

November 19, 2025

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Dalal Street,
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National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Scrip Code: 544595

Scrip Symbol: ORKLAINdia

Dear Sir / Madam,

Subject: Transcript of the Earnings Conference Call with Analysts/ Investors on the financial results for the quarter and half-year ended September 30, 2025

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), please find enclosed the transcript of the Earnings Conference Call on financial results for quarter and half year ended September 30, 2025, conducted after the meeting of the Board of Directors held on Thursday, November 13, 2025.

The Transcript is made available on the website of the Company at:
<https://www.orklaindia.com/governance/stock-exchange-intimations/earnings-call-updates/fy-2025-26/transcript-of-earnings-call/>

We request you to take this on record and treat the same as compliance with the applicable provisions of the SEBI Listing Regulations.

Thanking you.

For Orkla India Limited
(Formerly MTR Foods Private Limited)

KAUSHIK
SESHADRI

 Digitally signed by KAUSHIK
SESHADRI
Date: 2025.11.19 13:30:11 +05'30'

Kaushik Seshadri
Company Secretary and Compliance Officer
ICSI Membership Number: A41800

Encl.: as above

ORKLA INDIA LIMITED

(Formerly known as “Orkla India Private Limited” and “MTR Foods Private Limited”)

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“Orkla India Limited Q2 FY '26 Earnings Conference Call”

November 13, 2025



**MANAGEMENT: MR. SANJAY SHARMA – MANAGING DIRECTOR AND
CEO, ORKLA INDIA LIMITED**

**MS. SUNIANA CALAPA – CHIEF FINANCIAL OFFICER,
ORKLA INDIA LIMITED**

**MR. SIDDHARTH BORKAR – HEAD – M&A AND
INVESTOR RELATIONS**

MODERATOR: MR. MANOJ MENON – ICICI SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY '26 Earnings Conference Call of Orkla India Limited hosted by ICICI Securities Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Manoj Menon from ICICI Securities. Thank you, and over to you, sir.

Manoj Menon: Hi, everyone. It is a wonderful good morning, good afternoon, good evening, depending on the part of the world you are joining this call from. Representing ICICI Securities, it is our absolute pleasure to welcome all of you to this first ever post-listing results conference call of Orkla India Limited.

I hand over the call to Mr. Siddharth Borkar from the company. Please introduce yourself and introduce the management team, and then post which we will have the opening remarks on the management, and after that we will open the floor for Q&A. Thank you, and over to you.

Siddharth Borkar: Thank you, Manoj, for hosting us. Hello everyone. I am Siddharth Borkar, Head of M&A and Investor relations at Orkla India. As you all know, Orkla India got listed on BSE and NSE on 6th of November. And this is our first earnings call. Hence, even a warmer welcome to all of you.

I hope you have gone through the Investor Presentation and other materials that we have uploaded. In today's call, we will walk you through some of the key highlights of the quarter. And then we will open the floor for Q&A.

I am joined by Mr. Sanjay Sharma – Managing Director and CEO at Orkla India; Ms. Suniana Calapa – CFO at Orkla India.

I want to draw your attention to the disclaimer slide as stated in our Earnings Presentation. With that, I hand it over to Sanjay.

Sanjay Sharma: Thank you, Siddharth, and a very good evening to all the participants on the call. My name is Sanjay Sharma. I am the Managing Director and CEO for Orkla India. As Siddharth said, Orkla India got listed on the 6th of November and this is our first earnings call that we are doing.

Let me start by first really talking to the people who actually invested in us. Thank you for your trust and belief in our story. And for those people who are still evaluating us, thank you for your interest. And I hope that someday you will find us to be a strong value-creating story to invest behind.

Over the last six months, we have met many investors and analysts and have explained our business models and growth strategies. However, this being the first presentation after listing, I shall take the liberty to yet again start from basics. And I would request if you heard the story before to bear with me. Suniana and I will also take a bit wider perspective in our presentation so that you understand our numbers and our strategy.

If you go to the Slide #3, you will see this is broadly the agenda that I will be walking you through today. Quick introduction, a little bit on the macro environment, highlights, and then Suniana will take you through the financial performance, and then I will come back and sum up the entire presentation. There is additional information available in the last section. We would encourage people to have a look at it and see if there is anything else that you would like to know about us.

