SBI Securities
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Retail Research	IPO Note
Sector: FMCG – Consumer Staples	Price Band (Rs): 695 – 730
27th October 2025	Recommendation: NEUTRAL

Orkla India Ltd.

Company Overview:

Orkla India Ltd. (OIL) is one of India's leading packaged food companies offering a wide range of spices, masalas, ready-to-eat and ready-to-cook meals, beverages and sweets under the MTR and Eastern brands. The company's portfolio comprises approximately 400 products across categories as of Jun'25. Orkla commands a strong market presence in the South Indian states of Karnataka, Kerala, Andhra Pradesh and Telangana. Furthermore, the company has presence in over 45 countries across the globe with a focus on geographies such as the GCC (Gulf Cooperation Council) countries, the USA and Canada. As of Jun'25, the company has 9 owned manufacturing facilities in India with a total installed capacity of 1,82,270 TPA.

Key Highlights:

1. Category market leader: The company boasts of two of the most popular food brands in the South Indian markets – MTR and Eastern. Orkla has built a significant market share in the packaged spices market highlighting strong brand equity and deeper understanding of consumer preferences and taste. The company commands market leadership in Karnataka and Kerala with market share of 31% and 42% respectively in the packaged spices market as of FY24.

2. Diversified product offerings: Orkla has a diversified product portfolio spanning across categories such as spices, masalas, ready-to-eat and ready-to-cook meals, sweets and beverages. The company has also ventured into new cuisine spaces such as Pan-Asian cuisine with a range of blended spices and cooking pastes under its new brand 'Wok N Roll'. The company has a dedicated product development team comprising of 37 on-roll members which helps understand local tastes and consumer preferences resulting in better product development.

3. Extensive distribution reach: The company has an extensive pan-India distribution network with 834 distributors and 1,888 sub-distributors across 28 states and 6 union territories, 42 modern trade partners and 6 e-commerce and quick commerce partners. Orkla's focus on q-com and e-com channels has resulted in sales CAGR of 100% between FY23-25 through e-com and q-com channels. Additionally, arrangements with modern trade chains across the GCC, the USA, Canada, Australia and New Zealand augments global distribution reach.

4. Strong parentage: The company is backed by Orkla ASA (Norway) – a FMCG and branded consumer goods major operating in 100+ countries. Orkla ASA entered the Indian FMCG market with the acquisition of MTR in 2007 and later acquired Eastern brand in 2021. Orkla ASA's parentage provides with on-demand access to Orkla ASA's Global Centres of Excellence, including in domains such as food safety and quality, sustainability, marketing and innovation, information technology, sales, procurement.

Valuation: Orkla India Ltd. has been one of the top four companies in terms of revenues among select leading spices and convenience food peers as of FY24. It has a wide product range of 400 products across categories as of Jun'25 primarily catering to the local taste preferences of consumers. The company's brands MTR and Eastern have strong market share in Karnataka and Kerala. Over the last three years, OIL has delivered Sales/EBITDA/PBT CAGR of 5.0%/12.9%/22.9% respectively while adj. PAT has declined from Rs 338 cr in FY23 to Rs 289 cr in FY25 due to tax reversal in FY23. It is a virtually debt free company, makes healthy return ratios & margins and generates stable cash flows of Rs 300-400 cr annually. At the upper price band of Rs 730, OIL is valued at FY25 PE of 34.6x on post issue capital. Looking at the historical growth track record of the company, the issue looks fairly valued. Hence, we maintain NEUTRAL view on the issue and would like to monitor the performance of the company post listing.

Issue Details	
Date of Opening	29th October 2025
Date of Closing	31st October 2025
Price Band (Rs)	695 – 730
Issue Size (Rs cr)	~1,668
Offer for Sale (Rs cr)	~1,668
No. of shares (@ upper band)	2,28,43,004
Face Value (Rs)	1
Post Issue Market Cap (Rs cr)	9,521 – 10,000
BRLMs	ICICI Securities Ltd., Citigroup Global Markets India Pvt. Ltd., JP Morgan India Pvt. Ltd., Kotak Mahindra Capital Company Ltd.
Registrar	KFin Technologies Ltd.
Bid Lot	20 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%
Employee Discount	Rs 69 per share

