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July 18, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001
Scrip Code: 543458

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

Dear Sir,

Sub: Transcript of Earnings Call of Q1 of F.Y. 26 of AWL Agri Business Limited (Formerly known as Adani Wilmar Limited) ("the Company')

This is in continuation to our earlier letter dated July 15, 2025 regarding audio recording of Q1 F.Y.26 Earnings call held on July 15, 2025. Please find attached transcript of the Earnings Call.

You are requested to take the same on your record.

Thanking You,

Yours faithfully,
For AWL Agri Business Limited
(formerly known as Adani Wilmar Limited)

Darshil Mayank Lakhia
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Date: 2025.07.18 17:50:44 +05'30'

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Company Secretary
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"AWL Agri Business Limited
Q1 FY '26 Earnings Conference Call"
July 15, 2025

MANAGEMENT: **MR. ANGSHU MALLICK – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – AWL AGRI BUSINESS LIMITED**
MR. SHRIKANT KANHERE – DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER – AWL AGRI BUSINESS LIMITED
MR. SAUMIN SHETH – CHIEF OPERATING OFFICER – AWL AGRI BUSINESS LIMITED

MANAGEMENT: **MR. DHIRAJ MISTRY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Conference Call of AWL Agri Business 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 the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this call is being recorded.

I now hand the conference over to Mr. Dhiraj Mistry, analyst from ICICI Securities. Thank you, and over to you.

Dhiraj Mistry: Thank you, and welcome, everyone. I would like to welcome all for Q1 FY '26 AWL Agri Business Earnings Call. We have with us Mr. Angshu Mallick, CEO and MD; Mr. Shrikant, Deputy CEO and CFO; and Mr. Saumin COO. I would like to hand over the call to the management for their opening remarks. Thank you. Over to you, sir.

Shrikant Kanhere: Yes. Thank you, and very warm welcome to everyone who is participating in this call of AWL Agri Business for the Q1 FY '26. As a ritual, we will take you through a brief presentation. And after the presentation, we will open the floor for question and answers. We'll be happy to answer the questions from all of you.

We'll start with the results summary. Q1 '26, we closed at a volume of 1.58 with a revenue of plus of INR17,000 crores. We have 21% upside in revenue. However, the volumes were down by 5%, predominantly on account of G2G business of Rice, which we had last year, which was not there this time. If we normalize with that, this volume degrowth would be close to 2% instead of 5%, EBITDA at INR572 crores and PAT at INR238 crores.

This margin, of course, has seen a drop as compared to Q1 '25, predominantly because of high base year. When I say high base year, it's basically because of the favorable commodity cycle that we had entirely last year in FY '25, which also made FY '25 one of our exceptional years.

For Q1 '26, when we look at per ton gross margins and EBITDA, we have been able to deliver these numbers in line with the expectation in line with what we have been delivering over the last couple of years, EBITDA of INR3,600 crores plus per ton and gross margin of INR11,121 per ton.

When we look at a quarterly profit trend, so it's growing healthily. Stand-alone EBITDA normalized at a quarter trend at INR484 crores as against INR465 crores of the last quarter. So it's been within the trend. When we look at a consolidated EBITDA normalized for last 12 months, I think it's been it's consistently recording INR2,000 crores plus for last 4 quarters.

Similarly, when we look at a quarterly trend on a gross profit margins per ton, it's consistently showing INR10,500 kind of level, which we have been saying for quite some time that this is what a normalized level of gross margin that we would be delivering. Average EBITDA per metric ton close to INR3,500 per ton this quarter, and this is in line with our expected numbers.

The market contains the edible oil prices where we have seen finally that palm oil prices coming down and finally been going below soya bean and sunflower, the last year throughout the year, what we saw was the palm oil remaining quite expensive. But by end of this quarter, finally, palm came down and now been priced below soya and sunflower.

Oil imports for the country for the oil year '24 and oil year '25, what we have seen since November '24 is that November '24 was the only month when India imported more than last year. However, since then, in December, January until March '25, what we have seen is total imports in India has come down predominantly, of course, because the palm remaining quite expensive oil as compared to soya and sun, which finally now been corrected. So our expectation is that going forward, we should see a different trend of imports coming in into India.

On industrial trend, this is as per the Nielsen, the edible oil, including mustard, which is on refined consumer pack, the edible oil has not seen any encouraging number when it comes to industry for the Q1 '26. The rural grew by 3%, whereas urban grew only by 1%, but the overall industry, more or less remained flattish at 1%. Similarly, in the Wheat Flour, the overall industry grew only by 4%, with degrowth seen in urban areas, whereas rural area was growing at 19%.

