Retail Equity Research

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Orkla India Ltd.

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Nifty: 25,936 | Sensex: 84,628

IPO Note | 29th October, 2025

Sector: FMCG-Consumer Staples

Price Range: ₹695 - ₹730

Backed by strong parentage, rooted in south Indian heritage…

Orkla India Ltd. (Orkla), established in 1996, is a multi-category Indian food company offering ~400 products across every meal occasion, from breakfast to desserts, under its trusted brands MTR and Eastern. With strong roots in South Indian culinary traditions, the company's key categories include Spices (blended and pure) and Convenience Foods such as ready to cook, ready to eat, and vermicelli. As of June 2025, Orkla operates nine owned manufacturing facilities across India, with a total installed capacity of 182,270 tonnes per annum (TPA).

- **India's packaged food market, valued at ₹10,180bn in FY24, has grown at a CAGR of 10.8% since FY19 and is projected to reach ₹17,120bn by FY29, registering a CAGR of 11.0%. The growth is supported by rising income levels, increasing urbanisation, evolving consumer preferences, and steady year-round demand.** ***(Source: Technopak analysis).***
- **Orkla ranked among the top four companies by revenue in the spices and convenience food segment, with an average daily sale of 2.3mn units as of June 30, 2025.(*Source: Technopak analysis).***
- **Through its brands MTR and Eastern, Orkla has established a strong foothold in major South Indian markets (~31% in Karnataka & ~42% in Kerala in packaged spices segment) by emphasising authentic local flavours and consistent product quality. The company holds an 18.6% pan-India market share in the ready to eat and ready to cook convenience foods segment.**
- **Over FY23–FY25, revenue and EBITDA recorded a CAGR of 5% and 13%, respectively, while adj. PAT declined from ₹338cr in FY23 to ₹256cr in FY25, mainly due to a tax reversal in FY23.**
- **Orkla's revenue growth in FY25 was affected by lower spice prices, particularly chillies, and subdued consumer demand amid food inflation; however, the company improved its EBITDA margin to around 16.6%, supported by softer raw material costs and improved operational efficiency.**
- **Orkla operates 9 manufacturing units across the country, currently running at ~46% capacity utilization—indicating significant potential to scale production as demand increases.**
- **At the upper price band of ₹730, Orkla is available at a P/E of 31.7x (FY26E annualised), which appears fairly priced compared to its peers. Orkla India is poised for long-term growth, backed by a strong balance sheet, steady cash flows, supportive policy tailwinds, focus on regional brands, product innovation, robust distribution network and early signs of demand recovery—especially as GST cuts and rising consumer sentiment boost its core food categories. Hence, we assign a SUBSCRIBE rating for investors with a long-term investment horizon.**

Purpose of IPO

The issue is primarily an Offer for Sale (OFS) of up to 22,843,004 equity shares totalling ₹1,668cr. Offer for sale from promoter comprises sale of 20,560,768 equity shares by Orkla Asia pacific Pte. Ltd. and up to 1,141,118 equity shares each by other selling shareholders namely Mr. Navas Meeran and Mr. Feroz Meeran. The objective of the issue is to achieve the benefits of listing the equity shares on the stock exchanges.

Key Risks

- ~ 70% of sales is concentrated in South India in Q1FY26.
- Orkla India faces 124 legal proceedings over alleged use of impermissible substances, which may impact its operations or finances.

Issue Details	
Date of opening	October 29, 2025
Date of closing	October 31, 2025
Total No. of shares offered (cr.)	2.28
Post Issue No. of shares (cr)	13.7
Face Value	₹1
Bid Lot	20 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,600
Maximum application for retail (upper price band for 13 lot)	₹ 1,89,800
Listing	BSE,NSE
Employee Discount	₹69.0
Lead Managers	ICICI Securities, Citigroup Global Markets India, J.P. Morgan India, Kotak Mahindra Capital.
Registrar	KFin technologies Ltd.

