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10th November 2022

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 Q2 F.Y. 23 of Adani Wilmar Limited ("the Company')

This is in continuation to our earlier letter dated 3rd November 2022 regarding audio recording of Q2 F.Y.23 Earnings call held on 3rd November 2022. 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: 2022.11.10 11:24:28 +05'30'

Darshil Lakhia
Company Secretary
Memb. No. – ACS 20217
Encl.: As above

Adani Wilmar Ltd.
Fortune House
Nr. Navrangpura Railway Crossing
Ahmedabad – 380 009
Gujarat, India
CIN: L15146GJ1999PLC035320

Tel +91 79 2645 5650
Fax +91 79 2645 5621
info@adaniwilmar.in
www.adaniwilmar.com

Registered Office: Fortune House, Nr. Navrangpura Railway Crossing, Ahmedabad 380 009, Gujarat, India

Adani Wilmar Limited
Q2 FY 23 Earnings Conference Call

November 03, 2022

ANALYST: **MR. GAURAV JOGANI – AXIS CAPITAL**

MANAGEMENT: **MR. ANGSHU MALLICK - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**
MR. SHRIKANT KANHERE - CHIEF FINANCIAL OFFICER
MR. ABHIK DAS – INVESTOR RELATIONS & M&A

Moderator: Ladies and gentlemen, good day and welcome to Adani Wilmar Limited Q2 FY2023 Conference Call hosted by Axis Capital 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 touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gaurav Jogani from Axis Capital. Thank you and over to you Sir!

Gaurav Jogani: Thanks Inba. Good afternoon everyone and thank you for joining the call today. At Axis Capital, it is our absolute pleasure to host the senior management of Adani Wilmar for the Q2 FY2023 earnings call. We have with us Mr. Angshu Mallick, Chief Executive Officer and Managing Director and Mr. Shrikant Kanhere, Chief Financial Officer. I will now hand over to call to Abhik from the management team. Thank you and over to you Abhik.

Abhik Das: Thank you Gaurav. Good afternoon ladies and gentlemen, welcome to the conference call of Adani Wilmar Limited. We will be covering this afternoon the results of September quarter as well as the half yearly financials for the period ended 30th September 2022. On the call with me is Mr. Angshu Mallick, MD and CEO and Mr. Shrikant Kanhere, Chief Financial Officer, Adani Wilmar Limited. We will start with the presentation followed by Q&A. I will now hand over the call to Mr. Kanhere.

Shrikant Kanhere: Thank you Abhik and very good afternoon to everyone who has joined this call. Thank you very much. What we intend to do is, we will take you through a very brief presentation, which we have circulated in advance. I would request everyone to go through the slides while which I would be speaking. The presentation basically will cover the macro context just to speak about the events which has happened in this last quarter. We will also take you through business updates, financial results and of course, the outlook for Q3, along with strategy going forward. So, the quarter which has gone by was a very unusual quarter - not just for Adani Wilmar but for most of the food FMCG companies rather I would say. This was a quarter in which you saw everything which may happen to our business – from inflation, to a sharp price drop to geopolitical events. Inflation I think is something which has been debated across the globe and which is something which is in mind of every central bank today. In spite of all efforts by all the central banks including RBI, the inflation remains elated in India as well, well above RBI tolerance level of 6%. We had seen series of rate hikes not only from the Fed and the European central bank, but also from Indian central bank. We do expect another rate hike coming up today evening when the meet happens. The monsoon also played a hide and seek as far as the Indian economy is concerned. To start with, it was a normal monsoon then it turned out to be an excess monsoon.

