10th November 2026

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Codes: BSE: Scrip code 500215, Co. code 1311
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 06th November 2026.

In continuation to our earlier intimation letters dated 29th October 2026 & 06th November 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 06th November 2026 for discussion on the Unaudited Financial Results (Standalone and Consolidated- Limited Review) for Q2 Fy'27 and half year ended September 30, 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.

Yours faithfully,
For Sundrop Brands Limited
(formerly known as Agro Tech Foods Limited)

KAVITA
Digitally signed by KAVITA
Date: 2026.11.10 14:49:38 +05'30'

Kavita
Company Secretary and Compliance Officer
Membership Number: A-27174

Encl.: As Above

"Sundrop Brands Limited

Q2 FY27 Earnings Conference Call"

November 06, 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. K.P.N. SRINIVAS – CHIEF FINANCIAL OFFICER – SUNDROP BRANDS LIMITED
MR. ABHINAV KAPOOR – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – DEL MONTE FOODS
MR. AMITOSH KUMAR BANKA – CHIEF FINANCIAL OFFICER – DEL MONTE FOODS

MODERATOR: **MR. SIDDHESH DESHMUKH – IIFL CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Sundrop Brands Limited Q2 and H1 FY '27 Earnings Conference Call hosted by IIFL Capital Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Siddhesh Deshmukh. Thank you, and over to you, sir.

Siddhesh Deshmukh: Good morning, everyone. I have the pleasure to host the management of Sundrop Brands for their 2Q FY '27 earnings call. From the management, we have with us Mr. Nitish Bajaj, Group Managing Director; Mr. Asheesh Kumar Sharma, CEO and Executive Director; Mr. K.P.N. Srinivas, CFO; Mr. Abhinav Kapoor, Whole-Time Director and CEO, Del Monte Foods; and Mr. Amitosh Kumar Banka, CFO, Del Monte Foods.

I'll hand over the call to Mr. Nitish Bajaj for his opening remarks, post which we'll open the floor for Q&A. Over to you, sir.

Nitish Bajaj: Thank you, Siddhesh. Good morning, all, and welcome to the investor call for Q2 FY '27 for Sundrop Brands. Before we take you through the presentation and discuss our performance in greater detail, I would just like to spend some time sharing our perspective on the current operating environment and some of the key developments that are shaping our industry and our business.

The overall consumption environment, as we see it, remains strong. FMCG demand across various categories remains stable in the improving trajectory despite the inflationary headwinds. So overall environment, I would say, remains strong for our industry. Consumer environment, if I see with the evolution we are seeing in the channel front, consumers are becoming more discerning. There are positivities in consumption cycle, both on the value-conscious customer side as well as on the premiumization side.

There is a willingness to spend on trusted brands, products which bring convenience, products which offer differentiation; also affordable, valuable price points in the mass market category. As we see, this environment is very supportive of our diversified portfolio across cooking, convenient meals and snacking occasions. We continue to see very strong opportunities across our ready-to-cook and ready-to-eat products, culinary solutions, spreads, even oils and premium convenience categories.

Our presence across general trade, modern trade, e-commerce, key accounts, quick commerce and the entire HORECA channel also enables us to participate in this expanding and stable environment and ride stronger on the emerging and new demand pools, which are also getting created.

From a cost perspective, we are seeing that in the recent past, there has been inflationary environment, there has also been volatility. But as we have gone through the quarter, what we have also seen is over the last 2 or 3 months, the environment while volatile has remained range bound. We have been able to take price corrections, price increases in relevant categories where we have seen inflationary trends on certain commodities like packaging, etcetera, we have seen broad-based inflation. And these inflations, we have been able to calibrate in our pricing. And our brands have shown resilience and power so that our volume trajectory has not got impacted, while, of course, we have seen the benefit of that coming in the value side.

This, of course, is also getting balanced by our very, very strong focus on driving procurement efficiency, driving our manufacturing productivity initiatives and also taking our portfolio mix towards more premium, greater value for our consumers and also for our business.

Going forward also, in the light of this environment, our priority will remain on ensuring strong volume growth while we continue to drive margin improvements with a mix of initiatives, which I talked about.

I will now take you through the presentation. And as I go through various slides, I will keep calling the slide numbers so that you have the context.

I'm moving on to Slide number 3, where I'll briefly recap our vision and the journey we are building at Sundrop Brands. Our ambition, as we have talked always, is to build a scaled multi-category food platform, which addresses evolving consumer needs through innovative, delicious and convenient food solutions.

I'm now moving to Slide number 6. With the addition of Del Monte, now we have 3 strong brands in our portfolio: Sundrop, ACT II and Del Monte, and each of these 3 brands combined give us exposure to very attractive categories across everyday cooking, convenient meals and snacking occasions.

Over the last couple of years, we have strengthened and sharpened our focus on the core portfolio, faster-growing channels and on profitable growth. We are also strengthening our presence across modern trade and e-commerce while leveraging the combined platform to drive scale, efficiency and margin improvement.

Most important, our growth model is now becoming increasingly capital efficient, combining our existing manufacturing footprint with third-party capabilities, and we have expanded a mix of networks in 3P sites, driving some of our capacity requirements as also some of our innovations in the journey in the last few months.

