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7th May, 2022

BSE Limited

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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. 22 of Adani Wilmar Limited ("the Company")

This is in continuation to our earlier letter dated May 03 2022 regarding audio recording of Q4 F.Y.22 Earnings call held on 2nd May 2022. Please find attached transcript of the Earnings Call. The same is also available on the website of the Company at [www.adaniwilmar.com/investors/earnings call transcript & recordings](http://www.adaniwilmar.com/investors/earnings%20call%20transcript%20&%20recordings).

You are requested to take the same on your record.

Thanking You
Yours Faithfully,

For, Adani Wilmar Limited

Darshil Lakhia

Company Secretary

Memb. No. – ACS 20217

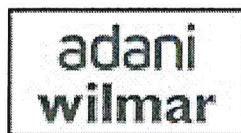
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“Adani Wilmar Limited Q4 FY2022 Earnings Conference Call”

May 02, 2022



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ANALYST: MR. VIKRANT KASHYAP – KRCHOKSEY SHARES & SECURITIES PRIVATE LIMITED

**MANAGEMENT: MR. ANGSU MALLICK – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR - ADANI WILMAR LIMITED
MR. SHRIKANT KANHERE - CHIEF OPERATING OFFICER - ADANI WILMAR LIMITED**



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Moderator: Ladies and gentlemen good day and welcome to the Q4 FY2022 earnings conference call of Adani Wilmar Limited. 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 touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikrant Kashyap. Thank you and over to you Sir!

Vikrant Kashyap: Good evening everyone. On behalf of KRChoksey Research we welcome you all for FY2021 and Q4 FY2022 earnings conference call of Adani Wilmar Limited. I take this opportunity to welcome the management of Adani Wilmar Limited represented by Mr. Angshu Mallick, CEO and Managing Director. Mr. Shrikant Kanhere, Chief Operating Officer. We begin this call with a brief overview by the company followed by the question and answer. The management will run through the presentation oversee meeting, the link has already been shared. I now hand over the call to Mr. Angshu Mallick for his opening remarks. Thank you and over to you Sir!

Angshu Mallick: Thank you. Good morning, good afternoon and good evening to everybody joining from various parts of the world. Thank you for joining this call and I hope you all are safe, sound and healthy. Taking this looking at the business ahead we have one more quarter passing by with COVID although continuing but at a much lower level, impacts not significant at least in Q4. Though we all feel that the worst is over there are some indications that June, July onwards some increase in cases might happen, we are keeping our fingers crossed on that. There has been a sustained inflation across agri commodities especially in the edible oils and impacting consumption in the broader FMCG segment because edible oils also forms a formidable part of the raw material for the other food and allied industries particularly homecare products.

The Ukraine crisis and the recent ban by Indonesia too have continued to add to the inflationary pressure. We have seen the consumption of sunflower oil going down 50% due to higher prices with consumers shifting to other available oils. Here I would like to also inform that we have given here an indication that crude palm oil which was at around \$1042 per tonne CIF in June 2021 has gone up to \$1770 in March, but let me tell you now it is \$1950 so it has gone up so it is almost double what we have seen in June 2021, soyabean oil is now at \$22000 against \$1800 that is what we are seeing here and sunflower has gone up by another \$100 to \$2200 from \$1261, so overall the prices have steadily gone up mainly because of the weather conditions in South America where the bean production has been lower by 30 million tonnes and then came the Ukraine war and then all of a sudden ban in



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Indonesia. Going forward we all are looking at the weather of India, China and US. This is the time when we start looking at the weather from June to September this very critical period where the three big countries producers will see their crop coming up. Supply chain bottlenecks have by and large been eased and we have seen consumptions gradually picking up, still it is at the lower level but it looks like it is going to pick up. We think the recent ban the Indonesia on palm oil is a temporary as the country is actually a surplus and exporting nation with 65% of its production being exported so we expect sooner than later some solution after particularly the Eid holidays. With the inflation context we see the rural markets being impacted and to remain tepid in the medium term, we have to see the monsoon how is it although it is predicted to be good and average, so we all expect the monsoon to help the rural demand pickup; however, in the long run rural will continue to be the key market to focus on and definitely will do better than urban considering that they have a lower market penetration as of now.