Then finally it came out that there are certain states where the monsoon was deficient, and then finally these states also received the monsoon and at the end of the day, it was a delayed withdrawal of the monsoon - also which had to some extent impacted the paddy growing areas of India and it is possible that it may have some kind of impact on the production of the rice. Policy rates across the globe continue to rise. With yesterday's rate Fed meet, we have another Fed hike by of 75 bps. RBI has already taken a rate hike of good 190 basis points since May so we have rate hikes which are basically resulting into a higher interest cost, higher finance cost across all the businesses which will also have some kind of impact on the business performance. Besides these, the currency remained under pressure US dollar consolidating against most of the currencies across the globe, rupee depreciated more than 10% as we speak today since January 2022. This also has got an impact on the finance cost of the companies who have got a more dollarized raw material which is imported. Now these all things are at one side and while these were happening, we actually encountered with unusual sharp decline in commodity prices, particularly edible oil prices sometime in July and August. The prices fell 50%. The complex which was at $2000 a tonne at the end of June, fell almost 50% to $1000. So, Palm oil fell from $2000 a tonne to a little below $1000, soya from as high as $2000 to $1100, sunflower as high as $2200 to little less than $1500. So these all sharp drops actually impacted the players who have got inventory in hand and that is what has happened to us as well. We will talk on this a little bit more as the call goes forward. The ROPP market, the refined oil consumer pack oil market - also degrew for the last 12 months by 4% which is basically because of the out of home consumption going down. While all these events were not so good for the industry, but there are some positive signs now which are emerging and we hope that this will continue and we have a good Q3 and H2. There is a record import in September 2022, which is a sign that demand is picking up. The festive season is already on. We had a very fantastic October month on the back of Diwali, because India celebrated Diwali after almost 2 years - so we saw a very good month from the demand point of view as far as the October is concerned and of course since now the prices have already softened, we are very hopeful that this demand uptick will continue. The prices are already stabilized as far as the edible oil is concerned and also some bit of food prices are concerned. So this should continue. So it's a mixed bag as far as the quarter is concerned, but very unusual. Actually, I have not seen such kind of quarter in my 10 years of experience at Adani Wilmar.

So now we continue with the business update. If your presentation is before you, you can go to the slide about the business update. A very strong performance of the food and FMCG rather I would say when you look at the Q2 numbers edible oil was flattish for the Q2 as well as first half which is H1. However, food and FMCG grew by 41% and 47% respectively for the quarter and H1, which is a very good sign for us because food is the priority for the company as we move forward. Industry essentials also kept the growth at 23% and 22% for Q2 and H1.

We move to the next slide which talks about the sequential performance of the company on all the three basic segments edible oil, food and FMCG, and industrial essential. So this is something which gives us more optimism when we look at Q3 and H2. Sequentially, edible oil grew 17% quarter over quarter. That is Q2 over Q1 we grew by 17% which is also a sign that demand up tick will continue. Food FMCG grew by 17%, industry essential degrew by 8%, but it is more from one time business which we did in Q1. So overall quarter over quarter sequential growth gives us a good optimum picture for next quarter and the next half. As far as the market share is concerned in spite of such a volatile conditions prevalent during the Q2 we have been successfully able to defend our market share, not only defend, but we have been able to grow the market share as far as the edible oil is concerned it grew from 19.2 to 19.5. Wheat flour our journey of market consolidation continues little less than 5% now and we remain number two player of wheat flour in India. Basmati, Fortune only grew by 5.1 to 8.5 which is a very good consolidation of market share. Combined with Kohinoor now our market share is close to 10%. We acquired Kohinoor in the month of May. We launched it in July and we had a full launch of Kohinoor all brands in the month of August. Our market share is now 10% and we are now a strong number three player in the country after KRBL and LT Foods. As far as our initiatives on D2C side is concerned we continued our focus on Fortune Mart. Today we have now 37 numbers of outlets across India, three new outlets got added in this quarter. We will continue to grow on this initiative and we hope that as we go forward, this initiative should start giving us more and profitable business. As far as the Fortune Online App is concerned which is also a part of D2C reach, the key milestone achieved now we are present in 25 cities where customer can order through our Fortune App and delivery he gets in 24 hours' time, 3.4 lakh downloads, 6000 plus average monthly orders while from a size of a company like us it looks a very small number to talk about, but that's how you start building the initiative to a big idea when you start with a small thing. 25 cities today may be as we move forward in a years' time we will have more 25 cities, 50 cities in all. So that's the initiative which is building slowly but steadily. The another initiative which we have been taking and now we are very much aligned in a sense that we understand there is a huge scope for Fortune as a brand in the international market as well and keeping that in mind, we have started clear cut focus on international market with GCC, USA, Canada, Singapore as main markets to address. We have a benefit of Wilmar distribution advantage in Africa, Europe, Australia and New Zealand and we hope that we will be able to leverage this when we take this up. The product portfolio that we want to take it to the international market is of course besides edible oil, wheat flour and rice so we would continue to give update on this particular initiative as we move from one quarter to another quarter. Various targeted ad campaigns which we did in last quarter I will not spend much time on this because it is already there in the presentation and I request who have joined this call to have a look at these campaign. Little bit update on the IPO capex. While all the IPO capex are going as per the timeline, there is one capex which is ready to be delivered sometime in Q3 is our wheat flour unit at Bundi, Rajasthan and we are very sure that this would add another best in class manufacturing facility in the fold Adani Wilmar and we should be able to deliver quality product from this factory as well.

