

## **Exploring the *Mahashian Di Hatti* (MDH) 'Spice King' Saga: Unveiling Entrepreneurial Insights and Leadership Wisdom**

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### **Abstract**

This case study delves into the thriving spice trade, with a specific focus on the remarkable journey of Dharampal Gulati and the iconic brand MDH. Starting with just two products, *Mahashian Di Hatti* (MDH) embarked on a remarkable expansion journey, catapulting it into the ranks of India's top 10 brands. This unique case study offers a comparative analysis of MDH against its peers, chronicles its historical trajectory and managerial strategies, examines the evolution of leadership styles employed by MDH from 1919 to the present, and dissects pivotal decisions that have shaped the company's competence and survival. Furthermore, it delves into MDH's ambitious growth plan and the posthumous legacy of Dharampal Gulati, who passed away in 2020. Ultimately, this study extracts valuable lessons from MDH's enduring success story, providing insights into the company's future operations and the broader entrepreneurial landscape.

**Keywords:** Spice trade, MDH spices, entrepreneurial path, leadership styles, growth strategies

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### **Introduction**

In the realm of the spice trade, where flavors and aromas converge to shape culinary experiences, a remarkable journey unfolds. This case delves into the intriguing narrative of MDH, an iconic brand synonymous with quality and tradition in the world of spices. With the global spice trade experiencing a resurgence in recent years, this case study shines a spotlight

on MDH and its visionary leader, Dharampal Gulati, who steered the company through decades of evolution. In reflecting on MDH Spice's remarkable journey, confronted with a crucial question: How does a company that has reached the pinnacle of success sustain its position and thrive in an ever-evolving market? MDH Spice's story is a testament to the power of unwavering commitment to core principles, emphasizing affordability without compromising on quality.

### **Introduction to MDH**

MDH stands for *Mahashian Di Hatti*, the spice king of all kitchens. It was founded in 1919 by Mahashay Chunni Lal in Sialkot, Pakistan. He lived the first 25 years of his life with his father, mother, and siblings (2 brothers and 5 sisters). Mahashay Dharmapal Gulati, Chunni Lal's son, was dropped out of school after the fifth grade when he was ten years old. He had a desire to be an entrepreneur from that time, and he attempted selling soaps, carpenter work, hardware, and rice dealing. But none of these efforts yielded results, so he went into his father's spice business. The family arrived in Amritsar as refugees during the partition. Gulati tried his luck in India by riding a tanga and subsequently selling sugarcane juice, with his father providing the initial seed money of Rs. 1500.

Running a viable business selling excellent products in India after partition was challenging due to the fact that more than 80% of the population lived in poverty. Many food items, such as milk, salt, and spices, were found to be contaminated. People were motivated to acquire things based on price rather than quality at the time. Mahashay Gulati had to spend a lot of money to offer high-quality products. Nevertheless, he desired to sell only genuine spices.

Mahashay Gulati personally oversaw the manufacture of spices in order to provide pure spices to the Indian people. People quickly realized that MDH spices were the best on the market since they were not adulterated like other spices. His business grew, and in 1953, he opened a second spice store in Chandni Chowk, and in 1965, he registered his company, MDH. Mahashay Gulati outsourced some of his spice production to local vendors as his business grew. But, because of his commitment to quality, he soon discovered that these merchants were adulterating his products. So, in 1959, he took his entire life savings and founded his first factory to halt all outsourcing practices.

