



Madhusudan Masala Ltd

Q2 & H1 FY26

POST EARNINGS CONFERENCE CALL

November 18, 2025, 12:00 PM IST

Management Team

Mr. Rishit Kotecha - Chairman & Managing Director

Mr. Hiren Kotecha - Whole Time Director

Mr. Kirit Dharaviya - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q2 & H1 FY26 Post Earnings Conference Call of Madhusudhan Masala Limited.

Today on the call, from the management we have with us, Mr. Rishit Kotecha, Chairman and Managing Director and Mr. Hiren Kotecha, Whole Time Director.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to brief us about the business and performance highlights for the period ended September 2025, the growth plan and vision for the coming year, post which we will open the floor for Q&A.

Over to the management team.

Rishit Kotecha:

Thank you, Mr. Vinayji, for briefing the interaction. Hello, good afternoon, everyone. Myself, Rishit Kotecha, Chairman and Managing Director of your company, Madhusudhan Masala Limited. It is my pleasure to welcome you to the earnings call for the second quarter and the first half of the FY26. Some of you already aware about our company, but I believe today some new investor also joined in this interaction. So I am happy to let you know about our company in brief.

Our heritage, like Madhusudhan Masala was founded in 1977 by my father, Mr. Dayalji bhai Kotecha and his younger brother, Mr. Vijaybhai Kotecha. Their vision of quality, authenticity and service has been carried forward by the second generation, myself and my cousin, Hiren Vijaybhai Kotecha. Today, we continue to blend tradition with innovation across our product range. What we make? DOUBLE HATHI, our flagship brand for ground spices, blended spices, whole spices and other grocery items. While MAHARAJA and MANTAVYA, which stands for our economy segment ground spices line. While recently acquired our Vitagreen Products Private Limited, which is our wholly own subsidiary of your company, Madhusudhan Masala, which also offers ground spices, blended spices, other grocery items and other than this, ready to cook products under the brand name of 77 Green.

I hope you all have received the presentation and financial result of H1 FY26, but let me summarize them and explain why Q2, FY26 has underperformed. Our branded product performance, our focus on premium branded offering is yielding encouraging result. In FY26, our branded product sales were stood at INR6,303 lakhs. This figure rose to INR7,993 lakhs in FY26, representing a 27% y-o-y increase from the past year. So, this has been very good to our efforts in increasing our branded segment.

This growth underscores our gradual strengthening of our branded portfolio and the growing consumer presence for our DOUBLE HATHI, MAHARAJA, 77 Green and MANTAVYA lines.

Financial highlights on consolidated basis, as expected Q2 FY26 shows a moderation in revenue, while our profitability improved significantly, like EBITDA margin was -- EBITDA margin for the Q2 FY26 has been increased to 14.5%, which was 10.3% in Q1 FY26. And similarly, net profit has also increased to 7.7% in Q2 FY26, which was 5.7% in last quarter. The product mix between Q1 and Q2 of FY26 is different as compared to Q1 and Q2 of financial year FY25. So, it is due to the growing contribution of our branded business and our disciplinary approach to pricing and cost management.

However, we look H1 to H1 basis, we have been consistently growing with revenue by 18.7% y-o-y and EBITDA has increased 24.2% y-o-y demonstrating the strength of our business fundamentals and improving margin profile. All of you have a question why Q2 FY26 has been down compared with Q1 FY26. There are many reasons behind this downfall. This is our regular business cycle, which up and down in Q1 and Q2 in every year. Some of the key reasons behind this softer quarter is that carry forward inventory like record purchase by our distributors in Q1 when spices prices were historical lows left a sizable stock that was largely consumed in the Q2 which damping the fresh orders in Q2.

Conservative order intake anticipating price rise after Diwali due to unseasonal rains and cyclone we adopted a cautious approach to accepting the order and avoiding commitment at lower prices. Other reason is straightening to shift to branded sales. Branded products now account for 71% which was up from 65% last year, while improved gross margin through intentional scaling back of low margin trading volume contributes to the top line motivation.

Despite the lower revenue, the higher sale of branded business expanded our EBITDA margin underscoring the benefit of strategic focus. Now outlook has been coming that channel inventory have largely been depleted, positioning us for a robust rebound in Q2, Q3 and Q4. We expect demand to be driven by replenished cycle and favourable price environment for Diwali. Our continued emphasis on high margin branded products and disciplinary inventory management should translate into sustainable growth and improved favourable results. Also, our sales cycle has been compared to H1 and H2 has one-third and two-third in every year. So, I think our H2 will be very robust in sales.

In closing, I thank each of you for your continued trust and support. That concludes my remarks. I request to open the floor for questions-and-answers. Thank you.

Question-and-Answer Session

Moderator: Thank you, sir. All those who wish to ask a question may use the option of raise hand, if you are not able to use the option of raise hand you can post your question in the chat box as well. We will take the first question from the line of Resha Mehta. Resha, you can unmute and go ahead, please.

Resha Mehta: Yeah, thank you. So, my question is on the sourcing. So since we source, for example, our chilli from the south, are we in any form at a disadvantage in terms of pricing or something of that sort versus, let's say, a south-based player? And do we source directly from the mandi or is it via some intermediary?

Rishit Kotecha: Yeah, your last question is already we have discussed in our written work. I will tell you that we are sourcing directly from mandi, but there is a mediator, like commission agent between us and mandi. So, on behalf of us, our commission agent procure the material and send it to us.

Resha Mehta: And are we at a disadvantage in any form versus, let's say, a local player in south?

Rishit Kotecha: No, we do not have a market in south region. We are selling our products in western parts, majorly in western parts. And recently we have started northern regions. So we are not facing any competitive pricing for the best raw material areas like in south. Majority spices

are grown in south. So we are not considering our product to be sold at southern part. Strategically, we are strengthening our presence in western and northern region.

Resha Mehta: Sorry, my question was not on the sales and distribution side. What I am asking is that let's say we source our chili from AP, Telangana or Karnataka. So if there is a local chili spices player in one of these states, then in terms of sourcing, do they get better pricing or are they able to avoid these kinds of commission agents or intermediaries in between? And hence their sourcing costs would be much lower versus ours. Is that a possibility?

