upfront to the farmer?

Sanjeev Asthana: So, I will explain that, so basically our expenditure is largely in the operational expenditure to begin with. It is more of either working capital of hiring of resources and very marginal capital capex in terms of hiring of, you know, basically getting jeeps, etc. and after four years and between fourth and eighth year, we are obligated to put in the Oil Palm Mill for the processing purposes and for that our CAPEX grows but that is more back-ended and there also there is a small support from the government and then there is a new policy of National Mission on Edible Oil, that support is nearly 50% in case of North – East and it is also almost about 25% plus in the rest of India. So, that support has gone up, so it is a basically very CAPEX friendly business, so it is not in a, unlike Indonesia, Malaysia our CAPEX requirements are very low, operating expenditure in the front-end is high and thereafter it is a consistent income for the next 25 years.

Amit Jeswani: Got it, so the one and a half lakh acre which we have already started the plantations on, they will start yielding in 2025, 2026, am I right?

Sanjeev Asthana: No, so I will just explain that. We already have yielding; you know we have got 59,000 acres which are already planted. We have taken a target to do half a million acres over next five years and towards that, this particular year because you know, lot of work is going on the nurseries and basically seep garden, etc. so next year the momentum will pick up, so how Oil Palm plantation happens, that you plant what, let us say, we do 25,000 acres this year. So, this will take in the fourth year they will start yielding fruits and by sixth or seventh year, it fully matures and then it is for the next 25 years keep planting. Next year, we plant another 50,00 acres, so that will again be on fifth year it will come, hereafter we do one lakh hectares, it will come in year seven. So, that is how it sort of keeps rolling forward, every year you keep planting more and more trees and the yields will keep coming after four years partially and between seventh and eighth year, it is of full blast and thereafter it is for next 25 years, you get the fruits.

Amit Jeswani: Got it, and no other player can buy Palm Oil from that farmer except you, right?

Sanjeev Asthana: Yes, it is exclusive. Under the mission, of National Mission on Edible Oil because the companies upfront are spending so much with the farmers for five years and eight years almost, so that is why the farmers are obligated to sell to the company and the company is obligated to make sure that they buy 100% of what the farmer produces, so no third party can come in and buy from your catchment area.

Amit Jeswani: Got it, is my understanding correct that in the next five, six years, this will be a very large competitive advantage and all the trader community of the Palm Oil, it will be a basically next to impossible for them to compete with players like you.

Sanjeev Asthana: Yes, so Oil Palm nobody can get in because the long gestation business, we need to have obviously big pockets and more important you need to be very capable to drive this business. So, yes, there are entry barriers and entry barriers are fairly significant, while on the face of it lot of smaller players have tried over a period of time but none have succeeded very much in this area. So, we are feeling very confident and fully committed to the business and we are reasonably sure that over next five to six years, after that the amount of the cash this business can throw for us, is going to be extremely large.

Amit Jeswani: Sir my last question on the, in the current sites, since we import a lot of Palm. So, how do we typically manage the volatility of Palm Oil, like because we also have a lot of inventory. How do we typically manage the raw material, like right now Pal Oil prices are very high, so how do we typically manage that, we do not have a few quarters of last losses?

Sanjeev Asthana: So, we do it two ways; one is obviously it is very policy driven and high discipline. So, you know daily value address, mark to markets, constant tracking of prices ensuring that we de-risking ourselves, that is one, but you are right, because we are at long only position business, so we do carry inventory. Earlier India had exchanges, which the government has temporarily banned like MCX, where we could hedge. Now we have taken an approval from the board and taken approval from our rock size dealers, we are going to be taking, you know hedging it on the overseas exchanges like DMB. So, that is right now endeavor, today itself the board has apprised to open a bank account in Dubai. So, we will be starting our hedges in the overseas exchanges.

Amit Jeswani: That would be great, thank you. Thank you so much, Babaji.

Moderator: Thank you. The next question is from the line of Rishabh Shah from R S Capital. Please go ahead.

Rishabh Shah: Yes, good afternoon. My question is with respect to the brand equity. So, whether the Patanjali brand is a part of the commercial agreement? And if no, then what is the commercial agreement between Ruchi Soya and the parent company with regards to the usage of Patanjali brand?

Kumar Rajesh: Yes, Patanjali brand itself we have a separate agreement as a brand license agreement in which Ruchi soya will pay 1% of turnover of the product which have been transferred to the Ruchi Soya from PAL and this arrangement we have made separately.

Rishabh Shah: Okay, so this is 1% of the product complete.

Kumar Rajesh: Yes, which is being transferred, this is not a part of ….

Rishabh Shah: Yes, this is the commercial agreement, not the part of the PTA.

Kumar Rajesh: Yes, not the part of the PTA.

Rishabh Shah: Okay and to the only turnover which is attributed to the products of PAL.

Kumar Rajesh: Yes.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Abhijeet Kundu for closing comments.

Abhijeet Kundu: Thanks a lot Shri Baba Ramdev Ji and the management of Ruchi Soya; Mr. Asthana, Mr. Rajesh for giving us the opportunity to host the call and thanks to all the participants for attending the call. Thanks a lot.

Shri Baba Ramdev: Thank you to the entire team of Mr. Kirti and thank you all for your wishes, I appreciate it and all the investors who have given so much of their time and participated with so much of love, thanks a lot.

Sanjeev Asthana: Thank you and good day to all.

Moderator: Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.