



MADHUSUDAN MASALA LIMITED

AN ISO 9001:2015 - ISO 22000:2018 & HACCP CERTIFIED COMPANY

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Date: May 31, 2024

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra (East), Mumbai-400051.

Dear Sir/Ma'am,

Subject: Transcript of the Earnings Call for the half year and year ended on March 31, 2024

Ref: Madhusudan Masala Limited (SYMBOL/ISIN: MADHUSUDAN / INE0P6701019)

This is further to our letter dated May 25, 2024, whereby the company had submitted the link to the audio recording of the Earning Call held post announcement of Audited Financial Results for the half year and year ended on March 31, 2024.

Pursuant to the Regulation 30 (6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, Please find enclosed the Transcript of the said Earnings Call, for your information and records.

The transcript of the earnings call is also available on the Company's website:

<https://madhusudanmasala.com/investors/transcript-of-h2fy24-earning-call.html#book/5>

Kindly take the above on your records.

Thanking You,

Yours Faithfully,
For, **Madhusudan Masala Limited**

Rishit Dayalaji Kotecha
Chairman and Managing Director
DIN: 00062148



Madhusudan Masala Limited
November 22, 2023



**“Madhusudan Masala Limited
FY’24 Earnings Conference Call”**

May 24, 2024



**MANAGEMENT: MR. RISHIT DAYAL KOTECHA – CHAIRMAN AND
MANAGING DIRECTOR – MADHUSUDAN MASALA
LIMITED
MR. SARVESH GOHIL – FINANCIAL ADVISOR –
MADHUSUDAN MASALA LIMITED**

MODERATOR: MS. ASTHA JAIN – HEM SECURITIES



Moderator: Ladies and gentlemen, good day and welcome to the Madhusudhan Masala Limited FY24 Earnings Conference Call hosted by Hem Securities. 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 star then zero on your touchtone phone.

I now hand the conference over to Ms. Astha Jain. Thank you and over to you, ma'am.

Astha Jain: Thank you. A very good evening, ladies and gentlemen. Thank you for joining the Madhusudhan Masala Limited FY24 Earnings Conference Call.

Joining us on the call today from the management team are Mr. Rishit Dayal Kotecha, Chairman and Managing Director, Madhusudhan Masala Limited and Mr. Sarvesh Gohil, Financial Advisor to the company. We will commence the call with the opening thoughts from the management post which we will open the forum for Q&A session where the management will be glad to respond to any queries that you may have.

Before we go on to the main call, I would like to read the standard disclaimer. There may be forward-looking statement about the company which are based on the belief, opinion and expectation of the company's management as on the date of this call. The company do not assume any obligation to update their forward-looking statement if those beliefs, opinion, expectation or other circumstances should change. These statements are not guarantees of future performance and involve risk and uncertainty that I do not predict.

Consequently, this should not place any undue reliance on such forward-looking statements. With this, I will hand over the call to Mr. Rishit Dayal Kotecha to take it forward. Over to you, sir.

Rishit Kotecha: Yeah. Thank you, Astha. Good evening, everyone. Myself Rishit Kotecha, I welcome all of you to the earnings call of FY24. I believe you have had an opportunity to review the earnings presentation and the financial results that are uploaded in the exchange. First of all, I would like to give brief details of our company. I know some of you have already heard about our company, who have joined our earlier earnings call in H124, but I believe today some new investors also joined this conference, so I am very happy to let you know about our company in brief.

Basically, we are a spices manufacturing company, which is engaged in manufacturing and processing of more than 32 types of spices under the brand name of Double Hathi, Maharaja and Mantavya. We also sell other grocery products other than spices like; tea, flours, papad, soya product, hing, achar masala, salt, kasuri methi, etcetera under the brand name of Double Hathi.

Since we are operating the industry from last four decades, our Founder-Promoters, Dayalji bhai Kotecha, Vijay bhai Kotecha led the foundation of our business in 1982 through a partnership firm called Madhusudhan & Company. Their focus was to provide good quality



packaged spices to the consumer with cost effectiveness and better accessibility to consumers like nearby retail stores and grocery stores.

