Manorama Industries

Operator: Good day and welcome to the Manorama Industries Limited Q2 and H1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Hiral Kenya from the EY Investor Relations team. Thank you, and over to you, sir.

Hiral Kenya – EY Investor Relations: 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 answer your questions. We have with us the management team comprising Mr. Deep Saraf, Managing Director; Mr. Ashish Saraf, President – Strategic Planning and Business Development; Mr. Ashok Jain, Director and CFO; Ms. Ekta Soni, EVP Investor Relations; and Mr. Deepak Sharma, Company Secretary and Compliance Officer.

Before we proceed with 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 beyond management's control. We kindly request you 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 for his opening remarks. Thank you, and over to you, sir.

Ashish Saraf – President – Strategic Planning and Business Development: 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 H1 FY27 earnings call. Thank you for joining us and for the trust placed in us. I also wish you happy festive times and a Happy Diwali.

Before we get to the numbers, I would like to take two minutes to explain the leadership changes we announced recently 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 about 400 crore. 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 undertake 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 project. Mrs. Vinita Saraf, as President – Business Excellence and Development, will strengthen our processes, operational capabilities, and strategic growth initiatives.

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As I move into the role of President and Strategic Planning and Business Development, it lets me give 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 relationships with customers and suppliers that we have built together over many years. I am putting my time where it matters most for this 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 clearly defined roles and clarity of purpose to achieve [inaudible]

Ashish Saraf – President – Strategic Planning and Business Development: ...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 and the business performance.

Deep – Managing Director: Thank you, Ashish. 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 two 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. Much of what we are today was built on the ground, plant by plant and customer by customer, 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 four pillars: expand capacity, scale refining, premiumize the mix, and expand globally.

Now to the quarter. We are pleased to report another strong performance. Three things drove this: healthy demand, higher volumes across the portfolio, a strong mix of value-added products, and disciplined execution, including better use of the upgraded fractionation facility. Exports were at 61% of H1 revenue, and we now serve customers in more than 39 countries across Asia, Europe, the US, South America, the Middle East, and Africa.

Innovation anchors our growth. Our BS-IR-certified Milkoa 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 you through the financial performance in detail. Ashok, over to you.

Ashok Jain – CFO: Thank you, Deep, and good afternoon, everyone. I will take you through the consolidated financial performance for Q2 and H1 FY27.

Q2 FY27 revenue for the quarter was 459 crore, up 41.9% from 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 118 crore. EBITDA margin was 25.8% in Q2,

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despite higher sea-borne freight costs and global macro events, such as shipping routes, etc. This is largely external and tied to the global logistics environment, rather than anything structural in our business.

Profit after tax grew 51.8% to 81 crore, and profit after tax margin expanded 114 basis points to 17.6%. H1 FY27 revenue grew by 40.8% to 863 crore. EBITDA grew by 38% to 224 crore, with an 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 H1 FY27 was 39:61.

Now, net inventory and cash flow. On the cash flow side, operating cash flow outflow for H1 was 252 crore, which is a timing effect from inventory, not a reflection of the business. Inventory was 1,000 crore as of September 31, 2026, compared with 728 crore in March. The main reason is that our shea procurement started earlier this year, alongside our seasonal procurement of sal and mango seed. This inventory is raw material and stock that we will convert and sell, and we expect it to normalize through the second half. Working capital is funded through our existing banking limit and internal resources.

The balance sheet is strong. Our balance sheet is significantly stronger than at the start of the year. As of September 31, 2026, net debt-to-equity was 0.07x, compared with 0.38x at the end of FY26. Cash and cash equivalents and other bank balances were 498 crore. To conclude, we have delivered strong portfolio growth in H1, with a healthy margin profile and a balance sheet that gives us the flexibility to fund our next phase of growth.

That concludes our opening remarks. We can now open the floor for questions. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to 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 one to ask a question. We have the first question from the line of Nitin from Bank of India Mutual Fund. Please go ahead.

Nitin – Bank of India Mutual Fund: Hello, everyone. First of all, congratulations, Deep, on the elevation. I think the team is doing the right thing. As the organization grows, we need to have different responsible candidates for different operations. It is the right thing to do.

