



11<sup>th</sup> May 2026

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NSE Symbol SUNDROP, Series EQ-Rolling Settlement

Dear Sir(s)/Madam,

Sub: **Disclosure under Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with amendments therein as notified from time to time (“the Listing Regulations”) – Transcript of the Investors/Analysts Conference Call held on 08<sup>th</sup> May 2026**

In continuation to our earlier intimation letters dated 01<sup>st</sup> & 08<sup>th</sup> May 2026, and pursuant to Regulation 30 read with Schedule III of the Listing Regulations, we are enclosing herewith the transcript of the Investors/Analysts Conference Call of Sundrop Brands Limited (*formerly known as Agro Tech Foods Limited*) (“the Company”) held on 08<sup>th</sup> May 2026 for discussion on the Audited Financial Results (Standalone and Consolidated) for the fourth quarter and the financial year ended 31<sup>st</sup> March 2026.

The transcript is also available on the website of the Company at the following webpage link:  
<https://www.sundropbrands.com/analyst-calls.aspx>

You are requested to take this on record.

Thanking you,

Yours faithfully,

**For Sundrop Brands Limited**  
(*formerly known as Agro Tech Foods Limited*)

Kavita  
Company Secretary & Compliance Officer  
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**Sundrop Brands Limited** (*Formerly known as Agro Tech Foods Limited*)

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“Sundrop Brands Limited  
Q4 & FY26 Earnings Conference Call”

May 08, 2026



**MANAGEMENT:** **MR. NITISH BAJAJ – GROUP MANAGING DIRECTOR – SUNDROP BRANDS LIMITED**  
**MR. ASHEESH KUMAR SHARMA – CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR – SUNDROP BRANDS LIMITED**  
**MR. KPN SRINIVAS – CHIEF FINANCIAL OFFICER – SUNDROP BRANDS LIMITED**  
**MR. ABHINAV KAPOOR – CHIEF EXECUTIVE OFFICER – DEL MONTE FOODS PRIVATE LIMITED**

**MODERATOR:** **MR. AJAY THAKUR – ANAND RATHI SHARE AND STOCK BROKERS LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Sundrop Brands Limited Q4 and FY26 Earnings Conference Call. 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 touch-tone phone.

I now hand the conference over to Mr. Ajay Thakur from Anand Rathi Securities. Thank you, and over to you, sir.

**Ajay Thakur:** Hi, everyone. Thanks for attending the call. From the management side, we have with us Mr. Nitish Bajaj, Group Managing Director; Mr. Asheesh Kumar Sharma, CEO and Executive Director; Mr. KPN Srinivas, CFO. Without wasting much of our time, I would like to hand over the call to Mr. Nitish Bajaj, for his opening comments, and followed by the Q&A session. Over to you, sir.

**Nitish Bajaj:** Right. Thank you so much, Ajay, and good morning to all the participants on this -- good afternoon to all the participants on this call. I will start with the presentation. I hope you have the slide deck with you. For the sake of -- because we are on an earnings call, I will keep talking about the page number on which I am, so that you can relate to the slide which I'm referring to while making my commentary.

So I'll move straight to Slide number 3. For investors who are joining for the first time in -- for this call, it's just a brief recap of our vision. So as an organization, Sundrop Brands is committed to building joyful food experiences to the modern evolving consumers, and we continue to do so by ensuring that we launch innovative, delicious and more convenient packaged food solutions for our consumers.

Moving on to page number -- Slide number 4. A quick recap of our investment thesis. Sundrop Brands, as you know, with the acquisition of Del Monte Food, which happened in February 2025, it has become a larger scaled food platform. And because of the intrinsic nature of the portfolio of categories we are in and the brands we have, we do have a very significant growth opportunity sitting in this portfolio.

What sets us cemented on the path of this strong performance. One, of course, the kind of categories we are present in. Each of these categories reflect a very strong growth opportunities and intrinsically high-growth categories with good opportunity to expand both penetration and consumption. And also, they are fairly margin strong categories where we operate.

What we do as a management, what we bring on table is, of course, a very strong renewed focus on driving growth of the core portfolio of brands. So when we went into this new journey for Sundrop Brands about 1.5 years back, we did take a call to focus on certain core categories, and we are staying invested in a bigger way as we move on the journey for accelerating growth on these businesses.

Also if you look at our channel play, this organization has a very strong channel footprint spanning almost the entire spectrum of food categories. So from Del Monte side, we bring in the presence to a very strong B2B network. From Sundrop side, we bring a presence to very strong B2C network. If I talk about the high-growth channels, which is modern trade and e-commerce, both companies are very strongly embedded in both channels. So very strong footprint and very strong play, fast-growing channel is what we do have in the portfolio.

Overall, from a direction point of view, the focus of management is to drive for profitable growth. And hence, we are consistently working with a very strong capital-efficient approach for our investments so that we keep building scale and profitability together.

What it also means is as we keep building our scale and profitability and ensure we create sufficiently strong capital results, we will continue to look for opportunities both for organic growth driven through investments in the current portfolio and also any inorganic opportunities, which would be interesting and a strong fit to our portfolio.

Moving on to Slide number 5. Sundrop Brands, as you are aware, is a combination of 3 very, very strong, powerful market-leading brands. At the core of it is Sundrop, which is what the company originated with. And we have, of course, 2 international brands, Act II and Del Monte, where we own a perpetual license for these brands in the Greater India subcontinent.

Now coming on to results. I'm moving on to Slide number 6. So this is, of course -- this quarter has continued on a very strong growth trajectory for us. As a business, we have delivered a revenue growth of 11% in the entire total business consolidated for Sundrop and Del Monte put together.

Specifically talking about our B2B business, which is unique for Del Monte business, where we have continued again with a very strong growth of 12%. So both B2C and B2B business continue to be on a strong growth trajectory for business.

Talking about our emerging channel footprint, which is our e-commerce business, again, a very strong growth of 26%, driven by increased investments going into this portfolio. So that also continues to shape very strongly for our business. What you will see in the presentation ahead that advertisement investment looks to have fallen down. But from a real perspective, for a like-to-like comparison, we had a flat quarter on the investment side.

Why it's important to see in a different context is because we really started our aggressive investment journey from quarter 4 of FY25. So after the new set of [promoters 0:06:22] came into the business, we have started investing very strongly on the portfolio from quarter 4 of last year itself. So on that base, the advertising investment is flat.

But intrinsically, if I look at from our overall investment strategy, we continue to spend close to 5% to 6% of our top line on advertising, much higher than what we were doing, let's say, a year to 2 years back. So that direction of investment continues on advertising and driving the growth of the business.

We have talked about this in the previous investor meetings also about the entire efforts which are going on, on ensuring efficiencies, cost takeouts sitting in the consolidated organization. Very happy to state that this journey has moved even further forward, and we had a significant gross margin expansion of close to 4% in this quarter versus same quarter last year.

As an outcome of these, our EBITDA has grown very sharply. We have had a very significant growth. I haven't called out the growth number in this quarter presentation because last year was very negligible EBITDA. And hence, what I'm really calling out is that our EBITDA margin has moved to close to 7.2%.

Just also for a clarification, this is EBITDA margin reflecting net of one-off spends and also the ESOP expenses, which are noncash expenses in nature. So that has moved very strongly. And overall, our EBITDA for the quarter was close to INR28 crores, excluding ESOPs and one-off expenses.

Moving on to full year. I'm on Slide 7. Full year '26, very similar performance, 10% growth at a consolidated level, 11% growth in our B2B business. E-commerce growth was stronger at 35%. Overall, we invested close to 18% expansion in our advertisement expenses, which is ahead of what we are driving in terms of growth. So we continue to drive ahead of investments for driving accelerated growth.

Overall margin expansion for the year stood at 270 basis points. What is important is that as we have gone through the year, we have seen consistent margin expansion and hence, our EBITDA also has consistently moved forward. Our EBITDA overall in the year has grown by close to 96%. And at the end of full year, our EBITDA, again in context of one-off expenses stands at about 5.7% of top line, and this is a significant expansion of EBITDA from what we had the year before.

Moving on to Slide number 8. Overall, if you look at Sundrop and Del Monte put together, Sundrop accounts for 57% of our revenue, Del Monte accounts for 33%. We are seeing a strong growth in both organization. And we have also seen growth acceleration specifically in Sundrop, which is the first. As growth has moved up from 5% last year to 12% in FY26 and quarter 4 has been at about 14% growth.

If I do the same context for Del Monte, the larger year has been at a very stable growth trajectory of 9%. It looks lower than what we had in 13%, but it's important to call out which has impacted this number. Overall, if you look at our Olive Oil business, which is about 16% of our revenue for Del Monte as a business, that business has seen deflation in the commodity prices.

We have passed on those price reductions to the consumer because of which the value growth on the Del Monte business has been -- Del Monte Olive Oil business has been negative. In volume terms, the Olive Oil business is growing at close to 16%. So while in value terms, the entire Italian business is declining by 5%.

So net-net, there is almost like a 20% delta impact because of passing the benefit of reduced commodity prices to the consumer and on a 16% total base of the business, it means almost like

a 3% erosion in the overall growth. So my next take out is this business is intrinsically growing closer to 13% even in this year.

Having said that, as we go into the next year, where it will be intrinsically volume growth because price adjustments have been done all in the previous year, we would see strong accelerated growth coming back in value terms in value business also.

Moving on to Slide number 9. This is the context of core categories where we invest. And this call we have taken right from FY25 quarter 4 onwards. These are categories we see as strong growth levers. So in the context of Sundrop, which is the entire business of popcorn, which is our business of spreads, peanut butter spreads and also other business where we are emerging as a strong growth hero, which is the business of breakfast cereals.

Similarly, in the context of Del Monte, which is the entire business of ketchups, sauces and mayonnaise and Italian range. And these are the portfolios where we are doing increasing marketing investments to drive growth. This portfolio as a result of our investment is now increasingly taking an increasing share of our business.

And over a period of last 3 years, we have moved the saliency of this business to 62% plus. And there is also, of course, a quarter-on-quarter improvement in this. So last quarter, this portfolio used to be about 61% quarter 4, this has moved to about 62% of our total portfolio.

Moving on to Slide number 10. This is a reflection of how our core categories where we are investing are doing. At overall level, if you look at most of our categories where we play, most of the portfolios where we play are demonstrating strong volume and value growth internally. If I look at popcorn as a business, growing at 12% in volume and 18% in value terms. Our culinary business, which is a combination ketchups and mayonnaise growing at 8% in volume and 10% in value terms.

Premium Staples, which is our edible oil business, has done very smartly in this quarter. We have grown at about 15% in volume terms and 20% in value. And I'll talk about what shifts we have made in this business, but this actually is a good sign because historically, this business used to be one which would decline for us. So we have changed certain investment strategies and pack mixes, which is helping us accelerate the growth in volume terms in this business.

Italian business I talked about, grown in quarter 4 in volume terms by about 17%. Value terms, it is still a decline of 4%. Net-net, there is still important point is this business, if it continues to maintain our growth momentum on volume, next year, it would reflect very strong volume and value growth, which we as a management continue to drive.

Spread business, which is our peanut butter business, continues to be a source of opportunity plus also a driver for us because while we have been bringing new initiatives, and I'll talk about some of this, we are yet to see recovery in this business even in quarter 4. But I'll talk about some of the initiatives we are doing to turn around this business also as I move ahead in the presentation.

Moving on to Slide number 11. Very similar performance across categories at the full year level also. We are clearly seeing all categories reflecting very similar momentum in volume and value terms. The ones where we do see some difference, of course, I talked about Premium Staples our edible oil business, where our volume growth trajectory has moved significantly upward from a 3% volume growth at the full year level toward 15% volume growth in quarter 4. The rest of the business are very similar and at full year level and quarter 4 business.

I'll now give you some context of how we are doing in various categories. I'm moving on to Slide number 12. Popcorn, which is the core of our Act II franchise business and also very central to Sundrop Brands as a company, is shaping up very, very strongly. We are the number 1 player in both Ready to Cook and Ready to Eat formats.

And by far, we hold close to 80% plus share of this category. Both Ready to Cook, which is sitting at home consumption dominantly and Ready to Eat, which is on-the-go consumption at home or outside of home are responding very, very strongly.

Ready to Cook business is growing at about 8%, and we have seen sequential improvements over 4 quarters into this business. So our quarter 4 growth is sharper closer to about 10%, 11% versus our blended full year growth at about 8%. What has driven this growth is we have invested, of course, on advertising promotion of this business, trying to scale up our e-commerce business sharper.

We also did work around expanding the consumption in a single household by launching bigger volume pack. These packs have now taken close to about 6% to 7% share of the Ready to Cook business. And hence, they also would help us continue to drive volume consumption within the household while we continue to drive the penetration in this category through our INR10 pack.

In the RTE or Ready to Eat outside of home consumption and also on-the-go consumption, we have seen accelerated growth driven by 2 key tenets. One is we continue to work on distribution expansion and there is a significant headroom. In our current assessment, we directly reached to about close to 4.5 lakh to 5 lakh outlets through our own network.

But outside of this network also, we do reach out because the business is becoming much larger on the go and goes into very small outlets as well. We are seeing significant distribution expansion through the wholesale and hawker network in this, which is continuing to drive an accelerated growth in this business.

Having said that, our assessment will be we are still close to 1 million outlets, and there is a very large headroom to grow and expand this business through a combination of distribution expansion in general trade and, of course, consumption on the go, which is seeing an increasing tailwinds because of expanding quick commerce channel in the country. So in both these segments, we are seeing RTE business shaping very strongly.

We continue to innovate, bring new offerings in this category, especially in the high-growth RTE business. We did launch 2 new flavors in this category. One is sour cream and wasabi, and of course, some more variants which got launched during the full year perspective also. In

addition to that, we are also building our Nachos business by taking it for a wider distribution footprint through the launch of INR10 platform as well.

Moving on to Slide number 13. Our Premium Staples business. I talked about that we have seen strong volume recovery in this business. Some of the key tenets which are driving this shift. One is we have taken a position that we would play this portfolio as one where we could -- we would want to at least protect and drive our volume efficiency. And in that context, we had done some smart new price point-based packs. So historically, we are a premium player on a per unit price basis.

We did launch some new grammage -- lower grammage price point parity packs in quarter 3 in both our Super Lite and also in hard franchise. And those have started to shape very well for us in the business. We are also looking at distribution gaps in this business. In some places, because of our premium positioning, we had lost out on distribution. So there is a renewed focus on distribution expansion on this portfolio, which is also helping us.

Third is in the area of entire e-commerce portfolio where we are now investing also on edible oil. So historically, we were not really investing. On e-commerce portfolio, we are now specifically investing on this business, and that is also helping us grow back this business. In addition to that, we are also building our other play in this business.

So you would be aware, we also have oats business sitting under Sundrop and also breakfast cereal business sitting in Sundrop brand. Both of this business are seeing increasing traction. We are using e-commerce and modern trade as a channel to drive our growth, and we are seeing this business also shaping up strongly in the emerging channels.

Some new launches in this category in quarter 4, we launched a Masala Oats with Millets as a new category -- as a new play in this oats business. Similarly in sweet side, which is high-protein segment of oats, we launched a high-protein chocolate oats in quarter 4. So these are new introductions, which should also help us expand our franchise and growth on the Sundrop entire food platform or Sundrop business.

Moving on to Sundrop Peanut Butter on Slide number 14. This business continues to be under pressure in modern trade and e-commerce. In our mainstay general trade channel, this business continues to do well and is growing in, let's say, low single digits, but close to 7%-odd it is growing even in the general trade channel, but we are losing share in modern trade and e-commerce.

What we have started to make shifts around is we are doing increasing innovation focus in this category. This category has seen emergence of high-protein variants. In quarter 3 and quarter 4, we did launch -- specifically in quarter 3, we launched 7 new variants in this, which we have started to expand presence and investments in quarter 4 of this year.

And our focus would be to really build our business by expanding both distribution and also throughput from the channel for these innovations, which help us gain share back in the high-protein segment and also in some of the areas where consumers are looking at bulk packs, big packs at a more efficient price points. So those are the 2 segments we are specifically targeting

for peanut butter. And this would continue to do it better. And we are very strongly confident on making shifts in this business in the period ahead.

I'm now moving to Slide 15, which is on the Del Monte Ketchups and Mayo portfolio. This business, of course, sits in both B2C retail side and also on the B2B side. Culinary is, of course, the biggest category of Del Monte as a business. We had a very strong year. We grew at almost like 11% in this business, fundamentally driven by very strong volume growth of this category.

So we are still in the face of, I would say, expanding, gaining share in this category, and we are focused on strong volume growth, and that is reflecting in a very strong performance both in volume and value terms in the year for this business. And this business has grown across channels. So it's a holistic growth across food services, organized retail across e-commerce and also exports.

Foodservice also, we had, of course, some new customer acquisitions and some line extensions in the Mayo portfolio. We also have an export business sitting in Middle East, where we supply some of our culinary products to key accounts like Pizza Hut, etcetera. And that business also has been growing strongly for us.

Overall, if I look at this business, we will continue to drive volume growth through a combination of expanding this business in both B2C and B2B sites and also continue to do innovation. So focus for the period ahead will be to also bring in new and grow in some of the additional franchises within the mayo side of business, where we did some new pack introduction at a mass price point. And these price points would help us get better distribution, deeper distribution and accelerated growth for our business.

I'm now moving on to Slide number 16 on the Italian business for Del Monte. This is a combination of our olive oil, pasta. Dominantly, these are the 2 main categories. We also have, of course, dried olives in this category. This business, as I talked about, olive oil has seen significant -- on the commodity side, the prices of olive oil has come down significantly.

We did pass on the benefit of price reduction, the cost reductions to consumer while maintaining our margins. So our margin profile has been consistent and stable on this business. These price reductions were purely in line of competitive intensity, we did pass on to the consumers, maintaining our margins.

Outcome of that is we have had a very strong volume growth. And intrinsically, as I talked about, we are driven on driving volume in this category because all of these categories where Del Monte plays are fairly high growth potential categories per se. And also even from share perspective in some of the categories like culinary, we have a significant headroom for growth.

So our volumes responded very strongly, though on the value front, we have a year where value growth was negative. But fundamentally, the premise is to grow volume in this business, and that has been delivered very strongly.

Pasta business also grew by strong 11% in volume terms, again, on the back of food service and e-commerce business, which is, of course, an emerging category, we are seeing accelerating

consumer traction. And hence, e-commerce business will be very pivotal for driving accelerated growth in this business.

Moving on to Slide number 17. E-commerce, we are focusing very, very strongly. If you look at this channel is seeing increasing traction, especially with the strong growth we are experiencing in quick commerce side. That business has grown by close to 35%. We also need to factor in that in this 35% growth, again, we have the olive oil business and a large part of olive oil business does come from e-commerce and quick commerce channels where we have a value decline. So if I actually take out the impact of value decline, the growth of this business will be much larger or in excess of 40% for us.

What we have also started to do is use e-commerce increasingly as a platform for driving our new categories where we have significant headroom for growth. I talked about the entire Ready to Eat popcorn business, how e-commerce is growing. Similarly, in Del Monte portfolio, pasta is playing very strongly.

We do have a breakfast season play under Sundrop against that and plain oats under Sundrop. Both of them are being increasingly leveraged to get a better foothold in the category, and our experience is very strong in the last full year where we have seen accelerated growth and very strong growth in new emerging categories. What sets for us is it establishes certain new categories where we can then play increasingly in the rest of the channel, which is modern trade and general trade once we establish the base of this business in e-commerce.

Moving to Slide number 18. This is on the marketing spend side. I have talked about it that on the pace of it, quarter 4 looks like that there is a reduction in marketing spend. But what I would want to call out is there is a reclassification of visibility spend of close to INR6 crores in a single quarter, which is actually for the full year we are doing reclassification, in line with the guidance we have from IFC on how to treat visibility spends in trade.

So that reclassification has been done in a single quarter. If I remove the quarter -- the other quarter impact, which is actually getting reclassified, we actually had a flat marketing investment. And at the base of the organization in quarter 4, we still have a very strong marketing investments. Overall, for the full year, of course, we have increased our marketing investments by close to 18%, and that has been also driving our growth in core categories where we are investing strongly.

Another area I talked about it earlier also, which I'm on Slide number 19 is entire sales force automation, which we are doing in Sundrop Brands. Sundrop Brands, we are aware it covers almost 475,000 outlets directly through a combination of our own dedicated field force, which covers about 375,000 outlets and also shared field force sipping through our distributor network, which also covers another 100,000 outlets.

So this entire dedicated field force, which is exclusively covering retail for us, we have brought this entire field force on Bizom platform, where we have entire mobile-enabled ordering and sell-ins to the trade, that's also tracking obviously, visibility, etcetera. So entire retail execution is now being tracked on a mobile app and being delivered on a mobile interface.

I'm very happy to say that we have been able to bring entire dedicated coverage which we have now on this app. What it means for the organization is now we are building a much stronger visibility of our high throughput outlets, much stronger visibility of lines sold per outlet, stronger visibility of frequency of ordering range we're selling each other.

And this is really going to be next phase of us where this intelligence will be used in 2 ways. One is how do we expand the productivity of our entire field organization. And second, given that we have 2 organizations, Sundrop and Del Monte and today, both of them are on the same mobile interface, same platform.

We are also creating an opportunity to have an optimized coverage for outlets which are low throughput versus having a dedicated coverage for outlets with high throughput. So this would really pave way in 2 ways for us in the year ahead, where we'll start having a more optimized coverage and also expanding the efficiency or throughput from the outlets where we currently get certain businesses.

Moving on to Slide number 20. We have been talking through the year gone by that there is a very, very high focus on ensuring that we have much stronger margin profile in the business. So we have looked at all our costs very strongly through the year. We also worked with some external partners over quarter 2 and quarter 3. And all of those programs led both internally and also to external partners have helped us deliver significant improvement in our margins driven primarily in the area of manufacturing costs and logistics.

So if I look at the full year, we have delivered close to 300 basis points improvement. If I look at quarter 4, this is close to about 421 basis points improvement. So sequentially also, we have moved up in margin. What you may notice here is that material margins improvement has come down in quarter 4.

This is primarily because we did see inflation in edible oils in quarter 4, and that has impacted material margins slightly adversely. But we have, of course, passed on those increases to consumers. So this is only a transient impact. Going forward, you will see the margin improvement coming back because all of this has been passed on to the consumers in the period of -- end of March to April.

Moving on to Slide number 21. We have a significantly high focus now on innovation. We did almost like 70-plus launches in the last year, and these have given almost like a 4% of overall sales for us. We are seeing very strong traction on new products as a future source of growth for the organization.

Next 2 slides theme around reported financials. Because they are not comparable, I'll move straight to Slide number 24, which is comparable financials where we have taken Del Monte financials for the full year -- for the full quarter and full year for a like-to-like comparison. You will recall our Del Monte business was integrated into -- consolidated into reporting for Sundrop only from February 2025. And hence, reported financials are not comparable.

But what you see on Slide 24 is our performance for the quarter. So very clearly, growth, strong momentum, 11% growth. Margin, I talked about more or less very similar margin profile at a

material cost level, but significantly enhanced margin profile by taking a very strong improvement in our other expenses, which is where our manufacturing and logistic expenses and also our [SG&A dominantly fixed 0:34:00].

Advertising, I have already called out, while it shows negative, but on a real basis, it is flat investment and it is close to about INR18-odd crores -- INR19-odd crores investments we have done in this quarter for building our brand. So our investment profile remains at about 5% to 6% of top line in the business.

As an outcome of this EBITDA, I'm happy to share that taking out the one-off expenses, which is around -- in this quarter, it is primarily around Wage Code Bill and also the ESOP expense, which continues into this quarter also. Our EBITDA is at 7.2%, significant improvement from last year.

Absolute number also, again, a significant improvement from last year. And also, this is something which you could see as a stable base we have built now for the organization today. So I would say 7% is, let's say, a new base which the organization is coming towards.

If I do the same assessment on Slide 25 for the full year level, we have, of course, grown 10% on top line. Our margin, as I have talked about for the full year stands at about 5.7% of EBITDA. And our advertisement expenses have been an 18% growth over last year. So clearly, as I speak about these numbers, we have seen consistent improvement in our margin profile as we have moved through the year with the exit quarter 4 numbers sitting close to 7% of EBITDA for the organization.

Now on last slide, Slide number 26, it's a quick recap of why this portfolio is very attractive. I'm just summarizing it for all of us. One, of course, very strong brands play in a food business, which is very attractive, high-growth business. There are all consumer megatrends which are driving the consumption of packaged foods in the country.

We, of course, have very strong -- 3 very strong brands which play in the high-margin, high-growth categories. And we do have a very strong headroom for growth, both in terms of expansion of the category where we occupy a leadership position and also in area of share gain in categories where we do have a very strong brand, very high-quality product.

But today, the share is much lower and hence, a significant headroom for share gains. And we would do this through investing ahead of call on media and also making sure that we leverage the complementarity of the 2 set of organizations, which is Sundrop and Del Monte from both our sales channel footprint point of view and also leveraging our manufacturing and procurement strengths to drive efficiency on the business.

So that's it from my side, and I'm now handing it back to the team, so that we can have question and answers from all of us. Thank you so much.

**Moderator:**

We take the first question from the line of Shirish Pardeshi from Motilal Oswal.

**Shirish Pardeshi:** Sir, I have 3 questions. Starting first question, over 1 year, we have done the integration of 2 businesses. So this 10% growth what we have got, what is the journey today? Have we completed the entire integration? Because we were saying that the 2 businesses are completely different, but they complement in terms of B2B and in terms of B2C. So what benefits we have extracted? And what is the strategy going forward?

**Nitish Bajaj:** Okay. Any other questions also Shirish?

**Shirish Pardeshi:** Yes. My second question is on the popcorn. I think the growth in ready to eat is humongous. So I just wanted to check upon two three things. What is the distribution of RT ready-to-eat and in the overall popcorn business what is the contribution of ready-to-eat?

Of course, flavor strategy has worked, but what else can happen in this category? And third on the margin front, now we have stabilized, but I think there is also an angle that 5% GST rationalization has happened. The industry has got lot of tailwind. But similarly we have palm oil which is rising and there is a packaging cost because in a small pack the packaging cost is much higher. I would assume that it would be about 10%-11% for us as a percentage of sales. So these two three cost items are going to go up. What is the strategy to maintain or improve the margin?

**Nitish Bajaj:** Sure, right. So thank you, Shirish. I'll go one by one. I'll start with the first question, which is on integration. Right now, in the last full year of journey as a consolidated organization, we have focused on getting efficiencies on the business on a stand-alone basis. We have not really done any integration of business. Only marginal movements have happened. I can talk about some of those. But at a fundamental level, the 2 companies continue to operate independently.

The area where we have started doing integration, one is in the back end of CFA network, the 2 organizations right on. And that's one area we have picked on. Second, we also did one experiment, which started really in quarter 4, where we started leveraging Sundrop wider distribution reach for using -- for driving the distribution of Del Monte Ketchup and culinary Mayo business in the general trade. So these are the early signs which you have seen.

Right now, the 2 organizations continue to operate independently. Where we have been able to drive efficiency is purely on the area of stand-alone, the way the organization had our manufacturing footprint. We were seeing increased scale of business, of course, in some areas, but our cost structures were not sufficiently challenged. So we have done a significant assessment of our manufacturing costs, how do we improve our line efficiencies, how do we do better production planning, etcetera. And each of them has driven our efficiency.

Similarly, when it comes to selling our end consumer, which is through a network of CFA, how do we improve our price of freight costs through use of reverse options, etcetera. There have been significant work done on those areas. And that is what is driving improvement in efficiencies on margins of close to 4% for the business.

Growth you asked me about. So as of now, the growth are dominantly stand-alone growth of 2 businesses because using each other's strength has not yet happened. I also talked about the fact that we did our entire sales field force on Bizom App. This is a very critical pillar for us to get

into a journey of leveraging the distribution strength of 2 organizations without creating any kind of integration losses.

So today, we are in a place where we are starting to understand the entire coverage of 2 organizations and be able to compare them because the entire field force today is on a mobile app and we have an outlet by outlet understanding being developed for what is the potential of each outlet in each of the businesses.

This is what will pave way for us to decide on a very optimal coverage strategy for an organization in whole. So this will come, I would say, in the year -- 2 years ahead where we'll leverage some complementarities and say how do we do coverage of our network more efficiently. And this would happen in the next 24 months.

Second question, I'll let Asheesh answer. I'll move on to the third question, which is on the GST rationalization. So GST rationalization, you are aware the entire benefits were passed on to the consumers. So like any other organization when benefits were announced, we had either through increased grammages or reduced prices given the benefit to the end consumers.

In the period, of course, in the last 2 months, we have seen inflation in edible oils. We have seen inflation in packaging costs. Again, those increases, we have passed out to the consumers very similarly either through price increases or grammage reductions.

So at a fundamental level, our margin profile does remain stable as we stand today. We are -- to a larger question, if this continues as a trajectory, how do we see playing it up? So clearly, the organization focus is on driving upselling also in our core packs.

So in ready-to-cook business, for example, we talked about how we are looking at INR20 and INR30 price point, which is what we are now focusing to expand. And today, that has become close to about 6% of our business. So there is clearly a play to say how do we also upgrade upsell consumers.

Similarly, IP business, we are driving big pack growth through e-commerce, quick commerce, which is what is also driving impulse consumption without necessarily being a price point of INR10, which is more around a very small -- which is more around the small outlet strategy. So we are playing a hybrid strategy to make sure that we do build a profile of business where we have a play of bigger pack sizes at a much higher level. And that is what gives us confidence that our market will be stable in periods.

**Asheesh Kumar Sharma:** Shirish, thank you for the Act II question. So as you rightly mentioned, Act II Popcorn is now overall bigger than a INR400 crores brand at a net sales level. And the brand has been growing at about 18%, as we had mentioned. The contribution between ready-to-eat and ready-to-cook is now about 1/3, 2/3. It's about 34%, 66% for a popcorn business, which means RTE value-wise is about 34% of business and RTC is about 66%, close to that. Now we continue to follow what we have always said.

One, we will keep looking at appealing the consumers to bigger packs, both on RTC and RTE. In both these cases, for example, in RTE, which is out-of-home consumption, the convenience

channel of quick commerce is what is driving our growth and bigger packs. So we are almost growing in bigger packs as compared to smaller packs by almost 10 percentage points faster, right, which is the which is doing our margin expansion.

Now the saliency that we built for brand for our distribution reach is through the INR10 pack, right? And that continues even in RTC. So RTC INR20 and INR30 price points were on, which are now contributing sufficiently to our total contribution, and that's a gradual journey. So both in-home, out-of-home, 2 occasions, different channels, bigger pack being focused and new consumer acquisition happening through the INR10 price points.

**Moderator:** The next question is from the line of Siddhesh Deshmukh from IIFL Capital.

**Percy Panthaki:** Hi, sir. This is Percy Panthaki here. My first question is on the merger synergies. Of course, we have done well in terms of growing our full year EBITDA this year versus the last year. But now that you've sort of had both these businesses under your belt for about 12 months, can you give us a little more granular plan in terms of realizing the merger synergies, both in terms of action points, the time lines for the action points and the kind of quantification of cost benefits that can accrue on account of these actions?

**Nitish Bajaj:** Percy, right because moderator said Siddhesh. Just to clarify, do we have Percy here?

**Percy Panthaki:** Yes, yes. Percy, I just dialled in through my colleague, Siddhesh's line.

**Nitish Bajaj:** Okay, right. Yes. Hi, Percy. Good afternoon to you. So yes, I'll talk you through how we are going about the journey now. So one, we talked about the entire sales enablement, which is a very critical data feed for our integration decision. Second is the entire back end or operations where 2 organizations are wired differently, and we need to bring them on the same platform.

So the second area of work which is going on as we speak right now is in the ERP integration. Two organizations are operating on different ERPs, but we are now embarking -- we have now embarked on a journey to get them on a common ERP. And this we expect to finish in a period of about 12 to 14 months from now. So somewhere in the period of June to August, we should be through with integration and a common ERP platform for both organizations.

I talked about entire intelligence we have built around sales network that we should be able to fructify and, let's say, build a game plan in another 6 to 9 months from now, where we would be able to decide what is the most optimal coverage strategy, which in essence means that leveraging efficiencies in the area of a common organization footprint will dominantly follow in FY28.

So FY27 will continue to be the path of building the entire understanding and building the backbone for organization on which 2 organizations operate on a single backbone. And FY28 is where the harmonization and some kind of efficiency takeouts will start happening at the full organization level.

Having said that, in FY27, we will continue our CFA integration journey. We will continue to leverage strength of complementarity of organization. So if I have to give you a broader

viewpoint, one could expect 100 bps takeout from the journey in next 1 year and another 150 to 200 bps takeout in journey in FY28, primarily coming through efforts around leveraging organizations strength and complement.

**Percy Panthaki:** That's very helpful, sir. So while you've given sort of idea on the merger synergy benefits on basis points of sales, my next question focuses more on the total EBITDA margin expansion delivery. Like this year, I think on a merged entity, you have delivered 250 basis points plus of EBITDA margin expansion.

Should we assume a similar journey for the consolidated entity for the next couple of years in terms of about 200 to 250 basis points margin expansion for each year coming partially through the merger synergies, partially through portfolio rationalization or diversification, partially through leverage of top line growth or any other kind of benefits that might accrue at a total level?

**Nitish Bajaj:** Yes. So firstly, yes, I would say the range would be between 150 to 225-odd basis points. In that range, one would be coming as a management, we will be coming in that range. So somewhere close to 200, that could be a little plus/minus, let's say, 25 to 50 bps here or there also possibly. But endeavour is to get into that kind of...

**Percy Panthaki:** Understood. So by this math, can we say that by FY29, you will definitely be in a double-digit margin territory, which is 3 years from now?

**Nitish Bajaj:** Yes, that is the intent, yes.

**Percy Panthaki:** Understood. Secondly, on the 2 problem categories, which is the Italian and the spreads, what are -- if you can just help me very briefly what is the problem due to which these categories are declining? What is the solution, if at all, you have to stem this decline? And by when you expect these measures to result in the categories coming back to growth?

**Nitish Bajaj:** Right. So on Italian, I'll request Abhinav to answer this for you, and then Asheesh can explain on the spread side. So Abhinav, requesting you to take on this question on Italian. Abhinav is CEO for Del Monte Foods.

**Abhinav Kapoor:** Thanks, Nitish. Good afternoon. Okay. So as far as the Italian portfolio is concerned, this is one portfolio where Del Monte today is currently, if you look at the overall share, we are roughly the third in the country behind Figaro and Borges.

Now addressing the issues around the category which we have faced last year is primarily on account of the deflation on the overall commodity side, which has happened. This is completely imported as far as olive oil is concerned. Now that entire price benefit is something that we have passed to the end consumer. And therefore, in the process, there is a value decline that one has seen.

But as Nitish had shared in the presentation earlier, there is roughly about a 17% volume growth that we've already seen last year. And now I think these price corrections are behind and are base

from quarter 1 onwards. And therefore, from quarter 2 onwards, like-to-like, we would start seeing healthy value growth. That's one part of it.

On the demand generation side, what we're also doing is there is a fair amount of equity, as I said, that the brand carries on the entire Italian portfolio. We're going to be launching a fairly massive Italian -- owned Italian space campaign starting from quarter 2, which also should bring a lot of demand from this particular category perspective. So we are very optimistic that things should definitely turnaround from quarter 2 onwards, for sure.

**Percy Panthaki:** So this price cut is not at margins or anything like that, right?

**Abhinav Kapoor:** I'm sorry, can you just repeat the question, please?

**Percy Panthaki:** Price cut has not resulted in any margin deterioration, right?

**Abhinav Kapoor:** No, we have not seen any significant margin deterioration.

**Nitish Bajaj:** Pricing was largely benefit -- it wasn't a margin reduction.

**Percy Panthaki:** Sure, sure. And on spread?

**Asheesh Kumar Sharma:** Percy on the question -- on spread, right, on the peanut butter category. So there are 2 parts. One is that even while we say that there is a 7% decline happening on the overall spreads in the peanut butter business, if you split it into the big packs, which is more commoditized versus the small consumer packs, we have had a very good growth of double digit in volume and unit terms in terms of the small pack.

Where we struggled was the entry of low-priced competitive players in the commoditized section. There, our strategy over the last 3, 4 months has been to look for more competitive sourcing. Having done that, now we are placed to competitively compete with these people who are eroding our market share on basis of price, right? So that we have done.

We are gradually now filling up the gap and fighting them straight head on in terms of the price at the bigger pack level. So that's one part we have fixed. It is happening, and that's where we are now starting to see benefit. But it takes a little while because the area that they have occupied, it's taking us time to get them to vacate it. That's one.

The second was on the chocolate side of the business, which was the fast-moving category or the fastest growing in e-commerce, which we said we have now launched products -- 7 new products in the segment, which is helping us premiumize and start getting share. There, through the e-commerce investment, we believe we will start gaining share there and start growing the category.

Overall, if you look at, we have had a margin expansion on peanut butter. So the price correction was through better sourcing, right, and not by trying to -- we did a price cut. So it had an impact on top line, but not in terms of margin. So we had a margin expansion. By Q2, again, this year, we also expect that we will be to start negating the impact of the losses and start gaining volume growth, say, from quarter 2 onwards.

- Moderator:** The next question is from the line of Henil Bagadia from Equicorp.
- Henil Bagadia:** Two quick questions, one on popcorn and peanut butter. On the peanut butter side, we have launched a few products. I think in the earlier quarter, we launched one in the protein pack and Omega 3 and current in the chocolate and the jaggery one. So these products are actually still there in the market by some of our peers like MyFitness, Pintola, Alpino.
- So how would you price the product? Because I think so in the Q3 that we had launched, we had put -- we had priced it a notch below the RPOs. So what is the kind of sales traction that we are seeing there? And is there a similar strategy are we going to replicate on the new launches? And going forward, do you see our products being a notch lower? Or do you see something very similar to our peer pricing?
- Nitish Bajaj:** Okay. So thank you so much for this question. So yes, you're right. We have seen impact on new -- on the side of high-protein segment with new players coming in and building the category on the promise of high protein. We have built the gaps -- bridge the gaps on that side and launched these products in quarter 3, and they have been in the stage of listing.
- So generally, to get an initial traction and initial momentum, even if you look at players like MyFitness and Pintola, which you mentioned, they do give some kind of discounting. We have also given that to build some kind of initial momentum in trials. The entire focus is to get a trial. Our product is very competitive. Our product is actually a shade better, I would say, in terms of protein delivery versus competition.
- So we have also tried to improve the product profile in terms of protein delivery, etcetera. And what you see today right now is possibly more to get initial trials and entry of consumers into our brand promise of high protein. We were never in the position or space of high protein historically. We were always in the position of family table spread consumption as a strength and immunity builder.
- So getting into the protein segment, we are giving some kind of incentives for trials, but this will be primarily to get trials into the category. Our larger players would be to ensure that this category remains or retains the premiumness, which consumers are today willing to pay. So it's more a transient strategy, not a longer-term play to play in that dimension.
- And of course, there are media investments both in digital media and also on performance marketing investments on the channel, which are going behind this portfolio to make sure that we also attract newer users and also, of course, the current protein users in the category.
- Henil Bagadia:** Okay. On the popcorn side, we've got a range from INR10 to INR60 average about INR30, INR35, and you said that, that is actually bound to go up as the larger packs increase. So since we have also launched the caramel bliss and the cheese flavor, that is to compete with some of our peers in the market, which obviously sells at a higher price, even there, we have downward priced probably that is because we are -- it's an introductory range. So how do you see the number of the average price that is -- that will go up from INR30, INR35 to, I mean, what number when you are aiming at a double-digit margin?

And also, if you could also mention something about the Snacko brand, because we could leverage a lot of things out there in the guilt-free side, especially -- I mean, even in the peanut butter, which is a very saturated market, we can get into peanut snacks, which we do have, but more on the peanut energy bar or high-protein bar or something of that sort.

If you could also give a macro overview out there. And in this entire gamut, how do you see the QC/EC mix with the GT going forward? And in the marketing spend, how do you see the marginal spend towards our new brand initiatives and new product initiatives there?

**Nitish Bajaj:**

Yes. So I'll just add a flavor to your comments on popcorn. See, popcorn, we have -- we actually enjoy much better margins on bigger packs. So today, while you may see on certain packs, we see or appear lower than competition. But clearly, our value addition in margin from the price points where we are today prevailing also is very, very strong.

Our entire focus, honestly, is on building the category. We are today, as a popcorn player, we are doing a fair pricing. Of course, bigger pack, as I said, enjoy bigger margins also. But endeavour is to really drive on the consumption of popcorn category. So we are really looking at RTE popcorn as a category building thought and not necessarily as a thought to say, can I take the price ladder up. We will take the price ladder up by launching newer variants and newer products.

