EQUITY RESEARCH REPORT

AWL AGRI BUSINESS LTD

Wholesale Trade & FMCG — India

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1. Company Overview

AWL Agri Business Ltd (formerly Adani Wilmar Ltd) is India's largest listed food FMCG company by market capitalization with a strong wholesale trading backbone. Incorporated in 1999 as a 50:50 joint venture between Adani Enterprises and Wilmar International (Singapore), the company transitioned to a 100% Adani-controlled entity following Wilmar International's stake sale in FY2024, subsequently rebranding from "Adani Wilmar" to "AWL Agri Business" in January 2025.

1.1 Business Description

AWL operates across three integrated business verticals:

- Edible Oils (~65% of revenue): Market leader with the 'Fortune' brand — India's #1 selling edible oil brand covering sunflower, mustard, soy, palm, rice bran, and groundnut oils.
- Food & FMCG (~20% of revenue): Wheat flour (atta), rice, pulses, sugar, ready-to-cook products. Growing premium portfolio targeting health-conscious consumers.

- Industry Essentials (~15% of revenue): Oleochemicals, castor oil derivatives, de-oiled cake (DOC), and specialty fats sold to institutional and industrial customers

1.2 Key Facts

Parameter	Details
Full Name	AWL Agri Business Ltd (formerly Adani Wilmar Ltd)
Stock Exchange	NSE (AWLAGRI) & BSE (543458)
Face Value	₹1 per share
Promoter Holding	Adani Family: ~87.9% (as of Q3 FY25)
FY25 Revenue	₹6,36,722 Mn (~₹63,672 Cr)
Market Cap (CMP ₹28)	~₹30,000 Cr
Headquarters	Ahmedabad, Gujarat
Manufacturing Plants	22 plants across 10+ states
Distribution Reach	5,000+ distributors | 3 Mn+ retail points

1.3 Shareholding Pattern (Q3 FY25)

Category	Holding (%)
Promoters (Adani Group)	87.94%
Foreign Institutional Investors (FIIs)	4.12%
Domestic Institutional Investors (DIIs)	3.87%
Public & Others	4.07%
Total	100.00%

2. Financial Analysis (FY2021-FY2025)

2.1 Profit & Loss Summary (INR Mn)

Particulars	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue from Operations	3,70,904	5,41,548	5,81,843	5,12,251	6,36,722
YoY Growth (%)	—	+46.0%	+7.4%	-11.9%	+24.3%
Cost of Goods Sold	3,24,898	4,87,715	5,28,853	4,52,748	5,61,374
Gross Profit	46,007	53,834	52,990	59,503	75,348
Gross Margin (%)	12.4%	9.9%	9.1%	11.6%	11.8%
EBITDA	13,253	17,363	9,583	11,353	24,817
EBITDA Margin (%)	3.6%	3.2%	1.6%	2.2%	3.9%
Finance Cost	4,066	5,408	7,749	7,491	7,241
PBT	8,318	10,881	8,170	3,164	16,011
PAT (Shareholders)	7,286	8,032	5,819	2,246	11,638
PAT Margin (%)	2.0%	1.5%	1.0%	0.4%	1.8%
EPS (₹/share)	6.37	6.89	4.48	1.14	9.44

Key Observation: FY2025 marked a strong recovery with revenue growing 24.3% YoY to ₹6,36,722 Mn. PAT surged to ₹11,638 Mn from ₹2,246 Mn in FY2024 — a 418% jump — driven by gross margin recovery, finance cost rationalization, and operating leverage. EPS improved significantly from ₹1.14 to ₹9.44.

2.2 Balance sheet Highlights (INR Mn)

Particulars	FY2023	FY2024	FY2025
Total Current Assets	1,45,319	1,27,178	1,46,157
Inventories	76,812	72,038	86,413
Receivables	19,314	17,829	24,156
Cash & Equivalents	3,948	2,586	5,437
Total Non-Current Assets	64,427	70,582	77,985
Fixed Assets (PP&E)	43,266	44,258	49,694
Total Assets	2,09,798	1,98,065	2,24,375
Short-term Borrowings	22,257	24,154	15,256
Trade Payables	20,501	27,772	29,557
Long-term Borrowings	—	—	1,862
Total Equity	81,658	83,160	94,239
Debt-to-Equity Ratio (x)	0.27x	0.29x	0.18x

2.3 Cash Flow Summary (INR Mn)

Particulars	FY2023	FY2024	FY2025
CFO (Operating Cash Flow)	~8,500	~14,200	~19,500
CFI (Investing Cash Flow)	~(6,200)	~(7,800)	~(9,200)
CFF (Financing Cash Flow)	~(5,100)	~(7,900)	~(7,400)
Net Change in Cash	~(2,800)	~(1,500)	~2,900
Capex	(5,800)	(6,200)	(7,300)
Free Cash Flow (FCF)	~2,700	~8,000	~12,200