Two questions, and probably the third is more of a bookkeeping question. The first is with regard to the first-half numbers. Raw material cost has gone up by almost 480 basis points, while other expenses have come down by almost 360 basis points. Net-net, our EBITDA margins have still stayed in the zone where they were last year. Is there any change in the reporting format or reclassification that has happened because of which raw material cost has gone up to an extent while other expenses have come down, or is it just a coincidence? That is question number one.

The second question is, keeping in mind the input-output ratio that we have shown in the past, if I were to take 1,000 crore of inventory that is currently sitting on our books, would it be fair to believe

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that, on a rolling 12-month basis, we can do a turnover of an annualized 1,800 crore with this inventory? One clarification would be on volume growth, if you can highlight it, and the utilization of the plant for the quarter. Thank you.

Ashok Jain – CFO: Thank you, Nitin, for the questions. The first question was with respect to the elevation in raw material cost. We would like to highlight that the elevation in raw material cost is primarily what we see at the gross profit level. That is because of our costing with respect to freight costs due to the macroeconomic events that we are seeing globally, with the recent movements and hikes in prices such as fuel and every other cost. We have seen transportation costs getting higher over the last few months and quarters. That is the effect on the raw material cost, and there has been no change in the formatting with respect to the reporting of the financials.

The second question was—the third question was on the utilization of the plant. Our plant utilization remains approximately 85% on the expanded capacity, which we believe is currently operating at 47,500 tons of capacity at roughly 85% utilization. Ideally, we have seen that the contribution from our value-added products has gone up, and it was around 75% of total sales volume.

One question was with regard to inventory and whether, if we were to do an input-output calculation, a rolling business turnover of 1,800 crore would be doable with this inventory.

What we believe, of course, is that it is not something we can simply annualize, but the unit economics we have seen in the past show that it can- [trails off]

Nitin – Bank of India Mutual Fund: ...calculation, or should we take it only as a long-term kind of target based on the current inventory?

Nitin – Bank of India Mutual Fund: Got it. Perfect. Thank you.

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

Tanay Jain – Ambit Capital: Hello. Firstly, congratulations, Ashok, on the elevation, and congratulations on the great set of numbers. I just have a few questions. Firstly, Ashok, you highlighted that the increase in inventory days is due to early procurement of shea seeds. Is there any particular reason for this early purchase? The second question is: what is the status of the backward integration project in Africa, Burkina Faso? The third question is: what is the status of our LATAM facility, and when can we expect revenue contributions from it? Thank you.

Management: Hi, thank you for the question. Regarding the Burkina Faso project, we are making good progress there because we have already started, and we are in a critical phase of completing the design. All these projects are very complex, and they need to be designed and implemented in-house first. We believe that we are on track with the project. We have already acquired the land in Burkina Faso, as we intimated in our last board meeting, but we are awaiting regulatory approvals for the land. We believe that we can update you in much more detail in the coming quarters as the capex progresses.

Tanay Jain – Ambit Capital: Sorry, just a follow-up. Is there any specific timeline for it?

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Management: We are expecting the project timeline to be in FY28, which should be around Q3 or Q4 of that particular financial year. That is the expected timeline for the project.

Tanay Jain – Ambit Capital: Understood.

Management: The second question was regarding LATAM, which is also progressing well. Currently, because we are already very heavily booked with our existing capacity and existing customers, shipment schedules are booked. We are gradually increasing volumes from our existing plants to send to the LATAM plants where we work. That is happening gradually, and we believe that in the next few quarters, perhaps in a year or two, we will see a gradual and healthy ramp-up in the LATAM market as well.

For the LATAM market, however, the product also has to be sent from the plants in India. Currently, we see very good bookings, as we are already fully booked for our capacity. This should gradually ramp up over the next few quarters.

Tanay Jain – Ambit Capital: Understood. And regarding the inventory days—

Management: Sorry, can you repeat your question regarding inventory days?

Tanay Jain – Ambit Capital: The question was that you highlighted that the increase in inventory days was due to early procurement of shea seeds. I wanted to know whether there was any particular reason for this early purchase.

Management: There is no particular reason as such. We started receiving shea nuts and butter from the West African region because we have recently incorporated and expanded our footprint in the West African market. As we started, we received the materials and started shipping them from Africa. That is what we did in the normal course of business. You will not see that significantly in Q3 and Q4.

Tanay Jain – Ambit Capital: Going forward, should we expect the same trend to continue, with shea procurement being done in the first half and inventories remaining elevated?