Now coming to the financial result and very important aspect of this call. I want to request all the participants to look at the slide having a headline financial result. So let us understand numbers starting with Q2 and H1. If the numbers are before you let us concentrate on a column year-on-year for the quarterly numbers. If you look at the volumes, overall volumes grew by 9%.

Having said that if everything would have been business as usual, our gross margins should have also grown by 9%, however, we degrew the gross margin by 1%, so we have a flattish absolute gross margin, let me emphasize this. Ideally, this should have grown by 9% because that is what we have been able to deliver year after year and quarter after quarter, so therefore if business would have been usual and our per ton EBITDA margins or a gross margin per ton would have been same, we should have been able to deliver the gross margin in line with the volume growth of 9%, so there is a delta of 10%, so against volume growth of 9%, our margins are flattish or -1%, so delta of 10%, this is something which I want to dwell a little more. This is because on the high cost inventory which we had when the sharp price drop happened in the month of July and August.

Now whenever such sharp decline happens you will always find that company would be left with some kind of inventory in the hand which usually always will have because you will always have the inventory given the fact that you are the largest edible oil player of the country, you import more than 25% of countries edible oil, so this high cost inventory you have no option, but to pass on the price drop to the consumer in a bid to protect your market share and that is the evident also that our market share actually consolidated and grown, so in bid to product the market share we had no option but to pass on these price drop to the consumer, it is a very unusual and one time event which we have witnessed in last may be a decade or so. Now this has impacted gross margins by 10% which is close to Rs.150 Crores if I have to quantify it, now this Rs.150 Crores of gross margin impact is actually less than 10% of our full year EBITDA and we are quite confident this is the only a one time impact which has happened on the P&L and therefore as we move forward, we should be able to recover this.

Now, if you look at from the price drop which market has seen, the market saw a price drop of good 50%, but we were able to restrict the EBITDA to the gross margin drop to the extent of only 10%, so that is thanks to our risk management policy or hedging policy that to some extent since we were hedged, the impact of 50% drop in our prices did not actually hit us badly, we were able to contain it to a good level. Post gross margins so whatever drop we saw at a gross margin level is there visible at PAT level also and EBITDA level also and we are of opinion that this is only a one time hit. Our brand equity and that is where the whole concept of a brand equity also comes in that whenever such kind of event happens, your brand being able to sustain such kind of impacts. I think we have been able to demonstrate that in this quarterly results, while the results are down as compared to last year, but the size of price drop which industry has seen, we have been able to safeguard our P&L to some extent.

