ORKLA INDIA LTD.

October 27, 2025

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Consumer Products
Offer for sale (Shares)	22,843,004
Net Offer to the Public	**22,843,004**
Issue Size (Rs. Cr.)	1587-1668
Price Band (Rs.)	695-730
Employee Discount	69
Offer Date	29-Oct-25
Close Date	31-Oct-25
Face Value	1
Lot Size	20

Issue Composition

	In shares
Total Issue for Sale	22,843,004
QIB	11,421,502
NIB	3,426,451
Retail	7,995,051

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	90.01%	75.00%
QIB	9.99%	16.66%
NIB	0.00%	2.50%
Retail	0.00%	5.84%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Orkla India IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Fees and commissions payable to the Book Running Lead Managers (including any underwriting commission, brokerage and selling commission).
2. Advertising and marketing expenses for the Offer
3. Fees payable to the Registrar to the Offer
4. Commission/processing fee for SCSBs, Sponsor Bank(s) and Bankers to the Offer. Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs
5. Printing and distribution of Offer stationery
6. Other expenses including, listing fees, SEBI filing fees, BSE and NSE processing fees, book building software fees and other regulatory expenses
7. Fees payable to other intermediaries to the Offer, including but not limited to Statutory Auditor, independent chartered accountant, practicing company secretary and industry data provider
8. Fee payable to legal counsels
9. Miscellaneous

Book Running Lead Manager

- ICICI Securities Limited
- Citigroup Global Markets India Private Limited
- J.P. Morgan India Private Limited
- Kotak Mahindra Capital Company Limited

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in the year 1996 as "MTR Foods Limited" as a public company under the Companies Act, 1956 , the company, now known as Orkla India Limited, is a major player in the Indian packaged food market. Through its brands, MTR and Eastern, the company focuses on South Indian flavors, holding a significant market position, especially in packaged spices in core markets like Karnataka and Kerala. The company's business involves the manufacturing and sale of multi-category products, including spices, ready-to-eat meals, instant mixes, beverages, and more. Its product portfolio is designed to meet rising demand for authentic South Indian food, with MTR offering vegetarian and plant-based options, and Eastern providing a broader portfolio that includes non-vegetarian food. The operations are supported by modern and flexible manufacturing facilities with stringent quality control and a robust supply chain. The company also utilizes a digitally-enabled sales ecosystem, including a Distribution Management System ("DMS") for domestic sales and analytical tools for e-commerce, to enhance distribution efficiency and capacity.

Strength

Category Market Leader with Deep Local Consumer Insight: The company, through its MTR and Eastern brands, commands leadership in South India's packaged spices market, leveraging its deep understanding of regional cuisines and consumer preferences. As per the Technopak Report, MTR specializes in vegetarian offerings while Eastern's blends cater largely to non-vegetarian dishes, with localized portfolios such as Puliogare in Karnataka and Chicken Porichathu in Kerala. The company is the market leader in Karnataka (31.2% share) and Kerala (41.8% share) as of Fiscal 2024 and ranks second in Andhra Pradesh and Telangana (15.2% share). Eastern remains India's largest branded spice exporter for 24 consecutive years. Since its 2021 acquisition, the brand's reach has expanded significantly through integration with the company's robust distribution network and local market insights.

Multi-Category Food Company Driven by Product Innovation: The company continuously innovates to address evolving consumer preferences by refining recipes, creating new formats, and developing convenient meal solutions. Notable launches include MTR Minute Fresh batters, a Ready-to-Eat sweets range, and the 3-Minute Breakfast series. In January 2025, it diversified into Pan-Asian cuisine with the "Wok N Roll" brand. Innovation is anchored in its two Cuisine Centres of Excellence in Bengaluru and Kochi, staffed by 37 chefs and experts managing a repository of over 4,000 recipes. Cost efficiency in product development is achieved by using flexible manufacturing lines or contract units. The company has a legacy of firsts in India, including the invention of Rava Idli and the 3-Minute Range.

Extensive Distribution Network with Strong Regional and Global Presence: The company operates an extensive pan-India distribution system comprising 834 distributors and 1,888 sub-distributors across 28 states and six union territories, alongside partnerships with 42 modern trade and six e-commerce/quick-commerce platforms. As per the Technopak Report, its brands have the widest distribution in Karnataka and Kerala, reaching 67.5% and 70.4% of blended spice outlets—well above the industry average of 30–40%. This reach enables household penetration of nine out of ten homes in these states. Exports span 45 countries, contributing 20.6% to total sales in Fiscal 2025. The company's Distribution Management System and predictive analytics tools enhance supply efficiency, inventory control, and demand forecasting.