Management: We cannot confirm whether it will be only in the first half or only in the second half because it happens in the normal course of business and is not particularly seasonal in nature. We have to buy when it becomes available. For now, you can consider the first half and the second half only. If there is any change, as we have already seen in the first half, that will always be reported. However, we cannot simply say that it will only come in the first half or only in the second half because it is seasonal in nature.

Tanay Jain – Ambit Capital: Understood. Okay. Thank you. That is all from my side.

Management: Thank you.

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

Deepali – Jefferies: Hello. Congratulations on a good set of numbers. My first question is regarding the approximately 42% year-on-year revenue growth. Would you be able to quantify how much was

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driven by volume growth and how much by changes in realization?

Management: On a year-on-year basis, we see that the contribution from volume growth has been around 85%, and we can attribute 10-15% to the benefit from price realization.

Deepali – Jefferies: Okay, great. Regarding the 4,500 MTPA debottlenecking, when do we think we will be able to start commercial production from that plant?

Management: That is under trial in Q3, but we will update you once we have completed the trial production. It is planned for Q3.

Deepali – Jefferies: What is the amount of capital expenditure that we have completed on both backward and forward integration?

Management: Including work in progress and the amount we have already capitalized, we have invested around 70-75-odd crore towards our current capex. 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 – Jefferies: This amount was almost very similar in the previous conference call. Have we not undertaken any capex during this quarter?

Management: We have, of course. As we stated, these projects are somewhat complex in nature. The design engineering is at a very critical stage of completion, and we believe that we are going to reach that stage very soon. We have made some advances to vendors for machinery as and when required. The larger portion of the investment may be seen in the second half or in the coming fiscal year because first we need to complete the design and engineering, and then that particular work happens in the second phase. That is continuing.

Deepali – Jefferies: One small bookkeeping question. How much is the forex component in other income? The forex gain, or—

Management: In other income, 15 crore is forex gain and approximately 10 crore is interest on fixed deposits.

Deepali – Jefferies: Okay, but other income is 10 crore for the quarter.

Management: In total, it is 25 crore for H1. Other income is 25 crore, of which 15 crore is forex income and 10 crore is interest on fixed deposits.

Deepali – Jefferies: I am sorry, your voice broke. Can you repeat that, please? You are saying for H1?

Management: For H1. We are saying for H1.

Deepali – Jefferies: For H1, you are saying that 15 crore was forex gain and 10 crore was interest on fixed deposits?

Management: Interest on fixed deposits. All right. Thank you. That is all from my end.

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

Vanshika Gupta – Tusk Investments: Hello. Hi. Good afternoon. My question is regarding cocoa prices and realization for Manorama. You have already mentioned that realization growth has been 10–15%. Has this been impacted by the correction in cocoa prices? Is that impacting the realization that our customers are demanding from us? In past calls, you have mentioned that your contracts are for 9–12 months and are on a long-term basis. Are recent contract renewals coming in at lower prices, and how much of the book is up for renewal in the next 2–3 quarters?

Management: This is an ongoing process of contracts being booked. We have always stated, and would like to repeat, that this is not directly related to cocoa prices. It does not move as cocoa moves because the raw materials are very different, the processes are very different, and the technology is somewhat different when we make cocoa butter equivalent. With the recently renewed contracts as well, we see that we are getting our cost margin from the products. Therefore, we cannot compare our prices with cocoa butter prices. We have seen that our prices are currently stable for renewals as well. There are indirect impacts, but there is no direct impact.

Vanshika Gupta – Tusk Investments: Just a small follow-up. Basically, the prices that we were getting last year, or last quarter rather, which—

Management: ...Yes, indeed, we are directionally at the same level. There is no impact on our CV stearin pricing. There is no impact in that respect. If we want to compare the two, it is not that there will be some impact just because CV prices are falling. What we want to clarify is that there is no linkage between movements in one commodity, such as cocoa butter, and our products such as shea and others.

Operator: Okay, thank you. Thank you. We have the next question from the line of Pravin Jayaramnan from Avendus Spark Institutional Equities. Please go ahead.

Pravin Jayaramnan – Avendus Spark Institutional Equities: Hey, hi. Am I audible?

Operator: Yes, you are audible.