When we look at H1 therefore since our Q1 was exceptionally good, we actually had grown year-on-year both on topline gross margin and EBITDA in Q1 and therefore to some extent the underperformance in the Q2 has been compensated by Q1 and therefore when you look at the H1 number, the volumes grew by 12% and our gross margin also grew by 13%, so to that extent the H1 profitability up to gross margin levels was protected; however when you go below the gross margin, the inflationary impact continued and the inflationary impact of the Q2 which we could not able to recover was evident on the bottomline and therefore against 12% of revenue, 16% of the revenue growth, the PAT fell by 32%.

When we look at the segment revenues, I think here in this line I would more highlight on the food because we have talked much about edible oil in the earlier slides. Let us try and talk more on the food aspect of the business. We are happy that food is much ahead of delivering the EBITDA positive numbers. Our earlier expectation was that it should be an EBITDA neutral by somewhere around FY2024, but I think last quarter consistently we have been able to get the EBITDA positive numbers. The revenue is also growing very strong 58% growth in the revenue as far as the quarter is concerned and 61% on the H1 and the EBITDA positive, so this is a good sign and we are banking on food business as we move forward in Q3 and H2. So going forward, our strategy would certainly remain the food business. Our strategy would certainly remain to ensure that we keep growing at high single digit on edible oil even if the market is degrowing to keep consolidating the edible oil market share and wherever possible get some premiumization on the strong markets of edible oil, so that sustainable cash flow keeps getting generated through edible oil business and that we keep nourishing our food business which is growing at 40%, 45% plus year-on-year and we are committed to do both organic and inorganic growth as far as the food basket is concerned. So this is all from my side and now I hand over the call to the moderator to open the lines for Q&A answer, myself and Mr. Mallick is here to answer questions that may come up from the participants.

Moderator: Thank you very much Sir. Ladies and gentlemen 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. Sir, my question was on the margins, how do you see the outlook given there are two, three things happening here, so one is of course government has increased the import duty, so there could be some gain for your current inventory? Second is, you mentioned that there is a rupee depreciation which is also impacting, now in Q3 also rupee depreciation continues to be a concern, apart from this regional players come back in any FMCG whenever sharp deceleration happen and that is not something which is go away, because that is something which will continue at least for the next three quarters till the base effect happen. If I take all this into consideration, when do you see 3% kind of EBITDA margin coming back for you?

Shrikant Kanhere: As far as the Q3 and H2 is concerned I think we are very, very optimistic, we are optimistic given two basic fundamentals. One of course is demand has come back so that is not an issue now, so you have enough of demand in the market both in consumer pack as well as bulk pack and the other thing which has happened is now since the prices have more or less stabilized unless something, some very unusual geopolitical event happens and again you have something in store as far as the price speculation is concerned, but I think prices are more or less stabilized now and therefore the margins should settle in as far as the Q3 and Q4 is concerned, this one time impact which I felt which is around Rs.150 Crores on our gross margin, it is only a one time and we are very, very hopeful that we should be able to recover this in the Q3 and Q4. I would not comment on the percentage term EBITDA, but if these prices level continue I think 3.5% EBITDA is not going to be a challenge.

Abneesh Roy: Sir, one or two followup there, when we speak to the other premium edible oil player, they see not metric in terms of percentage EBITDA, they see EBITDA on a per liter basis, because that is the right metric, because if the price is crash by half, if you still go as per the percentage EBITDA, your absolute basis will become half, so in your case also should that apply and in that case 3.5% seemed to be lower number, I am not saying Q3, Q3 I understand still rupee depreciation and all those issues are there, but structurally I am saying in Q4, when stability will be there and rupee is not an issue, will not your EBITDA margin go up even more than the 3.5% because you would also look at profits on a per liter basis rather than the gross margin or EBITDA margin to start with?

