Business Overview

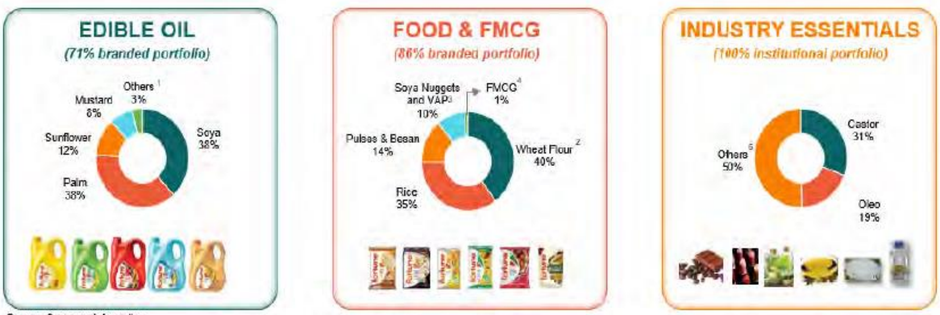
Company Profile:

- 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. (Source: Technopak Report).
- AWL offers a range of staples such as wheat flour, rice, pulses and sugar. The 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.
- In recent years, the company has been placing an increasing focus on value-added products, with an aim to diversify the revenue streams and generate high profit margins. The value-added products it has launched in recent years include functional edible oil products, such as rice bran health oil, fortified foods, ready-to-cook soya chunks and khichdi, and FMCG.
- As of the date of this Red Herring Prospectus, the company 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. The company's refinery in Mundra is the largest single location refinery in India with a designed capacity of 5,000 MT per day (Source: Technopak Report).
- The company has the largest distribution network among all the branded edible oil companies in India (Source: Technopak Report).

Business Segments:

AWL operates in the following three business segments:

- <u>Edible Oil</u>: The company offers a comprehensive portfolio of edible oil products, including soyabean oil, palm oil, sunflower oil, rice bran oil, mustard oil, groundnut oil, cottonseed oil, blended oil, vanaspati, specialty fats and a range of functional edible oil products with distinctive health benefits. It also offers various specialty fats, including (i) industrial margarine, bakery shortening and vanaspati, (ii) lauric fats as substitutes for milk fat and cocoa butter substitutes, and (iii) bulk packaging of frying oil.
- <u>Packaged Food and FMCG</u>: The company offers a wide array of packaged foods, including packaged wheat flour, rice, pulses, besan, sugar, soya chunks and ready-to-cook khichdi.
- <u>Industry Essentials:</u> It also offers a diverse range of industry essentials, including oleo chemicals, castor oil and its derivatives and de-oiled cakes.



Source: Company information
Note: All pie charts are shown by sales volume as of FY21; Branded / institutional split based on Edible oils and Food & FMCG (Excludes Industry Essentials); [1] Includes ricebran, groundnut, cotton seed and coconut oil; [2] Includes maida and suji / rawa; [3] VAP means value added products, includes sugar as well; [4] Includes soaps, sanitizers and handwashes; [5] Includes de-oiled cake (DOC), Palm Stearin and Palm Fatty Acid, etc.

Issue Details

Initial Public Offering of Equity Shares aggregating up to ₹ 3,600 Crore

Issue size: ₹ 3600 Cr
No. of shares: 165,660,830 - 156,989,182
Face value: ₹ 1/-
Reservation for: Employee: *₹ 107 Cr; **AEL Shareholders**: ₹ 360 Cr (AEL=Adani Enterprises Ltd)*

Price band: ₹ 218-230
Bid Lot: 65 shares and in multiples thereon
Employee Discount: ₹ 21/- Per Share

Post Issue Implied Market Cap:
₹ 28,528 – 29,899 Cr.

BRLMs: 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

Indicative Timetable

Activity	On or about
Issue Opens	27-01-2022
Issue Closes	31-01-2022
Finalization of Basis of Allotment	03-02-2022
Refunds/ Unblocking ASBA Fund	04-02-2022
Credit of equity shares to DP A/c	07-02-2022
Trading commences	08-02-2022

Listing: BSE & NSE

Issue Break Up

Retail	QIB	NIB
35%	50%	15%

Shareholding *

	Pre Issue	Post Issue
Promoter & Promoter Group	100%	87.92%
Public	0%	12.08%
Total	**100.00%**	**100.00%**

**Calculated using data in RHP on pages – 1 & 66*

Competitive Strengths

Differentiated and diversified product portfolio with market leading brands to capture large share of kitchen spends across India: The company 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 focuses on offering a wide portfolio of packaged consumer staples along with several value-added products, including ready-to-cook products and functional edible oil products, to its product portfolio in order to increase market share. The company believes that its strong brand recall has enabled it to market products at a premium price.