Rishit Kotecha: No, I do not think this type of possibility has been arrived. Because same scenario also we have seen in our local mandi like Jamnagar, Rajkot, Gondal. That majority, many out-state purchasers are coming and their commission agents are coming in these mandis. And they are getting fair pricing, as we local are purchasing at that prices. So similarly, in other states when we are going to procure buying the raw material, our commission agent is very familiar with the mandi and all farmers. So I do not think that we get higher price than local players in local mandi.

Resha Mehta: But does everybody go through via the commission agents or is it possible to like directly source from the mandi? I mean, even let's say for a big player like MDH, Everest, do they also go via commission agents or do they source directly?

Rishit Kotecha: No, majority big players or any medium players like us are sourcing via commission agent only. Because this commission agent, what they do, farmers are taking the raw material in small quantity. So one farmer is taking one or two tons and other farmer taking half tons. So, our commission agent combines all the material from 8 to 10 farmers and make a lorry sizeable quantity for us, which we require. So commission agent generally make this on behalf of us and taking the commission for this practice.

Resha Mehta: So thank you for that. And just my last question on the margins, right? So there is another listed spices player in the SME segment, right? So they get around 50% of their revenue from spices. But if I look at their gross margins, they are in that 30% kind of range for their spices business. Whereas, if we look at our gross margins they are at around 18%. So and as a result, they are like half our size. And as a result of this their EBITDA margins are also in that 16%, 17% range. Because, possibly because their gross margins are higher, right? So why is there

such a big difference in terms of the gross margins, if you know for a similar spices product spices player?

Rishit Kotecha: Yes, yes. Your question is right. But the spices has three, four categories and all categories have different margins, EBITDA margins. And we also have a trading business. Out of our total business, we have last quarter, this quarter, we have did 71% of branded products. While 29% was a trading business, which has only margin of 4%. That's why our overall margin has been -- looks down to compared to other companies. While our branded products has also four categories like ground spices, blended spices, grocery products, and tea and ready-to-eat products. So all these categories have different margin.

So overall branded product margin has been -- if you consider only branded products, we have a 20% of, 18% to 20% of EBITDA margin.

Resha Mehta: Got it. All right. Thank you.

Moderator: Thank you, Resha. We'll take the next question from the line of Nishita Shanklesha. Nishita, you can unmute and go ahead, please.

Nishita Shanklesha: Yes. Hello. Am I audible?

Rishit Kotecha: Yeah.

Nishita Shanklesha: Yeah. So I just wanted to understand what are our current inventory levels? You mentioned that we were like almost absorbed the inventory completely from the Q1 inventory that we were holding in October. So what is the current inventory level?

Rishit Kotecha: See, Nishita, we have clarified that inventory level of our partners like distributors, super stockists, and wholesalers, inventory has been almost on empty side because they were procured in quantity for the Q1 because the lowest price of -- historical lowest price of spices. And we insisted all of our partners that please purchase the maximum of your need for one or two quarters in the first quarter. And they also benefited from that also. So our Q2 has been moderately downside because of historical purchase in Q1, which was 7,200 lakhs, which is compared to two and a half times from the last part, last Q1 of FY25. So our raw material stock is moderately as compared to the last year.

Nishita Shanklesha: Okay. Okay. So if I understand correctly, we currently -- hello.

Rishit Kotecha: I hope you, I got your questions correctly and give the answer.

Nishita Shanklesha: Yes. Yes. So just to clarify, like our partners have emptied their inventory. So now you're expecting that they'll have a better purchase in Q3, right?

Rishit Kotecha: Yeah. Next two quarter and also seasons of marriage and other seasons are coming in this second half also. So our both this quarter, last two quarters are going very well.

Nishita Shanklesha: Okay, understood. And my next question is, like are the margin at 14% sustainable, and are we planning to increase the product mix of our branded portfolio? And like by how much are we expecting, by FY26 how much do you see the branded portfolio contributing to the revenue?

Rishit Kotecha: See in FY26 our branded product portfolio remains at between 70% to 75% compared to last year's 66%. And margins also been -- stood at between 12% to 13%.

Nishita Shanklesha: So margins will be in the range of 12% to 13%.

Rishit Kotecha: Yeah.

Nishita Shanklesha: Okay. Okay. Understood. And if you could give any revenue growth outlook for FY26.

Rishit Kotecha: Yeah. We have planned that FY26, we will close our sales revenue at consolidated basis INR300 cr., INR300 cr. to INR310 cr.

Nishita Shanklesha: Okay. Okay. Understood. And okay. Okay. Got it. Thank you so much.

Moderator: Thank you, Nishita. We'll take the next question from Amit Agicha. Amit, you can unmute and go ahead, please.

Amit Agicha: Hello. Good morning. Am I audible?

Rishit Kotecha: Yes. Good morning. You are audible. Yeah.

Amit Agicha: Thank you for the opportunity, sir. Sir, what is the internal target timeline and framework to achieve 1% market share in the Indian spice industry?

- Rishit Kotecha:** We have targeted for 1% market share till FY30, Financial year 2030 we have targeted that we achieve the 1% of market share in branded segment.
- Amit Agicha:** So, what will be that value, sir?
- Rishit Kotecha:** If we consider at the figures of FY24, the entire industry of spice industry was INR2.6 lakhs. So as of now, it is 1%, it's INR2,600 cr. But this is also going at 10% to 12% CAGR. So in FY30, it should be reached at more than INR3.5 lakhs cr.
- Amit Agicha:** INR3,500 crores, you are saying?
- Rishit Kotecha:** Yeah. The industry should reach at INR3.5 lakhs crores. So we reach our sales at INR3,500 cr.
- Amit Agicha:** And so what is the capacity utilization currently for both the plants, Rajkot and Jamnagar?
- Rishit Kotecha:** Both of the plants are currently utilized more than 90%. So we have started a new capacity plant between Jamnagar and Rajkot at Sanosara village, which has a capacity of 6,000 metric ton in first phase. And second phase, we are coming with 18,000 to 22,000 metric ton capacity per annum.
- Amit Agicha:** And so, what will be the CapEx for that? And how will be the funding be done? Internal accruals or debt?
- Rishit Kotecha:** No. In first phase, we are not getting any fund or banking debt from courses for first phase, we are purely going with internal accruals.
- Amit Agicha:** What will be the CapEx amount, sir, if you could discuss?
- Rishit Kotecha:** Yeah, that is not an issue. The CapEx will be around INR18 cr. to INR20 cr. for first phase.
- Amit Agicha:** For the 6,000 MT, you are saying?
- Rishit Kotecha:** Yes.
- Amit Agicha:** And what is the expected timeline that you think this will be beginning?

