

# IPO Note

January 24, 2022

## Adani Wilmar Limited





## Issue Snapshot:

Issue Open: Jan 27 – Jan 31, 2022

Price Band: Rs. 218 – 230 (Discount of Rs 21 for all eligible employees)

\*Issue Size: Rs 3600.0 cr (including reservation of Rs 107.0 cr for eligible Employees + Rs 360 cr for AEL (Adani Enterprises Ltd) Shareholders)

Reservation for:

|                   |         |           |
|-------------------|---------|-----------|
| QIB               | Upto    | 50% eq sh |
| Non Institutional | atleast | 15% eq sh |
| Retail            | atleast | 35% eq sh |

Face Value: Rs 1

Book value: Rs 31.95 (Sep 30, 2021)

Bid size: - 65 equity shares and in multiples thereof

100% Book built Issue

## Capital Structure:

|                     |     |           |
|---------------------|-----|-----------|
| Pre Issue Equity:   | Rs. | 114.29 cr |
| *Post issue Equity: | Rs. | 129.94 cr |

Listing: BSE & NSE

Book Running Lead Managers Kotak Mahindra Capital Company Ltd, J.P. Morgan India Private Ltd, BofA Securities India Ltd, Credit Suisse Securities (India) Private Ltd, ICICI Securities Ltd, HDFC Bank Ltd, BNP Paribas

Registrar to issue: Link Intime India Private Limited

## Shareholding Pattern

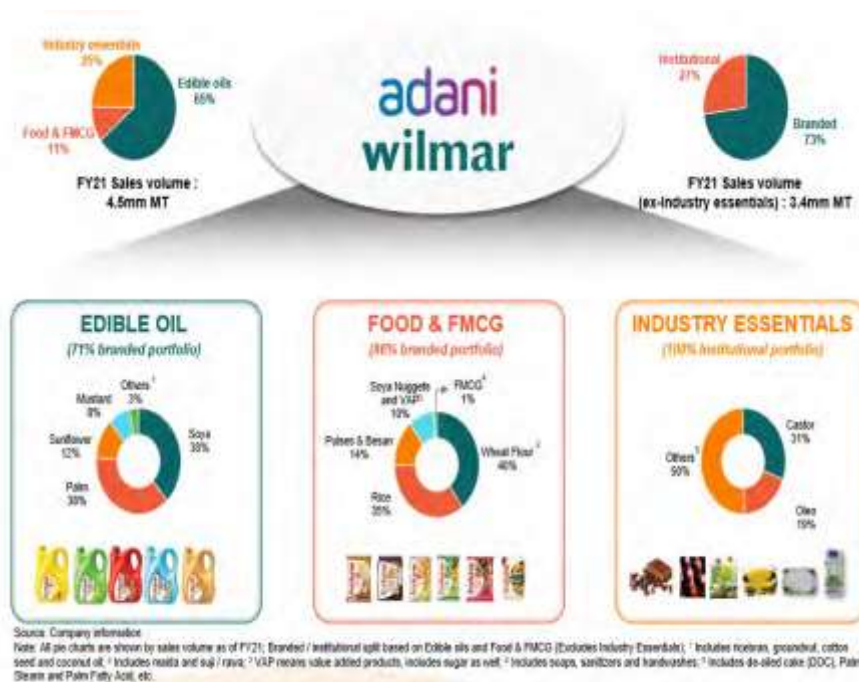
| Shareholding Pattern        | Pre issue %  | Post issue % |
|-----------------------------|--------------|--------------|
| Promoter and Promoter Group | 100.0        | 88.0         |
| Public & Employees          | 0.0          | 12.0         |
| <b>Total</b>                | <b>100.0</b> | <b>100.0</b> |

\*=assuming issue subscribed at higher band  
Source for this Note: RHP

## Background & Operations:

Adani Wilmar Limited (AWL) is one of the few large FMCG food companies in India to offer most of the primary kitchen commodities for Indian consumers, including edible oil, wheat flour, rice, pulses and sugar. It offers a range of staples such as wheat flour, rice, pulses and sugar and its products are offered under a diverse range of brands across a broad price spectrum and cater to different customer groups. The Company is a joint venture incorporated in 1999 between the Adani Group, which is a multinational diversified business group with significant interests across transport and logistics, and energy and utility sectors, and the Wilmar Group, one of Asia's leading agribusiness groups which was ranked seventh largest listed companies by market capitalization on the Singapore Exchange as of September 30, 2021. As a joint venture between the Adani Group and the Wilmar Group, AWL benefit from its strong parentage and from the Adani Group's in-depth understanding of local markets, extensive experience in domestic trading and advanced logistics network in India, and leverage on the Wilmar Group's global sourcing capabilities and technical know-how.

AWL's portfolio of products spans across three categories: (i) edible oil, (ii) packaged food and FMCG, and (iii) industry essentials. A significant majority of its sales pertain to branded products accounting for approximately 73% of its edible oil and food and FMCG sales volume for the financial year 2021 (excluding industry essentials which were offered on a non-branded basis). It has a presence across a wide array of sub-categories within each of these three categories as described below:



As of March 31, 2021, the Refined Oil in Consumer Packs (“ROCP”) market share of AWL’s branded edible oil was of 18.3%, putting it as the dominant No. 1 edible oil brand in India. “Fortune”, its flagship brand, is the largest selling edible oil brand in India. It has also leveraged its brands and distribution network to offer a wide array of packaged foods since 2013, including packaged wheat flour, rice, pulses, *besan*, sugar, soya chunks and ready-to-cook *khichdi*. The Company is among the top 5 fastest growing packaged food companies in India, based on the growth in revenues during the last five years and offers a diverse range of industry essentials, including oleochemicals, castor oil and its derivatives and de-oiled cakes.



AWL has 22 plants in India which are strategically located across 10 states, comprising 10 crushing units and 19 refineries. Out of the 19 refineries, ten are port-based to facilitate use of imported crude edible oil and reduce transportation costs, while the remaining are typically located in the hinterland in proximity to raw material production bases to reduce storage costs. In addition to the 22 plants it owns, it also used 36 leased tolling units in India as of September 30, 2021, which provided with additional manufacturing capacities.

The Company operates an integrated manufacturing infrastructure to derive cost efficiency across different business lines. Its integration includes the following means: (i) backward and forward integration and further derive de-oiled cakes from crushing and use palm stearin derived from palm oil refining to manufacture oleochemical products, such as soap noodles, stearic acid and glycerin, and FMCG, such as soaps and handwash; (ii) integration of manufacturing capabilities of edible oils and packaged foods at the same locations. Such integrated manufacturing infrastructure has enabled AWL to share supply chain, storage facilities, distribution network and experienced manpower among different products and reduce the overall costs for processing and logistics.

AWL has the largest distribution network among all the branded edible oil companies in India (*Source: Technopak Report*). As of March 31, 2021, it was present in one out of three households in India with a household reach of 90.51 million through its Fortune brand (*Source: IMRB*). As of September 30, 2021, it had 5,590 distributors in India located in 28 states and eight union territories, catering to over 1.6 million retail outlets (*Source: Technopak Report*). As of September 30, 2021, the Company also had (i) 88 depots in India, with an aggregate storage space of approximately 1.8 million square feet across the country to ensure availability of its products; and (ii) 685 personnel in its sales and marketing team in India. It leverages its edible oil distribution network 291 for packaged foods, and currently, it has approximately 64% of its edible oil distributors in India catering to its packaged food distribution. In addition to traditional retail distribution channels, it also serves its customers offline and online through Fortune Mart and Fortune Online and provide them with ease of ordering products from home.

### Objects of Issue:

AWL proposes to utilise the Net Proceeds towards funding of the following objects:

- Funding capital expenditure for expansion of existing manufacturing facilities and developing new manufacturing facilities (“Capital Expenditure”);
- Repayment/prepayment of borrowings;
- Funding strategic acquisitions and investments; and
- General corporate purposes.

Further, AWL expects to receive the benefits of listing of the Equity Shares, including to enhance visibility and brand image among its existing and potential customers.

