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November 8, 2023

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 Q2 of F.Y. 24 of Adani Wilmar Limited ("the Company')

This is in continuation to our earlier letter dated November 1, 2023 regarding audio recording of Q2 F.Y.24 Earnings call held on November 1, 2023. 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: 2023.11.08 17:43:16 +05'30'

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Company Secretary
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"Adani Wilmar Limited
Q2 FY2024 Earnings Conference Call"

November 01, 2023

ANALYST: **MR. KARAN BHUWANIA – ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. ANGSHU MALLICK – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR – ADANI WILMAR LIMITED**
MR. SHRIKANT KANHERE – CHIEF FINANCIAL OFFICER – ADANI WILMAR LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Adani Wilmar Q2 FY2024 Earnings 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 this 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. Thank you and over to you Sir!

Karan Bhuwania: Hi, good afternoon, everyone. It is our pleasure at ISEC to host Q2 FY2024 results conference call for Adani Wilmar. From the management today we have Mr. Angshu Mallick, Chief Executive Officer and Managing Director; Mr. Shrikant Kanhere, Chief Financial Officer; and Mr. Saumin Sheth, Chief Operating Officer. Now I will hand over the call to the management for their opening remarks post which we can open for Q&A session. Thank you.

Shrikant Kanhere: Thank you very much Karan and very good afternoon to all the participants who have joined this call Q2 conference call for Adani Wilmar. As a ritual what we will do is we will take you through a very brief presentation to talk about how the Q2 went, what are the problems the company faced, and what is the outlook for next two quarters. Post the presentation of course we will open the floor for question and answers. We will be happy to answer the questions.

To start with the outlook to the business context for the Q2, I think from where we left in Q1 more or less the situation continued in Q2 as well, all the issue - the hedges disalignment continued till August this quarter, but however having said that I think that issue is now over. Price disparity was in soya bean as high as we were the disparity of $80 a ton, but now the things have been improved. In this year between April to September India imported record soya bean oil in anticipation that prices have already cooled down and in anticipation of a demand picking up the overall imports in India went up by more than 20% and that also led to the inventory levels going up at most of the players including Adani Wilmar that also acted little bit not in our favor because once you are up with the inventory levels if prices goes down from there then you have a issue of higher price inventory sitting in your portfolio. TRQ finally got discontinued so it was something which company had to suffer on from the competition because the company's TRQ was over in the month of November 2022 whereas competition continued with the import of edible oil without paying duty, so that issue has been over in this quarter. One of the subsidiaries of company, which is in Bangladesh, unfortunately the crisis in Bangladesh continues. The country is going through a lot of issues in terms of currency crisis, in terms of inflation, in terms of interest rates, while we are keeping a very close eye on the situation in Bangladesh and we have curtailed our operations in Bangladesh only to the branded level, so we are only selling brands there so that our brand does not get impacted because we are number one player in Bangladesh also as far as the edible oil is concerned.

The geopolitical conflicts, now it has become something which is very usual for us now because earlier it was actually Russia and Ukraine which was going through and now we have a new conflict of Israel and Hamas going on, but fortunately either of this geopolitical conflict did not have much of issue on the supply chain of edible oil as well as any food grain. Till now we have not been impacted by either of these geopolitical conflicts.

In terms of the business aspect for any company there are two aspects for business performance, one of course is the margin performance how have you performed on profitability and other of course is the business growing yes or no. I think on a growth prospect we are quite good, the business grew in double digit, so for the quarter overall volume grew by 11% with edible oil growing by 4%, food FMCG continued its growth trajectory at 19%, which is majorly led by wheat flour, pulses and basin. Industry essentials grew by 25%, so on a growth perspective yes we are growing quite strong. If you look at for the half year our overall volume growths are at 18% where edible oil grew by 15%, food and FMCG by 20%, and industry essentials by 23%, and within edible oils the branded segment is going faster than overall edible oil as a segment.

Now with this the food is now almost contributing 18% of volumes to our overall scheme of the things. Two years back we started this with 10%-11% of the volumes coming in from the food steadily growing quarter-by-quarter and now we have 18% weightage of food sitting in as far as the volumes are concerned, of course our target is to take it to 30% in coming years and thereby derisking the edible oil business, so this is on a good trajectory and we are going quite strong on this.