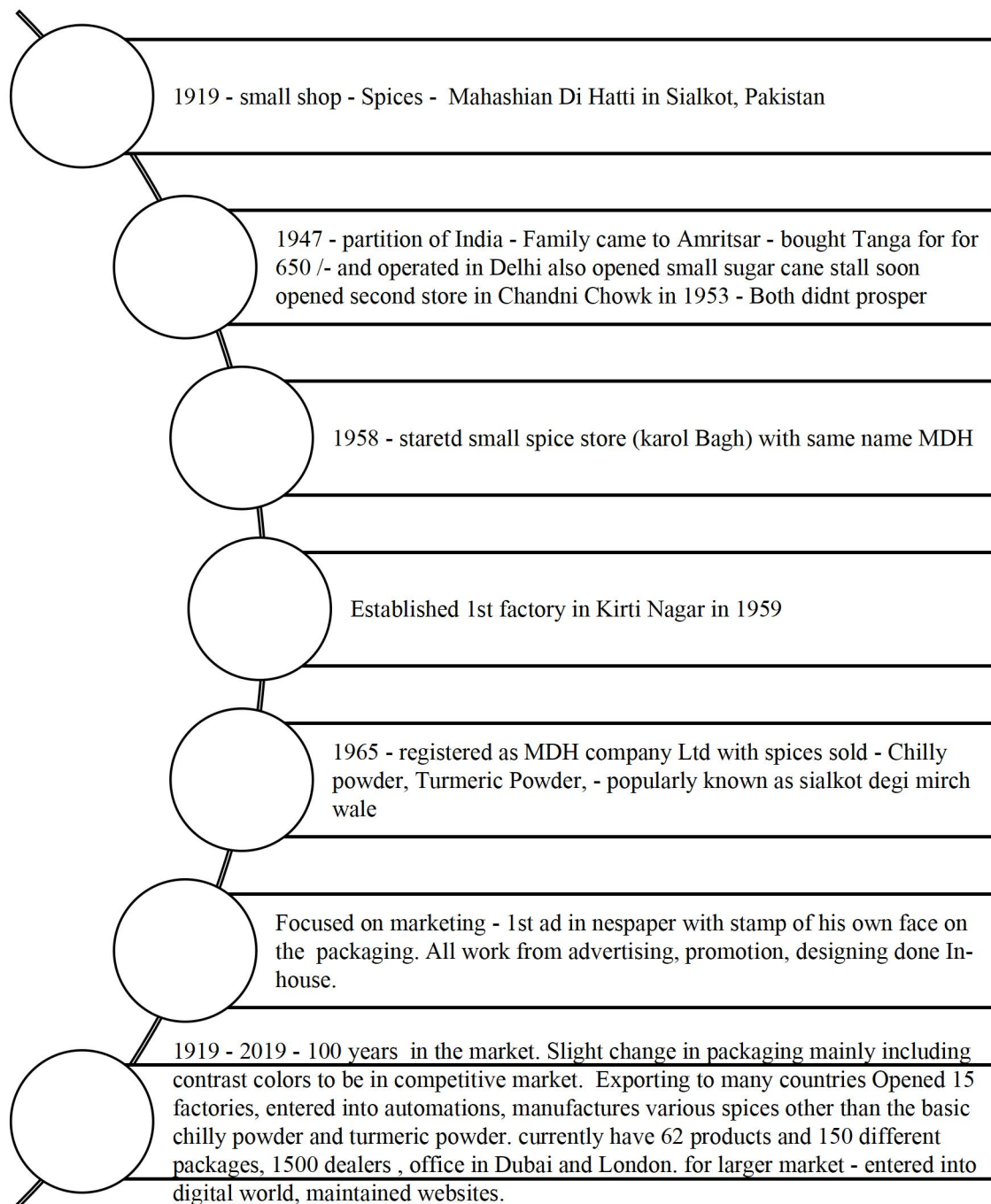
Despite numerous setbacks, Mahashay Gulati devoted his life and blood to the expansion of his company. He handled all of his marketing initiatives in-house, including promotion, design, and advertising. MDH became a household name not just in India, but also in the United States, China, Vietnam, the United Arab Emirates, Malaysia, Saudi Arabia, the United Kingdom, Germany, Singapore, and Sri Lanka.

MDH celebrated its 100th anniversary in 2019 (from 1919 to 2019), and in order to stay competitive in the market, some improvements were made to its packing procedures. MDH adopted automation for their manufacturing process in order to stay on pace with and ahead of the competition. MDH currently produces and sells 62 items through 150 distinct packages and 1500 dealers, with offices in Dubai and London. MDH has also digitized and maintained its website in order to cater to bigger consumers.

## Timeline of MDH

Figure 1 shows the timeline of MDH.

