Management Discussion

Deep Saraf - Managing Director, Manorama Industries Limited
Thank you, Swapnali. Good afternoon, everyone. On behalf of Manorama Industries Limited, I welcome you all to the company's Q2 and H1 FY27 conference call. To discuss the performance of the company and to answer your questions, we have with us the management team comprising of Mr. Deep Saraf, Managing Director, Mr. Ashish Saraf, President, Strategic Planning and Business Development, Mr. Ashok Jain, Director and CFO, uh, Ms. Ekta Soni, AVP Investor Relations, and Mr. Deepak Sharma, Company Secretary and Compliance Officer.

Before we proceed this call, I would like to draw your attention to the fact that today's discussion may contain forward-looking statements that are subject to various risks, uncertainties, and other factors which will be beyond management's control. We kindly request to bear in mind that there might be some uncertainties while interpreting such statements. Please note that this conference is being recorded. We would now like to start the session with opening remarks from the management team. Afterwards, we will open the floor for an interactive Q&A session.

I would now hand over the conference call to Deep ji for his opening remarks. Thank you, and over to you, sir.

Ashish Saraf - President, Strategic Planning and Business Development, Manorama Industries Limited
Thank you, Hiral. Good afternoon, this is Ashish Saraf, President strategic planning and business development. Good afternoon everybody, and I wish everyone a warm welcome to the Manorama Industries Q2 and Q1 financial year 27 earnings call. Thank you job for joining us and for the trust you have placed us and also thank you for and more importantly, the thinking behind them. Manorama today is a very different company from the one we were a few years ago. Our quarterly revenue is now above Rs 400 crores.

We serve customers in more than 39 countries with exports at 61% of revenue. We have strengthened our balance sheet and we are about to go for major expansions going forward. A company at this stage deserves dedicated leadership for each part of the business rather than one team carrying every responsibility. This is the purpose of this change. It is not a change of direction. It is a step to give every critical area a clear owner. Mr. Mudit Kumar Singh, as chairman, will lead the board and keep our focus on governance and risk oversight as we scale.

Mr. Deep Saraf, as Managing Director, will run operations and execution, manufacturing supply chain capacity utilization, and delivery of our proposed projects. Mrs. Vineeta Saraf, as President Business Excellence and Development, will strengthen our processes, operational capabilities, and strategic growth initiatives. And as I move into the role of President and Strategic Planning and Business Development, it lets me give up my full time and energy to what I believe will create the most value over the next decade: our long-term strategy, our global partnerships, new growth opportunities, and the relationship with customers and suppliers that we have built together over many years.

I am putting my time where it matters most for its next phase of growth. I would also like to assure you that our strategies, our values, and our culture remain exactly the same. Our customers and suppliers continue to work with the same team. What improves is clarity, speed of decision-making, and accountability as we move further towards a professionally managed, systems-driven organization. We see Manorama as a growing company with clear defined roles and clarity of

purpose to achieve the best results for our stakeholders.

I have worked with Deep for many years and I have complete confidence in him and in the entire leadership team. With that, let me hand over to Deep to take you through his priorities

Deep Saraf - Managing Director, Manorama Industries Limited
And the business. Thank you, Ashish ji. Good afternoon, everyone. This is my first earnings call as a managing director, so let me begin with a few words about my journey and where I want to take Manorama from here. I have been part of Manorama for more than 2 decades In that time, I have worked closely on building our operations, expanding our capabilities, and strengthening our customer relationships. I have seen this business grow from a small specialty fats processor to a global supplier of specialty fats and butters, and much of what we are today was built on the ground, plant by plant, customer by customer, together, together with our team, our tribal collectors community, and our partners.

It is an honor to take this responsibility, and I do so with a deep sense of ownership. As a managing director, my first priority is to deliver our next phase of growth with discipline. Our plan rests on 4 pillars: expand capacity, scale refining, premiumize the mix, expand globally. Now to the quarter. We are pleased to report another strong performance 3 things drove this: healthy demand, higher volumes across the portfolio, a strong mix of value-added products, and disciplined execution, including better use of upgraded fractionation facility.

Exports were at 61% for H1 revenue, and we now serve customers in more than 39 countries across Asia, Europe, US, South America, the Middle East, and Africa. Innovation anchors our growth. Our DSIR-certified Milkova Innovation and Research Center works with customers and R&D teams to develop application-specific products so that we can move steadily from ingredient processing to specialized solutions. With that, I hand over to our CFO, Mr. Ashok Jain, to take through the financial performance in detail.

Thank you, Deep sir, and good afternoon everyone. I will take you through the consolidated financial performance for Q2 and H1 financial year '27. Q2 financial year '27 revenue for the quarter was Rs 459 crore, up 41.9% from Rs 323 crore in Q2 FY26. Growth came from strong demand across our product portfolio higher sales volume, and a stronger mix of value-added products. EBITDA grew by 34.4% to Rs 118 crore. EBITDA margin was 25.8% in Q2 despite higher inbound freight cost, global macro events, the example shipping routes, etc.

This is largely external and tied to border logistic environment rather than anything structural in our business. Profit after tax grew 51.8% to Rs 81 crores and profit after tax margin expanded 114 basis points to 17.6%. First half FY27 revenue grew by 40.8% to Rs 863 crores. EBITDA grew by 38% to Rs 224 crores with EBITDA margin of 26%. Profit after tax grew 59.2% to INR 159 crore, and profit after tax margin expanded 213 basis points to 18.5%. The domestic to export revenue mix for half-year financial year '27 was 39:61.