### Utilisation of Net Proceeds

| Particulars                                    | Amount (Rs.in million) |
|--|------------------------|
| Capital Expenditure                            | 19,000.00              |
| Repayment/prepayment of borrowings             | 10,589.00              |
| Funding strategic acquisitions and investments | 4,500.00               |
| General corporate purposes                     | *                      |
| <b>Total</b>                                   | <b>*</b>               |

### Proposed schedule of implementation and deployment of Net Proceeds

| Particulars                                    | Estimated deployment of the Net Proceeds (Rs.in million) |             |             |             |             |
|--|--|-------------|-------------|-------------|-------------|
|  | Amount to be funded from the Net Proceeds                | Fiscal 2022 | Fiscal 2023 | Fiscal 2024 | Fiscal 2025 |
| Capital Expenditure                            | 19,000.00  | -           | 7,000.00    | 8,000.00    | 4,000.00    |
| Repayment/prepayment of borrowings             | 10,589.00  | 9,324.56    | 1,264.44    | -           | -           |
| Funding strategic acquisitions and investments | 4,500.00   | 1,000.00    | 3,500.00    | -           | -           |
| General corporate purposes                     | *  | *           | *           | *           | *           |
| <b>Total</b>                                   | <b>*</b>   | <b>*</b>    | <b>*</b>    | <b>*</b>    | <b>*</b>    |



## Competitive Strengths

### Differentiated and diversified product portfolio with market leading brands to capture large share of kitchen spends across India:

- **Comprehensive B2C packaged consumer products portfolio catering to most daily essentials of an Indian kitchen:** AWL focus on offering a wide portfolio of packaged consumer staples, including edible oil, wheat flour, rice, pulses, *besan*, soya chunks and sugar, to consumers. It is one of the few large FMCG food companies in India to offer most of the primary kitchen commodities for Indian consumers, including edible oil, wheat flour, rice, pulses and sugar. Commodities, such as edible oils, wheat flour, rice, pulses and sugar, account for approximately 66% of the spend on primary kitchen commodities in India. It offers a range of staples such as wheat flour, rice, pulses and sugar and also offers ready-to-cook soya chunks and *khichdi*.

The edible oil products AWL offers include soyabean oil, palm oil, sunflower oil, rice bran oil, mustard oil, groundnut oil, cottonseed oil, blended oil, *vanaspati*, specialty fats and a series of functional edible oil products with distinctive health benefits, each catering to various price points. In addition to a wide variety of edible oil products and packaged foods, it has recently launched FMCG, including soaps, handwash and sanitizers. Its diversified product portfolio has enabled to reduce reliance on a single category of products.

- **Broad customer reach:** As of March 31, 2021, AWL was present in one out of three households in India with a household reach of 90.51 million through its Fortune brand. It has long standing relationship with its customers, including prominent institutional customers, such as Britannia. The Company has an omni-channel presence. Its products are available across major e-commerce platforms and its own e-commerce channels.
- **Strong brand recall across a diverse range of price points:** “Fortune”, AWL’s flagship brand, is the largest selling edible oil brand in India (Source: Technopak Report). As a renowned brand in India, it has been associated with the quality of its edible oil and food products and the health benefits they feature. Its strong brand recall has enabled it to market its products at a premium price. The Company is present in most of the packaged food categories through its “Fortune” brand. It has brands catering to various price points. “Fortune” with premium pricing and “Bullet” with value pricing – so as to optimize its customer reach, to have products for a diverse range of consumers and achieve better brand recognition.

**Leading consumer product company in India with leadership in branded edible oil and packaged food business:** As of March 31, 2021, the ROCP market share of AWL’s branded edible oil was 18.30%, putting it as the dominant No. 1 edible oil brand in India. “Fortune”, its well-known flagship brand, is the largest selling edible oil brand in India. Over the past two decades, it has established its leadership across different product offerings in the edible oil market in India.

### #1 edible oil player in India...



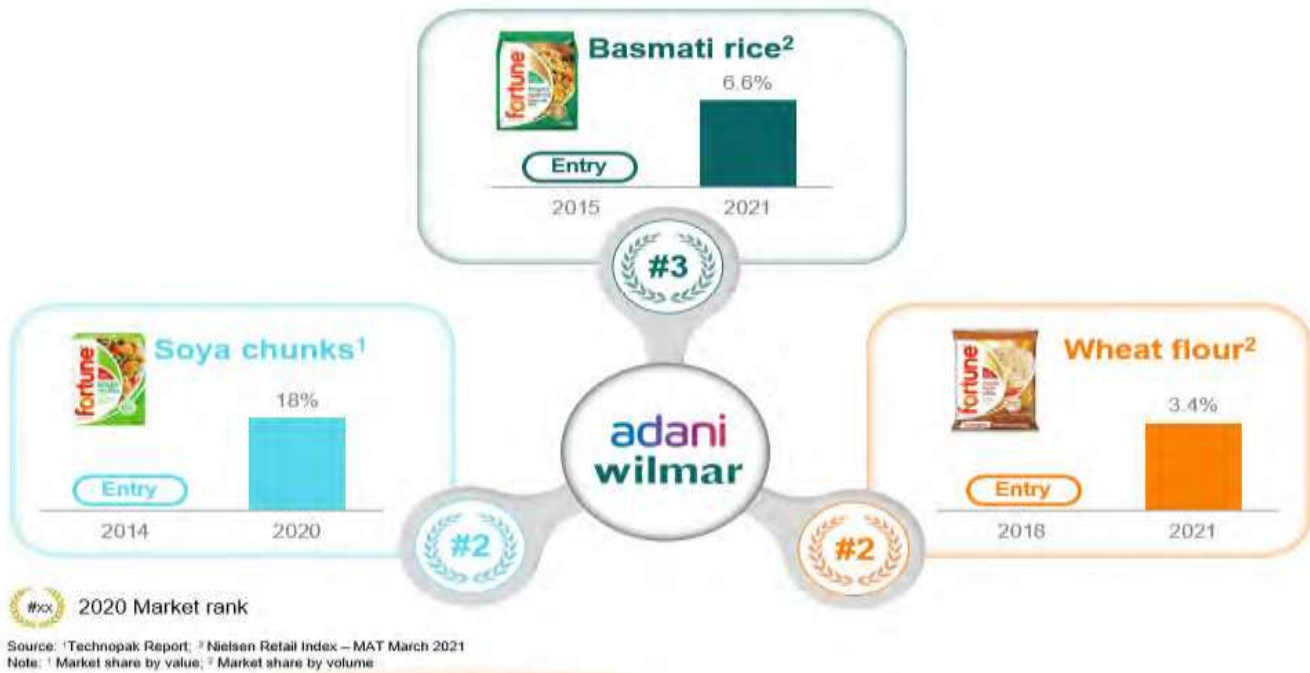
### ... with market leadership across categories







AWL forayed into food products in the fiscal year 2013 and currently offers an extensive array of food products. It is among the top 5 fastest growing packaged food companies in India, based on the growth in revenues during the last five years.



Its FMCG portfolio covers soaps, handwash and sanitizers. The revenue it generated from sales of soap increased by 175.60% from Rs.159.69 million for the fiscal year 2020 to Rs.440.11 million for the fiscal year 2021. Its personal hygiene products, such as soaps, has presence in rural areas as it offers them at affordable prices in order to cater to the rural markets.

**Market leading position in industry essentials:** AWL was among the five largest basic oleochemical manufacturers in India in terms of revenue as of March 31, 2020, and the largest manufacturer of stearic acid and glycerine in India with a market share of 32% and 23%, respectively. It was the largest exporter of castor oil and among the three largest exporters of oleochemicals in India as of March 31, 2020.

**Strong raw material sourcing capabilities:** AWL’s raw material sourcing capabilities are supported by market standing and extensive business networks. It imports a significant portion of raw materials, and its market leadership has facilitated to source raw materials from top global suppliers from the international markets. Wilmar International, AWL’s promoter group company, is the largest palm oil supplier in the world (Source: Technopak Report), and provides it with additional competitive edge as it need not depend on third party suppliers for sourcing of palm oil. The Company also benefit from the market intelligence on price movements in the international market from Wilmar Group to manage its price risk associated with imports of raw materials. In India, it has established a broad procurement network of its channel partners that include agents acting on behalf of farmers, traders, aadatiyas (middlemen), market yard players, commission agents and brokers across the key raw material producing belts.

**Integrated business model with well-established operational infrastructure and strong manufacturing capabilities:** AWL operates an integrated manufacturing infrastructure to derive cost efficiency across different business lines. Its integrated infrastructure includes the following:

**Backward and forward integration.** Most of AWL’s crushing units are fully integrated with refineries to refine crude oil it produces in-house. It further derives de-oiled cakes from crushing and use palm stearin derived from palm oil refining to manufacture oleochemical products, such as soap noodles, stearic acid and glycerin, and FMCG, such as soaps and handwash.

