



“Bikaji Foods International Limited
Q1 FY’27 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to the Bikaji Foods International Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing *, then 0 on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ambesh Tiwari. Thank you and over to you, Ambesh.

Ambesh Tiwari: Good afternoon, everyone and thank you for joining the Bikaji Foods International Q1 FY27 Earnings Conference Call. From the management team, we have with us Mr. Rishabh Jain, CFO and Mr. Manoj Verma, COO.

I will now request Mr. Rishabh Jain to take us through the key opening remarks, after which we will have the floor open for Q&A session. Thank you and over to you, sir.

Rishabh Jain: So thank you very much. Thank you to all the investors. So this quarter, we've grown at close to 12.5%. This quarter is a story of 2 halves, where, in first 45 days, there has been supply and production issue for 2 reasons largely. One, of course, our Chairman is no more with us. So, there are 3, 4 days of plant impact across the pan-India.

And number two, there were Bengal elections. So, there are a lot of movement of Bengali labor. But, post 45 days, we've seen a great demand across all product range, be it Ethnic Snacks, Western Snacks. So from primary lens, we're growing at 12.5%, but what we see from secondary, so we're seeing good secondary tertiary overall in first 45 days also.

June, July, we're seeing good growth in demand and overall this festivity, we entering into festivity this month, being Rakhi and next Diwali. So, we are getting very good response from our organized retailers seeing good growth and maintaining 15% plus growth overall this year. That's what overall target is.

From bottom line lens, what we're seeing that there are multiple pressures, be it edible oil, due to this geo-political issue and less rainfall. So, it is also having some impact on few pulses, be it moth dal and chana dal, all have started increasing this year. But, yes, we have taken 2 price rise in the last 4 months and we are trying to maintain and trying to passing on the price to the consumer.

We have taken one MRP increase in April, but, till now, we're not taking any MRP increase. And what we see that till Diwali, we will maintain this price what we're doing because as we enter into festivity, a lot of gift box and everything has been started. So that's what number one.

From EBITDA lens, this quarter, our EBITDA was close to 13.5% versus last quarter, our EBITDA was close to 12.2%. So there was good increase in EBITDA margin compared to last quarter.



From capacity lens, largely, our new ASRS investment hasn't gone live this month. So, we've close to 1 lakh square feet of construction in Bikaner, where there's a lot of supply chain business will be there going forward, where we'll keep close to additional 1.2, 1.3 lakh cartons extra to ease on supply chain. This will help in overall maintaining this minimum stock level at our key stock point.

Manoj Verma:

As one of our growth driver, what we have identified is the increase in reach. So, we continue to grow our direct coverage. And as we end this quarter, we are at 3,70,000 outlets plus is our direct reach, adding 17,000 outlets in Quarter 1.

Talking about our marketing investment, in fact, if you look at, I mean, in this quarter, the gross margins are up, whereas, EBITDA, it has slipped down, but that's primarily one of the key factors also is that we invested heavily in this quarter as well, to build up momentum for the festive season coming ahead of us.

So, Pankaj Tripathi campaign, we had in this quarter as well, which was for UP, then, some launches of our Western snacks range, new products, what we did, participation in our international exhibition as always, what we do.

Coming to the business, if we look at, so delivered an overall volume growth of 7.7% and a top line value of 12.5% growth. Within this, the Ethnic Snacks have grown at 11.4%, Western Snacks at 21.3%, Sweets at 4.4%. Papad was a bit challenging for this quarter for the reasons that a little bit of early monsoon because June also, we saw that stuff.

And what happens is that being handmade papad, the monsoon impacts our production as well. Talking about business from the geographies, look at core states have grown close to 11%, focus states grown close to 19% and the other states at 5.6%. Export is the only channel, where, for the first time, we have seen that almost flattish or a negative growth of 2.2%, which primarily is on account of the U.S. tariff disturbances, which is happening.

