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August 6, 2024

BSE Limited
Floor 25, P J Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code: 543458

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Scrip Code: AWL

Dear Sir,

Sub: Transcript of Earnings Call of Q1 of F.Y. 25 of Adani Wilmar Limited ("the Company')

This is in continuation to our earlier letter dated July 30, 2024 regarding audio recording of Q1 F.Y.25 Earnings call held on July 30, 2024. Please find attached transcript of the Earnings Call.

You are requested to take the same on your record.

Thanking You
Yours Faithfully,
For, Adani Wilmar Limited

Darshil Mayank Lakhia

Digitally signed by Darshil Mayank Lakhia
Date: 2024.08.06 14:59:51 +05'30'

Darshil Lakhia
Company Secretary
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“Adani Wilmar Limited Q1 FY-25 Earnings Conference Call”

July 30, 2024

MANAGEMENT:	**MR. ANGSHU MALLICK – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR, ADANI WILMAR LIMITED.** **MR. SHRIKANT KANHERE – CHIEF FINANCIAL OFFICER, ADANI WILMAR LIMITED.** **MR. SAUMIN SHETH – CHIEF OPERATING OFFICER, ADANI WILMAR LIMITED**
MODERATOR:	**MR. KARAN BHUWANIA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Adani Wilmar Q1 FY25 Results Conference Call hosted by ICICI Securities.

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. Karan Bhuwania from ICICI Securities. Over to you, sir.

Karan Bhuwania: Thank you, Sharad. Good afternoon, everyone.

It's our pleasure at ICICI to host Adani Wilmar Q1 FY25 Result Conference Call. From the management, we have Mr. Angshu Mallick – Chief Executive Officer and Managing Director; Mr. Shrikant Kanhere – Chief Financial Officer; Mr. Saumin Sheth – Chief Operating Officer.

I will hand over the call to Management for Opening Remarks, post that we can open for the Q&A. Over to the management. Thank you.

Shrikant Kanhere: Okay, thank you very much and welcome to the Q1 '25 Earnings Call of Adani Wilmar. Thank you very much for joining, taking out the time and joining this call.

As a ritual, we will run through a very crisp presentation to talk about the performance and the financial result of the Company and then we will open the floor for the question answers.

A quick snapshot on the Results Summary:

The sales volume grew by 13% year-on-year from 1.43 million in Q1 '24 to 1.62 million in Q1 '25 as far as the standalone numbers are concerned. In consolidate however, the number grew by 12% from 1.49 to 1.66. The growth in volume is also reflective in all the other parameters of the business in terms of revenue, gross profit, and EBITDA and PAT, all have shown the increase. Revenue grew by 11% on standalone basis, gross profit by 58% and EBITDA gone up from 122 core to 609 crore on a standalone and 619 crore on a consolidated basis. The improvement in EBITDA and the margin profile is of course, on account of last year Q1 '24 got impacted because of the hedge dis-alignment which was behind us and not now any more with us. So, that's the basic reason why the margin metrics actually has improved as compared to the last year.

This slide gives you a little bit idea on how the gross margins on normalized basis is moving. This is what we have been saying for the last couple of calls that, since December '23 that is Q3 '24 Quarter we are back to our normal run rate of gross profit as well as EBITDA. Gross profit of 1756 crore for June '24 and the normalized EBITDA of 609 crore. This is after taking into account all the normalization impact which are required, which basically include a derivative impact.

Quick update on the Company Business Update:

The volume as I said, grew by 12%, revenue at 14169 crore, we could register a highest ever EBITDA of 619 crore for this quarter. The demand environment for the branded and food is steady and is improving. Company is now staying focused on gaining market share particularly the food and oil both, so where we have been able to gain the market share.

On ESG front, the Company has been included in FTSE4 Good Index Series and of course, all the ESG efforts on the ESG performance continues for the Company.

Particularly on edible oils, we recorded a 12% improvement in year-on-year in terms of volume. The revenue now stood at 10,649 crore in Q1, up 8% from last year. We have seen a strong growth in sunflower and mustard oil both, both oils have been able to showcase a very good growth in year-on-year terms. As far as the mustard is concerned, we are also trying our product range in the premium category, we have launched one product called "Pehli Dhaar" which is cold press, which is a first press mustard oil. And we are continuing our efforts to launch more-and-more premium oils in and around food as well as edible oil. We have been able to achieve the highest ever profits in edible oil in Q1 '25, the segment profit for Q1 '25 now stood at, this time stood at 398 crore. This is also on the back of stability in the edible oil prices that we have seen in this last gone by quarter which is Q1. The moment in edible oil prices were range bound between $100, $150 not more than that. This has also helped us particularly for the companies who have got a brand in front.