Figure 1: Timeline of MDH

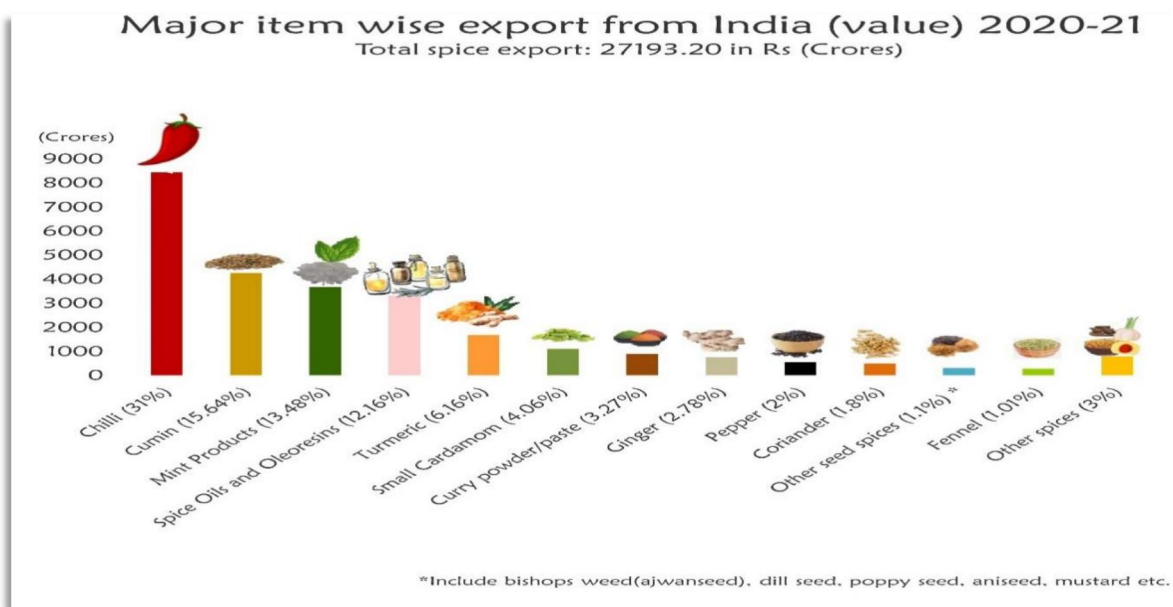


## Industry Analysis

India is well-known for its wide variety of spices. According to Investor Portal's statistics on spices, it ranks first in terms of spice production and exports. According to the report, spice

exports of USD 3 billion in 2019 – 20 and 2021 total USD 4.0 billion, an increase of 8% over previous years (Market Research, 2022). Spice is anything that is necessary in everyday cooking, baking, or items such as ready-to-eat packs. Nothing can be visualized without the addition of spices, such as turmeric, chilli, or coriander powders. As a result, this market has risen at an exponential rate in recent years. Figure 2 shows the maor item wise export from India (2020-2021).

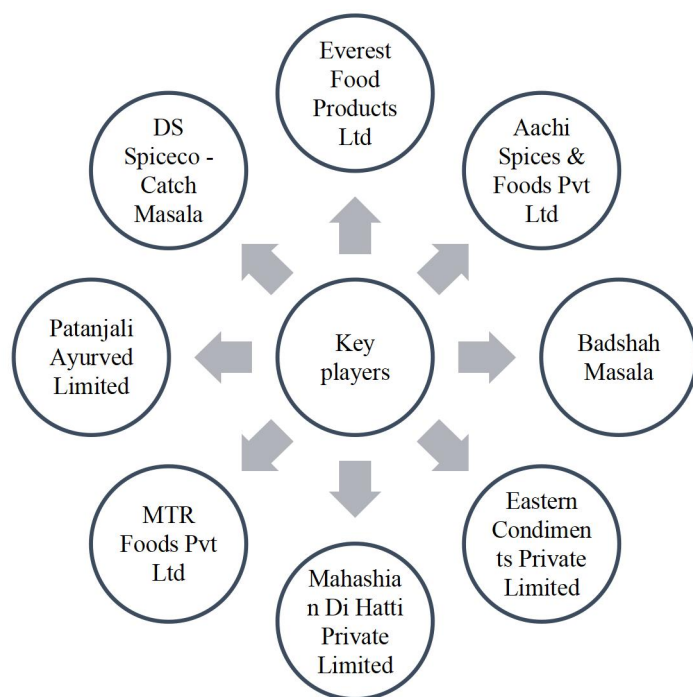
Figure 2: Major Item Wise Export from India (2020-21)



Source: *Spiceindia (Indianspices, 2022)*

Figure 3 shows the key players of MDH.

