IPO Note – ORKLA INDIA LIMITED

28 October 2025

Policy framework and product innovation to drive growth:-

Orkla India Limited (Orkla), a subsidiary of Norway-based Orkla ASA, is a leading multi-category Indian food company with a strong legacy in Indian culinary traditions. Orkla operates under its flagship brands "MTR" and "Eastern", offering a diverse portfolio of 400+ products across categories. Its key product categories are Spices and Convenience Foods. As of Q1FY26, Orkla sold ~2.3 mn units daily and held a Pan-India market share of 18.6% in the convenience foods segment. It is the market leader in packaged spices in Karnataka (Market Share- 31.2%) and Kerala (41.8%), and the second-largest player in Andhra Pradesh and Telangana (15.2%). It exports to 45 countries, with its "Eastern" brand maintaining its position as India's largest exporter of branded spices for 24 consecutive years. With 9 manufacturing facilities and 21 contract manufacturing units, it boasts an installed capacity of 182,270 TPA and maintains a capacity utilization of ~46%.

Product innovation through in-depth understanding of local consumer's taste:-

Orkla has a sizeable product portfolio, tailored to suit the local consumer's taste and preferance within its core markets. Orkla's curated local product portfolio has been achieved through its systematic knowledge building of cuisines, facilitated by its Cuisine Centres of Excellence, driven by a 37-member product development team and 7 chefs. This has led to launches of 15 products in Spices and 27 in the Convenience Foods category from its repository of over 4,000 recipes. Orkla's blend of local tradition, innovation and premium positioning ensures strong consumer loyalty and a competitive edge in India's fast-growing packaged food market.

Strong distribution reach in regional markets with enhanced focus on exports:-

Orkla has built an extensive distrubution network across India, enabling deep market penetration and wider consumer reach. It operates through 834 distributors and 1,888 sub-distributors across 28 states and 6 UTs in India, supported by 42 modern trade and 6 e-com partners. Its brand, "MTR" and "Eastern", are present in 67.5% of retail outlets in Karnataka and 70.4% in Kerala v/s industry average of 30–40%. Orkla also exports its products to 45 countries with plans to increase presence in GCC countries, US, Canada, Australia, New Zealand, Singapore and Malaysia. It generated ~20.6% of revenue from exports in FY25. Orkla's benefits from its parent, Orkla ASA, which has a legacy of over 370 years and operates in 100+ countries, having best practices in governance, food safety, innovation and supply chain management, enabling Orkla to deliver authentic Indian flavours to consumers worldwide with consistency and quality.

Key Risks: - 1) Volatility in raw material and packaging costs could affect margins. 2) High concentration risk as South India market contributed to ~70% of FY25 revenue. 3) Highly regulated industry. 4) Increased competition from traditional and new-age players.

Financials & valuation: -

Orkla India Ltd has demonstrated strong financial performance, underpinned by operational efficiency and a capital-efficient business model. The company maintains a zero net-debt position, enhancing its financial resilience and enabling reinvestment into growth initiatives such as capacity expansion and brand building. With leadership in high-growth categories, strong brand equity, omni-channel distribution and strong parentage, Orkla is well-positioned to hop onto the next-leg of growth. long-term growth opportunities. At the upper price band, Orkla is available at a reasonable valuation of ~39x its FY25 EPS. We have a **SUBSCRIBE** recommendation to this issue.

Key Financials (₹ Cr)	Mar-23	Mar-24	Mar-25
Total Income	2,172	2,356	2,395
EBITDA	311	341	397
EBITDA Margin (%)	*14.3*	*14.5*	*16.6*
PAT	339	226	256
PAT Margin (%)	*15.6*	*9.6*	*10.7*
Net Worth	2,240	2,807	2,460

Source: ABML Research, RHP

Rating	SUBSCRIBE
Issue Details	
Issue Opens	29-Oct-25
Issue Closes	31-Oct-25
Face Value (₹)	1
Price Band (₹)	695-730
Bid Lot	20 shares
Issue Size (₹ Cr)	1,667
Market cap at upper price band (₹ Cr)	10,000
Listing	NSE/BSE
BRLMs	ICICI Securities, Citi, J.P. Morgan, Kotak Capital
Registrar	Kfin Tech Ltd.

Shareholding Pattern (%)

	Pre-Issue	Post Issue
Promoters	90.00	75.00
Public	10.00	25.00
Total	**100**	**100**

Issue Structure (In Cr no. of shares)

Issue size	**2.28**
OFS	2.28
Break-up of net issue to public (%):	
QIB portion	50.0
Non-Institutional portion	15.0
Retail Portion	35.0

Source: ABML Research, RHP

Analyst Details

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