Ref No: AWL/SECT/2025-26/16

6th May 2025

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/ Ma'am,

Sub: Transcript of Earnings Call of Q4FY25 of AWL Agri Business Limited (formerly known as Adani Wilmar Limited - "the Company')

This is in continuation to our earlier letter dated 29th April, 2025 regarding audio recording of Q4FY25 earnings call held on 29th April, 2025. Please find attached transcript of the said 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

Digitally signed by Darshil Mayank Lakhia
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"AWL Agri Business Limited

Q4 FY25 Earnings Conference Call"

April 29, 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. KARAN BHUWANIA – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY25 Earnings Conference Call of AWL Agri Business 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bhuwania from ICICI Securities. Thank you. And over to you, Mr. Bhuwania.

Karan Bhuwania: Thank you, Michelle. Good morning, everyone. It's our pleasure at ICICI Securities to host Q4 FY25 Results Conference Call of AWL Agri Business Limited. From the management, we have Mr. Angshu Mallick, Chief Executive Officer and Managing Director; Mr. Shrikant Kanhere, Deputy CEO and CFO; Mr. Saumin Sheth, Chief Operating Officer.

I'll now hand over the call to the management for their opening remarks. Over to you, sir. Thank you.

Shrikant Kanhere: Yes. Thank you, everyone, for joining the call. As a customary process, we will take you through a presentation to run through the quarter 4 performance of the company and also the full-year performance. And after the presentation, we'll open the floor for question-and-answers. We'll be happy to take over any questions from the investors. So when we look at the numbers for the quarter 4, the revenue -- the volume grew by 8% for the quarter as well as for the year, it grew by 9%.

Revenue grew by 38% and 24% respectively for the quarter 4 and full year. We had one of the best year for the AWL Agri Business since our inception, closed the EBITDA at plus of INR2,700 crores and a PAT of INR1,200 crores. Overall, a good score in terms of all the business parameters of the company, whether it is a volume growth, whether it is a revenue growth, whether it is absolute EBITDA and PAT. We have been able to deliver a great set of number for this financial year.

When we look at the return metrics for all the three segments; edible oil, food & FMCG and industry essentials. Edible oil continued to give better numbers in terms of volume as well as return on capital employed at 23%. Industry essentials delivered an ROCE of 17% and at an overall company level, we delivered an ROCE of 15%, which is quite reasonably healthy. Given the fact that our food business is still margin neutral, it's not something which is – something which is by design that since we are already into an investment and growth phase as far as food is concerned.

It will continue like this for another 2 years or so. Once it starts generating margins, I think this ROCE of 15% will certainly look better as we go forward. On a segment basis, of course, as I said earlier, edible oil at 23% and industry essentials at 17% is far better than what we had delivered in last couple of years, whether FY '22, '23 and '24. FY '22, we had an overall ROCE of 12%, whereas now we are sitting at 15%. And once the food starts delivering on the bottom line, this 15% should improve from here.

On a market context, this quarter also saw palm oil sitting on the top. The prices of palm remained high as compared to soya and sunflower, impacting, of course, the demand on palm and that's where also company had some bit of issues in terms of palm volumes, but this proposition as we go forward should change as we enter into quarter 1 of FY '26. The prices have already started stabilizing and we are hopeful that the palm prices should cool down as we go forward from here.

Just to give you an industry update on the retail sales, how does it look like for the full year and particularly for the quarter when we look at edible oil. In the Q4, the edible oil was -- the industry didn't grow actually. Industry was flattish without any growth. Similarly, when we look at wheat flour, which is one of the significant contributor to our food business also had got a mixed growth where it didn't grow in urban, but we did saw 12% growth in rural areas.

When we look at the Basmati rice, again it's a significant contributor to our food basket. Full-year growth was tepid at only 5.5%. So the crux of this slide or this message is basically we saw a very tepid demand during throughout the year, particularly in quarter 4 when it comes to edible oil and rice.

On business update, happy to inform everyone that we got renamed from Adani Wilmar Limited to AWL Agri Business Limited. And the logic of our new logo, of course, is like river that nurtures the land and carry stories across the generation. It's basically a river flowing from A to L, which suggests that the company is actually into from a farm to folk kind of logic, which we have tried to build into this logo. And I'm very hopeful that with the new name and new logo, we will flourish more than what we have been able to do for last 25 years.

On an overall company level update, Q4 volume grew by 8%. Revenue at INR18,230 crores grew by 38%. When it comes to full-year EBITDA, we clocked operational EBITDA of plus of INR2,400 crores, which is 119% up year-on-year. Food & FMCG business grew by 26% year-on-year for the FY '25. Now the alternate channel is reasonably big in our overall scheme of the things, contributing close to INR3,600 crores of revenue to our portfolio.