- Rishit Kotecha:** We have taken the timeline from whom we have given the project. They have completed the project till March '26. But we are expecting to be operating this production by first quarter of the FY27.
- Amit Agicha:** Okay, sir. I will fall back in the queue. Thank you, sir. Thank you.
- Moderator:** Thank you, Amit. We will take the next question from the line of Vijay Chauhan. Vijay, you can unmute and go ahead, please.
- Vijay Chauhan:** Yeah. Thank you for the opportunity. Can you please repeat the revenue target for the FY26 or FY27?
- Rishit Kotecha:** See, we have got target for FY26 is INR300 crores. And for FY27, we have targeted our revenue consolidated base as INR400 crores for FY27.
- Vijay Chauhan:** Okay. So INR118 crore we have done in H1. So, it's typically like 60-40 or 65-35 in terms of -- favour of H2. So essentially, we are community and we will do INR180 crores in the H2. So we should be doing maybe INR30 odd crores on the monthly basis. Okay, if we look at the six months. So, we have seen already one and a half months passing into the H2. So is the trend is in line? Because inventory also is depleted on the channel inventory side. So are you still seeing some stagnation on that part? Or we are able to, we are near INR30 crores kind of rendered on monthly side?
- Rishit Kotecha:** Yes, definitely. We are running on more than INR30 crores of per month revenue. Because after Diwali, our sales have been getting very high from our channel partners. So we are definitely sure that the year will be more than INR300 cr.
- Vijay Chauhan:** Okay. And typically in H2, what is the consumption pattern? How it is different from the H1 side? Because of events, what you are highlighting? If you can throw more light like, how is it different? And whether we are selling more of a branded products in H2 versus H1? Because anyway, we are at 71%. So are we expecting the 71% to be sustained in H2? Or we can expect the normalized level of 65%? And what is the typical pattern in terms of the consumption behaviour?
- Rishit Kotecha:** In terms of consumption behaviour, the pattern of H1 and H2 is typical. Like H1 is one-third of the entire year. H2 is two-third of the entire year. So our pattern is going as per the selling cycle only. And in Q2 FY26, we have achieved 71% for branded products. And I

believe that this above 70%, we can manage to take these branded products above 70% only in FY26.

Vijay Chauhan: Okay. And what is the sustainable EBITDA margin we should look for the annual basis? Because right now, we are a little bit on the higher side, because our branded has improved. That is a good sign. But what is the normalized EBITDA margin we should keep in mind, going ahead, maybe one or two years down the line. Or three years from perspective.

Rishit Kotecha: See I can share the idea for the FY26. But it is very early to share the EBITDA margin for FY27 or FY28. But in FY26, we are considering our EBITDA margin will be between 12% to 13%, because of increasing our branded sales. This will be somewhere around 12% to 13%.

Vijay Chauhan: Okay, so 12% to 13% on the annualized basis. And we have done some 11.9% excluding other income. So we are expecting to stay in the same line, right?

Rishit Kotecha: Yes.

Vijay Chauhan: Yeah, and what was like the post CapEx capacity expansion what will be our total capacity?

Rishit Kotecha: Post expansion, our total capacity will be 12,000 metric tons. As of now, we have 4,800 at Jamnagar unit and 600 at Rajkot unit. So Rajkot unit will be shut down after operating of new facility. So 6,000 metric tons will be at new plant. And we have also expanding our existing Jamnagar facility with 1,200 metric tons expansion. So, Jamnagar unit will also be -- capacity has been increased to 6,000 metric tons. So total capacity in Q1 FY27 will be 12,000 metric tons.

Vijay Chauhan: Okay, and both will be focused majorly on branded or we can manufacture any kind of product depending on the demand side?

Rishit Kotecha: No, no, we are only focusing on our own brand only. We have got for white label, but we focus on our own brand only.

Vijay Chauhan: Okay, and last question from my side, typically on the, let's say some event related or the wedding related consumption. So typically, do we give some discounts to our channel partners when they give us some large orders or something or that is not the case? So it is the

completely the normalized margin that we give even for the bulk orders, maybe via channel if we get. So how it is that working out?

Rishit Kotecha: Typically, our distributors and channel partners have a fixed margin ratio, whether they are giving small order or bulk order, the margins could be at same level. But sometimes if they are asking with that they want to buy in bulk. So we give ideas that in future you if you get getting the price hike benefit, then we consider them to buy in bulk. Rest we are insist them to purchase the scope as per their need and needs.

Vijay Chauhan: Okay. Okay, that was all from my side. Thank you and good luck for the future.

Moderator: Thank you, Vijay. We'll take the next question from the line of Akshat Jain. Akshat, you can unmute and go ahead please.

Akshat Jain: Sure. Thank you. So sir, my first question is that for FY26, if you're thinking of INR300 crores to INR310 crores, what would be the geographic like state-wide split for this?

Rishit Kotecha: See, currently we are, we have a split of our geographically as 70% from our Gujarat state only, while 15% to 17% from Maharashtra. While rest of sales are coming from newly established northern states like UP, Jammu and Kashmir, Punjab and Chandigarh.

Akshat Jain: Okay. And the mix is likely to be the same for the portfolio also, right?

Rishit Kotecha: On the front of H2, this split will be smaller in Gujarat. We are expecting that the northern region will be more higher from 12% to 13% to 20% in this second half.

Akshat Jain: Okay. And what are the strategies that we are adopting to grow in these new markets for us like the North market? I understand that Vitagreen is fairly established there, but do you not penetrate them further? What are the strategies being adopted?