Now next, inventory and cash flow. On cash flow side, operating cash flow Outflow for H1 was Rs 252 crore. This is timing effect from inventory, not a reflection of the business. Inventory was Rs 1,000 crore as of 31st September '26, compared with Rs 728 crore in March. The main reason is that our shea procurement started earlier this year alongside our seasonal procurement of dal and mango seeds. This inventory is raw material and stock we will convert and sell. As we expect to normalize to the second half, working capital is under 2x our existing banking limit and internal resources.

Balance sheet strength. Our balance sheet is significantly stronger than at the start of the year. As of 31st September '26, net debt-to-equity was 0.0 compared with 0.38x at the end of FY26. Cash and cash equivalent and other bank balance was Rs 498 crore. To conclude, we have delivered strong portfolio growth in H1 with a healthy margin profile and a balance sheet that gives the flexibility to fund our next phase of growth. That concludes our opening remarks. We can now open the floor for questions.

Thank you.

Questions & Answers

Operator
Thank you. We will now begin with the question and answer session. Anyone who wishes to ask a question may press star and then 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to please use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. A reminder to all, you may press star and 1 to ask a question. We have the first question from the line of Nitin from Bank of India Mutual Fund.

Please go ahead.

Nitin - Analyst, Bank of India Mutual Fund
Um, hello everyone. Uh, first of all, congratulations Deepji, uh, for the elevation, and I think the team is doing, uh, the right thing. You know, as the organization grows, we need to have different responsible candidates for different operations. Very right thing to do. 2 questions, sir, and probably, uh, third is more bookkeeping. So first is with regard to, uh, if one were to see the first half number, raw material cost has gone up almost, uh, you know, 480 bps, while other expenses have come down by almost 360 bps.

Net-net, our EBITDA margins have still stayed at the zone where it was last year. So is there any change in, you know, reporting format or reclassification which has happened because of which raw material has gone up to an extent while other expenses have come down, or it's just a coincidence? That's question number 1. And question number 2 is, keeping in mind the input-output ratio that we have shown in past, if I were to take Rs 1,000 crore inventory which is right now sitting in our books, would it be fair to believe that on rolling basis, rolling 12-month basis, we can do a turnover of annualized Rs 1,800 crore with this inventory?

And one clarification would be on volume growth, if you can highlight, and the utilization of the plant for the quarter. Thank you.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Thank you, Nitin ji, for the questions. So the first question with respect to the raw material cost elevation. So we would like to highlight that the raw material cost elevation is primarily what we see in our gross profit level. That is because of our costing with respect to freight cost due to the macroeconomic events what we are seeing globally with the recent movements and hikes in the prices like fuel and every other cost. So we have seen the transportation cost getting high over the last few months and few quarters.

That is the effect of that raw material cost, and there is no any change in the formatting with respect to the reporting of the financials. And the second question was- third question was on the utilization

of the plant. So our plant utilization remains approximately around 85% on the expanded capacity, which we believe currently is operating, uh, 47,500 tons of capacity on 85% utilization roughly. So ideally, we have seen that the contribution from our value-added product has gone up and around 75% to the total sales volume.

Sales value of performance and

Nitin - Analyst, Bank of India Mutual Fund
One question was with regard to the inventory and if I have to do an input output calculation rolling basis ton and 1800 crore is doable with this inventory?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
What we believe, of course it is not that something we can simply The unit economics, what we have seen in the past, shows that calculation only, that we should be clocking that kind of a target, which is kind of an invention.

Nitin - Analyst, Bank of India Mutual Fund
Got it, perfect. Thank you.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Thank

Operator
You. Thank you. We have the next question from the line of Tanay Jain from Ambit Capital. Please go ahead.

Tanay Jain - Analyst, Ambit Capital
Hello, firstly congratulations Deep sir on Tilveshya and congratulations on the great set of numbers. So I just have for a few questions. So firstly Ashok sir, you highlighted that the inventory increase in inventory rates is due to early procurement of shea seeds. So this there any The second question is that what is the status of the backward integration project, uh, in Africa, Burkina Faso? And the third question is that what is the status of our LATAM facility and when can we expect, uh, revenue contribution from it?

Thank you.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Hi, thank you for the question. Burkina Faso project, yes, we are doing well progress there also, uh, because we already have started and we are in a critical phase of completing our designing. And because this all projects are very complex and this needs to be designed and engineered in-house first and then we start. And we believe that we are in well track, uh, towards the project. We already have acquired the land in Burkina Faso, as we already have intimated in our last board meeting. But we are expecting regulatory approvals towards the land, and we believe that we can update you much more in detail, uh, maybe in the coming quarters as well as the CapEx progresses.

And for that, sorry,

Tanay Jain - Analyst, Ambit Capital
Just to follow up, is there any specific timeline for it?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So we are expecting our projects timelines towards financial year '28. Which is- should be around Q3, Q4 of that particular financial year. So we are expecting that timeline for our project.

Tanay Jain - Analyst, Ambit Capital
Understood.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
And the second question, which was towards Latin, yes, it is also progressing well currently because we are already very much booked with our existing capacity, with our existing customers. Shipment schedules are booked and we are gradually increasing volume. From our existing plants to go to the Latin plant and rework there. So that is happening gradually, and we believe that in the next few quarters, maybe in a year or so, we will see a gradual good ramp-up over the Latin market as well. But for Latin market, the, the product has to go from Indian plant as well.