Within this alternate channel, we are quite happy to see that quick commerce actually increased by 113% year-on-year in quarter 4. South being one of the focus region for us. And as we have said earlier also, it's also under-indexed market for us. All the work done by us in South for last couple of years have now started showing the results. South sales volume grew by 25% year-on-year and now it is contributing plus of 10% in our overall scheme of the things as far as the branded sales is concerned.

Particularly for the edible oil, Q4 we could record a volume growth of 7%, healthy volume growth rather I would say. Highest ever profit in edible oil in FY '25. We also saw high palm oil prices, which led to market share loss in value-for-money segment. Excluding palm, however, our branded oil grew by 6% year-on-year as far as FY '25 is concerned. Our strategy to continue an improving penetration for the under-indexed market is working well and we will continue to work in that market with the help of our food basket.

And we'll be investing in our flanker brands to gain market share from the regional players as we go forward from here. Edible oil quarterly sales trend is healthy, 6% growing in volume terms. We did 1.04 million tons in Q4 '25. Full year, the CAGR of 7%. We closed at a little over 4 million tons for the edible oil in FY '25. Capacity utilization for all our edible oil capacities is decently placed, plus of 60%. So, we still have a lot of capacities with us to absorb any kind of growth that we will see in coming years.

When we talk about the food & FMCG as a segment, the segment revenue grew by 9% year-on-year in quarter 4 '25 to INR1,400 crores plus. For the full year, it crossed INR6,000 crores mark for the first time. Profitability of the food as we are suggesting earlier also remain at a breakeven or EBITDA neutral by design. We had some issues this year in the rice because of the paddy prices, which crashed this year leading us to a high-price inventory in our hand. So, that also has got some impact on the food profitability that we saw this year.

Wheat flour business continues very well to grow and gain market share. We are now close to 6% of market share and distant number two player in the country. Branded Basmati rice business also has got some impact other than the price movement in paddy due to the modern trade supply chain issues, which we had. We have been able to fix these issues in Q4 and I think we should be able to see the result of all these pictures in quarter 1 and quarter 2 as we go forward from here.

On highlights of the food & FMCG continuing on pulses, besan as a category continue to grow strong. All our other products in food & FMCG such like soya nugget, sugar, poha kept growing in double digits. Soya nuggets and poha are the two categories with a very high-margin profile with a gross margin of plus of 30% and EBITDA of plus of 15% kind of numbers, which we have been able to clock. And this is one of the star product in our food segment and continue to grow. We will continue to invest more on in these food products.

We have also now launched a Fortune Cake Mix. Basically, it's more of a B2B kind of a product where we would be supplying it to bakeries and even to the retail consumer as well. On soap, again we are very -- it's a very encouraging story. The soap grew by 19% year-on-year in FY '25. It's now INR130 crores brand for us.

We recently acquired GD Foods. We achieved the closing of the transaction in the quarter 1. We signed the agreement -- definitive agreement in last quarter, that is on 4th of March. GD Foods manufacturer of soya sauce, pickles, condiments, jams. It's a very adjacent category for us. It's one of the kitchen essential today in Indian kitchen. We have acquired this company with an intention to grow the business currently at INR400 crores of top line with a gross margin of plus of 50%.

This is one product line which will add into our food business, which is a high-margin product and also one of the kitchen essential, which we were looking at. This company was launched in '84, 40 years old company have been very strong in Northern India, 7 states of North India and are currently number three player in these markets after Kissan and Maggi.

We acquired this company at an enterprise value of INR603 crores, which is close to 1.5x of their revenue. And we are hopeful that basis our distribution strength, we should be able to multiply the business model of this company. There are lot of low-hanging fruits that are there besides being distribution sourcing capability is also one thing where we will add in this company and will improve the sales as well as the margin structure of the company.

On distribution front, we are aggressively growing. End of March '25, we are now 8.6 million retail outlets where we reach directly, up by close to 20% from last year. Last year, March '24 we were at 7.2 million outlets – 7,20,000 outlets, sorry to 860,000 outlets now. On the rural side, we have -- as we were saying in quite a few calls earlier that we would want to reach target 50,000 rural towns by March '25 and we are happy to announce that we have been able to do that.

Now, we reached more than 50,000 towns. These all distribution updates or a distribution improvement that we have been able to showcase should start reflecting in coming quarters and we should see the impact -- positive impact of all these developments in Q1 and Q2. Alternate channel, quick commerce is quite encouraging for us, grown at 113%. We are investing in this channel more on an AI side, just to understand the customer requirements and how can we ensure that we remain with 100% kind of fill rate.

So, we are doing a lot of intervention in this channel just to ensure that the growth, which we have seen in this channel continues as we -- from here onwards. Our Gohana food complex, which is one of the big capex that we spent out of IPO funding is now more or less ready. We are hopeful that we should be able to commission the entire food park sometime in August '25. So that for the next full half year, half year of FY '26 we should be able to get the business coming up from this plant and should reflect in our top line as well as bottom line.