Shareholding Pattern		
Pre-Issue	**No. of Shares**	**%**
Promoter & Promoter Group	12,33,02,690	90.0
Public & Others	1,36,86,540	10.0
Total	**13,69,89,230**	**100.0**

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	10,27,41,922	75.0
Public & Others	3,42,47,308	25.0
Total	**13,69,89,230**	**100.0**

Source: RHP, SSL Research

Selling shareholders through OFS	Classification	Number of shares
Orkla Asia Pacific Pte. Ltd.	Promoter	2,05,60,768
Navas Meeran	Investor	11,41,118
Feroz Meeran	Investor	11,41,118
Total		**2,28,43,004**

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Revenue from operations	2,172	2,356	2,395	597
EBITDA	311	341	397	112
PAT	341	226	289	79
EBITDA Margin (%)	14.3	14.5	16.6	18.7
PAT Margin (%)	15.7	9.6	12.1	13.2
RoE (%)	15.2	8.1	11.8	12.4
RoCE (%)	12.5	11.1	16.1	17.0
P/E (x)*	29.3	44.2	34.6	31.7

Source: RHP, SSL Research

****Note: Pre-issue P/E (x) based on upper price band***

Risk Factors

- **Supply chain disruption:** Availability of raw materials for spices and masalas are subject to price fluctuations due to weather, supply-demand shifts and logistics. Any adverse impact in the supply chain may impact operations.
- **Operational risk:** Any contamination or spoilage of raw materials could damage brand reputation or attract regulatory action leading to disruption in the company's operations.
- **Supplier concentration:** During FY25, the company procured ~34% of raw materials from top-10 suppliers. Any loss of suppliers or interruptions in the timely delivery of supplies could have an adverse impact on the business.
- **Legal risk:** Orkla India is currently party to 124 proceedings initiated against it pending before various judicial and regulatory authorities alleging non-conformity of the provisions under the FSS Act due to presence of impermissible substance. Any adverse ruling against the company might have financial or operational impact.

Growth Strategies

- Drive household penetration and usage of products in core markets.
- Expand presence in international markets particularly among the Indian diaspora.
- Expand product portfolio to strengthen and extend the core offerings.
- Drive operational efficiencies to improve margins and cash conversion.
- Strategically acquire leading brands and businesses to expand into newer geographies and adjacent product offerings.