Going into the FMCG industry in spite of COVID we have seen more than 8 lakh new stores getting added in the FMCG segment and 50% of this is through rural. In AWL we have added almost around 200000 outlets. During the past two years of COVID we have also seen sales picking up through channels like e-com and modern trade. We will share with you our performance in both the segments. Rupee has shown a good resilience and has been range bound although after the Ukraine war the rupee is down up to say 76.50 against 74 or 75 earlier. With respect to the economy the risk has now shifted from COVID-19 to geopolitical issues, inflation rate hike by US Fed and the weather conditions that we will see going forward.

I would also like to take you through the supply and demand dynamics of edible oil what we call it as S&D in our parlance this is one very critical measurement tool that we always keep on working on because in this business one has to understand the S&D very, very well and that keeps us ahead of the competition because of the information that we get from Wilmar Global operations. If you see the (audio cut) 6:59 by 2021-2022 the total consumption was expected to grow at 1.8% considering population growth of 1% and consumption growth of only 0.7%, against this 1.8% growth I am happy to say that AWL has grown by almost 10% in volume terms in edible oil and looking at our volumes of course this 10% is a significant number. Going forward for 2022-2023 we feel that the growth will be a little higher and 3% is what we are expecting overall consumption growth of edible oil for 2022-2023 and that is positive in the sense that it will help create higher demand. We also feel that the per capita consumption is still a little lower and there is a possibility of that going up.



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We would now like to update you on the company. We are happy to share that we have crossed overall volume of Rs.50000 Crores and we compete at Rs.54214 Crores as the turnover and the overall volume at 4.8 million metric tonnes or 48 lakh tones. Out of the overall sales branded B2C sales contributed 72%. We have seen a very good growth in alternate channels like e-commerce and modern trade with year-on-year growth at 34% and 19% respectively. In rural too we have shown a growth in spite of the various challenges they have, 7% in case of edible oil and 17% in foods I am talking only of volume growth not value growth. When we get into the other products you will find that in edible oil we have been able to increase our market share from 18% to 18.80%. Here I would like to inform that as the prices goes up there is a general tendency in the retail and the wholesale that they like to stock brands which are very fast moving only to be reassured that in the event the market falls they are in a better position to liquidate their stocks. Now we have seen that happening and that is why our Q4 volume growth you will find has been one of the highest in the last 12 to 14 quarters. We have continued to gain the market share both in oil and foods. We will continue to leverage our large distribution and also drive GTM strategy for rural growth opportunities. We believe the packaged food segment is underpenetrated with significant headroom for growth. In case of wheat flour we have gone from 3.5% to 4.7%, these are all MAT figures that is moving average total; however, exit MAT is always higher and we feel that this will continue to grow faster in days to come. Our Q4 performance has been surely much higher in terms of volume growth.

When you look at individual oils, we continue to dominate and success for AWL's volume growth is because of the portfolio of oils that we handle so when there is a crisis in one oil and consumers shift to a nearest available oil that comparable oil we have an advantage because we are there in all these segments that one can think of, so in soyabean we continue to be number one, we have managed at 28.8%, sunflower oil we are number three at 10.9% here also the market share has grown a bit, palm oil the market share has grown this year we are number two once more we are number two, rice bran number one at 19%, mustard oil clear number one at 12.4%, these are all Nielsen figures. As per Nielsen this year the consumer pack market has actually degrown by 1.2%, but we have continued to show growth mainly because of the portfolio of oil that we are working on.

Product launches, we have launched poha, let me tell you we have put two kinds of poha, one is Indori Poha and one is the normal poha and we have worked on the paddy which paddy is going to be best suited for the Indori poha. During the course of the year we introduced three new products, first one was for the breakfast category poha as we all know we have two types of breakfast poha, one is Indori and one is the normal and we have gone into the identification of the right kind of paddy and from there we have made it in



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Chhattisgarh province which produces one of the best poha in the country. It is now available in all the metro cities as well as in the e-commerce chains. We introduced two new variants of khichdi after doing some test marketing where they wanted something different, something not the mundane one, so we made pav bhaji, khichdi with pav bhaji taste maker which has taken off relatively well and then we have introduced the first time in India three in one blended oil which is called as a balanced oil because our research said that doctors recommend change of oil so that is because of the balanced fatty acid and this is one of the best oils in its class which has three in one and we have added flaxseed oil in this, so that is it.