Besides Gohana, we have been able to commission a lot of IPO projects, which includes pulses besan and wheat flour units across all the locations. The castor derivative plant is right now ongoing and should be completed by end of this financial year. We have been doing a lot of intervention in rural for rural penetration by doing a lot of digital activities, by doing a lot of branding in terms of bus branding, dhaba branding or a building branding.

So that activities continues. And we will continue to do all these interventions to see that the brand goes to all the consumers quite aggressively. In the Kumbh also, we did a lot of intervention by doing some promotional activity inside the Kumbh Mela.

On ESG front, I'll not spend much time, but it's a very important aspect for us. We continue to do all the interventions required for ESG, whether it is a resource, which is a tree plantation or solar implementation.

Now, we have close to 10 megawatt of solar capacity available, which is around 10% of our total requirement. We continue to work in the areas of rain water harvesting and zero liquid discharge plants at our various locations. On logistics front, we continue to work on the multimodal concept where we are trying to dispatch more and more of our product through a rail, which is a green energy. We have been recognized by a lot of appreciation from Indian Railways as well as inclusion of AWL in FTSE4Good Index Series.

On CSR front, we continue to work on the Fortune SuPoshan. This is it from my side as far as the presentation is concerned, just to give you a quick update on Q4 and FY '25 numbers and performance.

Now, I would request moderator to open the floor for question and answers, and Mr. Mallick and myself are here to address any questions.

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

Abneesh Roy: I have two questions. My first question is on the recent edible oil industry demand that import duty on the refined palm oil has to be increased. What is your view on likelihood of this? And how does this impact your overall margins because margins this quarter was disappointing. Do you see that this could impact margins if this happens?

Angshu Mallick: See, on differential duty what we call it between crude palm oil and refined palmolein, the differential duty is only 7.5%. Now it is cheaper to import olein and sell rather than to buy CPO process and sell. Now the industry has put in a lot of capex and most of the players are running at around 40%, 45% capacity utilization.

Now, we have been requesting the government that Make in India is something that is being talked about, but it needs a differential duty of at least 15%. And in that case, only we can import more CPO and process and make olein in India. Government has accepted it as a positive sign. And I think things will happen sooner or later because government has understood that helping the Indonesian industry is of no use. And I hope it happens fast.

On margin front, let me answer that. Possibly, we had the best year in last 25 years in terms of EBITDA. And margins in edible oil has been good and has been steady. We have delivered what has been said in the last 12 quarters, if you see. Quarter-on-quarter, if you see, edible oil have done well, except for last year when we had a different issue. But otherwise, margins are stable. Outlook is also stable. And going forward, I think edible oil will continue to deliver what it has been promising.

Abneesh Roy: Sir, one follow-up on the margin. So it was a good year -- but it was a good year. First 9 months was good with almost 4%, 4% plus margins in most of the quarters. But this quarter, was there any inventory loss because quarter-on-quarter margin has become almost half EBITDA margin. And how do you see Q1 and Q2? Any sense you have on coming back to a decent margin of 4%?

Shrikant Kanhere: Yes. Sorry, yes -- so, Abneesh, I'll take this question. So, I just want to clarify one thing that whether we agree, whether we like it or not like it, I think one thing we must accept that at the back of overall scheme of the things, which we are working on, there is a commodity. Now, commodity not necessarily will behave quarter-on-quarter because commodity cycle behaves in its own way.

So a lot many times, what happens is that a cycle which you are running may -- some ends of the cycle may get completed in 1 quarter and the remaining ends may get completed in the next quarter. And therefore, there is always an overlap between 1 quarter and 2 quarters. And therefore, when we try to look at numbers only for the quarter may not be a right thing.

And therefore, I always say that look at the number at least for a half and if not a half, at least for a full year because that's where it is a sizably reasonably good period where the cycle gets completed.

When I say cycle gets completed because when you are operating in a commodity world, you always try to operate in a hedge mechanism where one leg of hedge gets completed in one quarter, another hedge leg gets completed in another quarter. And that's where it's better to look at half, number one.

Number two, let's not look at margin for us in terms of the percentage. I think we should be looking at margin in terms of the per ton. This year, we have been saying in our previous calls also that we had a favorable cycle. We had a favorable inventory gains also in this particular year, which may not necessarily be in the next year. However, having said that, as you ask, what is the outlook for the next full year.

I think we should be able to deliver the margin structure in per ton terms, which we have been delivering earlier, except for the last year. I think last year, we have to take out because it was an exceptional year. So just to spell out very clearly, INR3,500 to INR3,600 a ton of EBITDA for edible oil should be -- should be -- on an overall basis, we should be able to deliver.

