ATARAH
Financial Advisor & Manager
to the Offer and Sponsor
MAHARAJA
FOOD PRODUCTS
Initial Public Offering of
Maharaja Foods Limited
MAHARAJA
FOOD PRODUCTS
IPO

Overview of Maharaja Foods Limited Group

Maharaja Foods Limited (MFL) and its wholly owned subsidiary Maharaja Marketing (Pvt) Limited (MML) forms MFL Group, a leading manufacturer, exporter and a distributor of authentic Sri Lankan foods & groceries locally and internationally.

Group Structure

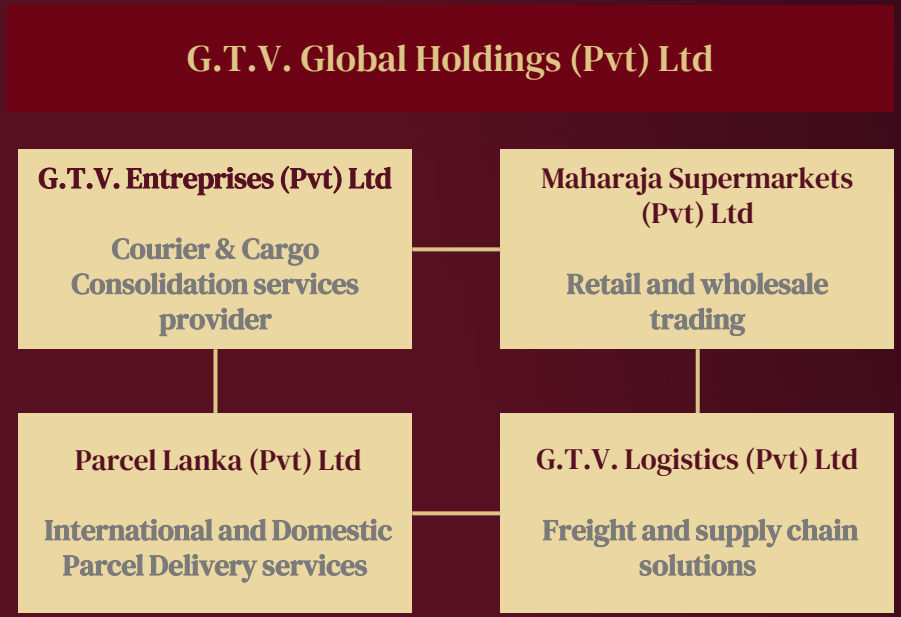
Incorporated in the year 2012, MFL commenced operations predominantly as a local distributor, and thereafter shifted the focus towards exports from 2021 onwards.

In June 2022, MML was formed as a 100% owned subsidiary, to focus on local distribution whereas MFL became an export-oriented company.

The registered office of the Company is at No 18/3, Dr. E.A. Cooray Mawatha Colombo 06, and the manufacturing and processing facility is situated in Mabola, Wattala

Overview of the G.T.V. Group

The parent company of MFL is G.T.V. Global Holdings (Pvt) Limited, an investment holding company with subsidiaries exposed to multiple business verticals.



GTV Group is a women-owned enterprise, since 99.9% of shares in G.T.V. Global Holdings is owned by Mrs. Thavamalar Guganathan

Majority shares of Maharaja Supermarkets are held by the common shareholders of G.T.V. Global whilst MFL holds 9%.

MFL Group: Wealth of experience in the food manufacturing industry, with local and global product presence

35+ Years of Experience in the industry

Product presence in Europe (France, Germany, Switzerland)), UK, Australia

64% USD Denominated Revenue (USD 1 Mn in FY 2024)

5,000+ local distribution channels

Strong Relationship with Foreign Customers

The Journey...

