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May 10, 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 Q4 F.Y. 23 of Adani Wilmar Limited ("the Company')

This is in continuation to our earlier letter dated May 3, 2023 regarding audio recording of Q4 F.Y.23 Earnings call held on May 3, 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

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"Adani Wilmar Limited

Q4 FY '23 Earnings Conference Call"

May 03, 2023

MANAGEMENT:	**MR. ANGSHU MALLICK – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR** **MR. SHRIKANT KANHERE – CHIEF FINANCIAL OFFICER**
MODERATOR:	**MR. MANOJ MENON – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q4 FY '23 Earnings Conference Call of Adani Wilmar Limited, 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 star and zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manoj Menon from ICICI Securities. Thank you, and over to you.

Manoj Menon: Hi, everyone. For representing ICICI, it's our absolute pleasure to welcome you to the conference call of Adani Wilmar Limited. A wonderful good morning, good afternoon, good evening to you, depending on the part of the world you are joining this call from. The company is represented today by Mr. Angshu Mallick, Chief Executive Officer and Managing Director; and Mr. Shrikant Kanhere, Chief Financial Officer. Over to you, sir, for the presentation. And post that, we will open the floor for Q&A. Thank you.

Shrikant Kanhere: Yes. Thanks, Manoj, and very good afternoon to everyone who has joined this call. Thank you very much for joining the call. As a ritual, we will take you through our presentation, a short presentation and then we'll open the floor for question and answer. To start with, we'll talk about the macro context - edible oil prices continued to cool off during the quarter. While the slide still continued, last full year, it was a very eventful year as far as edible oil prices are concerned. The prices were as high as $2,000 a ton when we started the year. Now it is less than $1,000 per ton levels. So that's kind of crash we have witnessed during this year. Wheat prices also started going down after the government intervention and has now stabilized.

However, the El Nino fear and unseasonal rainfall which hit Indian territory, off late has created some concern around the stocks. Paddy prices, of course, remain, again, up and down depending upon the season. Food inflation, which is one of the most talked about number during last whole year, cooled down from 8.6% in September '22 to now below 5%. That is something which is good news for companies like us, where the inflation goes down, the demand picks up and that's where we have an opportunity to pick up our business. Coming to the results highlights. It's a mixed bag, rather, I would say, for the full year as well as for the quarter.

On volume front, for the quarter, we grew by close to 15-16%, which is good. However, the revenue went down by 7%, which is more of a price correction impact due to which the revenue came down. When we look at yearly volumes, we grew by double-digit - 14% growth, fuelled by Food segment. So this is something which is encouraging for us.

Revenue went down by 8% and which was more of a price correction impact. So when we look at our quarter numbers, on a gross profit, EBITDA and PBT level, we actually got impacted on the margin front, primarily because of the 5 basic reasons. The reason number 1 is TRQ disparity, which continued for us in this quarter as well. So while we actually had finished our TRQ quota, the competition was still having it and they were importing the oil without any duty, whereas for us, the oil import was with duty.

However, we took a conscious call not to increase the prices and keep selling at market prices just to ensure that our market share is intact, that impacted our margins at a gross profit level. Second, of course, in the quarter, the commodity prices slide continued and therefore, similar to what we witnessed earlier in quarter 2 this year. At every level, we had some high price inventory, which had to be sold in the market at a lower price impacted us.

However, the most important factor, which is something I think entire country went through is inflation. Inflation kept impacting our operating costs. Last but not the least of course is the finance cost. We all have seen the rate hike cycle last year, unprecedented rate hikes at U.S., followed by unprecedented rate hikes by most of the countries wherein the Central Banks raised the rates to contain the inflation, so that also costed us because of interest costs went up, which could not be fully passed on to the consumer because the rate hike was quite significant.

And of course, our Bangladesh subsidiary didn't do well this year. They incurred loss because of the situation in the country, which is going on right now. It is still going on, in fact, as far as the currency situation is concerned, there is non-availability of counterparty to hedge the FX position. And of course, too much of government intervention in controlling the prices. All these factors have actually impacted very adversely on our quarter 4 bottom line. But having said that, these kind of risks are not something which will be there quarter after quarter. We think these risks come and go. The only encouraging thing for us, is that volumes are growing and therefore, in coming quarters, we are quite optimistic given the fact that demand is also picking up.

