

Adani wilmar limited analysis essay



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One, the Adani Group of India, a leader in International Trading and Infrastructure development with recent forays into Power, Infrastructure, Global Trading, Logistics, Energy and the other, the Wilmar International Limited of Singapore is Asia's leading Agribusiness Group with its business interests spanning across Oil Palm cultivation, edible oil refining, oilseeds crushing, consumer pack edible oil processing and merchandising. Adwani Wilmar Limited has a range of brands under its Edible Oil portfolio. Its flagship brand is Fortune, which has been the undisputed Market leader for the past 7 years.

The Company has also under its edible oil portfolio Ivory brand Coconut Oil, Bullet brand Mustard oils, a premium vanaspati brand named Raag, special frying oil Fryola. Its major competitors are the brands Saffola-Marico Industries, Nature Fresh and Gemini-Cargill Industries, Sundrop-Agrotech Food Industries, Dhara-National Development Board.

Adani Wilmar Limited has a massive production infrastructure of 10 plants across the country with a crushing capacity of over 6000 TPD (Tonnes per Day) and refining capacity of over 5000 TPD.

The company also has a very robust distribution network with more than 85 stock points, 5000 distributors and a reach of over 1 million outlets. The edible oil industry in India is estimated at 13 Million MT out of which around 20 percent is consumed as branded/ packed oil. Adani Wilmar Limited commands a share of 19 percent in the Refined Oils Segment. India is the fourth largest Edible Oil Consuming Country and various players are jostling

with each other to capture the pie of this burgeoning lucrative market. The edible oil industry in India is estimated at 13 million tone out of which 11. million tonne is constituted by Oil and around 1. 5 million tonne by Vanaspati. The packaged edible oil consumption is only about 20% of the total 13 million tonne domestic consumption. The Industry is characterized by high penetration, high fragmentation, high price volatility, high imports and low capacity utilization. There is close to 90 percent penetration of edible oils in the India. The high penetration is a result of an extensive distribution network which is comprised of wholesalers/stockists and retailers.

Low import duties and slump in the global prices have resulted in about 7 MT being imported annually which raise the worrying prospect of dumping. Oil being a commodity, raises the issue of price volatility due to underlying trading in the commodity market. One of the key success factors for the market players in the industry would be how they tackle the issue of price volatility. To this end, they can undertake future trading activities in edible oils which could thereby stem the price fluctuations.

With growing quality consciousness and falling price differences between packaged and non-packaged edible oils, the packaged edible oil market is estimated to command around 50 percent of the market share in the near future. With the increase in the per capita income of the burgeoning Indian middle class coupled with the growing health consciousness of the consumers, the market players in the edible oil industry are faced with a set of opportunities and challenges alike. The opportunities are manifold owing

to the increasing disposable income of the Indian middle class which forms the core market segment of the packaged edible oil market.

The growing health consciousness of the consumers and the entry of new players present a set of newer challenges, which the market players would have to overcome to sustain their growth. To this end, Adani Wilmar Limited has performed exceptionally well. Its flagship brand, Fortune has been the undisputed market leader for the past 7 successive years which can be rightly attributed to the constant endeavouring on part of the company to identify and cater to the demands of its consumers.

It has its spectrum of brands which target every segment of the consumer need.

Recently , with a view to revamp its existing existing portfolio of brands, the company launched a range of new products such as Raag Gold Refined Palmolien oil, Bullet Mustard oil and cocunut oil under the brand name Ivory.. Its flagship brand Fortune was re-positioned with the new mantra of ‘ Joy of Eating’ with the objective of creating a new value proposition for the brand. With new communication plans and strategic marketing initiatives, it is on track to become the undisputed market leader in the foreseeable future.