And more importantly is the crude oil prices going up, which has taken up the freight 2x to 3x kind of a stuff, so, which is what has deferred certain shipments. That's where it is. Otherwise, we look at, in terms of demand, export stays as much strong for us. The mix between family and impulse pack, if we look at family pack has grown at 11%, while impulse at 10.5%. The retail business performance if we talk about, so this has grown at 71.8% Y-o-Y and our stores have increased from 15 to 28 over 1 Year.

Rishabh Jain:

So, from top line growth perspective, so over last quarter, our EBITDA has grown close to 13% and top line has grown close to 2%. So, EBITDA has improved compared to last quarter. So, that's all from the presentation. Thank you and we are happy to answer all the questions.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Abneesh Roy from Nuvama Institutional Equities. Please go ahead.



Abneesh Roy: Yes, thank you. My first question is on the retail business. So, if you could tell us next 1 Year what will be the plan in terms of retail expansion? And for the different formats, if you could give us some numbers in Q1 on the growth and the margins and any learnings you have, where some tweaking of the business model is needed in any of the format.

Rishabh Jain: So from retail lens, largely, we are mainly focusing on THF as of now. And from THF lens, they are doing, they will open close to 10 stores this year. And largely, what we see that this business can grow at 50-60% year-on-year for next 3-4 Years. That's the plan we have as of now. And from 22 stores to plus 35 stores this year and 50 stores in next 2.5-3 Years. That's the plan in THF. And from Bikaji stores perspective, we are opening 2 stores this year, already in plan, already work has started. And post this, we'll evaluate on our business largely.

But this business, from profitable lens also, so, we are also working on basically from THF lens, of course they are retail, but they're mainly focusing on fresh, very premium sweets and gifting. That's a big business for them and that's where, the first store, we're targeting 700 Crores of business from THF. That's the overall plan.

Abneesh Roy: In terms of Q1, I think you are the only FMCG Company which is highlighted, I think, on the Bengal election impact on the manpower. So, any long-term risk mitigation you can do? Because frankly, this is a solvable problem and no other company has highlighted. So, if you can tell us why only you have faced this issue.

Rishabh Jain: So, largely, in Bikaner, you'll see our snacks is manufacturing across all plants in India. So, snacks has grown at +20% this quarter. So, we'll not have any issue, but, in Bikaner, largely there are major Bengali labor, which are there in Bikaner and mainly, bhujia, we manufacture only in Bikaner, core bhujia. So, that's how we have got impacted.

But overall, what we are targeting that we'll also see and we'll learn from this and we are targeting this year that we'll manufacture bhujia in two plants this year. We'll try to manage the same quality there. So that's what mainly the main issue was.

Abneesh Roy: Sure. Last question on any of the growth states, ex of those 3 states, where you have a strong presence, if you could highlight where there has been slightly weaker performance than expectation and which are the faster growing states, because yes, those states are growing faster than your 3 core states, but still, I think the gap isn't too much. And, in fact, one or two quarters, those 3 states have in fact grown faster also. So, if you could tell us, the fastest growing states and what are the learnings in the weaker states.

Manoj Verma: So, Hi, Abneesh, this is Manoj. So, if you look at focus states, have almost grown 2x to what core states have grown. So, that's where it is. Within focus states, if you look at the states like UP, where we have made investment as well, has really paid us dividend back. And the fantastic growth we have got from there. And, across all focus states, growth is strong. Not that any of the state has underperformed for that reason. Core states, for the fact what Rishabh already spoke in Quarter 1, within Quarter 1 also, if you look at the first half of Quarter 1, in



April, where we lost our Chairman and as a mark of respect, 3-4 days, there was a shut, so we could not make supplies.

And ours is a very, very simply skewed supplies wherein, which essentially means is that it's not any weak, high, heavy stock. So, on a day-to-day basis, we do almost equal supplies throughout the month. So, any loss now impacts us. That was one on account of shipments. And also, the Bengali labor, though most of it is that stuff.

And in April until mid-May, because of this Bengal elections and SIR, all those stuff, so, we had no choice then to let them go and they went and that disrupted our supply and which impacted more of Rajasthan and you know, these states, the core ones.