**Integration of manufacturing capacities of edible oils and packaged foods at the same locations.** Such integrated manufacturing infrastructure has enabled AWL to share supply chain, storage facilities, distribution network and experienced manpower among different products and reduce the overall costs for processing and logistics.

AWL has 22 plants in India which are strategically located across 10 states, comprising 10 crushing units and 19 refineries with an aggregate designed capacity of 8,525 MT per day and 16,285 MT per day, respectively, as of September 30, 2021. Out of the 19



refineries, ten are port-based to facilitate use of imported crude edible oil and reduce transportation costs, while the remaining are typically located in the hinterland in proximity to raw material production bases to reduce storage costs. In addition, as of September 30, 2021, the Company had 36 tolling units across India to cater to the excess demand and ensure its presence across different parts of the country, which produce mustard oil, rice bran oil, wheat flour, rice, pulses, sugar, soya chunks and khichdi with raw materials it provides. Its integrated business model and strong manufacturing capabilities has led to a competitive advantage, which helps solidify its market position.

**Extensive pan-India distribution network:** As of September 30, 2021, AWL had 5,590 distributors in India located in 28 states and eight union territories, catering to over 1.6 million retail outlets, representing approximately 35% of the retail outlets in India. Its pan-India presence is supported by a robust distribution infrastructure to ensure the availability of its products. As of September 30, 2021, it had 88 depots in India, with an aggregate storage space of approximately 1.8 million square feet across the country to ensure availability of its products. Apart from the Company's presence in general trade outlets and modern trade outlets, it has been utilizing Fortune Foods, its exclusive website to showcasing the entire basket of products available under the Fortune brand, and Fortune Online, which is a one-stop-online shop for all the products under the Fortune brand. Furthermore, AWL has recently launched Fortune Mart, which are franchised physical stores to showcase its Fortune-branded products and which also serve as fulfillment centers for home delivery of products ordered through Fortune Online. In addition, it partners with certain e-commerce platforms, such as Grofers, and its products are available across major e-commerce platforms.

**Focus on environmental and social sustainability:** AWL is committed to maintaining environmental and social sustainability. Its efforts towards environmental and social sustainability include:

- Sourcing sustainable palm oil.
- Promoting green energy.
- Conserving water.
- Using recyclable packaging
- Community upliftment

A number of manufacturing facilities have received ISO 14001 certifications for environmental management systems and/or ISO 45001 certifications for occupational health and safety management systems. AWL has adopted a sustainability policy approved by the Board, which is available on its website.

**Strong parentage with professional management and experienced board:** AWL is a joint venture incorporated by the Adani Group and Wilmar Group. The Adani Group is a multinational diversified business group with significant interests across transport and logistics, including ports, shipping, airports and railways, and energy and utility sectors, including power generation, transmission and distribution. Wilmar Group is one of Asia's leading agribusiness groups which was ranked seventh largest listed companies by market capitalization on the Singapore Exchange by September 30, 2021. Wilmar Group's integrated business model encompasses the entire value chain of the agricultural commodity business from cultivation and milling of palm oil and sugarcane to processing, branding and distribution of a wide range of edible food products, animal feeds and industrial agri-products such as oleochemicals and biodiesel. The Company benefit from the Adani Group's in-depth understanding of local markets, extensive experience in domestic trading and advanced logistics network and leverage on Wilmar Group's global sourcing capabilities and technical know-how.

AWL has an experienced senior management team. Kuok Khoon Hong, the Non-Executive Chairman of the Company, is the co-founder of Wilmar International Limited and has over 40 years of experience in the agribusiness industry. Its management team of qualified and experienced professionals help the Company to implement its business strategies in an efficient manner and to continue to build on its track record of successful product offerings.

### Business Strategy:

**Become the leading packaged food and FMCG company in India:** Driven by increasing per capita income, urbanization and the large working age population and concern of the general public over hygiene of foods in loose form, food traceability and sustainability, the demand for packaged foods in India is experiencing a rapid growth. Certain food categories, which used to be predominantly sold in loose form, are being increasingly sold in packages. However, the penetration rate of packaged foods in India remains low, which provides significant potential for growth for packaged edible oil and food products.

AWL leverage its established brands and expertise and these industry trends to further strengthen the portfolio of its core "in the kitchen" products. It also intends to enhance its packaged food portfolio by introducing new value-added products, including functional foods and healthy foods, to target the young demographic. It will also continue to strengthen leading position in the edible oil market by introducing additional premium products. To target health conscious consumers, AWL aims to focus on health benefits in its development of new edible oil products.



**Further expand distribution network with an omni-channel approach:** AWL strive to expand its distribution network in order to further penetrate both urban and rural areas and increase its sales. The Company will continue to increase the coverage of its retail outlets. In the meantime, it will continue to adopt its omni-channel strategy and endeavor to extend its customer reach through e-commerce platforms, including its Fortune Online portal, and Fortune Mart stores which serve as fulfillment centers for home delivery of products ordered through Fortune Online. It aims to expand its online reach in India from current 25 cities to 100 cities in the next few years. It also aims to have more than 40 Fortune Mart stores opened across India in the next few years.

AWL has designed programs to motivate its distributors to achieve performance targets. Distributors could earn rewards, such as cars, motorcycles and overseas trips, when they meet its quarterly targets. The motivations Company provide to distributors has helped it to engage its distributors and increase its sales.

**Focus on increasing brand awareness:** AWL will continue to invest in strengthening its brands in India. It will employ celebrity endorsement, digital advertising and other brand building initiatives in its marketing campaigns to increase brand awareness. To market its brands, it uses:

Product brand advertising. As part of the product brand strategy, AWL will strive to maintain its market share in the leadership categories and at the same time also grow its challenger categories across edible oil and packaged food and FMCG segments

Range advertising. Range advertising will be conceptualized with a focus on highlighting entire range of kitchen essentials across edible oil and food and FMCG categories.

Digital connect. The Company will also focus on increasing digital connect and reach by tying up with influencers and bloggers and drive on e-commerce sales to communicate with the young demographic.

**Continue to launch new products and enhance customer base:** AWL plans to launch new products to capture consumer trends. It has been evaluating new products in adjacent categories, based on a set of criteria, including its ability to create a differentiated offering, competitive intensity, go-to-market capability, back-end product fitment, category, scale and profitability of the new products. Its potential new products may include additional functional edible oils, cold pressed or infused oils, noodles and pasta, poha, biryani rice kit, masala oats and dalia, honey, instant dry mixes for idly, dosa, poha and khaman, Chinese, Mexican and Schezwan flavored rice, traditional savory snacks, biscuits, cookies, khari/rusks, low calorie sugar, vermicelli, cake mix, dishwash bars and floor cleaner. AWL expects new products to increase its market share and further expand its customer base. In addition, it is exploring to leverage the Adani Group's access to a wide retail customer base from its gas, electricity and airport businesses for cross-selling of its products.

**Pursue strategic acquisitions:** AWL pursue strategic acquisitions when opportunities rise. Through acquisitions, it seeks to:

Expand geographic presence. AWL may pursue acquisitions in the edible oil and food industry to strengthen its presence in the southern regions where regional companies are strong. It intends to consolidate market share through acquisitions of regional players.

Include additional products in portfolio. AWL is seeking to acquire brands and businesses from food and FMCG companies, which will to expand its product and brand portfolios increase its food and FMCG manufacturing capacities and distribution access. It also hopes to improve its overall business performance in terms of top line and margins through such acquisitions.

AWL may also seek growth in ready-to-cook and ready-to-eat food product offerings through strategic acquisitions and partnerships. Its strategy to acquire brands and businesses will be guided by the principle to enhance not only the product portfolio but also to derisk its business from dependency on any single product or category.

**Focus on multiple drivers for margin expansion:** AWL intends to focus on the following to drive its margin expansion:

Market share consolidation. AWL is seeking continuous improvement in its market share which will enable to have better realization and premium pricing.

Integrated manufacturing facilities. The location of manufacturing facilities near manufacturing hubs helps reduce cost and achieve operational efficiency. AWL plans to continue to make progress on improving the integration of its existing and upcoming manufacturing facilities.

Optimize overheads. AWL strives to achieve further economies of scale through manufacturing hubs producing multiple products, which will help it further optimize its overheads.



Leverage scale to improve sourcing and ramp-up sales. AWL scale will help it in the procurement of raw materials from reliable sources at competitive prices and also optimize sales by leveraging existing distribution channels.