So currently we see a very booking capacities. We are already fully booked for our capacities, but it should gradually ramp over the few quarters.

Tanay Jain - Analyst, Ambit Capital
Understood. And about the inventory days,

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Uh, sorry, can you repeat your question please for inventory days?

Tanay Jain - Analyst, Ambit Capital
Yeah, so question was that sir highlighted that, uh, it was the increase in inventory days were due to early procurement of shea seeds. So I just wanted to know, is there any particular reason for this early purchase?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So there is no particular reason as such, uh, because we started and we see that we were getting material, uh, shea nuts and butters from the West African region, uh, because we have recently incorporated, uh, and expanded our footprint in West African market. So as we started, we got to receive our materials and we started shipping that from Africa. So that is in the normal course of the business we have done that significantly. You will not see in the Q3, Q4 kind of a thing.

Tanay Jain - Analyst, Ambit Capital
So going forward, should we expect the same trend to continue, like in first half, uh, the shea procurement would be done and the inventories would be elevated?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
See, we cannot confirm you that, that it will be only first half or it will be only second half because it happens in the normal course of the business, not such seasonal in the nature. So we have to buy when it comes. So you can take as of now first half and the second half only. If there is any, you know, change like we already have half done in the first half, that always will be reported. We cannot simply say that it will only come in first half or it will only come in second half because it is seasonal in nature.

Tanay Jain - Analyst, Ambit Capital
Understood. Okay, thank you. That was from my side.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Thank you.

Operator
Thank you. We have the next question from the line of Deepali from Jefferies. Please go ahead.

Deepali - Analyst, Jefferies
Um, hello, congratulations on good set of numbers. So my first question is regarding the revenue grew approximately 42% year on year. Would you be able to quantify how much was driven by volume growth and how much by realization changes?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So the on an YOY basis, we see that contribution from volume growth has been around 85%, uh, and 10-15% we can take a price realization benefit on the prices.

Deepali - Analyst, Jefferies
Okay, uh, and the 4,500 MDP bottlenecking When do we think we'll be able to start commercial production from that plant?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
See, that is, that is under planning in QC only, but we will update you once we have completed that application. But that is under planning in QC only.

Deepali - Analyst, Jefferies
Okay. Uh, what is the amount of capital expenditure that we have completed on both backward and forward integration?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So including our working progress and the amount we already have Capitalized, we see we have invested around 70-75 crore towards our current CapEx, and we expect to invest more in the coming quarters, in the second half of the year and in the next fiscal year as well.

Deepali - Analyst, Jefferies
So this amount was almost very similar in the previous conference calls. We have not done any CapEx during this quarter.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So no, we, of course, as we stated that these projects are a little complex in nature, uh, so yes, that designing engineer has been, uh, it's in a very critical position of completion and we believe very soon we are going to release the- we have done some advances as and when required to the vendors for the machineries. So the larger chunk of the investment you can see maybe the second half or in the coming fiscal year, because firstly needs to design and clean it, and then that particular thing happens in the second phase.

So that is going on.

Deepali - Analyst, Jefferies
Once- okay, uh, one small bookkeeping question. How much is the forex in the other income? Forex gain? So in

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
The other income, Rs 15 crore is forex gain, and around 10

Deep Saraf - Managing Director, Manorama Industries Limited
10 crore FD interest,

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
FD interest. Okay,

Deepali - Analyst, Jefferies
But the other income is 10 crore for the quarter.

Deep Saraf - Managing Director, Manorama Industries Limited
In total H1 25 crore is more income, out of 15 crore is more policy income and 10 crore is interest and IPL.

Deepali - Analyst, Jefferies
I'm sorry your voice.

Deep Saraf - Managing Director, Manorama Industries Limited
Can you repeat? We have seen

Kaushik Mohan - Analyst, Trinetra Asset Managers
For H1,

Deep Saraf - Managing Director, Manorama Industries Limited
H1. We have seen for H1.

Deepali - Analyst, Jefferies
Okay, for H1 you're saying that 15 crores has been forex gain and 10 crores have been interest on FDR. All right, thank you. That's it from my end.

Operator
Thank you. We have the next question from the line of Vanshika Gupta from Tusk Investments. Please go ahead. Uh,

Vanshika Gupta - Analyst, Tusk Investments
Hello.

Operator
Uh, hi.

Vanshika Gupta - Analyst, Tusk Investments
Good afternoon. So my question is around the cocoa prices and realizations for Manorama. So, you know, you already mentioned that the realization growth has been 10% to 15%. Has this been impacted by, you know, the cocoa price correction? Like, is that impacting the realizations customers are demanding from us? And in past calls, you've mentioned that your contracts are 9 to

12 months and they're renewed, you know, over a long-term basis. So are, uh, are the recent contract renewals coming in at lower prices, and how much of the book renews in the next 2 to 3 quarters?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So see, it's an ongoing process of contracts getting booked. So we have always stated, and we'd like to repeat, that this is not directly that way related to cocoa prices. It doesn't move as cocoa moves. Because the raw materials are very different, the processes are very different, the technologies are a little different when we make cocoa butter or cocoa butter equivalent. But with the recent also renewed contracts, we see that we are getting our cost margin thing from the products. So that way we cannot compare with cocoa butter prices and events.

