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IPO Report

28th Oct '25

Snapshot

Company is a multi-category Indian food company with operations spanning several decades, offering a diverse range of products that cater to every meal occasion, from breakfast and lunch to dinner, snacks and beverages and desserts. According to the Technopak Report, in Fiscal 2024, company was one of the top four companies in terms of revenue from operations among select leading spices and convenience food peers. Company's products, under its brands MTR and Eastern, are crafted with authenticity and tradition, and are deeply rooted in the South Indian culinary heritage. The key product categories company offer are Spices (comprising blended and pure spices), and Convenience Foods (comprising ready-to-cook ("RTC"), ready-to-eat ("RTE") foods and Vermicelli, among others).

VALUATION

Company is bringing the issue at price band of Rs 695-730 per share at p/e multiple of approx. 32x on post issue annualized Q1FY26 basis.

Company is category market leader with the ability to build and scale household food brands through an in-depth understanding of local consumer tastes. Company is multi-category food company with a focus on product innovation & has extensive distribution infrastructure with deep regional network and wide global reach. Also, company has efficient, large-scale manufacturing with stringent quality control and a robust supply chain with experienced and tenured management team supported. Hence, we recommend "Subscribe" to the issue.

Price Band (Rs./Share)	695-730
Opening date of the issue	29th Oct '2025
Closing Date of the issue	31st Oct '2025
No of shares pre issue	13,69,89,230 Eq Shares
Issue Size	Rs 1587-1667 Cr
Offer For Sale	22,843,004 Eq Shares
Face Value (Rs/ share)	Rs 1/share
Bid Lot	20
Employee Discount	Rs 69/share
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 1,14,06,501 Eq Shares)
Non-Institutional	15% of the offer (Approx 34,21,951 Eq Shares)
Retail	35% of the offer (Approx 79,84,552 Eq Shares)
Employee	30,000 Eq Shares
Lead managers	ICICI Securities, Citigroup Global Markets India, J.P. Morgan India, Kotak Mahindra Capital
Registrar to the issue	KFin Technologies Ltd

WHAT WE LIKE

Category market leader with the ability to build and scale household food brands through an in-depth understanding of local consumer tastes

The spice blends offered under the MTR brand are designed for vegetarian cuisine, while Eastern's blends are crafted predominantly for non-vegetarian cuisines. Company's market position is further built on its deep understanding of local tastes and products tailored to suit regional preferences. Company's product portfolio caters to local tastes by offering a range of local dishes within its core markets.

Multi-category food company with a focus on product innovation

Company continuously innovate around its offerings to meet evolving customer needs. Company do this through a combination of enhancing recipes, creating different product formats, and implementing novel preparation methods, among other approaches. For instance, company launched (a) MTR Minute Fresh batters, as a more convenient addition to its existing range of Dry Mixes; (b) Ready-to-Eat range of sweets as an extension of its existing range of Sweet Mixes; and (c) 3-Minute Breakfast range as an expansion of convenience offerings to its existing breakfast range. Company have 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" which was launched in January 2025.

Capital efficient business model with a track record of delivering profitable growth

According to the Technopak report, in Fiscal 2024, company registered revenue from operations of ₹23,560 million, which was one of the top four among select leading spices and convenience food peers. Company was the second fastest growing company in terms of EBITDA out of select leading spices and convenience food peers for the period between Fiscal 2022 and Fiscal 2024, with a CAGR of 20.3%. Company was the second fastest growing company in terms of PAT out of select leading spices and convenience food peers for the period between Fiscal 2022 and Fiscal 2024, with a CAGR of 39.0%.



