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Follow on Public Offering of Ruchi Soya Industries Limited

Price Band ₹ 615 - ₹ 650 per Equity Share

Follow public offering of up to 6,99,18,699 equity shares of face value of ₹2 each ("Equity Shares") of Ruchi Soya Industries Limited ("The Company" or "The Issuer") for cash at a price of ₹ 650* per equity share (The "Offer Price") aggregating up to ₹ 43,000* million by way of offer for sale (The "Offer"). The offer shall constitute 19.12% (assuming Follow public offering of up to 6,99,18,699 equity shares) of the post-offer paid up equity share capital of the company.

* Assuming aggregate shares, amounts and/or percentage calculated at higher Price Band of ₹650.

Overview of the Company

Business Overview

- Diversified FMCG company in the Indian edible oil sector and one of the largest fully integrated edible oil refining companies in India.
- Presence across the entire value chain in palm and soya segment, with a healthy mix of upstream and downstream business. The Company has been allocated zones, to undertake palm plantation, by the Government, which assists them in backward integration of sourcing palm oil and is the largest player in terms of allocated zones.
- Presence in the wind power generation business, where the renewable power generated is used for sale and for captive use.
- Part of the Patanjali group, one of India's leading FMCG and health and wellness company. The Company leverages Patanjali's expertise and technical know-how in nutraceuticals and benefits from the synergy in the research and development and the pan India distribution network.
- For six months period ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, their revenue from operations and other income was ₹11,307 crores, ₹16,383 crores, ₹13,175 crores and ₹12,829 crores respectively.
- Business Verticals:
 - **Edible oil, its by-products and derivatives** - Robust brands portfolio of Mahakosh, Ruchi Gold, Ruchi Star, Sunrich, Soyumm, Tulsi, Ruchi No.1, Bakefat and Avanti.
 - **Oleochemicals** - By-products produced primarily from the edible oil refineries such as soap noodles, glycerine, distilled fatty acids as well as value-based products of castor oil, soya and palm-based derivatives.
 - **Edible Soya Flour and Textured Soya Protein ("TSP")** - Launched soya chunks in the 1980's through 'Nutrela' throughout India with a 40% market share in branded TSP as on March 31, 2020.
 - **Honey and Atta (flour)** - Launched 'Nutrela High Protein Chakki Atta' and 'Nutrela Honey' in Fiscal 2021 which is a combination of wheat and soya flour, and contains 30% more protein than regular wheat atta. It is also fortified with iron, folic acid, and vitamin B12.
 - **Oil Palm Plantation** - 'Ruchi Oil Palm' reckoned as one of the top players in this segment in India with the largest allocated zone of 2,99,245 hectares. Owns four palm mills, in close proximity to the palm plantations, with aggregate capacity of 125 MT/hr, which is used to crush palm fruit.
 - **Biscuits, cookies and rusks** - Forayed into biscuits, cookies, rusk and other associated bakery products category in May 2021 by acquiring it from Patanjali Natural Biscuits Private Limited.
 - **Noodles and breakfast cereals** - Acquired the breakfast cereals and atta (wheat) noodles product category, in June 2021, from PAL ("Patanjali Assignment Agreement").
 - **Nutraceutical and Wellness Products** - Caters to all categories of dietary supplements nutraceuticals such as (a) Medical nutrition (b) Sports nutrition and (c) General nutrition.
 - **Renewable Energy - Wind Power** - As on September 30, 2021, generated wind power at a total aggregate amount of 84.6MW across eleven locations and six states.

