

Business Updates

- In bakery segment distribution and premiumization led growth will continue in all regions where the company has a presence
- The new bakery plant in NCR will be completed by Q2 of FY24
- Two expansion plans in MP and Maharashtra will also be ready in FY24
- The company continues on its journey of doubling retail touch points by FY24

Participants

Unifi Capital

Monarch Network

Investec

Elara Capital

India Infoline

SPARK Capital

Sharekhan

Sameeksha Capital

Turtle Capital

Shubh Labh Research

QnA

- As prices of commodities have cooled off in Q4 there was no need for an upward price revision in the Q4 and thus the gross margins have remained constant
- The blended capacity utilization as of now is around 80-85% and two lines in Rajpura will be commissioned in Q1 itself with an addition of 2000 tons. Along with this in Q2 the new bakery line will also be commissioned
- The expansion in FY24 & FY25 should give a potential to grow revenues to Rs 2400-2500 crores
- On the export side over the next 2-3 years the GCC region should contribute very well considering the efforts being taken
- In the bakery segment the growth should be 30% plus and with the new line in Khopoli coming in the expectations from the Mumbai market are very high
- In biscuits segment with the focus around distribution the growth should continue to be in high teens

- By March 2024 the target for distribution network is to increase it to up to 320000 direct outlets and with the increase in current year that target would be achieved by end of FY24
- The smaller towns in the bakery segment are performing much better which is even exceeding the management's expectations
- Even in bread industry the premium segment is growing much faster than the mass categories and to make the distributors perform much better in small towns the company is helping them
- The bakery segment will be shortly opened in Punjab and recruitment is going on in that regard with Punjab being a very big opportunity for the bakery segment
- For the current year and two the target is to consolidate margins at current levels and when then look forward towards how the EBITDA margins can come upwards to 15% level
- The feet on street will keep going up as distribution deepens and this will have to continue for the next few years as the company intends to be a pan India player
- The biscuits market is highly competitive, the management will continue to see how the industry is reacting and since the company is a smaller player it has to an extent follow the industry practices
- The overall spends on both advertisement is around 8% of sales which will be both in promotional activities and advertisement spending
- In the overall biscuit segment the realization growth across FY23 was 12% and pricing growth on exports was marginally higher than domestic
- The company is trying to use its strength of a high product quality and in all the three newer markets presence across outlets continue to increase and salience in sales is good without high discounting
- In Khopoli the new lines that are being installed are relatively larger and much more efficient and the capex plan on these fully automatic lines will be closed soon with capacities of around 4000-6000 breads per hour
- The Mumbai bakery factory will be as big as the plant in NCR and should give a long runway for growth in this business
- The growth in the domestic market has been higher in the northern part as in the South and Western markets the company is a recent entrant
- Overall funding will happen from 70% through debt and 30% through internal accruals for the new capex
- The company is opening new stores with majority of bakery products from the English Oven basket to show to customers the range of products under the bakery segment
- Over time the acceptance of frozen products on the QSR side is increasing and that augurs well for the company where it has to just execute at scale and continue doing R&D on newer products
- Over the next year the aspiration is to maintain EBITDA at 13-14% and the objective is to make this number consistent for the company and when a consistency is achieved will look at achieving the milestone of 15%

- The Southern and Western part of India is a much premium market compared to the other parts of India

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