Coming to the FY '23 full year numbers, more or less similar, but when we look at the full year, and as I said earlier, our quarter 2 and quarter 4 got impacted more due to commodity volatility rather than quarter 1 and 3. And therefore, when you look at the full year number, the impact on margin is not as high as we actually experienced in quarter 2 and quarter 4. So overall PAT down by 28%, again, similar reasons which I explained in the earlier slide. But as we go forward, I think the things look good.

On business wise numbers. As I said, we grew by 15% on volume though the revenues went down by 7%. Food segment, which is the priority segment for the company, in quarter 4 grew by 38% on volumes and 53% on the value. So practically, in last 2 years, we have doubled our food business. Similarly, Industry Essentials grew by 55% on the volumes. However, edible oil remained flat because of the demand not picking up from the institutional and frying and bakery segment, while consumer pack and the packed oil kept growing at a high single digit.

For the full year, again, food story remains same, growing at 39% and 55% on volume and value. Edible oil remained at 3% and 2% from volume and value. On segment, we had most of our drop in our margins coming in from the edible oil and of course, because the edible oil has been a significant contributor to our top line as well as bottom line. And of course, the volatility was very high, as far as the edible oil is concerned. This is a segment which was impacted very much whether it is quarter or whether it is full year. But as I said earlier, since the prices have now cooled off, stabilized and from here onwards, we don't see the volatility hitting our profitability numbers.

So these are the few key highlights I will certainly not read into everything. I'll just highlight a couple of them that our food business now is close to INR4,000 crores, which we were seeing since last year since we went into the IPO. And I think, as we said earlier, it is doubling every 2 years. And therefore, we are quite optimistic. Within the food, wheat flour and rice are individually now INR1,000 crore plus businesses. Our Oleo Chemical is growing by more than 20%. And so these are a couple of highlights, which are there. I think I'll not go through every slide. So can you go to the next slide? On the macro context, I think quarter 4 -- so these are basic reasons which I spelt out earlier, what are the reasons which impacted our margin.

Next. On the business update, our leadership in edible oil continues. So we are number one player in soybean, number two player in palm, number one player in mustard oil. Our leadership continues while market share is 1.5x of our next competitor. And we are going quite decently on our market share as far as the edible oil is concerned. For wheat flour and rice, the growth story remains. We are consolidating our market share going up from 4.7% to 5% in the case of wheat flour and 6.5% to 7.2% in the case of rice.

Now I will, in fact, stop here without dwelling much on the presentation, which is already uploaded on the NSE & BSE. We talked about a lot of other things in the presentation, which I don't think needs to be explained at least on this call because most of you who are attending this call has a fair understanding about the company, and segments. I would now request Manoj to open the floor for question and answers. Myself and Mr. Mallick are here, we will try to answer as much as possible. And let's go ahead with the question and answer.

Moderator: Thank you very much. We have a first question from the line of Manoj Menon from ICICI Securities.

Manoj Menon: Team, just a couple of macros and then a couple of other questions as well. One, sir, if you could tell us about, let's say, your view, your outlook on the different commodities because it could behave differently -- different edible oils rather than the market. So that's question number one.

Angshu Mallick: Okay. Manoj, I will take one by one. Let's go to our big business, edible oil. Edible oil prices from the top has come down presently is in the range of USD 950 which possibly is very low. Rice bran oil crude is at INR79, which is surely very cheap. Cotton seed oil is in the range of INR95. Mustard oil has come to around INR95, INR100. So all these oils are at a low levels. 2 things are happening.

One, between H1 and H2, let me tell you, our sales has grown by 28% in terms of packed oil,. That means in H2 consumers have consumed that much amount of more, one; and two, our brand share has gone up because edible oil prices have come down.

Two, at these levels, India consumes only 16.5 kilo per head whereas if you see Bangladesh, 17 kilo, Pakistan is 19, China is 24. So obviously, India will consume more oil. And we are seeing that in the first 4, 5 months of this oil year, that oil year starts in November, the imports are already 8% up. So consumption is also 8%, 10% up.

So we see one, India will consume more edible oil at these prices. Good for us because strong brands like Fortune will attract more consumers. Second, it is now more affordable, so consumers will put in more money on the brand. Third, what we are seeing, 5-liter jars, 15-liter jars, where we saw a drop in sales in the first half of the year; second half, it started going up. But Jan, Feb, March, the 5-liter jars sales really picked up, that's an indication that consumers are buying full 5-liter at a time. So that is good for brands like us. That is one.