Over the past 3 decades, Maharaja Food Products has become a strong brand within its business space

Key Milestones

1989	Inception of the Vijeya Enterprises
1995	Establishment of the brand “Maharaja Food Products”
1995	The first consignment of exports (Sri Lankan Rice) shipped to Europe
2012	Incorporation of Maharaja Foods (Private) Limited
2016	MFL becomes a Women-owned Enterprise
2021	Commenced enhanced focus on export business with onboarding new buyers
2022	Incorporation of Maharaja Marketing (Private) Limited, the fully owned subsidiary of MFL
2022	Exports and Local sales operations segregated. MFL commence exclusively focusing on exports
2024	MFL reaches USD 1 Million export revenue milestone in FY 23/24
2024	Listing MFL in the Colombo Stock Exchange

Products: focused on providing a high quality, healthy & Tasty products for culinary needs of our consumers

Today, MFL Group stands as a symbol of quality and innovation, enriching lives with a diverse array of products, including

- Rice-based products,
- Flour-based products,
- Spices
- Fish-based products
- Other groceries

MFL Group has their own product portfolio manufactured in-house, as well as being involved in the export of other third-party products (consumables, household items etc.) based on consumer demand in overseas markets.

Roasted Red Rice Flour, Steamed Wheat Flour, Steamed Atta flour and Jaffna Currey Power are few of the featured products under “Maharaja Food Products” Brand

Maharaja Foods Products: the popular range

Roasted Red rice flour

Steamed wheat flour

Odiyal sticks

Red Raw Rice

Chakki Atta flour

Jaffna Curry Powder

Dosa dry mix

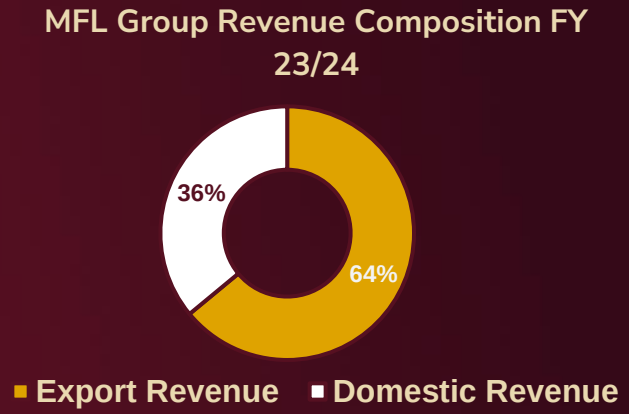
Kurakkan flour

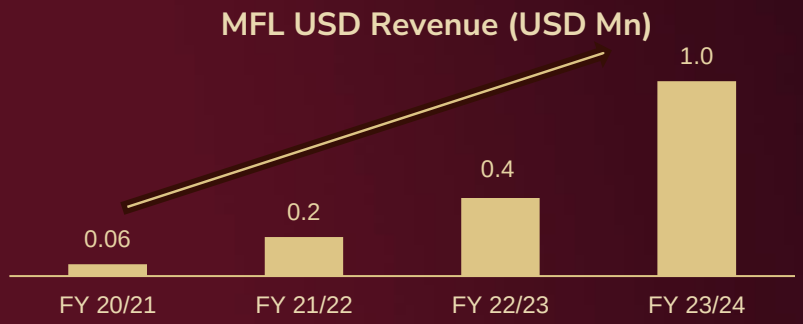
Financial Performance: Robust Revenue Growth:

MFL - FY 23/24

USD 1 Mn
Revenue

138%
YoY Growth on USD revenue



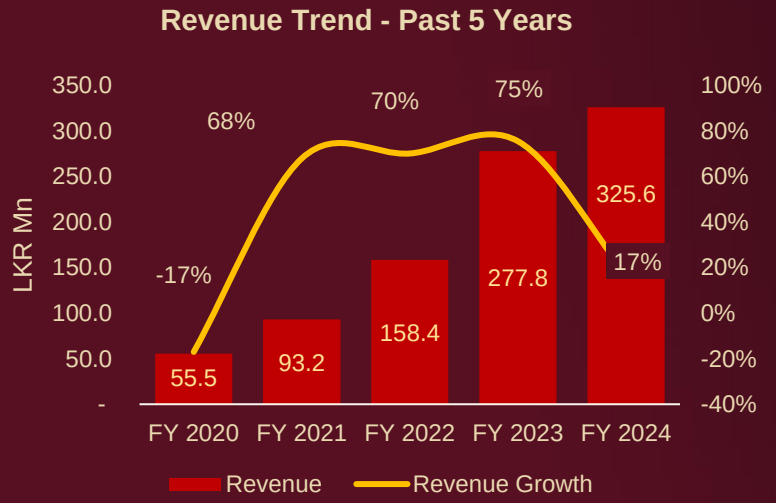


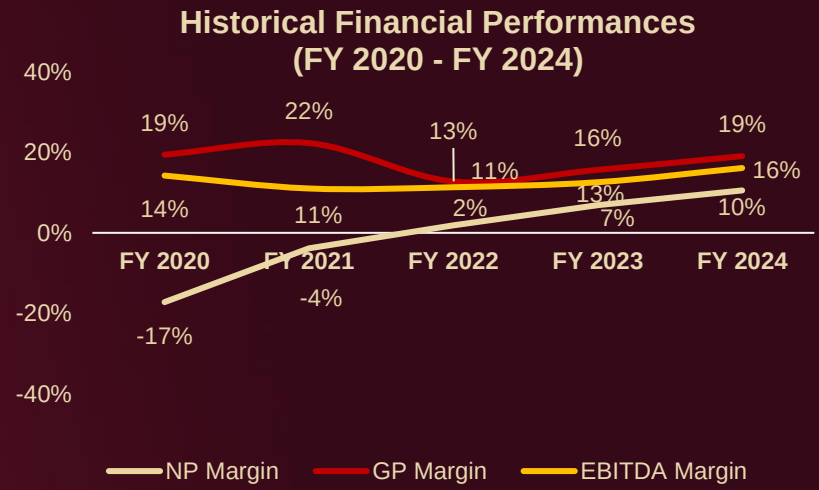
In the dynamic landscape of the FY 23/24, MFL Group recorded a consolidated revenue of LKR 496.9 million. Out of this, major portion of LKR 317.3 million was attributed to the thriving export segment. It is a formidable contribution of 64% of the total revenue.

With greater focus on developing the export segment from 2021 onwards, MFL saw a robust growth in foreign currency revenues, which reached USD 1 Mn in FY 23/24, with a YoY growth of 138%

Financial Performance: Robust Revenue Growth:

MFL's performances





Commenced business as a manufacturer and a distributor of authentic Sri Lankan foods focusing on the local market, MFL recognized the value addition from exports, which made the company greater concentration on developing the export segment from FY 2020/21 onwards. During FY 22/23, MFL formed its 100% owned subsidiary MML, in order to segregate the local distribution where MFL began to focus exclusively on export sales. Revenue of FY 20/21, 21//22 and FY 22/23 consists both export sales and local sales, until such time the local business was fully transferred to MML in FY 22/23.

Financial Performance: Robust Revenue Growth:

MML's performances

Maharaja Marketing (Pvt) Ltd. (MML), the wholly owned subsidiary of MFL, was established in June 2022 as part of a strategic business restructuring within MFL Group. This restructuring positioned MML as the local business arm of the MFL Group. Since its inception, MML has been dedicated to serving MFL's local customer base, enhancing its local footprint, and increasing sales volumes.

Despite intense competition in the local market, which necessitates maintaining lower prices, MML has managed to achieve a gross profit margin of approximately 8.4%. Their EBITDA margin stands at 1.35%, and the net profit for FY24 was recorded at LKR 1.19 million, resulting in a net profit margin of 0.66%.

Notably, all types of margins have improved in FY24 compared to MML's initial year of operations in FY23, indicating a positive trend in the company's financial performance.

	FY 23/24
Revenue	179,671,543
Revenue Growth Rate	37%
Gross Profit	15,083,932
Gross Profit Margin	8.4%
EBITDA	2,421,098
EBITDA Margin	1.35%
Net Profit	1,191,419
Net Profit Margin	0.66%

Diversified and Experienced Board of Directors

Board to propel the company to the next level

Mr.Vijayanath Guganathan

Chairman / Non-Independent Executive Director

Vijayananth is a skillful entrepreneur who has thrived in logistics and food and beverage industry from a young age. His sound marketing and sales strategies together with customer handling capabilities have resulted in developing a solid client base for not only for MFL but also amongst other companies in the GTV Group.

