modi naturals limited

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20th November 2025

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Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Transcript of Earning Conference Call held on 17th November, 2025.

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith transcript of Q2 & H1 FY26 Earnings Conference Call for the Audited Financial Results for the quarter & half-year ended 30th September, 2025 held on Monday 17th November, 2025.

You are requested to kindly take the same on your record.

Thanking You,

Yours truly,
for **MODI NATURALS LIMITED**

Rajan Kumar Singh
Digitally signed by Rajan Kumar Singh
Date: 2025.11.20 16:17:40 +05'30'

Rajan Kumar singh
Company Secretary & Compliance Officer

Encl: as above

“Modi Naturals Limited

Q2 & H1 FY ‘26 Earnings Conference Call”

November 17, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 17th November 2025 will prevail.”

MANAGEMENT: **MR. AKSHAY MODI – JOINT MANAGING DIRECTOR**
STRATEGIC GROWTH ADVISORS – INVESTOR RELATIONS ADVISORS

Moderator: Good morning, ladies and gentlemen and welcome to the Modi Naturals Limited Q2 and H1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now handover the conference over to Mr. Akshay Modi, Joint Managing Director from Modi Naturals Limited. Thank you and over to you, sir.

Akshay Modi: Thank you. Good morning ladies and gentlemen. Thank you for joining us for the Modi Naturals Limited Q2 and H1 FY '26 earnings conference call. I trust you have had an opportunity to review our financial results and investor presentation, both available on the company's website and on the stock exchanges. SGA, our investor relations advisor, is joining me on this call.

The FMCG landscape in India today is undergoing a structural shift. Health, wellness and premiumization are no longer niche themes. They are becoming standard expectations. Consumers are increasingly seeking brands that combine quality, purpose and convenience. Meanwhile, regulatory changes such as GST rationalization have posed short-term challenges in pricing and inventory, but in the medium term, they create a more stable and transparent ecosystem for branded players.

In the edible oils and food ingredients domain, the premiumization trend is particularly strong. With rising incomes, urbanization and increasing penetration of e-commerce and modern trade, brands that offer differentiated value are winning. Our flagship brand, Oleev, sits directly at this intersection, offering healthy positioning, differentiated formats and premium appeal. The snacking ecosystem, too, is expanding rapidly, driven by younger demographics, online consumption and shifting tastes, and this presents both opportunities and responsibilities. At Modi Naturals, we are well-poised to capitalize on all of these trends.

Moving on to progress across our divisions. Consumer division. Our consumer division continues to demonstrate healthy momentum, anchored by strong brand equity, an expanding product portfolio and consistent distribution improvements. Despite the temporary impact of GST realization during the quarter, the business has quickly absorbed the change and profitability is now stabilizing as expected.

Demand across categories remains encouraging. Our expanded distribution network covering both general and modern trade, alongside a growing presence in quick commerce, continues to drive volume growth.

The recent launch of our Hing product under the Spice category has seen a good response, a positive response. This reinforces our ability to identify emerging consumer occasions and quickly innovate with differentiated offerings. Similarly, our pasta range continues to perform exceptionally well and consistently ranks among the top on a leading quick commerce platform, validating the product's quality and consumer acceptance.

During Q2 FY'26, we made a focused investment of INR6.3 crores in marketing and advertising to further strengthen brand visibility and enhance consumer engagement. These investments, combined with the GST-led transition, impacted quarterly profitability. However, they are strategic in nature and aimed at building long-term brand strength.

Another encouraging trend in our deepening presence in Tier 2 and Tier 3 markets, where increasing product availability and stronger brand recall are helping us penetrate new households. This geographic expansion continues to be a key driver of growth and positions us well to capture rising demand across India's evolving consumption landscape. In H1 FY'26, we have spent INR9.15 crores in marketing and advertising.

Bulk division. The bulk division has undergone a meaningful transformation as we shift towards a structurally stronger, more efficient operating model, i.e., a lower inventory business model, which reduces working capital requirements, enhances operational efficiency and supports better profitability. This strategic initiative has already started yielding tangible results.

The bulk business delivered an EBITDA turnaround recording of INR1.2 crores in H1FY26 compared to a loss of INR1.5 crores in the same period last year. The improvement is a direct outcome of tighter inventory management, more disciplined procurement planning and improved alignment between production cycles and market demand.