Product Portfolio

Spices Range

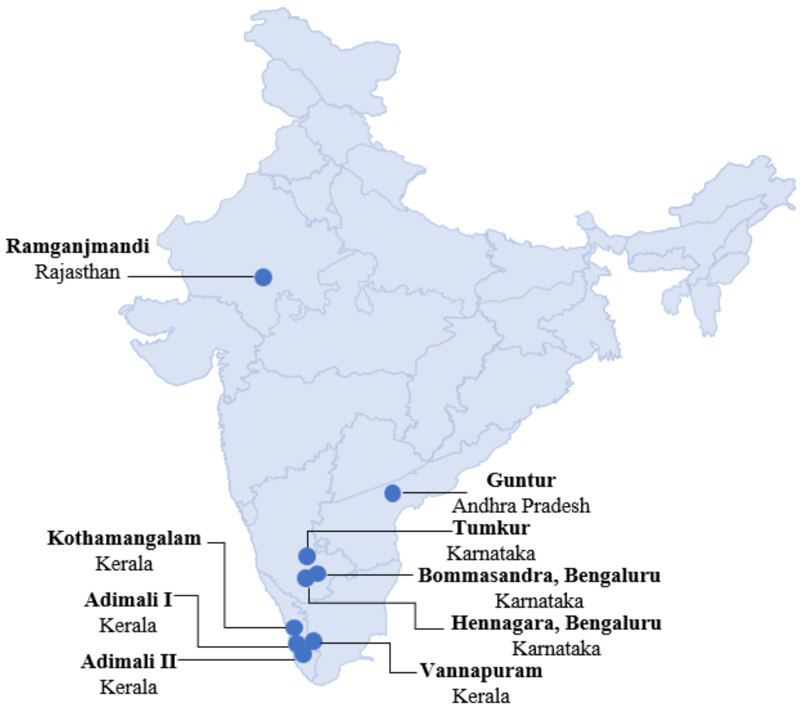
Ready to Cook (RTC) Foods Range

Ready to Eat (RTE) Foods Range

Others

Source: RHP, SSL Research

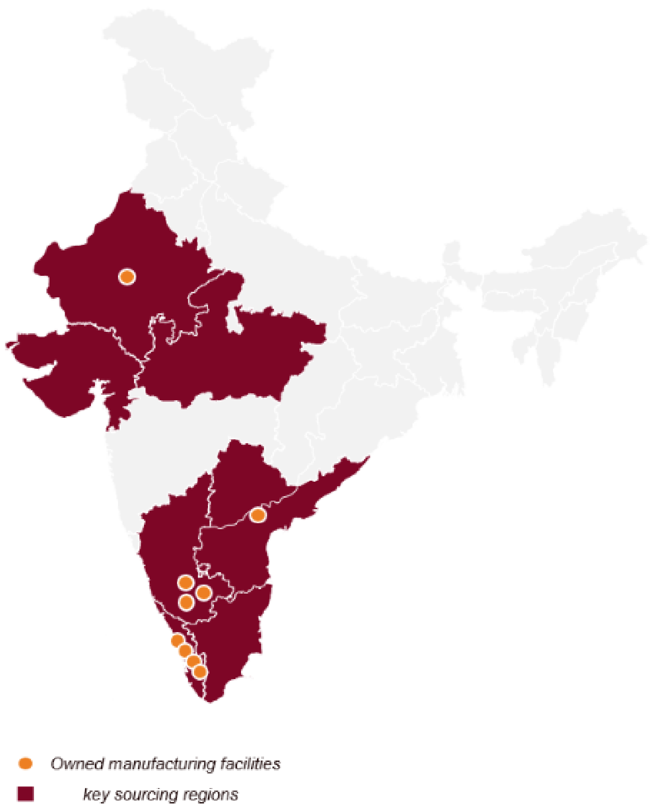
Manufacturing Facilities



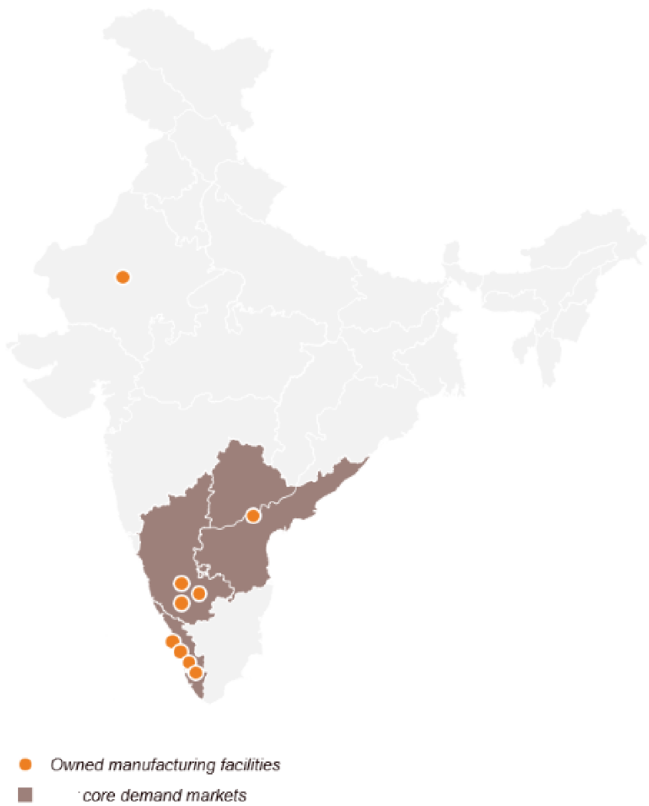
Source: RHP, SSL Research

Geographical Presence

Key sourcing regions



Core demand markets



Source: RHP, SSL Research

Segment-wise Revenue Split

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue
Spices	1,439	67.3	1,591	68.5	1,571	66.6	390	66.3
Convenience foods	699	32.7	731	31.5	787	33.4	198	33.7
Total	**2,138**	**100.0**	**2,322**	**100.0**	**2,358**	**100.0**	**588**	**100.0**

Source: RHP, SSL Research

Geography-wise Revenue Split

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue
Domestic Revenue	1,768	82.7	1,879	80.9	1,872	79.4	468	79.7
Exports Revenue	370	17.3	443	19.1	486	20.6	120	20.4
Total	**2,138**	**100.0**	**2,322**	**100.0**	**2,358**	**100.0**	**588**	**100.0**