AWL generated ₹12,200 Mn in Free Cash Flow in FY2025, reflecting strong operating leverage and improving working capital management. The company reduced short-term debt by ₹8,898 Mn (37% reduction), signaling a deleveraging trend that is expected to continue through FY2027

2.4 Financial Ratios

Ratio	FY2023	FY2024	FY2025	FY2026E	FY2027E
Gross Margin (%)	9.1%	11.6%	11.8%	12.5%	13.5%
EBITDA Margin (%)	1.6%	2.2%	3.9%	4.6%	4.8%
PAT Margin (%)	1.0%	0.4%	1.8%	2.3%	2.5%
ROE (%)	7.1%	2.7%	12.4%	13.9%	13.1%
ROCE (%)	3.7%	4.7%	10.7%	12.4%	13.8%
D/E Ratio (x)	0.27x	0.29x	0.18x	0.16x	0.14x
Current Ratio (x)	1.24x	1.22x	1.25x	1.40x	1.55x
Inventory Days	53	58	56	56	55
Receivable Days	12	13	14	14	13
Payable Days	14	22	20	20	20
EPS (₹)	4.48	1.14	9.44	11.73	12.63
P/E (x) @ CMP ₹28	6.3x	24.6x	3.0x	2.4x	2.2x

3. Strategic Analysis

3.1 Business Model & Value Chain

AWL's integrated business model spans the entire agricultural commodity value chain — from raw material procurement (oilseeds, edible oil imports) through processing (refining, milling, packaging) to branded distribution (Fortune brand) across general trade, modern trade, and institutional channels. This integration provides cost advantages and pricing power.

The company's sourcing model involves strategic imports of crude edible oils (palm, soy) from Malaysia, Indonesia, and Brazil, alongside domestic procurement of mustard, groundnut, and rice bran. AWL has forward contracts and hedging mechanisms to manage commodity price volatility.

3.2 SWOT Analysis

Strengths

- Market leadership: Fortune brand — India's #1 edible oil brand with >20% market share in branded edible oils
- Scale advantage: ₹6.4 Lakh Cr revenue provides unmatched bargaining power with suppliers and distributors
- Integrated operations: Crude oil refining + milling + branded distribution — 3 layers of value addition
- Distribution moat: 5,000+ distributors, 3 Mn+ retail touchpoints ensure deep rural and urban penetration
- Strong parent: Adani Group backing provides financial strength, logistics infrastructure, and port access
- Financial recovery: PAT turned strongly positive in FY2025 after FY2024's near-breakeven performance

Weaknesses

- Thin margins: EBITDA margin of 3.9% is structurally low due to high commodity input costs (COGS = 88.2% of revenue)
- Commodity dependency: Profitability is highly sensitive to edible oil prices — a 1% shift in gross margin = ₹6,367 Mn PAT impact

- High finance costs: ₹7,241 Mn (35% of EBITDA) in FY2025, though declining post-debt reduction
- Promoter concentration: 87.94% promoter holding limits free float; pledging risk remains a concern
- Brand repositioning risk: Adani Wilmar → AWL rebrand may cause temporary consumer confusion

Opportunities

- Product premiumisation: Shift from commodity to branded segment (Fortune Organic, specialty oils, health-focused products)
- Food & FMCG scale-up: Wheat flour, pulses, and ready-to-cook growing at 15–18% CAGR, improving blended margins
- Export markets: India's edible oil export opportunity — government targeting $5 Bn in agri-processed exports by 2027
- Modern trade & D2C: Amazon, Flipkart, Blinkit, and JioMart penetration expanding addressable market
- Government schemes: PLI (Production Linked Incentive) for food processing benefits AWL's expansion capex

Threats

- Edible oil import duty changes: Any reduction in import duty on crude edible oils can compress gross margins by 200–300 bps
- Regulatory risk: FSSAI quality norms, GST rate revisions, Essential Commodities Act interventions
- Competition: Ruchi Soya (Patanjali), Emami Agrotech, Cargill, and regional unorganized players
- Climate & supply chain: El Niño impacts on oilseed production can spike input costs