Generally, Q2 is softer due to monsoon-related challenges, limited crop arrivals and seasonally lower demand. However, with fresh crops arriving in Q3 and price normalization underway, we anticipate that the second half of the year will be materially stronger. Margins are also benefiting from favorable commodity prices and enhanced operational controls, and we expect this positive trend to continue as the new business model stabilizes further.

Ethanol division. Our ethanol division, operated through our wholly owned subsidiary, Modi Biotech Private Limited continues to deliver a stellar performance, supported by favorable industry dynamics and internal operational improvements. With India's growing focus on biofuels and renewable energy, our ethanol business aligns perfectly with the country's long-term national agenda. We are not only operating a growth business, but we are also part of the future of clean energy.

We have also secured substantial business visibility ahead of the next ESY, with 49,700 KL in orders, along with by-product orders, worth INR400 crores from OMCs in October 25 cycle 1 tender alone, and we expect further orders in subsequent tenders. One of our key strategic priorities, i.e., major capacity expansion, is progressing well. The second phase of the 180 KLPD ethanol plant expansion is currently under trial and is expected to commence operations by December ‘25. Once completed, our total capacity will increase to 310 KL PD.

Once our additional ethanol capacity becomes operational, we plan to participate in further rounds of tenders to fully utilize and absorb the expanded capacity. We will continue to update on the same as and when we make progress. With favorable policy support, a well-established supply chain, and strengthened operations, we believe the ethanol division is poised to remain a key growth engine for the company.

Let me move to the financial section now. Coming to our consolidated financial performance, Q2 FY '26 performance highlights. Revenue from operations is up by 0.3% to INR147 crores year-on-year. EBITDA for the quarter grew by 14.9% to INR15.3 crores year-on-year. EBITDA margins stood at 10.4%.

PAT grew by 32.8% to INR10.1 crores year-on-year. H1 FY'26 performance highlights. Revenue from operations is up by 2.7% to INR302 crores year-on-year. EBITDA for the quarter grew by 24% to INR33 crores. EBITDA margins stood at 10.9%. PAT grew by 36.7% to INR20.6 crores on a year-on-year basis.

Coming to our divisional performance, consumer division revenue for Q2 FY'26 stood at INR46.3 crores compared to INR46.6 crores in Q2 FY'25. H1 stood at INR90.7 crores compared to INR86.6 crores in H1 FY'25. EBITDA for Q2 FY '26 stood at INR3.3 crores as compared to INR4.6 crores in FY'25. H1 FY '26 stood at INR7.2 crores as compared to INR10.6 crores in FY '26. An increase in advertising and marketing has had an impact on EBITDA.

Bulk division. In Q2 FY '26, our revenue stood at INR16 crores as compared to INR19.6 crores in Q2 FY '26 and H1 FY '26 stood at INR47.2 crores as compared to INR49.5 crores in H1 FY '25. EBITDA stood at INR40 lakhs in Q2 FY'26 as compared to a loss of INR30 lakhs in Q2 FY'25. And H1 FY '26 EBITDA stood at INR1.2 crores as compared to loss of INR1.5 crores in H1 FY '25.

Turnaround in divisional performance in H1 FY'26 due to a change in the linear business model. Ethanol division. In Q2 FY'26, our revenue stood at INR84.7 crores and for H1 FY '26 stood at INR164.1 crores. EBITDA for Q2 FY'26 stood at INR12.1 crores and for H1 FY '26 stood at INR25.7 crores. EBITDA margin improved by 198 basis points to 14.3% on a year-on-year basis in Q2 FY'26 and by 337 basis points to 15.6% in H1 FY '26 driven by lower grain prices and improved raw material availability. The ethanol distillery is currently operating at its optimum capacity.

As we move into the second half of the year, we continue to demonstrate resilience, agility and disciplined execution across all our business segments. Despite the temporary headwinds from GST transition and seasonal softness in the bulk division, our underlying fundamentals remain strong, supported by a healthy consumer business, improving operational metrics and a high visibility order book in our ethanol division. We are confident of delivering a stronger performance in H2 and achieving our full-year guidance.

With this, we can now open the floor for questions and answers.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question and answer session. Next question comes from the line of Rohit Prakash from Marshmellow Capital. Please go ahead.

