

ORKLA INDIA LTD

29-10-2025 TO 31-10-2025

Industry: FMCG & Food Processing
Recommendation: Subscribe for long term

Price Band: ₹695- 730
Post Implied Market Cap: – ₹9,521 - ₹10,000Cr

Key Data

Issue Size (₹ Cr)	1,587 - 1,667
Fresh (₹)	0
OFS (₹)	1,667
No. of shares offered	-
Face Value (₹ /share)	1
Bid Lot	20

About the Company

Orkla India Ltd (Orkla India) is a leading multi-category food company with strong brands like MTR and Eastern, offering over 400 products across spices and convenience foods (RTC/RTE, vermicelli, etc.). As of June 2025, it sells around 2.3 million units daily and holds an 18.6% pan-India market share in the convenience foods segment. With deep regional dominance in South India and Eastern being India's largest branded spice exporter for 24 consecutive years, the company combines strong brand equity with a deep understanding of local tastes.

Investment Rationales

1. Category market leader with ability to build and scale household food brands through deep understanding of local consumer tastes: Orkla India leverages its deep understanding of regional tastes through its brands MTR (vegetarian blends) and Eastern (non-vegetarian blends), driving strong market leadership in South India. It holds a 31.2% share in Karnataka and 41.8% in Kerala in packaged spices (FY2024), and ranks second in Andhra Pradesh and Telangana with 15.2% share. The company leads in blended spices with ~41-44% share in key southern markets, while Eastern continues as India's largest branded spice exporter for 24 consecutive years.

2. Multi-category food company with a focus on product innovation: Company drives innovation through continuous product launches tailored to evolving consumer preferences. Recent introductions include MTR Minute Fresh batters, Ready-to-Eat sweets, 3-Minute Breakfast, and the Pan-Asian "Wok N Roll" range launched in January 2025. Supported by two Cuisine Centres of Excellence (Bengaluru and Kochi), seven chefs, and a 37-member product development team, the company has added 42 new products since FY2023. Its innovation strategy emphasizes cost efficiency by leveraging contract manufacturing and flexible production lines, minimizing new capex.

3. Extensive distribution infrastructure with deep regional network and wide global reach: Orkla India has a strong pan-India and global distribution network, comprising 834 distributors, 1,888 sub-distributors across 28 states and 6 UTs, and partnerships with 42 modern trade and 6 e-commerce/quick-commerce players. Its brands enjoy deep market penetration—presence in 67.5% of Karnataka and 70.4% of Kerala spice outlets (vs. 30-40% industry average)—reaching 9 out of 10 households in these states. Internationally, Orkla exports to 45 countries, with partnerships across the GCC, US, Canada, Australia, and New Zealand, ensuring strong global availability of its brands.

4. Efficient, large-scale manufacturing with stringent quality control and a robust supply chain quality: Company operated 9 manufacturing units in India with a total capacity of 182,270 TPA, designed for production flexibility to efficiently adapt to demand changes, as of June 30, 2025. The company maintains strict quality control, holding global certifications such as BRCGS and ISO 22000. Its supply chain includes 2 central distribution centres and 20 regional warehouses covering ~3.5 lakh sq. ft., strategically located near suppliers and demand hubs. Orkla follows a capital-light model, leveraging leased warehouse facilities to optimise costs and efficiency.

5. Expand presence in international markets through a robust growth strategy: Orkla India is pursuing international expansion by strengthening its presence in markets with demand for authentic South Indian flavours, particularly the GCC, US, and Canada. Its distributor network in the US and Canada grew from 12 in FY2023 to 19 by June 2025. The company also tailors products to local tastes—such as its Arabic masala range launched in the GCC in 2021—and is expanding into emerging markets like Australia, New Zealand, Singapore, and Malaysia to reach a broader consumer base beyond the Indian diaspora.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	03-11-2025
Refunds/Unblocking ASBA Fund	04-11-2025
Credit of equity shares to DP A/c	04-11-2025
Trading commences	06-11-2025