Now update on IPO proceeds. As part of the recently concluded IPO which was an entire fresh one we have identified certain objects towards utilization of the IPO process, out of this we have repaid majority of our long-term borrowing that was against Rs.1058 Crores we have paid 940 Crores already, rest of the money has been PAT and on which we are now working for the new projects that will take off anytime soon.

On Fortune Mart I am happy to inform that we have now 33 locations in which we have Fortune Mark, all these Fortune Marts are also fulfillment centers for our D2C channel Fortune online. They also serve as experimentation zone as well as for product promotion. On Fortune line our D2C channel Fortune online is now available across 25 cities and we have added lot many pin codes to add more customer base, more than 1.4 lakh individual customers have joined this Fortune online. On capex we have capitalized projects worth Rs.690 Crores this financial year, the major projects which we completed in FY2022 are the new Oleochemical complex of 400 tonnes per day at Mundra that makes it double the capacity at 800 tonnes per day and one of the largest Oleochemical complex at single location in the country. We have also started soya nuggets 50 tonnes per day plant at Haldia because east happens to be one of the major consumers of soya nuggets. We have also recently acquired a rice mill in West Bengal which is Burdwan district for mainly catering the non-basmati rice. We shall also start commencement of various projects identified under the projects in IPO.

As far as ESG is concerned, ESG is well embedded in our management culture, we are deeply committed to ESG standards that we have adopted keeping in mind the industry we operate. We have zero liquid discharge system installed in most of the plants, 97% of the packing materials used are all recyclable. On the food portion, this is a project very dear to us we have focused on children 0 to 5, young adolescent girls and lactating mothers for eradication of malnutrition and anemia. We work with Adani foundation on our SuPoshan project, more than 15 sites we are working, more than 1.6 million beneficiaries have used



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this and we have been able to promote a lot many children and adolescent girls out of SAM to MAM and then to better off. On ESG in palm oil more than 90% of the crude palm oil resource have provenance to the meal. We are governed by Wilmar Global NDPE policy; all our palm oil refineries are all RSPO compliant. Further I would request Shrikant to take us through the financial highlights.

Shrikant Kanhere:

Thank you Mr. Mallick. So when we look at the performance overview of the company let me first talk about the quarterly numbers. It is a good story here as far as the volume is concerned we have grown by 16% which is really encouraging for us because for the last couple of quarters we have been able to showcase only single digit growth and when most of the FMCG companies are not able to showcase a growth on a volume we have been able to showcase 16% year-on-year growth in Q4. Operating revenues up by 40% this is also in fact on account of the commodity prices which have gone up. Just to share a data point with this growth. When we started FY2021 the edible oil prices were in the range of \$600 to \$750 a tonne. By the time we ended FY2021 the prices were already at a level of around \$1200 a tonne and by the time we ended FY2022 the prices were already at a level of \$1800. Now from \$600 to \$1800 in just two financials and that is the price hike or commodity hike which we have seen as far as the edible oil is concerned, in fact as I speak today this \$1800 has already crossed \$2000 of course because of the Ukraine and the current Indonesian announcement. EBITDA is good 29% year-on-year growth at Rs.488 Crores for the quarter and the normalized PAT Rs.235 Crores which is 39% year-on-year growth. So this is a good story so far when you look at a segment edible oil revenue is up by 41%, EBIT up by 42% and volume it is again a good story because edible oil we could showcase overall growth of 23% year-on-year as far as the Q4 is concerned. Food again, when we look at volumes it is 33% up, revenue is up by 49% and EBIT growth of 94%. Industry essential, revenues are up by 34%, the EBIT which is segment revenue is down 94% this is because of the mark-to-market losses which we have to book in contracts, the corresponding gain is actually sitting in the inventories which we are expecting to realize in Q1, volumes here are down by 11% basically due to rapeseed meal export which is more of a traded item which we did not do this time because of the disparity.