Rohit Prakash: Thank you for the opportunity and thank you for the detailed commentary in the beginning. Just wanted to confirm that the expanded ethanol capacity will start in the next month, and how confident are we of filling the entire volume that is going to come up in the facility there?

Akshay Modi: Yes, we expect that facility to start contributing to the revenue by next month, and we are fully confident of getting offtake of the entire volume.

Rohit Prakash: , okay. So, it's not just commissioning to start, so you will see revenues from this facility in March quarter as well?

Akshay Modi: Yes, absolutely. The trials have already started, and we intend to start production by December.

Rohit Prakash: And you've gotten a contract also to supply, is it?

Akshay Modi: Yes, that's correct.

Rohit Prakash: Okay. So, on ethanol, this is the confusion I continue to have. So, this is again personal research and including a personal issue that I faced. So, I have gone through a few mechanics in the city, I stay in Bangalore and this is general feedback that I've gotten that, what is happening is that because of presence of ethanol with petrol, it is attracting a certain kind of beetles in the country.

I guess it's not an issue in Brazil, but perhaps it's an India biology issue, perhaps. But some insects and beetles are coming in and attracted to the smell of ethanol or something and they are biting into the rubber hoses inside the engine and it's causing leaks. And three or four mechanics I met in the city, they tell me that because of this particular issue, they are getting three or four repair works in a week because of this from various vehicles.

So, any thoughts on this and how this is evolving? Of course, one talks of efficiency in terms of fuel efficiency. And then there is this issue that is, at least I hear on the ground when I talk to the mechanics locally. So, I just wanted to hear your thoughts on this, if you have any?

Akshay Modi: Well, it's a policy matter. But all I can say is that a lot of scientific research has been done on this by ARAI and by SIAM And I doubt that insects can really reach the inside of your engine and corrode the hoses. So, I do not think that is a scientific claim. At the same time, most of the vehicles have been tested for this particular issue. So, I think you should follow the policy commentary on this.

Rohit Prakash: Understood. Thank you. And on the branded business, I understand the weakness due to GST, but would you be open to sharing the volume data over time? So, you have given historic four-five year revenue data, and it's great to see the revenue growth. But I guess we have discussed this before, also that this is not the right indicator because when oil prices go down, we sometimes show a degrowth or no growth.

And hence, we don't get the real picture of how well the business has done in terms of volume. So, would you be willing to share the volume growth in the branded business, the oil specifically?

Akshay Modi: Sure. This is a call that the management will take and we will share the volume data in due course.

Rohit Prakash: Because the effort you are putting in marketing, etc., the only way an outside shareholder can see the progress is if the volume is growing. And we are not able to figure that out with the revenue numbers.

Akshay Modi: Yes, that point is well understood. However, so far, the management has not been keen to share volume data. So, once the management takes a decision on that, we will share the numbers. At the same time, please allow me to highlight that in Q2, while the revenue is flat, it's owing to the GST disruption in the last couple of weeks of the quarter. Yet, we have managed to maintain our revenue, which signifies that there may be significant underlying growth.

Rohit Prakash: Yes. So, the point is well taken that you don't want to share the exact volume data. So, one thing some companies do is that they give, let's say, the 2020 index as 100. And on every year on that index of 100, they show the growth that is shown. So, you are not sharing the volume data, but we get a sense of if the volumes are growing.

Akshay Modi: Fair point. Thank you.

Rohit Prakash: Yes. Thank you. That's it from me. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Amit Agicha from H.G. Hawa & Company. Please go ahead.

Amit Agicha: Yes. Good morning, and thank you for the opportunity. Congratulations for a good set of numbers. Based on strong H1 performance, is there any upward revision to FY'26 revenue EBITDA or PAT guidance?

Akshay Modi: I think we are well on track to achieve it. At the moment, there is no revision. However, as and when that happens, we will be announcing that as well.

Amit Agicha: And, sir, what are the ROC and ROE levels that the management is expecting post-ethanol expansion?

Akshay Modi: We haven't done the math on that, so we will get back to you with that number, please.

Amit Agicha: Thank you, sir and all the best for the future.

Moderator: Thank you so much. Our next question comes from the line of Praveen Sharma, an individual investor. Please go ahead.