Let me then move quickly into the introduction to Orkla India. And if you could move to Slide #5, you will see that Orkla India is a multi-category foods company. We are a collection of heritage brands like MTR and Eastern. MTR is a 100-year-old brand. Eastern is a 40-year-old brand.

We operate in two categories, spices and convenience foods. Our products cater to our consumer needs across all meal occasions, from breakfast, lunch, dinner, snacks, beverages and dessert.

Our business model is built on a fundamental premise that food is local. As you are aware that each state in India has a different culture, language and cuisine. Therefore, in our categories, you will find that brands that best reflect the local cuisine culture and taste often dominate the market. I am sure you are aware that the food in Gujarat is very, very different from the food in Maharashtra. And when you come down to Karnataka or Kerala, you will find that the food starts to differ even more.

The testament to above is the fact that in spite of being distributed across India, 70% of our business comes from the south part of India. In fact, just four of the five southern states. Our brands have a strong market-leading position in our key geographies of Karnataka, Kerala, AP and Telangana. Our model is built on driving growth by going deep rather than building a generic portfolio across India.

We drive growth by driving penetration and usage of our products. Let me spend a little time on this to explain this point a little further. In 2025, when you look at it, our full year sales of Karnataka represented a per capita annual purchase of just Rs. 110 per person. If we translate this in terms of sambar consumption, which is the most consumed dish in Karnataka, of the 260 possible consumption opportunities which are there, our sales contribute to just 12 occasions. Just 12 occasions out of 260. And this is despite the fact that we are the market leading brand in this market with a significant dominant market share that we enjoy. This shows that there is enough of headroom for growth we have by driving penetration and usage of our products.

Another interesting fact is the fact that migration of Indians has helped us build a strong international business, which is 21% of our sales and serves the immigrant Indians across 45 markets. We are also the largest branded spice exporter for the last 24 consecutive years. It is an award that we get from spice boards under the edges of Ministry of Industry and Commerce each year and Eastern has got it for the last 24 consecutive years.

Let me move ahead into the macro environment and I will not belabor my point out here. If you come to Slide #7, I think all of us will agree that the macro environment is improving to drive consumption. The steps taken by the government in terms of the income tax relief, the reduction in interest rates, and the latest GST 2.0 implementation, combined with the fact that food inflation has come down.

And even today, today's papers also talk about how retail inflation has come down to its lowest ever, and food inflation has gone negative. I think you all will agree that we are setting all of these initiatives and will lead to greater amount of money coming into the wallet of consumers. And in the last two to three years with what we have seen, the consumption squeeze is pretty much now over and we will start to see consumption improving.

The GST implementation, I think, has come with its fair share of impact to the industry and we are no different from that. The GST reduction that has taken place from our portfolio perspective impacted just 25% of our portfolio. And most of this portfolio sat in the convenience food category. Now, in convenience food, our products like Gulab Jamun were impacted, which were in the middle of its peak season, peak sales period as the festive season was setting in.

The transition has impacted us in two ways. Billing was impacted for 7 to 10 days on account of uncertainties as there was lack of clarity in terms of what are the initiatives that we should take and the retailers also started to stop buying our products. And then an additional transition-related expenses had to be incurred in advertising, informing consumers about the reduced pricing that we had done of 10% to 12% and promotions that we had to do to flush out the inventories that were sitting with retailers and distributors. Some impacts also came in line in terms of in the cost line as we had to apply labor to print new MRPs on the inventories that was with us.

I will move further to the next slide, which is Slide #8, largely showing you the key commodity trends that are major raw materials for us. Our revenues and profits have been impacted on account of some of the raw material price developments that have taken place. This has happened largely in the spices category. The raw material price development has been quite drastic over the last two years.

We have had two consecutive years of sharp reduction in prices. In the first year, you will see that prices have dropped by 10%, Quarter 2 '24 over Quarter 2 '25. And then we have followed by another additional 12.3% drop when you look at Quarter 2 '26 over Quarter 2 '25. So, over a

period of two years, we have seen a reduction in prices of almost 22% to 25%. And we believe that this has been an unprecedented event in the last 18 years of our presence in India. And being part of this category, we have never seen an event like this occur.

Given that 60% of the market is unorganized, managing the price premium relative to the unorganized market was key to growth. And this has resulted in us dropping MRPs of our products in a commensurate manner. This affects our revenue growth, but we have been focusing on driving the volumes as far as our categories are concerned. Because we believe that as volumes, if we sell more volumes, it would mean that we would either be driving more consumption or attracting more consumers. And we would like that at the end of this deflationary cycle, we would prefer to have more number of consumers with our brand equity than have price related growth. So, volume is a very, very important dimension for growth for us.