Shrikant Kanhere: You are absolutely right Abneesh and your analysis is absolutely correct. So if you look at our numbers of FY2021-FY2022 our EBITDA margins used to be in the range of 4.5% to 5% when the price levels were in the range of $1000 and $800 which is right now today so having said that, yes 3.5% as I said is not going to be a challenge however the price level continue to be same what we have today, yes there is a possibility that we may actually hit more than 4% of EBITDA margins and right we also look at EBITDA margins per kg and per tonne instead of looking at it as a percentage of our revenue.

Abneesh Roy: Right my second followup question here is you are saying 17% quarter-on-quarter volume growth in edible oil so wanted to understand that seasonality is it because of the earlier Pooja this time or was there any market share gain? I understand the Nielsen market share gain but let us ignore that? This 17% Q-o-Q number is it there every year this kind of a variant?

Angshu Mallick: Abneesh see this volume growth of 17% that you see this is of oil that you are talking of is this year the high prices in the first quarter actually reduced the rural consumption. The rural demand was very poor in April, May and June and then July, August and September the prices started coming down and the pressure on our self to reduce the prices were very high. Two sides, one we wanted to hold on to our market share and second the government was intervening almost every week and asking us how much have you reduced, how much have you reduced and they were comparing with the international fall and our reduction in MRP and you have seen that at least three to four times we have announced in the newspaper that we have reduced the price and that reduction in price helped in increasing consumption hence you have seen Q2 grow. Q3 if you ask me how do we look at it personally October has been fantastic. I am sure other FMCG companies also must have done well but edible oil has done remarkably well. That is because one after two years people celebrated Diwali. October being a month where Diwali and Dussehra both were coinciding and market prices came down so everything was looking very good. Overall the things were looking brighter for the consumer point of view and out of home consumption improved significantly because you have seen how people have been travelling. Even the airlines reported more than 30% growth. Now this and going forward the marriage season we have a calculation of more than 3 lakh marriages and that 3 lakh marriages Fortune is one of the most sort after oil in marriages particularly UP, Bihar, Madhya Pradesh, Chhattisgarh, Delhi, and Rajasthan so these are the markets where there will big marriages and obviously Adani Wilmar will have advantage. We have Basmati rice also so this year we have rice. We have Maida. We have Basal and sugar along with oil so there are five products with which we are actually going to the trade and caterers and everybody and we are offering them so I think this season will be very good. Marriage starts from November 15 and till December 15 there is going to be big marriages around.

Abneesh Roy: Sure Sir and that is helpful. Last question is on the rice this year so one is your own market share has improved sharply from 5.1% to 8.5% that is a big jump so want to understand is it because of the GST change which happened on the pre package so 5% GST was put and second is I see only 1.5% share for Kohinoor because you have said that 10% is the overall share 8.5% coming from your own Fortune brand? 1.5% seems quite low. I understand Kohinoor has gone through a lot of changes, where do you see Kohinoor setting in terms of market share in three to four years because should it go back the peak market share when the business was being run smoothly.

Angshu Mallick: Okay I will first come to Kohinoor. Kohinoor historically 2020-2021 the year of McCormick was running full year they did around 35,000 tonnes all put together. I think to reach that level I need one year. One that is because Kohinoor is very famous for its Bathi season. You know in Gujarat and in parts of Maharashtra there is called Bathi season which starts from November. This is a new crop and new crop continues till November, December and January. In three months they used to be the leader and selling more than 6000 tonnes to 8000 tonnes during this three months only in Gujarat so I think that should bring back Kohinoor glory so we are getting ready to launch that on November 10. After that Kohinoor supply chain was disrupted as you know so we started fixing. We wanted the same grain and the quality of purity to be at that level so getting the grain across the country from millers was difficult because we are at the end of the season so we could manage that. Slowly we have entered the modern format stores. The Kohinoor almost 45% to 50% sale comes from modern trade and modern trade was reluctant to start this new category again because they were heavy on the Diwali and