3.3 Porter's Five Forces Analysis

Force	Rating	Key Drivers
Supplier Power	Moderate	Diversified global sourcing; long-term contracts with farmers/importers
Buyer Power	High	Large retail chains (D-Mart, Reliance) negotiate aggressively on trade margins
Threat of New Entrants	Low	High capex, brand investment, distribution relationships create barriers
Threat of Substitutes	Low–Moderate	Consumers switch between oil types but remain within AWL's portfolio
Competitive Rivalry	High	Ruchi Soya, Emami, regional players compete aggressively on price

4. Industry Context — Wholesale Trade & Edible Oils

4.1 Market Size &Growth

India's edible oil market is the world's fourth-largest at ~24 Mn MT annual consumption worth ~₹2.5 Lakh Cr. The wholesale agri-commodities market (including grains, pulses, sugar) exceeds ₹42 Lakh Cr annually. India imports ~60% of its edible oil requirement (primarily palm oil from Indonesia/Malaysia), making AWL's import-to-refine-to-distribute model strategically critical.

4.2 Key Industry Trends

- Branded oils taking share from loose/unbranded: Organized sector share rising from ~35% to ~50% over FY2020–2025
- Premiumisation wave: Cold-pressed, organic, and single-seed oils growing at 25%+ CAGR from a small base
- e-NAM & APMC reforms: Digital commodity trading reducing price inefficiencies, benefiting large players
- ONDC (Open Network Digital Commerce): Government platform enabling smaller traders to compete online
- Nutrition awareness: Health-conscious consumers driving demand for rice bran, olive, and avocado oils

4.3 Peer Comparison

Company	Rev FY25 (₹ Mn)	Gross Margin	EBITDA Margin	PAT Status	Listed
AWL Agri Business	6,36,722	11.8%	3.9%	Profitable	Yes
MMTC Ltd	~28,000	~3.5%	~1.5%	Loss-making	Yes (PSU)
MSTC Ltd	~12,000	~18%	~12%	Profitable	Yes (PSU)
PEC Ltd	~5,000	~2%	~0.5%	Loss-making	Yes (PSU)
State Trading Corp	~8,000	~2.5%	~1%	Marginal	Yes (PSU)

AWL commands a significant revenue premium over all peers — 22x MMTC, 53x STC by revenue — driven by its private-sector efficiency, branded portfolio, and integrated value chain. MSTC is the only peer with comparable profitability, but its asset-light e-commerce model is not comparable to AWL's physical commodity operations.

5. Equity Valuation

5.1 Financial Projections FY2026- FY2028

P&L (INR Mn)	FY2025A	FY2026E	FY2027E	FY2028E
Revenue	6,36,722	6,68,558	7,01,986	7,37,086
YoY Growth	+24.3%	+5.0%	+5.0%	+5.0%
Gross Profit	75,348	83,570	87,748	92,136
Gross Margin	11.8%	12.5%	12.5%	12.5%
EBITDA	24,817	30,512	32,038	33,640
EBITDA Margin	3.9%	4.6%	4.6%	4.6%
Finance Cost	7,241	4,744	4,881	5,430
PAT	11,638	15,191	16,360	17,265
PAT Margin	1.8%	2.3%	2.3%	2.3%
EPS (₹)	9.44	11.73	12.63	13.33

5.2 DCF Valuation

WACC Assumptions: Risk-free rate 7.2% (10-year G-sec), Beta 0.95, Equity risk premium 5.5%, Cost of equity 12.4%; Cost of debt (post-tax) 6.8%; D/E = 18/82; WACC = ~11.5%

Year	FCF (INR Mn)	Discount Factor (11.5%)	PV of FCF (INR Mn)
FY2026	18,500	0.897	16,595
FY2027	20,800	0.804	16,723
FY2028	23,200	0.721	16,727
FY2029	25,900	0.647	16,757
FY2030	28,800	0.580	16,704
Terminal Value (8x	3,85,000	0.580	2,23,300

EBITDA, 3% growth)			
Enterprise Value (EV)	—	—	3,06,806
Less: Net Debt	—	—	(13,681)
Equity Value	—	—	2,93,125
Shares Outstanding (Mn)	—	—	1,295.3
DCF Value per Share (₹)	—	—	~₹42

5.3 Relative Valuation (EV/EBITDA & P/E)

Method	**Multiple**	**FY2027E Base**	**Value/Share (₹)**	**Weight**
DCF (WACC 11.5%, TV 8x)	—	FCF-based	₹42	50%
EV/EBITDA	20x	₹32,038 Mn EBITDA	₹35	30%
P/E	25x	₹12.63 EPS	₹37	20%
Blended Target Price	—	—	₹38	100%

Based on our blended valuation approach (50% DCF + 30% EV/EBITDA + 20% P/E), we arrive at a 12-month target price of ₹38 per share, implying 35.7% upside from the current market price of ₹28. We initiate coverage with a BUY rating.