So in our period ahead, you will see more innovative flavors and offering coming in, some of which will also take the price table up for us as a business. We are not really competitively benchmarking because our leadership position is fairly dominant in this category. Our thinking is driven by expanding categories and really looking at competition, which is operating in pockets really not a mass player or a mass competition or a widespread competition for us.

Competition is dominantly pocket-led player. For us, category is an omnichannel player, and we would play an omnichannel game in this where we keep, of course, building distribution, building trials and also upgrading consumers through more attractive newer flavors and formats. On your question on protein again, right? Sorry, could you just quickly repeat that question for me?

**Henil Bagadia:**

So with the focus on protein in peanut butter segment, so there are some white spaces which we are trying to fill. We also have a brand called Snacko, it's not been featured the presentation, but it's still there. As a guilt-free brand where we are focused on low GI, baked, popped etcetera. So there, do we plan to get more into products like on the energy bar segment because we've also seen a lot of [MN 1:03:08] in the market where brands are focusing there. Just trying to get the protein and the entire whole foods into the play?

**Nitish Bajaj:**

Sure. So our bigger strategy is to build 3 core brands, which is Act II, Sundrop and Del Monte. Building another brand into, let's say, contiguous category is not the thought on which we will play. If we have to build contiguous categories, some of which you mentioned are attractive categories for us also, we would -- when we decide to build those categories, we would build them more through the current set of brand play than really getting into a completely new brand, unless, of course, some of those can be done through an extension.

For example, when you look at Popz range, which is sitting in our breakfast cereal, it is Sundrop Popz and Sundrop is more an assurance on a mother brand play versus Popz is more a [limit 1:04:05]. So you will see that kind of play coming in where we have the equity of mother brand giving the trust to consumers to try it out. While a sub-brand or a variant may come in as a relevant proposition for that category. So that's the play we will play.

But some of the categories which you mentioned, they are attractive categories, business as we go into our journey of expanding businesses and getting into newer products, some of them will feature in our innovation game plan. Today, we are focused around the core and building innovations around the core. But you will see some of these also coming in due course of next, let's say, 18 to 24 months. I don't want to diverge any further -- Yes.

**Henil Bagadia:**

So also lastly, on the marketing spend, how do you see it shaping up on -- especially the marginal marketing spends on the new brands initiative?

**Nitish Bajaj:**

So we are playing the entire -- our entire strategy is to expand margin and deploy at least 50% of them back to drive growth. So that's -- so we are playing the strategy of profitable growth. We intrinsically understand and believe that marketing spend will be very critical for accelerating the growth. Our ambition will be to grow at least 4% to 5% higher than where we today are.

And today, we are reaching to about 5% to 6% of spend. In a longer term, I would want to be sitting at around 8% to 9% of spends. Of course, when I look at on the relevant category portfolio where we spend, this will become a double-digit spend from the portfolios where we spend perspective. And that to me is the direction on which I would want to go.

So we would create margin expansions going forward, deploy a reasonably large part, maybe 40% to 60% range of that margin expansion back to acquiring consumers and back to growing or accelerating our growth from this. So that's the play you would see from us as a business. So you would see marketing growing ahead of our top line growth and potentially over the next 2 years, get to around 8% of top line as an organization, while on the categories where we invest, it may be sitting in a double-digit number.

**Moderator:**

Ladies and gentlemen, due to time constraint, we are taking the last question for today from the line of Pritesh Chheda from Lucky Investments.

**Pritesh Chheda:**

Sir, my question is on the differential growth and gross margin between the core categories and the noncore categories. So where you identify core categories at 65% of the business and from your presentation of like-to-like 10% growth, right, when you -- there's one slide where you have given Del Monte's full year number and there's a 10% growth. So is it possible to just give some indication on the core category or the noncore category growth?

**Nitish Bajaj:**

Yes. So broadly, I will say if you look at most of our core categories -- sorry, all of our core categories are sitting in food as a platform. And one of our large categories, which we haven't called out in the core, which is edible oil, which is sitting in a space which is commodity in nature, right? So if I look at our margin profile of our food business, our gross margin profile will be close to around 25% as an organization.

And foods will be about 4% to 5% higher and edible oil will be about 5% -- 7% to 8% lower than that. That's the way to look at it. In foods, we also have some categories which are not core, but margin is not very differential. Margin is still in the range of 28% to 30% range in most of the categories there.

**Pritesh Chheda:** So you said that from the gross margin perspective, company level is 25%, food is 30% and edible oil is 20%, right? That's how I have to write -- read it?

**Nitish Bajaj:** Yes. And just as a clarification, our gross margin definition excludes -- basically, it excludes material costs, it excludes manufacturing costs and it excludes freight and logistics also.

**Pritesh Chheda:** Okay. On the growth side, aggregate core categories, which is 65% of your business would have grown at what rate in value and volume?

**Nitish Bajaj:** So this year, our growth on core categories will be about 12% to 13%. Why it's not very different, let's say, is because oil has also done reasonably strongly this year. Of course, oil growth was dominantly a price growth, except, of course, in quarter 4 where we have also seen strong volume growth in the edible oil business.

**Pritesh Chheda:** And this 12%, 13% value, and volume will be how much in that?

**Nitish Bajaj:** So I think each category has a different volume profile. We had given the flavor of what versus value in each. So that you have in the data which we have already shared. 8% to 15% volume growth between various categories.

Sorry, if there are any more questions, I would request participant can reach out to Kavita, our Company Secretary, and we would be happy to get back to you with our answers. We understand on paucity of time, we may not be able to take all the questions today. But thank you all for being there. And any further questions, please do reach out to us through our Company Secretary. We would be happy to engage and answer your questions.

**Moderator:** Thank you, sir. On behalf of Anand Rathi Shares and Stock Brokers, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

**Nitish Bajaj:** Thank you all. Thank you so much.