When we look at the performance for the full year, the volumes we could handle 4.8 million metric tonne close to 5 million metric tonne, overall growth of 8% year-on-year, revenues is 54214 we have been able to cross that 50000 Crores mark up by 46%, EBITDA up by 34% and close to Rs.1909 Crores, PAT at 804 up 26% this is normalized PAT after giving a one-time adjustment of the tax reversals which we took last year. So when we look at the segment here also a very good story. Edible oil overall grew by 10% which is double digit growth plus revenue up by 47% and the segment revenue by 26% and similar story you can



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look at for the food and FMCG where the volumes we are growing at 34% and this is what we are driving as far as the food is concerned. The EBIT or segment revenue is more or less flat as we said that EBITDA neutral basket as of now and we are happy to conclude this year with a food basket of plus of 2500 Crores so food basket of 2621 Crores is a very encouraging story for us and that is how we will continue to grow from here. Industry essential again 42% up on revenue, 57% up on EBIT, volume of course is down by 11% back of the rapeseed meal which we have not done because of the disparity. This is all from my side as far as the performance and financial aspects of the company is concerned and now I can request operator to open the floor for the question and answer we will be happy to answer.

- 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 Edelweiss. Please go ahead.
- Abneesh Roy:** Thanks Sir. My first question is on the rice market share, is there a typo because in Q3 your market share was much higher at 11.7% and in Q4 it seems to have dropped to 6.5%, and is there any typo here in terms of market share?
- Angshu Mallick:** You are referring to the quarterly thing where we have grown on a quarter-to-quarter to reach at 11.7 but that is exit for that month, but when we talk of MAT that is moving average from April to March our market share is at 6.5 that is because of the 12-month average but when you look at only the quarter our Q4 performance has been much better and in Q4 maximum the growth we have got in terms of volume.
- Abneesh Roy:** So to get like-to-like numbers is it possible to comment on exit market share data so that we can know what is like-to-like data?
- Angshu Mallick:** Exit market share data I can give you. MAT is 6.49 but when it comes to Q4 exit I will just get back to you Abneesh. We generally work on MAT because exit is always higher if the performance of Q4 is high, your March exit will show very high number, but when you look at average April to March it will come down so we generally look at average April to March, but I will give you exit March also, just give me little time.
- Abneesh Roy:** Sure Sir I will take it offline I was just referring to the rice market share in Q3 you had shared, if you could report there also MAT data or rather than exit so that like-to-like comparison can be made. Sir my second question is on the commentary you made on volume growth for the industry in FY2023 in the edible oil, so now there are two parts to this. One is of course every edible oil is going up so how do you see consumption patterns



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changing because rice bran and mustard maybe the availability in domestic sourcing can be better versus sunflower and palm oil so do you see these two gaining market share at least in first half of FY2023 and how are you placed in rice bran and mustard if this shift happens at the consumer level?

Angshu Mallick:

One Abneesh, we are seeing surely reduced consumption, so the high prices are surely impacting the consumption that is for sure, so the per capita consumption may not grow or may be steady that is why we have projected 1.8 and next year going forward 3%, but 3% also will happen after the second half, the first half is going to be slow because the present prices are high now. When the market of sunflower and soyabean will go up and there is a shift surely mustard and rice bran are two local oils where there is bound to be shift, we are already seeing demand from mustard oil both Kachi Ghani or pungent mustard oil as well as refined mustard oil. Let me tell you Fortune is number one brand in mustard oil at 12.2% market share number one. Number two is that we have seen much higher growth in mustard oil in Q4 and in this month also we have seen, so April, May, June also we will see very high volume growth in mustard oil so that is for sure. Second rice bran oil also Fortune being number one brand of rice bran oil any shift happening towards rice bran oil we are surely going to get some benefit. Now all this is because when you have a portfolio of oil it is at least easy to catch the consumer when they shift from one category to another category.

Abneesh Roy:

Thanks Sir that is all from my side. Thank you.