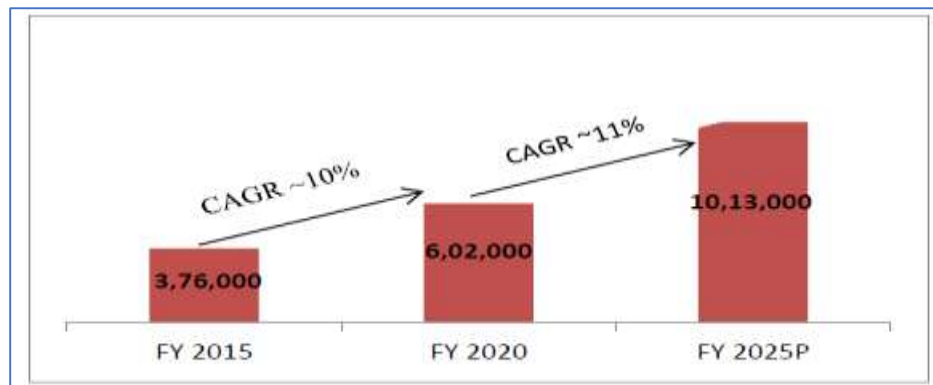
## Industry:

### Indian Packaged Food Market Overview

The Indian packaged food retail market, estimated at ~INR 6,00,000 Cr in FY 2020 contributes only 15% to the total food and grocery retail market estimated at INR 39,45,000 Cr in FY 2020. While the Indian food retail remains dominated by unbranded products such as fresh fruits and vegetables, loose staples, fresh unpackaged dairy and meat, the packaged food market is growing at almost double the pace of the overall category and is expected to gain a market share of 17% by FY 2025 from a share of 14% in FY 2015. Health concerns and limitation in movement due to COVID -19 have accelerated the growth of packaged food products which offer consistent and assured quality along with convenience. However, the penetration of packaged food is limited in the Indian households. Annual per capita spend on all categories of packaged food in India is estimated to be ~INR 4,650, much lesser as compared to China at ~INR 16,000 and the USA at more than INR 1,12,500.

Demand for packaged foods surged in the first quarter of FY 2021 as people stocked up in panic during the lockdown period. The shutting down of foodservice options also led to a rise in the eating occasions at home. While other sectors in retail are expected to contract by 30-35% during Financial Year 2021 due to the impact of COVID-19, the packaged food segment is expected to grow at an accelerated growth rate of ~14%.

**Packaged Food Retail Market in India (INR Cr)**



Over the years, essential kitchen commodities such as edible oils, wheat flour, rice, pulses, sugar and dairy have been largely handled by players focussed within a specific segment. For example, rice exporters, sugar mills, oil refineries, flour mills and dairy co-operatives operate in their specific segments. Among the large FMCG players, limited players like Adani Wilmar and Patanjali have entered multiple categories in essential kitchen commodities. Adani Wilmar is present in most of the categories through its brand 'Fortune'. Adani Wilmar's brand architecture using a single brand identity for multi-categories optimizes the marketing cost and enhances brand equity. The spend on the essential kitchen commodities accounts for 23% of the total spend on food and grocery estimated to be INR 39,45,000 Cr thereby presenting an opportunity size of INR 9,00,000 Cr for any player in the essential kitchen commodity segments. Within this, edible oils, wheat flour, rice, pulses, sugar etc account for 66% (INR 6,00,000 Cr) and the balance comprises of dairy products.

### Key Retail Channels

Packaged food remains a distributor led category with 75% of the sales channelized through general trade (*kiranas*). However modern retail including hypermarkets, supermarkets, e-commerce platform is a growing channel of sales for this category contributing ~25% off-take of packaged food. The key reason behind the dominance of general trade is its robust outreach and coverage

### Key Growth Drivers

The shift towards packaged food from unpackaged unbranded products, premiumisation trend, and competition amongst bigger brands leading to innovative product offering is fuelling growth within packaged food. Categories such as staples, dairy and processed food and beverages are expected to drive growth in the packaged food segment. Steady interest of large-scale businesses such as Adani Wilmar, Emami, Marico, Tata, Cargill, ITC, Dabur in food and grocery space and growing organised food retail led by e-commerce is aiding the growth of packaged food.





## **Demographic change is powering the transition from unbranded to branded products**

Growing number of youth in the workforce, urbanisation, rise in the middle-class population, as well as increase in disposable income across the socio-economic spectrum, higher among urban residents have been driving the consumption of packaged food in India.

Other influencing factors include the number of women entering the workplace and the evolution of the Indian household, from a multi-generational, extended family unit to single occupant or nuclear family households. These changes mean higher disposable incomes and less time for buying, primary processing and preparation, both of which favour a shift from unbranded to branded products which offer consistent and assured quality along with convenience.

## **Gradual expansion of modern retail including e-commerce**

While the current share of modern retail in packaged food sales continues to be small but this share has slowly increased over the last few years and will continue to rise going forward. The quality of retail shelves and customer interface of modern retail both brick and mortar and e-commerce aid the growth of packaged food for their ability to introduce new categories of packaged food and to offer more choice to consumers facilitating changes in shopping habits.

## **Increased in-home consumption during COVID-19**

Food retail is the only category within overall retail which is expected to register 6-7% growth in the year FY 2021 given the negative impact of COVID-19 on consumption. In-home consumption of food products soared initially during the lockdown and thereafter also remained elevated due consumers working from home and having a lesser frequency of eating out due to health and economic reasons.

**Formalisation of Food Service Industry:** Organized food service industry has been growing at a CAGR of 14%, much faster than the overall food service industry. This consistent transition has formalized the raw material procurement processes and supplier management system with the demand shifting in favour of the large-scale branded suppliers.

**Introduction of Smaller pack size:** Introduction of Smaller pack size at low prices in various categories such as staples, biscuits, savoury snacks encourages trials in new customer segments thereby enrolling them for future purchases.

Government policies supporting food processing

The food production and processing industry is a high focus and priority sector for the government and multiple schemes and initiatives have been launched to bolster growth in this sector

## **Key Emerging Trends**

### **Consumers shifting towards packaged and branded products**

This shift first manifested in processed categories such as savoury snacks, biscuits, breads and buns. However, it is also becoming significant in staple categories like edible oil, wheat flour, spices and pulses given the growing concern for food safety and inclination towards hygienically packaged products. The share of branded wheat flour has grown from 3% in FY 2008 to 15% in FY 2020 and the share of branded salt has grown from 5% in FY 2007 to 88% in FY 2020 by value. This shift has been accelerated by the COVID 19 pandemic and this is expected to continue in future.

### **Consumers across the spectrum are moving towards premium products**

Whether this means a change from preparing all foods from scratch to purchasing certain ready-made items, a move from standard to premium snack items, or the switch from basic staples to enriched, organic or luxury versions, consumers are moving upwards through food categories and prices.

### **Convenience and healthy eating trends continue to drive sales**

With the growing health consciousness amongst the consumers, players are using health as a platform to introduce new variants in almost all categories. Introduction of these products not only augments the brand's ability to command premium but also outpaces the growth of the overall category. The perception of packaged foods is changing among consumers as there has been a significant rise in the convenience, availability and affordability of such products across the country.

### **Emergence of Modern Retail and Online Grocery delivery platforms**

Though the modern retail contributes only 4.5% of total Food and Grocery retail, it is expected to grow at a high rate of 22% till 2025.



### Growing necessity, convenience and availability to drive future growth

Packaged food will continue to post double digit growth over the forecast period, mainly due to rising demand for convenience as a result of the increasingly hectic pace of modern life, as well as growing awareness and availability. Commodities like edible oils, dairy, rice, bread and breakfast cereals are dietary cornerstones and will fuel demand among consumers, while products like biscuits, savoury snacks, breads, confectionery, spreads, soups, noodles, pasta and ice creams will remain the most dynamic categories over the forecast period.

### Experimentation with New Brands

Across segments consumers are increasingly willing to try new brands, rather than remaining loyal to one. This has far-reaching implications for marketers, who now need to work not just to attract new consumers but also to retain existing ones.