Shareholding (No. of shares)

Pre-Issue	13,69,89,230
Post Issue (Lower price band)	13,69,89,230
Post Issue (Higher price band)	13,69,89,230

Shareholding Pattern

Promoter & Promoter group:

Pre Issue	90.01%
Post Issue	75.00%

Public - Others:

Pre Issue	9.99%
Post Issue	25.00%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: ICICI Securities, Citigroup Global Markets India, J.P. Morgan India, Kotak Mahindra Capital

Registrar: KFin Technologies Ltd.

Listing: BSE & NSE

Research Analyst

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Risk

- Raw material fluctuation.
- Vulnerable to climate change.

MView

We believe Orkla India Ltd IPO brings investors an opportunity to participate in a market-leading packaged food and spices company, backed by iconic brands MTR and Eastern, which together hold dominant positions in South India with 31-42% market share in key states and an 18.6% pan-India share in the convenience foods segment. We think company's diversified portfolio of 400+ products, strong regional connect, and proven export capabilities – with Eastern being India's largest branded spice exporter for 24 consecutive years – underpin its brand strength and growth visibility. We also think continuous innovation through new launches, along with an asset-light, flexible manufacturing setup (182,000+ TPA) and expanding international presence across the GCC, US, and emerging Asian markets enhance scalability and cost-efficient growth. By looking at the financials, the company has delivered muted revenue growth of 8.4% in FY2024 and 1.6% in FY2025, while net profit improved by 13% in FY2025 following a 33.3% decline in FY2024. On valuation parse at the upper price band of ₹ 730/-, the issue is asking for a market cap of Rs. 10000 cr. Based on FY 2026 annualised earnings and fully diluted post- IPO paid up capital, the company is asking for a PE of 31.7x, which appears reasonable given its market leadership, strong brands, and entrenched regional dominance in the spices and convenience foods space. However, investors should note that the IPO comprises a 100% Offer for Sale (OFS) of ₹ 1,667 cr, which could be viewed as a key concern for new investors. With a widespread distribution network of 834 distributors and exports to 45 countries, Orkla India demonstrates strong domestic and global reach. We believe Orkla India is well placed in India's fast-growing packaged food sector. Hence, we recommend investors to "SUBSCRIBE" the Orkla India Ltd IPO for long term perspective.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at June 30		As at March' 31		
	2025	2024	2025	2024	2023
Equity Share Capital	13.70	13.4	13.7	13.40	12.33
Instruments equity in nature	-	0.30	-	0.30	-
Reserves	1,917.42	2,260.50	1,839.77	2,187.78	2,225.36
Net worth	1,931	2,274.20	1,853.47	2,201.48	2,237.69
Total Borrowings	2	3.77	-	3.77	34.99
Revenue from Operations	597	563.50	2,394.71	2,356.01	2,172.48
Revenue Growth (%)	5.90	-	1.60	8.40	18.20
EBITDA	120.13	114.05	423.33	375.59	339.40
PAT for the year/ Period	78.92	71.89	255.69	226.33	339.13
PAT Margin (%)	13.20	12.80	10.70	9.60	15.60
EPS - basic & Diluted (₹)	5.8	5.2	18.70	16.90	26.20
RONW (%)	4.10	3.20	13.80	10.30	15.20
Net Asset Value (₹) as stated	141	166	135.30	160.70	181.50

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Total Income (₹ in Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/E	P/B	RoNW
Orkla India	2,455.24	10000	1	23.05	158.25	31.7	4.6	13.8%
Tata Consumer Products	17,811.55	1,15,998	1	13.10	202.10	87.9	5.7	6.4%

Date as on 31st March 2025, Cline Mcap, PE, PB calculated as on 28-10-2025

Orkla India Ltd, REVENUE EPS/PE,PB, NAV calculated on FY 26 annualised basis post money.



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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