Alongside this organic growth, which we have been very strongly focused on, we, of course, continue to evaluate any opportunity which may come in the environment for us to add inorganic opportunities, which can build on the platform, we have been able to create. Our overall objective is very clear and sharp: build category-leading brands, scale profitably and create a stronger, more diversified food company in the business.

Now, moving to Slide number 7. This slide, of course, captures the 3 brands sitting under one platform. We, as you know, are very diversified platform today with these 3 brands which stand in attractive categories, multichannel presence and very strong capabilities, which the organization has across distribution, e-commerce and analytics.

As you can also see, our portfolio offers consumption occasions, which are very broad-based. So right from multiple parts of the day, in-home to out-of-home consumption, on the plate, side of the plate, world cuisines, protein snacking, all of these multiple consumption opportunities in the day of life of a consumer, this portfolio sits on. And as you all know, of course, all of these are very synergistic when they come in terms of distribution channel and also in terms of manufacturing footprint.

So, while a very diversified portfolio, it rides on a single tenet of very strong capabilities in distribution and manufacturing, which allows us to have a greater operating leverage as we build the business.

Moving on to Slide number 8. We believe our portfolio is very well positioned to benefit from the structural shifts which are underway in the consumption landscape of foods industry. There is increasing formalization. There is, of course, rising influence, which is leading to consumer consumption increase. There is demand for convenient products, which is where our ready-to-cook and ready-to-eat formats, especially in the snacking space.

There is premiumization, which allows us to improve and increase beyond volume, on the value side as well.

So when I say this, this premiumization is beyond the price increase, which are linked to inflationary environment. On top of that, we are also being able to increase value by premiumization in various portfolios. And of course, there are strong tailwinds for this category with the emerging quick commerce, e-commerce and modern trade

environment. We are also seeing this channel expanding consumption in various categories.

We, of course, have a very unique part to our business in the form of our access to food service or HORECA platform, which allows us to open new avenues for consumer reach and discovery where you also get much quicker feedback. We also get some greater insights into new product development and innovation by being closer to an environment where consumption is also getting very sharp and quick feedback.

For us, this translates into multiple growth engines across a large core portfolio, fast-growing adjacencies and also continued innovation. Importantly, we are also seeing good traction in the areas such as digital commerce, institutional and B2B demand and our diversified portfolio gives us flexibility across categories and channels. Overall, we very strongly believe that these structural tailwinds provide and give us a very long runway to grow our business across brands, categories and channels.

Moving on to Slide number 10. I would now like to take you through our performance for the quarter. So, if you look at our numbers this quarter, we have delivered a very strong broad-based growth with improving economics. Our revenue grew by 21% year-on-year in Q2, which is supported with a very strong and healthy momentum of growth across our core categories and across our emerging channels.

Our B2C business has grown at 18%. E-commerce has grown ahead of industry growth rate growing at about 43% year-on-year. Importantly, the strength in the top line is now translating into sustained and improved profitability. Our normalized EBITDA margin has expanded by 240 basis points. However, if you look at because last year, you may recall, we had talked about certain expenses which are one-off and project expenses in nature. This year, virtually those expenses are negligible. So, if I do an unnormalized or an adjusted comparison, the growth would have been 370 basis points.

But of course, for transparency's sake, we are putting across that like-to-like reflection of Other Expenses last year, the improvement in EBITDA is about 240 basis points. At the same time, we are also continuing to invest for future growth. In this quarter, we launched 24 new products during the quarter, and we also completed our Sales Force Automation, which is paving way for improved productivity in the sales organization. I'll talk about that in the slides ahead.

Overall, this combination of stronger growth in core categories, rapidly scaling channels and improving operating leverage is driving an environment for stronger and sustainable earnings profile for the organization.

Moving to Slide number 11. You can now see the consolidated P&L for our business. As I talked about, our Q2 revenue has grown by 21%. We have now reached a run rate of INR463 crores. Our H1 revenue has grown at 18%.

Revenue number is now INR891 crores. There has been, of course, as you are all aware, material costs have been elevated, which is why you see that material cost inflation is more or less in line with what we are seeing on the revenue growth side.

But what is important is that we have been able to pass the inflationary environment increases to the consumer. And our material margins, while slightly lower, but there are also significant improvements on the side of employee expenses, on the side of Other Expenses, which is where our SG&A, manufacturing costs, etc. sit, supply chain cost sit, and these benefits of efficiencies and also scale have ensured that we have been able to deliver significant improvement in our EBITDA margins.

Our EBITDA margins, as I talked about, on a normalized basis have improved by about 240 basis points. On an adjusted basis, they improved by 370 basis points. This is also translating into strong improvement in profits overall, while we remain focused on strengthening our underperforming categories and channels and further driving operating efficiencies.

Moving to Slide number 12. If you look at 2 businesses which are constituting our performance, both businesses have shown acceleration in growth in Q2. We have Sundrop growing at 19% in Q2. In H1, the growth is 17%. In Del Monte in Q2, we have grown at 26%, H1 growth being 20%.

So clearly, both businesses have further accelerated. And as an output and combination of that, business has demonstrated a growth of 21% in Q2 and is growing by 18% in H1.