COMPANY BACKGROUND

In Spices, company's key products include: (a) Sambar Masala, Chicken Masala, Puliogare Masala, Rasam Masala and Meat Masala, among others, in blended spices; and (b) Chilli, Kashmiri Chilli, Turmeric, Coriander and Cumin, among others, in pure spices. Company's Convenience Foods products simplify the cooking process and enable quick meal preparation through products such as Gulab Jamun mix, Rava Idli mix, 3-Minute Poha and Dosa mix. Company's portfolio comprises approximately 400 products across these categories, as of June 30, 2025, and it sold approximately 2.3 million units on average every day as of June 30, 2025. Company through its brands, MTR and Eastern, have a deep understanding of local flavours and a strong commitment to quality that has resulted in the current scale, particularly in the core markets of Karnataka, Kerala, Andhra Pradesh and Telangana.

The MTR brand was originally established in 1924 and has been one of the key brands of Company since its incorporation in 1996. In 2007, as a precondition to the acquisition of Company by Orkla, pursuant to an internal reorganisation amongst the erstwhile shareholders of Company, the exclusive rights to the MTR brand (for processed packaged foods and beverages) were formally acquired by Company.

The brand ethos of MTR revolves around providing local, quality food products, specialising in vegetarian food. Company's product portfolio under the MTR brand includes a wide range of offerings such as Spices, RTC foods, RTE foods, vermicelli, among others.

The Eastern brand was founded in 1983, and over four decades, has expanded its product range to include a portfolio of Spices and Convenience Foods. The brand ethos of Eastern is centred on providing local and quality food products, with a special emphasis on Kerala cuisine. Company acquired Eastern Condiments in March 2021.

Further, international markets are a key part of company's business, and it cater to the Indian diaspora across the globe, who seek authentic South Indian flavours. In the three months ended June 30, 2025 and in Fiscal 2025, company's revenues from customers outside India contributed ₹1,196.9 million and ₹4,861.7 million, representing 20.4% and 20.6%, respectively, of company's total revenue from sale of products (as per Ind AS 115 - Revenue from Contracts with Customers), which was ₹5,880.8 million and ₹23,583.2 million, respectively. Company exported its products to 45 countries (including through deemed exports), as of June 30, 2025, with a focus on geographies such as the Gulf Cooperation Council ("GCC") countries, the US and Canada which, according to the Technopak Report, have a high density of Indian diaspora. According to the Technopak Report, company held approximately 22.2% market share in the Indian branded spices exports segment in Fiscal 2024. Eastern has maintained its position as India's largest exporter of branded spices for 24 consecutive years.

OBJECTS OF OFFER

The objects of the Offer are to (i) carry out the Offer for Sale of up to 22,843,004 Equity Shares bearing face value of ₹1 each by the Selling Shareholders aggregating up to ₹[●] million; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges..

RISKS

Company's operations are subject to volatility in the pricing of raw materials and packaging materials. Company's inability to procure the raw materials and packaging material, at competitive prices, may adversely affect its business, financial condition, cash flows and results of operations.

Source:RHP


Consolidated Financials
(Rs in Mn)

Financials	FY23	FY24	FY25	Q1FY26
Total Revenue (A)	21724.80	23560.10	23947.10	5970.00
Total Expenditure (B)	18612.30	20146.1	19978.7	4852.3
EBIDTA	3112.50	3414.00	3968.40	1117.70
EBIDTA Margin	14.33	14.49	16.57	18.72
Other Income	289.60	319.80	605.30	83.80
Depreciation	554.10	621.20	617.30	123.70
EBIT	2848.00	3112.60	3956.40	1077.80
Interest	270.80	66.40	65.50	17.00
PBT	2577.20	3046.20	3890.90	1060.80
Share of profit in Asso	11.90	22.10	-4.00	-0.20
PBIT	2589.10	3068.30	3886.90	1060.60
Exceptional	-20.00	0.00	-336.40	0.00
PBT	2569.10	3068.30	3550.50	1060.60
Tax	-822.20	805.00	993.60	271.40
PAT	3391.30	2263.30	2556.90	789.20
NPM	15.61	9.61	10.68	13.22
ROE%	15.20	10.30	13.80	4.10
EPS	26.20	16.90	18.70	5.80
Eq Cap	123.30	134.00	137.00	137.00
Net Worth	22,396.10	28,070.50	24,595.00	25,372.60

(Source: RHP)



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