

ITC to acquire spices major Sunrise Foods

Udit.Mukherjee
@timesgroup.com

Kolkata: FMCG-to-hospitality-to-tobacco major ITC has entered into a share purchase agreement to acquire 100% of the equity capital of Sunrise Foods, a company primarily engaged in the business of spices under the trademark 'Sunrise'. Sunrise has a turnover of around Rs 600 crore and a paid-up equity of Rs 4 crore.

The city-based Sunrise is a market leader in eastern India in the fast-growing spices category with a brand legacy of over 70 years.

Founded by the Sharma family, Sunrise has manufacturing facilities across India, including factories in Kolkata, Agara, Jaipur, Bikaner, Sumerpur and Erode. "Going by the market value of the brand, the deal could be worth Rs 300-400 crore," an analyst said.

Sunrise Foods, however, has not disclosed the deal value and said it has an ebitda (earnings before interest, taxes, depreciation and amortisation) of Rs 105-110 crore. Generally, the valuation comes to three-four times of ebitda. Sunrise Foods MD Mayank Bharadwaj, a third-generation member of the family, said the company is exiting because they wanted to bring in professionalism, which ITC can do. It is also learnt that JM Financial was the banker and Khaitan & Co was the legal adviser for Sunrise Foods for the deal.

The spice giant in eastern India has made inroads into the rest of the country, along with Bangladesh and Nepal. "The company is poised to engage in lucrative business opportunities in countries such as Japan, France, Germany, Thailand, Malaysia, Singapore, the US, the UK and west Asia," a source close to the company added.

FMCG BOOST

Deal size | ₹300-400cr

Sunrise turnover | ₹600 cr

Biz EBIDTA | ₹105-110 cr

SFPL founder | Sharma family

Brand age | 70 yrs

Biz bastion | Eastern India

New domain | Rest of India, Bangladesh and Nepal

No. of mfg units | Six

ITC spice brand | Aashirvaad

ITC's Aashirvaad range of spices is already a market leader in Telangana and Andhra Pradesh and the company is one of country's leading producers and exporters of high-quality food.

"The proposed acquisition will augment the company's product portfolio and is aligned to ITC's aspiration to significantly scale up its spices business and expand its footprint across the country," the company added.

Commenting on acquisition, ITC has said that the deep consumer connect and distribution strength of SFPL in the focus markets, together with synergies arising out of the sourcing and supply chain capabilities of the company's agri business and its pan-India distribution network, will provide significant value creation opportunities for the company.

"The proposed transaction is also in line with ITC's philosophy of enhancing the competitiveness of agri value chains in India while making a meaningful contribution to enhancing farmer incomes. Finalisation of the SPA along with related processes was completed during lockdown conditions, reflecting the company's agility and resilience in dealing with the new normal," it added.