Moving to Slide number 14. So here, I will talk you through the performance of key categories. We have talked about that we would make investments in our core categories. And if we start with popcorn or ACT II business, which is dominantly popcorn, but we are, of course, also looking at adjacencies there, the ready-to-eat segment is growing very, very strongly. Our Q2 growth was 38% in value terms, 23% in volume terms, and this is really one of the fastest-growing businesses for us, driving our performance and efficiency.

Ready-to-cook business is also growing at about 12% in value and 5% in volume terms. We also need to reflect that there is an interplay between the 2 categories. We have also seen convenience now driving choices and a lot of in-home consumption is also going towards Ready-to-eat format, driven by convenience. So, if I look at total

portfolios put together, we are seeing a value growth of 20%, 21% and volume growth of 10% to 11%, which, as I talked about, is sustained and stable despite the inflationary environment we have seen.

Now if you look at overall category leadership position. In Popcorn business, we do have very, very strong leadership across the formats of instant microwave, ready-to-eat and also in-home consumption through the RTC format. We are continuing to broaden our portfolio by launching newer segments where we did not have a very strong presence. So, we have expanded this portfolio by expanding cheese variants across the range of instant microwave and ready-to-eat formats.

We are expanding our sweet popcorn portfolio where our share was relatively lower, and this gives us an opportunity to also expand share in one of the segments where we did not have leadership. And this is also adding significantly to our growth and making sure that ACT II is the dominant and universal choice for popcorn for our consumers. And we are also premiumizing the entire portfolio by launching innovative formats across multiple flavors, launching gifting packs, which drive premiumization and makes the brand more preferred in consumer choices.

Moving on to Slide number 15. Edible Oil, as you know there has been very, very high inflation in the Edible Oil segment. We have maintained a calibrated pricing approach where we have worked to ensure we protect our margins in absolute terms. We also ensure that our pricing in premium staples is stable and not changing. And this calibrated approach has worked well as you see over the last 3 quarters, we have gradually moved from a volume decline to a sustained volume growth in this category.

In Q2 also, we have maintained a volume growth of 5%, which means we would have gained significant share in the Premium Edible Oil segment and our value growth, of course, has been strong and healthy at 19%. We had also talked about that our ambition in the Edible Oil segment will be to sustain our volumes and grow at 4% to 5%. This is again a reflection of that approach which we have taken.

Of course, this approach has worked on the back of 2, 3 key levers. One is we have found through our strategy areas where we will focus on, where we do have gain of share opportunities. And dominantly, it is across general trade where we have looked at attractive key price points in certain pack sizes, in convenience stores where we do have a relatively strong business and e-commerce where consumer is specifically looking at premium offerings with a much greater result. So we are staying our investment focus in this category with a very selective channel and consumer audience.

We are also expanding this portfolio by looking at Oats as a segment where we are now starting to expand our distribution and footprint across channels and making sure that we get a very strong brand in one more adjacency.

Moving on to Slide number 16. Peanut butter, our spreads business, it has been a cause of concern for us. We have been taking a lot of measures in this business. And as we traverse this path, we have seen increasing improvement in the performance of this business. So if I now look at Q2 and H1, we have come down to very, very stable value business. Of course, volume still is a little under pressure. But what is very important is some of our new initiatives in this have started to take shape in a very good way. So, there is an increasing innovation-led growth which we are seeing.

Dominantly, this sits on the e-commerce platform. And as we go ahead, it will also be taken forward into modern trade and general trade business. But in e-commerce, this business has now started to grow at about 18% and is driven by new launches where we are selectively and in a very focused way, driving both distribution and consumer choices. We, of course, will take this forward into modern trade and general trade as we go ahead.

Moving on to Slide number 17. This is on our Italian portfolio of olive oils and pasta. You may recall that last year, this business was under value pressure. Of course, we shared that we are growing on volumes. And as the pricing environment becomes stable and does not remain deflationary, which was one category where pricing environment was deflationary last year.

It has been stable thereafter, which means there has not been any inflation in this segment, while we have seen inflation in the rest of the Edible Oil segment. And hence, we are now seeing the real power of raw material starting to build in last year shaping up both in volume and value terms.

So now our volume growth has expanded even further to 22% in volume by H1. And in Q2, this has expanded to 30%. Value growth, again, has moved significantly sharper and stronger because now we are coming to a stable pricing environment. So, pricing has been dominantly stable versus part of Q2 last year, and hence, the value growth has been strong at 21% in Q2 and 15% in H1.

What is working good for us here is, of course, our very strong wide assortment presence across quick commerce channel where we have built our distribution. We have invested significantly in performance marketing, and that has helped us gain significant shares. There is, of course, overall, Olive Oil has seen a strong momentum not only in e-commerce, but we are also seeing the traction coming in other channels, which is helping us accelerate the business.

Moving on to Slide number 18 on our culinary portfolio, which is ketchups and mayonnaise and dips and pizza, pasta sauces, etcetera. Again, very strong performance in this portfolio, Q2 volume growth of 13%, ahead of overall H1 volume growth of 11%, indicating acceleration in volumes and value growth, of course, again, reflects a very similar trend, growing at 18% in H1 and 21% in Q2.

In this segment, if you look at, growth is supported by very strong momentum in B2B as well as acceleration in our B2C momentum. In B2B, we continue to focus on increasing penetration across domestic key accounts. We are building our export business stronger in Southeast Asia, driven also by new product introductions.