Source: RHP, SSL Research

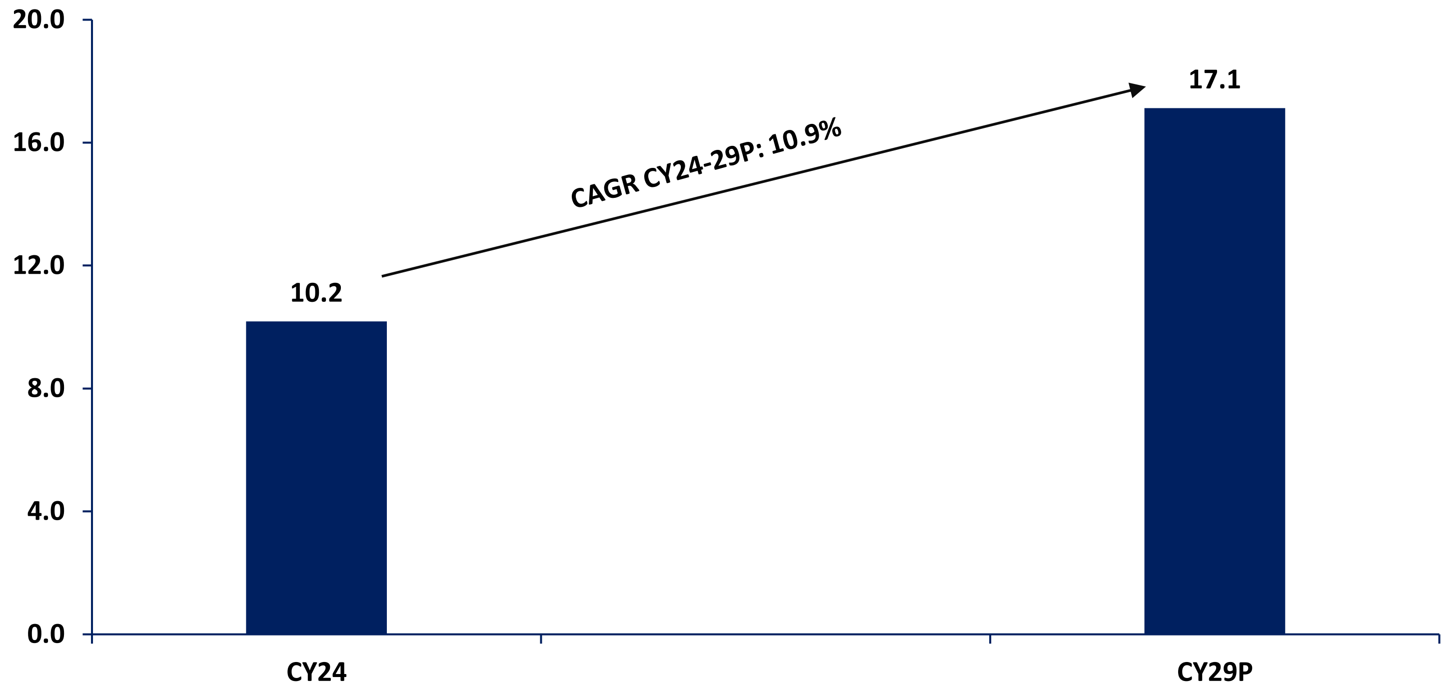
Channel-wise Revenue Split (India)

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue	Rs cr	% of revenue
General trade	1,500	84.8	1,559	82.9	1,484	79.3	361	77.1
Modern trade	198	11.2	225	12.0	248	13.2	67	14.3
E-com and quick commerce	70	4.0	96	5.1	140	7.5	40	8.6
Total	**1,768**	**100.0**	**1,879**	**100.0**	**1,872**	**100.0**	**468**	**100.0**