When we look at Basmati, of course, for this, we don't have a rural and urban breakup, but overall, industry in Q1 '26 grew by 7.8% versus 5.5% that we saw full year last year. For the business update: on Edible Oil, we did close to 960,000 tons of volume; Food and FMCG 260,000 tons; and Industry Essential, 360,000 tons, delivering an overall volume of 1.58 million tons, which is down by 5% as compared to last year.

On revenue front, of course, the revenue grew by 20%, predominantly because of the prices of edible oil going up, staying high as compared to the last year. That's the reason why the revenue grew by 21%. But when we look at these numbers, excluding the government-to-government business of Rice that we had opportunity to do last year, if we exclude that, the degrowth in volume is flattish at 2% negative, whereas revenue grew by 21%.

On overall company highlights, alternate channel for us continues to grow. Now revenue at INR3,900-plus crores maintains a strong growth momentum. Quick commerce continues to excite us and it's growing very fast, increased by 73% in Q1 and 79% on Y-on-Y basis last 12 months.

Branded export is another thing where we saw encouraging numbers. It grew by 22% and has now surpassed INR300 crores of revenue. Q1 EBITDA at INR520 crores, down by 60% due to a high base of last year. And when I said high base, it's more to do with the favorable commodity cycle that we saw last full year. Strong last 12-month EBITDA of INR2,384 crores, which is quite close to one of the highest numbers which we have posted last year of INR2,474 crores in FY '25.

Overall volumes declined by 4%. Excluding palm when we look at Edible Oil, revenue at INR13,415 crores, up by 26%. Raw material prices in Q1 was around 30% higher as compared to base quarter, and that's why the revenue in Edible Oil grew by 26%. Q1 volumes were impacted by multiple headwinds, expanding -- so we do expect improvement in coming quarters. Palm oil prices have now dropped below the soya bean prices, as I said earlier, leading to normalization of our palm oil sales towards the end of the quarter.

Also the recent reduction in custom duty has also curbed the imports of refined edible oils from some of the SAARC countries under the free trade agreement, and we expect that this will have some kind of favorable impact on the volumes that we will be able to post in the coming quarters.

Edible Oil portfolio, when we look at for the last 3 years, continues to grow at 11% CAGR. Quarterly trend sales grew at 5% CAGR and of course, we've been able to sustain the EBITDA trend also at plus INR350 crores. The capacity utilization in Edible Oil is at a comfortable level of 59%, 60%. So we have enough capacities left to absorb any future growth that may come up.

When we look at the Food & FMCG business, we clocked a volume of 260,000 tons, down 5%. However, the revenue at INR1,400 crores plus is 4% plus. If we remove -- excluding G2G business, it grew by actually 4% year-on-year in the first quarter. The profitability for the Food business in Q1 has improved.

Of course, there are some interventions that company has done on rice, wheat flour and other wheat products has resulted into this profitability. Wheat Flour business in packaged atta gained market share in last 12 months. So now, our market share has gone up to 5.5% against 5.3%. Pulses and Besan continue to show a strong trajectory, both grew in a strong double-digit growth in Q1.

Soya Nuggets, one of our subsegments in the Food, continues to grow in double digits and also continues to grow on the margins as well. Sugar and Poha also, we have seen encouraging results where it grew by double digit. When we look at the Food & FMCG also in the last 3 years, the volumes grew by 11% whereas the revenue has grown by 18% in last 3 years when we look at the last 3 years' quarter.

Stand-alone EBITDA is something consistently we have been able to grow is at INR82 crores in Q1 '26. We are adding new capacities in the Food. And after this IPO project completion, we will have more capacities coming in, into the Wheat Flour as well as Rice business, which will help to grow these businesses.

Industry Essential, we did a volume of 360,000 tons with a 6% year-on-year growth with a revenue of INR2,230 crores, which is again 12% plus, and our segment result of INR100 crores. This is basically Oleochemical and Castor, where both these businesses are doing fine and are today at 100% capacity utilization.

When we look at the subsidiary, the recently acquired GD Foods, which is a manufacturer and also have a brand Tops, which is quite a strong brand in North India, manufacturer of sauces, pickles, jams and various condiments. The revenue for Q1 was at INR96 crores, which is up 9% year-on-year. We have seen healthy profit also coming up from this acquisition. There are a lot of key interventions.

It's only 75 days since we actually took over this company. We have done a couple of interventions and initiatives post acquisition, which includes rationalization of manpower, setting up strong controls and process institutionalizations around the processes. Leveraging operational efficiency, operational synergies with AWL is one of the things which is under process right now.

So the plan, of course, is to leverage AWL's distribution as much as possible so that we can grow the basket of this -- market of this company from North to other territories in India. And of course, we would try and do some bundling with the Fortune products so that this product reaches to more and more consumers.

Automation is something, which we are looking at to see how can we automate the processes because currently, many of the processes are still on a manual. And of course, the objective of all these intervention is to bring in more and more operational efficiency into the entire process.