<p>Promoter & Management Background</p>	<ul style="list-style-type: none"> • Acharya Balkrishna, Ram Bharat and Snehlata Bharat are the Individual Promoters of Ruchi Soya • Acharya Balkrishna, Chairman and Director: Has work experience in Patanjali Ayurved Limited since January 13, 2006 and has been instrumental in the promotion and formation of Patanjali Ayurved Limited thereafter becoming the Managing Director in 2007. • Ramdev, Director: He holds a degree of Doctor of Science from Dr. D. Y. Patil Vidyapeeth, Pune and has made unique contributions to yoga and ayurvedic medicine. • Ram Bharat, MD: He has cleared his high school and intermediate from the Board of High School and Intermediate Education, Uttar Pradesh. He joined Patanjali Ayurved Limited on October 1, 2011. • Girish Kumar Ahuja, Director: He holds a bachelor's degree and master's degree in commerce from University of Delhi. He holds a degree of doctor of philosophy from University of Delhi and is a fellow member of the Institute of Chartered Accountants of India. • Tejendra Mohan Bhasin, Director: He holds a bachelor's degree in law and a master's degree in business administration from the University of Delhi. He is an associate of the Indian Institute of Bankers and a doctor of philosophy from the Faculty of Management Sciences, University of Madras. • Gyan Sudha Misra, Director: She is a retired Judge of the Supreme Court of India and was a member on the panel of arbitrators as on May 4, 2015.
<p>Competitive Strengths</p>	<ul style="list-style-type: none"> • Strong promoter pedigree of Patanjali group, a leading FMCG and wellness-oriented brand <ul style="list-style-type: none"> – Leverage Patanjali Ayurved Limited's sourcing capabilities, technical know-how and benefit from the Patanjali Ayurved Limited's in-depth understanding of local markets, its brands, extensive experience in manufacturing of FMCG products and trading and advanced logistics network in India. – Core approach to marketing is an influence and advocacy model that relies on word of mouth as well as endorsement from professionals, brand ambassadors and customers. • Experienced leadership and management team <ul style="list-style-type: none"> – Board of Directors includes a combination of management executives and independent directors who bring significant business expertise for the industry in which the company operates. – Core management team of qualified and experienced professionals possesses significant experience in the FMCG, edible oils, palm plantations, soya foods industry with decades of hands-on experience in all areas of operations in the industry that the company currently operates. – Key members of the core management team have served as or are currently serving as officers of various industry level bodies, thereby providing the company with a ready forum to provide inputs in industry level discussions. • Upstream and downstream integration and one of the key players in Oil Palm Plantation <ul style="list-style-type: none"> – One of the few companies in this industry operating across the value chain, which includes sourcing, supply chain, manufacturing, branding and distribution. – Enables to manage costs more effectively than several of the competitors and also helps in scalability of the edible oil business. It also gives the flexibility to alter mix of products in line with any changes in the demand for products or in the availability or the price of the key raw materials at any given time. – Developed relationships with some of the large oil suppliers in the world. Supply chain is further bolstered, with the palm plantation business which works with farmers in a total aggregate area of 2,99,245 hectares. – Oilseed crushing and oil refining plants are strategically located in terms of access to raw materials. The company also has one of the largest refining capabilities (of 11,000 TPD) along with oleochem division that uses the by-products of oil palm refining. • Developed an effective strategy to procure the key raw materials required for business and have a track record of managing volatility in the commodity prices and foreign exchange markets <ul style="list-style-type: none"> – Dependent upon sourcing a significant proportion of raw materials from domestic and international commodity markets. Developed the capability of effectively managing price volatility risks by the adoption of active and effective hedging strategies. – Rely primarily on purchasing crude palm oil from a number of different international suppliers. Implemented certain initiatives which help gradually increase access to FFBs directly from oil palm plantations within India going forward and thereby reduce dependence on suppliers of crude palm oil. – Rely on purchasing soybean seeds and mustard seeds directly from agents and auction centers in India. • Products enjoy strong brand recognition in the Indian market <ul style="list-style-type: none"> – Strong portfolio of brands focused on various types of edible oils and soya foods. Nutrela is synonymous with TSP and is a household and generic name. Patanjali – Nutrela is focused on health and wellness and reaps the benefits of the association with a proven brand like, Patanjali. – Robust brands portfolio comprises of Nutrela, Mahakosh, Ruchi Gold, Ruchi Star, Sunrich, Soyumm and other brands, which are well positioned in the market. Ruchi Gold has market leadership position on account of being India's highest selling palm oil brand. – Products exported to 38 countries, as on March 31, 2021.