Figure 3: Key players of MDH.



### Top Brands Positioning

Table 1 shows the top brands positioning.

Table 1: Top Brands Positioning

Brands	Market Leadership	High Proportion of Blended spices	Material Margin (%)	Revenue (FY 2020) (INR Cr)	Valuation Drivers
Everest Food Products Ltd	No. 1 in India (PAN India )	xxx	~50%+	2000	Market Leadership and Dominance, High proportion of blended spices, High growth, Large scale, Platform for future growth
Aachi Spices & Foods Pvt Ltd	No.2 in Tamil Nadu	xx	NA	900	
Eastern Condiments Private Limited	No. 1 in Kerala	xx	40%	881	
Mahashian Di Hatti Private Limited (MDH)	Strong brand in North India	xxx	51%	450	
MTR Foods Pvt Ltd	No. 1 in Karnataka	xxx	48%		
Patanjali Ayurved Limited	No. 1 in Gujrat	xx	35%	4111	
DS Spiceco - Catch Masala	Strong Brand in North India	xxx	50%	500	
Source: Report by (Agarwal et al., 2021)					

Table 2 shows the breakup by product type.

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Breakup by Product Type				
Pure Spices	Coriander	Tamarind	Clove	Tulsi Leaf
Chilli	Cumin	Asafoetida	Cardamom	Blended Spices
Turmeric	Pepper	Bay Leaf	Cinnamon	Jaljeera Masala
Garam Masala	Kitchen King and Sabzi Masala	Chat Masala	Paneer and Curry Masala	Others
Non-Veg Masala	Chole and Channa Masala	Sambhar and Rasham Masala	Pav Bhaji Masala	

According to the preceding facts, the spice sector is seeing tremendous expansion. It could be about spice exports or spice usage in the home market. MDH is still the most popular in India, followed by Catch, MTR, Eastern, and other options. A few spice firms, such as ITC – Sunrise (05), Everest (11), MTR (13), MDH (16), and Shakti (20), have made their mark among the top 20 food companies (Agarwal et al., 2021). Branded spices currently account for 35% of the spice market. The spice market is likely to develop, with the overall spice market valued at 67,500 crores in 2020 and forecast to reach 1,00,000 crores in 2025, including both straight and blended spices. According to the Compound Average Rise Rate (CAGR) for 2015-2020, it was 15%, with a robust growth expected in 2021-26 as well (Market Research, 2022). If the current rate of growth continues, 15 leading spice brands might generate 1000 crores in revenue by 2030, with four of them having a 5000 crore annual turnover (Livemint, 2021). According to the current industry situation, MDH is competing for market share in the spice market with competitors such as Catch, MTR, Eastern, and Aachi. Currently, all of these brands are leading in their respective regions. As Everest has done, it is necessary to focus on pan-India to propel brands forward. Overall, India's spice sector has a lot of room to develop and expand.

### Strategic Decisions

MDH was founded from nothing during the partition as they lost their enterprise thus beginning from the ground up requires dedication and clear goals, which they had in mind: honesty, quality, and affordability as a vision for the dynamic business empire that exists today. MDH's current position in people's thoughts is the result of strategic decisions made at all times. MDH's introduction into the spice sector was characterized as a differentiation strategy at the time, with a broad target market and focused cost as one of the company's goals. The idea of having powdered spices that were "ready to use" was novel. The entrepreneurial strategy continued in India with the decision to engage in the same family firm that his father Mahashay Chunni Lal Gulati began in Pakistan (Leveraged Growth, 2020; Sugarmint, 2022). After failing to run Tonga, he returned to Delhi and restarted his spice business. He also attempted a variety of other professions and acquired new talents. Gulati was able to examine the micro and macro environments in order to determine market need and how to meet it. Slowly, the spice business gained traction in the market, prompting him to expand by constructing another manufacturing unit, following the Ansoff model of opening new manufacturing units in other locations with existing items.