Focus were still managed because we have our depots across. We had shipped stocks there and they continue to get those parts. So those were it. Learnings in terms of it is, again, that one is that we realized that if any catastrophe, any such unfortunate thing comes up and Bikaji gets now isolated or disconnected Bikaner, so would impact our overall business.

And, we are decentralizing it, so already started working on that. This Bikaneri Bhujia, not only in Bikaner, we'll produce outside Bikaner as well. So, those were few learnings which we built-in in our plans and strategy going forward.

Abneesh Roy:

That's helpful. One quick last follow-up on the demand side and competition. So, if you could tell us on quick commerce, is there a very high competition? Because, I am seeing that a few commerce is now launching their own private label. For example, Swiggy has got the brand Noice and they have offerings across snacks and many other adjacencies.

If you could generally comment on quick commerce performance, is it meeting expectation? Of course, everyone is growing very strongly. So that is not the right metric. The right metric is, is it going as per the plans and is your market share in quick commerce higher than your pan-India market share?

Manoj Verma:

Yes. So, Abneesh, I think the right metrics to look at how are we doing it is in terms of at what rate this category is growing on that platform and within that, are we over-indexed or under-indexed? That would talk about gaining share or losing share on the platform. So, first, let me talk about play of this category on the q-com platform. So, yes, it is exponentially growing, and so are we. Our growth, if we look at in Quarter 1, is upwards of 100% in the q-com channel. Second thing, what you spoke about on the private label of their own brands.

So this, any of the format, be it modern trade or q-com, where, you feel that the consumer or shopper footfalls are high, they tend to launch their own brands. And so is what Swiggy and others would have started doing that stuff. But, it really does not work as much at the end of the day, you know, because the difference between a brand and their own private label brand is not as much. And hence, consumer or the shopper stays back with the brand itself. So that's what it is. Well, it's too early to make a statement at this point in time. But, we are growing faster or in line with what these channels are growing for this category in this term.



- Abneesh Roy:** Thank you. That's all from my side.
- Manoj Verma:** Thanks.
- Moderator:** Thank you very much. The next question is from the line of Nitin from HDFC Securities. Please go ahead.
- Nitin:** Hi, thanks for taking my question. My first question pertains to like what led to a surge in other operating costs. Like you have highlighted, there were brand investment, but just wanted to have a more sense on like what are the component for the surge in the other operating expenses. Plus, also, like if you can highlight how the spending going to be for the rest of the year.
- Rishabh Jain:** So, from other operation expense perspective, so there are multiple things, i.e. due to this geo-political issue, the coal prices also increase in last 4-5 months. So, close to 0.3, 0.4% and at least 40 base point manufacturing cost has been increased, so from ad cost perspective, in last quarter we had not done very significant ads. This quarter, we had done some sales promotion activity, some ads, so, this has given close to 40-50 base point hit. That's 2 points, where overall below gross margin is impacted.
- Nitin:** And how should we like build this, advertisement spend going ahead for the rest of the year?
- Rishabh Jain:** So, overall, our year target is close to 2%. That's the target we'll maintain this year and from overall planning perspective.
- Nitin:** Okay. Thank you. And, my second question pertains to like, I have seen some of the product launches we are doing, expanding the excluded range, plus getting into non-palm oil offerings. So, just wanted to know, how material is the segment and what are thoughts and what are planned aspirations?
- Manoj Verma:** I think this is being future ready and looking at the demand what is coming up now from the say, Gen Z or the new generation and that stuff. While, the mass or the bottom of the pyramid will always be very, very heavy, this would be icing on the cake. And, we are ready, in terms to do that stuff. We have piloted it in on the q-com channel because that's where they are sold both, the B segment. And, but this would not be a substantial, you know, business share of business product going forward as well.
- Nitin:** Sure. Thank you. And my last question pertains to, your packaged sweets, like, how we think like the growth going to be for this year. So, like Q2 plus Q3 is the main season. So, like for last 2 Years there is a 7% revenue CAGR and prior to that, we were growing at 15-20%. For the combined 2 quarters. And so like from that lens, like given the capacity, how should we build a growth for this year amid the festive season?
- Manoj Verma:** So, I think what we are looking at it is, see, festive, when we speak also, the 2 components to festive products, one is sweets, the other is our gift pack. So, what we look at it is that now the sweets should grow at about 12% to 13% kind of a growth over last year, this Quarter 2,



Quarter 3 put together. And, the gifting would be even higher in this stuff. So, sum total gifting would be, would be pretty good in this stuff and say upwards of about 17%-18% growth.