Rishit Kotecha: First of all, we are adopting a good team which has already been worked with any good spices company. So, in Jammu and Kashmir, we already have a good team of 4 persons who were connected in spices industry from a long period. So they were working with majority companies, well-known companies. So we hired them. So they have relation with distributors also and they have relation with

retailers also. So first of all, we insist our team that the team is more capable to introduce our product to their known distributors and retailers. Then we procure the sample for the local market and provide the same finished products to the market. So, our product is not getting different from the local players. And we are giving more margin compared to well-established players like price to retailer PTR is 22% in majority big players, while we are giving 30% to 32% of PTR to retailers and same in distributors. Generally, 7% is given by the big players while we are giving 9% to distributors. So all of these actions are giving place to new regions.

Akshat Jain: Sure, sure. Got it. And similarly, I am seeing that even in the spices mix compared to last year, our mix for ground spices has gone up. It's at 45% now while whole spices has come down. So, is that a conscious call in light of the gross margins of the categories?

Rishit Kotecha: Yes, definitely. And we are focusing on ground spices only because we see huge gap in market that no big players are penetrating entire pan India market in ground spices category. While blended spices is on hand of only 2 or 3 companies like MDH, Everest and Badshah. But ground spices has a very huge market and also there is no any big players has a market in entire India. So we are focusing on this category to establish our DOUBLE HATHI brand as a ground spices player.

Akshat Jain: Okay. So, what are the kind of margins that we are making in ground spices, whole and blended?

Rishit Kotecha: We are making 15% of EBITDA margin in ground spices.

Akshat Jain: Okay. And how does that compare in whole spices and blended?

Rishit Kotecha: Blended has 25% of EBITDA margin while whole spices has 10% of EBITDA margin.

Akshat Jain: Sure, got it. And I was seeing that the company has launched new products like ginger-garlic paste. So I just want to if you can just share some light on the thought process of new products going forward.

Rishit Kotecha: Yes, yes. The new products of ginger-garlic paste is already being sold by 77 Green. But this product is sold in only small pack of INR5. So, we have getting more demand for big packs. So we launched in 500 gram and 1 kg packs in jar. So these products are already in our portfolio. But the SKU, we have launched in a new category. And

some new products like Undhiyu Masala is solely a new product for our portfolio. But these masalas are season based. In winter only these masalas are selling. But the ginger garlic paste is sold entire the year, throughout the year. So this bulk pack, 500 gram and 1 kg is demanded by HoReCa business. So, we launched this for this HoReCa business only.

Akshat Jain: Okay, okay. Sure. And lastly, in Q2, I can see that our EBITDA margins have risen from 10% to 14.5%. While a small bit of this could be on the reason that branded sales have gone up in Q2. But are there any other factors also because it's a 4% drop in EBITDA?

Rishit Kotecha: Major reason is increase in branded sales only. And other factors like price hike of raw materials in recent period also reflected in the EBITDA margin. But this will be neutralized in Q3 and Q4 because our raw material procurement is continuously buying side at a higher price also. And but in Q2, our scope of last quarter of FY25 has been consumed in Q1 and Q2. So our margin reflected at higher side.

Akshat Jain: Sure, sure. Thank you sir.

Moderator: Thank you, Akshat. We'll take the next question from the line of Prashant Shah. Prashant, you can unmute and go ahead please. Prashant, you can go ahead please with your question. I think we'll move to the next participant. We'll take the next question from Pratik Rathi. Pratik, you can unmute and go ahead please.

Pratik Rathi: Hi, sir. You mentioned that the next phase of entire CapEx will be funded through internal accruals. Does that also include the pending warrant conversion?

Rishit Kotecha: Yes, yes, exactly. The fund will be utilized by warrant conversion only.

Pratik Rathi: Got it, got it. So I understand the warrant conversion will be due by May or June 2026. So that will be converted before that, the entire...

Rishit Kotecha: Yes, 40% conversion will be in this year, before March. And the rest 40% will be in FY27. So the entire fund will be completed with this warrant conversion.

Pratik Rathi: Got it, got it. Okay, that's it, that's it. Thank you, sir.

- Moderator:** Thank you, Pratik. We'll take the follow-up question from Nishita Shanklesha. Nishita, you can unmute and go ahead please.
- Nishita Shanklesha:** Yes, hello. So I just had a follow-up question on the CapEx plan that you have. I just wanted to understand what will be the phase 2 of your CapEx plan? How much capacity will be increased in phase 2?
- Rishit Kotecha:** Yes, let's see. First phase will be completed by FY27 Q1. And capacity will be 6,000 metric tons. While the second phase will be started after the completion of this first phase. So we are planning that we will start our second phase by quarter 3 or quarter 4 of FY27. And the capacity will be 18,000 to 22,000 metric tons per annum, which is under consideration, not yet analysed, which capacity we are going with. So ultimately we will disclose on the exchange exactly all about second phase of our planned increase.
- Nishita Shanklesha:** So, in second phase, we are going to add 20,000 metric tons per annum of capacity.
- Rishit Kotecha:** Currently, we are considering this capacity, but later we can go with more capacity also if you see the market scenario and other CapEx related... [Indiscernible (39:21)] [multiple speakers].
- Nishita Shanklesha:** Okay, and this phase 2, the construction will start in Q3, Q4 or the production will start in Q3 or Q4 of FY27?
- Rishit Kotecha:** We will start construction of phase 2 in Q3 or Q4.
- Nishita Shanklesha:** Okay, understood. And from the phase 1 capacity, at more than 90% utilization, what will be the peak revenue?
- Rishit Kotecha:** The new capacity, or current capacity that we have?
- Nishita Shanklesha:** The new capacity, the phase 1 capacity that we will have, which will be operational from Q1 FY27, what will be the peak revenue from that additional capacity?
- Rishit Kotecha:** So both the unit will be 12,000 metric tons of capacity in Q1 FY27. So maximum we can go from INR400.50 cr. to INR500 cr.
- Nishita Shanklesha:** Okay, and when do we expect the capacity to ramp up to full utilization? Will that happen by the end of Q4 FY27 or earlier?
- Rishit Kotecha:** I think 70% to 80% capacity will be utilized by the end of FY27.