Now we go to other products like wheat. Wheat market went up to INR28-29 per kilo levels. So obviously, a lot of local brands evaporated from the market. Fortune obviously, was there, and we grew the market. We consolidated our position. And thanks to our inventory management. Generally, we buy large quantity of wheat during the season, and we keep it so that we are able to supply consistently same quality to the consumer. And that is what is our USP since we have enough funds to carry. And second, we know that wheat prices normally goes up as the season goes up.

So we were able to supply wheat, our volumes grew by around 35%, 40%. Now come to rice. The rice, rice basmati is only branded, non-basmati is not branded. We have started non-basmati in a bigger way. So we have processing plants in UP, Bengal, South and we are also packing in Gujarat and other places. So we now have almost a pan-India packing and distribution centres for non-basmati rice. And Basmati, obviously, we are there with Kohinoor and Fortune. So this portfolio grew by around 40%, 45%.

Then come besan. Besan is a big business for us, almost nearly a hub that means 50,000, 60,000 comes from the brand, 40,000 comes from the HoReCa segment. So almost 100,000 tons business for us. We are the largest player there. So we saw out-of-home consumption going up. So that's commodity pulses and Besan did well.

Sugar, we are in branded segments, so that did around 18%, 19% growth. So year-on-year, it is growing. So all the commodities, if you see, the prices have become stable, affordable and country is consuming more. One very interesting thing I would like to inform you and everyone is that there is very clear evidence of rural now consuming more. That is very, very clear. Quarter-on-quarter, if I were to tell you, in edible oil, our normal share is 30% rural, 70% urban. That was Q1 was 30%. Q2 was 29%. Q3 was 29%. Q4 was 31%. It went up.

And in foods, it was 29% in Q1, then 30%, 30% and Q4 was 34%. So both food and oil showed much better volume growth in rural market. So that is good for us that brands are getting considered. So this is important Manoj. And the third part of all these commodity is who -- how are you selling? So alternate channel has become very important.

E-commerce, let me tell you, is becoming very, very important for grocery. Alternate channel in edible oil has grown from 10% to 12% in 1 year. But in case of food, it has grown from 15% to 23%. And today, food gives us 23% business from alternate channel. But this is at India level. But if you go at some towns like Gurgaon, Pune, Bangalore, all these places, it is almost 60% of the business coming from e-commerce and our brands, obviously, does well in these states, this is what I wanted to say.

Manoj Menon: Just a lot of my follow-ups also. Just one aspect in terms of the volatility, which you have seen, does it also create articulation opportunities for you? Are you finding such opportunities in the market currently?

Angshu Mallick: See, when the market goes up, commodity goes up, brands or very strong brands like us can grow on volumes. But after a point, we can't increase the price when the commodity goes up very much like what has happened. But when it comes down, we don't reduce it at the same level. And the consumers are comfortable, say, in today's situation, consumers are comfortable buying our product, although we have not corrected it downwards to that level. So when commodity comes down, strong brands like us will surely gain.

Manoj Menon: Okay. Sir, my question was, does this volatility also mean in industry consolidation and accelerated market share gains for you?

Angshu Mallick: There has been a situation where many of the brands were not available when the market went up to $2,000, because they could not cover and they had no stocks. So then they return back when the market becomes normal. But surely, there is an opportunity to consolidate.

Manoj Menon: Sure, thank you.

Moderator: Thank you. We have a question from the line of Latika Chopra from JPMorgan. Please go ahead.

Latika Chopra: Hi, thanks for the opportunity. A couple of questions. First was on edible oils. You closed the year with 3.4 million tons of volumes. As you look forward to FY '24, and you did mention some pressures on the B2B side of the business. How should one think about full year volume growth? Would it be in the mid-single-digit range picking up from 3% levels that you clocked for FY '23?

And the second part on edible oils is on realizations. Your Q4 average realizations were almost 10% below the full year realizations. So does it mean that assuming prices kind of stay at Q4 levels? And I know mix might keep changing. For FY '24, we are looking at a high single-digit decline in realization year-to-year is -- how should one think about that?

Angshu Mallick: I will answer your first one first, that on 3-4% growth. See, overall, edible oil growth for AWL has been 3-4% on volume. But when you look at packed edible oil business, it grew by 8%. Our B2B business was impacted mainly from the frying industry, namkeen industry, these industries had difficult time because with raw material prices going up, their INR5, INR10 snacks did not do well because they did not have margin and many people were not able to sell.