Nitin: Okay, so this is really helpful. And going ahead, like, our aspiration would be growing in mid-teen or like we want to sort of accelerate to high-teen types of growth for the full year?

Manoj Verma: So, we'll definitely look at for high-teens, but mid-teens as we speak, you know, we see clarity on that stuff. That's say, close to about 16% plus minus should be the growth, what we should do, we should be delivering quarter-on-quarter.

Nitin: Sure, sir. Thanks a lot and all the very best.

Moderator: Thank you very much. The next question is from the line of Anand Shah from Axis Capital. Please go ahead. We have lost the line for the last participant. We will be moving on to the second one. The next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Hi, sir. Just wanted to know this production sort of outage that we had for 4-5 days. Did that really impact our sales? Because, this happened in April. You had 2 months to recover the production. It's not as if we are running at 100% capacity. So, why should it impact our top line growth?

Manoj Verma: No, so if you look at now, the progression of our billing, it is not like that everything is skewed towards last. So it's not just about production in the month of April, more about dispatches. That dispatches were shut for 3 to 4 days.

Percy Panthaki: Yes, but, I mean, there is a pipeline, right? There is a distributor, yes, sir. So, what I was saying is, so there is a distributor, wholesaler, retailer in the overall trade pipeline. We would have maybe, don't know how much, but at least a 15 day sort of stock. If you're stopping dispatch for 5 days, that trade pipeline falls to 10 days. Later on, when your production is online, would you not want to restore that pipeline back to 15 days?

Manoj Verma: So exactly, that's what we said, that if we look at, there is a story of two halves, first 45 days and second 45 days. What we are presenting here is the consol for 30 days. So, first 45 days was even, we made up in the rest, so June was the ever highest kind of a delivery what we did. And July continues with that momentum. This is what exactly we are saying.

Percy Panthaki: Understood, sir. What I just wanted to understand is, for the quarter as a whole, April, May, June quarter, has the production loss of 5 days impacted your sales for the quarter? That's all I wanted to know?

Rishabh Jain: Yes, so largely one thing, but of course this will be a loss because there is also labor issue going on during that time. So, it was not the case that we are in a normal scenario, of course, we'll double our turnover, run day-night shift, but that was not the case till 18th of May. We've been able to run the plant with minimal production. So, there are two factors, which are going on parallelly.



Percy Panthaki:

Okay, understood. Secondly, I just wanted to first congratulate you on the ramp-up of your subsidiaries, they are doing really well. But, question on the standalone business, if I look at this quarter, okay, let's ignore this quarter because there was labor issue, production shortage, etcetera.

But, even if I look at last year full year, the standalone business, which is the core bread and butter, snacks, sweets, papads, etcetera, that has grown only at around 11%. So, what is it that is preventing growth higher?

Because earlier when we used to speak 3, 4 Years earlier, the understanding was that the overall industry itself is growing at low double digit and then, there is a share of organized gain from unorganized and then, within organized also, there are some fringe players and we will gain from that also.

So, the growth expectation was like 15% to 17%, but it is coming closer to like 11% odd. So, just wanted to understand what is it that has changed versus that expectation in terms of the delivery?

Manoj Verma:

Yes, so, one is that if we look at, till 2 years back, the category was growing at double-digit growth, whereas, if you look at the last 2 Years, it's been a single-digit growth. And, not just for the snacking category, overall within FMCG, if you look at food, barring few categories, the snacking still was better off. That's what it was.

Last year also, if you look at the first half, which is Quarter 1, Quarter 2, were the weak quarters, on account of the heavy rains and all those issues which came up. It was post-GST relief, what you said. So there is a clear uptick thereafter. That's what is the time wherein, this GST moved from 12% to 5%.