### Regional companies gaining sales share and competing strongly with Leading Players

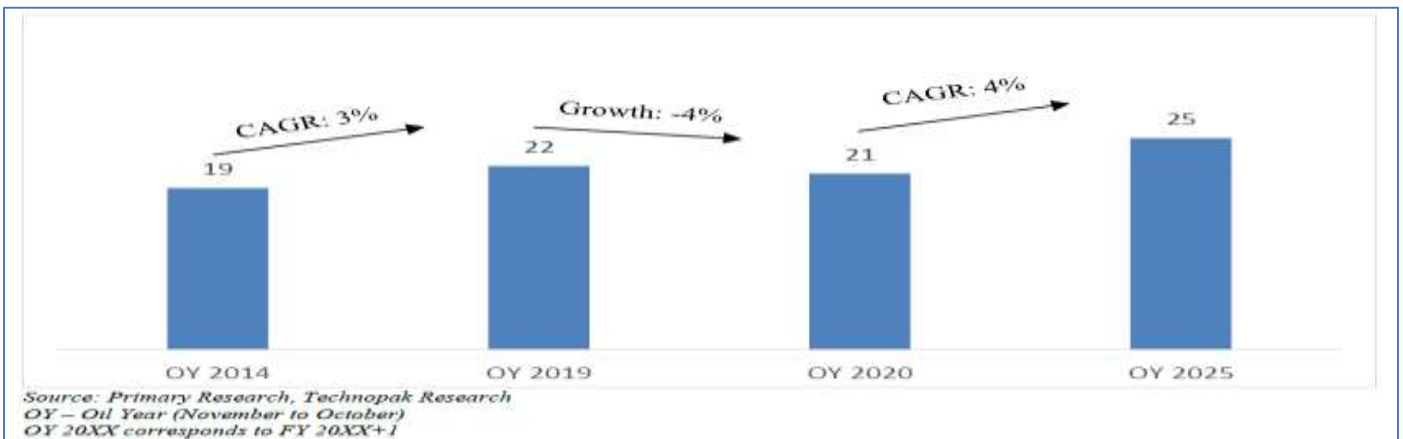
Across packaged food strong regional leaders have evolved that have established their regional dominance while competing with national brands.

### Overview of Packaged Edible Oil Market in India

#### Edible Oil Consumption in India (Volume)

Edible oils are indispensable to Indian cooking. Growing population, changing tastes and preferences of consumers, shifting consumption pattern towards branded oils and consistent marketing and distribution initiatives by leading edible oil brands is leading to rising consumption of edible oils in the country. The total consumption of edible oil in Indian in OY 2019 has been estimated to be ~22 Mn MT. Out of the total requirement, it is estimated that ~10 Mn MT is produced domestically from primary (Soybean, Rapeseed & Mustard, Groundnut, Sunflower, Safflower & Niger) and secondary sources (Oil palm, Coconut, Rice Bran, Cotton Seeds & Tree Borne Oilseeds) and remaining 60%, is met through import.

Edible Oil Consumption in India – By Volume (Mn MT)



Approximately 18% of the volume is consumed by large scale food processing enterprises such as savoury snacks and bakery good manufacturers who buy in bulk (loose form in tankers). Almost 20% of this volume is consumed by or the HoReCa (Hotels, Restaurants and Caterers) segment and 62% of the volume is consumed by the end consumer segment. The end consumer segment and HoReCa segment comprises of packaged oils with pack sizes ranging from 200 ml to 15 litres. While the smaller packs are purchased by the end consumer, the larger pack sizes are preferred by the restaurants and the small food processing units.

Over the years, the focus of the government and industry bodies has been to increase crop-wise area, production yield, minimise imports, maintain balance between market price and import duty, and encourage exports.

### Edible Oil Retail Market in India

The edible oil retail market is estimated to be ~INR 1,79,500Cr in FY 2020 and is expected to grow at a CAGR of 6% in the coming 5 years. It has been growing steadily at a CAGR of 6% in the last five years. The share of unbranded play is consistently dropping and is estimated to shrink to ~ 10% by FY 2025. The edible oils retail market includes the consumption through HoReCa segment and end consumer. In FY 2021, while the HoReCa segment has been adversely affected by COVID-19, the consumer segment has witnessed a steady growth. While consumption in terms of volumes has only marginally degrown in FY 2021, the value growth is a result of price increase in the international markets.

Share of Branded Edible Oil Market in India



### Branded Edible Oil Retail Market in India

The branded edible oil market is estimated to be around INR 1,56,000 cr and is expected to grow faster than the overall category gaining a lion's share of close to 90% of the total market in terms of value in the coming five years. It is estimated that close to 75% of the total edible oil available in terms of volume is retailed as a branded product. The edible oil industry in India is fragmented wherein 13% of oil is sold as loose/unbranded and the consumers are shifting to branded oils, which bodes well for the organized players.

The four key edible oils, palm, soya, mustard and sunflower constitute 85-88% of the total consumption in India in terms of volume. Palm oil is primarily used by the large-scale food processing enterprises. It is also used in blended oils for domestic consumption. Palm and soybean are also being used by the HoReCa segment. India imports most of its palm oil consumption.

Soybean oil, mustard oil and sunflower oil is largely used for domestic consumption. The other oils include sesame oil, coconut oil, groundnut oil, rice bran oil amongst others.

A gradual shift is being witnessed in favour of soft oils such as soyabean oil, sunflower oil, mustard oil, Palm oil witnessed a marginal decrease in FY 2021 with the pandemic-induced national lockdown shutting the HoReCa (hotels, restaurants, catering) segment. The HoReCa demand was substituted by the household segment which preferred soft oils.

Consumption in rural India constitutes almost 50% of the total consumption in this category by volume and is growing at a faster rate than the urban. The favourable growth of economy has resulted in a high growth in consumption of packaged staples in the rural parts of India. For most national players, the growth in Tier II and III cities has been higher than that in the metros.

### Value Segmentation

Most edible oils players have created brands across premium and popular value segments. The width of the portfolio lends access to various socio-economic classes without disturbing the positioning of other brands and flexibility to introduce product variants accordingly. The share of sales from premium and popular segments may vary for each player. While palm oil and blends thereof are largely positioned as popular varieties, given its application for industries, soyabean, mustard and sunflower can be positioned across the two segments.

Value Segments and Key Brands





## Key Trends and Growth Drivers

- 1. Low per capita Consumption suggests headroom for growth:** India's per capita consumption of edible oil is estimated to be 16-17 kg per annum which is relatively low in comparison to world average of 24 kg per annum. While Pakistan, Bangladesh and China stand at 19 kg, 19 kg and 21.5 kg per annum respectively, the western world has an average of 40 kg per person per annum. The growing population and increasing per capita consumption will result in growth in this category.
- 2. Policy push has led to the formalisation of the edible oil industry in India.** In the pre-GST era, tax avoidance led to the high share of cash sales and un-recorded sales of the category. Sales of loose oil through this route existed outside the formal system. However, post-GST this has become untenable. Implementation of GST restricted loose and cash sale.
- 3. The shifting mindset towards building a wider Food Portfolio business:** Both regional and national oil brands managed to grow their respective business by strengthening their market distribution abilities across all retail points. These retail points include Kirana stores, convenience stores, organised retail chains, E-commerce etc. This access allowed these oil brands to think about retail distribution as a competency that can be leveraged for thus providing product extension opportunities. Product extension also optimizes the marketing cost. Many oil brands therefore have an active and growing food portfolio comprising of staples and other processed food categories.
- 4. The competitive nature of the branded edible oil space-** Usually formalization of a consumer consumption category is accompanied by a growing share of the bigger brands. In the case of edible oils, however, the growth of branded business has witnessed both the growth of all the brands and the rising share of regional brands in the overall branded sales in the last five years. The mind-set shift towards branded play, regional supply chain and cost of distribution, ability to address regional tastes and preferences have all contributed towards this trend. This bodes well for the sustainable growth of the sector in the long term because increasing share of regional brands is indicative of wider adoption of better practices across the sector, diffused threat from oligopolies, wider ability of the industry to undertake innovation and capacity building in both Oil and contiguous food categories.
- 5. Growing ability to address rural and semi-urban demand:** Rising share of branded oil business is also indicative of the ability of the branded oil business to cater to rural and semi-urban demand. Both national and regional brands have done so by introducing product SKU mix to address price sensitive rural demand and by strengthening retail distribution in rural and semi-urban areas.
- 6. Emerging premium and health focussed segments:** Exotic oils such as olive oil and canola oil and supplemented and fortified varieties of pure and blended oils is an emerging segment positioned on health and wellness. All the key players are building their health and wellness portfolio in oils such as Marico's Saffola, Ruchi Soya's Nutrela Gold focussing on heart health and Adani Wilmar's Fortune Xpert Pro Immunity oil and Fortune Xpert Pro Sugar Conscious oil. The Food Safety and Standards Authority India (FSSAI) would also be making fortification mandatory for edible oil in near future. This policy push will accelerate the growth in the segment.