Nishita Shanklesha: Okay, understood. Thank you so much.

Moderator: Thank you, Nishita. We will take the question from Prashant Shah. Prashant, you can unmute and go ahead, please.

Prashant Shah: Hello, am I audible?

Moderator: Yes, yes, you are audible now.

Prashant Shah: So Rishitji, my first question was that the first caller had asked first that we buy through the commission agents from various mandis. So, typically the commission is in what range?

Rishit Kotecha: Commission is in range of 1.5% to 3%, depends on quality and depends on mandi.

Prashant Shah: Okay. So I mean, with large farmers, there is a concept of contract farming. Have we explored that or are we thinking of doing anything on that side?

Rishit Kotecha: Yeah, no, simply we are not thinking for the contract farming. Before five to six years, we have tried with the Gujarat local farmers in the trial base. But the quality and consistency of farmers is not expected as we want. So, we are not going with the contract farming. But our desired quality has been procured by commission agents very well since 14 years. So we do not think that we have to go with contract farming.

Prashant Shah: Okay. The next question is regarding our geographical footprint. So we are largely in Gujarat, some part of Maharashtra and in the northern states. Any particular reason we are not branching in the southern states, because southern states, the GDP is around 40% of India and geographically the area is quite less. So distribution-wise, it is much easier. I hope you understand what I am trying to say. So any particular reason why we are not going into the southern states?

Rishit Kotecha: You are asking very good question. See whether any companies are selling spices in southern region, they have own plants in southern region only, because majority of spices are grown in southern states. So if we are taking raw material from the south state and processing in western part, and again we send the finished goods to southern region, then there will be a logistic cost much higher than local level. So if we are planning to capture the southern region, then we have to deploy

manufacturing capacity at nearby areas of raw material sourcing areas. So that is why we are not currently planning to capture the southern market.

While northern market is being empty because there is no production of raw material of spices in northern states. So we easily compete with the competition while competitors are also getting raw material from southern states and we are also getting from southern states. So in north and western we do not have any logistic-related margin competition from our nearby competitors. That is the reason.

Prashant Shah: So going by that logic, I mean in the near foreseeable future, we will not be putting -- I mean we will not be expanding in the southern states. Correct?

Rishit Kotecha: Yeah. Correct.

Prashant Shah: Okay. You mentioned that in this quarter, I mean around 71% was the branded business and 29% was the trading business. Correct?

Rishit Kotecha: Yeah, correct.

Prashant Shah: So out of this 71% branded business, I mean how much was bulk packaging and how much was a smaller packaging, I mean retail packaging, let's say 1 kg and below. How much was the percentage and more than 1 kg, how much was the percentage of volume?

Rishit Kotecha: Exactly, we have not given out what you are asking for. But the roughly idea I can give you that majority of our packing are sold in below 1 kg packs. So it will be around 70% of packs are sold below 1 kg packs. And on an average, we have a majority sale of 500 gram packs.

Prashant Shah: Okay. And the margins would be on the bulk packing and the retail packing or the 1 kg packs and below, the PTR and PTD would be the same or it would be different?

Rishit Kotecha: No. Pricing ratios are similar in bulk pack and smaller packs only because the bulk pack maximum we are selling up to 5 kg. But some of our HoReCa buyers are demanding in 10 kg also. But the pricing and PTR would be the same for the entire SKUs.

Prashant Shah: Okay. And we have around more than 500 SKUs and we have a new line of, I mean, grocery products, instant mix, food products. Those

are manufactured in-house or we get it on a job work basis through the branding and sell them?

Rishit Kotecha: No. Ready-to-cook, ground spices, whole spices and other grocery products, some are manufactured in-house only. We are outsourcing three products like papad, ginger-garlic paste and hing. Three products are being outsourced and retailed with our team.

Prashant Shah: So the non-spices would be how much, what percentage of the business?

Rishit Kotecha: It takes somewhere around 9.5% in Q2.

Prashant Shah: And how many SKUs out of 500?

Rishit Kotecha: That would be somewhere around 20 to 25.

Prashant Shah: Okay. So I mean, purely from a management bandwidth perspective, would it be beneficial to focus on the spices business only? And/or rather, I mean, you want to, because I have seen that many companies, they expand their product portfolio too large. And later on, it becomes difficult to manage SKUs. There is a problem of freshness, the near expiry products, sales return, all that. So as a -- I mean, how do you feel, I mean, this grocery products, instant mix in the coming period? I mean, do you think that this will be, this will grow into a sizable business of a vertical of, say, INR100 crores or something?

Rishit Kotecha: Our primary focus is on ground spices category only. And the other categories are going with our ground spices business. Similarly, our distributors are, if we have distributor in one city and we have only ground spices portfolio, then this distributor has another products like ready to cook or whole spices they are selling for another brand. So, we do not want to our distributor to get another company in their distributorship out of our range. That's why we are keeping our SKUs in large size. So our distributors as well as our retailers are connected with our brand only. They do not look out for the other brand for a similar kind of these products.

Prashant Shah: Understood, Rishitji. What I was trying to say is, let us take spice as one vertical. So that includes ground spices, blended spices, whole spices that is one vertical. Other than spices, so that is grocery, instant mix, this other masalas and all that, that is other category. So other than spices, do you think that will be a substantial part of your business? What will be the EBITDA margin in that business? Is the

EBITDA margin in other vertical, grocery, instant mix, will that EBITDA margin be comparable to your spice business?

Rishit Kotecha: Yes, exactly. We are getting 15% of EBITDA margin from grocery products because these products are very high margin intensive. In terms of like ready to cook products, there is a 20% margin while some of our products like salt and black pepper, black salt, pink salt has a smaller margin up to 10%. So on an average, we are enjoying the 15% of EBITDA margin from this grocery product category. That's why we do not want to lose this category.

Prashant Shah: Understood. And last thing, I mean there are two questions on the funding and the accounting side. Your other expenses, if we see on a quarter-on-quarter basis, quarter 2 of FY25, other expenses were INR2 crores, INR2.15 crore. And the sales was INR70 crores. This quarter the sales is INR45 crores, but the other expenses has gone up to INR2.40 crore. So, on a lower sales, the other expenses have gone up. I mean, if you can share some details.