In terms of distribution our direct reach has now 650000 outlets last year same time we were sitting on close to 580000 outlets now close to 650000 outlets, it is growing and is presently in more than 26000 rural towns, which is because as we go forward most of the demand I think will be coming up from the rural towns and we are slowly expanding our footprints in rural towns. Rural saliency in overall scheme of the things is steady at 30%, I think last quarter also it was more or less 30%, but having said that in the overall scheme the rural is growing more than urban, slightly growing more than urban and our expectation is that for the second half from October to March rural will even grow better than the urban.

In terms of direct reach from where we were in FY2022 now we have grown 2.2x in terms of rural town coverage the growth has gone up to 8.2x as compared to FY2020. So on the distribution front we are working quite hard and we are hopeful that we will increase this distribution, but because it is directly linked to your market share. On a market share the company remained number one edible oil player of India with market share of 19.6%, this includes the market share contribution by our joint venture in South KTV Health Foods. ROCP market on a MAT September basis our market share is at 19.6% we are number one player in soya beans, number two player in farm, we remain number one player in the mustard, mustard oil is something which is we are going very fast. This oil has shown a growth of 38% in year-on-year for us in the quarter. Similarly, soyabean oil is also growing. So, the entire oil basket grew by 15% when we look at H1 this is primarily led by sunflower and mustard oil.

In terms of market share for food we remain the number two player in the country although we are a distant number two. The number one player of course is ITC Aashirvaad quite ahead of us, but the good part is that we are slowly and steadily growing our market share today sitting at 5.15% of market share. In basmati rice we did see a dip in a market share from 9.4 going down to 7.4. This was also there when we spoke for Q1 performance. Our take is that this is basically a onetime adjustment, which we are seeing in the market share because of some of the retail schemes that we had last year which got delayed this year, so our expectation is that by the time we end this financial year in March 2024 this anomaly should get normalized and we should be able to see our Basmati market share more or less equal to what we had left last year.

On channel performance we are quite aggressively focusing on the HoReCa channel which has been a new channel which we have added. This HoReCa earlier was actually supplied through a wholesale channel, so we are slowly getting the dependence on wholesale channel reduced by having our own HoReCa channel. This has shown a double digit growth quarter-after-quarter, branded exports has doubled in Q2 2024 on year-on-year basis, so we have been now able to export to more than 50 countries now and we are slowly increasing the branded portion of exports, which includes wheat flour, rice, pulses, basin, nuggets and other soya products. Alternate channels e-com and modern trade is growing very, very strong grew by 30% year-on-year when it comes to Q2 2024 and similar kind of growth when we look at H1.

There are a few marketing activities, which we did which includes lot of stuff on the social media in terms of talking about rice, talking about nuggets, and talking about all our food products. We also did the print and digital media on various platforms which includes the stations, including a metro branding in Delhi where we have branded three metro trains for the three months, and it has come up really very well. On the new product launches keeping in mind the health basket and the health areas which consumers is always looking at when they try to buy the products, we launched Kohinoor brand brown rice in two brands one is Kohinoor and other is Charminar. We also launched the Fortune Biryani kit for the export markets, we already have a Kohinoor Biryani kit which is there for the domestic market, but Kohinoor we do not have overseas rights for Kohinoor, we have a Kohinoor rights only for the domestic and therefore for the export markets we launched Fortune Biryani kit, we have already exported close to 20000 kits to various markets, another 35000 kits order is in hand, which is getting fulfilled maybe in this quarter. We also launched export range of Premium oil specifically for the US market, so the whole crux of telling all you is this is that we do have quite a high focus now on branded exports rather than only looking at export in terms of castor and oleochemicals.