## Key Factors Driving Growth

Demand for high quality, safe and indulgent bakery and confectionery products is fuelling the sales growth of specialty fats and oils. Specialty fats and oils have helped the industry players in launching new processed foods products with superior quality and taste profiles.

The market has witnessed a strong demand for specialty fats like premium bakery fats, frying oils, and confectionary fats. Growth in bakeries and confectionary market in India and increasing consumption of packaged food, biscuits and snacks is driving the growth in the market.

Indian edible oil players like Adani Wilmar, Bunge, GEF, Emami Agrotech, 3F Industries are seeking to capitalize and innovate on niche application areas in Specialty Fats and Oils. Adani Wilmar is one of the largest players in specialty fats and oils with a focus on popular fats and confectionary/ lauric fats in the portfolio. The company has a market share of 17% in popular fats and approximately 50% share by volume in confectionary/lauric fats market in India

## Overview of Key Segments in Packaged Food & Non-Food

### Overview of Soya Products Market in India

Soya flour, a high protein flour, is produced from the soyabean extract being ground to flour after the oil has been extracted. Soya flour can be further processed into textured soy protein (TSP). TSP is essentially soya flour which has been processed and dried to give a substance with a sponge-like texture and is a good source of fibre and protein. It is prepared by rehydrating with water or stock, after which it may be incorporated into recipes as a meat substitute or otherwise. TSP is sold in chunk and granule form. Other value added





products amongst the by-production of soybean oil extraction are soya flour, lecithin and soya sauce. These products are exported to Japan and Korea and are highly valued for their non GMO origin.

## Overview of Packaged Wheat Flour Market in India

### Indian Wheat Flour Retail Market

Before the late-90s, wheat flour (*aata*) was mainly or milled through local *chakki* mills in India. Even now, the wheat flour market is largely dominated by local *chakki* mills in India. However, the branded packaged wheat flour has emerged rapidly in the country in the past fifteen years capitalizing on hygiene and convenience factors. Wheat is the staple food for most Indians in the wheat growing areas (North and West India) and is consumed in the form of *chapattis* or *rotis* (unleavened flat bread). Wheat grain milled to flour form at home *chakkis* or small *chakkis* is referred to as unbranded form of wheat flour. This unbranded and unbranded form of wheat flour dominates the consumption in rural and semi-urban areas.

## Overview of Packaged Rice Market in India

India packaged rice market is estimated to be INR 15,000 Cr in FY 2020 and is projected to grow at a CAGR of ~7.5% to reach INR 21,500 Cr in FY 2025 on the back of growing urban population and rising demand for fine quality products. Moreover, growing per capita income is further contributing to the growing demand for packaged rice. Additionally, packaged rice players are expanding their product portfolio to include a variety of rice such as brown rice, rice for diabetic patients, organic rice which is further anticipated to push demand for packaged rice in urban centres over the coming years.

While 50% of the basmati rice consumed domestically is branded in terms of volume, the non-basmati rice available for retail is largely unbranded. Branded play in this category was started by exporters dealing in basmati rice who leveraged their supply chain capabilities to introduce products for the Indian market in the premium basmati segment. As the market transitioned in favour of packaged products, they widened their portfolio by adding varieties preferred in India. The branded segment is dominated by strong national players offering basmati rice. The non-basmati branded segment is largely driven by private labels of retailers.

Key players in the branded rice segment are KRBL, LT Foods, Kohinoor Foods, Amir Chand Jagdish Kumar Export, Sarveshwar Food, Misthann Foods, Adani Wilmar, Amira Pure Foods, Dunar foods amongst others. The domestic brand portfolio of KRBL, LT Foods along with Adani Wilmar contributes almost 40% to the total branded segment in rice with leading brands India Gate, Dawaat, and Fortune. In India, the total basmati rice consumption is estimated to be in the range of 2 Mn MT annually and India Gate, Daawat, and Fortune are well placed in this segment. Since domestic portfolio of the key players is largely focussed on basmati rice, it is estimated that these players account for 60% branded basmati sales in India. Within basmati, edible oil major Adani Wilmar has gained a market share of close to 10% in FY 2020.

## Overview of Packaged Pulses Market in India

Pulses form an indispensable form of Indian cuisine. A significant share of the Indian population are vegetarians and pulses represent the main source of proteins in their diets. India's large consumer base also represents a major driver for the pulses market. Additionally, apart from being the staple food for people, pulses have found applications in the food processing industry.

The share of branded products in pulses stands lower as compared to other that of other staples such as wheat flour, rice and oils. While the pace of transition has been slow, the overall shift of mind set towards packaged products coupled with the interest of national players is expected to accelerate this growth. While national players like Tata with its brand Sampann and Adani with its Brand Fortune are new entrants, most other brands are region focussed thereby making the category fragmented. Mahindra Agri Solutions, a wholly owned subsidiary of M&M, also launched branded pulses under NuPro brand. However, their distribution remained limited to Mumbai. The regional players benefit from the advantage of limiting their portfolio to the types of pulses regionally preferred and a well-entrenched distribution network in their regions.

## Overview of Packaged Besan (Bengal Gram Flour) in India

Besan (Bengal gram flour) is a milled product obtained out of Bengal gram. It is widely used in Indian cooking and is an important ingredient for the HoReCa segment and savoury snack manufacturers (namkeens). With a monthly consumption of 500-750 grams per household, it is estimated to be around INR 27,000 Cr in FY 2020. Expected to grow at a rate of 6%, it is poised to register INR 36,000 Cr market by FY 2025. Out of 10 Mn MT Bengal gram produced in India, almost 40-50% is milled into the flour form. While it remained largely unbranded until a few years ago, the transition of this unbranded market to branded play is now outpacing the growth of the overall category. Growth of modern retail and preferences changing in favour of packaged food has been driving growth in this category.



## Overview of Ready to Cook & Ready to Eat Segment in India

Food products that need some preparation, such as addition of additional ingredients and limited cooking before consumption, fall under the RTC category, while the RTE category comprises packaged food items that are ready for consumption as is or post heating/addition of hot water. Ready to Cook includes products such as dessert mixes, snack mixes, breakfast mixes, curry making enablers, gravy mix and masala mixes, frozen snacks. Ready to Eat primarily comprises of curries, traditional breads, rice delicacies, snacks such as poha, upma and desserts.

The market for both the segments put together is estimated to be approximately INR 4,200 Cr in FY 2020 and is expected to grow at a high CAGR of 16% doubling itself by FY 2025.

Rapid urbanization, family nuclearization and time paucity due to women joining the workforce are key reasons driving the growth of these categories. The key customer groups for these products are working women, youngsters staying away from family for study or work, and overseas travellers. Indian diaspora in other countries has also created an export opportunity for the players. Most players in these categories derive a significant share of revenue from exports to retailers in the US and the UK such as Walmart, Tesco and Costco.

COVID-19 has also impacted the growth of this category in a positive manner. With people working from home and consumers seeking convenient food options, the ready-to-eat (RTE) and ready-to-cook (RTC) categories have been witnessing growth. The renewed interest in these categories has also been fuelled by the decline in out-of-home consumption of food.

## Overview of Personal Care Market in India

Personal care market in India is estimated to be ~INR 69,000 Cr in FY 2020 and is expected to become ~INR 95,000 Cr by FY 2025 growing at a steady growth rate of 8%. The growth has been aided by rising disposable income, growing body image consciousness, introduction of new products, premiumization and growing niches.

Bath and shower including soap bars, liquid soaps, body washes and body additives is the largest category within personal care contributing a share of 26% in the segment. Bath and shower market is estimated to be around INR 17,850 Cr in FY 2020 and expected to grow at a steady rate of 8% to cross INR 26,000 Cr in FY 2025. Within bath and shower, soap bars contribute a large share of close to 90%.

## Global Edible Oil Export and Import Market

Global export of edible oils has been stable in the period CY 2015-19. Palm oil is the biggest component of the total international market and has a share of ~43% in international Trade. The oil exports from India forms a very small share of international trade (~0.1%). However, India is one the biggest importer of oil with a share of ~14.4% in oil imports.