Rishit Kotecha: Yes, we are -- we have, hello Kirit, I think our CFO Mr. Kirit will be more able to...

Prashant Shah: We will wait for Mr. Kirit. Hello?

Rishit Kotecha: Yes, yes. If you have any other question, then we can.

Prashant Shah: My other question was, I mean, the company has issued warrants to promoters and part of the money has been received. Part of the money is still pending, correct?

Rishit Kotecha: Yes.

Prashant Shah: Yes. So is there any plan to call for the balance of the money? Because I see the debt is also going up and interest cost is also slowly, slowly climbing up. So any plans to call for the balance money on the warrants?

Rishit Kotecha: Yeah, I already mentioned in earlier question of some investor that 40% of entire warrant value will be recalled in this year, till March. And balance 40% will be recalled in FY27, before July.

Prashant Shah: Okay, so the 20% has been received, 40% balance this year and by July next year, FY27, 100% will be received, correct?

Rishit Kotecha: Yes, correct.

Prashant Shah: Okay, okay. If Mr. Kirit has come, then he can reply or...?

Moderator: I think he may be able to unmute. So meanwhile, we'll take the question from another participants. Yeah, so Prashantji, I think we can wait for him to join back, but he is not able to unmute himself. Meanwhile, yeah, so meanwhile, we'll just take the question from another participant. So we'll take the next question from the line of Amish Kanani. Amish, you can unmute and go ahead, please.

Amish Kanani: Yeah. Hi, sir. Sir, couple of quick questions. In terms of EBITDA margin, sir, presentation suggests that last year EBITDA margin in the first half also was 11.4%, which had gone down to for the full year at 10.5%. So -- despite second half being heavy. So, and this year, being first half being 11.9%, what gives us that comfort that we'll be able to maintain margin at 12% plus. I remember last year, there was some one-off because of the consolidation. Is that the reason why we are hoping that this year we'll be able to maintain the margin? And what typically happens in terms of operating leverage in the second half, sir? Can you explain that?

Rishit Kotecha: Yes, yes, definitely. The first half of Q1 was very higher side and the Q2 has some moderate. But segment-wise, branded sale has been increased compared to the Q1 FY26. So the margin has been also increased. And this trend will be continued in Q3 and Q4 also. So I'm sure that the margin will be somewhere around 12% to 30% for the entire FY26.

Amish Kanani: Then, sir, if you can remind us why in last year second half the margins were not so high. Just because typically operating leverage should result in -- so, was the gross margin issue last year second half and something like that?

Rishit Kotecha: See, this depends upon our procurement cycle. Last year, we did our entire procurement before March. And this year the season has spaced up to May, up to 15 of May. So this year, our procurement cycle was running till May of this year. So our procurement of raw material has been very long and prices of raw material has been lowest side this year. Last year, the prices of the raw material were higher side in the season period. So this year, we have procured the raw material in good quantity. So 60% of our entire CapEx.

- Amish Kanani:** So we will get the benefit of procurement at a lower price. And the entire benefit, we may not pass on depending on the pricing for that season. Thanks, sir.
- Rishit Kotecha:** In the next quarter and current quarter, we are also procuring at a higher price also. Because the rest of 40% requirement of raw material will be somewhere around to be procured at the higher price only. So the margin will be spread between 12%, 13%. That's why I am...
- Amish Kanani:** Sure. And sir, you said that inventory was depleted at the distributor level. Is it possible to if you can give us some sense of how much is the inventory at our level? And how much is a typical inventory at the distributor level? And how much was lower by in terms of either number of days or quantum, which was lower, which, there will be a one time replenishment of that inventory by distributor in the second half.
- If I take 30 day average, and if I take INR300 crore, you know, revenue, maybe INR30 crore is the kind of revenue, which comes as a one month 30 day inventory. So is it something that is conceivable? What is the average inventory that distributor keeps? How low it was in, say, second quarter, because of the seasonality that you mentioned? And what is something if I can quantify days or value wise?
- Rishit Kotecha:** Ideally, our nearby distributors are stocking at 7 days weekly stock only. Like in Saurashtra region, our distributors and wholesalers are keeping 7 to 10 days stock only. But some areas like out of Saurashtra in Gujarat and Maharashtra, our distributors are keeping stock of around one month. And recently started on parts of northern states, we have a super stockist. So our super stockist has to keep one and a half to two months stock, because super stockists have to fulfil the requirement of all distributors. Distributors have to supply to retailers. So the inventory level at the higher side at the super stockist level.
- Amish Kanani:** So that was depleted in the second quarter, you're saying. The super stockists may not have kept the same high level.
- Rishit Kotecha:** Also some new distributors are appointed in this quarter and last second quarter also in northern states. So this new distributor sales is also coming in this two quarter.
- Amish Kanani:** So, is it possible to quantify the value which was lost? What will be quickly replenished distributor level? Maybe INR10 crore, INR20

crore, INR30 crore? What is the quantum that we have missed in the second quarter and which will be recaptured in the third quarter?

Rishit Kotecha: Sorry, I didn't understand your question.

Amish Kanani: Sir, what you explained is there was a low level of inventory at the distributor level. So when they replenish to a normalized level, because you said first quarter, we had given a lot of it because we gave them a view that you procure as much as possible at lower price. With the way we captured the lower price, we tried and passed on the benefit to the distributor also saying you keep as much as possible benefiting the lower price. But that didn't happen in the second quarter, right?

So, I was saying what was the approximate value in terms of something that in the second quarter we lost because of the destocking. Some sense if you can give, maybe it's difficult. And sir then, last question from my side, sir. This unseasonal rain, sir, is it affecting us and in any way affecting our logistics and storage thing? And it's not something to worry about, sir. Is seasonality, unseasonal rain can affect our third quarter or fourth quarter?

Rishit Kotecha: No, our storage capacity, these atmospheric regions are not being affected because we have our own core storage for our own materials. So we do not have any difficulties to this storage material. But farmers are getting the very loss from the unseasonal rain and cyclone in the southern part of some areas. So this could result in high price of the raw materials.