Issue size (upper price)	Rs.cr
Fresh Issue	-
OFS	1,668
Total Issue	1,668

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	90.01	75.00
Public & others	9.99	25.00
Total	100.00	100.00

Issue structure	Allocation (%)	Size Rs.cr
Retail	35	583
Non-Institutional	15	250
QIB	50	833
Emp. Reservation	-	2
Total	100	1,668

Y.E March (Rs cr) Consol.	FY24	FY25	Q1FY26**
Sales	2,356	2,395	597
Growth YoY(%)	*8.4*	*1.6*	*5.9*
EBITDA	341	397	112
Margin(%)	14.5	16.6	18.7
PAT Adj.	226	256	79
Growth (%)	*-33*	*13*	*10*
EPS	16.5	18.7	23.0*
P/E (x)	44.2	39.1	31.7*
EV/EBITDA (x)	29.5	25.3	90.1
P/BV(x)	3.6	4.1	3.9

*** Please note Q1FY26 numbers growth is compared with Q1FY25 financial numbers.*
**Annualised*

Peer Valuation

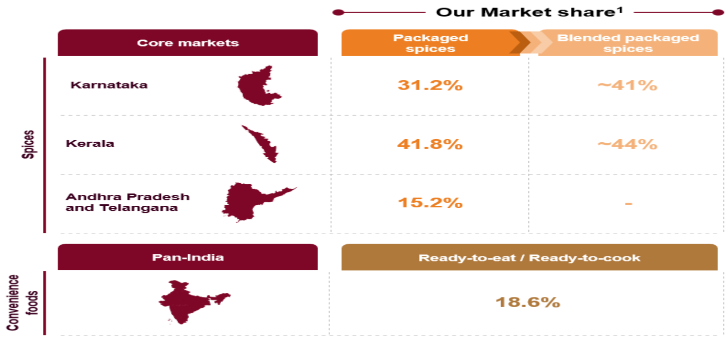
Company	CMP(₹)	MCap(₹ cr)	Sales (₹ cr)	EBITDA(%)	PAT (%)	EPS(₹)	RoE (%)	P/E(x)	EV/EBITDA (x)	P/BV (x)	Mcap/sales
Orkla India Ltd	**730**	**10,000**	**2,395**	**16.6**	**10.7**	**18.7**	**9.7**	**39.1**	**25.3**	**4.1**	**4.2**
Tata Consumer Products Ltd	1,169	1,17,261	17,618	14.1	7.3	12.8	7.1	91.6	40.3	5.8	6.6

Source: Geojit Research, Bloomberg; Valuations of Orkla are based on upper end of the price band (post issue), Financials as per FY25 consolidated, Tata consumer products ltd: CMP as on 28-10-2025.

Business Operations:

The company's product portfolio includes around 400 products across two main categories: spices (blended and pure varieties such as Masalas, Turmeric, and Cumin) and convenience foods, which encompass RTC foods, RTE meals, vermicelli, beverages, pickles, and more. These products cater to all meal occasions, from breakfast to desserts, addressing diverse consumer needs.

Source: RHP, Geojit Research



Product Category	For the three months ended June 30,				Fiscal					
	2025		2024		2025		2024		2023	
	Amount (₹ million)	% of revenue from sale of products	Amount (₹ million)	% of revenue from sale of products	Amount (₹ million)	% of revenue from sale of products	Amount (₹ million)	% of revenue from sale of products	Amount (₹ million)	% of revenue from sale of products
Spices	3899.1	66.3%	3,804.1	68.4%	15,712.5	66.6%	15,912.9	68.5%	14,388.1	67.3%
Convenience foods	1,981.8	33.7%	1,756.4	31.6%	7,870.7	33.4%	7,311.0	31.5%	6,989.2	32.7%

Source: RHP, Geojit Research

Key strengths:

- Category market leader with the ability to build and scale household food brands through an in-depth understanding of local consumer tastes.
- Multi-category food company with a focus on product innovation
- Extensive distribution infrastructure with deep regional network and wide global reach
- Efficient, large-scale manufacturing with stringent quality control and a robust supply chain

Key strategies:

- Drive household penetration and usage of Orkla's products in core markets.
- Expand presence in international markets through a robust growth strategy.
- Selectively expand product portfolio to strengthen and extend the core offerings.
- Drive operational efficiencies to improve margins and cash conversion.
- Continue to enhance capital efficiency.
- Strategically acquire leading brands and businesses.