World edible oil market is dominated by palm oil, sunflower and soybean oil. Global export of crude palm oil stood at 14,442 thousand tonnes in CY 2019. Other edible oils such as crude sunflower oil, crude soybean oil exports stood at 12,873 and 10,617 thousand tonnes respectively. Castor oil, an oil used in industrial application and extracted majorly in India has a world exports market of 662 thousand tonnes.

Export of crude palm oil varies according to production and global demand. In 2016, export was as low as 11,875 thousand tonnes and in 2017, it was as high as 21,063 thousand tonnes. On the other hand, export of crude sunflower oil has been on a constant rise from 2015. In 2015, exported volume of crude sunflower oil was 6,534 thousand tonnes and it grew at a CAGR of 18% over last 5 years to reach 12,873 thousand tonnes in 2019.

## India's Vegetable Oil Export and Import Market

India is a large importer of edible oil. Indian imports contribute 46% to the total export of crude palm oil. Similarly, 19% of crude sunflower oil, 30% of crude soybean oil and 8.6% of palm oil and its fractions is imported by India. Predominantly Indian players are net importers of oil, with crude soybean oil being imported from Argentina and Brazil, sunflower oil from Ukraine and palm oil from Indonesia and Malaysia. Adani Wilmar, Emami Agro and Ruchi Soya are few of the largest importers of edible crude oil in India. Adani Wilmar is India's largest importer of crude edible oil with almost 20% share in the overall crude edible oil imports. Large Indian importers and oil processors have high bargaining power and are capable of sourcing better quality oils from suppliers on favourable commercial terms.

## Global Castor Oil Export and Import Market

Global export of Castor Oils has grown with a CAGR of 4% in value terms during the period CY 2015-19. India is one the biggest exporter of Castor oil with a share of 88% in global castor oil market. Castor oil, an oil used in industrial application, is extracted majorly in India and has a world exports market of 662 thousand tonnes.



## Key Markets for Indian Castor Oil Exports

India is a major exporter of Castor oil and its fractions. Indian exports 88% of the total global exports of castor oil and has seen a growth in the price realization of oil, due to strong demand. In CY 2019, India exported 547 thousand tonnes of castor oil with a value of USD 857 Mn. China was the biggest export market for Indian castor oil producers. India exported 44% of its total exports in terms of volume to China. Exports to Netherlands contributed 16% and United States of America contributed 10% of total Indian exports of castor oil by volume.

## Key Concerns

- Operations are dependent on the supply of large amounts of raw materials, such as unrefined palm oil, soyabean oil and sunflower oil, wheat, paddy and oilseeds. Unfavourable local and global weather patterns may have an adverse effect on the availability of raw materials.
- Depends significantly on imports of raw materials/finished goods in addition to domestic supplies, and various factors may result in an inadequate supply of raw materials/finished goods or result in an increase in cost in order to secure sufficient raw materials/finished goods to meet operational requirements.
- Has a diverse range of products primarily in three business categories and inability to manage diversified operations may have an adverse effect on AWL's business, results of operations and financial condition.
- The COVID-19 pandemic has affected, and could continue to affect, the global economy as a whole and markets in which AWL operates.
- Certain companies within the Adani group (including certain members of its Promoters, Promoter Group and Group Companies) are involved in various legal, regulatory and other proceedings which could have an adverse impact on the business and reputation.
- Derives a significant portion of revenue from edible oil business segment and any reduction in demand or in the production of such products could have an adverse effect on the business, results of operations and financial condition.
- AWL's products are in the nature of commodities and their prices are subject to fluctuations that may affect its profitability.
- Fluctuation in the exchange rate between the Indian rupee and foreign currencies may have an adverse effect on the business.
- Import restrictions by other countries on AWL's products may have a material adverse impact on the business, financial condition and result of operations.
- Inability to effectively manage growth could have an adverse effect on the business, results of operations and financial condition.
- The improper handling, processing or storage of raw materials or products, or spoilage of and damage to such raw materials and products, or any real or perceived contamination in AWL's products, could subject it to regulatory and legal action, damage reputation and have an adverse effect on the business, results of operations and financial condition.
- Relies heavily on existing brands, the dilution of which could adversely affect the business.
- A slowdown or shutdown in manufacturing operations or under-utilization of manufacturing facilities could have an adverse effect on the business, results of operations and financial condition.
- AWL utilizes the services of certain third parties for its operations and any deficiency or interruption in their services could adversely affect the business and results of operations.
- Inability to expand or effectively manage distribution network may have an adverse effect on the business, results of operations and financial condition.
- If AWL pursues strategic acquisitions or joint ventures, it may not be able to successfully consummate favourable transactions or successfully integrate acquired businesses.



- AWL intends to utilise a portion of the Net Proceeds for funding its capital expenditure requirements and for purchase of certain plant and machinery. It is yet to place orders for such capital expenditure and purchase of plant and machinery. Further, its proposed capacity expansion plans relating to manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.
- If AWL is unable to introduce new products and respond to changing consumer preferences in a timely and effective manner, the demand for its products may decline, which may have an adverse effect on its business, results of operations and financial condition. There is no guarantee that AWL will be successful in the new business segments that it plans to expand into.
- Inability to accurately forecast demand or price for products and manage inventory may have an adverse effect on AWL's business, results of operations and financial condition.
- A shortage or non-availability of electricity, fuel or water may adversely affect AWL's manufacturing operations and have an adverse effect on its business, results of operations and financial condition.
- Non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect its business, results of operations and financial condition.
- AWL has indebtedness and may incur additional indebtedness in the future, which may adversely affect the business and results of operations.
- AWL is subject to extensive government regulation and if it fails to obtain, maintain or renew its statutory and regulatory licenses, permits and approvals required to operate its business, its business and results of operations may be adversely affected.
- AWL may inadvertently deliver genetically modified organisms ("GMOs") to those customers that request GMO-free products.
- Operations are subject to various hazards and could expose the Company to the risk of liabilities, loss of revenue and increased expenses.
- AWL is subject to business risks inherent to the palm oil and soy oil industries that may adversely affect its business.
- Negative publicity relating to celebrities who endorse products and brands may adversely affect AWL's reputation and negatively impact the business.
- Inability to protect or use intellectual property rights may adversely affect the business.
- Dependent on the strength of AWL's brand and reputation, as well as the brand and reputation of its Promoters and other Adani group and Wilmar group entities.
- Under-utilization of manufacturing capacities could have an adverse effect on the business and results of operations.
- Any failure of AWL's information technology systems could adversely affect the business and its operations.
- Competition in the industries in which AWL operates could result in a reduction in its market share or require it to incur substantial expenditure on advertising and marketing, either of which could adversely affect the business, results of operations and financial conditions.
- AWL's financing agreements entail interest at variable rates and any increases in interest rates may adversely affect the results of operations.
- AWL may be unable to grow its business in semi urban and rural markets, which may adversely affect the business prospects and results of operations
- If AWL is unable to raise additional capital, its business prospects could be adversely affected.





- Ability to adopt new technology to respond to new and enhanced products poses a challenge in the business. The cost of implementing new technologies for AWL's operations could be significant and could adversely affect the business, results of operations, cash flows and financial condition.
- AWL is subject to labour laws and other industry standards and its operations could be adversely affected by strikes, work stoppages or increased wage demands by its employees or any other kind of disputes with its employees.
- Relies on contract labour for carrying out certain of the operations and AWL may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on its results of operations and financial condition.
- The emergence of modern trade channels in the form of hypermarkets, supermarkets and online retailers may adversely affect pricing ability, which may have an adverse effect on AWL's results of operations and financial condition.
- AWL is currently a joint venture between the Promoters and it will continue to be controlled by its Promoters after completion of the Issue, which may limit ability to influence the outcome of matters submitted for approval of its shareholders.
- Political, economic or other factors that are beyond control may have an adverse effect on the business and results of operations.
- Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect AWL's business, prospects and results of operations.
- A downgrade in AWL's credit ratings and the credit ratings of India, may affect the trading price of the Equity Shares.
- If inflation rises in India, increased costs may result in a decline in profits.
- AWL may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect its business.
- An outbreak of other infectious or virulent diseases, if uncontrolled, may have an adverse effect on AWL's operations Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of its Equity Shares.

## Profit & Loss

| Particulars (Rs in million)                                      | H1FY22          | FY21            | FY20            | FY19            |
|--|-----------------|-----------------|-----------------|-----------------|
| Revenue from operations  | 248745.2        | 370904.2        | 296570.4        | 287974.6        |
| Other Income   | 827.7           | 1052.4          | 1099.5          | 1222.2          |
| <b>Total Income</b>  | <b>249572.9</b> | <b>371956.6</b> | <b>297669.9</b> | <b>289196.8</b> |
| <b>Total Expenditure</b>   | <b>240676.3</b> | <b>357651.0</b> | <b>283475.1</b> | <b>276662.2</b> |
| Cost of Materials Consumed                                       | 219650.3        | 322760.6        | 223265.5        | 218448.5        |
| Purchases of Traded Goods  | 10630.9         | 11588.0         | 25739.1         | 31850.1         |
| Changes in Inventories of Finished Goods and By Products         | -6742.6         | -9451.0         | 4697.5          | 353.0           |
| Employee Benefits Expenses                                       | 1706.5          | 3217.2          | 2239.3          | 2068.9          |
| Other expenses   | 15431.2         | 29536.3         | 27533.7         | 23941.9         |
| <b>PBIDT</b>   | <b>8896.6</b>   | <b>14305.6</b>  | <b>14194.8</b>  | <b>12534.6</b>  |
| Interest   | 2910.3          | 4066.1          | 5691.9          | 4868.9          |
| <b>PBDT</b>  | <b>5986.2</b>   | <b>10239.5</b>  | <b>8502.8</b>   | <b>7665.6</b>   |
| Depreciation and amortization                                    | 1441.5          | 2673.1          | 2412.7          | 1993.1          |
| <b>PBT</b>   | <b>4544.8</b>   | <b>7566.4</b>   | <b>6090.1</b>   | <b>5672.5</b>   |
| Share of restated profit / (loss) of associates / joint ventures | 223.0           | 748.8           | 578.4           | 205.6           |
| <b>Tax (incl. DT &amp; FBT)</b>                                  | <b>1196.5</b>   | <b>1038.7</b>   | <b>2059.8</b>   | <b>2123.0</b>   |
| Current tax  | 866.2           | 2819.4          | 1569.4          | 1273.3          |
| Adjustment of tax relating to earlier years                      | -0.1            | 1.1             | -31.4           | 25.0            |
| Deferred Tax   | 330.4           | -1781.8         | 521.8           | 824.7           |
| <b>PAT</b>   | <b>3571.3</b>   | <b>7276.5</b>   | <b>4608.7</b>   | <b>3755.2</b>   |
| EPS (Rs.)  | 3.1             | 6.4             | 4.0             | 3.3             |
| Face Value   | 1               | 1               | 1               | 1               |



|          |     |     |     |     |
|----------|-----|-----|-----|-----|
| OPM (%)  | 3.6 | 3.9 | 4.8 | 4.4 |
| PATM (%) | 1.4 | 2.0 | 1.6 | 1.3 |

## Balance Sheet

| Particulars (Rs in million) As at                            | H1FY22          | FY21            | FY20            | FY19            |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>ASSETS</b>  |                 |                 |                 |                 |
| <b>Non-current assets</b>                                    |                 |                 |                 |                 |
| Property, plant and equipment                                | 38231.0         | 34657.6         | 35080.0         | 28045.5         |
| Right of use assets  | 2368.3          | 2207.3          | 2316.7          | 2038.9          |
| Capital Work-in-Progress                                     | 6878.6          | 5305.3          | 3248.9          | 5703.9          |
| Goodwill   | 546.7           | 0.0             | 0.0             | 0.0             |
| Other Intangible assets                                      | 141.4           | 149.0           | 181.9           | 189.3           |
| Financial assets   |                 |                 |                 |                 |
| <i>Investments</i>   | 3044.6          | 2820.6          | 2060.2          | 1470.3          |
| <i>Other financial assets</i>                                | 449.6           | 325.3           | 454.9           | 357.5           |
| Income Tax Asset (net)                                       | 12.0            | 8.2             | 15.0            | 35.5            |
| Deferred tax assets (net)                                    | 0.0             | 0.0             | 0.8             | 0.6             |
| Other non-current assets                                     | 1027.6          | 981.8           | 1186.2          | 1872.8          |
| <b>Total non-current assets</b>                              | <b>52699.8</b>  | <b>46455.1</b>  | <b>44544.6</b>  | <b>39714.2</b>  |
| <b>Current assets</b>  |                 |                 |                 |                 |
| Inventories  | 75652.1         | 47777.0         | 38264.3         | 40415.9         |
| Financial assets   |                 |                 |                 |                 |
| <i>Investments</i>   | 500.0           | 500.0           | 0.0             | 0.0             |
| <i>Trade receivables</i>                                     | 18576.6         | 15151.4         | 9211.8          | 12580.5         |
| <i>Cash and cash equivalents</i>                             | 1731.1          | 572.5           | 3460.0          | 788.6           |
| <i>Bank Balances other than above</i>                        | 15263.8         | 11312.1         | 10861.0         | 11366.0         |
| <i>Loans and Advance</i>                                     | 430.6           | 430.6           | 431.6           | 423.7           |
| <i>Other financial assets</i>                                | 3161.9          | 1303.9          | 3746.7          | 2474.7          |
| Other current assets   | 11221.4         | 9763.7          | 7339.2          | 8265.1          |
| <b>Total current assets</b>                                  | <b>126537.3</b> | <b>86811.3</b>  | <b>73314.6</b>  | <b>76314.5</b>  |
| <b>TOTAL ASSETS</b>  | <b>179237.1</b> | <b>133266.4</b> | <b>117859.2</b> | <b>116028.7</b> |
| <b>Equity and liabilities</b>                                |                 |                 |                 |                 |
| <b>Equity</b>  |                 |                 |                 |                 |
| Equity Share Capital   | 1143.0          | 1143.0          | 1143.0          | 1143.0          |
| Other equity   | 35371.2         | 31838.5         | 24564.0         | 19967.1         |
| <b>Total equity</b>  | <b>36514.2</b>  | <b>32981.4</b>  | <b>25707.0</b>  | <b>21110.1</b>  |
| <b>Non-current liabilities</b>                               |                 |                 |                 |                 |
| <b>Financial liabilities</b>                                 |                 |                 |                 |                 |
| <i>Borrowings</i>  | 9408.4          | 10240.9         | 11463.9         | 9646.9          |
| <i>Lease liabilities</i>                                     | 908.7           | 734.9           | 796.8           | 534.3           |
| Other Financial Liabilities                                  | 4265.3          | 3720.3          | 2518.7          | 2425.3          |
| Deferred tax liabilities                                     | 2472.8          | 2089.1          | 3892.7          | 2885.1          |
| Provisions   | 533.8           | 275.2           | 248.2           | 192.3           |
| <b>Total non-current liabilities</b>                         | <b>17589.0</b>  | <b>17060.4</b>  | <b>18920.2</b>  | <b>15684.0</b>  |
| <b>Current liabilities</b>                                   |                 |                 |                 |                 |
| <b>Financial liabilities</b>                                 |                 |                 |                 |                 |
| <i>Borrowings</i>  | 10035.2         | 8799.1          | 11538.9         | 8647.6          |
| <i>Lease Liabilities</i>                                     | 295.0           | 274.2           | 254.0           | 238.1           |
| Trade payables   |                 |                 |                 |                 |
| <i>Total outstanding dues of Micro and Small Enterprises</i> | 636.6           | 760.3           | 60.8            | 1.8             |
| <i>Total outstanding dues other than (I) above</i>           | 104022.7        | 61883.4         | 56910.1         | 66501.9         |
| <i>Other Financial Liabilities</i>                           | 2575.0          | 5073.4          | 1720.7          | 2762.9          |
| Provisions   | 103.2           | 68.8            | 62.4            | 48.0            |
| Other current liabilities                                    | 7297.4          | 6336.8          | 2541.4          | 706.3           |
| Liabilities for Current Tax (Net)                            | 168.9           | 28.6            | 143.7           | 328.1           |
| <b>Total current liabilities</b>                             | <b>125133.9</b> | <b>83224.6</b>  | <b>73232.0</b>  | <b>79234.7</b>  |
| <b>Total liabilities</b>                                     | <b>142722.9</b> | <b>100285.0</b> | <b>92152.2</b>  | <b>94918.6</b>  |
| <b>Total equity and liabilities</b>                          | <b>179237.1</b> | <b>133266.4</b> | <b>117859.2</b> | <b>116028.7</b> |

(Source: RHP)



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