Source: RHP, SSL Research

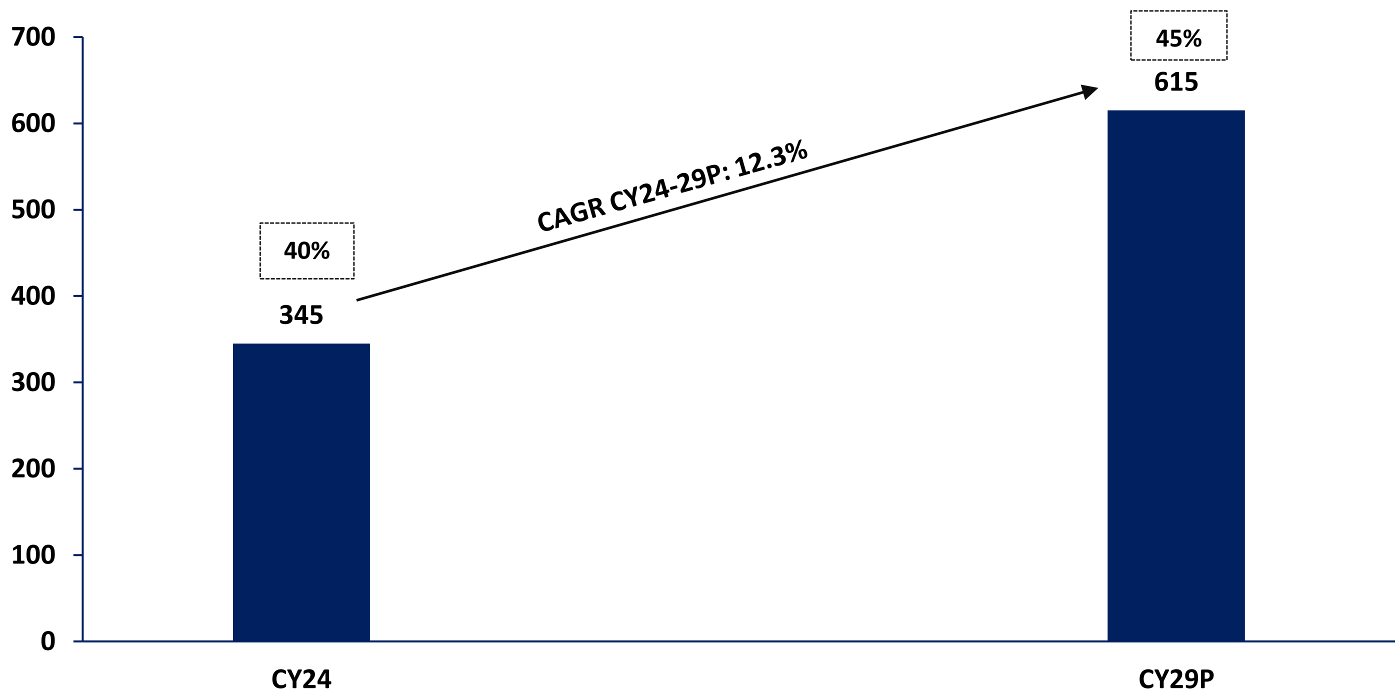
Industry Overview

Indian Packaged Food Market, CY24-29P (in Rs tn)



Source: RHP, SSL Research

Indian Domestic Packaged Spices Market, CY24-29P (in Rs bn)



Note: indicates Domestic Packaged Spices Market as % share of Total Domestic Spices Market; Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	**FY23**	**FY24**	**FY25**	**1QFY26**
Revenue from Operations	**2,172**	**2,356**	**2,395**	**597**
YoY growth (%)	-	*8.4%*	*1.6%*	*5.9%*
COGS (incl Stock Adj)	**1,268**	**1,364**	**1,321**	**324**
Gross Profit	**905**	**992**	**1,074**	**273**
Gross margins (%)	*41.6%*	*42.1%*	*44.8%*	*45.6%*
Employee Cost	224	232	246	63
Other Operating Expenses	369	419	431	98
EBITDA	**311**	**341**	**397**	**112**
EBITDA margins (%)	*14.3%*	*14.5%*	*16.6%*	*18.7%*
Other Income	29	32	61	8
Interest Exp.	27	7	7	2
Depreciation	55	62	62	12
PBT	**258**	**305**	**389**	**106**
Exceptional item	(2)	-	(34)	-
Tax	(82)	81	99	27
Share of profit of associates and JVs	1	2	(0)	(0)
PAT	**338**	**224**	**256**	**79**
PAT margin (%)	*15.6%*	*9.5%*	*10.7%*	*13.2%*
EPS (Rs)	**24.8**	**16.5**	**18.7**	**5.8**
Adj. PAT	**341**	**226**	**289**	**79**
Adj. PAT margin (%)	*15.7%*	*9.6%*	*12.1%*	*13.2%*
Adj. EPS	**24.9**	**16.5**	**21.1**	**5.8**