Moderator:

Thank you. The next question is from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra:

Thanks for the opportunity. I wanted to get some color on the seasonality impact on edible oil so if we look at revenue per metric tonne for edible oil and if you look at EBIT per metric tonne for edible oil it seems the revenue per metric tonne is up about 4% on a Q-o-Q basis, but EBIT per metric tonne is about 60% roughly on a Q-o-Q basis, we are just trying to understand and when I calculate the base quarter also I see this big jump in the fourth quarter, so if you could explain the reason for this and on an aggregate basis as we look towards FY2023 and clearly we talked about consumption being impacted due to higher prices, but clearly you are gaining market shares, what is your assessment of your targets on edible oil volume growth for FY2023? Thank you.

Angshu Mallick:

I will answer the second part first meanwhile Shrikant can tell you the answer on the first question. Because of the high prices there is cut in demand that is one that is cut in consumption. I am talking of average at an all India household. Now when it comes to a



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particular oil, particular brand a brand may do much better than the market because in this type of scenario what we are seeing very clearly is demand for brands where the retailer can exit fast, suppose tomorrow the market falls by Rs.10 a liter he knows that Fortune I can sell and even if I make Rs.2 but I can manage it, but if it is unknown brand consumers may not buy and I will have to hold that that is creating the issue as far as the advantage is that we have been growing our market share, we have actually grown our market share and we hope to continue this market share growth in FY2023 also. Our projection is that even if the country grows at 3% volume growth we should grow at anything at 6% to 8%.

Shrikant Kanhere: On your first question as far as the revenue comparison to the EBIT growth is concerned, you have a question specifically for edible oil or you have a question for generally as a whole?

Latika Chopra: I wanted to first cover the edible oil part, I do have some questions on industry essentials, but this question is specifically first to address the edible oil seasonality or why this big variance and actually Shrikant we should think about EBIT per metric tonne growth I think for the whole FY2022 you did about 13% or 15% right if I am not mistaken, so how should one think because there are a lot of volatility and I understand that you think more on profit per tonne basis right, so how should one think about in FY2023 I know prices will keep moving up and down, but how should one look at that, so we will restrict it to edible oil for now?

Shrikant Kanhere: So edible oil yes clearly was an exceptional quarter for us when you look at Q4 and when we say in our business what happens is you have a dynamic way of looking at mark-to-markets which keeps moving from one quarter to another quarter and therefore for particular cutoff of any quarter you may hold some of the mark-to-markets on the balance sheet date, which gets reflected either in the next quarter or which gets reflected in the same quarter, so therefore in our business when you look at exactly quarter-on-quarter it may not be a right way of looking at it, it should be a full year basis, but yes having said that it is not the only mark-to-market which is getting reflected in Q4 but for Q4 we have been able to get better realization whether it is a sunflower, whether it is a soya or whether it is a mustard oil and that is something which are getting reflected in the margin more than the improvement in the sales realization.

Latika Chopra: Shrikant how should one think about it, your EBIT per metric tonne typically is going to make teens kind of a growth, is that something you would anticipate to still kind of keep that momentum on despite wherever the upper price table goes?



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- Shrikant Kanhere:** Generally in our industry if you are properly hedged and if you have been able to put across a proper risk management policy in place you should not be showing too much of volatility quarter-over-quarter, the quarter-over-quarter should be more or less similar, this is the only exceptional quarter where we have been able to showcase, but as we move forward I think the margins should be in a range bound given the fact that most of the positions held by the company are hedged and unless of course there is no too much of volatility which may happen in a particular quarter which may for some reason either dent that quarter number or either make that number looks very, very high, but having said that ideally going forward we should have range bound numbers for every quarter coming in.
- Latika Chopra:** Alright and my second part sorry just to get this straight was on industry essentials I could not understand when you were explaining what happened to the profitability of this business in this quarter, if you could share more details on what happened to a bit of industry essentials and how will Q1 be impacted account of that? Thank you.
- Shrikant Kanhere:** That is exactly how the hedging mechanism works, so when you hedge any particular commodity against a purchase contract typically you go and sell the material on the exchange and that is how you hedge and therefore whenever market moves up or down you either lose on contracts, if you lose on contract you have a corresponding gain sitting in the inventory and vice versa if you gain on the contract you have a loss sitting in the inventory, now typically what happens in the first situation which I explained when you have a loss in the contracts because of the markets going up usually you have a corresponding gain sitting in the inventory and that is what actually has happened as far as the Oleo is concerned and therefore what we are saying is because of this when you take a cutoff because you need to make a balance sheet by taking a cutoff of a particular date, so you had to book those losses and the inventory gains remains outside the books, which ideally gets reflected in the next quarter and therefore in such scenario if you look at two quarters back-to-back for a particular business you will see that there is no impact as such.
- Latika Chopra:** What is that quantum in this quarter Q4?
- Shrikant Kanhere:** So the quantum in this quarter for Oleochemicals is around Rs.80 Crores.
- Latika Chopra:** Alright. Thank you and I will get back in the queue.
- Moderator:** Thank you. The next question is a followup from the line of Latika Chopra from JP Morgan. Please go ahead.