Going forward, our focus will remain that while we build the entire general trade retail business through distribution riding on the group network, we also continue to scale up the presence in HoReCa or food service channel by deepening our food service network reach, accounts which we build through and also strengthening our key account relationships. And that, we very strongly believe will help us continue to drive even stronger growth momentum in this business.

Moving on to Slide number 20. Let me briefly touch on our entire channel capability, which forms the bedrock for our growth and what are we looking specifically on each of these channels. General trade, which is the biggest strength of Sundrop brands, we will continue to deepen our physical reach primarily through brand building, wholesale network, which will help us expand our physical ability and also network of hawkers, which we ride on for our ready-to-eat business.

So that distribution expansion for core categories of Sundrop, where distribution plays a very pivotal role will continue. We are also starting to leverage in increasing way the sale network for Del Monte. We did an experiment in Eastern part of the country last year, and that experiment has come out very successful over last 4 quarters of buildup. And that is what is giving and paving way for looking at expanding that for relevant distribution categories of Del Monte.

We have also done Sales Force Automation. I have talked about this in the previous calls as well. And that automation is helping us strengthen execution and ROI of investments, visibility efforts, etc. we make in the general trade channel and is translating into stronger growth. Of course, the key KPIs, like range and outlet productivity are also showing very strong moving trends.

In Modern Trade, we are scaling our presence across the modern trade network. There is significantly high focus on investing in visibility and consumer discovery in the categories where we spend, which are our focused investment categories. And of

course, innovations, premiumization are being driven specifically and strongly through this channel.

Digital Commerce or E-commerce, if you look at, this remains one of the biggest and most important focus for our business. There is very sharp and we have done significant number of models on this channel over the past 1.5, 2 years. So today, we have very strong confidence in being able to ride on a sharper and ahead of market growth in this fast-growing channel, which, of course, as we have also talked about, is a platform for innovation. It is also a platform for expanding into adjacencies, new categories, which we are looking at.

And some of that work has started to come out, especially I talked about Oats business where we have started to play stronger and starting to build deeper inroads driven on this. And a lot of innovations, which we are seeing across categories are also coming through this platform. And that gives us ability to expand our consumer base, expand our consumer operations in the business.

On the B2B and Food Service channel, we are looking to expand our Food Service footprint by getting into greater accounts, increasing our customer penetration, also collaborating for more innovative solutions, which gives us opportunities to bring newer offerings for our consumers and also great ideas for innovation, etc. in the overall business. And last but importantly, also continuing to grow our exports business by adding either greater range or expanding our global outreach.

Moving on to Slide number 21. E-commerce, which I have talked about is a very, very strong engine. As you can see, that growth has even further accelerated to 43% growth in 2027 versus a 38% growth we had at an overall H1 level. This business has scaled up significantly over the last 2 years. It is now close to INR90 crores of our business with 19% of our sales at a company level coming from this channel alone.

And what is driving our momentum here is, of course, we are making stronger, sharper investments. We have a playbook which is working on core categories, which is helping us drive product discovery, product choice. There is innovation-led growth in this category; most of our innovations, and we have launched many, I'll talk about that in the period ahead. They have gone through the funnel of e-commerce, and we have had a very strong success in most of the launches.

What is really good is this is also building a pipeline for our future expansion in modern trade and general trade because the core winning bets from this platform will also see expansion in the other channels. And the 2 ones which we are specifically looking at based on our experience of last year sit in the category of peanut butter and oats. We

are also seeing significant share gains in this business by driving ahead of curve growth and driving ahead of curve performance marketing investments.

Moving on to Slide number 22. This is on the Sales Force Automation, which has been a very important lever for our business because general trade is where large part of our sales organization sits. We know at an overall level, the general trade environment has been muted, also because consumers have been shifting towards e-commerce driven by convenience or on modern trade driven by assortment and pricing, etc. But what we have been able to build is a very ROI-focused approach driven by sales force automation.

So today, we have 400,000 outlets, which are on this platform directly covered where we get full visibility of our billing efficiency. We have seen marked improvement in our billing efficiencies as we moved along this journey and about 80% of our outlets are getting regularly in Q2 FY27. So there is a significant expansion of our billing efficiency. We are also able to monitor our executions behind outlet visits, visibility investment, billing trends by outlet, and that is also giving a way for driving range, depth and route productivity.

So, a lot of initiatives are going on, which will help us deliver a much stronger and efficient ROI on our general trade channel, even though this channel will see relatively lower growth than e-commerce, modern trade or a quick commerce channel.

Moving to Slide number 24. Our investment focus as we have talked about, now this is a very important slide because some of you may have noticed that our advertising spend versus last year is a little down, but it is important for me to clarify what has gone behind these choices. When we got into the thesis of investing behind the core categories, over last year, we did multiple experiments behind multiple areas, categories. Today, we have a playbook on what is working. We also know what did not work. So, our investments have been prioritized behind high growth, high penetration and value-accretive categories and on the models where our investments have given sharper returns. And this is consistent with our approach of building capital-efficient investments on the business.

What is more important, and that is the number I want you to see. Sequentially versus Q1, we have increased our marketing investments. Second, on the core categories where we are investing, we have already reached the level of about 9% of A:S or advertising to sales ratio. And we have talked about that 9% to 10% is the benchmark we would really want to operate because that we believe is critical. So, we are already very close to the level we would want to operate on, on a going basis on investment in our core categories.