Vijayananth was instrumental in the restructuring of companies from a Family oriented partnership into a Group with several SBU's specialized in Retail, Logistics and Food and Beverage sectors in the GTV Group.

He holds a Degree in Business Management specializing in Economics and Consulting from Aston University.

Mr. Vithyanath Guganathan

Managing Director / Non-Independent Executive Director

Started off the career at the age of 19 at Maharaja Foods upon completing his education, Vithyanath rapidly rose through the ranks to assume duties as the General Manager.

By specializing in Manufacturing Management and Multimodal Transportation together with Technical expertise, Vithyanath spearheaded the production revolution at Maharaja Foods by introducing new Machineries and Processes to increase production capacity and efficiency in the company. He handles overall operations of Maharaja Foods Limited, with 10+ years experience and currently reading for his MSc in Purchasing, Logistics and Supply Chain Management.

Diversified and Experienced Board of Directors

Board to propel the company to the next level

Mrs. Thavamalar Guganathan

Non Independent Executive Director

Mrs. Thavamalar is the wife of the late Mr. Guganathan, the founder of the MFL. She has been involved in the business for over 4 decades, contributing immensely towards the business development of MFL Group. She was supporting her husband in his journey to make Maharaja Foods a recognized brand and was initially overlooking the finance function. She is instrumental in developing key food related recipes in Maharaja Foods, both in the flour range and spices range. In 2016, Mrs. Thavamalar came to the forefront of the business, supported by his family members, and her efforts contributed to uplift the business to the level it is today.

From the initial stage of developing a product, and leading to the launch stage into the market, Mrs. Thavamalar guides the team to ensure the quality of the product is world class. Her support and consultations are a key driver of Company's business growth.

Mr. Seyed Rizvi Mowlana

Non-Independent Executive Director

Mr. Seyed Rizvi Mowlana joined Maharaja Foods in 2022. He is a highly accomplished professional with over 40 years of experience in sales and marketing, fast-moving consumer goods, and food packaging. He currently serves as Target Pack International's Marketing Director and Chief Operating Officer (COO), bringing extensive leadership experience and a strategic vision to the company.

Mr. Mowlana has held notable positions such as National Sales Manager at Shaw Wallace and Hedges Limited and COO at Diamond Best Foods, where he honed his sales, operations, and marketing skills, earning him an industry reputation for excellence. include leading marketing strategies for brand growth and market penetration, as well as optimizing operational processes to improve efficiency and productivity.

Diversified and Experienced Board of Directors

Board to propel the company to the next level

Mr. Melanga A Doolwala

Independent Non-Executive Director

Mr. Doolwala holds over 23 years of experience in finance, specializing in financial management and strategy, whilst accumulating extensive knowledge and skills. Presently in his role as an Independent Non-Executive Director at Chrissworld PLC, he oversees critical board functions as the Chairman of the Audit Committee and the Related Party Transactions Review Committee. He also serves as a director of Omee Products (Pvt) Ltd and A M D Holdings (Pvt) Ltd. Prior to these positions, he held the post of Principal Officer/ General Manager Finance and Operations at Arpico Insurance PLC and held management positions at X-Ont Software (Pvt) Ltd and Janashakthi Insurance PLC.

Mr. Doolwala holds a MBA from Cardiff Metropolitan University and is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK and was a member of Member Engagement Subcommittee in 2019.