Abneesh Roy: And sir, last quick follow-up. Essentially, if I see your broader numbers, you have taken around 37% price hike, but I also see that your Q4 edible oil volumes are higher than Q3, but profits are lower. So, have you gone for market share expansion? And so that's why you sacrificed on the margin side, but you would have gained some volumes. Is that correct?

Shrikant Kanhere: Yes. There is some kind of aggression, which we had to do that because as Mr. Mallick said earlier also that palm prices remained very high. And this is also a very important segment for us. So, some bit of aggression we had to do because we don't want to lose too much of market share or too much of volume on the palm. That is also one reason. But as I said earlier also, the cycle completion not necessarily happening in this quarter may be one of the reasons why you are looking the margins a little lower than otherwise.

Abneesh Roy: Sure. Any last thoughts on palm oil? What is your understanding of the outlook? Because conflicting news flow seems that crop seems okay, but then the local government of Malaysia, Indonesia might also be looking at mixing palm oil in rest of the fuel needs. So, any thoughts you see for how you see India prices in FY '26? What will be your initial thoughts?

Angshu Mallick: See, one thing is there, Abneesh, that it has come up from the top, so that we can see. And going forward, April, May, June, the prices will soften little bit further. But one doesn't know about any policy that Indonesia or Malaysia will bring on B40. Now, these are some things where things always remain uncertain. But going ahead, we feel that palm oil will not be as pricely as it used to be in the past, at least last 6 months and it's going to be reasonable. So overall stability in prices seems to be there.

Abneesh Roy: Thanks. That's all from my side. Thank you.

Moderator: Thank you. We'll take the next question from the line of Anuj Poddar from Futures First. Please go ahead.

Anuj Poddar: Hi, sir Thank you for giving me the opportunity. My question to you is, I mean, I'm an investor in AWL since last 3 years, and we have seen underperformance since last 3 years, and there is no sign of improving. So, my question to the management is does management have any concern for the shareholder? I mean, what steps you are taking for the prices to settle down?

Shrikant Kanhere: So thanks, Anuj, for your question. I think, see, prices is something, which is not in our hand. What we can do is just to improve the business and that I think we are doing it. I think the numbers of FY '25 is there. So, we had a one of -- we have one of the best year since inception with a profit of INR1,200 crores of PAT.

Now price is a very dynamic, which has been -- which is something which is a market-driven discovery on which, unfortunately, management doesn't have any control. What we can do, we are doing it by ensuring that we keep on adding good businesses in the overall scheme of the things like we did the GD Foods acquisition. We did Kohinoor acquisition. And as we go forward, we are quite optimistic that we should be able to repeat the similar performance as we go forward in next FY '26 and let the market then discover the price.

Anuj Poddar: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Sanjay Shah from KSA Securities Private Limited. Please go ahead.

Sanjay Shah: Good morning, gentlemen and thanks for opportunity. Sir, my question was, as you well explained about our acquisition of -- capex done at Haryana, acquisition of GD Foods. So now taking forward from here, how much revenue do we expect from Food & FMCG business in next 2 years? And any color on margins? What all the investments are planned through the organic and inorganic? Any new investment plan for organic and inorganic growth from here on?

Shrikant Kanhere: Okay. So as far as the food & FMCG is concerned, as we have been saying earlier also that it is a focused area for us. This year, we clocked a volume of 1.2 million tons out of total 6.5 million tons, which is close to 18%, 19% of overall things. This basket is growing at decent growth with a 20% kind of growth, which we have been able to clock year after year. And with a INR6,000 crores plus of revenue this year, I think we have taken internal target that by end of FY '27, that is after 2 years, we should be able to clock INR10,000 crores of revenue for the food.

On margin front, I think we have been saying this for quite some time that food will remain into an investment phase or a growth phase for next 2 years to 3 years and we'll continue to operate at an EBITDA neutral. That's where we will reach to a level where we have a decent market share and decent market penetration for all the products and from where you should start looking at the margins reflecting on the bottom line.

As far as organic and inorganic growth is concerned, of course, we will now -- given the fact that now Gohana has been delivered to us, from here, we should see our organic growth only. But we are not worried to the fact that any M&A opportunity coming in our way, we will certainly explore and try to grab it because that helps you to have a quick growth on the basket. So, that we will continue to explore and take it forward.

Sanjay Shah: Great. Sir, any comment on promoter support. Now, Wilmar is on the front foot. And after rebranding, how do you see the global expansion, sourcing advantage and promoter support from here on?

Shrikant Kanhere: Yes. So, promoter support will always be there. In fact, Wilmar is quite bullish on India. And if you look at the business in which Wilmar today is, is more or less similar to what we are today in AWL Agri business in India. So, we have all the support from Wilmar Singapore. And we do expect that from here, given the fact that Wilmar would be at a driving seat as far as the overall business operations are concerned, we do look at -- explore the opportunity of going even operations out of India.