The Food and FMCG highlights:

Revenue grew by 40% this includes the government-to-government business also which we did in Q1 and revenue now stood at (+1500) of crore. So, by this run rate, the food business ideally should close the year FY25 by close to 6000 crore which was 5000 crore last year. The branded food is scaling up consistently for last now, more than 11 quarters, the food is growing at 30% year-on-year. Wheat flour business continues its growth trajectory by gaining market share and by growing on a year-on-year basis. The rice business stays steady, we are leveraging our edible oil network to see that our food product is growing at +30% kind of year-on-year growth.

So, this is a trajectory which we are trying to showcase particularly in edible oil. If you can look at Q1 '22, we were close to 660,000 tonnes of oil to now 1 million tonne of oil in Q1 '25, which puts up a CAGR of 15% on edible oil. The standalone EBITDA has grown up from 118 crore now to 604 crore, which is quiet significant. Market share we are consistently improving in spite of being a strong number one, we are steadily consolidating our market share from 18.4% in June 23 to now close to 19% in June '24.

The capacities utilizations are at a reasonably good level, 63% suggesting that we have enough capacities in place as we speak today to accommodate any kind of growth that we may get in coming quarters. The growth trajectory of the food and FMCG business also is very impressive, just like edible oil from Q1 '22 when we were at close to 120,000 tonnes for a quarter to now plus of 300,000 tonnes is growing at a 38% CAGR. Revenue is growing at 44% CAGR from 520 crore in Q1 '22 to now close to 1500 crore in Q1 '25. So, the quarterly trend looks very good, the market share is also consistently improving in wheat flour from 5% in June 23 to now 5.9% in June '24 steadily growing close to 100 basis point of growth. Basmati rice consumer pack market share is more or less flattish. But we have been able to maintain our number three position in this particular segment.

If we look at a segment wise profitability for the Q1, the standalone EBITDA is now 669 crore of which 604 crores came from edible oil. Food and FMCG 31 crore, where we are still spending whatever we are making at a gross margin level we are spending on distribution and various other schemes to continue the growth rate that we are getting in the food. Industry essential at 48 crore and un-allocable of 14 crore, so that's how the segment results tax up, which is quite healthy as compared to the same period last year.

A quick update on our general trade distribution:

Now, our reach to the trade including the direct as well as indirect is close to 2.1 million outlets. Of that 2.1 million outlets 740,000 outlets we are reaching directly so that is 18% year-on-year growth. Rural town coverage is consistently growing, we are now covering close to 30,000 towns in rural towns. Our target, of course, remains same that we want to cover close to 50,000 towns by March 25. The alternate channels besides the general trade are also growing very fast for us, the alternate channels clocked a revenue of close to 759 crore in Q1 '25 that is 15% year-on-year growth. E-commerce and quick-commerce continues to grow faster than the general trade. The HoReCa, which is the channel which we are developing for last two years is also showing a very encouraging results for us. The HoReCa revenue crossed +150 crore in Q1 '25 and (+500) crore in last 12 months basis. We have added seven new towns now, during the quarter taking the total coverage of the HoReCa channel now to close to 48 towns. We also further plan to expand this coverage of HoReCa channel to +100 large towns in near future. Branded export which is also a focus area of Company for last couple of years now, we are exporting to over 30 countries now. The food business contributed 44% of branded export and therefore so it's growing at a rate of 36% year-on-year.

These are the couple of BTL consumer engagement Company did, I will not spend much time on them. But the message of the slides is that, we are consistently spending on distribution BTL and advertisement to take the brand to every category of the customer. These are some of the branding which we did for the metro rail and so that the reach to the consumer is more effective.

So, in short the final key takeaways for Q1 '25 if I have to summarize them all is that there is a volume growth of 12% year-on-year, the edible oil volumes have crossed 1 million tonnes now for the quarter, the food FMCG revenue stood at 1500 crore, then particularly in edible oil it grew by 12% with very significant growth that we have seen in sunflower and mustard particularly. Food and FMCG volumes grew by 42% and the revenue also grew plus of 30%. Distribution reach has now gone up 18% year-on-year to reach 740,000 direct outlets, rural towns coverage at 30,000 and alternate channel which is also a focus area is growing very fast. ESG efforts of Company continues, and this is a result of that, that we have been included in FTSE4 Good Index Series recently.

