

Rebranded Patanjali Foods Ltd (Erstwhile Ruchi Soya) continues to sustain growth momentum in Q2 of FY 2023

Results of 2nd Quarter and Half Year Ended 30th September 2022

- **H1FY23 Total Income up by 40.57 % over H1 FY 22, with volume & revenue growth led by Food & FMCG demand. In H1 FY 23 Foods Business contributed revenue of Rs 2,972.14 crores.**
- **Q2FY23 Total Income up by 15.67% over previous Quarter, primarily led by robust growth in Food & FMCG. In Q2 FY23 Foods Business achieves revenue of Rs 2,399.65 crores**

Patanjali Foods Limited – PFL (formerly known as Ruchi Soya Industries Limited), a diversified Fast Moving Consumer Goods (FMCG) & Fast Moving Health Goods (FMHG) focussed company with 25 strategically located manufacturing facilities, well recognised brands with pan India presence and allocation of 6.02 lakh hectares of oil palm plantation has announced its financial results of operation for the quarter and half year ended 30th September 2022.

In the September quarter, the Company successfully completed the acquisition of Foods business in line with strategic intent to expand the food business. During the quarter, edible oil industry witnessed pressure on margins largely attributed to the volatility in global prices of various edible oils which fell by almost USD 400-500 per ton in these 3 months. As India imports more than 60 per cent of its edible oil requirement, retail prices came under pressure taking cues from the global market impacting profitability. The demand environment remained challenging with persisting high inflation along with monetary/fiscal measures taken by the government including continuation of stock limits on oils and oilseeds, governments insistence on reduction in retail edible oil prices & passing of price benefits to the Consumers.

The summary of key financials and operating highlights of Half yearly result as well as September Quarter are as below:

Performance during the Quarter and Half Year ended 30th September 2022:

During H1FY23, PFL achieved Total income of Rs 15,894.75 crores as compared to Rs 11,306.99 crores, reflecting a growth of 40.57 % on YoY basis. The EBITDA in H1FY23 stood at Rs 755.95 crores with Rs 486.11 crores of Profit before Tax and Rs 353.55 crores of Profit after Tax.

On the profitability front, the quarter witnessed multiple headwinds in the edible oil segment. Due to the macro factors affecting demand-supply situation in edible oils, there was a steep decline in Edible Oil prices during the quarter. Declining price trend left industry with high price inventory in hand, although all major players including Patanjali Foods Limited passed on the benefit of lower prices to the consumers. This coupled with currency depreciation impacted margins during the quarter. However, this is purely cyclical in nature and on account of events that the industry witnessed in the quarter. The inflation impact on operating cost added further pressure on margins in Q2FY23. In Q2FY23, Patanjali Foods Limited (PFL) demonstrated a sustained performance despite being in a challenging consumption environment with volatile, downward price regime and achieved a Total

Income of Rs 8,524.67 crores as compared to Rs 6,010.99 crores Q2FY22, reflecting a growth of 41.82% on YoY basis. The EBIDTA in Q2FY23 stood at Rs 205.15 crores with Rs 153.63 crores of Profit Before Tax and Rs 112.29 crores of Profit After Tax.

In Q2FY23, the Foods business achieved sales of Rs 2,399.66 crores contributing 37.18% of total branded sales of the Company. The branded sale including the institutional segment achieved sales of Rs 6,453.45 crores contributing 77.02% of the Total Sale of Products of the Company for the period. During the quarter, the company's strategic initiatives started giving results as the business mix of Edible Oil and Food business further moving and improving to 74.66% and 28.18% respectively as against previous year quarter of 94.20% and 11.76%.

Continued Growth Momentum with significant contribution from Foods Business –

PFL has been able to deliver double-digit growth of 18.07 % on QoQ basis and robust growth of 42.02 % on YoY basis in revenue from operations while balancing margins in an extremely challenging & dynamic operating environment. The Foods Business (including the business acquired from PAL) achieved sales of Rs 2,399.66 crores with EBIT of Rs 611.19 crores in Q2FY23, reflecting the strength of brands of the Company & continued thrust on food business portfolio expansion. The foods business comprising of Soya Foods, Biscuits, Rusk & Cookies, Breakfast Cereals & Noodles, Nutraceuticals & recently acquired foods business undertaking from PAL under a slump sale basis.

The overall performance continues to show an uptrend due to the robust execution of our strategy to grow the Food & FMCG business by driving its penetration through the distribution strength of the edible oil business and induction of 'Food portfolio' from PAL. During the quarter, the revenue share of Food & FMCG has gone up to 28.18%.

PFL completes acquisition of Foods Business: On 1st July 2022, Company completed the acquisition of foods business undertaking from Patanjali Ayurved Limited (PAL) on slump sale basis for consideration of Rs 690 cores. With the acquisition, the food product portfolio of the Company has added 536 SKU's over 8 products categories such as Ghee, Staples, Herbal Products, Honey, Dry Fruits, Spices & Condiments, Staples, beverages & Physically Refined edible Oils including Mustard oil. PAL has also transferred 2 plants at Newasa & Padartha and signed a Non Compete agreement with PFL as part of the slump sale.

Renaming of Operating Segment- Considering the increased sales of foods products, the segment "Others (Foods Products etc.)" has been renamed as "Food Products & others" from Quarter ended September 2022 in line with Indian Accounting Standards (Ind AS) 108.

Outlook going Forward – Our focus for the next few quarters is to continue the accelerating growth of the highly profitable food vertical which shall ensure overall growth of the EBIDTA margin of the Company. PFL is confident of maintaining its growth momentum with complete reflection of the acquired foods business in the coming quarters. The Company firmly believes that the food business with large portfolio of products and robust brands across categories such as Ghee, Chywanprash, Honey, Juices etc shall continue to grow at a higher pace keeping in mind the growing distribution network and wider availability across retail shelf. The Company continues to implement organization-wide risk management practises and explore opportunities to protect the bottom line from dynamic commodity prices. The Company continues to rely strongly on planning and forecasting tools in driving efficiency, cost optimisation and continues to invest in distribution and marketing to ensure that it

can leverage emerging opportunities. Going forward, normal monsoons in most parts of the country and proactive interventions by the government and RBI augur well for sustained recovery.

Patanjali Foods Limited - PFL (formerly known as Ruchi Soya Industries Limited) is focussed on investing in brand building and offering food products across multiple categories, price points to cater to wide spectrum of consumer preferences with emphasis on increasing presence on emerging digital channels. The Company continues to focus on its sustainability goals with 19% captive usage of wind power (out of 84.6 MW produced by the Company) and oil palm plantation of over 56,000 Ha and growing across India.