Praveen Sharma: Yes. Good afternoon. Congratulations on a decent set of numbers. My first question is on ethanol. First set of questions. First is, do we have a long-term offtake agreement with OMCs for both phases of the capacity, Phase 1 and Phase 2?

Akshay Modi: No, we do not have the LPOA.

Praveen Sharma: So, based on the tender that I have been seeing, I have read the tender also. There is a recent media report wherein, as far as the food grain-based ethanol is concerned, there seems to be overcapacity. Because E20 is already achieved and it seems that capacity and production are more than what OMCs can offtake. As per the tender, LTOA and co-operative sugar mills will be given preference and after that, on a pro-rata basis, they will be buying.

So, based on this, can you highlight or enlighten us on how you see the capacity offtake of the production which we are doing? Phase 1 orders are anyway there, INR400 crores. Phase 2 is almost one and a half times of Phase 1. So, how do you see in the next four months and in the new ethanol sugar year, the subsequent eight months for the next financial year, the entire capacity of 310 KLPD ethanol and the offtake of that?

Akshay Modi: So, as far as our capacity and orders are concerned, our existing facility can go up to roughly INR320 crores and the balance, we have already secured some orders for the first quarter or so for the expanded capacity. And in subsequent cycle tenders, let's say cycle 2, cycle 3, we will try and secure more orders for the full capacity going forward. So, at the same time, your question around overcapacity and all, I think it is a very regional and state-specific issue. So, I think we have answered it.

Praveen Sharma: So, based on the Chhattisgarh zone, whether it's a deficit zone or a surplus zone, so depending on that. But going forward, if we take a three-year view on the utilization, do you see more capacities coming up? Because E20 is more or less there. Beyond that, it's going to be a substantial engineering change in the vehicle to go beyond E20.

There will be a new set of vehicles which will come, E100, complete ethanol, flex fuel and things like that. But my point is not worry because you are more connected and obviously you would have taken due diligence and a judicial call to go for capacity expansion. How do we see the utilization in next three, four years of our entire 310? We should not land in a situation where our capacity is unutilized. That is the point, I am trying to understand.

Akshay Modi: Your points are valid. However, please do understand that there is a significant inherent growth in India's fuel consumption. So, YTD, I believe the motor spirit consumption has gone up by over 8% year on year. And if you add to that the 20% ethanol which has been blended, which was around 12%-14% same time last year, you are looking at a growth of over 9% year on year. So, that is a significant organic growth.

At the same time, I feel that on a long-term basis, there are many other solutions available, I mean consumption areas for ethanol. So, blending itself can increase. Number 2, the government is very keen on flex-fuel engines. Once that comes in, those vehicles will consume 100% ethanol. And then there is also sustainable aviation fuel which is kicking in soon. So, there is going to be multiple avenues for growth in ethanol consumption.

Praveen Sharma: Just for my understanding, have they stopped giving further approval for new plants?

Akshay Modi: Yes. So, at the same time, the environment clearance fast track which was available under B2 category for ethanol plants, dedicated ethanol plants, that has already had a sunset in March '24. So, new plants will have to undergo the entire process of getting environmental clearance, public hearing, etc. So, I think that will pose a significant bottleneck to further capacity enhancements. And I believe the financial system is also taking cognizance of this fact.

Praveen Sharma: Okay. So, that is like ENA type of very stringent public hearing and it takes three, four years in that environment.

Akshay Modi: So, I think the capacity augmentation that had to happen has already happened in the country. And going forward now, I think it will be in increments.

Praveen Sharma: Okay. And my next question is, for the projected revenue guidance, pipeline guidance of INR850-INR880 crores for FY '26, we have done around INR300 crores for H1. So, in H2, do we see a significant, you know, more than INR550 crores type of pipeline?

Akshay Modi: Yes, that is correct. So, our bulk division contributes significantly in the second half of the year due to seasonality factors. And this year, we expect better performance from that segment owing to volume as well as value growth. And the consumer division will of course contribute to some growth. And the ethanol division as well, once this plant gets commissioned next month, will contribute significantly to growth. So, we are confident of achieving our set of numbers.