Mr. Imran Furkan

Independent Non-Executive Director

Imran advises Boards and CEOs on Personal Leadership, Strategy as well as Geopolitical and Technology Risk Management. Currently serving as CEO of Tresync, Australia; Imran is passionate on fostering collaboration. Connecting people and businesses together, fostering industry partnerships, and advising on macro socio-economic technological strategy. This is evidenced by his achievements in Senior management and Board Directorship roles in industries such as Regulatory and Industry Bodies, IT/GBS, Finance, Commodities, Media, and Professional Services in the Asia-Pacific region. He is an Independent Non-Executive Director of the Interfaith Network (IFN), City of Greater Dandenong, Australia and Maharaja Foods Ltd. He was also an Independent Non

-Executive Director of Trade Finance and Investments PLC. Imran also served as the CEO of SLASSCOM and the Sri Lanka Press Institute. Imran is a Fellow of CPA Australia, CIMA UK, has an MBA from Australia, and a BA (Hons) Sustainable Performance Management from the UK.

Key Investment Highlights:

Geared for the next level of growth with robust strategies

Growing Target Audience

- MFL mainly targeting the Asian Community, especially Indians & Sri Lankans living in Europe (France, Germany, Switzerland), UK. Australia & Nordic countries
- The market is growing significantly due to higher migration from Asian countries
- With brand presence in 3 provinces at present, many untapped regions to be explored in the local market

Well diversified product portfolio

- MFL Group's product portfolio consists of Rice & Rice based products, Flour & flour-based products, Spices and other grocery product items that are common consumables of many people
- MFL's revenue is well diversified among the product categories where Rice & Rice based and flour based products contribute significantly to the revenues

Key Investment Highlights:

Geared for the next level of growth with robust strategies

Robust revenue growth and strengthened performances

- In the Exports segment, USD revenue keeps increasing, which demonstrate the strong growth potential of MFL
- Improved profitability with increasing gross margins where net profits grew by 50% in FY 23/24
- The Company is currently engaging with a new buyer in Canada, which is a new market for MFL. Further, MFL is exploring business opportunities in USA, Middle Eastern region and in Scandinavian countries.

Move to next phase of growth with IPO fund raising

- Backward integration strategy for inhouse production of rice for rice-based products to achieve best quality and enhance profit margins. Further, in-house production facility to manufacture Gingelly oil
- Significant capital investments into machinery, as well as expanding the warehouse facility to store paddy sourced during harvesting seasons at low prices.
- Working capital support through IPO funds to support purchases in fulfilling new orders and reduce dependency on borrowings

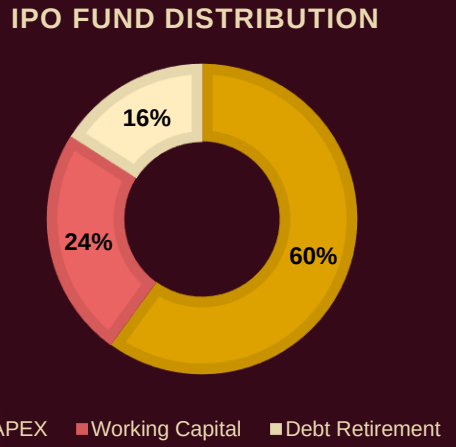
Growth Strategy and use of IPO Proceeds

IPO of LKR 125 Mn is primarily targeting capital expenditure to expand infrastructure as a part of backward integration strategy (LKR 75 Mn) . A new revenue stream is added in terms of exporting polished rice and Gingelly oil for both export and local markets. Inhouse production of raw rice for direct sales and as a main raw material will improve profitability of MFL.

LKR 30 Mn Working Capital support to drive future sales growth and to reduce dependency on bank borrowings

Aiming at reducing interest costs, a partial settlement of borrowings is also proposed via IPO funds where LKR 20 Mn is allocated.

Purpose	Amount (LKR Mn)
Setting up of a Raw Rice Plant and a Rice Polishing Plant	44
Payment for machinery purchased for Gingelly Oil Plant	6
Expansion of the Building to Increase Warehouse Capacity	25
Working Capital Requirements	30
Partial Settlement of Borrowings	20
Total	125



Key IPO Highlights :