Soon after, the company prospered to the point that they had to accept change and accept automation as a step toward expansion and, according to Henry Mintzberg's adaptive strategy,

where decisions are made to expand with the market. Technology-assisted equipment was installed in manufacturing operations. MDH opted to outsource the grinding of spices in order to focus on packaging and labeling. Continuous follow-up and quality control remained a top priority for the organization, which reverted to vertical integration - backward integration by purchasing raw spices from Karnataka, Rajasthan, Afghanistan, and Iran (Dhoker, 2020), grinding them, and selling them in the market all under one roof.

Another reason MDH was preferred was the packaging, which was introduced as an innovation by bringing packaged masala, making it more simple for households to acquire and keep, resulting in a huge shift in people's mentality. The corporation opted on net quantities of 50g, 100g, 200g, and 500g, and gradually launched 1kg packs in response to demand and purchasing habits. As MDH has grown, it has become clear that no concept is too little, and that every idea has the potential to help MDH achieve new heights. The concept must be in line with the company's goals and vision. The reason for this is that before the idea of a spice company was born, women used to physically blend their own spices for cooking, which MDH now does.

Initially, the concept was unacceptably radical, but as time passed, convenience and comfort necessitated the use of ready-to-use spices in the kitchen. MDH used a competitive market strategy in which they attempted to enter all of the key spice segments, as well as MDH Dant Manjan, MDH Kesar, and MDH Havan Samagri. Everest and Catch were in competition because they are both in the spice business. MDH's other approach was a penetration plan, in which they attempted to expand not just in the Indian market, but also in the global market.

Because they understood the Indian market was price sensitive, MDH masala was sold at a low cost as the cost leader. Accepting change was the key to the company's success, as everything was being digitised at the same time. MDH also entered the internet arena to advertise and market themselves in order to reach a wider audience.

*"Who will endorse?"* was another strategic decision. Mahashay Dharam Pal Gulati became the company's face for all advertisements, giving it a distinct identity and making it memorable for people to remember, as advertisements at the time were focused on young and youthful people, and in the midst of that, *an old man coming for an ad was capturing making it a 'real' brand as self-endorsement* (Trivedi, 2020).

MDH was able to attract the market in 2019 using *guerrilla marketing for their 100-year existence in the spice market*. After entering social media with their brand with the caption "100 years of Affinity till infinity," they attracted millennials by having MDH followers in Insta 10K, Facebook 50K, and an overall reach of more than 50 million (Malik, 2021). The next step in the business's growth was to expand internationalization, which led to the establishment of 15 factories, including a fully automated manufacturing unit in Gurgaon, New Delhi, and Nagpur (Brandyuva.in, 2022; Dhoker, 2020).

When looking at the global market, MDH realized that it needed to reach every hamlet, city, and town, so it opted to distribute through wholesalers and retailers so that it could be found in local corner stores and supermarkets. The other reason MDH has been able to stay afloat in such a competitive industry is the trust that has been built in the quality of masalas produced in these factories, as well as the commitment and dedication that has made the company a brand in its own right. Every step of the entrepreneurial path involves decisions on product,

newness in product, expansion of factory units, changing manufacturing technologies such as automation, outsourcing, and worldwide company.

To compete with other companies such as Everest and Catch, MDH implemented a penetration strategy and concentrated on providing quality service to clients. MDH had another side, where it did more than just sell spices in the market; the school dropouts built 20 schools, established a 300-bed hospital, and committed acts of kindness through donations (Zatakia, 2021). As a result, MDH has been present in the market in every way, demonstrating the long-term worth of quality and generosity.

### **Leadership strategies adopted by MDH**

Dharampal Gulati had a *can-do attitude* and a lot of zeal. They lost the nerve to start a spice business from scratch when they moved from Sialkot to India. The desire to grow the business from merely selling two spices to selling a variety of other items (CoFounder, 2022). He used to visit all of his factories and dealers till he died. His commitment to quality was so strong that every product packed and transported out of the production unit had to meet it. Every decision made by the leader should be based on the mission and vision established at the company's founding.