- **Benefit from a strong, established and extensive distribution network.**
 - Products of the Company are sold through a pan India network of over 97 sale depots, 4,763 distributors who in turn reach out, directly to 4,57,788 retail outlets (general trade channel) in the urban, semi-urban and rural areas of the country in addition to increasing focus on modern trade and e-commerce platforms like Big Basket.
 - Edible oil and soya products are also retailed through Wal-Mart India Private Limited, More Retail Private Limited and Spencer’s Retail Limited.
 - Pursuant to the Distributor Agreement, gained access to Patanjali’s well-developed pan-India distribution network consisting of around 3,409 Patanjali distributors, 3,326 arogya kendras, 1,301 Patanjali chikatsalya, 273 Patanjali mega stores and 126 Patanjali super distributors. Such, 126 Patanjali super distributors and 3,409 Patanjali distributors provide access to 5,45,849 customer touch points including approximately 47,316 pharmacies, chemists and medical stores, as of March 31, 2021.
- **Foray into health and wellness space with launch of Nutraceuticals**
 - Currently have 18 nutraceutical products, in the product basket, offering wide array of choice for customers in sports, medical and general nutrition with intention to further diversify and include more value-added products which yield better margins.
 - Plan to leverage the strong distribution network, economies of scale, in-house manufacturing, the research and development capabilities and the experience of Patanjali to scale up and strengthen newly launched nutraceutical products portfolio.
- **Pioneer and market leader in branded TSP space**
 - Pioneered soya chunks and Nutrela soya chunks is the market leader with a share of 40% in branded soya chunks.
 - Soya chunks are a highly profitable line of business for edible oil players, owing to the upstream integration. The growth in soya chunks is led by the eastern and northern regions of India. Nutrela is positioned well to tap the growing opportunity.
- **Presence across mass, value and premium segment**
 - Products in the premium as well as mass market categories, which makes products less susceptible to shifts in consumer preferences, market trends and risks of operating in a particular product category.
 - As on March 31, 2021, the diversified product portfolio for edible oil segment consists of 233 SKUs.

Strategies

- Continue to leverage the Patanjali brand and enhance synergies with PAL’s food portfolio.
- Enhance the high margin premium food portfolio through the Nutrela brand and increase brand awareness.
- Increase market share by deeper penetration in existing markets and expanding footprints in newer markets.
- Continue focus on backward integration, by increasing the overall palm plantation area under cultivation.
- Expansion of 100% plant based and vegetarian nutraceutical products portfolio.
- Expansion of distribution network through diversification and supply chain optimization.
- Improve operational efficiency through enhanced usage of various software and technology.

Major Shareholders

Name of Shareholder	Number of Equity shares	% Of the Pre- Issue Equity Share capital (%)
Promoters		
Patanjali Ayurved Limited	14,25,00,000	48.2%
Yogakshem Sansthan	6,00,00,000	20.3%
Patanjali Parivahan Private Limited	5,00,00,000	16.9%
Patanjali Gramudyog Nayas	4,00,00,000	13.5%
Others	33,41,007	1.1%
Total	29,58,41,007	100.00%

Financials
Key Financials

Particulars	Sep 2021 (YTD)	March 2021	March 2020	March 2019
Restated basic and diluted earnings per share (in ₹)	11.42	23.02	876.88	104.54
Return on net worth %	27.72%	78.60%	4,950.60%	(0.45)%
Net asset value per share (in ₹)	148.82	137.35	383.15	(13,847.47)
Company EBITDA (in ₹)*	70,653.95	1,01,836.98	45,847.22	22,195.52

*Figures in lakhs

Income Statement

Particulars (in ₹ lakhs)	Sep YTD	2021	2020	2019
Income				
Revenue from Operations	11,26,119	16,31,863	13,11,779	12,72,923
Other Income	4,580	6,434	5,758	10,002
Total Income	11,30,699	16,38,298	13,17,537	12,82,926
Expenses				
Cost of materials consumed	8,86,181	13,99,663	11,26,249	10,96,790
Purchases of Stock-in-Trade	91,819	51,802	38,683	35,536
Changes in inventories of finished goods, work-in-progress and stock in trade	14,142	-34,763	-7,601	7,880
Employee Benefits Expense	8,769	13,963	15,271	15,119
Finance Costs	18,107	37,072	11,231	699
Depreciation & Amortization Expenses	6,638	13,325	13,577	13,824
Provision for Doubtful Debts/ Advances, Expected credit loss, Write off (Net)	1,326	167	2,183	1,340
Other Expenses	57,809	1,05,628	96,904	1,04,066
Total Expenses	10,84,790	15,86,858	12,96,498	12,75,254
Profit before exceptional items and tax expenses	45,909	51,440	21,038	7,672
Exceptional Items (Net)	-	-	7,49,023	-4,259
Profit before tax	45,909	51,440	7,70,061	3,413
Tax expense				
Current Tax	-	-	-	-
Deferred Tax - Charge/(Credit)	12,128	-16,637	-	-
Income Tax for earlier years written Back	-	-	-1,400	-
Profit for the period/years	33,781	68,077	7,71,461	3,413

Objects of the Offer

- The net proceeds of the Issue, i.e. Gross proceeds of the Issue less the Issue expenses (“Net Proceeds”) are proposed to be utilised in the following manner:
 - Repayment and/ or prepayment of borrowings from consortium of lenders and PAL, one of the Promoters, in full or part, availed by our Company.
 - Funding incremental working capital requirements of the Company.
 - General corporate purposes.