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 the company's branded edible oil was 18.30%, putting it as the dominant No. 1 edible oil brand in India (Source: Nielsen Retail Index – MAT March 2021). "Fortune", its well-known flagship brand, is the largest selling edible oil brand in India. Over the past two decades, the company has established its leadership across different product offerings in the edible oil market in India. The company 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 (Source: Technopak Report).

Market leading position in industry essentials: The company 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 (Source: Technopak Report).

Strong raw material sourcing capabilities: The company's raw material sourcing capabilities are supported by its market standing and extensive business networks. It imports a significant portion of raw materials, and the market leadership has facilitated the company to source raw materials from top global suppliers from the international markets. In India, the company 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: The company operates an integrated manufacturing infrastructure to derive cost efficiency across different business lines. Its integrated infrastructure includes backward and forward integration, integration of manufacturing capacities of edible oils and packaged foods at the same locations. As of the date of this Red Herring Prospectus, the company 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. 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.

Extensive pan-India distribution network: From the financial year 2019 to the financial year 2021, the number of company's distributors in India experienced a 33% growth. 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, representing approximately 35% of the retail outlets in India (Source: Technopak Report). The company's pan-India presence is supported by a robust distribution infrastructure to ensure the availability of its products. Apart from this, the company's online sales in India through e-commerce platforms increased by 53.30% from the financial year 2020 to 2021.

Focus on environmental and social sustainability: The company 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. Further, a number of manufacturing facilities of the company have received ISO 14001 certifications for environmental management systems and/or ISO 45001 certifications for occupational health and safety management systems. It has adopted a sustainability policy approved by the Board, which is available on the website.

Strong parentage with professional management and experienced board: The company 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. The company benefits 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. The company has an experienced senior management team of qualified and experienced professionals that help to implement its business strategies in an efficient manner and to continue to build on the track record of successful product offerings.

For further details, refer to 'Competitive Strengths' page 142 of RHP

Business Strategies

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

Further expand the distribution network with an omni-channel approach: The company strives to expand its distribution network in order to further penetrate both urban and rural areas and increase sales. It will continue to increase the coverage of its retail outlets. In the meantime, the company will continue to adopt its omni-channel strategy and endeavor to extend the customer reach through e-commerce platforms. It aims to expand 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. Additionally, the company intends to build separate distribution channels for its masstige brands to compete with regional brands and further penetrate regional markets.

Focus on increasing brand awareness: The company will continue to invest in strengthening its brands in India. In the financial years 2019, 2020, 2021 and the six months ended September 30, 2021, its advertising expenses were ₹1,356.47 million, ₹1,662.85 million, ₹1,563.76 million and ₹1,004.37 million, or 0.47%, 0.56%, 0.42% and 0.41% of its revenue from operations, respectively. The company will employ celebrity endorsement, digital advertising and other brand building initiatives in its marketing campaigns to increase brand awareness.

Continue to launch new products and enhance customer base: The company 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. The company expects new products to increase its market share and further expand the customer base.

Pursue strategic acquisitions: The company pursues strategic acquisitions when opportunities rise. Through acquisitions, it seeks to expand geographic presence & include additional products in the portfolio. The strategy to acquire brands and businesses will be guided by the principle to enhance not only the product portfolio but also to derisk the company's business from dependency on any single product or category.

Focus on multiple drivers for margin expansion: To drive its margin expansion, the company intends to focus on Market share consolidation, integrated manufacturing facilities, optimizing overheads, leveraging scale to improve sourcing and ramp-up sales. Its scale will help the company in the procurement of raw materials from reliable sources at competitive prices and also optimize sales by leveraging existing distribution channels.