We have seen our prices are in a stable mode currently. There are indirect impacts, but not- there are no direct kind of impact.

Vanshika Gupta - Analyst, Tusk Investments
Uh, just a small follow-up. Uh, so basically the prices that we were getting last year, uh, last quarter rather, which you indicated, we, we are directionally in the same, uh, level, or there's no impact on our CBE steering pricing?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
No, that way there is no impact if, if you want to compare on a thing. So it's not that there will be impact just because CBE prices are falling. So the thing we want to clear is on that, that there is no linkage that way when one commodity prices moves for cocoa to that of our products of sashua mango.

Operator
Okay, thank you. Thank you. We have the next question from the line of Praveen Jayaraman from Avengers Park Institutional Equities. Please go ahead.

Deepali - Analyst, Jefferies
Hi, am I audible?

Operator
Yes, you're audible.

Deepali - Analyst, Jefferies
Yeah, congratulations on a strong set of numbers on the, on the elevation, sir. Uh, my question is on raw material cost. Uh, we understand that TCA procurement has led to an increase in inventories this time. Uh, what like Was there any increase in shea price which we have procured this time compared to last year?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So shea price, because of the freight, it has been increased. So that is already reflecting in our books. So that prices have impacted because of the freight cost which we are importing from those different regions in West African countries.

Deep Saraf - Managing Director, Manorama Industries Limited
The understanding should be that the price increases on freight and not on the shea as such. Shea

[Foreign Speech] hello

Deepali - Analyst, Jefferies
Yeah

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
That what we are yeah that what we are saying that there freight cost largely which are which have been impacted and then of course there could be a price inflation impact also which could be there in 5-7 percent which is there for every input cost which is going the of price for every raw material, every input price cost has increased. So that you have to take into consideration.

Deepali - Analyst, Jefferies
Uh, directionally, what would have been the year-on-year increase in freight cost which comes in over raw materials?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Yeah, it comes in under cost only when we are importing shea from Africa. So that is part of that.

Deepali - Analyst, Jefferies
No, no, my question was, uh, what would be the percentage increase in, uh, freight cost directionally if we compare on Percentage

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Increase. So that we can calculate internally once with the team and we can let you know this exact percentage offline mode through our advisors.

Deepali - Analyst, Jefferies
Okay, thanks, thanks for that. That's it from my side.

Operator
Thank you. We have the next question from the line of Kaushik Mohan from Trinetra Asset Managers. Please go ahead.

Kaushik Mohan - Analyst, Trinetra Asset Managers
Hi sir, congratulations on the good set of numbers. So I just wanted to understand on one single part, uh, we have raised recently funds, right? I think that will start working from next year, uh, so our ROCs will be coming from next year. Uh, apart from that, with only from existing business and with existing factory that we have, what can be the full year kind of top line run rate that we are working on if I do double the Uh, first half with the second half. Is my assumptions right over here? And next year when it comes to the new factory which has been coming into life from the backward integration and everything, what kind of volume growth that we are going to see?

More than pricing, I just want to know on the volume side.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So yes, of course, you see, the H1 has given us a strong base, uh, and the second half also should benefit from the capacity ramp-up and the remaining debottlenecking which needs to be done. So of course we remain confident of our healthy top-line growth for full FY27 as well. And with relates to the volume growth, we expect our capacities to be commissioning around Q3, Q4 FY28. So we should be wise enough to expect gradual Um, FY29 onwards, so around Q4 FY28 onwards from

some of the projects and CapEx.

And the kind of expansion in our volumes will be on a gradual basis. We believe that our capacities have initially given and started with the utilization of around 40-50%, which in about 2 or 3 years gets into optimum utilization around 85-90%.

Kaushik Mohan - Analyst, Trinetra Asset Managers
Okay, and, uh, how about, uh, this- just because of having this backward integration from the Africa side, this thing, sir or ma'am, uh, like what are the cost advantages that we are going to benefit?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Africa cost

Deep Saraf - Managing Director, Manorama Industries Limited
Advantages- so we see hardly 2-3% is coming. Maybe, uh, we will get the advantage of So

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
It's very too early to, you know, comment on all the financials part, but it should definitely benefit the company in some or the other form, maybe in the raw material sourcing part also, and it should improve in our financials, reflect in our financials also. So the right percentage is too early to communicate about it, but it should benefit the company in the longer term.

Kaushik Mohan - Analyst, Trinetra Asset Managers
Got it, got it, got it, got it. Thanks, thanks for this.

Operator
Thank you. We have the next question from the line of Tushar Khandelwal from Nexus Equities. Please go ahead.

Tushar Khandelwal - Analyst, Nexus Equities
Congratulations on great set of numbers. So my question relates to the mix which has been improving quarter on quarter. So as of this quarter, we- the contribution from CBE and steering, it is coming 21%. So I understand that the lamb butter which you are processing, there will be part of olein and stearin, both of them. But I want to understand the ceiling, up to what amount percentage of revenue can come from stearin from your beef product mix?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
We have improved. Currently, if you see, the value contribution from stearin has gone to 75% approximately. Approximately for, uh, in the range which was earlier 65, then 70, now it's currently 70-75. So we believe it should be there, and going forward, uh, the range should be healthy. It should be in the range of 70-75% only going forward once this upgrades, and we will update you.