On the other hand, in blended spices, we tend to hold our premium relative to the local brands that we compete with. However, to manage the value perceptions and the competitive scenario, we offer discounts. But quite often these discounts are not commensurate to the drop in prices and often leads to margin expansion and you will see that happen in our financials.

The other two commodities which is wheat and SMP are critical to our convenience food portfolio. Inflation here has been more manageable, and we have taken the requisite actions to pass on the price increases to our consumers.

Now let me spend some time on our business performance and give you a quick highlight of the business. So, if you could move to Slide #10 of the deck. In this quarter, our business has continued to develop positively with a strong volume growth of 7.7%. The revenue growth has come in at 4.9%. Spice volume growth was close to about 6% with revenue growth impacted due to deflation in spices as I just spoke to you on the previous slide.

Convenience food category grew robustly at 19.2% driven by the sweets category or the Mithai category that we are developing and the festival season. Sweets or the Mithai category that we have grew at 26%.

The development of digital commerce has continued with the industry growth trends and we grew in this quarter at almost 49%. EBITDA was healthy at 16.9 despite additional one-time costs. And I will let Suniana explain these one-time costs to you as we come to the financial section.

We will go to the next slide, which is Slide #11. In our RHP and prospectus, we had clearly articulated three organic growth strategies. Our overall business performance is supported by these strategies. Let me start one by one.

The first one, on spices, our efforts are to drive the per capita sales, are supported by increasing penetration, range, frequency and value. These have been driven by the following initiatives. In Karnataka and Andhra Pradesh, MTR had a weak presence in the Pure Spices category despite being a preferred brand of the local consumers. To drive range presence in the home, we have been developing the Pure Spices business. In the current quarter, the development continues to be positive, with a volume growth of around 40%, despite a similar growth that we had got last year. This has been supported by availability expansion as well.

The second key strategy that we are driving in this segment is about strengthening our local connect with the consumers. As I said that our brands have to reflect the local culture and local tastes, and therefore this becomes a very important pivot in terms of our growth. Our innovations in this quarter have continued to support the needs of the consumers as a reflection of the local cuisine needs. This has been done both for single spices as well as masalas. You will note that even for a product like chilli, which seems like a generic product, and I have had many conversations where people feel that a single chilli can be sold across India.

We would like to take your attention to the fact that each state or region has a very specialized blend, which is required for its cuisine. And you can see that in the slide, we have launched in this Quarter 3 different types of chilli. A chilli for Telangana, a chilli for Karnataka, because North Karnataka tends to use Byadgi Chilli, which is also known as Kashmiri Chilli, but they refer to it as Byadgi Chilli.

And then Eastern has launched a Superr Kashmiri Chilli, which is a chilli with extremely high color and very low pungency, which is used in certain districts of Kerala where they need a much better color to come across in their cooking. So, we are customizing our products to the level that it talks to the local culture and local cuisine in a very sharp manner.

And finally, when it comes to Eastern, Eastern has a direct to retail distribution system in Kerala, which is different from the traditional FMCG model. Post acquisition of Eastern, we have not made any changes to this distribution model. We are now working to make the current Eastern distribution system more efficient by making three key changes. Number one, we are driving focus between spices and foods. We have a very large range of 200 products. So, we have split the channel into two separate units. One that will focus only on spices and one that will focus on the convenience foods range.

The second thing that we are doing is that we have a very strong digital framework, which is already present, which we use while retailing. We are further digitizing this and driving process improvements in terms of the way to ensure that we drive more effectiveness of college in amongst the trade.

And the third thing that we are doing is we are working with the trade marketing initiatives that Eastern had, and we are improving the effectiveness of trade marketing initiatives in the states.

So, all of these three changes that we are doing in the Eastern distribution network is going to help make us more effective in terms of distribution in Kerala.

We will go to the next slide, which is on transforming convenience foods. Convenience food is the next growth platform. Our strategy here is to transform our offering in line with the developing consumer needs for higher convenience. In this segment, we are looking at building three key platforms. We are looking at building sweets, we are looking at building breakfast, and we are looking at building meals. These are the three most important platforms that we are developing.