That released the inflation what had gone up. These benefits were passed back to the consumer and we saw the momentum moving up. It is not just for Bikaji. We would say that the overall category growth has also moved up in that stuff. For us, particularly, these 45 days were the deterring factor, that also purely from a primary lens.

When we look at our secondary, when we look at our inventories, at our distributors, they've got depleted. And as you were asking that, no, if you are shut for a few days and then when you start, so the way you, you cut down on your inventories, similarly, you building up inventory also take some time. It is not an overnight factor that you do that stuff.

So, therefore, this gives us comfort that and the numbers speak louder than for what I can say. The way June came up, the way July, August, we're already in, but things are moving up. It's all positive. And mid-teens towards high-teen would be the number. Will be able to deliver.

Percy Panthaki:

Got it, got it. And just one question on the PLI. This is, I think, the last year where you will get the PLI of approximately INR50 Crores and next year it will not be there. So, at the EBITDA



level, this INR50 Crores will be a hit. So, will you be able to either partially or fully mitigate it through some measures?

Rishabh Jain: So, from PLI lens, currently this year it should be contributing close to 150 basis points in overall EBITDA. So, what we're targeting, it will take it 50 to 75, based on improvement will take in pricing and gross margin. That's about it. It will take 1.5 to 2 Years to reach again at the original margin.

Percy Panthaki: Got it, sir. Thank you. That's all from me. All the best.

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

Shirish Pardeshi: Hi, Manoj. Rishabh. Good Afternoon. Thank you for the opportunity. Manoj, just a quick question. The D2C brands are penetrating much faster and they're reporting a very strong growth. In your conversation, can you share what kind of packaged food contribution on the top 3 platforms and what is our share in that?

Manoj Verma: Hi, Shirish. So, see, there, where, the play room is on the Q-com platform. That's where it exists, right? If you look at overall contribution of this Q-com to overall category is low single digit. That's the overall, at the time, where they're playing.

Now here, if you look at the top brands would contribute to about 50% of their category business and the balance 50% is from the D2C and on the other small brands because this is where these Q-com players make their bottom line and the branded stuff gets them the top line kind of a stuff.

Now, if you talk about the market share in terms of, this is where, yes, they would have some reasonable and certain brands have better traction within their product range. Also, you will see that they will have one or two signature products kind of a stuff, which is doing pretty well on that stuff.

This is how it is. But, in terms of when we speak about these brands, so the bottom line or the sustainability comes up as a real question. It's handful of brand that you could sustain in this environment.

Shirish Pardeshi: So, I was more curious to understand, because even if I look at the quick commerce basket, there are at least 6-7 brands, which has crossed almost 100 Crores. Now, are they selling on the price point and quantity or are they selling on the ingredient and safety and healthy? I mean, I'm just trying to understand, more curious, what is it that they are getting right?

Manoj Verma: So, Shirish, it's mix of both, right? So, one is perception narrative that gets you, you know, try and once you try, you like it, you repeat in that stuff. So this is what, it's a mix of both, one followed by another.