This is it from my side as far as the presentation is concerned. I just briefly talked about the numbers. I hope the audience who have joined the call have consumed the numbers and performance which we have declared yesterday. And now therefore, I would ask the moderator to open the floor for question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Avnish Roy from Nuvama. Please go ahead.

Avnish Roy: My first question is on the EBITDA margin. I wanted to understand, is there any one off here (+4%) EBITDA margin and FY24, I understand was very tough because of sharp inflation followed by sharp deflation and then a lot of inventory impact losses were there. So, are there any learning, have you changed your hedging policy in any way, your inventory overall any change there, which has led to some incremental profits here so, if we assume this kind of a pricing in terms of the edible oil, would you expect (+4%) margins to sustain if nothing changes, I understand that this is a real world and the geopolitical issue can always keep changing, but anyone offs here and any comments if you can give.

Shrikant Kanhere: So, Avnish just to answer your question straight there is no one off in the numbers which have been declared, so it's a normal business profit number one. Number two of course, last year as rightly put in by you the last year numbers got impacted because of hedge dis-alignment which we experienced, not only we but the entire industry experienced that. Number three, of course, when the prices are stable and the demand is good usually the brand business does well and that's what happened to us and therefore the numbers are quite encouraging for us in this quarter and therefore, as we go forward. We are hopeful that no such geopolitical issues will come up and the supply chain of the commodity and price levels more or less will remain in range, we should be able to continue this run rate in the coming quarter as well.

Avnish Roy: Sure. My second question is on some of the competitive intensity from new players. So, if I see Amul they are advertising a lot on the print media and out-of-home also in Mumbai at least in terms of their organic products. So, two questions here, would you also have a thought process on India specific organic products because a lot of organic products are available which are of suspect quality also, of course Amul would address that part. And second is, Amul's pricing of course will be premium given its organic, but what will be the impact on your business if you could tell us that from a longer term perspective?

Shrikant Kanhere: Okay, Avnish. The first one is on the print ad and the spends BTL and all that, every Company has a budget with which it has to manage its ATL and BTL. We are also reasonably okay in print and we also have almost annual plans with The Times of India and others. So, print while whatever the commodity business or the staples business can afford we are there, and we are the largest spenders of edible oil for sure. So, there we have both social media, television and all that. Second, it comes to organic products. See organic, one is the scale most important is that Company like us, would always like a supply chain which can provide us with the quantity that we need when we grow the business and unless we have a backward integration we won't be able to succeed. Now, honestly to get into this organic, first it required three, four years of work without using that organic product as organic because it needs three crop season to get into the purity form. Without that we couldn't get a certificate that is one, two we need farmers and then we have to have complete back end with the contract farming and all that which is a very big operation. Amul have the strength, they have farmers organization and hence they have that source or the supply side secured, and that is their strength. So, since that is the strength they are playing with their strength, I don't think companies like us can do anything big in organic unless we get into big time contract farming and then have patience for three years minimum growing crop and managing that. So, as of now, the other side of the business is very big for us, we are already in the staples which can grow fast and you are seeing we are growing at 30%, 40% per annum year-on-year. So, we have great scope to do that. So, basic staples we are more interested because there the scope is anytime high, organic and all these are very small, niche market of the entire biggest pie.

Avnish Roy: Sure. My next question will be on the opening remarks on premiumization. So, here if you could tell us specific in premium edible oil there is one large player and then another player got sold off by the US parent to a private equity. So, if you could tell us how is your participation, are you happy with the performance of the last two, three years in that part of demand, I understand it's very small versus your scale, but ultimately if that is the premiumization that is where the market growth will be faster. So, can you discuss that part, how big is it?

Shrikant Kanhere: See presently only one Company has a substantial share in the blended oil premium category rest all the brands are very small or niche and not available throughout the country. Now we have functional oil put under the category expert. So, the expert range we have brought which handles only the expert, as an expert it handles white like functional oil we have, the sugar conscious, immunity booster and the third one is the total balance. Apart from that we have just started one cold press "Pehli Dhaar", first press what we call it not the cold press because all Kachi Ghani can be cold pressed but the first press is only the softer part of the mustard seed is crushed first and the oil is taken out and then it is bottled this oil has high aroma, high pungency and is much better in taste, it's like the extra virgin olive oil, but it is even better than that. So, that we have just introduced a month or two months back and initial responses are good. This will be a value added premium product apart from that the expert range and in the expert rate, we will add expert low GI white rice, low GI Basmati rice and low GI Atta and all this will be under the expert range which will deal with people who have sugar problem or any other. But let me tell you more than consumer side premium, we are working on the B2B business and trying to make that premiumization, one is that in maida, we have promised where we can make now flour especially for the bun for the cream rolls, for Croissant for Pizza, we are now doing for Noodles specially. Now these are special flours which is used for special application, and they fetch a premium because of the consistency in quality. So, we are looking at both consumer in-home as well as out of home, B2B consumers.