For further details, refer to 'Strategies' page 146 of RHP

Profile of Directors

Kuok Khoon Hong is the Non-Executive Chairman of the Company. He holds a bachelor's degree in business administration from the University of Singapore. He has over 40 years of experience in the agribusiness industry. He is the co-founder of Wilmar International Limited and currently, he is the Chairman and Chief Executive Officer of Wilmar International Limited. He was appointed to the Board of Directors with effect from February 27, 1999.

Angshu Mallick is the Chief Executive Officer and Managing Director of the Company. He holds a bachelor's degree in dairy technology from Dairy Science College, National Dairy Research Institute, Karnal and a post graduate diploma in rural management from Institute of Rural Management, Anand. He has over 35 years of experience in marketing and sales in the food industry. Previously, he was working with Gujarat Co-operative Milk Marketing Federation Limited as Manager, Marketing and Distribution and has been working with Adani Wilmar Ltd. since March 1999. He was appointed to the Board of Directors with effect from April 1, 2021.

Pranav Vinod Adani is the Non-Executive, Non-Independent Director of the Company. He holds a bachelor's degree of science in business administration from Boston University, United States. He has been working with the Adani Group since 1999 and currently heads the oil and gas, city gas distribution and agri infrastructure businesses of Adani Group. He was appointed to the Board of Directors with effect from April 1, 2008.

Malay Ramesh Mahadevia is a Non-Executive, Non-Independent Director of the Company. He holds a bachelor's and master's degree in dental surgery from University of Bombay and degree of doctor of philosophy (science) from Gujarat University. He has been working with the Adani Group since 1993 and was the Group HR Director of Adani Group. He was appointed to the Board of Directors with effect from June 17, 2019.

Madhu Ramachandra Rao is an Independent Director of the Company. He holds a bachelor's degree in commerce from University of Bombay and has passed the final examination held by the Institute of Chartered Accountants of India. Prior to joining Adani Wilmar Ltd., he was the chief financial officer and president of Shangri-La International Hotel Management Limited and was an executive director of Shangri-La Asia Limited in Hong Kong. He was appointed to the Board of Directors with effect from June 10, 2021.

Dorab Erach Mistry is an Independent Director of the Company. He passed the examination for the bachelor's degree in commerce from the University of Bombay and the final examination held by the Institute of Chartered Accountants of India. He has been working with the Godrej Group since 1976 and is currently the managing director of Godrej International Trading & Investments Pte Ltd., Singapore. He was appointed to the Board of Directors with effect from June 10, 2021.

Dipali H Sheth is an Independent Director of the Company. She holds a bachelor's degree in economics from University of Delhi. Prior to joining Adani Wilmar Ltd., she has worked with RBS Business Services India Private Limited as a country head of human resources, Standard Chartered Bank, Procter & Gamble Distribution Company Limited and DCM Limited. She was appointed to the Board of Directors with effect from June 10, 2021.

Anup Pravin Shah is an Independent Director of the Company. He passed the examination for the bachelor's degree in commerce and holds a degree of doctor of philosophy (commerce) from the University of Mumbai. He is a certified chartered accountant and has been associated with Pravin P Shah & Co., Chartered Accountants as a partner since 2001. He was appointed to the Board of Directors with effect from July 20, 2021.

Given above is the abstract of data on directors seen on page 186 of the RHP

Object of the Offer

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (Rs. In Million)
Capital Expenditure	19,000.00
Repayment/prepayment of company's borrowings	10,589.00
Funding strategic acquisitions and investments	4,500.00
General corporate purposes(1)	[•]
Total	[•]

(1) To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.

Comparison with peers

Company	FV/Share (₹)	EPS (Basic)	RONW	NAV (₹ per share)	P/E (times)
Adani Wilmar Limited	1	6.37	22.06%	28.86	[•]
Hindustan Unilever Limited	1	34.03	16.80%	202.99	69.63
Britannia Industries Limited	1	77.43	51.60%	148.8	46.79
Tata Consumer Products Limited	1	9.3	6.00%	169.57	78.65
Dabur India Limited	1	9.58	22.00%	43.57	59.05
Marico Limited	1	9.08	36.80%	25.23	54.03
Nestle India Limited	10	215.98	103.10%	209.44	89.73

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/financial results as available of the respective company for the year ended March 31, 2021 except for Nestle India Limited for which the financials are for the year ended December 31, 2020, submitted to stock exchanges. Financial information for Adani Wilmar Limited is derived from the restated financial Information for the year ended March 31, 2021.