Tushar Khandelwal - Analyst, Nexus Equities
Okay, so peak, uh, peak range would be up to 75% of the revenue. That can come from CVN scaling?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
See, as of today, with the current mix, we can say with the current capacity at 75, uh, band, you can say it's a comfortable band for the contribution from CVN scaling. It may go- it should be in the range between 70 to 80%. That can happen, uh, the ranges with this existing capacity, we should

take this, uh,

Tushar Khandelwal - Analyst, Nexus Equities
Okay, got it. And regarding the solvent filtration plant, what stage of construction is it currently at?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
It's under planning and engineering stage. A lot of things goes around when you plan for this kind of a project. These are little complex fascination projects because we run all these wild crops and Yields are different for different raw materials. So that is in a good state. We will keep you updated once something substantially materialized. That will give you updates.

Tushar Khandelwal - Analyst, Nexus Equities
Okay, thank you.

Operator
Thank you, ladies and gentlemen. In order to ensure that the management is able to address all the questions from the participants in the question queue, We request you to kindly limit your questions to 2 per participant. If you have a follow-up question, please rejoin the queue again. We have the next question from the line of Akhil Parekh from 361 Capital. Please go ahead.

Deep Saraf - Managing Director, Manorama Industries Limited
Yeah, thanks for the opportunity. I hope I'm audible.

Operator
Yes, you're audible. Yeah.

Deep Saraf - Managing Director, Manorama Industries Limited
[Foreign Speech] on the gross margins, right? would you be able to share how much of our COGS includes freight cost basically. the reason I am asking this because quarter on quarter and on annual basis we see huge fluctuation. sorry to

Operator
Interrupt. Sorry to interrupt, actually you're not audible. We have lost the connection for the current participant. We will take the next question. The next question is from the line of Nipun Sharma from BLS Finance. Please go ahead. Yes, sir.

Nipun Sharma - Analyst, BLS Finance
Okay, uh, so my first question is regarding the plant capacity utilization. So what sort of capacity utilization do you expect for the financial year '27? Because in the previous phone call it was mentioned that on the conservative basis we should be assuming 80%. So would it go to 85%? And what is the expected capacity utilization of new fractionation capacities that will be, uh, that is expected to be commissioned in the 3rd quarter of FY28.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So for the existing capacity, yes, it is around 85%, correctly, for the including the debottleneck capacity which we have done last quarter, last quarter only. So yeah, we can expect 85-90% around kind of utilization could be there. For our existing setup. And as stated earlier also, for new capacity, it takes about 2 to 3 years to get into 85-90% kind of utilization, what we already have experienced with our existing facilities and capacities of both the fractionation plants. So gradual ramp-up will

take about 2 to 3 years, starting from 40-50% kind of utilization, uh, once the plant commission So that should be around FY29 only, uh, of, uh, utilization should be around 40-50% of the CapEx.

Nipun Sharma - Analyst, BLS Finance
Okay, okay. Uh, another question is, could you provide the revenue as well as EBITDA guidance for the upcoming, uh, you know, medium term?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
We are not giving any numeric guidance, but we have stated that we believe that we should be clocking 85% kind of utilization for our existing capacities, and we expect our debottleneck capacity also be to be completed by end of this financial year. So we believe that contribution should be around 85% from our plant. So that kind of a guidance directionally we can give it and share with our shareholders.

Nipun Sharma - Analyst, BLS Finance
Okay, okay. Uh, just one small, one small question if I would squeeze in. Just one small question.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Yes, please ask.

Nipun Sharma - Analyst, BLS Finance
Yes, uh, so could you provide the average representation increase in the FY26 for your CBE, and is it expected to continue for the upcoming medium term as well?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
You see, we already have done a meaningful, uh, increase, we can say, in our product mix. We have started on a very low contribution, now we are valuating around 30-35. So we have, we have come to about 75% of total value-added product mix. So we have done, and we think that 7- between 70 to 80% should be the contribution from all this value-added products.

Nipun Sharma - Analyst, BLS Finance
Okay, thank you very much, and best of luck for your future endeavors.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Thank you.

Mahima Gidwani - Analyst, Philip Capital PMS
Thank

Operator
You. We have the next question from the line of Mahima Gidwani from Philip Capital PMS. Please go ahead.

Mahima Gidwani - Analyst, Philip Capital PMS
Thanks for the opportunity. My first question is on demand increment for CBE and specialty fats. So are we seeing any kind of slowdown or order difference, destocking from global chocolate or cosmetic customers because of the current geopolitical situation, particularly in export markets?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So no, currently that way no, because the product, uh, what we are manufacturing currently are

short in supply only. So we are not seeing any slowdown with respect to demand for our product portfolio. The demands are very healthy currently. Our capacities are also quite booked for the next kind of So we don't see that kind of thing in our products.

Mahima Gidwani - Analyst, Philip Capital PMS
My second question is on growth performance of this. Current growth is coming from new customers or new product approvals, and how much is from higher uptake by existing customers? If you can give a rough estimate of that.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So it's a mixture of kind of both. Uh, so there is- we cannot share with you the exact percentage currently that how much is contributed by the new customers or the existing old customers, but we are significantly adding new customers from new geographies as well. Because once you add customers, you are bound to give them the volumes. So we are building currently, building on our capacities as the volume production scales, our product portfolio, customer base With the existing and new will also increase.

Mahima Gidwani - Analyst, Philip Capital PMS
Our receivables have increased around 82% March 26 levels. So could you please help us understand the behind this increase in receivables?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Sorry, can you be little clear? We cannot hear you clearly.