In the current quarter, growth has been strong as far as Convenience Foods is concerned at 19.2%. And this growth has been driven by the sweets category, which grew at 26%. Products under both our brands, MTR and Eastern have done well. I would like to specifically call out that Eastern's Palada Payasam was one of the fastest growing SKUs in the current quarter given the fact that Onam also came in the same quarter in the second quarter this year.

The share of new products that we have done in convenience food has doubled over last year to nearly 8% of our convenience food sales. So, new products are really driving the convenience food market and the convenience food category for us.

Many of the launches that we have done are to provide greater convenience to our consumers. In breakfast, we have extended the traditional powder range that we had to a fresh, ready-to-use batter, which has been in the market for the last two years. For Eastern, we have extended it from basic powders to a five-minute breakfast version. Today, a puttu or an appam would take anything between two hours to eight hours to make. We have got five-minute versions now where you just need to add hot water and you can make these products instantly. I think the entire focus out here has been around reducing the time the consumer spends in the kitchen.

In sweets, again, our largest product was Gulab Jamun, which was in a powdered mix form, which needed about two hours of preparation time. We have launched in this quarter about five new products around ready-to-eat Mithai, which is mostly sweets, which represents recipes from Karnataka. It's the Mysore Pak range that we have launched, and we have got a phenomenally good response during Dussehra and the Diwali season.

In the meals segment, most of our presence today is through spice powders. But we are starting to make a small start by launching a ready-to-cook fresh sambar paste through which you can make sambar in just about 15 minutes.

Taking you to the next slide, Slide #13. The third growth driver that we have is to build the newest business unit in our company, which is the international business. We have created a dedicated organization for this. 70% of our sales come from GCC countries, which have grown at about 14.7%. The focus here is again to build the value-added convenience food play. For the

Malayali audience in the GCC, we have launched high-convenience plays with the Madhuram range, which is the sweets range, and the 5-minute breakfast range.

Over the last four years, we have also been widening the appeal for Eastern in these markets by launching a range of Arabic spices. These are continuing to get a good response from the local Arab population.

Coming to the next slide, which is Slide #14. Given the rapid development of digital commerce or quick commerce in India, this has become an important part, an important area of focus and development for us. In the current quarter, quick commerce has grown by 49% and now contributes to roughly 10% of our domestic sales. These estimates are in line with industry developments that are taking place. To support this channel, we are constantly improving our digital marketing support and improving our capability in this area.

So, these are broadly the key initiatives that we have done in Quarter 2. With this, I am going to hand you over to Suniana to take you through the financial performance.

Suniana Calapa:

Thank you, Sanjay. Let's look at Slide #16, our key financial highlight for Quarter 2 FY 2026. Orkla India delivered revenue from operations of INR 6,503 million in Quarter 2. Revenue growth for the quarter was 4.9%, driven by robust volume growth of 7.7%. EBITDA for the quarter was INR 1,097 million. EBITDA margin remains strong at 16.9%. PAT for the quarter was at INR 767 million, with PAT margin of 11.8%.

Moving on to Slide #17. As a result of strong focus on driving penetration, the company saw robust volume growth in Financial Year 2026 with Quarter 2 volume growth of 7.7%. While revenue in the quarter grew at 4.9%, revenue from operations, excluding other revenues, such as production-linked incentives, export incentives, etc., revenue growth was 6.8%. Convenience foods grew by 19.2% in Quarter 2, led by a strong performance in the sweets category, which grew by 26.4%, supported by a good festive season.

Spices value growth remains soft on account of continued deflation in spices, primarily chilli. To remain competitive, the company had to partly pass on the decline in raw material costs, especially in pure spices, which resulted in lower price realization. Despite a 5.9% volume growth in spices, value growth in spices was 0.1% on account of nearly 6% decline in prices due to passing on reduction in raw material costs to consumers.

Domestic revenues grew by 6.8% in the quarter, led by a strong uptick in volume growth of 7.6% across both spices and convenience foods. Revenues from international markets constitute approximately 20% of total revenues. Growth in the quarter came from convenience foods.

Let's move to Slide #18. The EBITDA margin continued to remain strong in Quarter 2 at 16.9%. EBITDA margin in FY 2026 has trended stronger than FY 2025. During the quarter, while Orkla

India realized various operational efficiencies, its EBITDA declined on account of higher advertising costs due to an early festive season, one-time GST 2.0 transition expenses, and reduction in PLI. Excluding the impact of GST migration expenses and PLI across both years, Orkla India's adjusted EBITDA growth for the quarter was 7.6%, and the adjusted EBITDA margin was 17.8%, representing a year-over-year increase of 0.2%.