And of course, the entire thesis of allocating investing with strong discipline so that we have abilities to ensure better profitable returns for our business continue in this thesis. And we are looking to expand now our funnel behind certain newer opportunities, newer categories, dominantly with the innovation which we are building stronger in the portfolio.

Moving on to Slide number 25, which is on the innovation. Very clearly, innovation is one of very strong levers for our growth. And over the last 2 years, we have taken it to a very, very strong level. We have launched almost like 120-plus products in last 2 years, about 24, 25 products in Q2 itself. And this innovation funnel, as I talked about, is dominantly feeding into either B2B network or e-commerce in the retail space.

Effort is, of course, multifocused. We want to premiumize the various categories and help drive growth through premiumization on top of volume growth and any price calibration opportunities, which come. Second, of course, we are looking to enter into certain new categories or adjacencies like in ACT II, we have stronger, we started to build our portfolio in naturals and sweet popcorn segments, which is where we were lacking. Similarly, in Sundrop, we have started to build high-protein spread segment, oats segment, and that is what is really driving our thinking.

In Del Monte portfolio on culinary ketchup, we have added no-sugar format, again, riding on the trends we are seeing around reducing sugar consumption and also in Italian, we have added macaroni, which is the portfolio of choice for a lot of Indian consumers. So, spectrum of innovation is across premiumization, across large categories and which is what is helping us build a very strong business.

Happy to share that today, roughly about 6% of our overall sales come through NPDs we have launched in last 2 years, and this is a very strong and sustainable growth engine we are building because today, these innovations dominantly sit in e-commerce or B2B business. We will be able to take many of these in periods ahead into our larger footprint of general trade and modern trade, which will also help us gain traction in these channels and those segments.

Moving on to Slide number 26. I would particularly like to spend some time talking about gross margins because in many industry calls, you would have heard about inflationary environment. I think one very important point is that we have been able to take calibrated price increases, which have ensured that our gross margins are protected. On top of it, we have also done significant work in improving our efficiency and scale has also benefited.

Overall, if I look at, despite this inflationary cost environment, our gross margin has increased by about 19% to about INR107 crores, which is also driven very strongly by

manufacturing and logistics efficiency and better cost absorption and disciplined management of our freight network. This, if I look at in the context of our food business, which is where our core is lying, there the improvement in margin is sharper because there our approach has been to dominantly build our margins, build efficiencies. So they have gone up by about 70 basis points.

In Edible Oil business, our strategy has been more calibrated increasing to keep our pricing premium stable constant. And that has helped us on the volume side, but there will be some dilution of margin on the edible oil side. But fundamental point is as an overall business, we have improved our margin by about 20 basis points in Foods, which is our fastest-growing engine in volume terms, has actually shown a 70 bps improvement in margin in an inflationary environment as well.

I would now like to conclude my commentary by summarizing what really sets us apart. So, as we have discussed and talked about, we have built a scaled, diversified food platform, anchored by 3 trusted brands, which are positioned across attractive high-growth categories, which ride on the macro consumer trends we are seeing where business is expanding.

We are investing behind our core business. We are driving innovation. We are further strengthening our omnichannel capabilities while we continue to build a disciplined and capital-efficient approach to growth. Most importantly, our focus remains firmly on driving growth profitably and ensuring stronger returns and long-term value creation for our business.

With this, I would like to hand it back to the moderator for question and answers. Thank you.

Moderator: Thank you very much. The first question is from the line of Shirish Pardeshi from Motilal Oswal Financial Services Limited. Please go ahead.

Shirish Pardeshi: Congratulations for a good set of delivery numbers. I think the momentum is now getting built. So, I have a few questions. Starting on ACT II, you mentioned that 23% volume growth on ready-to-eat. What is the growth which you have seen in Ready-to-cook?

Nitish Bajaj: Ready-to-cook in volume growth we said is about 5% to 6%. And blended in the entire popcorn franchise, the blended growth is about 10% to 11%.

Shirish Pardeshi: Okay. So question here, is this volume growth largely driven by the e-commerce channel? I am talking about entire portfolio.

Asheesh Sharma: Yes. On the entire portfolio, I will break it up in 2 parts. RTE growth, if you look at, right, it is driven by both general trade and e-commerce because we still continue to drive about 7% growing in terms of INR10 pack, which is largely our HFS pack, which is a new consumer acquisition point.

What e-commerce is doing is, e-commerce is upgrading consumers into a higher value pack. So, the e-commerce growth in tonnage terms is also higher in volumes and it's upgrading. So, as an overall, if you look at the small pack growth is also being driven and the large pack also. Same is the case in RTE also, where the small pack growth is about 23%, but the large pack growth is about 53%, getting us a blended growth to about 37%. So, e-commerce is helping get bigger packs in-home to the consumers.

The HFS distribution is helping us get new consumers come into the category by increasing saliency at INR10 price point.

Shirish Pardeshi: Okay. That's helpful. What I was more interested, what is suddenly this change in e-commerce profile because the growth is stupendous. And I think we have delivered very strong growth, and it is now incrementally becoming 19% of our sales contribution. So, I just wanted to understand, that the competition itself in e-commerce is getting spread or is every player growing and the consumer started ordering more such kind of snacking product?