Mahima Gidwani - Analyst, Philip Capital PMS
So my question.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Inaudible has increased around 82 percent.

Operator
Sorry to interrupt in between, my my your voice is breaking. could please use your handset mode and speak.

Mahima Gidwani - Analyst, Philip Capital PMS
Hello, am I audible now?

Operator
Yes you're audible, please go ahead.

Mahima Gidwani - Analyst, Philip Capital PMS
My second question is on receivables. have our receivables have increased

Deepali - Analyst, Jefferies
So it

Deep Saraf - Managing Director, Manorama Industries Limited
Is, it is a part of the last 15 days revenue of September month. So already we have received the remittance from the customers, so it is normalized. This is normal course of business. Uh, the receivables only you can take every 30 days.

Mahima Gidwani - Analyst, Philip Capital PMS
Okay, got it. Those were all my questions. Thank you.

Operator
Thank you. We have the next question from the line of Yogita Rathod from Aditya Birla Capital. Please go ahead.

Yogita Rathod - Analyst, Aditya Birla Capital
Firstly, congratulations on the good set of numbers. So I just wanted to understand the fractionation mix in our overall volumes. How will it, um, be going forward for the future years?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Sorry, vaccination mix

Yogita Rathod - Analyst, Aditya Birla Capital
Of the overall volume.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Our overall volume comes from mostly only from vaccination only, like the stearin, uh, fractions like stearin, olein. So largely the part of the volume is coming from the vaccination edible only so like 75 edible contributed from CBE and stearin, and the rest contribution are from the other products like olein, refined butters, and the byproducts like DOCs and all.

Yogita Rathod - Analyst, Aditya Birla Capital
Okay, and in terms of EBITA margin can you give some guidance?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
See, with the guidance, there is no as such any numeric guidance, but the- we have reported good sets of margin, uh, over the last 4 to 6 quarters. Uh, we see that is going well on the band of around 25 to 27% currently from the business, but it can see modest movements quarter to quarter depending on a lot of macroeconomic reasons is there, and business has risk also. So currently we see that particular bank going well in the retail margin terms what we are currently reporting.

Yogita Rathod - Analyst, Aditya Birla Capital
Okay, thank you.

Operator
Thank you. We have the next question from the line of Onkar. From Shree Investment. Please go ahead.

Onkar - Analyst, Shree Investment
Good afternoon. Congrats on a good set of numbers. My question is, currently I guess you have capacity of 47,500 metric tons. So you are saying the new capacities will be added from Q3 of next financial year. So apart from the debottlenecking of around 45,000 metric tons per annum, uh, where do you see growth coming from, uh, till the new capacities come in FY28. So basically from Q3 of this year to next Q3.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Yeah, there are the headrooms which are there currently. We are yet to utilize our capacities, we are

yet to do due to bottlenecking for our second unit as well, uh, and we believe that there will be 5-10% kind of a price benefit as well, which we usually get to see from inflation or for other factors which will get contributed in our total sales mix. So that way we see that we have a good headroom for this fiscal year and for the next fiscal year as well. Uh, the company is utilizing that capacity on an optimum basis.

That is the only target for the current and the fiscal- coming fiscal year.

Onkar - Analyst, Shree Investment
So for- so the way you have shown growth in the first first half, can you like, with current capacities and like utilization of that capacities of around 85%, and you before new capacities coming in, can you sustain this kind of growth or would it be difficult with the current capacities to do so?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
See, we always have been reported a good strong set of numbers. It's not only about quarter-to-quarter movements or, you know, 6 months or 6 months kind of a moment with respect to the- when you see a business, you see business as a whole kind of a thing. And we, we believe that we have reported good set of growth for the last few quarters, and we see that good growth is kind of good growth going to come in the coming quarter as well. But we won't be able to quantify in terms of percentage, uh, that what kind of a growth- what we believe that what we have done in the past we will be continuing to doing so in the near future as well with our existing setup and the coming setup.

Onkar - Analyst, Shree Investment
So if you can, uh, just tell, uh, in the numbers, like how much, uh, capacities would be added and what would be the number in terms of capacities till the time the next capacity is coming?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Yeah, so we already have disclosed a lot of information in our press releases, outcomes, and presentations for that. If you refer those materials, and then maybe for further, we can take your questions offline.

Onkar - Analyst, Shree Investment
Sure. Uh, the second question, uh, is on the, again, the margin front. Uh, you have got- I mean, you have currently said that around 25-27% band is comfortable, but do you think from then, when the new capacities come on stream next year, and as it gradually, as it gradually moves the capacity utilization towards 50, 60, 70%. Do you think there is still scope for margin improvement from here, or like this is the best?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
See, yes, Vicky. See, we are investing in the phased manner towards our capacities. So there are different capacities are coming and investments are going in a phased manner. So we believe, and what we have said, that the current band which is there and we are reporting, uh, looks reasonable. And any updates or movement in the margin front, we will keep you updated because there could be modest movements could be there in margins quarter to quarter if you see the business. But that way, what company is reporting currently, balance in the EBITDA margin, we look as of now comfortable.