Large-Scale, Efficient Manufacturing with Robust Supply Chain: With nine manufacturing units across India and an installed capacity of 182,270 TPA as of June 30, 2025, the company balances in-house and contract manufacturing to optimize efficiency and maintain quality. Facilities such as Bommasandra (Bengaluru) are IoT-enabled and highly automated for real-time production monitoring. Quality control is stringent, supported by BRCGS and ISO 22000 certifications and on-site quality officers. The supply chain is strategically structured with two central and 20 regional warehouses near key markets and sourcing hubs. A capital-light model with leased facilities and advanced Extended Warehouse Management (EWM) software ensures agility, visibility, and cost efficiency.

Experienced Leadership Supported by Global Parentage: The company is led by Managing Director & CEO Sanjay Sharma and a seasoned management team with expertise across FMCG, finance, and marketing. As a subsidiary of Norway-listed Orkla ASA, it benefits from its parent's global expertise in food safety, quality, and sustainability. With 2,586 employees as of June 30, 2025, the company promotes an inclusive culture through initiatives like "A Home to Grow" and "Galaxy of Stars." Women represent 33.3% of the workforce and have filled 31.8% of leadership vacancies over the past two years, reflecting a strong commitment to diversity and talent development.

Capital-Efficient Model Delivering Profitable Growth: The company has consistently demonstrated profitable growth, with revenue from operations reaching ₹2,394.7 crore in Fiscal 2025, up 1.6% year-on-year. Adjusted EBITDA margin expanded from 14.4% in Fiscal 2023 to 16.6% in Fiscal 2025, driven by cost efficiency and operational excellence, while ROCE stood at 32.7%. According to the Technopak Report, the company ranked among the top four peers by revenue in Fiscal 2024 at ₹2,356 crore. Between Fiscal 2022 and Fiscal 2024, it recorded the second-highest EBITDA (20.3% CAGR) and PAT (39.0% CAGR) growth among peers. Prudent working capital management, robust cash generation, and disciplined capital allocation underscore its commitment to sustainable, long-term shareholder value.

Strategy

Drive Household Penetration and Usage in Core Markets: The company aims to reinforce its leadership and accelerate growth in its core markets of Karnataka, Kerala, Andhra Pradesh, and Telangana by leveraging favorable trends such as the shift towards packaged spices and rising demand for authentic regional flavors. The Indian packaged spices market, valued at around ₹34,500 crore in Fiscal 2024 (40% of the total market), is projected to reach ₹61,500 crore by Fiscal 2029. To capture share from the unorganized sector, the company's strategy rests on four pillars: localized brand-building through regional language campaigns and influencer collaborations; expanding retail visibility via predictive selling tools like the Suggestive Order Module (SOM) app; strengthening distribution by adding new distributors and entering rural and semi-urban markets; and enhancing focus on modern trade, e-commerce, and quick-commerce platforms to tap into digital consumption trends.

Expand International Presence through a Phased Growth Strategy: The company's international strategy centers on expanding its footprint in markets with a high concentration of consumers seeking authentic South Indian flavors, particularly the Indian diaspora. Key focus regions include the GCC countries (home to approximately 8.9 million overseas Indians), the US, and Canada, where the distributor base grew from 12 in Fiscal 2023 to 19 by June 30, 2025. It is also entering emerging markets such as Australia, New Zealand, Singapore, and Malaysia. Beyond the diaspora, the company is targeting mainstream consumers by localizing its portfolio, exemplified by the launch of an Arabic masala range in the GCC in 2021. Expansion follows a structured three-phase model — Seed (using a master distributor), Grow (expanding local distribution and sales), and Commit (establishing a local entity for invoicing, sourcing, and supply chain optimization).