So we found that these small frying companies who handle namkeens basically and potato wafers, they were impacted and they buy our oil. So that is one. But brand share packed oil grew at 8%, which is surely more than what Nielsen has given. Going forward, we are confident that we will continue to grow at more than 8%. It looks like because India is consuming more. And since India is consuming more, we are confident that it will grow more.

As far as B2B is concerned, B2B is now coming back as out-of-home consumption has started. Frying industry, baking industry started doing well. Rural market is doing well. It is very important for rural to do well for this type of industry because rural consumes a big amount of biscuits, confectionaries and namkeens. And when the people go out of home, they buy more of these products. So it is very important, and we see a good opportunity.

So I think overall, overall, India will consume more edible oil for sure, and Adani Wilmar will also grow at more than India's level. And as far as the realization is concerned.

Shrikant Kanhere: Yes. I think Latika, so as we said, the prices have already cooled off and settled. We also don't think that there would be now any bullishness that might come in the edible oil prices. However, having said that, you never know because the kind of world we are sitting today, you really don't know what is coming up tomorrow. But assuming that there won't be too much of price rise in edible oil prices, I think the realization should moderate by close to 15% as compared to the last year.

Latika Chopra: That's helpful. And when you think about -- I don't think margins probably is the right way to look at it. But if you're looking at EBIT per metric ton or EBIT growth -- EBIT per metric ton, how should one think about that? There will be -- there is a price deflation but volumes will go up. But it seems like even if volumes go up, high-single digit, and there is a double-digit price deflation. Are we saying that overall revenues for edible oils in FY '24 could look lower but at the same time your EBIT per metric ton could improve and I was just thinking about the other costs, operational costs et cetera, which you mentioned have been inflationary in nature. How are you thinking about that?

Shrikant Kanhere: Yes. So the big thing which is very important in our industry is that if the edible oil prices are cooled off and therefore, you have a reasonable price levels. The brands like us should be able to pass on any inflationary pressure on the operational cost or interest or anything else to the consumer. But however, you can't handle both. On one hand, you have high edible oil prices. On the other hand, you also have an inflationary pressure on your cost.

So, what we are very optimistic about is as we go forward in next year, since prices have stabilized at pre-COVID levels. So, we should be able to consolidate our margins on EBITDA level per ton as far as the edible oil is concerned.

Latika Chopra: Okay. So because of the huge volatility in Q3 -- in FY '23, among quarters, right, Q2 and Q4 were quite low. So should we then take the reference more as where we have numbers on FY '22, FY '21, which were like INR3,000, INR3,500 per metric ton kind of an EBIT on full year. Can we reach those levels if there's some confidence?

Shrikant Kanhere: Yes. So I can only say you that we can certainly look at the levels which we were at in FY '22 given the fact that now edible prices have stabilized. So we should be able to achieve those levels, which we actually demonstrated in FY '22.

Latika Chopra: And the second question I had was on Food business where you've done really well, so 38%, 40% kind of growth. Is that kind of momentum of 30% to 40%, we still maintain over high -- means over a base that you were able to clock in FY '23? Is there a reasonable confidence in terms of capacity build-up and revenue potential?

Shrikant Kanhere: I think the Food business, we are very bullish because honestly, only 12% is branded in Atta. How much we can grow is something that I think we can surely push, why not, this 12% is very low figure. The country can surely consume 25% branded Atta, and it is possible. So we have -- our new capacities are coming up. We have put Bundi 500 tons per day. We are going ahead with another 3 such capacities in near future for 500 tons each atta, Maida. So we are taking some units on toll and all that, we are ramping up our capacity. We are increasing distribution reach for atta and Maida. That is one.

Two, Rice business, we see a great opportunity to grow. So we are pushing that. All the food segment, we are very bullish, honestly. And we are investing also heavily. Our 3 new dal projects are coming up, which should be ready by year-end, which are all 240 tons per day chana dal. So I think we will be the largest chana dal player in the country after 1 year. So entire dal that we will get, we will sell that to the institutions to the HoReCa and to consumers, plus wheat, besan out of it. So all this put together, we are putting a lot of money on capex in food business.