Nitish Bajaj: So, if you look at quick commerce, and I will try to give you a flavor across categories here. Quick commerce is helping definitely drive the snacking or impulse consumption because ability to get faster delivery of something which I need here and now is there, which means any consumption earlier, which would have possibly sat in the basket of what I could cook at home is today going around convenience format. So this is a structural tailwind for the category.

We, of course, if you look at the last 2 years, we have changed the trajectory of our investment behind capital efficient approaches. One of the areas where we were not investing heavily or that much used to be e-commerce because we were a very general trade type of company. The change of trajectory in the last 2 years, putting a very strong team, putting a very strong tech backbone within the company for driving performance marketing investments and ROI, all these initiatives have helped us do much better than the categories.

So, we have actually gained shares across categories, driven by the fundamental changes in the way organization was approaching the channel. So yes, there are structural tailwinds for snacking consumption categories where quick commerce helps, and we have seen expansion of quick commerce. There is structural tailwind of quick commerce being on a general buoyancy, and that we know is translating to e-commerce

channel growing between 18% to 25%. The part, which is unique or, let's say, driving us grow faster is around our internal focused investments and also putting a very strong team capability around tech, which is helping us grow this faster and gain share.

Shirish Pardeshi: So Nitish, it is really helpful. But I just wanted to check if this growth will continue because we are now just entering into the festive season. So, I think generally, the festive season will also drive growth. So, are you confident the model which you have now put in place will deliver this kind of growth for rest of the year?

Nitish Bajaj: Yes, we are very confident. I first answered that in summary. And our confidence is now driven by 2 years of sustained performance. And also, with the way our innovations are shaping up, you need to create eventually opportunities through which you continue to gain share and of course, ride on the network strength. We are seeing both, and that really gives us confidence that this is a sustainable long-term lever we have been able to build.

Moderator: Next question is from the line of Nitin from Aurum Edge LLP.

Nitin: Sir, regarding peanut butter category, we hold only a fraction of the value-added segment that is now a major part of the market. So what is the plan and timeline to win back the share over here?

Asheesh Sharma: As we had said in the last couple of quarters that in the premium side segment, which is largely your chocolate peanut butter and high-protein chocolate butter and zero separation peanut butter. So we started launching these products from Q4. And by the time in Q1, we got listings and everything in place.

If you look at sequentially in Q1, the saliency of these new products in our portfolio was about 8.3%, which in Q2 has moved to 12.4%. So, we continue to build the acquisition of new consumers into these value-added differentiated products, while we continue to build the momentum. That is why if you look at, our decline rates have now almost stabilized from minus 8% in Q4 to minus 3% in Q1 to almost minus 1% in Q2, right? So we are almost there with it now, which is what we have said.

So as the acquisition of consumers on our new variants, rather new value-added chocolate and high-protein chocolate peanut butter and zero separation peanut butter happens, we will continue to build the value-added side of our peanut butter.

Nitish Bajaj: Yes. Just to add and to also comprehensively, I understand you are looking at when do we see this business coming back to strong growth and a sizable share in the premium on the value-added side. As Asheesh talked, we are already seeing that momentum. Our internal ambition with which we are really driving is to take our growth in e-commerce to ahead of category levels and much stronger.

Today, we have reached about 18% growth. Our ambition will be within next 2 quarters to put it ahead of category growth in e-commerce channel. And while we achieve that, we will also then enter into these platforms in general trade and modern trade, especially modern trade where saliency of value-added offerings is relatively much higher. And that would be a task for FY '28.

Nitin: Got it. My next question is, is this correct to say that the revenue momentum is encouraging, but operating leverage has not improved so far. H1 PAT was positive and encouraging growth, but operating cash flows were negative, almost INR49 crores, INR50 crores. So what drove this? And will Q3 bring it back to positive? Can you please elaborate on this?

Nitish Bajaj: Okay. So if you look at the cash flow side, there are broadly 3 things which you have to look at. One is inventory. In inventory, we have taken certain structural calls because of the uncertainty in the environment we faced. We have looked at areas where volatility could impact availability, and we have consciously taken our inventories up. And some of these areas are in corn, some of our products like oats, where we are consciously trying to build inventory.

That is one. Second, if you look at overall finished goods inventory or channel inventory or receivables from channels. In that, dominantly, the increase is in line with our sales momentum. So, our DSOs, et cetera, have not changed. They have remained constant. So these are the 2 areas where we have seen increased receivables dominantly led by increasing sales momentum. Our DSOs have remained constant. There is no change. And second, selective inventory interventions, which are strategic in nature, which allow us to make sure that we do not have any vulnerability in the period of uncertainty, which has been there in Q2. We are seeing signs of stabilization. So you would also see as we get into Q3, this level will come back.

Moderator: Next question is from the line of Deep Gandhi from ithought PMS.

Deep Gandhi: So, Sir, first question is on the Italian side. If I look at the volume growth, we were at this range of 14% to 15%. But this quarter, it is quite high at 30%. So, if you can explain to us, I mean, we can understand value growth is growing faster due to the price movement, but even the volume is very strong this quarter. So, if you can give us the breakup between the pasta and olive oil, the volume growth number? And what is driving this growth? And is it sustainable?