Avnish Roy: Understood. Just one follow up I had on the edible oil. So, in palm oil, we are seeing one disruption that the market leader in soap, they have cut their palm oil by 25% in two of their brands. How does this impact your business from the raw material side and possibly in some of the byproducts you sell to the soap players, how does this impact from longer term, I understand these are very early days but given its market leader and the confidence they have shown on this, can this impact both supply side and your demand side, raw material side and your consumer side?

Shrikant Kanhere: I don't think we are in that arena of supply chain. Whatever CPO we import we make our palm oil and then the PFAD that we have goes for our oleochemicals business. Yes, we do sell soap noodles to most of the big toilet soap manufacturers because we are one of the largest soap noodle manufacturers in the country. We do supply glycerin and stearic acid also to as an oleochemical products, but I don't think that will impact the palm oil business anybody here and overall, the share of palm oil in the soap is not so significant, honestly. So, that is not going to impact anybody for that matter, either the Malaysia, Indonesia players or even in India anybody.

Moderator: Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: I just had two, three questions. One is on the food and FMCG side. So, while I understand that the government orders would be coming at a lower margin, but I just wanted to get a sense of, why we have seen year-on-year reduction in the profits on this side especially because the scale has been good even in the non-government order business has grown at 19%, 20%. So, if you could just give us a sense of, particularly in this quarter because what's really happened that will be helpful.

Shrikant Kanhere: Harit sorry, your voice was actually breaking so can you just spell out your question again?

Harit Kapoor: So, what I was trying to ask was is, the profit margins in the food and FMCG business had been tagged lower this time, I understand one reason is that there is a government order business, but even on an absolute basis the profit numbers have been a bit lower. So, what would be the attributing that to is it a commodity impact, is it higher investments in promotion and distribution if you could just help me understand?

Shrikant Kanhere: Okay. So, got your question very clearly now. So, Harit the profitability and this is what we have been saying for quite couple of quarters that we are investing now, more and more in distribution and advertisement and other infra. So, to ensure that the kind of growth with food and FMCG has been showing continues and we get to a very reasonably good level of food and FMCG basket which currently this year we should close at 1.25 million tonnes of basket. And that's the reason why the food and FMCG margins are like this, plus and minus it is not a significant movement in margin, but by design is that we are basically investing whatever we are earning at a gross margin level, into the infrastructure for distribution as well as on other heads.

Harit Kapoor: Got it. The second part again on food and FMCG was, if you could just give us a sense of what the nature of this kind of government order is and if it is likely to persist going forward as well, in a similar any kind of content?

Shrikant Kanhere: See, you are aware that government has banned exports of white rice and broken rice. What government has done is that, if they receive any orders from friendly government countries, they approve export, but that we can't do directly, we have to route it through the cooperative companies in India, which are KRIBHCO or you can say NCER or even NAFED to some extent. So, these are the companies through whom we have to bill, and they will bill the counterpart in that country and that is how it will be exported. So, government-to-government means from here any of the cooperative firms nominated by central government can be the exporter. We can't be the direct exporter; our job is to procure the rice from the market and process and pack and send it to the port at FOB level. And after that, we have to sell it to NAFED or anybody and NAFED will be the exporter. So, this is the G2G business, small margin, but good volume and it helps you in overall rice business because if you are a normal exporter also, then it helps you. So, that is why we are doing it, and I can't say it will last for long because these are all government orders. Tomorrow if the white rice is open the way it was earlier, then then G2G business may not happen. Or it may continue, if the duty is still imposed and the government-to-government business doesn't have a duty then possibly this business will continue. So, going forward, can't say much about it as of now if there is a business we are not losing that opportunity, because it helps us in utilizing our same manpower, logistics support, port operations, everything remaining same, so it gives us margin.

Harit Kapoor: Got it, makes sense. The other part is food and FMCG. So, again, if you look at the trend of shares in wheat flour versus Basmati rice, over the last three quarters we have seen wheat flour shares actually what fairly significantly almost 50 bps over a three-quarter period, rice has been fairly stable. I just wanted to understand the competitive dynamic between these two segments and what's kind of allowing you to win faster in wheat flour versus rice currently, well obviously on the Y-o-Y basis you are doing extremely well, just wanted to understand last three quarters what are the different dynamics playing out here between the two?

Shrikant Kanhere: Very good observation. On wheat flour let me tell you, there is one big competitor having 40%, 45% market share and then we are the second largest at 5.9 and then below us there may be 10 brands 2%, 3% that means, this entire market is very fragmented with only one player. So, to garner share from these small, small players is relatively easier, relatively easier one. Two our distribution in South and strategy in South marketing strategy, all this has clicked well. And that is why our South market share has gone up to 7.5%, 8%. But if you see Chennai, we are almost 18%, 19% in Chennai city, that is because we did some marketing activities which kicked and the demand went up very, very fast. So, that is the reason why you see we have done so well. Now let's go to Basmati rice. Basmati rice historically has two players who are there in the market for more than 25 years. Now, they both have around 35 and 30, 60%, 65% market share and they are quite a strong player and they manage that. Rest of the brands, there isn't any we are at 8% or something, rest below us there may be small, small players or very, very fragmented player or private label also possible. Now, here the large two brands are strong in their work and 60%, 65% they are holding very, very clearly. Here the gap to garner from 10 to 15 will be relatively little tough, but yes, we have done some reworking like last year we pushed Kohinoor and the Kohinoor market share has gone up but, more of distribution we have to do and we are working on it. Our Gohana plant will be ready by November that will be the first IPO project plant where we are putting almost 600 tonnes per day paddy to rice line and 500 tonnes per day rice to rice line, it will be one of the largest food park in the country having integrated operations of mustard oil, rice bran oil, cottonseed oil, then I have Maida there, wheat flour, rice, everything. So, this plant will be big. So, we are waiting for that, once that happens, the quality of the product, the performance, yield, everything will be much better, and we will have big supply chain support. Once you have a big supply chain support in commodity business, brand and that part will help us in pushing. I am confident that this market share will increase to 10%, 12% in another three to four quarters.

Harit Kapoor: Thank you so much for this. I had just one last thing on the distribution side. You obviously mentioned about the rural town coverage, I just wanted to understand, what are the similar March 25 targets for direct reach. And the second question on that was, how much of our current direct reach is also been used for food and FMCG already, obviously it is 7.4 lakh outlets edible oil will be reaching across that but, how much would food and FMCG also have reached by now in that 7.4 lakh?

Shrikant Kanhere: See, today exit June our direct reach means a salesman going and booking order from an outlet and we capturing that data was at 7.4 lakh, out of which almost 3.5 lakh was rural, and rest 4 lakhs was urban. Now, we are doing now roughly 30,000, Q1 the rural coverage we couldn't expand much because of the election and heat wave, but our exit target March '25 is 50,000 targets. And we are hopeful of reaching very near to those figures because the Q1 we lost honestly, so we have three quarters to go and we have to reach 50,000 that is one. So, we are working on that, second is this 50,000 would almost represent 70% of the potential rural town business. So, we will have much bigger strength of rural distribution. Third you said that how many outlets are there see, when I say oil outlet need not be that they buy all the oil. If you go to South they may not buy soya bean or mustard, but they are buying sunflower, now in Easter it is mustard. So, oil wise if you see, mustard has the highest penetration amongst any oil in the country for both us as well as for Nielsen also says that mustard has the highest penetration. So, we have almost direct reach of roughly 3 lakh outlets out of 7.5 in mustard, sunflower, soybean has around 2.5 lakh outlet, Atta is around 225,000 outlet like this, there will be different number of outlets, but on the whole one or the other product is covered and is purchased by 7.4 lakh retail outlets.

Harit Kapoor: And the 7.4 lakh is there a target?

Shrikant Kanhere: Unique food can be as high as 3 lakh outlets, but not that everybody is keeping all the product some people may not keep Besan, some towns in Maharashtra, UP I have seen they keep Besan, nuggets may not keep rice like this you will get. So 3, 3.5 lakh retail outlets keep food, total 7.5 lakh outlets we are covering and every outlet will buy some of the products which sells in their area.

Moderator: Thank you. The next question is from the line of Ayan Kartik from Outlook Business. Please go ahead.

Ayan Kartik: Just wanted you to throw some light on the kind of competition you have seen from regional and local players because the last one we have seen a lot of brand reporting competition from local players. So, just wanted to understand what has been the effect on Adani Wilmar in Q1 and what kind of trends we are seeing per se? Thank you.

Shrikant Kanhere: See, on oil I will tell you. When the oil prices were high, say last to last year, local players were really doing well, because the inflation and the prices were much higher. So, brands like us would have cost them Rs.25 per liter more. Today, when the edible oil prices are stable, brands like us have much more strength, because in terms of pricing power, in terms of purchase power, supply chain distribution, our sales of Fortune have increased. Number one, so competition for us is less in refined oils, more will be in mustard oil, because that is a domestic oil, and it is processed in many parts of the country. But we still are the clear leader by around 15% we have a margin and the next band is around 6%. But it's a very fragmented market mustard oil. When it comes to food, this business is dominated by regional players, national players in Atta, there is only one technically, in Dal there isn't any national brand based on also there isn't any great national brand three, four good regional brands are there. So, in food we have to fight with the regional brand. And our fight with the regional brand is always on quality, consistency, price value for money, distribution, reach and brand and second, our distribution in e-commerce and modern trade. So, there we continue to fight with the local players and get the share and we will have to fight with the local players because there isn't any national player.

Moderator: Thank you. The next question is from the line of Rohan Patel from Turtle Capital. Please go ahead.

Rohan Patel: So, I just want clarity as of Financial Year '24. I am talking about rice, we did somewhere around 50,000 metric tonnes right?

Shrikant Kanhere: No, 50,000 metric tonne you are saying for what, overall rice?

Rohan Patel: Yes, overall.

Shrikant Kanhere: No, 50,000 in FY24 we did much more than 50,000 tonnes.

Rohan Patel: Would you share the quantum?

Shrikant Kanhere: This quantum as such is not available in the public domain as such, but we can give you an idea of what volume of rice we did in FY24.

Shrikant Kanhere: FY24, little higher than 200,000 tonne.

Rohan Patel: Okay. And out of that, how much would be the branded part and non-branded part?

Shrikant Kanhere: The branded part would be around 40%, 50% and private label exports are there which are their brands which we export so, that is also there. So, altogether brand, brand for us more than 50%, 30%, 40% would be around private label depending on which country like Saudi and other places private label goes and rest is local B2B.

Rohan Patel: Okay. So, roughly in the range of 50%, I can consider is branded?

Shrikant Kanhere: More than 50% will be branded.

Rohan Patel: Okay. At the export percentage like out of the 200 plus 1000 we have done what would be the export as a percent?

Shrikant Kanhere: 25% export, 75% domestic.

Rohan Patel: And if you can help me out, do you do aged rice?

Shrikant Kanhere: We do aged rice but small quantity.

Rohan Patel: Top four, five export destination?

Shrikant Kanhere: Export destination would be Australia, Saudi, UAE.

Rohan Patel: Okay. And are you looking into growing your own brand or you want to also grow the private label also because in Saudi one of our competitor isn't present which used to be present over there. So, are you leveraging on that opportunity also, to increase your quantum?

Shrikant Kanhere: The competitor of the one you are referring to they have done some work and they have got some investments from Saudi and possibly having a tie up for distribution but for us, we are doing 3P but we are also working through our Wilmar and JV partners, those who are interested like in US, Australia, other places. So, we prefer to export in our brand Fortune.

Rohan Patel: Okay, I get that. And can you share some rough idea about what EBITDA margins our rice division would be making?

Shrikant Kanhere: That will be see right now, what we have been saying for last couple of quarters most of our food is basically EBITDA neutral and that is basically by design because we are spending more on distribution and other infrastructure.

Rohan Patel: Okay, just for understanding if I can ask one last question. So, what are you targeting for FY25, with the volumes in line?

Shrikant Kanhere: We will be targeting much more volume, we are just waiting for our Gohana plant to get ready and commission, that commissioning once it happens we will have in-house supply chain. So, I can tell you one thing that we are looking at 30%, 40% growth year-on-year for the next three years.

Moderator: Thank you. The next question is from the line of Karan Bhuwania from ICICI Securities. Please go ahead sir.

Karan Bhuwania: First two questions. Firstly, you had highlighted that sunflower oil has done good in this quarter and I do remember that sunflower oil if I look at market leadership, you marketed other oils but in sunflower you are third player. So, can you highlight the initiatives you have taken for driving this growth and what is the market share gained in this particular segment?