Latika Chopra: And I know you've always maintained that revenue growth is prioritized over margins in this segment, but you have done decent with overall year ending at almost 2.5% EBIT margins, which actually were better than edible oils for this business. So you should -- would the mix and the scale leverage keep pushing up these margins for Food business going forward? Or the level of investments that you're making could be a little bit of a drag?

Shrikant Kanhere: So you're absolutely right, Latika, so edible oil -- I mean, food this year actually delivered better on top line as well as bottom line. But as we said, and we were maintaining this since beginning that we are driving food at an EBITDA zero level just to ensure that we reach to a respectable level of 25%, 30% of food coming in the overall scheme of the things.

But having said that, as we go forward in the next year, we will have some capacity additions coming in, and therefore, the depreciation costs and other costs will be adding it up. However, the performance on the bottom line, I think we should be able to continue the way we have been able to deliver. We are ahead of, in fact, delivering on the food bottom line than what we had said earlier. But I think next year going forward, I think this performance should continue.

Latika Chopra: All right. And just one bit on Industry Essentials. You had 1.2 kind of million metric tons of volumes, which is like a 34% volume growth because you added more capacity. What are the plans for FY '24? Do we see full impact of capacity additions still playing out in the next few quarters?

Shrikant Kanhere: Yes. So the capacity which we added for Oleo is still not been fully utilized. So therefore, you may see more volumes coming in Industry Essentials. But let me also tell you that Industry Essentials volumes are also consist of a couple of traded commodities such as rapeseed meal and other meals. So if that gets added, it may continue to grow. But this 34% majorly came from the DOC rather than coming in from oleo. So to answer your question, the oleo capacity will play full when we go forward even next year.

Latika Chopra: And in terms of realizations, here, again, there is a fair bit of volatility, but is the average that we've seen over the last 2, 3 quarters, a fair way to look at average realization here, like this -- sorry, the Q4 levels that we have because so that it is included...

Shrikant Kanhere: Yes, absolutely right. So Q4 levels are kind of now levels which you can expect as we go forward.

Latika Chopra: So like for edible oil, you said like almost 15% deflation for FY '24, this will be a lot lower, right? Or?

Shrikant Kanhere: This should be more or less similar to what we have seen because at the end of the day, oleo is an extension of what we do in a palm refining.

Latika Chopra: Okay. And my last question was on planned capex for FY '24 and if you have any visibility in FY '25 also if you could share? Thank you.

Shrikant Kanhere: So all our capex, which we had envisaged in IPO are running on time, the biggest complex, which is at Gohana, too has started. So, out of the total capex outlay of close to INR 2,220 crores, we have around INR 1,900 crores of IPO proceeds. We have already spent close to INR400 crores and another INR400 crores of commitment has already been issued. So close to 50% of capex already committed. As per the plan, most of the capacity should get delivered by end of FY '24 except for the fact that the Gohana, which is the biggest one, will get delivered only in FY '25.

So basically, all the capex which we are doing it now, the real impact on the bottom line and the top line, both we should start seeing from FY '25 and to FY '26.

Latika Chopra: Got it, thank you so much.

Moderator: Thank you. We have our next question from the line of Varun Singh from ICICI Securities. Please go ahead.

Varun Singh: Yes. Two questions from my side. First is on the high inventory cost base that we discussed in the results. So can we now -- can we assume that the impact of all the high cost inventory is already taken? And from here onwards, we can expect improvement in margins, etcetera?

Shrikant Kanhere: Yes, I can only answer it in one sentence that now FY '24, we are starting with a clean slate.

Varun Singh: Okay, sir. Okay. Right. And sir, my second question is how do we see rising competition from private label from all the alternate channels. So I mean, including modern trade, e-commerce, quick commerce, etcetera?

Angshu Mallick: See, product-wise, the competition is different. Take edible oil, the first one. It's a big volume business. General trade is 90% and 10% is alternate channels. So, in alternate channel, private label shares are much smaller. It's not more than 10%, 12%. So put together in edible oil, private labels have not played big and they have not been able to succeed because of the volatility and they're not being able to manage that well.

When it comes to food, in rice, I don't think basmati rice, there is any private label that is strong. There are top 3 brands in the country and Fortune and Kohinoor is also amongst them.. Atta, I have seen top 2, 3 brands nationally are doing better although there is some amount of private label, but that is not so strong and not a very preferred choice of consumers. Yes, people do buy, but it's not something that people always order online.

And dal yes, dal, I would say, private labels have done better because there is no national player, which can command one premium and recall. So they have done very well. Besan, I think branded besans are doing better than private label besan. Poha, private label poha has done better because there is no national brand. We are there in the national, but we are still to grow big. So there are some products where private label has done well because there is no national competition or even strong local competition. And -- that is only where they have done well. Otherwise, I still think the national brands are doing better.

Varun Singh: Understood, sir. Understood. And sir, any commentary regarding private label doing better on e-commerce compared to modern trade? Or I mean, in both the places, I think your commentary remains same?

Angshu Mallick: I think modern trade private label will do well because they have the ability to push it. They can keep a good brand behind and they can put their brand in the front of the shelf, they can promote their brand aggressively and they can put some gondolas on display. But in e-comm, what happens is that consumers generally go for brands that they trust.

Varun Singh: Understood, sir, understood. Yes, that is from my side.

Moderator: We have a next question from the line of Yogesh Tiwari from Arihant Capital Markets. Please go ahead. Mr. Yogesh Tiwari your line is unmuted.

Yogesh Tiwari: Thanks for taking my question. My first question is on, if you can share the percentage for -- B2B and final consumer in terms of your edible oil and food business, both what will be the percentage which goes to B2B like baking and other industry and the final consumer?

Shrikant Kanhere: I will give you the little slicing on edible oil. So 75% of our edible oil we sell in a packed format. Now that packed format can be a consumer pack and that pack format can be a bulk pack also, which is a 10-liter and 15-liter kind of a pack. The rest of the 25% of edible oil, we sell actually to the institutional or a bakery and frying industry, which goes into loose. So that's the basic slicing of the edible oil.

Yogesh Tiwari: And are the same in the food business, like if I can get a percentage of B2B and final consumers?

Shrikant Kanhere: In Food business, this ratio is a little high. It would be around 80-85% in packed form and balance 15% would be institutional, see, there is nothing loose in food. Even the 50-kilo is the only large size pack that is sold, but that is Maida, mainly Maida for the baking industry. So, that is something which we give in 50-kilo bags whereas everything is a 25-kilo bag and less. However, most of the atta sales, about 90% is in consumer pack up to 10-kilo. Rice is also 1-kilo, 5-kilo, whereas 25-kilo or more is there for the institutions.

Yogesh Tiwari: And sir, are we seeing any recovery in the baking industry because that would be very important for volume growth. So from last quarter, we are seeing this slowdown. So any recovery in fourth quarter and going forward in the baking and confectionery industry?

Angshu Mallick: See, the biscuit industry has started doing well. Biscuit industry should grow at around 7-8%. That is what our estimates are. So baking industry should do well because Maida prices have come down. Edible oil prices have come down. Only the sugar prices were high, but sugar is also under control. So there are three major products that they consume. All the three are under control and especially oil is surely controlled. Wheat flour, which they were buying at a higher price, too has now come to normal levels.

When it comes to frying industry, potato was a problem. Now, potato availability has increased, edible oil prices coming down and rural & out-of-home consumption has begun. I personally feel the frying industry has also started doing well. So you will see that all the snack-food industry is also doing well, because their major consumption comes from out-of-home. And the more the people are on the streets, they will buy.

Yogesh Tiwari: Yes, sir. And sir, in terms of realization in edible oil. So like as you said, we are currently about $1,000, and we expect about 15% drop approximately in realization. So at $850, will that be a bottom like after that, the price can still stabilize and go up?

Shrikant Kanhere: No, sorry. So my -- when I was answering to the question raised by Latika, when I said 15% moderation in the sales realization, I'm was referring to the last full year average of the realization versus the realization that we expect as we go forward into next year. I was not referring to the commodity prices correcting from $1,000 to $850, is our realization, which we cropped for FY '23. As we go forward, since the prices have already cooled off, so the realization per ton as compared to last year, maybe 15% lower than that is what my comment was.

Yogesh Tiwari: Sure, sir. And sir, in terms of rural consumption, as you told that it is growing faster than urban. So any multiplier we can use to understand that. So like what would -- how much more is the rural growing more than urban in terms of edible oil?