In both quarters of FY 2026, PAT margin was higher than that of FY 2025, with Quarter 2 PAT margins at 11.8%. I have already explained the EBITDA decline. The incremental decline that you see in the PAT line was mainly on account of lower other income as the company paid out a dividend in FY 2025 of INR 6 billion.

We move on to Slide #19. The company has seen a robust and strong rebound in volume growth. In the first half of FY 2026, volume growth was 8%, which is the highest in the last three financial years. While revenue growth in H1 grew at 5.4%, revenue from operations, excluding other revenues like production incentives, export incentives, the revenue growth was 6.3%.

EBITDA margin for first half of FY 2026 was 17.8%. It has trended well, partly supported by raw material price decline, and partly from various operational efficiencies. PAT margin for H1 was 12.5%, has also trended higher than FY 2025. Despite lower other income, but very strongly supported by an improvement in EBITDA margin.

Now I hand it back to Sanjay for his concluding remarks.

Sanjay Sharma:

Thank you, Suniana. Let me sum up our performance for this quarter. Business development continues to be in the right direction with volume growths around 8%. As Suniana said, this level is the highest ever that we have been able to achieve over the last three financial years. This has been supported by the financial season uptick on account of convenience food, as we said, which has grown at 19.2%.

EBITDA development also continues to be in the right direction at 16.9%. It is higher than FY '25. We have got a strong movement happening in the right direction. This has been impacted on account of some one-time effects, due to unplanned GST spend increase in advertising due to festival timing effects and PLI.

Overall strategies to drive depth in the local geographies are also moving in the right direction. International business is developing well in the GCC. Overall things look very satisfactory. Given the consumption simulation done by the government and reduced inflation and including today's newspaper report where the inflation has come down even more, it should result in an improved consumption environment coming up ahead.

Thank you very much for your time and your attention today. I hand it over back to Siddharth.

Siddharth Borkar:

Yes, so moderator would request that we can start with the Q&A.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Resham Mehta from Green Edge Wealth. Please go ahead.

Resham Mehta: So, couple of questions. So, one is just wanted to understand the role of brand salience here. So, with the spices segment having seen 25% deflation in the last two years, what were the pricing cuts that we as a brand took? And also on the flip side, let's say in case of inflation, which you have seen immediately post-COVID. So, at that point of time, what was the inflation and what were the price hikes that we were able to take?

Sanjay Sharma: Thank you for that question. I will take part of the question, and I will give Suniana for the second half of the question. You know, spices, as I said, 60% of the category is still unorganized, right? And only 40% of the category is organized. Of the category, we still have a fairly large portion of the category which is into pure spices and the remaining portion is into blended spices.

Now, for the pure spices, we have to mimic the premium that we can command relative to the unorganized market is anything between 10% to 15%. And anytime when we try and take a premium greater than that, we do see a shift back into the unorganized market because people can go out, buy the chilli and process it themselves. So, for a brand, people are willing to pay a premium of 10% to 15%.

So, we tend to track the prices of the mandi very, very closely. We buy 52 weeks in a year from the mandi and we know exactly every week what is going to be the wholesale price coming into our markets. And therefore the pure spices market MRP that we give to the consumers is connected to the movement of commodity. Most of the times, we have seen that these movements are not very drastic.

As I said, these two years have been exceptional. I would almost call them as a black swan event for the spices industry. And the prices have been crashing on account of bumper crops in two consecutive years that we have got. So, in pure spices, we have taken this correction and mimicked the drop in price that has happened over the last eight quarters. And that is what impacts the revenue growth number, as you can see. But you will see that what we have been able to do very successfully in pure spices is to use this opportunity to drive very, very strong volume growths.

When it comes to blended spices, in blended spices, these are recipes, often cannot be mimicked by the consumer. We are a heritage brand. We came out of a restaurant in Kerala. We, again, are a 40-year-old brand, which has built credibility over the many decades of experience that we have got. And our recipes reflect the consumer tastes very, very closely. And we constantly test it with the consumers time and again. Here, the consumer is more willing to pay a premium for the usage of our products as we reflect the local culture and the local taste in the best possible manner.