The corporate ideals that have been committed must be adhered to faithfully. Adopting a competitive strategy and penetration strategy to compete with the big players, as well as a penetration strategy in which they attempted to keep the price low while maintaining the quality of the product for people to buy (Verma, 2021).

Introducing start-ups to the idea that no idea is too tiny, and proving it by selling pre-packaged masalas in the 1990s, which steadily built values and a brand on their own. There was a psychological contract created in the work system where responding to calls for duty and responsibility went beyond the norms, which Dharampal Gulati clearly followed in his organization, demonstrating that he was a sustainable leader as he led his people, understanding mutual dependence to achieve goals.

Another characteristic Gulati possessed was the ability to hear the silent murmurs of customers about a product, formulate an aim, and deliver it to them (Verma, 2021). This resulted in the arrival of various-sized packets, allowing users more purchasing alternatives. The term '*Yeh Sab Aapki Meherbaani Se*' (Malviya, 2017) was used to brand MDH and provide credit to customers, resulting in a positive connection with the market. Another factor is his market self-endorsement, which he achieves by his ethnic attire, welcome smile, family feeling, and being an outstanding host (Balachandran, 2021). Only by being determined and pinned can one strive to be the best and give the best.

### **Challenge: Successor of MDH**

Dharampal Gulati has been the company's main cornerstone since the company's inception. He was also the CEO of MDH at the age of 97, owning 80 percent of the company. He was an iconic model and an inspiration to many aspiring businesses. Dharampal Gulati's passion and conviction helped the organization achieve its current level of success. Gulati died of heart arrest in December of the year 2020. After that, no one has been named to the position of CEO. Mr. Rajeev Gulati, Ms. Jyoti Gulati, and Ms. Harshana Gulati are the directors of MDH Private Limited. It falls under the non-government corporation category and is a company limited by shares. After Dharampal Gulati's death, the company's growth numbers aren't as evident. The success tale continues to owe its existence and progress to the 'Dadaji.'



There have been no new updates from the company thus far. "MDH uncle" himself self-endorsed the advertising. The choice of who will be the brand's CEO and face is still up in the air. The longer it takes to fill the vacuum, the greater the risk to the company.

### **Learning outcome for business**

After reaching the top ten, a company must determine whether to maintain its position and market. According to MDH Spice, after the brand was recognised locally, the company opted to focus on developing fundamental principles. The values emphasized making things affordable while not sacrificing quality. MDH's adaptation strategy was to move away from hand-ground spices and toward machine-ground spices (Aadhya, 2022). However, the company was directed by one person throughout the research, as Dharampal Gulati was the CEO and managed the daily business operations at the age of 97. His passion, perseverance, and work style undoubtedly contributed to the company's current market share of 12 percent. When compared to the year 2020, he was also the highest paid CEO (Aadhya, 2022; Balachandran, 2021; Sachdev, 2019). Dharampal Gulati's death in the year 2020 was so unexpected that no one has yet been able to fill the CEO job. From the MDH spice end, succession planning was considered. Because it will be two years, the corporation has not yet announced its operations and expansion strategy. The company's website is still not up to date. Considering all of this, we can conclude that a leader like Dharampal Gulati can lead the organisation to greater heights through his will and expertise. However, he failed to teach the following generation how to plan and grow.

As a result, the company's market share and brand image may be threatened. In order for a business to continue to expand and compete, succession planning must be considered. The essential beliefs and goals must be articulated and communicated clearly. The business's functionality and transparency aid in achieving a shared vision. A successor must be chosen and groomed to carry on the heritage in the same way as previous generations did. Dharampal Gulati, a dropout, joined his father's firm and developed the abilities and attributes needed to be an entrepreneur in the case of MDH. As a result, he was able to identify himself as "Rags to Riches" (Sachdeva, 2018). Transfer of information and skills is critical for growth and sustainability. However, the unexpected passing of Dharampal Gulati in 2020 has left a void, one that the company has yet to fill. Two years have passed without a clear announcement of the company's operational and expansion strategy, as the corporate website languishes without updates. This raises an essential question: "How might the leadership qualities of an individual like Dharampal Gulati, combined with their will and expertise, influence an organization's success compared to the importance of succession planning?"

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