Praveen Sharma: Great, great. That's very heartening to hear. Next question is just, if you can enlighten on the cycles of this tender of ethanol. They typically happen in October and the bulk of offtake is, you know, decided or how does the cycle happen? Is there two, three cycles or how does it happen?

Akshay Modi: I think every two, three months they come up with another tender for their increase in requirement as well as for the drop-off that has happened in the period that has already gone. So, for example, if cycle 2 tender comes out next month or let's say in January, that will be for the balance part of the year, the growth that they are expecting, as well as for what has lapsed in the last two months.

A lot of ethanol players, you know, are taking large orders and not being able to supply. So, that creates a shortfall as well in the system.

Praveen Sharma: Okay, okay. So, that the bulk is done, planning is done in the beginning of the ESY and then subsequently depending on the…

Akshay Modi: Yes, this year I believe the last two quarters they have held back some quantities to come out with tenders for the rest of the year.

Praveen Sharma: Great, great, great. And how are the maize pricing and damaged grain is anyway committed up to June-July? The FCI rise?

Akshay Modi: Yes, that's correct. So, there is pressure on raw material on all three fronts. FCI has already earmarked about 5 million tons of grain being offered and this is only for nine months. For the last three months they will take a call later in the year. And damaged grain of course, is readily available and both paddy crop as well as the maize crop is I think the highest ever. There is a huge acreage growth in maize as well as in paddy.

Praveen Sharma: I hear that maize prices have also come down?

Akshay Modi: Yes, they are coming down.

Praveen Sharma: Great. So, that's quite helpful…

Moderator: Our next question comes from the line of Raj Shah from RK Family Office. Please go ahead.

Raj Shah: Hello. So, currently, sir, our EBITDA in ethanol is INR 10 per litre. But other ethanol companies are reporting very much less. Maybe in our case location is the advantage. Chhattisgarh is the reason for this. Now, the government has increased MSP on maize from November. So, what's your view on our ethanol margin?

Because margin due to the location advantage and the change in government policy of increasing MSP price, both are somewhat negative or challenges our current EBITDA margins. So, what's your view on this?

Akshay Modi: Well, we have options to switch to any raw material that we want. And based on the ability. So, we are confident of achieving a healthy EBITDA margin.

Raj Shah: Okay. And sir, my next question is again like that overcapacity in the sector. And you have answered that fuel demand is growing and all that. But if we see region-wise, is Chhattisgarh a deficit region or a surplus region in terms of capacity?

Akshay Modi: I think most states are now surplus within the state. But there are many states that are deficit. And then, therefore proximity to those states also makes a difference. So, for example, we can even supply to other deficit states like Tamil Nadu, Kerala, etc.

Raj Shah: Okay. And you are confident that by the time the next tender comes, we will be able to fulfill our old capacity? Because in current tenders like bidding, bidding was way then that was required. And the majority of the orders for this ESY are completed. Only minors are left. So, with overcapacity and all that, are you confident that we will be able to fill our capacity?

Akshay Modi: Yes, absolutely. I mean, there are some private OMCs as well. Reliance and Nayara, they offer the tenders as well. So, I think that's another 10% additional demand compared to the public sector OMCs. And we do believe that there has been some overbidding this year. Because plants were permitted to bid for 365 days a year. And we all know that plants don't operate for 365 days a year. So, there has been another roughly 10%. So, I think the overcapacity problem is over-highlighted to some extent.

Raj Shah: Okay. Okay. Thank you.

Moderator: Thank you, sir. The next question comes from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha: Yes. Hi, Akshay. I joined the call a little late. But firstly, on your EBITDA guidance for H2. I mean, considering we have done close to INR33 crores in H1. And these fears about overcapacity in the sector. Do we still feel confident that we can kind of do this INR50 crores EBITDA number for H2 ahead? And what will be the drivers for this?

Akshay Modi: Yes. We are confident of achieving our set of numbers. As I explained on a couple of questions before yours, we expect growth from all three divisions. And the bulk division as well contributes significantly in the second half of the year due to the seasonality factor. So, that will be coming in the next two quarters.

Ankit Minocha: Okay. And post this utilization on H2, what kind of utilization levels are you looking for FY '27? And I mean, what do you think could be growth drivers for EBITDA in FY '27 beyond FY '26?