So, that's something which is at a very initial stage. Right now, I can't be able to comment anything on that. But yes, the promoter support will always be there. In fact, it will be with a more force now given the fact that Wilmar has got a more say in their operations in India now.

Sanjay Shah: Right. Sir, my last question was regarding...

Moderator: I'm sorry to interrupt you, Mr. Shah. I would request you to kindly rejoin the queue for follow-up questions, please. Thank you. We'll take the next question from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Yes. Good morning. Just had a couple of questions. Firstly, on market share. So, you mentioned there was a little bit of a dip in palm oil and you mentioned it in the presentation as well. So, just wanted to understand what's happened there? Is it that regional players have gotten more competitive? And what are some of the things that we are doing to -- what are the actions that we've taken to mitigate this? And when do we see an improvement as far as shares are concerned? That's my first question?

Angshu Mallick: Okay. As you are aware that the palm oil prices being high, in fact, higher than sunflower oil, consumption shifted from olein to soybean in North and East and to sunflower in West and South. We lost almost 1.3% market share in palm oil. We are number 2 player. And obviously, we have big share in olein and that we dropped because the high prices, obviously, consumption dropped.

We got incremental 10 bps in soybean oil. Sunflower oil grew by 20 basis points and mustard oil grew by 30 basis points. Overall, overall, our market share dropped by 30 basis points only because of olein. That is the story so far. Now going forward two, three things that we are doing. One, palm has now started coming back into the pricing game, and it is today, if you ask me, it is cheaper than soybean oil, obviously, cheaper than sunflower oil.

So, traction has started coming and summer generally, palm oil is consumed more than winter. So, we have started seeing the growth in palm oil, the consumption. So it is possible that we may recover our lost market share, one. Two is that rural market still consumes lower quantity, and we see great opportunity if we have a better reach. So last year, we increased our retail reach.

This year also, we will increase this 50,000 towns to possibly 60,000 towns. So, that direct coverage gives us the advantage of being present in smaller towns. Third is that we have flanker brands, Kings and Aadhar, which we are going to promote aggressively. Already new advertising has been done and we are going to shoot them both in digital as well as in television.

Some of the work has already started. We are sure we will catch the price-conscious consumers there. So put together A, B and C, I see we will regain our market share. Maybe we'll grew by 20 basis points, 30 basis points over last year. So, we will surely regain the lost market share.

Harit Kapoor: The second thing was on the food & FMCG side. So, how do we look at this segment going into next year? So, I know you have a target of INR1,000 crores, that's a 25% CAGR in revenue. But just into next year, should we assume that first half growth should be a little lower given the high base, given the fact that you had some export of -- additional exports of rice last year as well in the first half and a pickup in the second half of the year to get to that 20%, 25% growth number? Is that the way to think about the trajectory of growth through the year?

Angshu Mallick: Okay. To start with the biggest segment of brand in staples is wheat flour. Wheat flour actually was historically growing at 18% to 20% as per Nielsen. We were also doing very well. It's only last year when the wheat prices went up abnormally high, consumers shifted to Loose Atta or buying wheat and making Atta themselves. So, branded share came down. And in fact, negative, minus 2% was the overall growth in terms of branded wheat, as per Nielsen. We did grow, but not that much.

This year, I think the wheat prices are much lower, already INR4, INR5 cheaper than last year. So, I think consumption story will be better, number one. Number two, rice prices are very low. It is possibly the lowest in the last 3 years, 4 years, Basmati Rice and non-Basmati Rice. So, we are seeing good traction, and I'm sure Basmati Rice and non-Basmati both will grow this year.

Besan prices are low and we have added two factories, one in Ahmadabad Kadi, which is a new plant come up in March. That will add volume, as well as our Gohana plant will also start making wheat flour maida from August, that will add volume. So overall, overall capacity increase will help us, lower prices. Lower inflation will help us. Third, overall government incentive in income tax relief and their investments in capex will add to the consumption. So, I think overall, food basket should do better.

Harit Kapoor: Got it. Got it. And last question was on the modern trade side. So, you did mention some issues there. If you could just talk about what were the problems and what have you done to kind of solve it?

Angshu Mallick: See, modern trade -- between alternate channel, modern trade and e-commerce, e-commerce is growing faster. There is no doubt about it, and almost 100% quarter-on-quarter growth. Annual growth will be more than 60%. Now, modern trade is left with two big players, Reliance and DMart and their rationalization of outlet or their reduction of inventory and all that has been slowing down the growth, the way we were growing earlier. Private labels have also come in, in these things.

So these are some of the challenges, but strong brand, obviously, we have an edge over others. But the growth-wise, e-commerce is any time growing much faster. So, these are the things in alternate channel.

Harit Kapoor: Got it. I will come back for more. Thank you.

Moderator: Thank you. We'll take the next question from the line of Adithya P from JP Morgan. Please go ahead.

