

Subscribe for Long Term

| Issue Details | |
|-----------------|------------------|
| Price Band (Rs) | Rs.218 - 230 |
| Face Value (Rs) | 1 |
| Issue Size (Rs) | 3600Cr |
| Issue Type | Book Building |
| Minimum lot | 65 Shares |
| Issue Opens | January 27, 2022 |
| Issue Closes | January 31, 2022 |
| Listing on | BSE, NSE |

| Indicative Timeline | On or before |
|------------------------------------|-------------------|
| Finalization of Basis of Allotment | February 03, 2022 |
| Unblocking of Funds | February 04, 2022 |
| Credit of shares to Demat Account | February 07, 2022 |
| Listing on exchange | February 08, 2022 |

| Other Detail | |
|----------------------------|--|
| Book Running Lead Managers | Kotak Mahindra Capital Company Limited, J.P. Morgan India Private Limited, BofA Securities India Limited, Credit Suisse Securities (India) Private Limited, ICICI Securities Limited, HDFC Bank Limited, BNP Paribas |
| Registrar | Link Intime India Private Limited |

Distribution Team

E: ipo@acm.co.in
D: +91 22 6132 5931

Associate

Karan Desai
E: karan.desai@acm.co.in
D: +91 22 2858 3221

Adani Wilmar Limited

Company Background

Adani Wilmar Limited ("AWL") was incorporated on 22nd January, 1999. The company was promoted by Adani Enterprises Ltd ("AEL"), Adani Commodities LLP ("ACL") and Lence Pte Ltd. ("LPL"). As a joint venture between the Adani Group and the Wilmar Group., AWL benefits from their strong parentage. AWL is one of the few large FMCG food companies in India to offer most of the essential kitchen commodities for Indian consumers, including edible oil, wheat flour, rice, pulses and sugar. Company's portfolio of products spans across 3 categories: (i) edible oil, (ii) packaged food and FMCG, and (iii) industry essentials. They have presence across a wide array of sub-categories within each of these 3 categories. Currently, AWL has 22 plants which are strategically located across 10 states in India, comprising 10 crushing units and 19 refineries. In addition to this, they also used 36 leased tolling units which provided them with additional manufacturing capacities. As of September 30, 2021, they had 5,590 distributors located in 28 states and 8 union territories throughout India, catering to over 1.6 million retail outlets.

Issue Details

The offer comprises Fresh Issue of Equity shares aggregating upto Rs.3600Cr.

Issue Objectives

1. Funding capital expenditure requirements of the company: Rs.1900Cr
2. Repayment/prepayment of borrowings: Rs.1,058Cr
3. Funding strategic acquisitions and investments:Rs.450Cr
4. General corporate purposes:Rs.192Cr

IPO share allotment pattern

| Category | Allocation | Number of Shares at Rs.218 | Number of Shares at Rs.230 | Issue Size^ (Rs.Cr) |
|--------------------|------------|----------------------------|----------------------------|---------------------|
| QIB | 50% | 7,18,57,798 | 6,81,08,696 | 1,567 |
| Non-Institutional | 15% | 2,15,57,339 | 2,04,32,609 | 470 |
| Retail | 35% | 5,03,00,459 | 4,76,76,087 | 1,097 |
| Employee* | | 54,31,472 | 51,19,617 | 107 |
| AEL Shareholders** | | 1,65,13,761 | 1,56,52,174 | 360.00 |
| Total | | 16,56,60,830 | 15,69,89,182 | 3,600.00 |

*Discount of Rs. 21/- per equity share. **Investors who are the public equity shareholders of Adani Enterprises Limited (AEL) as on 19th January, 2022.

Outlook and Valuations

AWL has a diverse product line that caters to a variety of price points. With Fortune as its well-known brand, it offers the broadest range of oil products in its portfolio. The packaged food market is growing at almost double the pace of the overall food category and is expected to gain a market share of 20% by the fiscal year 2025 from a market share of 14% in the fiscal year 2015. We believe AWL is well positioned to gain the expected growth in this industry due to its outstanding product mix, established brand name, robust distribution network, varied client base, and proven financial performance. In addition, the firm intends to expand its customer base by launching new value-added products and strategic acquisitions, as outlined in its objects of offer. At the upper price band of Rs.230/-, stock is priced at 41.8x its FY22E EPS of Rs.5.49/-(based annualize latest earnings and on fully diluted post issue equity). **We recommend to subscribe the issue from a long-term prospective.**

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 focuses on offering a wide portfolio of packaged consumer staples to consumers. They are one of the few large FMCG food companies in India which offers most of the essential kitchen commodities, which accounts for approximately 66% of consumers spend on essential kitchen commodities in India. They offer a range of staples, edible oil products, each catering to various price points. They also have several value-added products, to their product portfolio in order to increase their market share. In addition to a wide variety of edible oil products and packaged foods, they have recently launched FMCG, including soaps, hand-wash and sanitizers.