Coming back to the financial performance, after Q1 not so very good Q2 quarter as well. As I said earlier the issues that we faced in Q1 also continued in Q2, the disalignment of hedges continued till August where actually we settled most of our positions which were there on the CBOT and that we have moved forward. So having said that I think the issues are behind us now and we are quite hopeful that Q3 and Q4 should be better than Q1 and Q2. For the Q1 on standalone we registered a net loss profit after tax of 87 Crores, which includes onetime tax settlement hit of net of tax close to 40 Crores, so business loss on standalone is actually on 47 Crores, which basically came from three basic reasons one is of course the commodity hedging loss, another is of course the interest rates, which have gone up substantially in last one year because most of our borrowing is a dollarized borrowing and third of course is this tax hit, which we have taken for as a onetime hit. Similarly, when you look at the H1 2024 number the profit after tax is basically a loss of 125 Crores against profit of 232 Crores for the same period last year. So practically a delta of close to 450 Crores of delta, which is as I said earlier coming from the hedging losses and partly because of the interest rate hikes and the onetime tax settlement which we did this quarter.

On consolidated basis the things are not different, they are more or less similar, in fact little bit little gone adverse as compared to standalone because unfortunately for us we are suffering losses in Bangladesh as well, but as I said we are watching the situation in Bangladesh very, very closely and have curtailed down our business so that we do not lose anymore there. We are hopeful that once the country goes to the election sometime early next year the things should start falling in place there and we should have operations giving us better results. So on a consolidated basis the quarter loss is close to 131 Crores which again includes 40 Crores of tax settlement and the rest is coming from the commodity and interest price.

On segment basis revenues dropped by 13% majorly led by edible oil because edible oil prices corrected big time in last two quarters Q1 and Q2; however, the very good part is that the food FMCG continues to grow strongly on revenue as well as on the volume. So revenue grew by 26% when we look at quarter and revenue grew by 27% when we look at H1 and food and FMCG and industry essentials also gave us a good segment result if you look at H1 number for food and FMCG we can say that we are good EBITDA positive and has delivered a good number as far as the food FMCG is concerned quite early than what we had expected earlier. Edible oil is the only segment which registered loss from segment perspective which is more of coming from the hedging losses that we suffered. I think in a edible oil business one quarter here and there can be exception, but I do not think as we go forward in Q3 and Q4 this problem will continue.

Just to give you more flavor on how things have been panning out for us. If you look at our quarterly trend of gross profit or a gross margin rather I would say it is steadily there for last more than seven, eight quarters except for these last two quarters where we had suffered because of the commodity losses, which is evident for last 14 quarters similarly EBITDA is also in a range of anywhere between 450 to 500 Crores for every quarter, but suffered in these two quarters and this is also reflective when you look at the per ton analysis of the margins. So, our gross margins as we have been saying earlier also a steady state gross margins of close to 11500 is something which is normal for our business except for these two quarters otherwise in last 14 quarters we have been consistently giving this and EBITDA per ton as well.

So, this is all from my side in terms of a short and a very brief presentation for Q2 and what has happened and tried to explain what are the things which did not go well with us and what are the things where we feel that Q3 and Q4 should be good for us. Having said that I end my presentation here and I request moderator to open the lines for question and answer. We would be happy to take them.

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

Abneesh Roy: Thanks. My first question is on the overall performance. So two back-to-back quarters your EBITDA has been quite weak, so wanted to understand what are the learnings here and second is in spite of being a strong market leader in edible oils with 19% market share 1% EBITDA margin or near that in the first half both Q1, Q2 why do you see this performance and when you say that Q3, Q4 the performance should be better how much better will it be because commodity has been now stable for many months in that context 1% margin for 19% market share and number one player what does this reflect on the total industry what are the issues, what is the downtrading, downgrading happening, given we are seeing that in many other FMCG if you could discuss that also?