Valued at an IMPLIED PER of 10.4x on FY25E Earnings

Offer Size of LKR 125 Mn

20.0% Stake Offered

LKR 5.00 IPO Price

25,000,000 # of Shares

Proceeds for Future Growth

LKR 625 Mn Market Cap

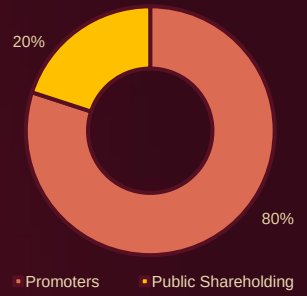
With an IPO price per share of LKR 5.00, the raise offers and immediate upside of 14.6% for IPO level investors in relation to the Value derived through peer company PE multiple based valuation

14.6% Upside

Attractively valued at an implied forward PER Based on FY25E earnings; to be lower than the selected peer group (ie: PER 17.1x as of 30th April 2024)

10.4x Implied PER FY25E

Post IPO shareholder movement



Promoters have committed to continue their share holding, demonstrating confidence in future business growth of MFL

Overseas Market Expansion Strategy

Market Expansion –

- Focusing on North American market (US, Canada) Middle East markets with introduction of new wholesale customers and distributors

- Focus on wholesale distributors with white labeling their products. Target new distributors via exhibitions, trade portals and digital marketing.

- Digital Initiatives - Launch of online platform (e-commerce website) to sell direct to customers worldwide. Products would be shipped via international cross border shipping from Sri Lanka

- Marketing of MFL products is via distributors in each country with MFL brand license, hence cost effective

Product Expansion –

- Introduction of new range of wet products such as condiments, ready-to-eat curries etc.

- Wholesale bulk exports of rice, competing with exports of Thailand and Vietnam

- Increase focus on products such as Sri Lankan specialized tea and the beverage range of MFL

Focus on Market and Product Expansion as a growth Strategy

Growing target consumer base and anticipated economic recovery in existing & target markets

- The consumer base, primarily people of Asian origin living in European Region including, UK and Australia seeking quality products
- MFL capitalizes on increasing migration trends from Asian countries that leads to increase in potential consumer base
- With brand presence among Sri Lankan and Indian communities, MFL continue caters to their culinary needs.
- As of 2021, over 2.6 million Indians and 300,000 Sri Lankans reside in these regions, with numbers expected to grow with migration from Asian countries projected to further increase
- Despite current economic slowdowns attributed to the post pandemic and geopolitical tensions, these regions are projected to recover commencing second half of CY2024.

Global and Local expansion with diversification of product Portfolio

- In addition to its existing global clientele, MFL aims to enhance its presence in Middle Eastern and North American regions.
- Furthermore, MFL plans to enter the Canadian market for the first time, leveraging on large Indian and Sri Lankan community totaling over 1.6 million.
- Within next 5 years, local market expansion is targeted to cover over 50,000 outlets by expanding to other provinces. MFL plans to explore HORECA and industrial segments as well
- Brand awareness campaign in the local market to attract new customers together with geographical expansion in Sri Lanka

Maharaja Foods Limited Valuation Metrics

Valuation Summary

Valuation Technique	Equity Value (LKR)	Price/ Price range Per Share (LKR)
Equity value based on selected peer entity Price Earnings Multiple	716,389,201	5.73
Equity value based on Discounted Cash flow (DCF) methodology	613,638,159	4.91
Average Equity Value	665,013,680	5.37

Issue Price of LKR 5.00 per shares is with a discount of 14.6% to the market-based valuation

On the average equity value of the LKR 5.37, Issue Price offers a 6.4% discount

Issue price of LKR 5.00 per share has been decided to be more aligned with the value derives through DCF method whilst also indicating the potential from the market perspective valuation of companies engaged in similar businesses.

Maharaja Foods Limited Valuation Metrics

DCF Valuation

	LKR
Total Enterprise Value	735,468,335
Adjustments	
Add: Cash and other investments	35,310,580
Less: Bank Borrowings	(157,140,756)
Consolidated Equity Value	613,638,159

Key Assumptions used for MFL DCF Valuation

Risk free rate (Rf)	12.97%
Cost of equity (Ke)	20.97%
Cost of debt (Kd)	12.50%
Kd (1-t)	8.75%
WACC	17.3% - 18.5%