Notes:

(1) Basic EPS refers to the Basic EPS sourced from the financial statements of the companies respectively for the year ended March 31, 2021 except for Nestle India Limited for which the financials are for the year ended December 31, 2020.

(2) P/E Ratio has been computed based on the closing market price of equity shares on NSE on January 18, 2022, divided by the Diluted EPS provided under Note 1 above.

(3) RoNW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by closing net worth. Net worth has been computed as sum of paid-up share capital and other equity.

(4) NAV is computed as the net worth divided by the outstanding number of equity shares.

(5) Financial information for all listed industry peers is for the year ended March 31, 2021 except for Nestle India Limited for which the financials are for the year ended December 31, 2020.

Financials (Restated Consolidated)

(Rs. In Millions)

Particulars	As at 30th September, 2021	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Equity Share Capital	1,142.95	1,142.95	1,142.95	1,142.95
Other Equity	35,371.21	31,838.46	24,564.02	19,967.12
Net Worth	36,514.16	32,981.41	25,706.97	21,110.07
Total Borrowings	19,443.55	19,040.08	23,002.76	18,294.56
Revenue from Operations	248,745.19	370,904.22	296,570.36	287,974.59
EBITDA	8,896.58	14,305.59	14,194.75	12,534.57
EBITDA Margin	3.56%	3.85%	4.77%	4.33%
Profit/Loss Before Tax	4,544.77	7,566.41	6,090.13	5,672.52
Net Profit/Loss after tax	3,571.33	7,276.49	4,608.72	3,755.21
Basic Earnings Per Share	3.12	6.37	4.03	3.29

Above data obtained from pages 13, 52 to 54, 140 of RHP

Key Risk Factors

- The company's 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. In addition, the company does not have long term agreements with suppliers for its raw materials. Any increase in the cost of, or a shortfall in the availability of, such raw materials could have an adverse effect on the business and results of operations, and seasonable variations could also result in fluctuations in the results of operations.
- The company 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 its cost in order to secure sufficient raw materials/finished goods to meet the operational requirements.
- The company has a diverse range of products primarily in three business categories and its inability to manage the diversified operations may have an adverse effect on its 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 the company 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 company's business and reputation.
- The company derives a significant portion of its revenue from the edible oil business segment and any reduction in demand or in the production of such products could have an adverse effect on its business, results of operations and financial condition.
- The company'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 company's business.
- Import restrictions by other countries on the company's products may have a material adverse impact on its business, financial condition and result of operations
- The company's inability to effectively manage its growth could have an adverse effect on the business, results of operations and financial condition.
- The company relies heavily on its existing brands, the dilution of which could adversely affect the business
- The Company, its Directors, the Promoters and Subsidiaries are involved in certain legal proceedings. Any adverse decision in such proceedings may render the parties involved liable to liabilities/penalties and may adversely affect the business and results of operations.

- The company's funding requirements and proposed deployment of the Net Proceeds are based on management estimates and a report from L&T Technology Services Limited and may be subject to changes based on various factors, some of which are beyond its control.
- The company 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, the company's proposed capacity expansion plans relating to its manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.
- The company has indebtedness and may incur additional indebtedness in the future, which may adversely affect its business and results of operations.
- The company may inadvertently deliver genetically modified organisms ("GMOs") to those customers that request GMO-free products.
- The company's operations are subject to various hazards and could expose it to the risk of liabilities, loss of revenue and increased expenses.
- Certain members of its Promoter Group, Directors and related entities have interests in certain companies, which are in businesses similar to the company's and this may result in potential conflicts of interest.
- The company's financing agreements entail interest at variable rates and any increases in interest rates may adversely affect the results of operations.
- The company may be unable to grow its business in semi urban and rural markets, which may adversely affect the business prospects and results of operations.
- Certain of its corporate filings and records are not traceable. The company cannot assure that regulatory proceedings or actions will not be initiated against it in the future and it will not be subject to any penalty imposed by the competent regulatory authority in this regard.
- The company has in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.
- The company has certain contingent liabilities that have not been provided for in its financial statements, which, if they materialize, may adversely affect the financial condition.
- The Company 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 the investor's ability to influence the outcome of matters submitted for approval of the shareholders.

Please read carefully the Risk Factors given in detail in section II (page 21 onwards) in RHP

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