Akshay Modi: So, we have not given numbers for '27. However, I think with optimum capacity utilization in ethanol as well as growth from the consumer division, we do expect a decent and good set of numbers and growth in FY '27 as well.

Ankit Minocha: And in FY '26, what would be the current utilization that you would see for the ethanol division? If projections were to come through?

Akshay Modi: Well, for the existing capacity, we are at full capacity utilization. For the expansion, we are saying we will be commissioning in December. So, let us see. Let's give it a quarter for it to stabilize before we are able to comment on numbers.

Ankit Minocha: Okay. Thanks, and all the best.

Moderator: The next question comes from the line of Amit Agicha from H.G. Hawa & Company. Please go ahead.

Faisal Hawa: Hello. Sir, this is Faisal Hawa. Can you please tell us why the FMCG growth of our division is not very good at this point of time? And can you tell us the three steps we are taking to improve it?

Akshay Modi: Well, as I mentioned, in the last part of the quarter, there was a disruption caused due to the GST changes. And a lot of primary billings were affected due to that. Yet, I think we have had a flat quarter. We managed to not have a degrowth. And most FMCG companies, I think, in this sector, if you have come across, have had a similar issue. So, if we factor that in, then I think we have had decent growth.

And the steps that we are taking have significantly increased our visibility in marketing. And also on new products, other categories that we are focusing on. If you look at most of the e-commerce players now, we have started ranking very high on pasta as well. So, we are focusing on other categories to deliver growth.

Faisal Hawa: And what is our advertising spend at this point of time? And can you give specific advertising spend that we are doing on the quick commerce platforms?

Akshay Modi: Well, the overall number is that we have spent INR9.15 crores for the six months compared to INR6.4 crores last year. So, it has gone up significantly. And that has also affected the EBITDA. And the growth that we were expecting in Q2 and top line would have mitigated this expense but that didn't come because of the GST issue. So, once that growth comes in, in Q3, Q4, that will get taken care of.

Faisal Hawa: So, roughly advertising expense is around 10% of revenue.

Akshay Modi: That's correct.

Faisal Hawa: There is no point raising that now because you are almost at the top end of the range. We can now only wait for the results to come.

Akshay Modi: That is kind of optimum. Let us wait for the results to come.

Faisal Hawa: And do we have some kind of a target for like four, five years for the FMCG division?

Akshay Modi: Yes, of course. I have talked about it on many calls. We don't see any reason why this division should not get to about INR500 crores number. And contributing from oil as well as foods. So, that is our long-term vision.

Faisal Hawa: And so far, have we put any funds from the ethanol division into the FMCG division for marketing and advertising expenses?

Akshay Modi: We have not felt the need yet. Luckily, the consumer division is fairly profitable on its own and is able to fund its own growth at the moment.

Faisal Hawa: And are we thinking of having some very high-end hires for sprucing up our growth in FMCG division? Could you please repeat that question? Any high-end executives that we want to take for getting our FMCG growth a much higher double-digit level?

Akshay Modi: Yes, absolutely. So, we are constantly trying to build a good team which we have. And we will be adding to that team in time to come.

Faisal Hawa: Okay. Thank you very much for your time. Thank you.

Moderator: Our next question comes from the line of Sandeep Dixit, an individual investor. Please go ahead.

Sandeep Dixit: So, I just wanted to understand the FMCG business a little bit better. EBITDA margins have been fluctuating quite widely over the last four, five quarters. Is there any particular reason for this? Is it advertising spend or is it the nature of the business?

Akshay Modi: Yes, I have already explained that I think in the last two or three questions. The same answer that our advertising expense has increased significantly. Roughly 30% over six months. And this was a call that was taken in order to achieve faster growth in the consumer division. Okay.

Sandeep Dixit: So, I am just looking at the numbers. So, it's gone from 9% to 6% to 8.75% to 6.16% I mean, is this purely because of the advertising expense?

Akshay Modi: Yes, that's correct.

Sandeep Dixit: Okay. Thank you. Second question is that you just mentioned a target of INR500 crores for the FMCG business. Is there a time frame you have in mind?

Akshay Modi: It's hard to give forward-looking numbers. But I think on the previous question, Mr. Hawa had asked a particular timeline. So, I think the comment was on that.

Sandeep Dixit: Okay. Thank you. That's my question.