- Shirish Pardeshi:** Okay. Rishabh, we have done some exchange filing on the Nepal project. Can you quickly give me what is the update now, when we think we will go ahead?
- Rishabh Jain:** So, from Nepal lens, we've done JV and within all the paperwork. Now, the plant construction is getting ready. So, both parties invest close to INR15 Crores each and by, I think in next 8 to 9 months, the plant will get started and we will get the local production from Nepal. That's the intention.
- Shirish Pardeshi:** So this is on eastern side or this is close to Gorakhpur?
- Rishabh Jain:** Nepal, it is near, in between Birgunj and Kathmandu.
- Shirish Pardeshi:** Okay, okay. My other question is on the upcoming season and we see that THF is the growth driver, which we have found, but I was more curious, I mean, when I look at the maths of the 12 stores, we are firing between INR8 Crores and INR9 Crores annual run rate for each store. So, when you're opening new stores, can you share some more maths in around the economy of scale or maybe some square feet and which are the localities and geographies, which you are expanding?
- Rishabh Jain:** So, from THF plant, we are largely focusing on Tier 2 cities of India. As of now, we're not getting Tier 1 cities. There are a lot of other players there. Tier 2, so that's the focus. And normally we're targeting INR6 Crores to INR8 Crores of sale. And, we cannot say only QSR retail stores, where we say, we majorly focus on getting gifting right, premium sweets. And that's contributing 65%-70% of sales.
- That's the focus. And, from bottom line lens also, every store gives close to 25% plus core level EBITDA. So, currently, we are very concentrated with the team. We are investing in multiple things. But overall, this business in next 3-4 Years can become plus 15%-16% of EBITDA-driven business with 40%-50% of year-on-year growth. That's the projection what we are targeting in this phase.
- Shirish Pardeshi:** Okay, that's helpful. My last question, I mean, last 2 quarters there is something other. I mean, we had GST rationalization, inventory issues in the trade and last quarter also, we had some disruption. In the context, when we see the raw material prices are inching up, can you share, Manoj, some thoughts on the demand, how it is panning out? And are we taking or have we taken any price increases in last 30 days or are we going to take any price increases in next 30 days?
- Manoj Verma:** So, Shirish, we have taken 2 price increase in last quarter, last 90 days if we look at, right? So, as to offset for what inflation or what price increase we could anticipate or has happened. Talking in terms of demand, pretty good demand.
- And when we speak to be the Q-com channel, be the modern trade and I'm talking these 2 not because they are organized retail and they also build their plans, the Diwali plans and all that



stuff, so very bullish plan they have. That gives us quite a satisfaction and confidence in terms of the business going forward.

Similarly, GT, the commitments, when we see the demand plan for the next 3 months are very much positive. So, this looks to be, the good times ahead now in that. And, the next 30 days, we are not planning to take any price increase because now we have all prices, all that stuff signed off with these, the large accounts as well. So we'll not be doing that stuff, unless and until, some catastrophe comes up.

Shirish Pardeshi: Okay, just one quick follow-up. Any good reason, why our exports has declined?

Manoj Verma: So, I mean, the only reason I would say is that now this, the Trump stuff, the policies, the tariffs, what's coming up, a little bit of uncertainty, but that still we were living with, for quite a while now. I think the biggest one was the repercussions of this crude oil prices going up and the availability of these, these containers and all this stuff.

Prices have gone 3 times, when they were booked and now, in power of execution. So, there is some delays happening, that's the only factor. Looking at demand, there's no issue with that stuff. It's the dispatches deferment.

Shirish Pardeshi: Okay, thank you and all the best.

Manoj Verma: Thanks.

Moderator: Thank you. The next question is from the line of Abhishek Mathur from Systematix Group. Please, go ahead.

Abhishek Mathur: Yes. Hi, sir. Thank you for the opportunity. So, we have managed to expand gross margins in what was a difficult quarter, but we are now saying that we are seeing some inflation in pulses, also, in edible oils, but we will not take another price hike till the festive season. So, putting this all together, what does it mean for the near-term margins for the second quarter and also, for the full year? What is our margin outlook now?

Rishabh Jain: So, second quarter will be very high on sweets, which is high in gross margin overall. And from numbers also, second quarter will be heavy, so there will be a lot of efficiency, because there is fixed cost which will not increase as top line increase. So, even if gross margin will increase, our EBITDA will improve on that line.

Abhishek Mathur: Right? And for the full year, sir?

Rishabh Jain: So, from full year lens, we're targeting close to between 13%-13.5% margin. That's the target we are taking.

Abhishek Mathur: Sorry, 13%-13.5% you said?

Rishabh Jain: Yes, yes.