But we will keep you updated for any movement. Yeah, please go ahead. Yeah, due to a lot of

macroeconomic, uh, impacts also, there could be modest movements could be there, but whatever we are reporting currently is within that band only, 25 to 27. So my

Onkar - Analyst, Shree Investment
Question was not for short term actually. My question was once you start operating at higher capacities in the new capacities which will be coming from FY28. So that's what I'm asking, because of operating leverage, once you start getting in maybe in FY29 and '30, my question was on that front.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Yeah, it should improve definitely. There are so many levers, the product mix would be changing and the operating leverage you should get, economies of scale benefit you should also get. So that should also gradually improve, uh, the levers are so many there, uh, in the coming quarters.

Onkar - Analyst, Shree Investment
So structurally there is a possibility of improvement in the margin, right, in next 2-3 years because of all

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
This? Yeah, gradually it is there, but after all it is a business. So yes,

Onkar - Analyst, Shree Investment
Sure. All right, thank you, ma'am.

Operator
Thank you. We have the next question from the line of Mayur Parkeria from Scripbox Wealth Managers Private Limited. Please go ahead.

Mayur Parkeria - Analyst, Scripbox Wealth Managers Private Limited
Uh, good afternoon, sir. Uh, am I audible clearly? And to the entire- you're audible.

Operator
Yeah, yeah.

Mayur Parkeria - Analyst, Scripbox Wealth Managers Private Limited
So congratulations to the entire management team for a great set of numbers. Uh, uh, and also congratulations to Mr. Deep for taking over the new responsibilities, uh, and wishing you all the best. Um, we have seen, uh, Manorama increasing turnovers from 200 crores few years back to almost a run rate of now 1,700-1,800 crores as we analyze this. That's a great jump, and so has been the profitability, and the balance sheet has been maintained. Wishing that the same structure, same discipline, uh, continues, and we have full faith on it.

So, uh, great going to the entire team. Uh, with that, I've just, uh, one observation, and, uh, you know, you can throw some light on that. And second is the question. The first is, earlier our greenfield expansion was 25,000 tons. Now we are having a capacity expansion of 75,000 tons, and now it is geographically spread further. It is also about the backward integration and, uh, some forward integrations there. Given the complexity of this, uh, uh, you know, I hope, uh, I know that management takes all the due care with respect to financial and other planning processes, uh, so that by FY28, uh, the, you know, as guided, uh, we are set for the next, uh, strong run as we can, as

we have continued in the past So given the complexity and given the size and the scale of expansion, if anything you would like to call out with respect to the, you know, your experiences early in terms of planning, engineering, and anything which you foresee, you know, in terms of how you see this expansion compared to the past expansions.

In terms of people, in terms of resources, in terms of,

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Uh, yeah, see, it's a, it's kind of a day-to-day learning. You, we are learning every day with every increase what we are doing. With the first expansion of 15,000 tons, which was a total greenfield project, uh, we successfully started and commissioned that. Uh, we had a lot of experience from that front as well, and then we got, we have for the second plant of 25,000 tons. So whatever learning experience was there from the first plant, we tried to rectify in the second. Now as a company and business, we have the experience of the 2 fractionation plants successfully running, uh, on a good utilization note as well.

So we remain confident, uh, on our approaches. So we have a good team, we have a good bandwidth of people as well. We have recruited a lot of people, nationals and international also, who can contribute their expertise, knowledge with respect to this key project, which are very, uh, in real complex in nature, which needs a very heavy designing and engineering. So that work, it is there, and we are currently working as a team to complete all our projects. And we believe and we see that we should be clocking our timelines, what we have shared with our shareholders for our projects.

But whatever any modification is there, or whatever if there are any updates, we will keep on sharing with you, with all our stakeholders, so that everybody is updated with the current data. But currently we are still focused on, on our priorities with projects going forward.

Mayur Parkeria - Analyst, Scripbox Wealth Managers Private Limited
Thank you for that. And so now the other question I had was, while the CapEx and other things are going on, we also have- we had earlier indicated our, you know, CBA opportunity which we are looking at, and, you know, the part of forward integration into that. By the time the capacities come in place, uh, uh, I hope that the product approvals and the trials and the, the, the respective, uh, you know, everything else is also in place, uh, so that we are ready to move as the capacity comes in, uh, by FY29.

I hope that part is also- would you like to throw some color as, as we move ahead on that side?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Thank you. We appreciate the concern also for the upcoming projects, but yes, we are in a process. It is a process which takes time, planning, uh, work, and we as a team are doing so. And what we can share with you that we have fully focused on our priorities with respect to the project and whatever projects we are working on, the applications we are working on. But currently, yes, the team is doing I mean,

Mayur Parkeria - Analyst, Scripbox Wealth Managers Private Limited
Anything highlight on- I'm sorry to interrupt,

Yogita Rathod - Analyst, Aditya Birla Capital
May you please rejoin the queue for more questions?

Mayur Parkeria - Analyst, Scripbox Wealth Managers Private Limited
This is just a clarification. Okay, fine, I'll come.

Operator
Thank you. Ladies and gentlemen, a reminder to all, kindly restrict yourself to one question only. We will take the next question from Shrenik Mehta from Indu Health. Please go ahead.

Nipun Sharma - Analyst, BLS Finance
Hi, am I audible?

Operator
Yes, you're audible.