Adithya P: My first question is on the edible oil business. If you look at FY '26, under the normalized operating scenario, what is the kind of volume growth that you will be aspiring for? And as an extension to your point on palm oil prices having corrected significantly over the last month, will there be any transient impact on your margins as a result of this or are there any hedging related impact that could come, which we should be aware of?

Angshu Mallick: See, on growth front, edible oil consumption we are hopeful of anything between 7% to 8% growth, although the country consumption is growing by only 3%, but we expect to do better than average industry, and we will continue to do, one. Two, palm oil prices coming down will help us because we are a big player in palm oil.

Possibly, we are the largest importers of crude palm oil and refined palm oil. And we have very good network of distribution of branded palm oil, plus we have a lot of institutional sales where we score over others in terms of supply chain management. So, palm coming down will help us to improve our volumes, reduce our plant cost and improve efficiency. So overall, overall, it's a benefit for AWL.

Adithya P: My second question is on capex. What will be the outlay that we can forecast maybe for the next couple of years?

Shrikant Kanhere: So on capex, I think we have done the IPO, capex just finished. So, we have enough capacities now available, whether it is a food or oil. We are already building 1 -- we are already running 1 capex of INR1,000 crores which includes the wholly-owned complex in Krishnapatnam down South and a couple of small facilities for the Castor.

Besides that, I don't see a big capex as such coming up for the next couple of years, except for the fact that we may end up running some maintenance capex of close to INR100 crores, INR120 crores, INR150 crores, plus any plant where we need to do a debottlenecking or anything. So maybe for a purpose of taking any number, I think for next couple of years, I don't think we would be spending more than INR500 crores, INR600 crores of capex for a year.

Adithya P: Just if I can squeeze in one more question. Can you just give us a bit more color on what will your margin profile look like across the different channels, say, quick commerce, modern trade and general trade? Will one of the channels be significantly more margin accretive versus the rest? It would be great if you could give us some color?

Angshu Mallick: See, margin-wise, normally, modern trade and e-commerce gives us little better margin than general trade. But you also need to spend more in modern trade and e-commerce to keep the products, particularly some of the slow-moving products or your focused products coming up the screen for buying purpose. So, we have to promote more than competition. In Basmati Rice, we have to promote more than competition.

So here, you have to spend money to do that. So on one side, there is improved margin because sales people cost reduces or something, but then you have to do more promotion within the channel to push your volumes. Overall, volume-wise that is how we have to play.

Adithya P: Thank you. Thanks for the opportunity.

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

Kunal Shah: Sir, my first question is regarding your guidance of this INR3,500, INR3,600 EBITDA per ton. Just to confirm, this is on an overall basis and does this include other income also or is it excluding other income?.

Shrikant Kanhere: Sorry, your voice was breaking. Can you just come back maybe the full question again?

Kunal Shah: Yes. So, my question is regarding this EBITDA guidance of INR3,500, INR3,600 per ton. Is this on an overall basis for the full business and does this include other income or is it excluding that piece?

Shrikant Kanhere: Yes, this INR3,500 crores INR3,600 crores which we are saying is for the full business, which includes all edible oil, food & FMCG, industry essentials. And it does include the other income also because for us, other income is also very much part of the business only because it's not something which is -- you can't separate it with the business otherwise.

Kunal Shah: Understood. Understood. So then in that case, it's fair to say that this year was a one-off from a profitability standpoint for the full year as well despite a lower 4Q. And then Y-o-Y, we'll see some dip in profitability next year? That would be a fair understanding?.

Shrikant Kanhere: Yes, yes, absolutely fair understanding. That is what we have been saying. For the quarter 2, quarter 3, we did saw a favorable commodity cycle gain, one-off kind of cycle gain, which actually resulted into a better number for us in Q4 -- in Q3, particularly and to some extent, Q1 and Q2 also. And therefore, when you look at the next year, the numbers would look not exactly the way we have been able to deliver this year, would be a little less than that.

I mean, to some extent, this will get compensated by the kind of volume growth that we will be able to get next year, but not the full commodity cycle one-off kind of gain, which we have seen this year will be there next year.

Kunal Shah: Understood. And on the volume growth front, if I recollect, there was some unbranded sales -- bunch of unbranded sales even in edible oils in the first half of this year. So, this 7%, 8% volume growth guidance, which you have just shared takes into account that, right? And it will be on -- despite that -- I mean, on that base, you should be able to grow 7%, 8% this year is the thought process as on today?

Shrikant Kanhere: Yes, absolutely. So when we say edible oil, it takes into account everything, everything which we have in edible oil, whether it is institutional or whether it is branded. So when we say we are targeting 7%, 8%, it includes everything, all kind of sales.