Shrikant Kanhere: To answer your question see Q1 and Q2 the only issue with not Adani Wilmar but I think entire industry faced is the disalignment of the hedges and which is something which is very, very unique, very, very exceptional thing to happen that you go and hedge your risk, and it works against you. So what happened was all our hedges were not in money instead of protecting our base, actually we lost money there and this is only a onetime phenomena which happened for Q1 and Q2, so it is something which I do not think should continue as we go forward and therefore from a learning point of view because your question was what were the learnings I think there is no major learning as such I think it is something which we feel that something which has happened once in a while and should not be happening again and therefore we are quite hopeful for Q2 and Q3. Similarly on a EBITDA margin per se our steady state EBITDA margins are anywhere between Rs.3000 to Rs.3500 a ton and if the market continues like this and I do not think now there would be any further disalignment of hedges will be there, so we should be able to deliver that for Q2 and Q3. Having said that it is not about Adani Wilmar I think entire industry suffered on this and I would request Mr. Malik also to add to this.

Angshu Mallick: Abneesh your question is very right that what is our learning, one of the learnings that we have is that possibly inventory management can be relooked at the way the markets, if they do not work in tandem then one thing sure is that you can reduce your inventory, but then the country is consuming more. If you see our full H1 growth in edible oil the branded packed edible oil has grown at 23%. Now honestly we have not seen this kind of growth in last 8-10 quarters or even more before COVID also. So this type of consumption happened because after a long time the edible oil prices came down and consumption was I would say fierce, out of home consumption was very good, otherwise branded packed edible oil growing at 23% is unheard of, so that we were worried to reduce the inventory then we lose it and if we had inventory so we had to buy, so when you buy obviously your hedges were not in tandem so that is one learning we have, but going forward as you said it is now a steady state, yes, last two months little steady August end, September was okay, October was even better I would say. So our pain has now gone, so going forward we should perform the way we were performing possibly better and as you rightly said if the number one brand is not earning then how can the industry earn. Obviously we have been earning in edible oil and we see that coming back in action from Q3 onwards. Bigger issues, good things that is food business that the food FMCG business grew at 19% this quarter, but domestic we have grown at 52% what we lost on is the export of rice that was a big chunk of the business that we lost so that reduced our growth overall, otherwise if you see the domestic growth because of Kohinoor and Fortune basmati rice we have grown at 50%, branded Atta Fortune Atta is grown at 50%, so that is a very good sign of one consumption, second brand strength and third distribution strength. So going forward we are very optimistic about our performance from Q3 onwards.

Abneesh Roy: Sure thanks for the answer. Two very quick followups, so one is in terms of the hedging impact can you quantify both in Q1, Q2 and second would you be changing your hedging policy I understand the inventory levels can be very dynamic so I am not questioning that but in terms of the overall hedging process do you see some change which is needed and third is whenever deflation happens in edible oil the margins in fact go up because your profit is mostly on in terms of the tonnage so will that be again happening in H2 and FY2025 when things are stable and you get benefit of the current RM would you expect that actually the EBITDA margin should be ahead of what was seen in the stable periods of last two years?

Shrikant Kanhere: If you look at the profitability for H1 I will talk on H1 rather than only talking on a Q2. So last year we had a net profit of 242 Crores against this this year it is 210, of this 210 you can take out that onetime tax hit. so there is a delta of close to 350 Crores between the profitability which we registered last year and this year and now this majority of this basically is due to the hedging losses. Now these hedging losses as we earlier said it is not because we kept positions open it is because we hedged and therefore it turned counterproductive for us usually it does not never but it is one-time only. Having said that there is no need to change in a risk management policy in fact because of the risk management policy we could restrict the losses to the extent of only 15% to 20% of our full year EBITDA. Having said that there is no change in our hedging policy except for the fact that one corrective action that company may think of taking is that we can distribute the hedges between various mechanisms for the example we can reduce the hedges on the CBOT rather than we can take it on the OTC. So that is something company is certainly looking at and we will take that corrective action one is that and therefore when we go into the Q3 and Q4 since this disalignment is more or less now been over we should be looking at a steady state run rate which we were giving in past some quarters and therefore the things should look better for the half too.

Abneesh Roy: Your margins will improve?

Shrikant Kanhere: Yes, of course they should improve on two counts. One is your quarter margin has to improve because we do not foresee now more hedging losses coming in next two quarters, number two though we do not look at margins as a percentage of the revenue but those will also improve given the fact that the prices have already corrected and the prices are at very low level so in terms of percentage to the revenue as well as per ton in both metrics you should see the improvement in the margin.