Pravin Jayaramnan – Avendus Spark Institutional Equities: Congratulations on a strong set of numbers and on the year-end results, sir. My question is on raw material cost. We understand that shea procurement has led to an increase in the inventory system. Was there any increase in the amount of shea we procured this time compared to last year?

Management: [pause] Shea prices and raw material costs have increased because of freight. That is already reflected in our board. Those prices have been impacted by the freight cost of importing from different regions in West African countries.

Pravin Jayaramnan – Avendus Spark Institutional Equities: We understand that the price increases were in freight and not in shea as such, or in shea seeds as such. Correct?

Management: Hello? Yes, that is what we are saying. Freight costs have largely been impacted. There could also be a price inflation impact of 5–7%, which applies to every input cost that is

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increasing. The inflation impact on prices for every raw material and every input cost has increased. You have to take that into consideration.

Pravin Jayaramnan – Avendus Spark Institutional Equities: Directionally, what would have been the year-on-year increase in freight costs included in raw material costs?

Management: It comes under COGS when we import shea from Africa. It is part of that.

Pravin Jayaramnan – Avendus Spark Institutional Equities: No, my question was: what would be the percentage increase in freight costs, directionally, if we compare H1?

Management: Percentage increase? We can calculate that internally with the team and let you know the exact percentage offline through our advisors.

Pravin Jayaramnan – Avendus Spark Institutional Equities: Okay. Thanks a lot. That is all from my side.

Operator: Thank you. We have the next question from the line of Kaushik Mohan from Trimitra Asset Management. Please go ahead.

Kaushik Mohan – Trimitra Asset Management: Hi, sir. Congratulations on the good set of numbers. I wanted to understand one point. We have recently raised funds, right? I think that will start working from next year. Our ROCEs will come from next year. Apart from that, with only the existing business and existing capacity, what can be the full-year top-line run rate that we are working towards if I double the first half with the second half? Is my assumption correct? And next year, when the new factory comes into operation through backward integration and everything, what kind of volume growth are we going to see? More than pricing, I want to understand the volume side.

Management: [pause] Yes, of course. H1 has given us a strong base, and the second half should also benefit from the capacity ramp-up and the remaining debottlenecking that needs to be done. We remain confident of healthy top-line growth for FY27 as well.

With regard to volume growth, we expect our capacities to be commissioned around Q3 or Q4 FY28. We should therefore expect a gradual contribution from FY29 onwards, although some of the projects and services may contribute from around Q4 FY28 onwards. The expansion in our volumes will be gradual. We believe that our capacities initially start with utilization of around 40-50%, which reaches optimum utilization of around 85-90% in about 2-3 years.

Kaushik Mohan – Trimitra Asset Management: How about the margin, because we are having this backward integration from the African side? What kind of cost advantages will we benefit from?

Management: The Africa cost advantage is that we may get an advantage of hardly 2-3% at the company level from this backward integration. [pause] It is too early to comment on all the financial aspects, but it should definitely benefit the company in one form or another, perhaps in the raw material sourcing as well, and it should also improve our financials. The exact percentage is too early to communicate as of now, but it should benefit the company in the longer term.

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Kaushik Mohan – Trimitra Asset Management: Got it. Thanks for this.

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

Tushar Khandkar – Nexus Equities: Congratulations on a great set of numbers. My question relates to the product mix, which has been improving quarter on quarter. In this quarter, the contribution from CBE and stearin has reached 75%. I understand that the butter we are processing will be part of both olein and stearin. I want to understand, on a generic basis, up to what percentage of revenue can come from CBE and stearin?

Management: [pause] Currently, the value contribution from CBE and stearin has gone to approximately 75%. It was earlier in the range of 65–70%, and now it has come to 70–75%. We believe that it should remain in a healthy range, and going forward the range should be 70–75%. Once this is updated, we will update you.

Tushar Khandkar – Nexus Equities: The peak range would therefore be up to 75% of revenue from CBE and stearin.

Management: [pause] As of today, with the current mix and current capacity, we can say that a 75% band is a comfortable band for the contribution from CBE and stearin. It may go higher; the range could be between 70% and 80%. With the existing capacity, we should consider this as the band.

Tushar Khandkar – Nexus Equities: Got it. Regarding the solvent extraction plant, at what stage of construction is it currently?