- Abhishek Mathur:** Got it. And secondly, sir, just on the bakery segment, I know it's quite a small segment, but what would be the size now in terms of ARR for the bakery segment? And is it entirely comprised of exports or is there some domestic component now? I think, I'm talking about only Bikaji Bakes, that's where our bakery business is.
- Rishabh Jain:** So, currently, so it will get started. It has not started full-fledged production. Trials are going on, the R&D and everything. So, but yes, this year, we will not taking any big number in our business plan. Maybe next, by end of this year, there will be 2 quarters, where we'll start production.
- We'll see. But there are 2-3 opportunities. One is export, one is our own e-com, q-com channel, where we will supply. And one is HoReCa. So, there are 3 channels, where we're targeting. But yes, overall, in next 2 quarters, we'll see how this goes and next year we'll build some numbers in overall. Yes, that's P&L.
- Abhishek Mathur:** Got it, sir. Thanks. That's it from me. Thanks and all the best.
- Rishabh Jain:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Anand Shah from Axis Capital. Please, go ahead.
- Anand Shah:** Yes, hi team, just a few questions there. I mean, one clarification, this margin guidance you gave, 13-13.5, this is ex-PLI?
- Rishabh Jain:** This is including PLI.
- Anand Shah:** Including PLI. So, this is lower, you are saying? I mean, Q1 is at 13.5, right? I mean, you said gross margin would remain sort of stable or so, and then your overall leverage will play out...
- Rishabh Jain:** In next 2 quarters, ads will be heavy.
- Anand Shah:** Ads will be heavy?
- Rishabh Jain:** Yes, because next 2 quarters, because we are entering two festivity, so ads will be heavy. So overall, that's the target, what we taking.
- Anand Shah:** Okay. So that is one. And secondly, this I want to know on, I mean, your international overall expansion. I mean, you invested in Bikaji Foods U.S. also, and now with Nepal and also, subsidiary in Middle East. So, I mean, if you take a 2-3 Year picture, what kind of incremental are you looking at, revenue you are looking from these JVs or investments?
- Manoj Verma:** In Nepal, if you look at, even in current state also, we do business here, right? It is only when we do JV, we'll produce locally. So, and that would save some monies in terms of those import duties and would make us more competitive in that stuff, will help grow faster. And so, invest to grow, that would be the capability for Nepal market.



For U.S., when we talk about its investment, what we have made and the dividends, what we'll see is over next few years. And, what we believe is that the US business should be about 3 times now in next 2 Years kind of our stuff, as we set up things in place there. So, huge growth opportunity in exports.

Anand Shah: Okay, but is there a number right now? I mean, that how much you are doing and in 3 Years how much this can become? I mean, from all these.

Manoj Verma: If you look at currently, it's about 3 to 4% business contribution, while overall business will also grow. But in 3 to 4 Years' time, you will see that this business contribution would be about close to about 5.56% to our overall business.

Anand Shah: Okay, okay, in terms of sales.

Manoj Verma: Yes.

Anand Shah: Okay, got it. Thank you a lot. That's it. Thank you.

Moderator: The next question is from the line of Soham Samanta from Motilal Oswal Financial Services Limited. Please, go ahead.

Soham Samanta: Yes, thanks, thanks for the opportunity. I just wanted to check, when can we expect this mid-teens kind of growth in core markets? Is it from Q2 or maybe in H2? How do we expect it?

Manoj Verma: Sorry, can you please repeat? You're not audible.

Soham Samanta: Can you hear me.

Manoj Verma: Now, I can hear you. Yes.

Soham Samanta: So, basically, I am asking from when we are expecting that mid-teens kind of growth will be back in our core markets?

Manoj Verma: So mid-teens, the core, you will see this quarter onwards itself, that's where it will be. But core would be not growing as much because core growth would be in line with that what rate category is growing there, because already we have a high market share. So, this will be in line. It is only the focus markets, where we have a very, we are a small player and there our growth would be disproportionately high. That's the reason. So this, what we plan in our budget as well, what we look at, it is the core market between 13% to 15%.

Soham Samanta: Now, in terms of focus market, like UP is one of our drivers always, in this quarter, what was the growth in UP market?

Manoj Verma: So it was about 37%.

Soham Samanta: 37% growth in UP.