Nipun Sharma - Analyst, BLS Finance
So, uh, you know, there is a capital work in progress that I see here which is around Rs 27 crores against the capital guidance of Rs 25-30 crores. So how much of this Rs 460 crores CapEx that you're doing overall has been ordered? What line commissions first and which month? And how much of FY28 revenue do you expect from this new capacity? We also see some board recommendation modifications in the CapEx plan. Is there something that you want to highlight here?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So we already have discussed this in our earlier statements also, and a lot of things That's what we are repeatedly saying, that we will update you if there are any, uh, things and updates. What we already have said, that we have invested around Rs 70-75 crore towards our project, and we see that we are going to invest a good chunk also in the second half of this fiscal year. And for the CapEx timeline also, we have said that it will be, uh, you can take FY28 Q3-Q4 as a target. Capex online as of today for the project.

Then it should start contributing gradually from '29 onwards.

Nipun Sharma - Analyst, BLS Finance
Okay. And I, I'm again asking probably a question which was in a way repeating, but some indication here would be, would be helpful. So what is the maximum revenue the existing plants can deliver in FY28?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
So whatever investments we have done so far, we have seen the asset earnings, uh, generally we have received around 6x from the investments towards our forward integration. So that kind of directionally, uh, guidance if you want to, we can share with you. So that's how one on optimum utilization, we believe around 6-7x kind of a 6x, 5x, 6x, 7x kind of what at a time we can see from our business. It depends on product mix as well. A lot of things impacts here.

Nipun Sharma - Analyst, BLS Finance
Okay, thank you.

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Thank

Operator
You. Next question is from the line of Aditya Sharma from Shikara Investments. Please go ahead.

Aditya Sharma - Analyst, Shikara Investments
Yeah, hi, uh, thanks for the opportunity. And just have one question in terms of inventory. We see a sharp pickup from first- from Q4 FY26 to, uh, currently, uh, Q2 FY27. Uh, while you called it out on seasonality, if I go behind and look at last year, uh, it was slightly, uh, flattish or downwards in terms of the inventory in the same period last year. So around Rs 500-odd crores is what it was. So I'm just trying to understand what has changed because last year there was no pickup in terms of inventory during this 6-month period.

So if you could just help us understand, is the mix of inventory changed or the pricing obviously would have increased around 5-10% as you are highlighting, but what led to this large increase?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
Yeah, so last year the inventory you saw was largely because we have done the seasons for dal and mango. So last year 500 odd crores inventory first was for that particular raw material and some of the finished goods. This year, half year, what you have seen, the inventory includes shea nut also, what we have bought earlier this year from the West African regions. So we have expanded our regions and so we started getting our, uh, nuts and butters from there, and we have started procuring. So that impact which is there for current raw material is mostly that we already have aligned our shea nut procurement for this fiscal year, and it will get normalized during the end of financial year.

So generally what we have seen during the last quarter of the year, we see a heavy inventory, and this time it has- we have seen in the 6th Because of the shea nuts we have bought earlier. So it will get normalized in the Q3 and Q4 kind of a number.

Tushar Khandelwal - Analyst, Nexus Equities
Okay, okay. So, um,

Operator
I would request you to please rejoin the queue again for more follow-up. Thank you. We have the next question from the line of Utkarsh Sumaya from Elko Quantum Solutions. Please go ahead.

Utkarsh Sumaya - Analyst, Elko Quantum Solutions
Hi, this is Utkarsh from Ico Quantum Solutions. Thank you for the opportunity. I'm sorry to be repetitive, ma'am, but, uh, you mentioned that, uh, you will likely maintain your historical growth rate of 40-odd percent in the next year. But I still, uh, I mean, I- you did explain once, but I still did not understand the levers you have at hand to maintain this kind of growth. I understand you have 4,500 tons of capacity coming, and you also mentioned, uh, your value-added product will go from 75% to higher, and you have one more debottlenecking in another unit coming in.

So can you explain a little more about the growth levers you have that will sustain this high 40% growth?

Ashok Kumar Jain - Whole Time Director & Chief Financial Officer, Manorama Industries Limited
See, it's not that, uh, if I will repeat what we have said earlier, uh, we have said that the company has reported good set of growth over the last few quarters, and we see that we are going to report good set of growth in the coming quarter as well. So comparing 40%, 30%, or 50% would not be the right thing to do. That what, what, when we are saying our growth plan, it is for a longer-term vision also. So whatever expansion we are doing today, 2 quarters after the depot making or the expanded

capacity- when we talk about growth, we talk about as a whole what we are company is taking now and what we are taking now.

So it's like comparing, it will be 40%, 30%, and 20%. It's, it's not what we are communicating or sharing to our shareholders, but we remain confident on our plan which is, which is there with respect to CapEx, product mix. The fundamentals of the business, that remains totally intact. That is the core priority which is there for the whole team currently, and we believe that that should be the same going forward as well. So we'll keep you updated for any ups and downs which is there in the business.

Operator
Thank you, ladies and gentlemen. Due to time constraint, we will take that as the last question. And with that, we conclude the question and answer session. I now hand the conference back to the management for the closing comments.

Deep Saraf - Managing Director, Manorama Industries Limited
We have delivered a strong first half and we have a clear leadership structure in place for the next phase. With our integrated business model, strong sourcing capabilities, a growing value-added portfolio, wider global reach and a robust balance sheet, we believe Manorama is well positioned to capture the long-term opportunity in CBE and specialty fats and to create sustainable value for all of our stakeholders. Thank you.

Operator
Thank you, members of the management. On behalf of Manorama Industries Limited, we conclude this conference. Thank you everyone for joining with us today, and you may now disconnect your lines.