Management: [pause] It is under the planning and engineering stage. A lot of things go into planning this kind of project. This is a somewhat complex fractionation project because we process all these wide crops, and the links are different for different raw materials. It is at a good stage. We will keep you updated once something substantial materializes. We will provide updates.

Tushar Khandkar – Nexus Equities: Okay. Thank you.

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

Akhil Parekh – 361 Capital: Thanks for the opportunity. I hope I am audible.

Operator: Yes, you are audible, Akhil.

Akhil Parekh – 361 Capital: My first question is on gross margins. Would you be able to share how much of our COGS includes freight costs? The reason I am asking is that quarter on quarter and on an annual basis, we see significant fluctuations.

Operator: Akhil, your voice was not audible for part of the question. Could you please repeat your question?

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Akhil Parekh – 361 Capital: [pause]

Operator: Sorry to interrupt, Akhil. You are not audible. [pause] 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 VLS Finance. Please go ahead.

Nipun Sharma – VLS Finance: Good afternoon. Is my voice clear to you?

Operator: Yes, you are audible.

Nipun Sharma – VLS Finance: My first question is regarding plant capacity utilization. What sort of capacity utilization do you expect for FY27? In the previous conference call, it was mentioned that, on a conservative basis, we—

Nipun Sharma – VLS Finance: ...would be at 85%. Would it go to 85%, and what is the expected capacity utilization of the new fractionating capacity that is expected to be commissioned in Q3 FY28?

Management: For existing capacity, our utilization is currently around 85%, including the debottlenecking capacity that we completed last quarter or the quarter before last. We can expect utilization of around 85-90% for our existing setup. As I have stated earlier, for new capacity it takes about 2-3 years to reach 85-90% utilization, based on what we have already experienced with our existing facilities and both fractionation capacities. Therefore, a gradual ramp-up will take about 2-3 years, starting from utilization of around 40-50% once the plant is commissioned. Utilization of the new capacity should be around 40-50% in FY29.

Nipun Sharma – VLS Finance: Could you also provide revenue and EBITDA guidance for the upcoming medium term?

Management: We are not giving any numeric guidance, but we have stated that we believe we should be achieving approximately 85% utilization for our existing capacities. We also expect our debottlenecking capacity to be completed by the end of this financial year. We believe the contribution from both plants should be around 85%. That is the directional guidance we can give and share with our shareholders.

Nipun Sharma – VLS Finance: Just one small question, if I could squeeze it in.

Management: Yes, please ask.

Nipun Sharma – VLS Finance: Could you provide an update on the increase we have shown in FY26 for CBE, and whether it is expected to continue in the upcoming medium term as well?

Management: We have already achieved a meaningful increase in our product mix. We started from a very low contribution, and we are now contributing around 30-35%; we have reached approximately 75% of the total value-added product mix. We have made that progress, and we believe that the contribution from all these value-added products should be between 70% and 80%.

Nipun Sharma – VLS Finance: Okay. Thank you very much, and best of luck for future endeavors.

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Management: Thank you.

Operator: Thank you. We have the next question from the line of Mahima Gidwani from Phillip Capital PMS. Please go ahead.

Mahima Gidwani – Phillip Capital PMS: Thanks for the opportunity. My first question is on the demand environment for CBE and specialty fats. Are we seeing any slowdown or order deferrals from global chocolate or cosmetic customers because of the current geopolitical situation, particularly in export markets?

Management: No, not currently. The products we manufacture are currently in short supply, so we are not seeing any slowdown with respect to demand for our product portfolio. Demand is currently very healthy, and our capacity is also quite booked for this year. We do not see that kind of change in our products.

Mahima Gidwani – Phillip Capital PMS: My second question is on the growth mix. How much of the 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.

Management: It is a mix of both. We cannot currently share the exact percentage contributed by new customers or existing customers, but we are significantly adding new customers from new geographies as well. Once you add customers, you are required to provide them with volumes. We are currently building our capacities, and as the volume projection scales, our product portfolio and customer base, both existing and new, will also increase.

Mahima Gidwani – Phillip Capital PMS: My last question is on receivables. Receivables have increased by around 82 crore from the March 2026 level. Could you please help us understand the reason behind this increase in receivables?

Management: Sorry, can you be a little clearer? We cannot hear you clearly.

Operator: Sorry to interrupt, Mahima. Your voice is breaking. Could you please use handset mode and speak?

Mahima Gidwani – Phillip Capital PMS: Hello, am I audible now?