Broad customer reach

AWL trusted by their customers, including their prominent institutional customers, such as Britannia. They have an omni-channel presence. Their products are available across major e-commerce platforms and their own e-commerce channels.

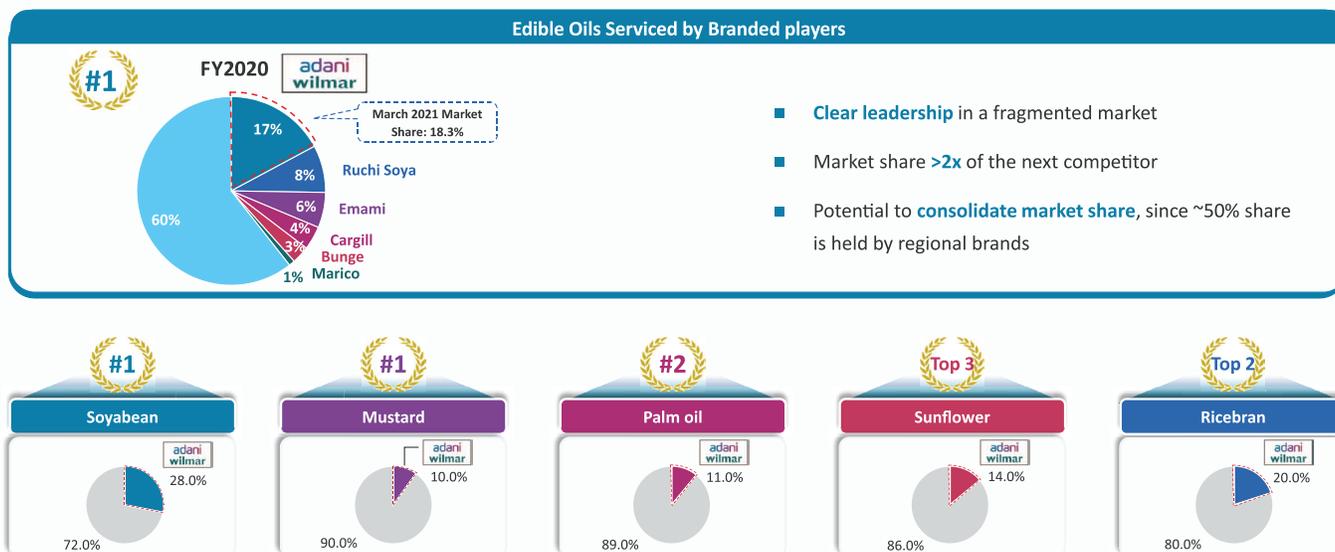
Strong brand recall across a diverse range of price points

AWL is present in most of the packaged food categories through their "Fortune" brand. The brand structure using a single brand identity for multi-categories optimizes their marketing costs and enhances their brand equity. They have brands catering to various price points. "Fortune" with premium pricing and "Bullet" with value pricing – so as to optimize their customer reach, to have products for a diverse range of consumers and achieve better brand recognition. They have a number of masstige brands, including "Bullet", "King's", "Aadhar", "Raag", "Alpha", "Jubilee", "Avsar", "Golden Chef" and "Fryola".

Leading consumer product company in India with leadership in branded edible oil and packaged food business

Over the past two decades, AWL has established their leadership across different product offerings in the edible oil market in India.

Sustained Market Leadership Position in Edible Oil



Their FMCG portfolio covers soaps, hand-wash and sanitizers which have presence in rural areas as they offers them at affordable prices in order to cater to the rural markets

Market leading position in industry essentials

AWL is one of the largest basic oleochemical manufacturers in India in terms of revenue. Also, they were the largest exporter of castor oil and one of the largest exporters of oleochemicals in India as of March 31, 2020.

The market share and ranking in India of their oleochemical products in 2020

| Product | Market Size (TPA) | Growth Rate (%) | Market Share (%) | Ranking in India |
|--------------|-------------------|-----------------|------------------|--------------------|
| Stearic Acid | 170,000 | 8% | 32% | Largest |
| Glycerin | 140,000 | 9% | 23% | Largest |
| Soap Noodles | 900,00 | 5% | 9% | One of the Largest |