On Bangladesh, I think the situation or the current status of the business is stable. For last 2 quarters, we have seen no major hinderance in doing business. The liquidity is quite available, dollar availability is there in the country. And we have been able to do a business really without any intervention from the government. So while the Bangladesh, the World Bank has set GDP growth at 4% level for the '24-'25 calendar year, we hope that even with this kind of growth also, our business should be able to grow.

With a fresh liquidity from IMF should also further improve their foreign exchange reserve for the country. And therefore, our expectation is that at least for next 1 year, the things would remain stable in the country and our business should be able to do what we used to do before the turbulence.

On GTM and Q-com, now we reach close to 870,000 outlets directly. And the growth in urban outlets is 11%, whereas growth in rural outlet is 26%. Our rural town coverage now has gone up to 55,000. In March, we were reaching close to 50,000 tons. So this has actually added more infrastructure for us to grow in a rural area. We have been doing a lot of interventions to ensure that food and oil, that the entire distribution is used both for the oil as well as the food.

We are also doing a lot of intervention in technology side, 100% of sales now carries SFA software. Similarly, we are implementing auto replenishment system to reduce fill rate gaps for e-com and other players, including MFS. And also, we are experimenting on the depot networking and delivery models for a limited product assortment in the rural depots.

Q-commerce continued to excite us. In Q1 '26, the overall alternate channel grew by 12%, whereas the e-com grew by 33% and Qcom grew by 73%. That's encouraging, I think, and it's continues to grow fast. We are sharpening capabilities to optimize sales in this fast-growing Q-com channel by doing a lot of things like improved product assortment, better availability. We are also trying to track the competition prices and their offers, which are available on the site and also the data-driven promotion that is something we are resorting to.

And we look at the return on capital employed. For the last 12 months ended June '25, Edible Oil delivered an ROCE of 18%, whereas Food & FMCG 2% since it's still under the growth or investment stage; Industry Essentials at 17%; and at the overall company level, we delivered ROCE of close to 11.5%, 12% kind of number. So -- while this ROCE will continue to improve as we go forward from here on a 12-month basis. When we look at ROCE and capital employed for last 3 years trend, the Edible Oil is consistently improving from 14% to now going to 18% in last 12 months, June '25. Food & FMCG continues to stay within the range and similarly, Industry Essentials, consistently doing 15% plus kind of ROCE.

On marketing side, there are a lot of interventions that we did from rural penetration to high-impact rural branding and all that. These are some of the glimpses of all the events that we did to capture a lot of festivals, whether it's a Bihu or any other even including Rath Yatra, which has recently concluded.

The recently released Nielsen report now suggests that AWL is the eighth largest player in India's FMCG sector. This is by market share in -- which they have come out in Q4 '25. So now AWL is ranked two in value growth, and it is now ranked six in the volume growth among the top 10 players. So when we look at in value terms, after the Mondelez, AWL is second. And when we look at the volume growth, we are the sixth after Mondelez, Parle, HUL, Britannia and Nestle.

ESG, we continue to do our bit on all, environment and social and governance part. We have been trying to save -- doing a lot of projects to save the cost, whether it's a steam or power or water. We have been continuously planting trees. June '25, we planted 190,000 trees. We are consistently working on putting solar panels for our renewable energy into our plants. So now 16 locations have got renewable energy and close to 10-megawatt of energy is manufactured or supplied through renewable sources, which is close to 11% of our overall requirement.

We continue to do a lot of work on rainwater harvesting, and we also continue to do how can we use or reuse the water. And in that direction, we have installed zero liquid discharge system in our 11 plants with a capacity of 3,100 kiloliters per day.

On logistics front, we are discussing more and more through multimodal. So close to 22% of our dispatches are through multimodal and dispatches through the green fuel, which is CNG, is close to 10%. We have been awarded green points by the Railway for dispatching goods through Railways, which is a green energy use for dispatches. And we do have inclusion of AWL in FTSE4Good Index also.

So this is all from my side, as far as the brief presentation on the performance of the company is concerned. Now I will request moderator to open the floor for question and answers. Besides me, I have Mr. Mallick and Mr. Saumin Sheth, and we'll try to answer your questions. Thank you.

Moderator: We'll take our first question from the line of Abneesh Roy from Nuvama.

Abneesh Roy: I have two questions. My first question is on Rice business. Since the time you acquired Kohinoor, what were the initial expectation and what will be the expectation in the next 1 to 2 years? And what could have been done differently? If I see performance of LT Foods and other listed players, we see their stock and their business doing far better.

I do understand they have a big export business, which makes their business model very different. But given that constraint and given the kind of performance we have seen last 2 years, what is the way forward in this business? I know it's a challenging business, but what will be the way forward. Next 1 to 2 years, where do you see the Rice business?