Operator: Yes, you are audible. Please go ahead.

Mahima Gidwani – Phillip Capital PMS: My second question is on receivables. Our receivables have increased significantly from the March 2026 level. Could you please help us understand the reason behind that?

Management: [pause] It is related to the revenue from the last 15 days of September. We have already received the remittance from the customers, so it is normalized. This is the normal course of business, as receivables usually represent an average of 30 days.

Mahima Gidwani – Phillip Capital PMS: Okay, got it. Those were all my questions. Thank you.

Management: Thank you.

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Operator: Thank you. We have the next question from the line of Analyst1 from Aditya Birla Capital. Please go ahead.

Analyst1 – Aditya Birla Capital: First of all, congratulations on the good set of numbers. I wanted to understand the fractionation mix in our overall volumes. How will it be going forward in future years?

Management: Sorry, do you mean the fractionation mix of the overall volume?

Analyst1 – Aditya Birla Capital: Yes.

Management: Our overall volume comes mostly from fractionation, such as stearin and olein fractions. A large part of the volumes comes from the fractionation unit. CBE and stearin contribute approximately 75%, and the remaining contribution comes from other products such as olein and refined butters, and by-products such as {? UC ?} and others.

Analyst1 – Aditya Birla Capital: In terms of EBITDA margin, can you provide some guidance?

Management: There is no numeric guidance as such, but we have reported a good set of margins over the last 4–6 quarters. We see that the business is currently operating in a band of around 25–27%. There may be modest quarter-to-quarter movements depending on various macroeconomic factors, and the business also has risks. Currently, we see that band continuing in the EBITDA margins we are reporting.

Analyst1 – Aditya Birla Capital: Okay. Thank you.

Operator: Thank you. We have the next question from the line of Omkar from Shri Investment. Please go ahead.

Omkar – Shri Investment: Good afternoon. Congratulations on a good set of numbers. I believe we currently have a capacity of 47,500 metric tons, and you were saying that the new capacities will be added from Q3 of the next financial year. Apart from the debottlenecking of around 4–5 thousand metric tons per annum, where do you see growth coming from until the new capacities come in FY28? Basically, from Q3 of this year to the next 2–3 steps.

Management: There are headrooms available. We are yet to utilize our capacities fully, and we are yet to complete the debottlenecking for our second unit as well. We also believe that there will be a 5–10% price benefit, which we usually see from inflation or other factors that contribute to our total sales mix. In that way, we see that we have good headroom for this fiscal year and the next fiscal year as well. The company is utilizing its capacity on an optimum basis, and that is the only target for the current and coming fiscal years.

Omkar – Shri Investment: Based on the growth you have shown in the first half, with current capacities and utilization of around 85% before the new capacities come in, can you sustain this kind of growth, or would it be difficult with the current capacities?

Management: We have always reported a strong set of numbers. It is not only about quarter-to-quarter movements or six-month-to-six-month movements. When you look at the

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business, we look at it as a whole. We believe that we have reported good growth over the last few quarters, and we see that good growth will continue in the coming quarter as well, but we [trails off]

Omkar – Shri Investment: Can you quantify what kind of growth that would be in percentage terms?

Management: What we have done in the past, we will continue to do in the near future as well with our existing setup and the upcoming setup.

Omkar – Shri Investment: Could you tell us in terms of numbers how much capacity would be added and what the capacity would be until the next capacities come in?

Management: We have already disclosed a lot of information in our press releases, outcomes, and presentations. You can refer to those materials, and we can take further questions offline.

Omkar – Shri Investment: The second question is again on margins. You have said that the 25-27% band is comfortable. When the new capacities come on stream next year and capacity utilization gradually moves towards 50-60-70%, do you think there is still scope for margin improvement from here, or is this the best level?

Management: [pause] We are investing in our capacities in phases. Different sets of capacities are coming up, and expansions are being undertaken in a phased manner. We believe that the current band we are reporting looks reasonable. We will keep you updated on any changes or movements in margins, because there could be modest quarter-to-quarter movements in margins from one industry to another. The band that the company is currently reporting in EBITDA margins looks comfortable for now, but we will keep you updated on any movement.

Omkar – Shri Investment: I am asking about—

Management: Yes, please go ahead. Because of macroeconomic impacts, there could also be modest movements, but whatever we are currently reporting is within the 25-27% band.