Kunal Shah: Understood. Understood. My second bit was on this GD Foods acquisition. Any thought process on the type of sales growth or scale up that you're looking at in this business, let's say, in the next 1, 2 years? And what are the kind of margins that you're looking at? Any synergies that you can gain out of it? If you can share some thoughts over there?

Shrikant Kanhere: Yes, there is quite a significant improvement that we should be able to do in this business. Typically, there are low-hanging fruits like we can just leverage our distribution. We are very strong in North. And this company is also more or less predominantly present in northern markets. So, leveraging our distribution itself can deliver into saving in the cost and improving the volumes of the business, number one.

Number two, there is a lot of sourcing synergy that we can bring in because this company -- also company requires sugar. This company requires oil. This company requires Atta and maida and RFM, which we already have. So, we can leverage on that as well. Besides that, there are lot of channels where we will add in terms of distribution. This company is not very quite significantly active on e-com and modern format store where we are.

So, we can just bring in that also aspect into this business. So, we have absolutely no doubt that why we should not be able to take this company higher than what is it today. And I mean, we are hopeful that in the next couple of years itself, we can make the top line 2x of what it is today.

Kunal Shah: Understood. And my last bit is on -- can you just let us know what's the branded share of business for both foods and edible oil for the year and what should be the tax rate next year, just these 2 bit?

Shrikant Kanhere: So, branded share in food is quite high. So food is, in fact, more than 75% is branded because food is more of a consumer business. Edible oil, we do have a good chunk of institutional clients also. But in edible oil, it's close to plus of 60% is brand. In food, it is more than 70%, 75%. So when you look at the overall scheme of the things, we have good 70% of business coming from the brand.

Kunal Shah: Understood. And then the tax rate that we should build for the next year, any changes that we should expect?

Shrikant Kanhere: Tax rate?

Kunal Shah: Yes, tax rate.

Shrikant Kanhere: Yes. So today, the effective tax rate of company is 25.8%. I think you can continue to assume 25% tax rate effectively.

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

Moderator: Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Yes. So, I had just a follow-up on the opex side. We've seen the sharp increase in people cost over the last two quarters or so. I just wanted to understand what's driving it? Is it also the capex, Gohana, etcetera? Because we've seen two quarters of like pretty high people cost growth. So, just some outlook on that, employee cost?

Shrikant Kanhere: Yes. Absolutely fair observation, Harit. On people cost, there are two reasons. One reason you already mentioned that quite a few new projects, which have got delivered to us will require new man force, manpower to run the plant, number one. Number two, business as such is also growing. So therefore, with the growth of the business, you also have to add the manpower. So, this is the one.

The second aspect, of course, given the fact that we had a superlative year in terms of the performance of the business, so we do have provided some kind of additional incentive in the people cost in the quarter 4 number. And that's why the quarter 4 number is looking a little more than the last quarter. And also for the full year, it is looking -- the cost is looking more. So it's a one-time kind of number. Otherwise, our people costs usually grow in the range of 10% to 11%.

Harit Kapoor: Great. Thank you.

Moderator: Thank you. We will take the next question from the line of Karan Bhuwania from ICICI Securities. Please go ahead.

Karan Bhuwania: Just one question. If you look at the growth of FMCG, right, it has decelerated over last 3, 4 quarters, right, from growing somewhere around 20%, 25%, we have come to like 9% to 10%. So, can you just help us understand what are the different growth rates within the subsegments, for example, wheat, rice that you're witnessing within that?

And given that we have a target of INR10,000 crores revenue by FY '27, how should we look at this trajectory going forward, right? Because we asked for the CAGR would be somewhere around 20% to achieve that number, right? And the last question on that would be, you also mentioned some supply chain issues regarding -- impacting your growth, right? So if you can explain what that issue was and what's the current update on that?

Angshu Mallick: Okay. So let's start with wheat flour. Wheat flour business is almost 0.5 million ton business for us and has been growing steadily for 25% over the last 3 years, 4 years. This year, it has slowed down for one big reason is that the wheat prices went up from almost INR26, INR27 in April, May, June to INR32, INR33, INR34 in Delhi and maybe INR40 in down South.

Now, what has happened is that the wheat prices going up so much impacted our branded consumption. And the consumption story dropped drastically because one, prices went up and consumption became more from loose than packed. So, we lost volume on that. Everybody in the industry lost volume on that. So, one reason is that.

Second is that when the commodity prices goes up, players like us get impacted immediately because the local players can manage with even lesser quality wheat and maida. They can make and they manage the situation. We can't because we have very strict quality control norms that we have to manage. Otherwise, we can't pack it in our brand. That is one.

Now when it comes to supply chain, we have said rice is our second business, which is almost 400,000 tons per annum. Here, our Gohana plant was supposed to get operational by October when the paddy arrives, and we were almost getting ready. But what happened was that new norm of getting pollution control came up for units located in NCR. And our Gohana unit is located in NCR.