Abneesh Roy: Sure, my last question is on the basmati rice as per your presentation you have lost around 200 bps market share, wanted to understand is there any one-off, second is in terms of the exports would you need to set up new distribution teams, new distribution tie-ups because the two other listed Basmati rice players are doing really well, of course a lot of regulation changes are happening, so in terms of exports what kind of a scale up in team and distribution you would be needing?

Shrikant Kanhere: On this market share loss of around 200 points one is that basmati rice 50% of the business comes from modern trade and e-com. Now in modern trade normally we have tie-ups for big days and big schemes last year April, May we had a big scheme with Reliance and our volumes were very high for two months of Fortune, but this year we shifted that to Kohinoor and this year we did with Kohinoor and our oil and Kohinoor basmati rice obviously the Fortune was not taken. Now you see in October, November Fortune and our rice bran oil is the combo pack for Reliance and I can tell you these are big events where more than half a million packs are sold, minimum half a million it can be even 700000 ton to 1 million packs in two months, so that is the kind of volume that comes together. So the market share jumps and then again comes down, that is what it is, but nonetheless we have noted it and we are working on how to increase our presence in general trade and all that. That is part one, part two is that exports, yes, export is a bigger market for basmati rice, so we have started increasing our presence and distribution of Fortune brand, we have started Jubilee brand as a second brand and we are now looking at different markets for Jubilee, but other than that we have tied up with few good parties in Saudi and other countries where we have started negotiating for big volumes coming November onwards because they start buying only from November new crop comes in. So November onwards we have done it. Domestic market also our HoReCa department has started working very well and as you know HoReCa market is going to be very big with the new marriage season coming in there also we have started contracting the caterers and hotels and all that for banquet and all that, so big volumes are expected in H2 in both basmati rice, edible oil and other food products.

Abneesh Roy: Thanks. That is all from me. Thanks a lot.

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

Karan Bhuwania: Hi, good afternoon, Sir. Thank you for taking my question. Firstly on the drop in profitability, so I see there is a drop in profitability in gross margin and EBITDA level as well, how the drop at EBITDA level is much higher so what can we expect, how can we see this profitability going forward in say second half and if you could also provide some guidance on overall growth numbers for the second half?

Shrikant Kanhere: On the EBITDA level whatever drop you are looking at is basically due to the commodity loss which as I explained we booked for this quarter. Having said that this commodity loss is I think something is now far behind us, I do not think that we will have this situation as we go forward in the next quarter. We should continue to grow on double digit as we have been able to do in H1, H2 also and since the demand forecast is more in H2 so we should be able to grow and our steady state run rate per ton on EBITDA as well as gross margin and other business parameter we should be able to deliver that what we have been able to deliver for last more than 10 quarters, so it should be a normal Q3 and Q4, Q1, Q2 of course remain an exceptional only because of something which we never actually expected on hedging front.

Karan Bhuwania: Just to follow up on that. Just asking about the pricing are we taking any further pricing actions on edible oil portfolio or it is just a correction that we have taken earlier?

Shrikant Kanhere: See on edible oil the prices have actually come down steadily over the last three quarters April and this July, August, September also the prices corrected by almost Rs.5000 to Rs.6000 a ton, but somewhere we see the bottom out is happening and the markets are now getting back into the steadiness or a little positive side. Now we generally do not follow so much on the prices our pricings are based on the market prices and basis that we are doing it. I cannot comment like that, but looks like the bottom is over, the markets may not fall, so that is how it will remain steady, but even if it falls does not matter, for us the brand takes that much amount of cushion. Price wise these are all very acceptable price to the consumers.

Karan Bhuwania: Got it. Also see highlighted that the rural is growing slightly better than the urban markets would you attribute that to a better demand environment and improving demand environment in the rural markets or would you attribute that your distribution expansion that you are currently carrying?