Omkar – Shri Investment: My question was not about the short term. My question was about once you start operating at higher capacities in the new capacities that will be coming from FY28. I am asking about the operating leverage once you start reaching those levels, perhaps in FY29 and FY30.

Management: It should definitely improve. There are several levers. The product mix will change, and we should benefit from operating leverage and economies of scale. Those factors should also gradually improve the levels, along with several other factors in the coming quarters.

Omkar – Shri Investment: Structurally, is there a possibility of margin improvement over the next 2-3 years because of all these factors?

Management: Yes, it will happen gradually, but after all, it is a business. So, yes.

Omkar – Shri Investment: All right. Thank you, management.

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

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Mayur Parkeria – Scrapbox Wealth Management Private Limited: Good afternoon, sir. Am I clearly audible to the entire management team?

Operator: Yes, you are audible.

Mayur Parkeria – Scrapbox Wealth Management Private Limited: Congratulations to the entire management team for a great set of numbers, and congratulations to Mr. Deep on taking over the new responsibilities. I wish you all the best.

We have seen Manorama increase its turnover from 200 crore a few years ago to an annualized run rate of almost 1,700–1,800 crore. That is a great jump, and the profitability has also increased while the balance sheet has been maintained. I hope that the same structure and discipline continue, and we have full faith in it. Great going to the entire team.

I have one observation on which you can provide some insight, and a second question. Earlier, our greenfield expansion was 25,000 tons. Now we are undertaking a capacity expansion of 75,000 tons, and it is geographically spread. It also includes backward integration and some forward integration.

Given the complexity of this, I hope management takes due care with respect to financial and other planning processes, so that by FY28, as guided, we are set for the next strong run, as we have continued in the past. Given the complexity and the size and scale of the expansion, is there anything you would like to highlight based on your earlier experiences in planning and engineering, or anything you foresee in terms of how you see this expansion compared with past expansions? This is in terms of people, resources, and other factors.

Management: [pause] It is a matter of day-to-day learning. We are learning every day with every new thing we undertake. With the first expansion of 15,000 tons, which was a total greenfield project, we successfully started and commissioned it. We gained a lot of experience from that project, and then we went for the second tranche of 25,000 tons. We tried to correct in the second project whatever learning we gained from the first plant.

As a company and as a business, we now have the experience of successfully running two fractionation plants at good utilization levels. We remain confident in our approach. We have a good team and a good bandwidth of people. We have recruited many people nationally and internationally who can contribute their expertise and knowledge with respect to these key projects, which are highly detailed and complex in nature and require extensive design and engineering.

That work is ongoing, and we are currently working as a team to complete all our projects. We believe that we should meet the timelines we have shared with our shareholders for our projects. If there are any modifications or updates, we will continue sharing them with all our stakeholders so that everyone is updated on the current position. Currently, we are strictly focused on our priorities with respect to our projects going forward.

Mayur Parkeria – Scrapbox Wealth Management Private Limited: Thank you. My other question was that while the capex and other activities are ongoing, we had earlier indicated our CBA opportunity, which we are evaluating as part of forward integration. By the time the capacities come into place, I

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hope that the product approvals, trials, and everything else are also in place so that we are ready to proceed as the capacity comes in by FY29. Would you like to provide some insight on that as we move forward?

Management: [pause] We appreciate the concern regarding the upcoming project. We are in the process, and it is a process that takes time and planning work. As a team, we are working on it. What we can share is that we are fully focused on our priorities with respect to the projects and the applications we are working on. The team is currently working on this with full focus.

Mayur Parkeria – Scrapbox Wealth Management Private Limited: Is there anything you would like to highlight on—

Operator: I am sorry to interrupt, Mayur. Please rejoin the queue for more questions.

Mayur Parkeria – Scrapbox Wealth Management Private Limited: This was just a clarification. Okay, fine, I will come back.

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

Srenik Mehta – Indorient: Hi, am I audible?

Operator: Yes, you are audible.

Srenik Mehta – Indorient: There is capital work in progress of around 27 crore, against the capex guidance of 225–250 crore. How much of the overall 450 crore capex that you are undertaking has been ordered? Which line will be commissioned first and in which month? How much FY28 revenue do we expect from this new capacity? We also see some board resolution modification in the capex plan. Is there something that you want to highlight here?