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- Latika Chopra:** Sir, I wanted to check if you could share the breakup for your food business in terms of the key contributors, wheat flour, rice, soya chunks, besan, any kind of for FY2022 full year what is the kind of volume growth you registered here and now with the acquisition of this rice mill what kind of upside you anticipate for the rice business going forward?
- Shrikant Kanhere:** When we talk about the food four basic products which are basically driving the entire food basket for the company, which is wheat flour, rice, besan, nuggets, these are the four basic categories and for last year we have been able to showcase 30% plus growth on both rice as well as wheat flour and then that is where we are saying that we will continue to grow on both whether it is a wheat flour or whether it is a rice. So when you look at our volume growth in besan last year it was sub 15% but we have just added capacities for besan last year plus we are also putting up some projects in IPO, so this 15% should again go to the next level. Nuggets we are consistently growing on the volumes which should continue. So these four categories should add anywhere between 30% and 35% of the growth for next year Mr. Mallick can add further.
- Angshu Mallick:** When you look at each of these categories say rice we have added a volume of 39% increase in volume in one year between FY2021 and FY2022 we expect to continue at this kind of volume growth this year also, we have added one factory at Burdwan which has already started processing since last two, three days so that plant can process roughly around 4000 tonnes of paddy a month and we expect to do at least 35000, 40000 tonnes paddy. Like that we have plans to hire more plants in south to add our non-basmati rice volumes so rice should continue to grow at 35%, 40%. Wheat flour we have grown at 33% last year, we expect to continue the growth this year because by October we will add a new factory that we are making at Bundi that is 500 tonnes per day so we expect to add that volume from October onwards plus we have taken one or two more units in UP to augment our supply chain because the demand is higher. Nuggets, last year was the first year for Haldia plant because it was just started in April, this year the plant is now ready to work and so the business has started growing from April onwards. We expect 20% to 25% growth in nugget volumes. Besan I am sure besan and pulses put together will grow at around 20% to 25%. April performance if I tell you will be more than 40% growth, so food wise this is the type of growth that we are looking at.
- Latika Chopra:** Thank you and just on profitability for food, how are you thinking about the roadmap there?
- Shrikant Kanhere:** As we said food basket currently is sitting at Rs.2600 Crores turnover which is good and which is what we actually had planned for FY2022 exit, we are almost there. It is still a EBITDA neutral business and as we said earlier also this is a focus area and we will keep



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growing this basket and the whole focus is to improve this basket currently around 11%, 12% of the volume coming in from the food, we want to take it to the level of 20% and then 25% by next two years, so till the time this is in the growth stage I think we will keep this at a EBITDA neutral level by spending more and more on distribution, incentives and ensuring that we enter more markets even though we may have to spend little more to achieve this target and that is what the outlook which we are looking at as far as the food business is concerned.

Latika Chopra: Thank you.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Angshu Mallick for closing comments.

Angshu Mallick: Thanks to everyone who has joined in and we have tried to explain how things have happened in the last quarter and this financial year and looking at the things overall the inflationary trend and consumption might had impacted, but not only edible oil including wheat, rice, these prices have also gone up a bit, but brand wise, the brand is strong, the growth is continuing and we expect to garner more and more market share in all the categories that we are (audio cut) 43:01. Thank you once again to all.

Moderator: Thank you. On behalf of Adani Wilmar Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.