Since our Double Hathi brand was introduced in 1982, we introduced Maharaja brand in 2003, and Mantavya was recently introduced in 2023. This brand was mainly introduced for reaching some interior rural areas in Gujarat and Maharashtra. Our next generation myself, Rishit Kotecha and Hiren Kotecha continued the legacy to develop our extensive experience in the industry and we believe that we have established our brand as a preferred home consumption brand for Indian families.

Our manufacturing operations are mainly facilitated from Jamnagar unit which are located in Hapa industrial area in Gujarat. And our manufacturing facility is strategically located near FNC market, so we are sourcing our raw materials very quickly and transportation costs are also reduced.

For manufacturing facilities equipped with plant and machinery like cleaning, drying, grinding, packaging, etcetera, basic machines are there. All the spices and other products are manufactured with natural process like sun drying, manual picking of contaminants, etc. are there. So we believe natural process are very preferred for any consumers.

In front of our financials highlight, I'm very happy to say that Madhusudana Masala has delivered solid performance on both financial and operational front for financial year 2024. Our top line revenue was grown by 28% to INR162 crores, while our profit after tax has tremendously increase by 60% to INR9.2 crores.

The PAT margin was increased because our market share of branded sales in total revenue was increased to 56% from 47%. So our EBITDA and PAT margins are increased because our branded cells are increased and I'm also very happy to know you as earlier we told that we will increase our market share of branded sales and we are in line with our performance so on to you that we fulfilled our increase our branded sales as per our earlier talk.

We constantly working to expand our reach by adding new products to our portfolio and aiming to achieve a greater with geographical savings through strategic acquisitions. I'm very happy to announce that to cater above both sectors, we recently signed a terms sheet with Vita Green Products Private Limited, which are located at Rajkot, Gujarat.

This Vita Green product is mainly engaged in the manufacturing of blended spices and instant spices, like ready to cook products and other grocery products like ginger, garlic, soya chunks, Papad, etc. The main strong factor of this company is that their super scopes and distributed network are widely spreaded in Gujarat, Maharashtra, Goa, Telangana, Punjab, and Jammu, Kashmir.

We will get benefits of this sales channel by next year. So we do sign this acquisition. Also, some other products like small SKUs like INR5, INR10 packets are the strong support for Vita Green. They have 228 SKUs in their product portfolio and we at Madhusudan Masala have 272 SKUs. So our SKUs portfolio will be more than 500 after this acquisition. Vita Green is



mainly serving in small and micro grocery stores like vegetable shops, dairy shops, bakery, chicken shops, small segment SKUs are the main strength of this company.

So we will get benefit of the new catering sales channels like bakery stores, dairy shops, vegetable shop owners by acquisition of Vita Green. And I am very excited to let you know that more than 19 million of smallest segment SKUs were sold annually by Vita Green. So we will cater some other small segment SKUs category in our portfolio also.

The spiciest industry is valued at INR1 lakh crore in FY '24 and is growing at a CAGR of 10%. And the noticeable thing in this industry is that only 35% market share is hold by branded companies. Rest 65% was serving by non-branded companies like regional players and other unknown brands. So we have very good opportunity to cater this branded market and I am very confident to achieve some good portion of market sharing the branded sales market.

Considering the overall growth in the spice market and our future plans we are expecting a 30% increase in our revenue in FY '25. This strategy is focusing on increasing our brand and PAT margin would be in range of 6% to 6.5% in FY '25. This is all from my side. Thank you for your time. I would now request you to open the floor for question and answer.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Dipak Saha from DRChoksey Finserv Private Limited. Please go ahead.

Dipak Saha: Yes, good afternoon and congratulations for the good set of numbers. So, my first question is, you have acquired one company called Vitagreen. So, can you please tell us what was their peak revenue and peak profit and what is the amount we have paid to acquire the company? This is first question for this. Then I have a couple of follow-ups.

Rishit Kotecha: Yes, sure. The top peak of the company was in 2021 and that was around INR30 crores. And this company was 100% acquisition base and we have acquired it at INR7.75 crores, including the plant and machinery and brand.

Dipak Saha: So, INR30 crores, you said revenue?

Rishit Kotecha: Yes, INR30 crores was revenue in '21, the top peak. And in the last '23, the revenue was INR20 crores.

Dipak Saha: Okay. And on the profit terms?

Rishit Kotecha: Profit terms, in the very lower side, like in '23, the profit was INR65 lakhs.

Dipak Saha: INR65 lakhs.

Rishit Kotecha: Yes.

Dipak Saha: Okay. So, sir, now I understand that you have acquired this company for blended spices, largely looking at your portfolio, looking at the P2T that you have shared. So, can you share what is your strategy and how it is going to, deliver the growth of blended spices for our company? Because even on Y-o-Y basis, your blended spices have gone to 16 million



compared to 9 million, but we are still below 24 million, right? So, that was the peak of FY '21. So what kind of growth we are anticipating going ahead from blended spices?

And what would be the margin? I think the margin is pretty high, especially the gross margin on blended spices. So, if you can share these two things, what is the growth that we're anticipating from this segment?

Rishit Kotecha:

Yes, sure. We are expecting growth by two ways. Like, we are pioneering ground spices at Madhusudan Masala in the DOUBLE HATHI brand. And we are looking for a strong brand who have good product portfolio for blended spices and better reach, better sales channel in other part of India, like out of Gujarat.

So, the both these sectors were fulfilled by Vitagreen, like they have sales channels in more than seven states in northern part of India and western parts have Gujarat and Maharashtra. So, we will be benefited for sales channels, like super stockist and distributors. And other factories, we have got more than 28 products in blended spices, which are highly high margin products. And also other products like ready to cook products, which are mainly categorized in instant foods, like khaman dhokla, gulab jamun, dosa, idli, etc.

Dipak Saha:

So, for this INR30 crores revenue of Vitagreen, was it largely related to blended spices?

Rishit Kotecha:

Yeah, all these major revenues from blended and instant mix. And some of person was from ground spices also. But the focus was Vitagreen is in blended and instant mix only. And we have a focus in ground spices. So, the combination of Madhusudan and Vitagreen, the old category is in better place.

Dipak Saha:

So, the current capacity of Vitagreen is 600 million or so, will you be able to utilize the full one in this year? Or what is the capacity utilization right now? And how much will be able to utilize for FY'25 and FY'26?

Rishit Kotecha:

Yeah, in FY'25, we can utilize more than 70-80% of Vitagreen. Because Vitagreen has production line of only blended and instant mix. While ground spices are acquired by some vendors, which we are currently providing by Madhusudan Masala. So, I don't think any more capex to be utilized in manufacturing capacity.

Dipak Saha:

So, if we are using 70%-80% of that, even at peak utilization, so then out of INR30 crores, if we are able to get INR24 crores or say INR20 crores plus revenue, then it should significantly improve our EBITDA margin or the gross margin for this year. Is it a fair understanding, sir?

Rishit Kotecha:

Yeah, it is a fair. So, because after adding the blended spices and instant mix, our EBITDA margin must be improved.

Dipak Saha:

Any number, sir, you would like to write for that?

Rishit Kotecha:

As of now, I am restricted to disclose the numbers, but it should be a much better than FY'24.

Dipak Saha:

Got it, got it, sir. So, on the balance sheet side, if we look, definitely you have delivered super top line, bottom lines are expanded. But on the working capital side, I have two questions. So,



if we look at FY'23 cash conversion cycle was 95 days. The same has gone up quite substantially in FY'24 because of your increasing and inventory days, which is now standing at, cash conversion cycle is standing at 140 days.

So, given the current debt that we have at this level and the growth that we are targeting next year, do we need to get more debt and our debt level will increase here on or would we be able to maintain the similar level of debt?

Rishit Kotecha:

Yeah, sure. Can I connect Mr. Sarvesh for this question? Because he will be more -- giving clarity on this question.

Sarvesh Gohil:

Actually, our business is seasonal. So, regarding the debt, actual -- the INR1, against INR1, there is a turnover of, you can say that INR3 because there is a seasonal business. Because we have to procure more materials in the month of this five to six months, from I think now October, November till March to April, right? This is right?

Rishit Kotecha:

Yes, correct.

Sarvesh Gohil:

So, due to procurement of huge material, we have to take the debt from the back. So, mainly our working capital, there is a, almost, if you consider the working capital, the working capital requirement is almost 40% to 45% of the total turnover. And the main, one more reason is that we have to procure a huge inventory.

If you're going to see our balance sheet, in the financial year '26, there is almost INR20 crores to INR25 crores stock is maintained on an average. But as of now, we have reached to the turnover of the 160, we have to maintain at least INR40 to INR45 crores of stock. So, this is a main reason that the debt is high.

But in the near future, it is going to maintain at the same level for the same turnover.

Dipak Saha:

So, we can maintain this INR50 crores-odd debt that we have, it would be largely sufficient, right? Or we need to increase it, sir?

Sarvesh Gohil:

No, no. For this type of INR160 crores to INR250 crores is enough. But in the near future, if turnover is going to be increased indefinitely, that will also increase. The main reason is that due to the seasonal business, we have to procure, the more mosquitoes and more spiders, this chili and all these things in the close to five months. So, this will lead to the increase in the use of the working capital.

Dipak Saha:

Okay, perfect, perfect. So, one last question before I wrap up. Can you please highlight your marketing plan for the new regions you are targeting, including Mumbai and South, and South, you are targeting Telangana. So, like Maharashtra you are targeting. So, can you please highlight the marketing plans in terms of your distribution channel, penetration and any other thing that you have in your mind? That's last for my end and all the best for the FY'25 and FY'26 ahead. Thank you, sir.



Rishit Kotecha:

Yeah, sure. For marketing in western region, like Maharashtra, Goa and another state we are opening from June, like Telangana. We have planned one exhibition in August 24 at Mumbai called [Anugapur 21:22] for acquiring new distributors, super stockists to our western region. And another step is to deploy a shop Asia to our retailers and some social media marketing are also planned.

So, these are our planning for growing our brand awareness in local people and some marketing strategies out of the branding is that we are focusing on our local product blend also which kind of blend is using local people in another region. We survey the blend of these local products and we try to match with these local brands and after the survey we put our proposal to get a particular area. These are all our marketing strategies.

Dipak Saha:

Thank you, sir. Thank you.

Moderator:

Thank you. The next question is from the line of Disha from JM Financial. Please go ahead.

Disha:

Hello, sir. So, firstly, congratulations on your good results. I basically have two questions. I understood on the blend side, but I do see that there is substantial amount of revenue from the whole spices space as well. So, just wanted to understand your rationale and strategy on the whole spices because what we understand is that it is a very highly unorganized market as of now and mostly dominated which we see on e-commerce platforms by private labels as well.

So, how do you see this market going forward and especially because most of the bigger players are focusing on blends because of higher margins? So, this is my first question as to what is your strategy on whole spices and how much growth are you expecting? And my second question if possible for you to answer would be what is the difference in the margins between whole and the blended? So, these are my two questions.

Rishit Kotecha:

Okay, sure. I would like to answer your first question that whole spices is a very unorganized market. Mainly, we are procuring whole spices in grocery stores and retail stores in loose form, but we see a big opportunity in this unorganized market that blended spices -- whole spices in blended form are very a big opportunity for us because nowadays customers are demanding hygienic products which are well-packed and all information are shown in the package like expiry dates, etc. So, we see big opportunity in this whole spices category.

So, before 2 years, 3 years we introduced our different spices, whole spices range in packaged form like we have 500 gram and 1 kg form of whole spices. So, our future plans are very clear in the whole spices that we will create a category in branded segment of whole spices. And second question of the margins in whole spices and powder spices is margins were almost double for the powder spices.

Disha:

Okay sir. So by powder do you mean blended spices?

Rishit Kotecha:

Yeah, blended and ground spices both are.

Disha:

So, you are saying blended and ground spices would have similar margins and whole would have 50% lesser margins than that?



- Rishit Kotecha:** Yes.
- Disha:** But my last question would be is there a lot of effort on whole spices because whole spices people can see. So, is the quality checks more stringent on the whole spices category versus the powdered spices?
- Rishit Kotecha:** No, as of now after launching our whole spices segment we see that some new customers like caterers, restaurants owners, like HoReCa business is very curious in branded whole spices. So, the main concern for that is to quality that lose whole spices are not coming in consistent quality and we are supplying them consistent quality to all these HoReCa business.
- So, in whole spices business good quality and same quality throughout the year to be provided is very big task. So, we are trying to maintain this quality throughout the year and for this type of our steps we can cater big players of HoReCa business in our brand.
- Disha:** Understood, sir. Sir, one supporting question on this because quality like you said is so important, is procuring becomes more important like do you have to procure in seasons in order to make sure and basically store it so that you can maintain the quality or do you procure as and when you need?
- Rishit Kotecha:** No, that is a very big question you have asked because earlier some other investor was asked for our date. That is the main reason for our date is high because we are procuring our raw material in respected season only. So, because of that we can supply consistent quality throughout the year and main thing is that we are procuring this in respected season because only good quality spices are available in respected season only.
- After season the quality might be lower. So, we procure our required procurement was 70% procurement was done in respected season only.
- Disha:** Understood, sir. I think that would make sense also because during seasons I think cost benefit is also there in some sense?
- Rishit Kotecha:** Yes, cost benefit is also there but main concern is the quality.
- Disha:** Understood, sir. Okay, sir. Thank you, sir and all the best.
- Rishit Kotecha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pawan Kumar from Shade. Please go ahead.
- Pawan Kumar:** Yes. So my first question can you repeat how much the acquisition cost for this VitaGreen?
- Rishit Kotecha:** It cost is INR7.75 crores.
- Pawan Kumar:** 75 crores?
- Rishit Kotecha:** INR7.75 crores.



- Pawan Kumar:** INR7.75 crores.
- Rishit Kotecha:** Yes.
- Pawan Kumar:** Okay. And my second question is like as per the presentation you already entered new markets particularly in the northern region?
- Rishit Kotecha:** Yes.
- Pawan Kumar:** So, can you give some sense how is your experience? What is your like strategy [inaudible 29:51] or you are facing some competition or you are rather aligning your strategies not with the competition or maybe so some color on how this new market for you?
- Rishit Kotecha:** Yes sure. Yes, Pawan. As of now we do not started selling in the Northern states. but we have appointed a super stockist in these regions and currently we are doing the groundwork like we are sourcing local products to our laboratory and checking the blend of these companies and other points like selling price, super stockist margin, distributor margins, etcetera., are under way.
- So, after showing the products blend and price, we ensure that we will match the quality and provide our products with lower margin to retailers. So I think we will be successful in northern states also because the quality and blends are much similar with our western region. So I am sure that we will cater this northern market very well.
- Pawan Kumar:** Okay. So, just follow up on this only. You have left markets like Haryana, Madhya Pradesh and you are keen to move to UP, Bihar, Jharkhand. Any specific reason why you are choosing...?
- Rishit Kotecha:** Yes, sure. Because these regions were already sold by Vitagreen earlier from last 10 years. So we appointed the same distributors of Vitagreen to Madhusudan. That's why these states are covered because middle states like Madhya Pradesh, Rajasthan are left because Vitagreen do not have sales channels in this part. But we are trying to search good sales channels for these states also.
- Pawan Kumar:** Okay, sir. It makes sense. Thank you, sir.
- Rishit Kotecha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jay Trivedi, who is an individual investor. Please go ahead.
- Jay Trivedi:** Hello, Rishit. Thank you for taking up this call and really appreciate the good numbers. Many congratulations for that. The question that I have is regarding the new acquisition of Vitagreen and you correctly mentioned that you acquired that company for about INR7.75 crores. So just wanted to ask, is the consideration already paid or is it going to be paid in future? And my next question is based on the answer of that.



- Rishit Kotecha:** We have paid almost 50% to the company and as I mentioned earlier that we have acquired the plant and machinery and the brand itself, while some fixed assets like land, building are in the name of Vitagreen. So all promoters are first trying to remove these fixed assets from the company. Then after we will provide the full amount to them and close the transaction by acquiring 100% shareholding.
- Jay Trivedi:** Okay. So you'll be paying next 50% incoming loans and that will be paid from either of the money that you'll be receiving from receivables or the loans and advances that you already paid. So, how are you going to pay them? Because I see only INR40 lakhs of cash available in the balance sheet as on 31st of March.
- Rishit Kotecha:** Yeah. Also, some amount from internal actuals and some will be coming by way of unsecured loan from promoters.
- Jay Trivedi:** I see. So it will increase a little bit of borrowing on the balance sheet. Perfect. No problem. That's it from my side.
- Moderator:** Thank you. The next follow-up question is from the line of Disha from JM Financial. Please, go ahead.
- Disha:** Hi, sir. Sorry, I couldn't ask one question earlier because we see a lot of players or at least the big players are coming on these e-commerce platforms and quick commerce platforms. Do you have any plans to sell via this side of the space as well?
- Rishit Kotecha:** Yeah, Disha, we have already placed our products in Amazon and JioMart and already started this selling from these two platforms and also trying to place our products in more e-commerce platforms and quick commerce. Also, we have our own e-commerce website in market and good numbers are coming from our own website also.
- Disha:** Understood, sir. Sir, do you foresee a difference when you sell online versus offline in terms of the margins that you have to give away to these platforms. Do you deal with these e-commerce platforms via the stockists or is there a direct relationship with these platforms?
- Rishit Kotecha:** See, as of now, we have a very small portion of selling through these e-commerce. So, now we are dealing directly with e-commerce platforms. We do not have any regulators or stockings between our e-commerce platforms. But in the future, if our sales grow in a big way, we could find some good stockists or some other channels for these e-commerce platforms to be sold. And the margins about these e-commerce platforms and physical stores are almost similar in terms of margins because e-commerce platforms have very big numbers of return goods. So, after considering our return ratio, the margins were similar to the physical stores.
- Disha:** Understood, sir. Thank you so much.
- Moderator:** Thank you. The next follow-up question is from the line of Dipak Saha from DR Choksey Finserv Private Limited. Please go ahead.



Dipak Saha:

Hello. Okay. Thank you. So, sir, just one follow-up question I had. Since you are expanding into multiple states and there, including your incumbent states, you have a lot of competitors and all the prominent names are there. So, what kind of in order to compete with them, what kind of price differentiation we have to go ahead with?

And over a period of time, how do we plan to gap this price differentiation if we can share some color? What would be the differentiation in terms of price for your product and the other competitors that you are going to compete with in the coming months or quarters in the regions you are expanding into? And over a period of time, how do we see to gap this kind of price differentiation? And this gap in terms of price differentiation? Yes, sir. Thank you.

Rishit Kotecha:

Yes. You have asked a very good question because our main 100% time was spending in this exercise. As of now, you see the spices industry has very big numbers in India, like powder spices has INR 1 lakh crores in FY '24. But you can see only 35% market share was acquired by branded companies. So, our main concern was not to compete with existing established players. We are targeting unorganized market, which are not any good brand or loose sales.

So, our first target is to cater a loose market like unorganized market. So, we are not facing very much competition from well established players. So, I don't think we have to compete with the price manipulation or any quality like concerns. And second, we are also facing competition issues in our brand also. But to cater this, we are offering the time to time good consumer schemes and retail schemes to our sales channels. So, these schemes are for a long time, like six months or one year.