5.4 Sensitivity Analysis – Target price

EV/EBITDA Multiple \ EBITDA Margin	**4.0%**	**4.6% (Base)**	**5.2%**
18x EV/EBITDA	₹28	₹32	₹36
20x EV/EBITDA (Base)	₹31	₹35	₹40
22x EV/EBITDA	₹34	₹39	₹44

6. Investment Thesis & key Risks

6.1 Bull Case- BUY @Rs38 Target

- Profitability re-rating: FY2025 PAT of ₹11,638 Mn is 5x FY2024's ₹2,246 Mn. With margin improvement and deleveraging, FY2027E PAT could reach ₹16,360 Mn.
- Gross margin expansion path: Recovery from 9.1% (FY2023) to 11.8% (FY2025) with target of 13.5% by FY2027 via product mix shift, forward contracts, and premiumisation.
- Working capital improvement: Inventory days declining from 58 (FY2024) to 55 target; DWC improvement could unlock ₹8,000–10,000 Mn in cash over FY2026-27.
- FMCG segment re-rating: If food & FMCG segment grows to 30% of revenue mix by FY2028, the blended margin profile justifies a 22-25x P/E multiple (vs current 3x).
- Debt reduction: D/E improved from 0.29x (FY2024) to 0.18x (FY2025). Target D/E of 0.10x by FY2027 will further reduce finance costs by ₹1,500+ Mn.

6.2 Bear Case

- Edible oil import duty risk: A 5% reduction in import duty on crude palm oil would reduce AWL's gross margin by ~200-250 bps, wiping ₹12,000+ Mn from gross profit.
- Promoter pledging: High promoter concentration (88%) with potential pledging creates governance risk and market volatility.
- Commodity price spike: A 20% rise in palm oil prices (driven by Indonesia/Malaysia supply disruption) directly compresses margins.
- Brand name dilution: Transition from Adani Wilmar to AWL may confuse consumers — requires heavy advertising spend of ₹3,000-4,000 Mn over 2 years.
- Regulatory interventions: Essential Commodities Act-driven export bans on edible oils/food grains can severely impact volumes and realizations.
- Competition intensity: Ruchi Soya's aggressive marketing under Patanjali brand and Emami Agrotech's regional dominance constrain AWL's market share gains.

6.3 Catalysts to Watch

- Q1 FY2026 results: First quarter post-rebranding — revenue growth and margin trajectory will set the FY2026 narrative.
- Export policy announcements: Any favorable edible oil export incentive under NEP will boost realizations.

- New product launches: Fortune Organic premium range launch could re-rate the stock toward FMCG multiples.
- Analyst day / Investor meet: Post-rebrand management guidance on FY2026-27 targets will be a key catalyst.

7. Conclusion & Recommendation

AWL Agri Business Ltd is at an inflection point. The company has successfully navigated the margin compression of FY2022-23, returned to strong profitability in FY2025, and is now positioned for a sustained earnings upcycle driven by: (a) gross margin expansion from commodity to branded mix shift, (b) balance sheet deleveraging reducing finance costs, (c) working capital optimization releasing cash, and (d) growing food & FMCG segment improving blended margins.

The stock trades at a FY2027E P/E of just 2.2x and EV/EBITDA of ~5x — deeply discounted versus consumer staples peers that trade at 25-45x P/E. While the discount is partly justified by AWL's commodity nature and thin margins, we believe the margin expansion story and FMCG transition are not priced in. Our blended 12-month target price of ₹38 implies 35.7% upside.

Recommendation	**BUY**
CMP	₹28
12-Month Target Price	₹38
Upside	+35.7%
Key Risk	Import duty reduction; commodity price spike
Trigger	Q1 FY26 results; new product launches

Appendix: Additional Data

A. AWL Revenue Mix Trend (INR Mn)

Segment	FY2023	FY2024	FY2025	FY2026E
Edible Oils	3,74,000	3,21,000	4,10,000	4,21,000
Food & FMCG	1,01,000	1,05,000	1,25,000	1,42,000
Industry Essentials	1,06,843	86,251	1,01,722	1,05,558
Total Revenue	5,81,843	5,12,251	6,36,722	6,68,558

B. AWL Quarterly Performance Trend FY2025

Metric	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Full Year
Revenue (₹ Mn)	1,42,000	1,58,000	1,72,000	1,64,722	6,36,722
Gross Margin (%)	11.0%	11.5%	12.2%	12.5%	11.8%
EBITDA (₹ Mn)	5,200	6,100	7,000	6,517	24,817
PAT (₹ Mn)	2,100	2,800	3,500	3,238	11,638