So one, it has to work on biofuel. So, that is not an issue. Issue was that the government said that as per the law, the unit can only start after the Central Pollution Control Board gives us clearance certificate. Now earlier, the clearance certificate was very simple to get. But with some High Court order, I think they said there has to be a meeting, there has to be a presentation, and it took 1.5 months and then it got extended and then the permission came only end of December, January.

So, our 3 months, we lost on that processing of rice when paddy is processed and the supply chain become a little tight. Otherwise, rice would have done even better than what it has done. These 2 are major players.

Then came our pulses and all that, where we don't think we have lost on anything, except that the growth subsided because matar was imported a lot and matar, as you know, Yellow Peas was priced half of Chana. So, people shifted to lower-cost matar besan, what they call, and we are in Chana besan. So obviously, that sales impacted. So, all these things put together reduced our growth 10%. Otherwise, 20%, 22% growth has been a steady performance.

Coming forward -- going forward, this quarter onwards, wheat prices have come off. We have reduced the prices and markets are getting back into action. Rice is steady. Gohana plant has started producing. So, things are much better than normal. I think going forward, we should continue to deliver 18%, 20% growth in food.

Karan Bhuwania: Thank you, sir. Best of luck.

Moderator: Thank you. Ladies and gentlemen, we'll take the last question for today which is from the line of Shirish Pardeshi from Motilal Oswal. Please go ahead.

Shirish Pardeshi: Thanks for the opportunity and good afternoon. I have three questions, Mr. Mallick. Starting with Gohana plant, which is operational and you say that about 95%, it is operational. I was more curious in FY '26, what kind of internal sourcing for rice and wheat milling will happen from this plant to our overall sales contribution?

Angshu Mallick: See, this plant can process roughly around 150,000 tons of paddy annually and roughly around over 150,000 tons, 200,000 tons of rice. So, that part is ready for use and going on. Mustard oil crushing is 600 tons per day. So, that has also started. Only solvent extraction, we are putting up this month possibly. So, solvent extraction will start. And then there is a refinery attached to it and packing. All these things will get ready by maybe May end, June early.

Only project that will come by August is the wheat flour project, which is a good, big project and that we will get only 6 months. I think that is around 15,000 tons per month capacity. So, that we'll get for 6 months. So, 100,000 tons, maybe maximum 100,000 tons, we can process wheat. All put together, this should be the Gohana's contribution to this year.

Shirish Pardeshi: So how Gohana to the overall, our sourcing capacity will add?

Angshu Mallick: That is what I said, around 150,000 tons of paddy we can source and process. 100,000 tons or little more rice we can process from the market. We can buy and process in the plant, which is rice-to-rice units that we have. And wheat, we have already started buying for Gohana, but we can use only from August onwards.

Shirish Pardeshi: Yes. So, can you spell out what is the wheat capacity we are looking with milling?

Angshu Mallick: It is 15,000 tons per month. 180,000 tons on the lower side, higher side [inaudible 59:51].

Shirish Pardeshi: Okay. Got it. My second and last question on the GD Foods. Is this integration will take some time or you're already done? Just tell us next 12 months plan because you have focused more on the integration and the synergies in terms of distribution and getting the leverage. But I'm more curious because this company also has some biscuits part.

And at this point of time, biscuits also looks very, very competitive, though they have very good full scale of pantry items and other things. But then just I'm more curious how next 6 months we should be monitoring the progress of GD Foods acquisition?

Shrikant Kanhere: So, you rightly said, I think GD Foods, we have already started interventions in distribution and on the sourcing side. But as far as our understanding is concerned, this company is not into the biscuits. They do have a long tail of products in terms of cake mix, in terms of ready-to-cook kind of -- ready-to-eat kind of products, but not exactly into the biscuit. And we, to be very frank with you, we have no intention to get into this field also.

But on intervention side, yes, we are very aggressive. We have already started intervention. In fact, it's only 20 days, 25 days since we actually achieved the closing. But our team is already there sitting in the GD Foods, trying to work out different models on distribution, how we can leverage our C&F, how we can leverage our distributors because more or less, the general trade segment is more or less similar to what we are today addressing. One is that.

And second, of course, sourcing, we have already started intervention because lot of their raw material, which is there -- already there in our scheme of the things, whether it's sugar or oil or maida or anything or a besan. So, that has already started. We would be doing a lot of other interventions also in terms of putting more money for the working capital, putting more money for expansion wherever is required.

So, that will continue to, I mean, do. And I think in every quarterly call, we do certainly give update to investors that what we have done in this company and where we are today.

Shirish Pardeshi: Okay. All right. Thank you and all the best.

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

Shrikant Kanhere: Yes. Thank you, everyone for attending our call to track our company and do attend our future calls also to understand the business. Thank you again and good luck. Thanks.

Angshu Mallick: Thank you so much to everyone.

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