Amish Kanani: So but there will not be issue in quantum, right?

Rishit Kotecha: There is no issue for our storage material. We have a very good core storage facility which will be able to face cyclone and any other atmospheric conditions.

Amish Kanani: Sir, pricing, how is it? Is it possible to give us some sense of pricing trend? I know we have too many raw materials, but maybe some red chili or some couple of key raw materials where our prices have moved up by some 5%, 10% say in the third quarter because of this phenomenon.

Rishit Kotecha: So we are considering chili prices rational for the entire raw material. So the chili price went from 50%, to 80% grown against the season of this current year. For example, if we bought a chili on the March or

mid of April of this year at a price of INR100 and the same quality chili is selling at a price of INR180 to INR190 or INR200 per kg.

Amish Kanani: Oh, that's interesting. So we will at least benefit from our raw material inventory.

Rishit Kotecha: Yes, definitely. We are passing to our channel partners also because this price has not grown INR100 to INR200 over the night. It has been gradually up coming like one day it is up by INR5, second day it is up by INR7. So, when one time it is up by 5% we knew our distributor is at an older price. So he also get the price benefit to the retailers and for themselves also.

Amish Kanani: I got it. Thanks a lot, sir. All the best.

Moderator: Thank you, Amish. We will take the next question from the line of Sheikh Mujeeb Ahmed. Mr. Mujeeb, you can unmute and go ahead, please.

Sheikh Mujeeb Ahmed: Hello.

Rishit Kotecha: Yes, sir.

Sheikh Mujeeb Ahmed: Hello. Can you hear me?

Moderator: Yes, sir. We can hear you.

Sheikh Mujeeb Ahmed: Yes, sir. Just I would like to understand these chilly prices fluctuation. We noted that in the second quarter and the final quarter of the financial year '25 also our volumes were okay but prices came down. And this year also in the first two quarters the prices were little bit low. So usually in such cases that means now the unseasonal rains how it has impacted the chilly prices that means in the upcoming quarters, will it be having the impact on the crop or how it will be?

Rishit Kotecha: Yes, definitely the chilly crop in Karnataka and Andhra Pradesh is more affected because of unseasonal rain and cyclone also being in some part of Karnataka. So the Karnataka is a good quality chilly produced for the state. Like Deggi Mirch and Kashmiri Mirch are coming from Karnataka state. And Guntur chilly are also in terms of spiciness. So in this both of this region there is unseasonal rain. So we are thinking that the coming quarter 1 and -- quarter 3 and quarter 4 will price will be on higher side only.

And recently we are updating our prices on every week and the price will be on upper side only.

Sheikh Mujeeb Ahmed: Okay, okay. But this much fluctuation in the prices is it very common in the chillies or is it something abnormal we are seeing in past one year?

Rishit Kotecha: No, this is not common. After many years this type of scenario has been seen by farmers. Because this is the crop season and farmers are cropping the raw material and taking to the money. But at the time of cropping the rain has been arrived and cyclone also been there. This is an uncertain situation. We didn't see this scenario from past many years.

Sheikh Mujeeb Ahmed: Okay, okay. Sir, and the final question is can you please again give the clarity and capacity what we are having as on today and what we are doing now to increase the capacity and after the expansion how much it will be?

Rishit Kotecha: See, I already answered this. But I will tell you that we have a current capacity of 5,400 metric ton in 2 units. And we are expanding our capacity by 6,000 metric ton in new facility and 1,200 metric ton at our existing Jamnagar capacity. So the new capacity will be 12,000 metric ton by quarter 1 of FY27.

Sheikh Mujeeb Ahmed: Okay, okay. That means it means almost you are more than doubling your existing capacity.

Rishit Kotecha: Yes, our capacity will be doubled from the current period.

Sheikh Mujeeb Ahmed: So, in the similar fashion are we strengthening our distribution network? Are they ready to take this much capacity?

Rishit Kotecha: Yes, exactly. Currently our capacity is under -- we are utilizing above 90% but the 30% to 40% of raw material we are getting outsourced at SMG level. Like in quarter 2, we have, we manufactured 1,120 metric ton of quantity. But out of this 1,100 metric ton, 328 metric ton was outsourced. So, this 93% was only, 60% to 70% was manufactured at our unit. Because of our capacity constraint, we got outsourced our SMG at other spices or other millers.

Sheikh Mujeeb Ahmed: Okay, okay. Okay, sir. Thank you very much for clarifying.

Rishit Kotecha: It can be one to double our capacity.

Sheikh Mujeeb Ahmed: Okay, okay, sir. Thank you. Thank you very much for clarifying.

Rishit Kotecha: Thanks.

Moderator: Thank you. We'll take one last question from the line of Nikhil Kumar. Nikhil, you can unmute and go ahead, please.

Nikhil Kumar: Yeah, good afternoon, Rishitbhai and thank you for taking all the questions and for great set of numbers. Many congratulations. Just one quick question I had.

This was more in terms of like you have four brands, DOUBLE HATHI, MAHARAJA, MANTAVYA and 77. And many of them have overlapping products, like ground spices or at times blending spices. What is the reason to have so many different brands?

Rishit Kotecha: See, each brand has a categorizing pricing, like DOUBLE HATHI is a premium product, while MAHARAJA is a sub-economy product. And MANTAVYA is a very low-priced economy product. And 77 has an entire different market from our Madhusudan brands. 77 is a brand of Vitagreen products. So 77 has separate distributors and separate sales team, while DOUBLE HATHI, MAHARAJA and MANTAVYA have separate distributors and separate sales team. So three products, three brands are in Madhusudan, DOUBLE HATHI, MAHARAJA and MANTAVYA, they are categorized as a pricing for safety.

Nikhil Kumar: Okay, sorry, I missed the last part. 77, how is that different?

Rishit Kotecha: 77 is a totally different brand. Like we have distributors in, for example, we have in Baroda, we have distributors for 77 and we have distributors for DOUBLE HATHI brand also. So, these two products are selling at different distributors and with different retailers.

Nikhil Kumar: Okay, fine. Thank you.

Rishit Kotecha: Thank you.