Selective Product Expansion to Broaden Core Offerings: The company's product development strategy focuses on expanding its portfolio to make everyday cooking simpler and more convenient for consumers. Efforts are directed toward increasing the share of convenience products such as MTR Minute Fresh batters, Ready-to-Eat sweets, and the 3-Minute Breakfast range, while

maintaining a focus on short shelf-life products like Fresh Idli and Dosa Batters for superior taste. Under the Eastern brand, the company is strengthening its blended spice range with region-specific innovations like the Kerala street food series. It is also diversifying into new cuisines, launching "Wok N Roll" for Asian dishes in January 2025 and "Flavours of Arabia" under Eastern in November 2024, to cater to growing demand for global flavors in the Indian market.

Enhance Operational Efficiencies to Improve Margins and Cash Conversion: The company continues to optimize its value chain to drive profitability and enhance cash generation. It is strategically shifting its product mix toward higher-margin, value-added categories such as blended spices and Ready-to-Cook (RTC) and Ready-to-Eat (RTE) products. Operational efficiency initiatives include recipe standardization, reduction of process losses, and rationalization of its manufacturing footprint through selective outsourcing. Technology is central to this transformation, with IoT-enabled production systems, paperless warehouse operations, and automated replenishment processes enhancing real-time efficiency. The use of advanced forecasting and analytics tools further supports demand and supply planning, reducing lead times and optimizing inventory levels.

Strengthen Capital Efficiency: The company remains focused on improving capital productivity through optimized manufacturing, digitization, and financial innovation. Outsourcing low-value-added products allows for better utilization of manufacturing assets and reduced inventory days. Increased adoption of digital technologies for demand and supply planning is expected to streamline operations and improve working capital efficiency. Additionally, the company plans to expand supplier financing partnerships with banks, ensuring greater financial resilience across its supply chain while nurturing long-term vendor relationships.

Pursue Strategic Acquisitions to Accelerate Growth: The company continues to explore inorganic growth opportunities to expand into new geographies, enter complementary product categories, and reinforce its leadership position. It actively evaluates acquisition targets with strong regional brands and loyal consumer bases. The successful integration of Eastern exemplifies its ability to unlock value from acquired entities by leveraging its deep understanding of local cuisines, robust distribution infrastructure, and advanced operational systems. Future acquisitions will focus on extracting cost synergies, expanding product reach, and strengthening the overall value proposition across the portfolio.

Risk Factor

- Volatility in raw material and packaging material prices may affect operating margins.
- Slowdown, disruption, or underutilisation of manufacturing facilities could impact business performance.
- Heavy dependence on key suppliers (37.9% in Q1 FY26; 33.7% in FY25) exposes the company to supply chain risks.
- Negative publicity or quality issues at a third-party restaurant chain using the "MTR" brand could harm reputation and financials.
- Inability to expand or manage the growing distributor and retailer network may affect business growth and profitability.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Tata Consumer Products Limited	17618.3	1278.47	13.29	86.87	5.71	202.12	1	1154.5	114242.6
ORKLA INDIA LTD	2428.21	262.72	19.18	38.06	3.94	185.30	1	730.00	10000.21

***Peer companies financials are TTM based**
*****ORKLA INDIA LTD Financial are based on TTM**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.730, the stock is priced at P/E of 38.06 x on TTM EPS of Rs..19.18. Looking at the P/B ratio at Rs. 730, book value of Rs. 185.30 of P/Bvx 3.94x.

Considering the P/E valuation, on the lower end of the price band of Rs.695, the stock is priced at P/E of 36.24x on TTM EPS of Rs. 19.18. Looking at the P/B ratio at Rs. 695, book value of Rs. 185.30 of P/Bvx 3.75x.

Industry Outlook

Anchored by India's robust economic growth, which is projected to expand at an 11.1% CAGR and become the world's third-largest economy by CY2029 (USD 6.6 trillion). This growth is structurally driven by a favorable demographic dividend, an expanding middle class expected to reach 42.0% of households by Fiscal 2030, and a consumption-led economic model supported by favorable inflation and interest rates. Within this environment, the Indian packaged food market is poised for significant expansion, fueled by several key trends : a fundamental shift towards packaged and branded products due to rising consumer concerns over food safety and quality ; increasing demand for convenience foods (projected to grow at an 18.2% CAGR from Fiscal 2024 to Fiscal 2029) due to urbanization and evolving lifestyles ; and rising health consciousness. Specifically, the packaged spices market is identified as a high-growth, high-margin category , valued at ₹345 billion as of Fiscal 2024 and expected to grow at a 12.3% CAGR through Fiscal 2029. Furthermore, the market is benefiting from the rise of modern retail, e-commerce, and quick-commerce platforms, as well as a strong focus on regional and authentic flavors.