Dussehra demands so in fact Amazon has started. Now slowly Flipkart is going ahead and Reliance will go ahead and by one month most of the chains will have Kohinoor in their outlets or in their chains so that is important. Hotels we have to do new deals with them so everybody wanted to do deal only after Diwali because everybody has completed their Diwali deal in August and September so we were late for that so all these things one by one we are putting it and I am sure Kohinoor will get back into its original form. When it comes to our 8.5% how did we go there? You have seen in the Dussehra and Diwali we had a big scheme Fortune oil 5kg and 5kg ever day Basmati rice and sugar of Reliance and you will not believe we have sold more than half a million packs of rice so that is the kind of success the scheme so we supply that and Flipkart has done remarkably well in Fortune and Basmati rice. General trade also picked up a bit and surely we were able to push our brand Fortune. Over the years Fortune as a food has started getting accepted and recognized. We were always known as an oil brand but in the last three to four years we have built it up and you can also see from the communication that some amount of visibility of food is now available put to this. Now when it comes to GST I am happy to tell you this is what we have been fighting for five years. We got this and the industry where brand is recognized we are all having an advantage. Honestly 5% advantage in commodity or food is a big advantage in staples so we are seeing slowly people who were getting that benefit of weeding out. I can see that more in Atta than rice honestly because in Atta I can see local players who are small, small players who are having advantage over us is now slowly getting out. That is why our flour business is also doing more than 25% branded Atta flour so that is what it is.

Abneesh Roy: Sure Sir that is very helpful. That is all from my side. Thank you.

Moderator: Thank you. Our next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.

Gaurav Jogani: Thank you. Sir my first question is with regards to reach of our edible oils so if you can share how much is our total edible oil reach in terms of direct and indirect and what kind of synergies do we enjoy from our food business with the edible oils business?

Angshu Mallick: See direct coverage today is ranging of around 5.7 lakh outlets. We have a target to reach 6 lakh outlets direct coverage before March 31. Indirectly we are reaching 1.6 million outlets across the country. South and West obviously we are a little weak but very strong in North, East and Central. As far as the synergy is concerned let me tell you 45% of branded basin business comes from rural. For me rural is 1 lakh and below. Any town we consider as rural so 45% of basin sales comes from there. Around 20% to 22% Basmati branded sales comes from there and almost 12% of sugar sales comes from these markets. There our distributors are common. They go with oil and food together. I have an advantage over others. I don't think anybody can only send one product to a rural market of say 50,000 population town and then ask him to be a viable distributor. But when he goes with a basket of products the retailer is also selling, the same retailer is selling all the products so he gets advantage not only buy oil sometime buy flour, sometime suji, rava, this time maida was hot cake before the festival so all these branded products got entry into rural. Now when it comes to metro city our distributors are separate that I have done it because the volumes in Delhi, Bombay is much higher for food so food distributor can concentrate more and bring volumes there which we are taking advantage but less than 5 lakh population town all are common and that common is helping me to become more stronger. The distributors are becoming stronger and volumes are increasing. Second somewhere atta is runner and oil follows. Sometime oil is the runner and food follows so it depends on the strength of the market and the strength of our competition. If the competition is weak then I get advantage in those market for food.

Gaurav Jogani: Sure Sir, thanks for this. Other question it regard to recent listed player as acquired Badshah Masalas very recently and there are earning couple of more deal in the spices space particularly so any thoughts from your end if you look also actively looking into this space given you know it is very synergistic to our overall food business and what are your thoughts on the same.

Angshu Mallick: See Fortune and Adani Wilmar is supposed to be there everything where our kitchen needs from ladies point of view she needs spices, she needs sugar, she needs oil so spices are surely one of the ingredient in which there is an opportunity there is a scope. Dabur has taken Badshah and we are not close to anything honestly. Anytime a good opportunity comes we will surely study and we are not close to it honestly anything that comes up we can study. Is part of the kitchen so we are open to it.

Interviewer: Sure Sir. That's all from me from now.