Manufacturing Facilities

As of June 30, 2025, Orkla India operated nine manufacturing facilities across four states, primarily in South India. In addition, the company had active arrangements with 21 contract manufacturing units—18 located across seven Indian states and 3 situated internationally—all managed by independent third-party operators.

The average capacity utilisation of our manufacturing facilities are set out below for the periods/years indicated:

Particulars	For the three months ended June 30,	Fiscal		
	2025	2025	2024	2023
Actual Capacity Utilization (MT)	20,975	83,596	77,012	75,896
Actual Capacity Utilization (%)	46.0%	45.9%	47.7%	48.7%

Source: RHP, Geojit Research

Industry Outlook

India's packaged food market was valued at ₹10,180 billion in FY24 and is projected to grow at a CAGR of 11.0% to reach ₹17,120 billion by FY29, driven by rising incomes, urbanization, lifestyle changes, and demand for convenience. Meanwhile, the Indian spices market to grow at an approximate 11.5% CAGR to ₹1,230 billion in FY24 and is expected to reach ₹2,080 billion by FY29, fueled by population growth, increasing urbanization, e-commerce expansion, and the trend of spices for medicinal and functional food uses. The Indian spices market has grown at a 11.5% CAGR approximately to ₹1,230 billion in FY24 vs FY19 and is expected to grow to ₹2,080 billion in FY2029.

Exhibit 3.1: Indian Spices Market - By Value (in ₹ billion) (Fiscal) ; CAGR

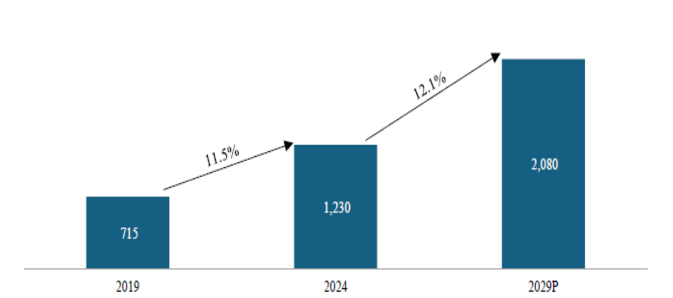
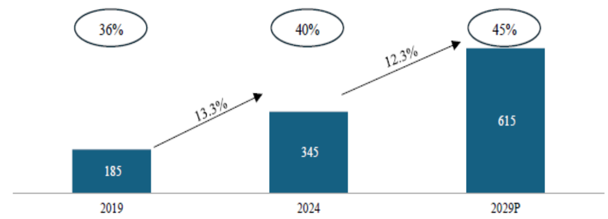


Exhibit 3.2: Indian Domestic Packaged Spices Market- By Value (in ₹ billion) (Fiscal) ; CAGR
Bubbles indicate Domestic Packaged Spices Market as % share of Total Domestic Spices Market



Source: RHP, Geojit Research

Exhibit 4.1: Market Size of Convenience Food Industry in India (Fiscal) (₹ Billion); CAGR (%)

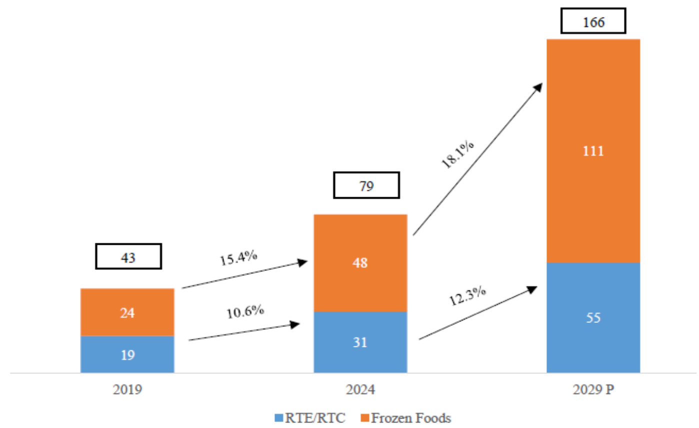
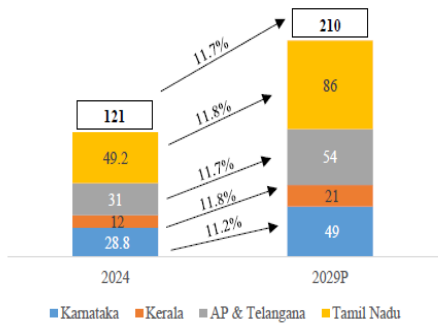