Peer Multiple Based valuation

	Value (LKR)
Consolidated Earnings FY 24/25E	59,798,765
CSE listed selected Peer PER (Weighted)	17.11
CSE listed selected Peer PER (with a 30% discount)	11.98
Equity Value	716,389,201
Equity value per Share	5.73

Selected Peer group that are engaged in manufacturing and sale of food items similar to Maharaja Foods Limited

Selected Peer Company	TTM PE Multiple*	Weighted PE Multiple
Cargills (Ceylon) PLC	16.35	14.78
Convenience Foods Lanka PLC	15.84	0.37
Harischandra Mills PLC	26.93	1.96
		17.11

Summary of Financial Performances - Consolidated

Anticipated revenue growth is bolstered by strategic market expansions and the introduction of new product lines, driving positive financial performance

	FY 2023A	FY 2024A	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Revenue	397,146,252	496,999,876	693,013,417	874,849,949	1,012,281,337	1,122,844,832	1,243,965,215
Gross Profit	51,000,768	77,304,710	130,658,049	167,690,037	199,730,806	226,304,758	261,703,470
EBITDA	36,128,868	54,949,106	101,628,447	137,114,236	165,692,547	188,918,769	220,681,790
Profit from Operating Activities	32,231,487	51,224,453	95,877,457	127,935,246	156,013,557	178,239,779	209,502,800
Profit/(Loss) After Income Tax	20,075,254	31,070,787	59,798,765	88,035,725	111,946,775	128,124,593	152,184,855
Revenue YoY	151%	25%	*39%*	*26%*	*16%*	*11%*	*11%*
EBITDA Margin	*9%*	*11%*	*15%*	*16%*	*16%*	*17%*	*18%*
EBIT Margin	5%	7%	12%	14%	15%	16%	17%
NP Margin	5%	6%	9%	10%	11%	11%	12%
EPS	0.19	0.31	0.48	0.70	0.90	1.02	1.22
NAVPS	0.62	0.94	2.23	2.93	3.83	4.85	6.07
ROE	32%	33%	21%	24%	23%	21%	20%
ROA	10%	10%	14%	17%	17%	16%	16%
Tax Rate	30%	30%	30%	30%	30%	30%	30%

Summary of Financial Position - Consolidated

	FY 2023A	FY 2024A	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Assets							
Non-Current Assets	100,024,366	111,753,959	174,562,969	170,383,979	175,704,990	170,026,000	160,847,010
Current Assets	98,656,996	194,424,205	265,665,679	351,206,823	470,979,672	623,636,211	805,386,560
Total Assets	**198,681,362**	**306,178,164**	**440,228,649**	**521,590,802**	**646,684,662**	**793,662,211**	**966,233,570**
Equity	**61,653,592**	**93,541,804**	**278,340,568**	**366,376,293**	**478,323,068**	**606,447,661**	**758,632,516**
Non-Controlling Interest	818,424	-	-	-	-	-	-
Liabilities							
Non-Current Liabilities	22,213,032	16,201,445	14,795,318	4,734,893	3,300,225	3,960,225	4,620,225
Current Liabilities	113,996,314	196,434,916	147,092,762	150,479,616	165,061,368	183,254,324	202,980,828
Total Liabilities	**136,209,347**	**212,636,361**	**161,888,080**	**155,214,509**	**168,361,594**	**187,214,550**	**207,601,054**
Cash Flows							
Cash flows from operations	49,063,740	(32,287,150)	97,009,873	78,855,147	106,499,053	128,441,651	151,394,955
Cash flows from investing Activities	(20,068,918)	(14,983,587)	(68,560,000)	(5,000,000)	(15,000,000)	(5,000,000)	(2,000,000)
Cash flows from Financing Activities	(4,555,725)	33,711,486	56,646,886	(28,650,425)	(9,054,668)	-	-
Opening Cash & Cash-equivalent Balance	(36,651,812)	(12,212,716)	(25,771,969)	59,324,790	104,529,513	186,973,899	310,415,549
Ending Cash & Cash-equivalent Balance	(12,212,716)	(25,771,969)	59,324,790	104,529,513	186,973,899	310,415,549	459,810,504

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