Moderator: Thank you, Nikhil. Kirit sir, are you able to unmute yourself? There was one question from Prashant Shah. I think there is some issue in the system front. I think we'll take one last question from Mr. Akshat Jain.

Akshat Jain: Yeah, hi sir. Sir, I just wanted to check that for the current 6,000 metric ton expansion, how much CapEx have we put for it?

Rishit Kotecha: We are putting INR18 crore CapEx in this 6,000 metric ton.

Akshat Jain: Okay, so INR18 crore CapEx is only for phase 1?

Rishit Kotecha: Yeah.

Akshat Jain: Okay, and how much revenue potential does this translate to?

Rishit Kotecha: After this 12,000 total capacity of 12,000 metric tons, the peak utilization will be 400 and up to 500 CR. You can get maximum up to this number.

Akshat Jain: Okay, and under phase 2 of the expansion, further adding around 12,000 metric tons further, right?

Rishit Kotecha: Yet not decided, but currently we are planning to expand the second phase with 18,000 to 22,000 metric tons somewhere around between this.

Akshat Jain: Okay, and phase 1 will go live in Q1 of next year, right?

Rishit Kotecha: Yes.

Akshat Jain: Sir, have we thought about MP as a state because it's close to Gujarat and Maharashtra, which are strongholds, sits in that Hindi belt for us?

Rishit Kotecha: Yes, we have not planned to coming in MP. Currently, we are focusing in northern states because we have a good sales channels and sales partner in this region, which were connected to Vitagreen since long period. So we are focusing on this existing area, which we have good demand of our 77 brand only.

So, we are focusing in these four states as of now. And recently, we have started super stop list at Rajasthan, but we have not deployed sales team to this region. So, gradually sales are coming from Rajasthan also.

In Jaipur, we have appointed a super stockist and this super stockist list have 22 distributors under them. So we started Rajasthan also, but we have not yet deployed sales team in Rajasthan.

Akshat Jain: Okay. And you mentioned that in Saurashtra dealers hold 7 to 10 days of inventory. Just wanted to confirm if that's a normal case or in Q2 when the inventory was lesser?

Rishit Kotecha: No, no, this was considered in Q2 only. Because in regular terms, they are taking 30 days of inventory.

Akshat Jain: Got it, got it, got it. So, straight away because instead of four weeks inventory, they were holding just one week and that's resulted in the sales. Got it, got it.

Sheikh Mujeeb Ahmed: Yes.

Akshat Jain: Sure, sir. Thank you so much.

Moderator: Thank you, Akshat. So Mr. Kirit, you are there. Mr. Prashant, you can ask your last question that was regarding the balance sheet. You can go ahead, please.

Prashant Shah: Yeah. Am I audible?

Moderator: Yes.

Prashant Shah (1:16:50) : Yeah. So, Q2 FY25, the sales was around INR70 crores and the other expenses were around INR2.15 cr. In Q2 FY26, which is the current quarter, the sales are around INR45 cr. INR46 cr., but the other expenses are INR2.30 lakhs or somewhere around that. So, even though the sales have gone down, the other expenses have slightly gone up. What could be the reason?

Kirit Dharaviya: Are you talking about Q1 or Q2?

Prashant Shah: Q2. The second quarter.

Kirit Dharaviya: The other quarter. So, in the first quarter, the advertisement expenses are, other expenses.

Rishit Kotecha: Mr. Prashant is saying that in Q1, we had done a revenue of INR73 cr.

Prashant Shah: No, no. Last year's second quarter. Last year's second quarter.

Rishit Kotecha: Yes, in the last year's second quarter, the revenue we had done was around INR72 cr. So in that, our other expenses were around INR300 Lakh.

- Prashant Shah :** INR2.15 crores.
- Rishit Kotecha:** Yes, it was INR2.15 crore. And this year, we have done a revenue of INR45 crores. And in front of that, the other expense was INR2.40 crore. So the other expense has gone up and the sales have gone down. So what has happened in the other expense in this quarter?
- Kirit Dharaviya:** Sir, in that, there is an advertisement expense, in the other expense, the banner and all that we put.
- Rishit Kotecha:** Sir, that is the reason. We have made INR1.25 cr. of advertisement in the season period, which was from March to May. And the agency's entire bill is coming in this quarter 2. That's why these other reference are reflecting higher side from the last year.
- Prashant Shah:** Rishit Bhai, this won't happen normally because we take provision at the end of the quarter. Did it happen that we didn't take provision in the first quarter and showed the entire expense in the second quarter?
- Kirit Dharaviya:** No, sir. The expense at the end of March is generated in April. Advertisement bill is at the end, the agency's bill is invoiced at the end, after the advertisement is done fully.
- Rishit Kotecha:** Sir, we started the campaign in March, April and May. We started the campaign in March. My budget was INR1.25 crores. When my campaign ended in March, its bill was raised in April. April's bill was raised in May and May's bill was raised in June. My bill which was above INR14 cr. was raised in quarter 2. But advertisement was done in Q1. Last year, our campaign's agency was different. Their payment was done at the same time in quarter 1.
- Prashant Shah:** Still I am not convinced. But Rishit Bhai, I will reach out separately if possible with you and your team to understand it better.
- Rishit Kotecha:** You can contact Kamleshji from Kaptify. He will meet us. So any of your questions, he will definitely clear out from you. Because this is half yearly result, there are no notes on this. That's why you have to ask us. Definitely, me and Kiritbhai we will answer all your questions. Kamleshji, please arrange a separate call for Prashantji.
- Moderator:** Yeah, sure, sir.
- Rishit Kotecha:** Okay.

Prashant Shah: Okay, thank you, Rishitji.

Moderator: Thank you. So that was the last question for the day. Rishit sir, would you like to give any closing comment before we end this conference call?

Rishit Kotecha: Yeah, thank you all investors. And thank you for attending this interaction. And hear me very well. And all of your questions, it's my pleasure to give you as per my knowledge. Hope you have understood me correctly. And wish you all the best for our journey. And I wish you all are supporting us in our growing journey. Thank you.

Moderator: Thank you. Thank you to the management team for giving us their time. Thank you to all the participants for joining us on the call. This brings us to the end of this conference call. You may all disconnect now. Thank you.