And these schemes are target-based. So, these schemes would connect our sales channels to connect with us for a long time. So, this was our strategy to cater the branded sales as well as the unorganized sector also.

Dipak Saha:

So, sir, as we are going into this unorganized segment of the market, as you are saying, so will we go with, at the onset, lower price competitive dynamics that would be charging lower prices in order to gain higher market share or to gain the initial market share? Or how is this going to be? Because we are not present at these markets.

So, there will be certain price differentiation, I believe. So, if you can share some number, initially how that differentiation would be, and over the period of time, probably you would bridge the gap. So, if you can share some number to that, sir?

Rishit Kotecha:

Number, I don't understand your question for numbers. Like price, you want to...

Dipak Saha:

Are we planning for certain discounts to the existing prices that those markets would be operating with in order to get some market share at the onset?

Rishit Kotecha:

No, our strategy is to cater new markets by not giving more discount to our sales channel. But we cater new markets by giving good scheme, as I told you earlier, that for catering new markets, first of all, we will give some good scheme like target incentives to our distributors, our retailers, so they will attract to sell our brand.



And secondly, we also support them for marketing also, like we are giving our brand, Fethiye, and their shop name, Fethiye, to their local shops. Some display material to them also. And some other local news channels, we are doing advertisement to their local news channels or local cable media also. These are our marketing strategies to cater new areas. So, we are not shrinking our margin, basic margin to a new area, but our margin... Indirectly, our margin has shrunk because of schemes and marketing expenses.

Dipak Saha: And sir, last thing, at this point of time, with the respective capacities that we are operating with, what would be the margin difference of us and the established players that are there at product level, at gross level, sir?

Rishit Kotecha: For example, in blended spices, the margins of any established player are somewhere around 20%, 25% and our margins are below 20%.

Dipak Saha: And why exactly is it? Because are we offering the same thing at lower prices or we are yet to get to those kinds of operational efficiencies?

Rishit Kotecha: No, we are offering good margins to our sales channels and our retail price for consumers are also lower from established players. So, to affect the retail consumers also.

Dipak Saha: Okay. Thanks a lot, sir, for all these detailed explanations. Really, helpful. And all the best. Thank you.

Moderator: Thank you. The next question is from the line of Pawan Kumar from Shade. Please go ahead.

Pawan Kumar: Yes, sir, it's regarding your capacity utilization. I could see like one of the products, chili powder, already has 62% capacity utilization. And now as you are entering to, I think, a large number of stages, so, do you have any plans to increase the capacity? Like, how you can see this thing?

Rishit Kotecha: No, as of now, I don't think we have to increase our capacity, production capacity, because we have almost 2400 metric ton capacity installed in our unit. And turmeric coriander has more than sufficient capacity we have.

Pawan Kumar: And, sir, regarding turmeric, like already, I think, capacity utilization has increased, but still it's at a very lower level compared to other products. Is it due to raw material issue or something else?

Rishit Kotecha: No, because turmeric, we are sourcing turmeric from Maharashtra. So, sometimes it happens that if we procure raw, dry turmeric instead of powdered turmeric, it costs more than a powder product. So, sometimes we procure directly SFG, like semi-finished goods in form of powder from our vendors. So, our production capacity is showing lesser compared to chili powder.

Pawan Kumar: And, sir, you are also procuring other products directly from the vendors?

Rishit Kotecha: No. We have all products manufactured in-house, but except three products, like papad, soya chunks, and Asafoetida. Three products are procured directly from vendors and we repaid the change.



Pawan Kumar:

Thank you, sir. These are my questions.

Moderator:

Thank you. As there are no further questions, I would now like to hand the conference over to Ms. Astha Jain from HEM Securities for closing comments.

Astha Jain:

Thank you. On behalf of HEM Securities Limited, I thank Madhusudan Masala Limited team for giving the time we spent on this call and responding all the queries in a detailed way. I would also like to thank all the participants for joining this call. Now, I would like to hand it over the call to moderator for closing remarks.

Moderator:

Thank you very much. Ladies and gentlemen, on behalf of HEM Securities, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.