Abhinav Kapoor: So if you look at the volume growth between pasta and olive oil for this quarter, it's about 33%. So it's driven by pasta. The pasta is roughly at about 30% plus, 33% to be exact, and about 15% comes from olive oil. So that is the current volume split between olive oil and pasta.

Now what is, of course, driven is the fact that, as I think Nitish explained in his presentation that this is one of the portfolios, one which is a core for Del Monte from a consumption perspective, from an equity perspective. And this is something that has also been structurally driven by the sales and marketing team right now. We are also putting investments behind it. And that, I think, primarily is the reason that we have seen some shifts.

There is also a bit of an impact on the base of last year. And that also meant that because of GST base of September last year, that also meant that there is a bit of a positive impact that we are seeing. Normalized would be closer to about 25% to 26% as far as pasta is concerned. So, these are the primary drivers as of now. And we expect this momentum to continue into the festivities.

Deep Gandhi: Sure, sure. And if you can also share the normalized number for olive oil, I mean, what kind of volume growth you are expecting? You mentioned 25%, 26% for pasta.

Abhinav Kapoor: Yes. So, volume growth for Olive Oil, we would probably see in the range of about 12% to 15% again in Q3.

Deep Gandhi: Okay. Sir, second question is again on the core and noncore side. So, if you can tell us what was the contribution of the core revenue in this quarter? Because if I see last year in Q1, our core business had grown lower compared to noncore on a Y-o-Y basis. Noncore grew by 18% and core growth was 13%.

Nitish Bajaj: Yes. So I think one structural shift which has happened is oil has been inflating a lot. And as I talked about, we have passed the price increases to consumers. So, a good way to look at core versus noncore growth is volume growth in core versus volume growth in noncore.

Our volume growth in core portfolio used to be about 10%, which has expanded to about 12%. Part of it could be about the GST benefit. So I would still say we are at a 10% to 11% volume growth sustained level in the business. If you look at noncore, oil used to be historically declining. We did some experiments, which gave us a confidence that we could target 4% to 5% volume growth in oils, and that is the path we are traversing and which is what has happened in oils in this period, where volumes have grown by about 5%.

So structurally, you can see the volume growth in core is doubled or 2x. And also a positive is that even the noncore portfolio, we are seeing volume expansion by selective interventions in areas where we do believe the ROI is very, very strong. And that is the thesis on which our investments are shaping up in this business. It is not anything different from what we are, let's say, endeavoring to deliver, where we are

putting our investments. All of that is a calibrated approach, and it is working well. I hope I have answered your question.

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

Siddhesh Deshmukh: My first question is with respect to the gross margins. So, I wanted to ask if we had any impact or benefit from the lower-priced raw materials this quarter? And secondly, at a consol sales level, what would be the pricing this quarter? And are we fully covered for the RM inflation? Or do we expect another round of price hikes given the volatility in the commodity prices?

Nitish Bajaj: So see, look, all these calls are category-specific calls because today, the environment is not a broad-based inflation. We have seen at an overall aggregated level stability to maybe a marginal deflation in oils in the recent.

If you may recall, in September last week, there was reduction in duty on edible oils and the industry and consumers have got the benefit of that to some extent. So overall environment, I would say, is stable. Our inventory positions are generally aligned more to, let's say, I would say, requirements and ability to make sure that there is no disruption in supply. So, our inventory levels have not changed in the context of pricing.

We are adequately covered with a stable price environment in most raw materials, in most raw materials. In certain ones where we did see disruption, we have possibly increased a little bit of our inventories, and that is strategic call. But again, not pricing-led calls.

And overall, I would say, in the quarter ahead, I do not anticipate any, let's say, impact on the cost side, which will impact margins or which will need us to do price increases. Having said that, in Del Monte, we do have a certain key account and export business, which are annual contracts. And some of these annual contracts do come for revision in a year-end cycle, could be calendar year, could be financial year, depending on the contracts. And there, in the past, we have not been able to take price increases because there was a contract.

We will have to take to that extent, some price increases. And wherever we, let's say, have some calibration required at a selective level based on the last procurement, that will be very minor or marginal. So dominantly, I would say, from a consumer side, a stable environment is what we are foreseeing from certain exports and businesses where we had an opportunity which we could not do it because of historical full year contracts.

There you would see some improvement, and that will help us build our margins. Specifically, I would say the impact should come more in Q4 rather than in Q1 because general renewal of contracts will happen between December to March.

Moderator: Next question is from the line of Isha Shah from Malhotra Family Office.

Isha Shah: Congratulations, sir, on a good set of numbers. Sir, our Q2 revenue grew 21% year-on-year. So how much of this growth was driven by volumes, new products and distribution expansion? And what growth rate should we consider over the medium term?

Nitish Bajaj: So as I talked about, our overall volume growth is close to 10%. And in the core categories, the volume growth is about 12%. In noncore, the number will be slightly lower, but blended growth, as I talked about, is 10%. Innovation, I have talked about is broadly adding 3% to 4% on volume terms and also value terms. Innovation is helping us premiumize, but is adding some more to price premiumization and not necessarily to when I say that, category index is going up.

So we are getting about 3% to 4% benefit from premiumization of portfolio, where our big packs, higher value-added packs, are improving and another 6% to 7% impact is coming on account of price increases, which have been passed on to the consumer. So that will be the breakup. So I would say a real way to look is to read this number is about 10% volume, 3% premiumization and 6% to 7% impact is coming on account of price increases.