Moderator: Thank you. The next question is from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah: Hi Sir thank you for taking my question. If you can just jog our memory with respect to the realization per tonne that we had seen in the past couple of years. I remember it was pretty much at a low level and when the edible oil prices started to shoot up our realization per tonne also shot up and we see now that has moderated so versus 2 years back historical levels what it was, how much it shot up and where is it currently if you can throw some light on that.

Shrikant Kanhere: Mihir in our business we don't track much on the realization per metric tonne or realization per kg because at the end of the day for us the matrix to look at is the EBITDA or gross margin per kg or per litre basis because realization more or less for us are pass through in fact last year we had seen a realization of Sunflower in excess of Rs.200 a litre whereas now it is anywhere between 170 to 175 so it has moderated to that level. Soya which used to be at Rs.180 a kg or litre is now at Rs.141 to 142 a litre so these are all market driven and therefore if your question is coming from…

Mihir Shah: I mean gross margin Sir this is what I was referring to.

Shrikant Kanhere: Okay so gross margins per tonne we would continue to deliver in a range of 10,500 to Rs.11000 rupees a tonne so this is what our target is and we should be able to deliver that and this is what we have been delivering for last couple of years so that should be there irrespective of whatever realization and this culminates into gross margin of 11% to 12% depending upon what kind of realization you are able to get. But 11000 to 11500 is something which we drive for in edible oil and we are able to get that.

Mihir Shah: Understood with the current oil outlook if you can throw some light on how is the edible oil price outlook can one expect further moderation of edible oil prices and then how will that impact our margin profile basically.

Shrikant Kanhere: Mihir interesting question and very difficult. I will tell you honestly. Few days back who knew that new Brazilian president is in favor of bio diesel and the moment he came he has said B14, B15. You know B14 means 1.5 million tonnes of oil will be sucked out of the system and we will go to bio diesel and 2.5 million tonne will happen if it is B15 from January 2023. Now tell me few days back people were saying the markets had gone up almost 20% so fast it is likely to come back like what happened earlier. Today the new Brazilian president says something and he sucks out this extra from the market instead of being a net exporter Brazil might become a net importer for soya bean oil so these are some of the things the geopolitical part which happens, very difficult to predict how the market runs but we understand one thing we should not get into speculative mode or anything we have a brand. We have to be steady. We are buying at whatever spot market. We are bringing that stock. We are keeping it hedged to the extent that is required and then slowly build the volume across that. There are so many things that is happening, one is exchange rate then all of a sudden the black seed there is an issue that again the issue is resolved so it goes up then it comes down. Sowing season is going on so there is an issue. China COVID where whether they will consume less we do not know. All these things are very interesting to watch and to continue that is why we keep on looking at everyday event, but we continue to still sell daily and India is different than anybody else. India is consuming well. Consumers are very confident here and edible oil, staples both rice, wheat flour, oil even FMCG product the consumption is very good India. So India cannot be compared with these nations surely we are better off.

Mihir Shah: Understood Sir. Thank you for that. Lastly on demand I clearly understand your point with respect to festive demand up tick and upcoming strong wedding season and so on but if you have to listen to the narrative of other consumer companies some companies are also expecting good rural recovery however certain companies are saying rural is still under stress I wanted to hear your thoughts on how should one look into the demands scenario especially from rural how is it shaping up from your lens Sir.

Shrikant Kanhere: See we have always seen H1 to be lower than H2 for rural. H1 is summer and Q2 is normally the sowing season July, August, September where the farmer is very much interested in sowing and working in the field because he is unsure what will happen. From October the harvest season starts this year it got little delayed so that was a worry for all of us but after 15th of October things have become normal. I just came back from Punjab and this bounty crop for basmati rice is around 6% to 8% higher crop. They are getting better price and the farmers are looking very happy. They are making more money than last year but Punjab farmers cannot be compared with others so Punjab rural is like an urban of any other city so it looked very prosperous because I have been to small towns but when it comes to by and large the rural are happy. They are getting better money for soya bean. They have got better money for paddy and overall good money will come in their hands so October, November onwards once the festive season is there, marriage season is there you will find there is uptick of demand and rural should do better in H2 than H1 at least I am confident upon staples point of view. Now any other products I am not very sure but I think the basic staples will find a better way, particularly edible oils.