Exhibit 3.6: Packaged Spices South India Market (in ₹ billion) (Fiscal) ; CAGR



Source: Technopak Analysis

India's convenience food market is expected to grow to ₹166 billion by Fiscal 2029, driven by changing consumer lifestyles, urbanisation, and rising demand for time-saving, healthier meal options.

Source: RHP, Geojit Research

Promoter and promoter group

Orkla ASA, Orkla Asia Holding and Orkla Asia Pacific Ltd are the promoters of the company.

As on the date of filling of this Red Herring Prospectus, the company has eight Directors on the Board comprising one Executive Director, three Non -Executive Directors and four are Independent Directors.

Brief Biographies of directors

- **Atle Vidar Nagel Johansen** is the Chairman and Non-executive Director of the company.
- **Sanjay Sharma** is the Managing Director and Chief Executive Officer of the company.
- **Maria Syse-Nybraaten** is a Non-executive Director of the company.
- **Per Haavard Skiaker Maelen** is a Non-executive Director of the company.
- **Rashmi Satish Joshi** is an Independent Director on Board of the company.
- **Amit Jain** is an Independent Director of the company.
- **Shantanu Maharaj Khosla** is an Independent Director of the company.
- **Meena Ganesh** is an Independent Director of the company.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	FY25	Q1FY26**
Sales	**2,172.5**	**2,356.0**	**2,394.7**	**597.0**
% change	0.0%	8.4%	1.6%	5.9%
EBITDA	**311.3**	**341.4**	**396.8**	**111.8**
% change	-	9.7%	16.2%	9.9%
Depreciation	55.4	62.1	61.7	12.4
EBIT	**255.8**	**279.3**	**335.1**	**99.4**
Interest	27.1	6.6	6.6	1.7
Other Income	29.0	32.0	60.5	8.4
Exceptional items	-2.0	0.0	-33.6	0.0
PBT	255.7	304.6	355.5	106.1
% change	-	19.1%	16.7%	0.0%
Tax	-82.2	80.5	99.4	27.1
Tax Rate (%)	-32%	26%	28%	0%
Reported PAT	337.9	224.1	256.1	78.9
Adj	1.2	2.2	-0.4	0.0
Adj. PAT	**339.1**	**226.3**	**255.7**	**78.9**
% change	-	-33.3%	13.0%	0.0%
Post issue No. of shares (cr)	**13.7**	**13.7**	**13.7**	**13.7**
Adj EPS (Rs)	24.8	16.5	18.7	23.0*
% change	0.0%	-33.3%	13.0%	0.0%

*** Please note Q1FY26 numbers growth is compared with Q1FY25 financial numbers.*

** Annualised*

BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	FY25	Q1FY26**
Cash	74.6	114.6	190.7	124.8
Accounts Receivable	116.0	168.6	162.6	179.6
Inventories	350.1	296.9	308.8	309.3
Other Cur. Assets	117.0	292.0	219.0	208.5
Investments	255.1	325.0	175.2	212.3
Deff. Tax Assets	0.2	0.2	0.0	0.0
Net Fixed Assets	361.8	406.1	348.5	340.2
CWIP	73.9	3.6	7.8	11.7
Intangible Assets	1651.0	1648.9	1632.1	1643.1
Other Assets	102.3	119.3	126.6	128.7
Total Assets	**3102.0**	**3375.2**	**3171.3**	**3158.2**
Current Liabilities	197.8	254.1	345.9	247.6
Provisions	32.9	29.6	41.7	39.8
Debt Funds	94.9	63.3	54.4	68.2
Other Fin. Labilities	464.6	130.6	166.3	159.1
Deferred Tax liability	72.2	90.6	103.6	106.2
Equity Capital	12.3	13.4	13.7	13.7
Reserves & Surplus	2227.3	2793.7	2445.8	2523.6
Shareholder's Fund	2239.6	2807.1	2459.5	2537.3
Total Liabilities	**3102.0**	**3375.2**	**3171.3**	**3158.2**
BVPS (Rs)	163.5	204.9	179.5	185.2