This segment also does not get too affected by the drop in prices. And of course, when things are getting cheaper in terms of spices, we often have to pass on some level of consumer discounts, increase in advertising to ensure that the consumer continues to see value in our products. And we have constantly done that. Given the sharp drop in prices that have happened, we have been able to discount only to a particular level. We don't go below that because it may actually end up impacting the brand and the brand image and the premium brand image that we enjoy. So, that has broadly been our strategy in terms of pricing across the two segments.

Resham Mehta: Sir, just a follow-up. Sorry, go ahead.

Sanjay Sharma: No, please go ahead. That's enough from my side.

Resham Mehta: So, just when you say that we had to mimic the deflation, it means that if there was a 25% deflation in the last two years in commodities, it means we would have taken 25% kind of price corrections also.

Sanjay Sharma: That is correct.

Resham Mehta: And similarly on the sharp, during sharp inflationary periods, we would have been able to pass on swiftly to the consumers, like say the post-COVID time?

Sanjay Sharma: That is absolutely correct. We are able to, especially in pure spices because then we'd never want to be that you can buy from the wholesale and process it and that will be more expensive than the packaged food product. I think that scenario we don't like to ensure. So, whenever the prices go up in pure spices, we directly pass it on to the consumers. Our brands are able to support that price increase. And in blended spices also, we are able to very clearly pass on the price increases.

Resham Mehta: But in blended spices, I think if there is a deflation of 25%, we may not need to take a 25% cut, right?

Sanjay Sharma: That is correct. And that is exactly what I was saying, that we tend to operate 10% to 15% discounts. We don't like to give more than that discount because then it starts to impact the premium image of the brand. And our brands are more important, very important for us.

Resham Mehta: And the second question is on the high market share. So, as I understand, our market shares in Karnataka and Kerala are almost 30%-40%. I am not sure if this is a percentage of the organized market or the overall market. But let's say if this is of the overall market, then from 30%-40%, what really is the room to expand market share from those levels?

Sanjay Sharma: So, I think first, the market shares are largely in relation to the organized market only. So, there is still a 60% unorganized market which is sitting out there. And if you heard my articulation of my opening articulation around brand, I said that if you look at our per capita sales, you would

see that our per capita sales was in Karnataka for the year of 2025 was Rs. 110 per person per year. That means we were extracting Rs. 110 worth of sale per person per year.

Now, the largest selling product in our portfolio is sambar 100 grams, which retails for Rs. 76 for 100 grams. Now, when you divide 110 by 76, you get roughly 120 grams of Sambar powder being bought by every person in Karnataka for the whole year. Now, when you look at sambar, which is made five times in a week by the house, by the person, and you multiply that by 52 weeks in a year, you will get 260 consumption occasions. And if you take 120 grams of sambar and you take anything between 10 to 12 grams of sambar powder, which is used to make sambar, you will get roughly, I think, 12 consumption occasions over 120 grams of sambar. So, today we are only catering to 12 out of the 260 possible consumption occasions.

So, we believe that there is plenty of room for growth in our local markets. And the room for growth in the local market is going to come by us expanding the market. That is the first fundamental thing, which is really moving people from unorganized segment to the organized segment and then starting to drive, so that is mostly going to come out of penetration.

But then also looking at driving frequency, range, we have a range of 200 products, but you believe the 200 products, if you look at the top 10 products itself, we should be able to sell at least 10 products into the consumer households. And it is also to do with the value of products that we sell. So, if you buy a basic spice, it is at Rs. 40. And it is a chilli sold for Rs. 40 for 100 grams. A sambar powder is sold for Rs. 76 rupees for 100 grams. More convenience food is actually sold for about Rs. 90 to Rs. 100 for just one serving. So, you can see the price premiums that we can also expect out of the consumer across different kinds of products that we get.

So, these are the factors that we use to drive growth and drive depth of consumption. You have to understand that we are in a category which is of basic, which is a very basic need, which is food. And in India, there can be no food without spices. So, we are a very, very basic product, which is very essential for everyday use. In fact, two times or three times a day used by consumers. So, when you look at us from that perspective, you will see that the depth, the opportunity to grow is still very, very large in the local geographies that we are in.