Mihir Shah: Got it Sir. Thank you very much very clear. That is all from my side.

Moderator: Thank you. Our next question is from the line of Karan Bhuwania from ICICI Securities please go ahead.

Karan Bhuwania: You have highlighted that there has been destocking at the distribution level due to sudden fall in the prices of edible oil right so has the stock level and distributors level have normalized and what is the distribution there.

Shrikant Kanhere: Yes your observation is right. This destocking happened when the prices were going down almost bone dry it is three days inventory. Now once the prices have started going up and festival season have started, I think they have started stocking very, very well. October sales by and large from the industry point of view I am telling you is 20% higher than September.

Moderator: Thank you. We will take our next question from the line of Gaurav Jogani from Axis Capital. Please go ahead.

Gaurav Jogani: Just a follow up to the earlier participant's question. Because of the continuous volatility in terms of the edible oil prices that we see what is your sense in terms of the unorganized players what happens to them in such a situation and do we gain some permanent market share from these guys so anything on this would be really helpful.

Shrikant Kanhere: See as a bigger player and as a player where Wilmar is partner and Wilmar operating in some many countries including Ukraine, Russia, Argentina and Europe and other places. They have a very good insight of what is happening. If I can tell you that how much soya bean oil will be sucked out of the system is only because of Wilmar is studying the bio diesel and Wilmar is also in the bio diesel business and they produce lot of bio diesel in Indonesia and Malaysia so they understand the bio diesel market and if they understand bio diesel it has an impact on the edible oil market so all in all there are team of people who work in Wilmar who are working in all the commodities. Now for a smaller player such type of information might come to you after 24 hours or 36 hours and that is the arbitrage that you can have that how quickly you can decide what will happen. So Brazilian president coming and he might favor bio diesel can be 10 minutes or 15 minutes advantage is good enough to win this game that is one. Two, stability of hedging risk and hedging is also very important as a commodity player not everybody can hedge at CBOT exchange or at Mdex and all that because India there is no hedging tool so internationally you can hedge provided you have a credibility so that is also helping us because we are both Adani and Wilmar so we get that advantage. So you will find consolidation happening going forward and there is a stress that you will see in the industry.

Guarav Jogani: Sure Sir. Sir if you can guide any guess what kind of market share gains would we have seen over the past one to one and half years and which are the key players that you would be competing with now?

Shrikant Kanhere: We have seen market share gain and more market share gain will come as we increase our direct distribution. We increase our penetration in South and West were we are weak so surely we are working on it that is one. As far as competition is concerned direct competition is not there with anybody because we are almost 7% higher than our next competitor so there is big gap between us. The issue is always that each of these players are regional in nature whether you take somebody in south or in east they are regional in nature so you have to fight them regionally and they have some advantages because of their reach or being local that is one. As far as mustard is concerned we are a clear major player. We have more than 12.5% share and the next player is 6%. We are the largest player of mustard oil in the country and there will be lot of advantage once the GM mustard is also introduced so we are expanding our capacity there in mustard. So mustard will be a new game in the next 3 to 5 years we being the leader there we have lot of role to play.

Guarav Jogani: Sure Sir. That is all from me Sir. Thank you.

Moderator: Thank you that was the last question for today. I now hand the floor back to the management of Adani Wilmar for closing comments over to you Sir.

Abhik Das: Thank you all the participants for joining the call and listening to our quarterly numbers and the explanations which we offered. I hope it has been very useful for you all. Thank you very much and have a good day.

Shrikant Kanhere: Thank you all I hope I have been able to give you my insights and my thoughts on how things are if anything more, obviously you can always get in touch. Thank you so much.

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