Moderator: Thank you. Our next question comes from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha: Hi. With the additional capacity that you have coming in for ethanols from December, what the kind of additional operational costs that we might see on the P&L coming in for FY'27 that will come in once this capacity is operational?

Akshay Modi: I think in percentage terms, it will go down because we will get operational leverage. So, I don't think it will add incrementally in percentage terms.

Ankit Minocha: Wouldn't that be if in case the capacity is well utilized? I mean, if the capacity is relatively not well utilized, then do we have a number in terms of crores?

Akshay Modi: Even then, in percentage terms, it will come down because the way we have designed our plant, all the utilities are actually common, only the processing section is new. So, Therefore, operating leverage will kick in as soon as the new plant is operational.

Ankit Minocha: So, would it be a correct understanding then in that case to say that those costs should already be reflecting in your P&L and in your margins?

Akshay Modi: Yes, that's correct. Okay, alright. Thanks a lot.

Moderator: Our next question comes from the line of Praveen Sharma, an individual investor. Please go ahead.

Praveen Sharma: Thank you for taking the follow-up question. In the recent GST reform, the GST and pasta have been reduced from 12% to 5%, correct? Is there any reform or reduction on the edible oil range of products which we are actually selling?

Akshay Modi: No, it's the same.

Praveen Sharma: can you enlighten the new, any new, apart from, moving forward from hing, what are our plans of new products? That is my last question.

Akshay Modi: So, we do have a few products in the pipeline and we will announce them as and when they are ready.

Praveen Sharma: Okay. Great. Thank you.

Akshay Modi: I mean, just to give you an idea, we are looking at entering the ready-to-eat snacking segment as well. So, that should come out soon.

Praveen Sharma: Just an observation, you know, I am calling from Noida and the availability of PIPO in Quick Commerce and Big Basket is a very big challenge also. So, I was just wondering, you know, this issue has been there and I flagged it in earlier calls also. I am sure you will be taking corrective action. So, just a reminder.

Akshay Modi: Sure. Thank you for the feedback.

Moderator: Thank you. Our next question comes from the line of Amit Agicha from H.G. Hawa & Company. Please go ahead.

Amit Agicha: Yes, sir. Thank you for the follow-up. Sir, what is the targeted debt-equity ratio post-expansion and what is the current debt-equity ratio?

Akshay Modi: So, I don't have the ratio in front of me, but I can give you the debt numbers. At the moment, as of 30th September, we have a long-term debt of INR125 crores and a short-term working capital debt of about INR45 crores, a total of INR170 crores.

Amit Agicha: And sir, blended cost of interest on this?

Akshay Modi: We will have to get back to you with that number. However, on the term loan side, we do have an interest subvention, which is a 50% interest subvention. So, our cost is roughly 4.5%. And on working capital, we are at about 8.5%. **Amit Agicha:** Thank you. All the best for the future. Thank you.

Moderator: Next question comes from the line of Rajesh Kaushik, an individual investor. Please go ahead.

Rajesh Kaushik: I am just asking another question one. The borrowings, do you have any plans? Can you just give me a bit of an idea of how you will be handling the borrowings over the next, maybe one year?

Akshay Modi: Your question is not clear. Could you please repeat your question?

Rajesh Kaushik: The borrowings, I am looking at what I am asking is the long-term. As per the last one, I see it is around 110. So, what I was looking at, I was just looking at how you intend to bring it down over the period of the next one year.

Akshay Modi: We are expecting strong internal approvals at the moment over the next 12 to 18 months. So, that should take care of most of it as we do have an option to pay them early. And at the same time, we do have the option to also raise some capital. But at the moment, I think we are fairly okay on the capital front.

Rajesh Kaushik: Fine. Thanks. That's all.

Moderator: Thank you so much. Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to the management for the closing comments. Thank you and over to you, sir.

Akshay Modi: Thank you. Thank you, everyone. I hope we have been able to answer all your questions satisfactorily. However, if you need any further clarifications or want to know about the company, please contact SGA, our Investor Relations Advisors. Thank you once again for taking the time to join us during this call today. Have a nice day.

Moderator: Thank you so much, sir. On behalf of Modi Naturals Limited, that conclude this conference. Thank you for joining us and you may now disconnect your lines.