- Moderator:** The next question is from the line of Manoj Menon from ICICI Securities. Please go ahead.
- Manoj Menon:** Hi, team. First of all, congrats for the first conference call and the very detailed presentation. Quite a few things, actually. The first one, let me start with the longest conversation with the previous participant. If I am to summarize this in one line, Sanjay, essentially you are saying that in the pure spices, you largely operate with a profit per ton metric, right? That is a simpler way to interpret it.
- Sanjay Sharma:** Yes.

- Manoj Menon:** Understood And you mentioned that both during deflation and inflation, you are able to protect the absolute profit per ton.
- Sanjay Sharma:** Absolutely.
- Manoj Menon:** Understood Loud and clear. Now, secondly, on the opportunity, I did hear this comment about, let's say in Karnataka, that example you mentioned about, let's say the current consumption is X and the opportunity is probably far bigger. But if you could talk a little about, given that MTR has been there in the portfolio for a fairly long time, let's say, on the marketing interventions we would have undertaken, or maybe the industry would have undertaken also, to actually improve the conversion from, let's say, 0.1 to a far bigger number. Or just on the journey of, let's say, how to achieve this much penetration itself, and then how do we think about this into the medium term. The actual interventions to drive the, let's say, upgrading from something to, let's say, your products or even to industry?
- Sanjay Sharma:** Yes, I think we take a whole series of initiatives. I think let us start with the most fundamental initiative which is around making our products available at an arm's reach. So, it is about driving distribution and we have been able to successfully, you know, in fact, let me step back and say that in 2007 when we took over the business, our per capita sales per person in Karnataka was Rs. 16 per person. And over the last 18 years, we have been able to lift it up to Rs. 110 a person. So, this has been the journey that we have undertaken.
- And our focus has largely been on account of continuing to first build distribution and availability. So, if you look at the RHP, and we have still not started to share the Nielsen data at this point of time because Nielsen data is currently undergoing quite a few changes and is not really fully representative of our category. But we do hope that will stabilize and we will come back with Nielsen data during our investor calls also.
- But till that time, let me just refer back to the RHP and the prospectus that we had rolled out. And you would see that today, our distribution in Karnataka, and I am just going to take Karnataka. It applies to other markets also. In Karnataka, it is at 70% distribution. And this 70% we have built over the last 18 years. I mean, it was much lesser. And we have systematically expanded the coverage of our products.
- But when you look at 70%, it does not mean that all our products are available at 70% of the outlets. It is any one product of MTR available at 70%. So, if you look at it across the range, you will see that some of our products are available only in 30% of the outlets, some are at 20%, some are at 40%. But the largest selling product, I think, is at about 60%-65% availability. Any one product of MTR is at 70%.

So, we still have a big task in terms of distribution that is there. And we are constantly doing that, not only increasing the width of distribution, but also ensuring that we improve the availability of our products across different products.

In the current quarter, I had given you an example of how pure spices was a very limited play in MTR. We learned this play after we acquired Eastern. And we are now executing that strategy. And you see that our volumes are growing at almost 40%. And our distribution and availability of our products is also expanding very, very sharply.

We do this across the entire range by continuously building distribution. We are doing a lot of rural programs. In the rural programs, these are not traditional programs. We do sampling at temples. We do sampling at hearts. We participate in the local markets that are there in all rural areas and do several incidences like this.

Besides this, all of this is supported by advertising. And given the fact that we are in the southern part of India where languages tend to make the market insular, it actually acts as a benefit for us because all the advertising that we do is largely done in local Kannada speaking channels which makes it very efficient and we use very heavy bursts to dominate the share of voice as far as advertising is concerned and influence the consumer to buy our products. And then these are obviously supported by consumer promotions and several other initiatives that we do from the traditional consumer marketing proportion to ensure that we are constantly meeting the objectives that we have set of either driving penetration, driving frequency, driving range, driving price.

Manoj Menon:

Super. Thanks, Sanjay. Just one small follow-up here and then I will step back in the queue. So, if I have to look at GT, only GT rather, no e-com, no QC, no MT, just GT. And if I have to, let's say, divide or classify the outlets into three parts, one is, let's say, the family grocer, then there is mass retail, and then probably the kiosk. I would presume that most of the products, maybe not all the products, most of the products which you sell are something, let's say, which can only be sold in a family grocer sort of an outlet and probably not in a mass retail or a kiosk. So, if I am to take that lens, where do you put the, let's say, the comment about the distribution opportunity, would it still remain the same or would there be some nuances you will make to that statement?