Angshu Mallick: Okay. Abneesh, good question. First is that Kohinoor we have acquired in May '22 is for the domestic operations. Export rights still continue with the original owners. So our job was to expand Kohinoor in domestic market. When we took the brand, the volume was around 37,000, 38,000 tons per annum. And from there, we have now pushed it to around 45,000 tons. Not very big volume jump, one of the principal reasons that we did not have our own plant to support the large manufacturing.

So we had outsourced or hired four plants in Haryana to match the requirements for both Fortune and Kohinoor. But this year, with our Gohana plant now getting ready and has started operations, we are confident that the supply chain will become much more robust because when you want to go for expansion or -- both domestic and export, you need your own facilities, one, and buyers from abroad want to see our facility. So at least now that is ready.

As far as Fortune is concerned, we are already exporting to over 45 countries, and we have very good market share in Australia, New Zealand. We are doing well in Middle East, and we are looking for expansion in Europe, Saudi and U.S. Now obviously, when you look at the competition, they are formidable. They have been there in this business for over 40 years. So obviously, they have a first mover advantage.

We have slowly built it up. Now Basmati Rice is growing at double digit this year and our market share has grown. So going forward, we are confident that Fortune and Kohinoor put together will become a formidable third brand -- third big combined brands together to fight the first two, and that is one.

Abneesh Roy: Right. And what will be your current market share in rice in India?

Angshu Mallick: MAT, if you see 8.3%, MAT June. But quarter-on-quarter, we have been growing -- MAT is 7.3% -- 7.6%? Okay, MAT is 6%, but this quarter is 8.4%. So quarter ending June is 8.4%. So that we have done a little better. So it is slowly growing but I can tell you that we are on the track to get higher market share in days to come.

Abneesh Roy: Understood. Now my second question is on the Edible Oil business. So when I see the gross profit and EBITDA, both are down. This is from a P&L perspective in the rupee terms. So they both are down Y-o-Y and quarter-on-quarter. I do understand in Q1, the volatility was on the higher side. Now that duty cut has happened, if you could clarify, because of the duty cut or because of any other reason, was there any inventory loss you want to call out in the Edible Oil business because of these two?

And now assuming volatility is less and I did hear your interview in the media post results, how do you expect the gross profit and EBITDA from a rupee terms? I do understand you measure from a per liter or per ton perspective, but ultimately, from a listed company perspective, P&L

in rupee terms is also equally important. So from that, how do you see the Edible Oil business? If you could answer all of this.

And from an urban demand, when I see consumer update of other listed companies which have come, they are saying urban, there is some bit of recovery. Some are saying good recovery, some are saying worst is behind. In your opening comments, I did not find that. So if you could comment from an outlook perspective, in your core business, how do you see the urban demand?

Angshu Mallick: So first, I will start with urban demand. If you see Nielsen report, they are saying -- last year, that is Jan, Feb, March '25, that is Q4 of last year, there was 0 growth. And this quarter, they are saying is 1% growth. Now in Edible Oil, we have seen country has imported less. The prices were on the higher side, and that is the reason possibly the government thought of cutting the import duty.

And edible oil has not seen much growth both out-of-home consumption, institute consumption as well as in-home consumption. But going forward, what all has happened. One, duty cut has reduced the price by almost INR8 a liter, that is one. Two, between CPO and olein, the differentiated duty, which used to be around 7.5%, 7.25% has now become 19.25%. That is one. That's a big jump that we have seen, which industry always wanted. And companies like us who have very large palm oil refining capacities will surely gain in terms of capacity utilization and reducing the cost.

And second, palm oil coming down is another big advantage for AWL because AWL is the largest importer of palm oil in the country. So when the prices are low, institutional business are good, household business will also be good because palm oil has a very large household base in South and parts of Eastern India. So we see, and AWL being the second largest brand, so obviously, we have all the advantages to capture. So I think going forward, AWL is well poised for growth in Edible Oil. Now as far as margin is concerned, Shrikant, you can talk.

Shrikant Kanhere: Yes. So Abneesh, on your margin question, I think very fair question to ask that at the end of the day, what is the absolute EBITDA that you see that Edible Oil will be delivering. I think assuming that we continue to deliver the per ton EBITDA margins of anywhere between INR3,600 to INR4,000. That is what Edible Oil has been delivering for last couple of years.

And the volume growth, which we have always been saying that in Edible Oil, we cannot grow more than single digit, which is 5%, 6% kind of number. With that -- keeping that in mind, I think the range of EBITDA -- range for EBITDA in absolute terms for Edible Oil can be anywhere between INR375 crores to INR400 crores for the quarter, as we go forward.

Abneesh Roy: And any inventory loss you want to call out in Q1 either because of the duty cut or palm oil volatility?

Shrikant Kanhere: No. So duty cut whatever the -- I would not call it an inventory loss as such. But whatever hit has to be taken, we have already taken and that is reflected in these numbers. But as we go forward, if things stabilize and palm prices remain below soya and sunflower, I think we will --

we should get better palm demand, and we should improve more margins and more margins should be able to help us getting better absolute EBITDA for the edible oil.

Angshu Mallick: On this Abneesh, I would say that -- see, the duty cut was quite steep, 10%. And at any point of time, there are packed oil inventory and some of duty paid stocks in the plant because you run the plant on a continuous basis. But the brand supports such kind of shocks, at least minimizes it to a large extent. So we have overcome that, I would say, well, and still continue to deliver as promised in our EBITDA terms.

Abneesh Roy: Sir, on the urban demand, one last follow-up question, and I did not get the clarity. Let's leave aside Nielsen numbers because it may or may not be giving the true picture. My question is you did say because of palm oil price correction, you do expect both B2B volumes and B2C volumes to go up and that's a logical statement to make given the overall cost is down, food inflation and general inflation is at a multiyear low. So what is your personal expectation on volumes given all this? You'd be expecting a good recovery, right, the next 3 quarters on the Edible Oil volumes?

Angshu Mallick: See, Q1, we lost 1% in palm oil, as simple as that, and that is because of the high prices of palm oil. That reduced our market share as well as we didn't grow. Now going forward, these changes that has happened is adding benefit to us because we have the largest infrastructure for refining palm oil in the country. We have the largest capacity to refine crude palm oil to refined palm oil, and that gives us a lot of strength.

And with the differential duty now so good that importing olein will not be viable. So these are some of the advantages that we have. Second, with palm oil coming down, there are a lot of markets where palm does better, and we have an advantage. I think single-digit growth surely should be there.

Moderator: We'll take our next question from the line of Harit Kapoor from Investec.

Harit Kapoor: So my first question was on the FMCG side. This quarter, you have a clean kind of more branded base because there is not the government orders. And you've also reduced the share of the non-Basmati business, which is -- which seems to have resulted in like 5% kind of an EBIT margin for this business. I just wanted to get your sense on given that you've done this consolidation, how do you see the profitability for this business for the year?

Because the year has started off better than what you would have earlier expected or at least on the margin side. So I just wanted to get your sense because this is the highest EBIT margin you have done in your quarter -- the highest absolute EBIT you've done in the quarter. So could you just help us understand the trajectory of this profitability for the balance year?

Angshu Mallick: See, all these days, we have been very clear that we want to drive volume. And we felt that is the most important thing. And we have been driving volume at the rate of almost 18%, 20% per annum, we were growing in food. Then we found that there are certain places where we can relook at the strategy where the brand share is not so high and ability to earn higher margin was not there.

So we started consolidating the regional rice or what you say non-basmati rice. Now in non-basmati rice, there are a few pockets which are very good, like say, Sona Masoori in South or Miniket, Banshkathi. These are all brand-driven and we drive it through our brand where we have good margin. So we have concentrated in these markets and these type of rice and got out of U.P. and Bihar rice where we were not making any great money.

In Basmati, we found that there is great opportunity to increase volume and increase margin, and we have been pushing brand, both Kohinoor and Fortune. And you would see that in our market share, one, more retail penetration and visibility of the brands in terms of rice availability. So we have done a lot of schemes and worked with Reliance and other retail outlets.

Within e-comm also, we have done a lot of work to create visibility of the brand. So in Food, we have been concentrating both on top line and bottom line together last one quarter. But going forward, once this is stabilized, we will surely push volume because that is what will give us advantage in years to come.

Harit Kapoor: So this margin number is, you would say, a little bit, not one-off, but it's not reflective of the fact that you want to drive up the volumes further. It's a kind of quarter of consolidation at the bottom end. And then hopefully, you will drive up the volumes again, which brings this number down a little bit, but still maybe a little bit ahead of what you were probably expecting. Is that the way to think of it?

I mean, is there a broad range that you think you can -- you can talk about for this year and where you will be on this side? Or is it still that kind of low single-digit number that you will go for, for this year and then can expand it over a period of time once the scale builds up?

Shrikant Kanhere: No, I think, Harit, what you understood is absolutely right. That's what Mr. Mallick said, that while in this quarter, we tried to consolidate some of the business, and therefore, the margins -- the resultant margin, that's what you are seeing. But as we go forward, I think this business will remain in investment and growth phase, for sure. It's not that we are now would be concentrating only on the margins.

But of course, with a complete focus on the top line with an eye on the margin as well. And therefore, not necessary that we can replicate what we have been able to deliver in Q1. But yes, our commitment to grow the business volumes by double digit is something which we want to drive. However, having said that, the margin structure will surely be better than last year.

Harit Kapoor: Very clear. So just one question on the oil side as well. I know you spoke of this. Was that -- this quarter, it seems like there was any inventory loss in June, that would have, I would say, partially been offset by the derivative benefit that sits in your other income, but also shows up in your EBITDA plus other income segmental number?

Is that the right way to think of it because if I look at the EBITDA, it is still in that INR3,500 crores to INR4,000 range on the edible oil business. And if that's the case, then I would say this quarter also is broadly representative of what you should be doing going forward, maybe a little plus and minus?

Shrikant Kanhere: Yes, absolutely right. I think what you have seen in this quarter, more or less plus minus we would be doing as we go forward from here. And therefore, when you look at -- because the entire scheme is like this. I mean that's where the hedging comes into the play. You have an inventory loss. It has to be compensated by hedging gains.

And therefore, one should look at putting everything together and your reading is absolutely right. So this is our normal run rate of EBITDA, otherwise also and we should be continuing to deliver in coming quarters.

Harit Kapoor: Great. And one last thing. Even on the industry essentials this time, the profitability looks a little bit on the higher side. Is that in your view also a little bit of -- in a way, a little bit of a one-off, INR100 crores EBIT for the quarter and if so in which part of the business? Is it in oleo, is it castor, is it in the de-oiled cake side where the numbers are a little higher?

Shrikant Kanhere: Yes. So absolutely right there are three elements to it. One is caster, oleo and the other business, which is basically de-oiled cake of soya, castor and mustard. I think the EBITDA which you are looking for this quarter is actually on a higher side and not necessarily you may see in the coming quarters because there is one-off in our de-oiled cake business.

But our endeavor, of course, will remain to see that we continue to match this, but depending upon how the markets behave.

Harit Kapoor: Got it. I will come back. Thank you very much.

Moderator: Thank you. We'll take our next question from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Yes, sir. Good evening and thank you for giving me the opportunity. Sir, I have a couple of questions, first on the Food & FMCG margin side. So like with quarter 1 delivering INR75 crores PBT and 5.3% margin in Food & FMCG business. So can we expect this segment to be positive EBITDA in every quarter going forward for FY '26 and especially after post Gohana ramp up? What was your view on this?

Shrikant Kanhere: Yes. I think what -- this is what we have been saying on the food, that food business today remains in investing in growth phase and our -- and we, by default are running it as a break even on the EBITDA kind of level. So whatever number you have, you are looking at for the first quarter.

And this is what we were explaining is something which came out of some consolidation that we did in rice business. But going forward, all the other quarters, I think you should see the food business doing -- giving better EBITDA than last year, that is what I can only say.

Rehan Saiyyed: Okay. On the next question regarding the geography expansion, like after achieving a strong margin in South India, which is under-penetrated region what are our next key focus for branded sales expansion in this segment in this area?

Angshu Mallick: See, we have to see product-wise expansion. Now South India, still I think should continue to be in our focus because if we want to increase our palmolein packed oil business, sunflower oil business and atta business and basmati rice business, then South India is the largest market and the best paying market.

Let us be honest on that. So all these four products goes together in South. So we will concentrate in South and work more hard so that we get into better markets and more shares. We are not having great share there and we have great opportunity to do that. Second is Maharashtra and Madhya Pradesh, these are some of the potential market for soya bean oil and we feel that we can do better.

And with our Hazira plant now having better stocks, both sunflower and soya bean, we will be able to supply better. Haldia also we have expanded our soya bean facility. So Chattisgarh was always covered from Haldia, where we had shortage of oil. So now with the 1,500 ton plant new coming up there, which has already commenced operation, our supply chain is now much more robust.

And this year, coming July, August onwards when the festive season starts, we should do well. So everywhere what we do is that each market, we are seeing which product does well and then we are going ahead. Mustard oil also has a great potential in rural market of UP, Bihar, Bengal. So we are putting a separate brand and separate teams to only work in the rural market. So product by product, market by market, we are segmenting and then moving ahead.

Rehan Saiyyed: Okay sir. Thank you for declared explanation regarding this. Thank you so much.

Moderator: Thank you. We'll take our next question from the line of Kunal Shah from Jefferies. Please go ahead.

Kunal Shah: Thank you for the opportunity. So my question is on this regional rice consolidation. Can you give us some sense of how big the business was, let's say, last year, full year? And by what percentage have you scaled it down to, if you can give some sense on that, in absolute crores terms would be helpful?

Angshu Mallick: See, last year, full year non-basmati rice, we were doing something in the range of around 50,000 tons, 60,000 tons, which were principally from Bihar, Uttar Pradesh. Then we had two plants in Raichur, one in Karatagi. So we have consolidated there, one in South. Then we were doing something in Maharashtra.

Then we did some plant in Gujarat, Khambhat area. So we have consolidated all of this and we are trying to see where there is an association of brand, we are going ahead with it because e-commerce is now doing well in non-basmati particularly 5 kilo and 10 kilos. So we are trying to push regional rice through more through e-commerce, more through modern trade, more through e-class outlets. So that there is brand saliency and we get much more better margin.

Simply trading in non-basmati doesn't give any great margin or only it gives you volume. So we have tried to consolidate it and trying to put more concentration in our Gohana plant where new basmati line has come up, which will add to almost, say, 200,000 tons of basmati rice we can process there. So we are concentrating to build that volume.

Shrikant Kanhere: So, Kunal, just to answer your question, last year, same quarter, we had an NBR volumes of close to 180,000 tons. Now these 180,000 tons includes that G2G business also which was a very sizable business. Against this 180,000 tons, this quarter we did 60,000 tons. Now if you normalize with that G2G business also, it's quite a significant reduction of 30%, 35% on the NBR portfolio.

And as Mr. Mallick said earlier also, there are certain varieties of NBR where now we are coming out and we would be only focusing on the branded NBR rather than trying to sell it on a bulk basis or a loose basis.

Kunal Shah: Understood. So my -- what I was trying to arrive at is this growth excluding G2G of, I think 4% in Foods, which you have shared. If I were to also take out this regional rice, what would that number look like if you can give any sense on that?

Angshu Mallick: Almost 0% growth then

Kunal Shah: In volumes?

Angshu Mallick: It will be flattish. If I take out the G2G and the regional rice, which we have stopped, if you take that out, so it will be almost flattish growth, indicating that wheat flour business can be pushed further. But bulk pack in B2B business was a little less this year. So pulses also did not do as well as we expected because the government had opened up the yellow peas import.

So the market of pulses came down, particularly chana and we have very big chana processing capacity, both chana to chana dal, chana dal to besan. So that market also we found that it did not grow the way we expected.

Kunal Shah: Understood. So roughly flat volumes if both of those are excluded. The second related question was -- so I remember last call, you had given this long-term 2 year, 3 year expectation of INR10,000 crores in revenue. Any thought on how -- I mean, I think our earlier expectation was FY '27. But any thought on where -- when do you aspire to reach that number now, given you are taking this consolidation?

Angshu Mallick: If you take the last 12 months, it is around INR6,100 crores. Exit this year, March '26, we should be in the range of around INR7,000 crores. And then we need another 30% growth to grow. So volume growth and value growth, both will happen simultaneously because basmati rice is at its very low prices. We see an opportunity to grow basmati rice both volume and value.

Dal, besan, our new lines have come up in kadi this year. So that will add to our top line and bottom line. Our Gohana plant will be ready. So the flour mill will be ready by September -- August, September. That is a 350 ton refined plant, 200 ton chakki atta. So that will add to our top line, bottom line. All put together, we should be very close to 10,000 by exit '27.

Kunal Shah: Understood. That's clear. And the second is on the GD foods business. So you mentioned INR95 crores, I think, turnover this quarter. What's the sort of EBITDA margins that this business can do, let's say, in 2 years, 3 years from now? I mean not looking at any near-term guidance, but from a 2-, 3-year standpoint, what's the sort of number which you would aspire to do here?

Shrikant Kanhere: No, I can give you what this business is delivering today. So this business is today delivering a gross margin of 52% and EBITDA margins of close to 11%. So that is already there. I think as we consolidate these operations and we do product interventions from AWL in terms of sourcing and our distribution and we take the volumes up, surely, we should be able to deliver better than what it is today.

Kunal Shah: Understood. That's -- and just final bit, with Gohana now done, what should be roughly the capex on a full year basis this year? And I mean, do you think INR500 crores to INR600 crores, that should be it, right?

Shrikant Kanhere: Yes, I think that should be enough because after Gohana, we have enough capacities. But in our business, the capex keeps happening because of your territory expansion or market expansion. So you can assume -- safely assume INR500 crores, INR600 crores of capex every year, of which INR100 crores would, of course, would be maintenance capex kind of number.

Kunal Shah: Understood. Thank you. That’s all from my side.

Moderator: Thank you. We'll take our next question from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Sir, just one bookkeeping was on the interest cost side. So it's a bit lower this quarter. Also with the reduction in the duties, your payables or trade cuts, however you classify that, that also will go down because inventory requirement just comes down in rupee terms. So should that benefit you a little bit on the interest cost side, going forward also, is that a factor also next two, three quarters, we should expect?

Shrikant Kanhere: Yes. So interest cost ideally should go down in next quarter. So when you look at -- look from a quarter-to-quarter, like if you look at quarter 2 on quarter 1, it should go down. However, the quarter 2 versus quarter 2 of last year, it may not because quarter 2 last year, we didn't have this duty hike and all that because duty hike happened in September '24. So that rationalization may happen over the year. But yes, with this duty cut and interest rate softening, we should see savings on the interest as a whole.

Harit Kapoor: Got it. That answers my questions. Thanks.