Shrikant Kanhere: One is that sunflower oil is surely part of our focus area, it is an oil which always gives consistent good margin. Now, as far as oil is concerned, we have enhanced our processing capacity and we are possibly one of the second largest importers in the country of sunflower oil. And we have almost the largest processing capacities across the country. Now, as far as sunflower oil is concerned, South and West accounts for 85% of the market. And in this markets South we were weak. So, we made some strategies, and we did some work on it. And slowly and steadily year-on-year we have seen the results come in, and our South market share has gone up. Accordingly, our sunflower oil market share, if I am not wrong has gone up from around 10.1% to 11.3%. So, we have gone up by 1.2% and I don't think there is any other brand in the country who has shown any growth in Q1. So, we are the only people who have grown that is because we did some work on it. We are hopefully number two now if I am not wrong, because I have not seen the last figure. But, we were number three earlier behind gold winner, but now I think we are number two.

Karan Bhuwania: Got it sir, very helpful. I just wanted to understand you have been historically slightly weaker in the Southern market right and now you are gaining market share in the wheat category in the South market. So, just wanted to understand how are the synergies working in terms of distribution between the edible oil and food segments for the Southern market?

Shrikant Kanhere: See, I have always said earlier also when people used to ask me as an analyst, he did ask me that how are you going to win South and I had always said that what is our strength is that we have a basket of product we are not only in oil, we have oil, rice, flour, there are three big things, now we will play with all the three things together and we will win because we have an offering to the retailer and that exactly we did that, we went to the sunflower oil retailer gave them a Atta at an offer which they couldn't reject and they took and slowly the market started accepting the Atta and now Atta sales say in Chennai city is almost equal to sunflower oil sales. So, that is how we have started doing well and going forward to win South we will have to win by our strength, and which is our portfolio.

Karan Bhuwania: Got it sir that is very helpful. Lastly on sir, rural versus urban most of the FMCG companies have been highlighting that they are seeing green shoot in the rural markets and rural have outperformed for last couple of quarters. If you could highlight something, how do you see the demand for your products in rural versus urban?

Shrikant Kanhere: Rural has been under pressure, all the FMCG players have been mentioning this. Our staples business obviously the first choice for any consumer has to be staples and then any other products. So, we did not get impacted, but we did not grow also. So, our share 29%, and 30% remain at that level. So, rural contributed only 30% which we felt should have been more. No, going forward we see some positive lights, mainly because one, the monsoon is likely to be good and we are all seeing that happen, two is that the government's initiative in investing more in the rural area for schemes and all that. And if this brings more employment, more rural productivity and all that, I am sure rural consumption will grow as staples business consumers prefer first to buy their sugar, wheat or atta, rice, and then any other products. So, I am sure that we will see a good growth. Going forward, October onwards the rural market should do better.

Moderator: Thank you. The next question is from the line of Deepak Mandhana from Avighna Investments. Please go ahead.

Deepak Mandhana: I just have one query basically, can you just give me an overview of how your industry essential business is doing because none of your PPT presentation covers that. So, what is the, because I can see that the value mix as well as the volume mix is growing there. So, can you just give me a fair idea about industrial essential business?

Shrikant Kanhere: See in industrial essential we have three main products, first is oleochemicals, second is castor oil and derivatives and third is our meals which we use for cattle feed or animal feed, which is mainly soya de oil cake, mustard DOC and rice bran DOC. Now, you take oleochemical business, oleochemical business has been doing very well for us and we have the largest oleochemical complex in the country, we are 25% producers of glycerin in the country and almost 32% stearic acid. We make almost 10% soap noodle in the country after you take away the in-house consumption of Levers and Godrej. If you take that out, which is 6 lakh tonnes, out of 4 lakh tonnes we make almost a lakh tonne soap noodle. So, we are reasonably strong in oleochemical player, we have recently acquired one Company, world Chem, where we are, Omkar is the Company's name where they have downstream Speciality Chemical products, and we have good business understanding about it. So, we thought we need some partner to grow this business, this is a profitable business and we are working on it to grow this business. So, that is Speciality Chemical. Second comes castor we are the world's largest exporters of castor and processors. So, that business has been doing well, we are getting into derivatives because that is value addition. So, next new CAPEX on derivatives is going on. So, castor we will grow this business and make it much more profitable. And the third one is your DOC, what has happened is the summer, the DOC business was less and that is why you will see that the volume growth is not there, it is only because of the rapeseed mill, we couldn't export what we had targeted, but the next this quarter possibly that will be covered because it goes on roll over for the next month or so. So, we should

Deepak Mandhana: Just as a follow up, I wanted to ask that are we also looking in terms of export for the specialty chemical business or it is just for the domestic production only?