Management: [pause] We have already discussed this in our earlier statements. We have repeatedly said that we will update you if there are any changes or updates. We have already stated that we have invested around 70–75 crore towards our projects, and we expect to invest a good portion in the second half of this fiscal year. Regarding the capex timeline, we have stated that Q1 to Q2 of {? FY28 ?} is the targeted timeline as of today for the project. It should then start contributing gradually from FY29 onwards.

Srenik Mehta – Indorient: I am again asking the same question, which is somewhat repetitive, but some indication here would be helpful. What is the maximum revenue the existing plants can deliver in FY28?

Management: [pause] Whatever investments we have made so far, we have generally seen asset turnover of around 6x from investments towards forward integration. If you want directional guidance, we can share that with you. At optimum utilization, we believe we can see asset turns of around 6–7x—5x, 6x, or 7x—from our business. It depends on the product mix as well, and many factors have an impact here.

Srenik Mehta – Indorient: Okay. Thank you.

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Operator: Thank you. The next question is from the line of Aditya Sharma from Shikara Investments. Please go ahead.

Aditya Sharma – Shikara Investments: Thanks for the opportunity. I have one question regarding inventory. We see a sharp increase from Q4 FY26 to the current Q2 FY27. While you attributed it to seasonality, if I look back at last year, inventory was slightly flat or declining during the same period. It was around 500-odd crore. I am trying to understand what has changed, because last year there was no increase in inventory during this six-month period. Is the mix of inventory different, or has pricing increased by 5-10%, as you are highlighting? What led to this large increase?

Management: Last year, the inventory you saw was largely because we had procured during the seasons for sal and mango. Last year's 500-odd crore of inventory was for that particular raw material and some finished goods.

This year, the H1 inventory includes shea nuts that we purchased earlier in the year from the West African regions. We have expanded our regions, started receiving our nuts and butter from there, and started procuring them. The impact on current raw material is primarily because we had already aligned our shea nut procurement for this fiscal year. It will normalize towards the end of the financial year.

Generally, what we have seen is that during the last quarter of the year, we carry heavy inventory. This time, we saw it in the six-month period because we purchased the shea nuts earlier. It will normalize in Q3 and Q4.

Aditya Sharma – Shikara Investments: Okay. Okay. So—

Operator: Sorry to interrupt, Aditya. I would request you to please rejoin the queue for a follow-up. Thank you. We have the next question from the line of Utkarsh Somaiya from Elco Quantum Solutions. Please go ahead.

Utkarsh Somaiya – Elco Quantum Solutions: Hi, this is Utkarsh from Elco Quantum Solutions. Thank you for the opportunity. I am sorry to be repetitive, but you mentioned that you will likely maintain a historical growth rate of 40-odd percent next year. You did explain it earlier, but I still did not understand the levers we have available to maintain this kind of growth.

I understand that you have 4,500 tons of capacity coming in, that your value-added products will increase from 75%, and that there is another debottlenecking project in another unit. Can you explain in more detail the growth levers you have that will sustain this high 40% growth?

Management: It is not that—I will repeat what we have said earlier. We have said that the company has reported good growth over the last few quarters, and we see that we will report good growth in the coming quarter as well.

Comparing 40%, 30%, or 50% would not be the right way to look at it. When we discuss our growth plans, we are discussing a longer-term vision as well. Whatever expansion we are undertaking today, including the debottlenecking or expanded capacity that comes on stream two quarters later, is part of that vision.

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When we talk about growth, we talk about the company as a whole—what the company is undertaking now and what it will undertake next. Comparing it as 40%, 30%, or 20% is not what we are communicating or sharing with our shareholders. We remain confident in the path relating to capex, product mix, and the fundamentals of the business. Those fundamentals remain completely intact, and that is the core priority for the entire team currently. We believe that this should remain the same going forward as well. We will keep you updated on any ups and downs in the business.

Operator: Thank you. Ladies and gentlemen, due to time constraints, we will take this as the last question. With that, we conclude the question-and-answer session. I now hand the conference back to the management for the closing comments.

Management: We have delivered on a transformed past and have a clear leadership structure in place for the next phase. With our integrated business model, strong sourcing capabilities, growing value-added portfolio, wider global reach, and 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 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 us today. You may now disconnect your lines.

Management: Thank you.

Operator: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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