Moderator: Thank you. We'll take our next question from the line of Dhiraj Mistry from ICICI Securities. Please go ahead.

Dhiraj Mistry: Hi, good evening, sir. So my first question is regarding this alternate channel. So we have been seeing very phenomenal growth, especially from the quick commerce channel. And it is now contributing a very large portion of our overall revenue. Can you give us some clarity in terms of what kind of products we are selling or, let's say, what kind of mix we have in that? And likewise, what is the profitability when we compare it with the general trade channel?

Angshu Mallick: Okay. As far as e-commerce is concerned, in e-commerce now mostly everybody is now becoming quick commerce. So when I say quick commerce, we have both food basket and edible oil basket. All our products, all our brands are registered and we have complete range available in all the channels. That is number one.

Number two is that in oil, we have almost 35% to 40% of the share. And some of the oil like rice bran, mustard, we have over 50% market share in any of the e-com channel, whether you take it Zepto or Flipkart, Blinkit or Instamart, anybody you can talk. That is one. On food, we have registered our products and we have different market share in different type of products.

If you take atta, we have around 15% share; we take basmati rice around 12%, 15%; but besan on 10%, 12%, like this we have different market share in different and the demands are there. Our volumes are growing phenomenal and 73% growth we have seen in e-commerce. Advantage is that we have used IT to ensure that fill rates are almost 85% to 90%.

And what counts is your fill rate. If the fill rate is good, we have seen the uptakes are good and sales are better. Margin-wise, e-com pay is better.

Harit Kapoor: Got it. No, sir, my question was regarding the mix between edible oil and FMCG, that what out of the INR3,900 crores, what you said in last 12 months, what percentage contribution is coming from edible oil versus foods?

Angshu Mallick: See, when it comes to edible oil, we roughly do edible oil around -- edible oil is around 59% is edible oil, say 60% out of INR3,900 crores.

Harit Kapoor: Got it. And profitability?

Angshu Mallick: 60% is around INR2,400 crores is this and INR1,500 crores is food, but food is growing faster.

Harit Kapoor: Got it. And a margin profile would be also better for foods business in quick commerce compared to, let's say, in general trade channel because a lot of logistic cost and you would be saving that?

Angshu Mallick: Yes, one is logistic cost. Second is salespeople cost because hardly any sales people have to go. We have a central department, which manages everybody together. And third is that we have benchmarking. So we can benchmark with the competition and ensure that our prices are either very close, a little higher or a little lower, but then we have a benchmarking system that enables us to get better margin.

Harit Kapoor: Got it. And sir, one bookkeeping question that we have seen that there is a huge jump in employee cost for the quarter as well as in some of the previous quarter also, we have seen that jump. So what would be the steady state or, let's say, annualized employee cost we should assume for your business? And second, can you quantify the one-off amount in other income line item, which is seeing significant jump in this quarter?

Shrikant Kanhere: So on employee, I would -- I'll explain you. Basically the jump which you are seeing in employee cost is basically on account of the consolidation of GD Foods now into these numbers. So basically, when you are comparing with June '24, it's not an apple-to-apple. So one is that. So if you normalize for that GD Foods, the employee cost has gone up by close to 11%, 12% versus last year, which is quite okay.

And for the full year, if you look at -- if you really want to look at full year employee cost number, I think you can take a base of 25%. And over that, you can apply any number of close to 10% kind of inflation and that you will get it for your modelling.

Harit Kapoor: Got it. And other income?

Shrikant Kanhere: Yes, what was your question, sorry?

Harit Kapoor: So can you quantify the one-off amount in other income line item?

Shrikant Kanhere: Okay. So basically, it's a derivative or rather, I would say, some of the hedges which we settled. That was I was explaining to Abneesh or some other person that when you look at inventory loss, you should look at including the hedging. So this -- so as per the accounting actually according to us, it ideally should have got classified as a cost of goods sold, but accounting standard doesn't allow that. So therefore, the one-off is that settlement of hedges.

Harit Kapoor: No. So I was asking what is the amount of that one-off adjustment?

Shrikant Kanhere: The amount of one-off that adjustment is close to INR150 crores.

Harit Kapoor: Got it. That's it from my side. Thank you very much, sir.

Shrikant Kanhere: And it's not a one-off because it may or may not happen next quarter because it's the way how you do in accounting.

Harit Kapoor: Yes. That I understood that. It's just that I wanted to see that what would be the normalized EBIT margin for the oil business because of that.

Harit Kapoor: Yes.

Moderator: Thank you. Ladies and gentlemen, we'll take that as a last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

Shrikant Kanhere: Yes, thank you, everyone for attending the call and asking the questions. We hope that we are able to answer your questions. Thank you very much and do keep in touch with us for any further queries. Thank you.

Angshu Mallick: Thank you, everyone for attending.

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.