Sanjay Sharma:

So, Manoj, I would just take that thing and put it in more familiar language for myself. I would say, we definitely don't sell in the Pan Bidi outlets. That is certainly out for us. Where we sell a lot is what we call as the grocers or open format outlets. We sell a lot as far as kirana outlets are also concerned, where you go to buy your regular groceries, right? These are the two key outlets where you will see us present. General stores, OFOs in general stores, grocers and kiranas. So, these are three most important outlets where we tend to sell. I hope I have answered your question, Manoj.

- Manoj Menon:** Yes. Largely. There is some clarification. I will step back in the queue or I will take it separately offline with Siddharth. Thank you Goodluck.
- Moderator:** The next question is from the line of Sameer Porecha from Porecha Global Private Limited. Please go ahead. As there is no response from the line, we will move to the next question, which is from the line of Akshit Jain from Sixth Sense. Please go ahead.
- Akshit Jain:** Good evening, Sanjay and team. Congratulations on your first earnings call. I have a couple of questions. Firstly, you mentioned that commodity pricing, especially in prices, has dipped by almost 25% in the past couple of years. Have we seen a rebound in Q3? And how do we look at these price movements going forward?
- Sanjay Sharma:** Thank you for that question. You know? Typically, we will not be giving any forward-looking statements in terms of how the pricing will go ahead. Firstly, the sowing seasons are going to start now for most of the commodities. For Chilli, the sowing season has already started, but we are in the process of doing our crop outlook surveys at the current moment.
- So, I don't have a clear, definitive perspective on the future on these commodities at this point of time. We would have a more definitive perspective on the commodities in the next earning call. By that time, our crop surveys would be complete. The sowing for, let's say, coriander, cumin and turmeric would be completed and the crops would be well in the way. And we will be able to give you a perspective at that point of time in terms of how the season ahead or the season is developing at that point of time.
- Having said that, I think it is quite logical for you to understand that we have had two consecutive years of very low pricing as far as, a 25% drop in pricing as far as these commodities are concerned. And typically, when something like this happens, the farmers are not really very happy with the crop and the profitability and the earnings that they have got out of it. So, they would then take the requisite kind of actions for such crops because most of these crops are replaceable.
- Akshit Jain:** Also, now that we have scaling our Karnataka business also by growing pure spices. So, is our focus primarily going to be in Southern India, where we are strong? Or at the same time, in the short term, we can also expect expansion in Northern and Western India?
- Sanjay Sharma:** Yes, thank you again for that question. Again, I would like to refer to my opening comments that I said. We are available across India. We have been there for the last 20 years. It is not that distribution has not been there. You can go to any part of India, especially the top 150 towns of India, you will see that we are available. But despite being available everywhere, we still get a dominant portion of our business out of the southern regions of the core markets that we operate in. So, it is not that we have not expanded. We have expanded.

The question actually comes up as to why are we so concentrated in terms of our geographical sales. It is largely because that our products reflect the local culture. So, when I come to Karnataka, my largest selling product out here is Sambar, Puliogare, Rasam, Bisibelebath so on and so forth.

Now, if you are from the north of India or from Maharashtra, you possibly will not be consuming some of these products on an everyday basis. Whereas in Karnataka, many of these products are consumed every day, if not five times a week, as I said, in case of Sambar and Rasam, now. And I think what we like to do is to build depth of business and amongst the core local community. I mean, our sambar that we make for Karnataka actually does not sell in Kerala also. For Kerala, we have to have a different kind of sambar. And for Andhra Pradesh, we have to have a different kind of sambar. Because each of these are states with very, very different taste profiles. So, you see that food is very local. And because it is local, you have to start to reflect the local culture very strongly. I hope I have made my point to you.

Akshit Jain: Sure. Thanks. And just lastly, I just wanted to clarify, we call it digital commerce on Slide #15. Does that include e-commerce also?

Sanjay Sharma: Yes, so I am using digital commerce as a very generic name. It includes both e-commerce and quick commerce. And today almost 70% of the sales that we get are actually all coming out of quick commerce outlets. E-commerce has shrunk from being 100% of the category to only 30%. And I believe that in the next few years, we will only have quick commerce in the large towns of India.

Akshit Jain: Got it, Sure. Thank you so much

Sanjay Sharma: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Siddharth Borkar: Thank you all for attending this call. Please do get in touch with us in case of any further questions. And we look forward to interacting with you again in the future. Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Suniana Calapa: Thank You.