CASH FLOW

Y.E March (Rs cr)	FY23	FY24	FY25	Q1FY26**
PBT Adj.	255.7	304.6	355.5	106.1
Non-operating & non cash adj.	65.6	40.9	49.0	8.1
Changes in W.C	-56.8	29.8	90.6	-155.5
C.F.Operating	189.3	294.1	392.1	-55.7
Capital expenditure	-79.3	-39.1	-20.8	-4.9
Change in investment	-663.8	-915.0	-1194.0	-204.5
Sale of investment	579.6	719.6	1446.6	196.1
Other invest.CF	-1.6	-2.1	31.1	2.0
C.F - investing	-165.1	-236.5	262.9	-11.3
Issue of equity	0.0	-0.6	0.0	0.0
Issue/repay debt	-0.4	-31.2	0.0	0.0
Dividends paid	0.0	0.0	-600.0	0.0
Other finance.CF	-14.8	-13.0	-12.9	-3.2
C.F - Financing	-15.1	-44.9	-612.9	-3.2
Change. in cash	9.0	12.7	42.1	-70.2
Opening Cash	14.4	24.6	39.6	81.3
Closing cash	23.4	37.3	81.7	11.1

*** Q1FY26 numbers growth is compared with Q1FY25 financial numbers.*

RATIOS

Y.E March	FY23	FY24	FY25	Q1FY26**
Profitab. & Return				
EBITDA margin (%)	*14.33*	*14.49*	*16.57*	*18.72*
EBIT margin (%)	*11.8*	*11.9*	*14.0*	*16.6*
Net profit mgn.(%)	*15.6*	*9.6*	*10.7*	*13.2*
ROE (%)	*15.1*	*9.0*	*9.7*	*2.9*
ROCE (%)	*22%*	*11%*	*12%*	*4%*
W.C & Liquidity				
Receivables (days)	*19.5*	*22.0*	*25.2*	*26.0*
Inventory (days)	*100.8*	*86.6*	*83.7*	*85.4*
Payables (days)	*30.6*	*35.9*	*41.1*	*33.6*
Current ratio (x)	*4.0*	*4.2*	*2.7*	*3.6*
Quick ratio (x)	*1.0*	*1.1*	*1.0*	*1.2*
Turnover & Levg.				
Net asset T.O (x)	*6.0*	*6.1*	*6.3*	*1.8*
Total asset T.O (x)	*0.7*	*0.7*	*0.7*	*0.2*
Int. covge. ratio (x)	*9.4*	*42.1*	*51.2*	*58.5*
Adj. debt/equity (x)	*0.0*	*0.0*	*0.0*	*0.0*
Valuation ratios				
EV/Sales (x)	4.6	4.3	4.2	16.9
EV/EBITDA (x)	32.4	29.5	25.3	90.1
P/E (x)	29.5	44.2	39.1	31.7*
P/BV (x)	4.5	3.6	4.1	3.9

** Annualised*

DISCLAIMER & DISCLOSURES

Certification: I, Sheen G , author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please [Click here.]

Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC (a subsidiary of holding company in Oman engaged in Financial Services), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

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GIL confirms that:

(i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.

(ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

2. **Disclosures regarding Compensation:**

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(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3**. Disclosure by GIL regarding the compensation paid to its Research Analyst:**

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. **Disclosure regarding the Research Analyst's connection with the subject company**: It is affirmed that I, Sheen G, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

5. **Disclosure regarding Market Making activity:** Neither GIL/its Analysts have engaged in market making activities for the subject company.

6. Disclosure regarding conflict of interests: GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

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10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

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12. Disclosures regarding Artificial Intelligence tools

Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

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GRIEVANCES

Step 1: The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: compliance@geojit.com. For Grievances:grievances@geojit.com. **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at https://smartodr.in

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