Shrikant Kanhere: See, presently we do export our stearic acid glycerin, even soap noodles abroad we do export. Going forward Speciality Chemical will be, it is application based suppose any product which is required and we have a country where we can sell, we will surely explore, Wilmar is also big in oleochemical business. So, they also have clients outside their area of operation like China and Malaysia, Indonesia. So, they also have in Europe. So, we can also export there. So, export will be our area of operation as we go around.

Shrikant Kanhere: Sorry, Deepak, I am just coming in between just to give you a better idea because you had asked that whether this business is growing yes or no. Out of the three components which Mr. Mallick mentioned castor, oleo and the oil mill. Castor and oleo both were growing in double digit so castor grew by close to 10% and oleochemical grew by 13% year-on-year in this quarter. But there was a de-growth of oil mill business of 22% and that's where the entire category de-grew by 7%. Having said that, the oil mill business is of course, depending upon the parity and the market conditions, so that's not something which is a very sustainable business, but castor and oleo are the main segments of this industry essential segment which are growing in double digit.

Deepak Mandhana: So, I believe we are EBITDA positive or both the segments?

Shrikant Kanhere: Yes, very much.

Shrikant Kanhere: Thank you. So, the next question we will take from an email which we have received from Mr. Mitesh Kumar. And he has a specific set of questions particularly on the Bangladesh operations his first question was that, why the Bangladesh unit is under the loss since many quarters though India business has recovered back. So, see Bangladesh has got different problem first of all, we actually faced problem on the currency front last full year. Besides that, Bangladesh also faced macro headwinds the way other economies are also facing in terms of inflation and interest rates, the government was trying to put in price control in the country and therefore, price control coupled with the currency problem had some issues with we had last year and therefore, we suffered losses in Bangladesh last year. However, after the elections in Bangladesh recently, the new government is in place and the things are now improving so, for this quarter we had a loss of close to Rs.10 crore, which is far, far less than what we had in the same quarter last year. So, that is been now taken care of, things are improving from here, currency situation has already been improved there. So, the availability of dollars in the country is no more an issue. We still have some issue around the parity which is getting resolved. So, as we go forward in the quarter two and quarter three, you will see the improvement in the Bangladesh operations.

The second question was, when likely Bangladesh unit will recover from profit? I answered in the first question itself.

And the third question is not related to Bangladesh, but it is on the OFS which is, that is there any plan for an OFS for AWL. So, we have mandatorily had to see that the minimum public shareholding is achieved by Feb 25 given the fact that we got listed in Feb 22. So, we otherwise have to do that, now OFS is one part of it. So, I can't comment whether it is going to be OFS or any other methods because there are specific method listed by the SEBI which can be used by the promoters to achieve the MPS. But I can only confirm on this call that yes the efforts are on to achieve that MPS of 25% for which the 13% dilution by the promoter would be on the cards from today till Feb 25. But whether it will be OFS, I can't right now comment on that.

The other last question was, future guidance of AWL revenue and profit growth given the oilseed prices in international market and hedging, other hedging option. The prices, this is what we have been saying the prices have been stabilized we saw Q1 numbers quite healthy, given the fact that there was not much volatility in the prices, so we are hopeful that this scenario will continue along with the stability in prices and demand will also continue. Even the fact that in

H2, there will be a lot of festivities in India and demand will be more than what we have experienced in the quarter one. So, this performance we can expect but having said that business is always a business you can't foresee some of the hidden risks, but that will always be there. So, we are hopeful, we should continue with the current performance as we go forward. So, that is we had on the email, I will hand it over again to moderator if there are any other participant in the queue to ask any question they can open.

Moderator: Sir, there are no further questions. I would like to hand the conference over to the management for closing comments.

Shrikant Kanhere: Yes, on behalf of Adani Wilmar we are thankful for attending this call and we encourage all the participants to participate in our call and hear our story and performance. Thank you very much.

Shrikant Kanhere: Thank you all and we hope we have a good festive season starting this month, followed by big wedding season coming from November and we hope the monsoon is going to be good overall, overall, the atmosphere remains positive and consumption looks to be solid. And I think all the FMCG companies including ours should do well in the next three, four quarters. Thank you all.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.