- Manoj Verma:** Yes, close to 37%. Yes.
- Soham Samanta:** And, how do you look this market for a full year? 30% plus will continue?
- Manoj Verma:** So, in our budget, it is here 30% plus is the budget. Now, little bit of here and there between quarters would happen, but yes, at aggregate level, upwards of 30% growth.
- Soham Samanta:** Got it. And, whatever happened in export I know it's a one-off, but going forward, can we expect, again 25%-30% kind of growth with momentum will continue in export market?
- Manoj Verma:** See, exports would, see, the US is a very, very big share of business in our export market. With the freight charges, it is 3 times for what it was about 4 months back. Now, till such time this settles down, we will see this, no disruption. Now, this may get resolved in a quarter's time, is what may take a couple of quarters. That's what we cannot anticipate at that point in time. But yes, in a long term, if you look at, yes, you will see that these kind of growth will come from US market or the overall export market.
- Soham Samanta:** Got it. And last thing from my side, like when you were saying that first half, first 45 days, next 45 days, so if we break up 12.5% kind of growth, out of that, what was the last 45 days growth number?
- Manoj Verma:** So, if you look at the last 45 days, growth would be around say 20% kind of a growth.
- Soham Samanta:** Okay, that's good. Thank you, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vijay Jangir from Systematix Group. Please, go ahead.
- Vijay Jangir:** Thank you, sir. Thank you for the opportunity. So, my first question is on other operating income of INR14 Crores. So, how much is from the PLI in this quarter?
- Rishabh Jain:** Sorry, your voice is not clear.
- Vijay Jangir:** Now, is it clear, sir?
- Rishabh Jain:** Yes.
- Vijay Jangir:** Sir. Out of INR14 Crores of other operating income, how much is from the PLI?
- Rishabh Jain:** INR12.5 Crores -- INR50 Crores will be included in this year. Divided into equal in 4 quarters.
- Vijay Jangir:** Okay and the second question, sir, may I know, our papad segment, it declined by 6.5% while in Q1'26 it grew by 6% and in Q1'25 grew by 14%. So, what happened this quarter to papad category? That's what I wanted to know.
- Manoj Verma:** Papad, as I said, you know, most of it is handmade and highly dependent on the weather condition, monsoons and all that stuff. So, those are the factors which impact papad growth.



What we see now this time also a little disruption in the monsoons. When it rains, it doesn't get dried, so, therefore, it becomes a production, supply issues kind of a stuff.

So, we'll try and make up in this quarter, but again, it's not as big a business for us. So, therefore, it does not impact our overall top line and the bottom line. It's a 6% business contribution to our overall business.

Vijay Jangir: Okay, sir. Thank you, sir.

Moderator: Thank you. The next question is from the line of Abhishek Mathur from Systematix Group. Please, go ahead.

Abhishek Mathur: Yes, hi, so thank you for the follow-up opportunity. Rishabh sir, just coming back to that margin guidance of 13.5% that you spoke about, so we have talked of maybe a 15% plus kind of a growth aspiration and we have talked of maintaining ad spends at about 2% of sales this year, but, we also saying that A&P will be higher in the coming few quarters.

Also, I think a while back, on the media interview on CNBC, our management has mentioned an aspiration of 15% operating margins. These numbers don't seem to be tying up together. If you can just clarify on these.

Rishabh Jain: No, so 15% margin target is not for this year. It's long-term target that we want to be at 15% next 3 Years. That's a plan. This year will be 13.5, then at least 50 basis point improvement year-on-year. That's the target we are taking on as of here. And, the next 2 quarters of this year, in this industry has been impacted by multiple factors, but we see it ease off in next 2 quarters and this will help us in overall getting margin back to a normal target.

Abhishek Mathur: All right, so maybe I'll take it offline. Thanks.

Rishabh Jain: Thank you.

Moderator: Thank you very much. That was the last question for today. I now hand the conference over to the management for closing remarks. Over to you.

Manoj Verma: Thank you, gentlemen, for taking time out and joining us for this call. It was nice interacting with each of you and we tried to answer the questions which came up. Shall be happy to take any follow-up questions which comes up and our team will get back to you with your answers. Thank you very much and happy season ahead.

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