Outlook

The company is well-positioned to sustain profitable growth driven by strong regional leadership, product innovation, and an expansive distribution network. Continued focus on convenience foods, digitalized operations, and international expansion is expected to enhance margins and market share. Backed by Orkla's global expertise and disciplined capital management, the company aims to strengthen its competitive edge. However, it remains exposed to raw material volatility, supply chain dependencies, and potential brand-related or distribution challenges.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	29-October-25
BID/ISSUE CLOSES ON	31-October-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	03-November-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	04-November-25
Credit of Equity Shares to Demat Accounts of Allottees	04-November-25
Commencement of trading of the Equity Shares on the Stock Exchanges	06-November-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-25 (3 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	597.00	2394.71	2356.01
Total expenditure	485.23	1997.87	2014.61
Operating Profit	111.77	396.84	341.40
OPM%	18.72	16.57	14.49
Other Income	8.38	60.53	31.98
Total Net Income	120.15	457.37	373.38
Interest	1.70	6.55	6.64
PBDT	118.45	450.82	366.74
Depreciation	12.37	61.73	62.12
Profit/ (loss) before tax exceptional item and tax	106.08	389.09	304.62
Exceptional Items	0.00	-33.64	0.00
PBDT	106.08	355.45	304.62
Share of profit/(loss) from associate and joint venture	-0.02	-0.40	2.21
Restated profit before tax	106.06	355.05	306.83
Tax	27.14	99.36	80.50
Profit & Loss	78.92	255.69	226.33

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-25	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, Plant and Equipment	340.18	348.51	406.09
Capital work-in-progress	11.71	7.78	3.62
Right-of-use assets	51.25	39.46	44.96
Goodwill	1011.61	1011.61	1011.86
Other intangible assets	580.27	581.03	592.08
Investments accounted for using equity method	27.82	27.81	27.89
Financial assets			
Investments	0.00	0.00	0.00
Loans	0.52	0.46	0.61
Other financial assets	8.02	7.67	6.98
Other non-current assets	8.02	3.58	9.32
Income tax assets (net)	112.12	114.88	102.35
Deferred tax assets (net)	0.00	0.00	0.19
Total non-current assets	**2151.52**	**2142.79**	**2205.95**
Current asset			
Inventories	309.30	308.75	296.94
Financial Assets			
Investments	184.48	147.43	297.15
Trade receivables	179.56	162.62	168.58
Cash and cash equivalents	13.41	81.28	39.58
Bank balances other than cash equivalents	111.40	109.43	75.00
Loans	2.32	2.44	7.79
Other financial assets	89.67	99.94	198.84
Other current assets	87.48	87.56	85.36
Total current assets	**977.62**	**999.45**	**1169.24**
Assets held for sale	29.06	29.06	0.00
Total Assets	**3158.20**	**3171.30**	**3375.19**
Non-current liabilities			
Financial liabilities			
Borrowings	0.00	0.00	3.77
Lease liabilities	57.77	45.22	51.48
Other financial liabilities	8.59	14.02	7.90
Government grants	0.00	0.00	1.07
Deferred tax liabilities (net)	106.22	103.56	90.60
Provisions	0.00	0.00	0.00
Other non-current liabilities	0.00	0.00	1.32
Total Non- Current liabilities	**172.58**	**162.80**	**156.14**
Current liabilities			
Financial Liabilities			
Borrowings	2.33	0.00	0.00
Lease liabilities	8.11	9.18	8.00
Trade payables			
Trade payables- Total outstanding dues of micro and small enterprises	40.94	65.14	62.11
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	179.20	204.69	169.51
Other financial liabilities	159.08	166.25	130.59
Other current liabilities	20.39	75.90	17.70
Provisions	31.24	27.67	19.30
Current tax liabilities (net)	7.07	0.17	4.79
Total - Current Liabilities	**448.36**	**549.00**	**412.00**
Total Liabilities	**620.94**	**711.80**	**568.14**
Net worth represented by:			
Equity share capital	13.70	13.70	13.40
Instruments entirely equity in nature	0.00	0.00	0.30
Other equity	2523.56	2445.80	2793.35
Total Equity	**2537.26**	**2459.50**	**2807.05**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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