Shrikant Kanhere: Rural contributes roughly 30% of edible oil business and around 31%-32% of the food business. Now the growth if you see both Q2 as well as the first half the growth of rural has been slightly higher than urban that can be two, three reasons, one the edible oil prices have actually now been shift into and consumers feel these are good prices. So they are comfortable with it one, two the food business has done well because wheat we are seeing there is a very good growth in branded wheat flour business that is because government PDS reduction and free open market sales reduction has ensured that the availability of cheaper wheat is not there so much so people are buying flour and then people obviously would prefer a branded flour. So that we are seeing branded flour is increasing even local rice is increasing. Sugar we do around 25%-26% of the branded sugar sales comes from rural market you would not believe, but 45% of my basin business comes from rural market half kilo basin I can tell you, so branded basin is doing so well. So all these products shows that rural markets are slowly gearing up but H2 will be better than H1 normally we have seen rural does better in H2.

Karan Bhuwania: Got it. Also if you could give some broad breakup of your foods business in terms of branded consumer business the HoReCa business and the exports business?

Shrikant Kanhere: On food if you take total food basket our domestic business is bigger out of which the branded business, total food branded business will be roughly around 80%-85%, rest of that is traded product that is one. Two exports of food is less because non-basmati rice got impacted and that is why our rice exports reduced, but overall we do roughly around 200000 tons of exports food business on a good year, now that has reduced a little bit because of the export restriction of rice, third is HoReCa, HoReCa business we started around eight quarters back as HoReCa otherwise distributors were supplying to hotels, but now we have a separate division, separate team, separate distributor, separate mechanism to monitor it, which is now growing at almost 50% quarter-on-quarter and we today do roughly around 100000 tons of food and oil only to HoReCa branded sales to HoReCa.

Karan Bhuwania: Thank you so much. I have a few more questions I will come back in the queue.

Moderator: Thank you. Next question is from the line of Nitin Gupta from Emkay Global. Please go ahead.

Nitin Gupta: Thanks for the opportunity. I basically wanted to get a sense on like since we are operating in the food part of the business we have been hearing out regional competition getting aggressive, so just wanted to have a sense from you which part of the business you are seeing more competition from the regional players?

Shrikant Kanhere: In oil and food both we have seen competition from regional players, in edible oil it is mainly non-refined like mustard oil, groundnut oil, cotton seed oil, you will get which are local oil, rice bran oil, you will get local competition that is stronger than national brands and in refined oil it is a national brand. Now for us and in food atta we have several small, small players, but they are all in a state or within a state also they are in one location. Basin I have seen 8-10 such local players and sugar also you have seen such kind of players. So for us our strength is our distribution model that is the integrated distribution model. So when we start in a factory we have more than one product, so it will be food and oil in each of the factory, so we have common manufacturing facilities. After that we have common distribution facilities so obviously our distributors are common, sales people are common and then the retailer is common. So this entire common chain helps in reducing cost per ton and in commodity business you will agree that ability to reduce your cost, and pass on that benefit to the consumers will be most important. So if you have to fight we fight against quality, one consistency of quality, brand power and distribution strength. So we can take all our products to the retailer and give him the option to buy anything or everything that gives us strength at the ground level. So overall, overall for us, yes, competition is there from the local players, but we are able to grow faster than that.

Nitin Gupta: I just wanted to get a sense on like this time around it is more of raw metal prices coming down and sort of this surge in competition, so do you consider this competition is like say pre-COVID levels when the raw material prices are stable it is that level or you still expect the normalcy to resume in next couple of quarters?

Shrikant Kanhere: I think we are back at pre-COVID levels in terms of consumption and with this new wedding season coming up we will see very big wedding season. Why very big, number of people restriction is not there, people are going out and spending and they are going out and eating, so out of home consumption is going to be very big and I have seen good brands have advantage, people like us have advantage because I am giving a plate of products which basket of products so that helps the hotel to pick from us any and everything. So we give them a basket and we give them better service, so our distributors are more aligned for it, so there we have advantage.

Nitin Gupta: Thanks a lot, but my question was more from the perspective of regional competition so from the competition what we see from the regional player, so this has gone up at the back of easing in raw material prices they have reemerged in the market and sort of giving us a competition, so from competitive learning, how do you think pre-COVID and post-COVID?