BALANCE SHEET				
Particulars (Rs cr)	**FY23**	**FY24**	**FY25**	**1QFY26**
Assets				
Net Block	362	406	349	340
Right of use assets	46	45	39	51
Capital WIP	74	4	8	12
Intangible Assets	593	592	581	580
Goodwill	1,012	1,012	1,012	1,012
Other Noncurrent Assets	123	147	154	157
Current Assets				
Current Investment	235	297	147	184
Inventories	350	297	309	309
Trade receivables	116	169	163	180
Cash and Bank Balances	75	115	191	125
Short-term loans and advances	2	8	2	2
Other Current Assets	115	284	188	177
Total Current Assets	**892**	**1,169**	**999**	**978**
Current Liabilities & Provisions				
Trade payables	182	232	270	220
Other current liabilities	480	153	242	187
Short-term provisions	25	19	28	31
Total Current Liabilities	**687**	**404**	**540**	**438**
Net Current Assets	**205**	**765**	**460**	**540**
Assets Classified as held for sale	-	-	29	29
Total Assets	**2,415**	**2,971**	**2,631**	**2,720**
Liabilities				
Share Capital	12	13	14	14
Reserves and Surplus	2,227	2,794	2,446	2,524
Total Shareholders' Funds	**2,240**	**2,807**	**2,460**	**2,537**
Minority Interest	-	-	-	-
Total Debt	35	4	-	2
Long Term Provisions	0	-	-	-
Lease Liabilities	60	59	54	66
Other Long-Term Liabilities	8	10	14	9
Net Deferred Tax Liability	72	91	104	106
Total Liabilities	**2,415**	**2,971**	**2,631**	**2,720**

Cash Flow Statement (Rs cr)	FY23	FY24	FY25	1QFY26
Cash flow from Operating Activities	190	296	392	(56)
Cash flow from Investing Activities	(165)	(237)	263	(11)
Cash flow from Financing Activities	(15)	(45)	(613)	(3)
Free Cash Flow	111	257	353	(61)

RATIOS			
Particulars	**FY23**	**FY24**	**FY25**
Profitability			
Return on Assets	11.0%	6.7%	9.1%
Return on Capital Employed	12.5%	11.1%	16.1%
Return on Equity	15.2%	8.1%	11.8%
Margin Analysis			
Gross Margin	41.6%	42.1%	44.8%
EBITDA Margin	14.3%	14.5%	16.6%
Net Profit Margin	15.7%	9.6%	12.1%
Short-Term Liquidity			
Current Ratio (x)	1.2	2.9	1.9
Quick Ratio (x)	0.8	2.2	1.3
Avg. Days Sales Outstanding	19	26	25
Avg. Days Inventory Outstanding	101	79	85
Avg. Days Payables	36	42	49
Fixed asset turnover (x)	6.0	5.8	6.9
Debt-service coverage (x)	4.6	29.9	60.4
Long-Term Solvency			
Total Debt / Equity (x)	0.0	0.0	0.0
Interest Coverage Ratio (x)	10.5	46.9	60.4
Valuation Ratios*			
EV/EBITDA (x)	32.0	29.0	24.7
P/E (x)	29.3	44.2	34.6
P/B (x)	4.5	3.6	4.1
EV/Sales (x)	4.6	4.2	4.1
P/Sales (x)	4.6	4.2	4.2

****Valuation ratios are based on pre-issue capital at the upper price band***

Source: RHP, SSL Research

Peer Comparison – Financials (FY25)

Particulars (Rs cr)	Orkla India Ltd	Tata Consumer Products Ltd
CMP (Rs)	730	1,170
Sales	2,395	17,618
EBITDA	397	2,479
Net Profit	289	1,263
Mkt Cap.	10,000	1,15,857
Enterprise Value	9,878	1,14,888
EBITDA Margin (%)	16.6	14.1
Net Profit Margin (%)	12.1	7.2
P/E (x)	34.6	91.7
RoE	11.8	6.3
RoCE	16.1	9.4
EV/EBITDA (x)	24.9	46.3
EV/Sales (x)	4.1	6.5

For Orkla India Ltd., Market Cap, P/E(x), RoCE (%), RoE (%), EV/EBITDA (x), EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP of 27th October 2025 for peer companies

Source: RHP, SSL Research

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