Angshu Mallick: See, normally, when we say rural is doing well or not well, statistically, it should be proved. I have -- earlier also, when somebody asked me, I told them in January that we could sense some improvement in rural demand. So as I said, you see quarter 1(Q1'23) was 30%; 29% in Q2; Q3, 29%; Q4, 31%, that means 31% of our packed edible oil was sold in rural market. This has increased from 29% to 31%. That is overall, we saw 2% increase in share, and that is not small when you are looking at almost 25 lakh tons packed oil that we sell annually. So you can understand that 2% shift is a significant quantity that is shifting to rural, and that is we think is bringing back the rural demand. But more heartening to see is your packed staples. Can you believe that 45% of our besan, 0.5 kilo pack sales comes from rural market, across UP, Bihar, Orissa, Jharkhand, Maharashtra, these are the markets where our besan is selling 0.5 kilo in Fortune Besan in consumer pack.

Now that is what you see. 25% of branded sugar, that is Fortune Sugar is selling in rural market. Almost 30% atta is selling in rural market. So overall, overall food basket is 34% which is, I would say, very significant if you look at the packed branded Fortune Atta or sugar always selling there. So that's an indication of improvement in rural market.

Yogesh Tiwari: And sir, finally, like the growth which we are seeing in foods, that would be more driven by branded, like what would be the contribution of branded and unbranded in the food business in terms of revenue?

Shrikant Kanhere: So in terms of revenue, as I said earlier, also, more than 72% of our revenue come from the branded segment and 28% is the institutional one. When we talk about the growth, I think growth is across, including the brand. So within the edible oil, as Mr. Mallick said earlier, we should be able to showcase a high single-digit growth, whereas the food should continue to grow the way we are growing today because last year, we clocked 39-40% growth. And therefore, the target is always to double the volumes in 2 years, which we have been able to showcase.

On the institutional side, the oleo and castor keep growing at a double digit. So most of the growth ideally should be coming in from the brand and not from the institutional.

Yogesh Tiwari: Thank you sir, that's all from my side. Thank you.

Moderator: Thank you. We have a next question from the line of Akshay Krishnan from ICICI Securities. Please go ahead.

Akshay Krishnan: Yes. Sorry. So we want to understand what is the improvement of distribution case on a year-on-year basis based on the edible oil segment and also in the food segment?

Angshu Mallick: Distribution.

Shrikant Kanhere: So, Akshay, I'm just repeating your question for ease. What you have asked is what is the growth in the distribution as far as the edible oil is concerned, right?

Akshay Krishnan: Yes, and also in the food segment.

Shrikant Kanhere: And also?

Akshay Krishnan: On the food segment.

Angshu Mallick: On the food. Okay. Akshay, we have understood that distribution will be the key differentiating factor between Adani Wilmar and any other similar kind of product companies. So we have gone ahead with ramping up our rural infrastructure. Now urban, let me tell you, there are 505 towns, which are 1 lakh plus population towns. We cover all of them directly. So our salesman goes shop by shop and picks up the order. We do almost 3.3 lakh retail outlet directly.

And in rural, we do about another 3 lakh outlets directly through our distributors and our own sales force that we have. In rural, let me tell you, there are almost 600 towns which are 50,000 population and above. I'm talking of only 2011 census, because that is what is the published census we have. So we are working on that only. So 600-odd towns, we cover 594 directly, rest is covered indirectly but that also 6, 7 left, which we will do this year. After that, we have increased our rural town coverage from ~5,200 towns last year to ~13,600+ towns this year. This includes any towns which you see 20,000 plus population, we are trying to go and directly put a distributor and cover the retailers there.

Like that, today, direct coverage has picked up ~6 lakh outlets. If we include the indirect coverage, it is around 1.6 million outlets. Still, this is only 40% of the universe. So we have a bigger universe to cover. So go-to-market is one of the most important parts and we would like to be directly reaching as many outlets as possible because these are all staples and consumers can't wait if it is not available. So the game is if you are available and if you are visible, you can sell that is what we believe and that is how we are working.

Akshay Krishnan: Got it thanks sir.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

Shrikant Kanhere: Yes. Thanks. I again extend thanks to all the participants who participated in this call and asked the questions. We encourage you all to go through our presentation, which has been uploaded on the site. And please connect with us for any further questions. Thank you very much again for joining the call. Thanks.

Angshu Mallick: Thank you all for attending and I hope we have been able to answer most of your questions. Still, we are always available, and we can answer to each of your questions, if there are any. Overall, we believe India is bullish. India is going to consume more, and we are in the centre of the plate. So I think Adani Wilmar should do well.

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