Strong raw material sourcing capabilities

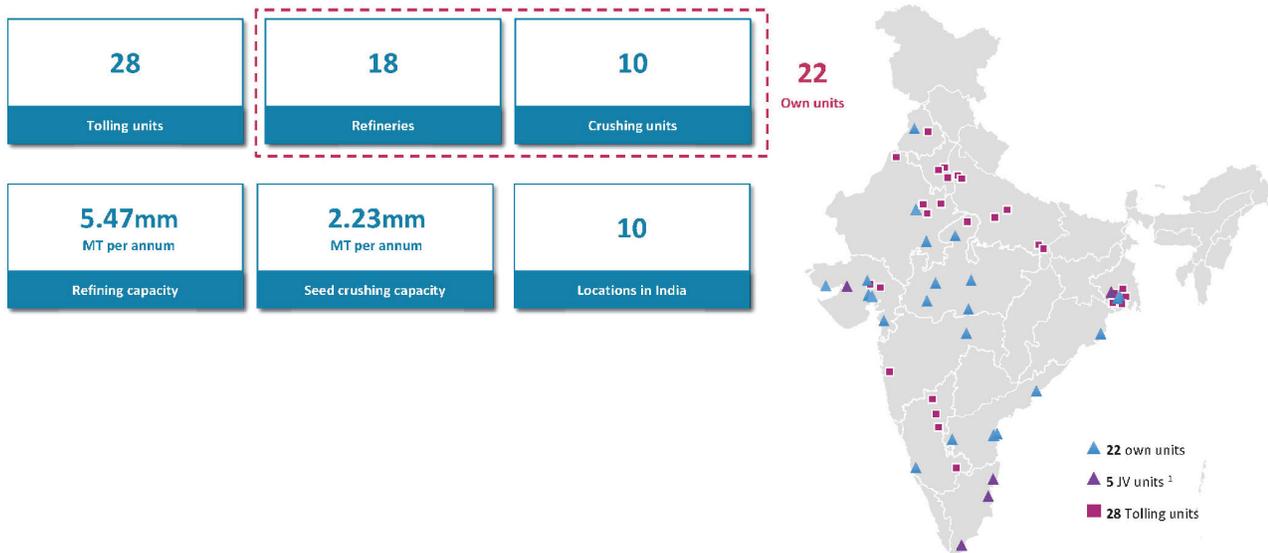
Company's raw material sourcing capabilities are supported by their market standing and extensive business networks. They were India's largest importer of crude edible oil as of March 31, 2020. Wilmar International, their promoter group company, is the largest palm oil supplier in the world, and provides AWL with additional competitive edge as they need not depend on third party suppliers for sourcing of palm oil. In the financial year 2021, approximately 30% of their imported raw materials by value were sourced from Wilmar Group. They also benefit from the market intelligence on price movements in the international market from Wilmar Group to manage their price risk associated with imports of raw materials.

In India, they have established a broad procurement network of their channel partners that include agents acting on behalf of farmers, traders, aadiyas (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

Currently, they have 22 plants which are strategically located across 10 states in India, comprising 10 crushing units and 19 refineries with an aggregate designed capacity of 8,525 MTPD and 16,285 MTPD, respectively, as of September 30, 2021. In addition, they had 36 tolling units across India to cater to the excess demand and ensure their 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 they provide.

Integrated Business Model with Well-established Operational Infrastructure



Extensive pan-India distribution network

Their pan-India presence is supported by a robust distribution infrastructure to ensure the availability of their products. As of March 31, 2021, they had 88 depots, with an aggregate storage space of approximately 1.8 msf across the country to ensure availability of their products. Apart from their presence in general trade outlets and modern trade outlets, they have been utilizing Fortune Foods, their 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. In addition, they partner with certain e-commerce platforms, such as Grofers, and their products are available across major e-commerce platforms. Their online sales through e-commerce platforms increased by 53.30% from the financial year 2020 to 2021.

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 group which was ranked amongst the largest listed companies by market capitalization on the Singapore Exchange by September 30, 2021.

They have 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. Angshu Mallick, the Chief Executive Officer and Managing Director of the company, has over 35 years of experience in marketing and sales in the food industry. Shrikant Kanhere, the Chief Financial Officer of the company has over 18 years of experience in the field of finance and accounts.

Financial Snapshot

| Particulars (Rs.Mn) | FY19 | FY20 | FY21 | 6MFY22 |
|-------------------------|---------|---------|---------|---------|
| Equity share capital | 1,143 | 1,143 | 1,143 | 1,143 |
| Net worth | 21,110 | 25,707 | 32,981 | 36,514 |
| Revenue from Operations | 287,975 | 296,570 | 370,904 | 248,745 |
| EBITDA | 12,535 | 14,195 | 14,306 | 8,897 |
| EBITDA Margin | 4.33% | 4.78% | 3.85% | 3.57% |
| Net Profit | 3,755 | 4,609 | 7,277 | 3,571 |
| Net Profit Margin | 1.30% | 1.55% | 1.95% | 1.43% |
| Diluted EPS (Rs) | 3.29 | 4.03 | 6.37 | 3.12 |
| ROE(%) | 17.79% | 17.93% | 22.06% | 9.78%^ |
| ROCE(%) | 12.75% | 12.76% | 11.06% | 5.79%^ |
| Debt to Equity Ratio | 0.5 | 0.5 | 0.39 | 0.34 |