Moderator: Next question is from the line of Nachiket from NK.

Nachiket: Great performance and great updated presentation as well. The first question is around the popcorn portfolio, which has been consistently doing well. So can you talk about the sourcing strategy on that front and due to the low rainfall or lower anticipated agricultural output?

Asheesh Sharma: Nachiket, to answer that. See, you are absolutely right. One of the key ingredients for our popcorn growth is the popping corn, right? Over the years, we have also worked with the Indian grower, and we now in an indirect contract farming such that we secure ourselves for the coming years and have a very good forward looking on what the pricing is likely to be. So, our popcorn sourcing is now multiple.

We also source international varieties, which we need for a certain kind of packs like microwave popcorn. But in the Indian varieties of RTE and RTC, even in IPC, we source in India. In India, the corn has largely grown in Andhra and Chhattisgarh. And we have diversified sourcing because of the fact that weather conditions, water levels

and other things. Largely, we get into a contract where the growing and the contract farming starts sometime in November.

We harvest it by February because the corn crop is about 95 to 105 days and in Chhattisgarh, it's about 120 days. And that is how we have secured the entire year's plan in terms of to be grown domestically and sourced.

Nachiket: Okay. So, any idea on how the pricing and margins will shape on this going forward?

Nitish Bajaj: So, we have a very secure contract for next year. We do not see any significant inflationary trend on the popping corn.

Nachiket: Okay. And on the spread front, I know you have answered this previously to another participant. Apart from the new product innovation and e-commerce push, what else could be the driving factor? Anything on the marketing or advertising front because the competition is way more active on that front?

Nitish Bajaj: Your question was on e-commerce?

Nachiket: No, the spreads segment overall.

Nitish Bajaj: Which brand segment, sorry. Across you are saying?

Nachiket: No, spread segment. I am saying the competition is much more active on the marketing front. I know we are innovating new products in this spread segment, but growth is sort of muted. So how are you addressing that?

Nitish Bajaj: So, you are talking all brand segments put together. See, we have identified core categories on which we take investments, roughly about 60% to 63% of our portfolio in that range, let's say, 2/3 of our portfolio is where we do our marketing investments. And that portfolio, as we have talked about, is growing at about 12% in volume terms. There, our marketing and overall ad spend ratio to sales is close to 9%.

And if you look at historically, this used to be about 4%, 5%. So one clearly, over the period of last 2 years, we have come to a ratio of 9%. And ideally, we would want to operate in closer to double digits only. So, we are there. I do not think there is going to be any significant shift. But we are clearly investing. It is just that it is focused on ROI-driven approach behind core categories we want to build.

Moderator: Next question is from the line of Deep Gandhi from ithought PMS.

Deep Gandhi: So sir, can you please help us understand, I mean, the reason for noncore growing faster than the core, which happened last quarter. And if you can share the numbers for this quarter also and if that trend is continuing?

Nitish Bajaj: Okay. This, I will repeat it again. You need to dissect core versus noncore on 2 fronts. One is the value front. Second is the volume front. You are right that noncore in the value front is doing good. Reason is on edible oil portfolio, there was an inflationary environment. And hence, the value growth on edible oils is close to about 15%, while volume growth is close to about 5%.

In case of core portfolio, the picture is different. The overall growth is about, let's say, 18%; volume growth is close to 12%; and premiumization and price increase led growth. Why I am calling premiumization because also we are launching more value-accretive packs in this portfolio. That put together is about 6%. So that is how you need to look at these numbers.

Inherently or structurally, our core portfolio is 2x the volume growth of our noncore portfolio.

Deep Gandhi: Sure. That is helpful. But can you help us understand, I mean, what is the outlook for Edible Oil business for next 2, 3 quarters because we see a lot of volatility on the edible oil prices. So, are you expecting any kind of margin hit on the edible oil side in the next 2, 3 quarters?

Nitish Bajaj: We have been able to establish a playbook on edible oils, where we do believe that we should be able to drive volume growth of close to 4% to 5% and keep our margin protection in terms of our growth ambitions. So edible oil, we will not make it a margin-accretive category. We will see margin expansions coming through foods, which is what we are doing. In this period also, we have seen about 70 bps margin expansion in foods. In oils, ideally, we would want to protect our margins, and that is what will continue going forward. So, approach will remain same.

In terms of environment, what we are seeing in the more recent times, I do not think there is immediate concern about increasing or inflationary environment in the next 3 to 4 months. Why I am saying that is because in September, there was a structural duty reduction by the government. And post that, dominantly, we are seeing the movements have been in the range of plus/minus 5%. And that much, I think, is very easily manageable through price calls and price changes.

Moderator: That was the last question for today. I now hand the conference over to Mr. Nitish for closing comments.

Nitish Bajaj: Thank you all for your participation and your set of questions. I do understand 1 or 2 participants had a few more questions. So please feel free to reach out our Company Secretary, Kavita, with your questions, and we will be happy to engage and answer your questions. Also, I would like to wish you all a very happy Dhanteras, happy

Deepawali and best wishes from all of us at Sundrop Brands here for the festive season and the new year ahead. Thank you so much.

Moderator: Thank you. On behalf of IIFL Capital Services Limited and Sundrop Brands Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

This document has been edited to enhance readability.