Shrikant Kanhere: Regional competition was there earlier also pre-COVID it is now there also, but over the time I am seeing regional competition is reducing in basic staples because one ability to buy and store is reducing, second ability to distribute cost effectively is they are losing on it, and second consumers are becoming quality conscious, so end of the day good brands will win even if he is a regional player, but he is giving consistently good quality we will also win, but slowly the regional players are losing out on these fronts, but not that they will not exist regional players always exist.

Nitin Gupta: Sure thank you and my last question is with respect to this cold pressed oil or sort of a super-premium single commodity oil where like a players like Dabur have emerged and you have Tata Consumer launching products in the traditional companies while there are multiple players operating in that segment so how big is that segment and what is our thought to participate in that segment?

Shrikant Kanhere: These are very small segments and very niche segment of cold press. Yes, it is visible but they do not sell so much and volume wise surely very, very small. We are also introducing our own cold press oil which we are now ready and possibly in a couple of months we will introduce first with the mustard oil because there we have lot of strengths as number one brand of mustard oil, so we can do that, so we are working on it, but these are niche products still today in India, but we will surely be there.

Nitin Gupta: Thanks a lot. Thanks for giving me the opportunity.

Moderator: Thank you. Next question is from the line of Jasmine Surana from VD Capital Markets. Please go ahead.

Jasmine Surana: Hi, thank you for taking my question. I wanted to understand the contribution from the new products, which we have launched recently and another question would be on the mix in terms of our edible oil, our FMCG, and the industrial portfolio, so we can see that the historic trend was around 80% of edible oil, around 5% of FMCG which has now changed a little bit so where do we see these numbers stabilizing?

Shrikant Kanhere: I will answer your second question first which is about the contribution of various product lines. We do not look at the contribution of the product from a revenue perspective because the edible oil prices keep moving up and down and therefore you do not get real structure of the contribution, so what we look at is volume contribution. So as we speak today close to 58% now comes from edible oil, which earlier used to be 65% two years back, so it is slowly coming down from 65 to 58 and what is going up is basically a food and FMCG segment from 11% to 18% in last two years. So 58% contributed by edible oil, 18% by food and FMCG and rest is coming from the industry essentials. So this is how the construct of our product lines. Having said that as we go forward the food and FMCG will keep going up because food and FMCG today is growing at a CAGR of plus of 30% year-on-year whereas edible oil will keep growing with a single digit kind of growth but that is how the industry is and therefore as we go forward the food will significantly improve, edible oil will slowly come down, and that is good because to that extent you are derisking your entire business model because edible oil suddenly has got its own risk profile due to the commodity hedging, commodity volatility, and coming back to your first question can you just repeat that first question again?

Jasmine Surana: My question was on the NPD and on the mix?

Company Speaker: So NPD basically we have today, so last year we launched poha which is the flattened rice then we had a khichdi then we had chunkies and then we have lined up couple of like we have a Biryani kit it is at a very nascent stage and does have a very, very small volume to cater in the entire scheme of the things, but having said that it is growing steadily. These are all niche products and therefore we will never be able to showcase a very huge kind of volume, but these are good value and margin accretive products and we are hopeful that we would be keep growing on this year-on-year.

Jasmine Surana: Thank you. Just a last question in terms of the premiumized products that we are selling, would it be able to get a ratio of how much of the products are selling in the premium end and how much are at the mass end?

Company Speaker: I can give you one breakup I would not be able to give you how much is premium and how much is not premium, but for us the Fortune brand itself is a premium brand in the country, so therefore when we look at edible oil portfolio and when we look at food and FMCG portfolio close to 65% of our branded sale comes from the fortune which according to us is a premium brand for us and then rest of the 35% is from all our mass stage brand or a fighter brand which are there in the market to protect the Fortune.

Jasmine Surana: Alright. Thank you so much.

Moderator: Thank you very much. As there no further questions, I now hand the conference over to the management for closing comments.

Company Speaker: Thank you everyone for attending this call. We request everyone to keep attending our quarterly earnings call to know business more, to know company more. Thank you again and we look forward to see you again in next quarterly call. Thanks.

Moderator; Thank you very much. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.