^ Not annualised
Source: Company RHP, ACMIIL Research

Comparison with Listed Peers:

| Company | Standalone/ Consolidated | Total Income (Rs.Mn) | EPS | NAV | P/E | ROE(%) |
|--------------------------------|--------------------------|----------------------|--------|-----|-------|--------|
| Adani Wilmar Limited | Restated | 371,957 | 6.37 | 29 | 41.8^ | 22.06% |
| Hindustan Unilever Limited | Consolidated | 470,280 | 34.03 | 203 | 69.6 | 16.8% |
| Britannia Industries Limited | Consolidated | 131,361 | 77.40 | 149 | 46.7 | 51.6% |
| Tata Consumer Products Limited | Consolidated | 116,020 | 9.30 | 170 | 78.6 | 6% |
| Dabur India Limited | Consolidated | 95,617 | 9.55 | 44 | 59.05 | 22% |
| Marico Limited | Consolidated | 80,480 | 9.08 | 25 | 54.03 | 35.8% |
| Nestle India Limited | Consolidated | 133,500 | 215.98 | 209 | 89.73 | 103.1% |

P/E Ratio has been computed based on the closing market price as on January 18, 2022. ^P/E Ratio has been computed based on the Issue price and annualize September 2022 earnings

Risks and concerns

- Unfavorable local and global weather patterns may have an adverse effect on the availability of raw materials which could have an adverse effect on its business. In addition, company does not have long term agreements with suppliers for raw materials.
- Certain companies within the Adani group are involved in various legal, regulatory, and other proceedings which could have an adverse impact on AWL's business and reputation.

ACMIIL Retail Research Products

| Informational Products | Recommendation Products |
|----------------------------|---------------------------|
| Morning Notes | Momentum Calls |
| Market Watch | Positional Calls |
| Investor First Magazine | Smart Delivery Calls |
| IPO/NCD/ETF/OFS/BOND | Investment Ideas |
| Market Pulse | Master Trades High Risk |
| RBI Monetary Policy | Master Trades Medium Risk |
| Union Budget Report | Techno-Funda |
| Weekly Derivative Synopsis | Top Mutual Fund Schemes |
| Rollover Snapshot | Portfolio Review |
| Rollover Analysis | Stock Basket |

For More Information on Retail Research Products please visit
<https://www.investmentz.com/research-services>

Asit C. Mehta

INVESTMENT INTERMEDIATES LTD.

Retail Research Desk:

Email: retailresearch@acm.co.in

Research Analyst Registration Number:

INH000002483

CIN: U65990MH1993PLC075388

Information pertaining to Asit C. Mehta Investment Intermediates Limited (ACMIIL):

ACMIIL is a SEBI registered Stock Broker, Merchant Banker, Portfolio Manager and Depository Participant. It is also a AMFI registered Mutual Fund Distributor. It does not have any disciplinary history. Its associate/group companies are Asit C. Mehta Commodity Services Limited, Asit C. Mehta Realty Services Pvt. Ltd, Asit C. Mehta Forex Pvt. Ltd, Nucleus IT Enabled Services , Asit C. Mehta Financial Services Limited (all providing services other than stock broking,merchant banking and portfolio management services.).

Disclosures

ACMIIL/its associates and its Research analysts have no financial interest in the companies covered on the report. ACMIIL/its associates and Research analysts did not have actual/beneficial ownership of one per cent or more in the companies being covered at the end of month immediately preceding the date of publication of the research report. ACMIIL/its associates or Research analysts have no material conflict of interest, have not received any compensation/benefits for any reason (including investment banking/ merchant banking or brokerage services) from either the companies concerned/third parties with respect to the companies covered in the past 12 months. ACMIIL/its associates and research analysts have neither managed or co-managed any public offering of securities of the companies covered nor engaged in market making activity for the companies being covered. Further, the companies covered neither are/nor were a client during the 12 months preceding the date of the research report. Further, the Research analyst/s covering the companies covered herein have not served as an officer/director or employee of the companies being covered

Disclaimer:

This report is based on information that we consider reliable, but we do not represent that it is accurate or complete and it should not be relied upon such. ACMIIL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in the report. To enhance transparency we have incorporated a Disclosure of Interest Statement in this document. This should however not be treated as endorsement of the views expressed in the report.

You are also requested to refer to the disclaimer (which is deemed to be part and parcel and is applicable to this research report as well) : <http://www.investmentz.com/disclaimer>

Download Investmentz App



Follow us on:

