Manorama
Industries Limited

KHASRA No. 2449-2618
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Pin: 493445

May 02, 2025

To,
The Manager
Listing Department
BSE Limited ("BSE")
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

Scrip Code: 541974
ISIN: INE00VM01036

To
The Manager,
Listing Department
National Stock Exchange of India Limited ("NSE")
Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

Symbol: MANORAMA
ISIN: INE00VM01036

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Q4 FY25 Results Earnings Conference Call held on Monday, April 28, 2025.

Dear Sir/Madam,

In reference to our intimation dated April 21, 2025, and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Company had organised an Earnings Conference Call with respect to Q4 FY 25 Results on April 28, 2025 at 11:00 a.m. (IST). A copy of transcript of Q4 FY 25 earnings conference call is enclosed herewith and the same has also been uploaded on the Company's website at https://manoramagroup.co.in/investors-company-announcements#analyst_meet

This is for your information and records.

Thanking You,
For Manorama Industries Limited

Deepak Sharma
Digitally signed by Deepak Sharma
Date: 2025.05.02 19:39:31 +05'30'

MANORAMA INDUSTRIES LIMITED

Deepak Sharma
Company Secretary and Compliance Officer
Membership No: A48707

"Manorama Industries Limited

Q4 & FY '25 Earnings Conference Call"

April 28, 2025

MANAGEMENT:	**MR. ASHISH SARAF – CHAIRMAN AND MANAGING DIRECTOR – MANORAMA INDUSTRIES LIMITED** **MR. ASHOK JAIN – CHIEF FINANCIAL OFFICER – MANORAMA INDUSTRIES LIMITED** **MRS. EKTA SONI – AVP, INVESTOR RELATIONS – MANORAMA INDUSTRIES LIMITED** **MR. DEEPAK SHARMA – COMPANY SECRETARY – MANORAMA INDUSTRIES LIMITED**
MODERATOR:	**MR. HIRAL KENIYA – E&Y LLP**

Moderator: Ladies and gentlemen, good day, and welcome to the Manorama Industries Limited Q4 and FY '25 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 the star then zero on your touch-tone phone.

I now hand the conference over to Mr. Hiral Keniya from EY LLP. Thank you, and over to you, sir.

Hiral Keniya: Thank you, Steve. Good morning, everyone. On behalf of Manorama Industries Limited, I welcome you all to the company's Q4 and FY '25 conference call. To discuss the performance of the company and to answer your questions, we have with us the management team comprising of Mr. Ashish Saraf, Chairman and Managing Director; Mr. Ashok Jain, CFO; Mrs. Ekta Soni, AVP, Investor Relations; and Mr. Deepak Sharma, Company Secretary.

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, which will be beyond management's control. We kindly request you to bear in mind that there might be uncertainties when interpreting such statements. Please note that this conference is being recorded.

We would now 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 over to Mr. Ashish Saraf for his opening remarks. Thank you, and over to you, sir.

Ashish Saraf: Thanks, Hiral ji. I heartily welcome everyone to Manorama Industries Q4 and financial year '25 earnings concall. We continue to display robust growth momentum in the operational performance along with profitability during Q4 and financial year '25. We have achieved the financial guidance for financial year '25 by recording revenues of INR 771 crores, thereby registering a strong growth of 69% year-on-year.

This was led by strong market demand for our diverse range of speciality butters and fats and with economies of scale, coupled with higher volumes led by commercialization of our new fractionation facility. As global awareness of environmental issues and responsible consumption rises, industries are pursuing sustainable alternatives to conventional practices. The specialty butter sector is vital for luxury chocolates, confectionery and personal care and cosmetic industries worldwide.

With an increasing societal focus on eco-friendly and ethically sourced products, the demand for sustainable solutions in this niche market is growing rapidly and significantly worldwide. We leverage our capabilities to meet the rising global demand by providing customized solutions for our esteemed partners in the food and personal care industry worldwide. Our integrated production capacities backed by various domestic and international certifications ensures the consistent high quality that meets the strictest quality and environmental industry standards.

Our research and development team has made notable progress in extraction technology and broadened our product range. We have developed new products during financial year '25, which includes all-round filling fats, bake stable filling fats, water cream filling fats, frozen dessert applications and premium filling fats for new customers, along with tapping new geographies.

Additionally, pursuing industry leadership, we have established strategic global subsidiaries in West Africa, the UAE and Brazil for strengthening our global market presence. We continue to strengthen our leadership status in India with the commercialization of the 25,000 tons new fractionation capacity in the beginning of Q2 financial year '25, taking the company's overall fractionation capacity to 40,000 tons per annum.

Highlighting our fractionation capacity utilization during the year, the existing 15,000 tons fractionation facility capacity utilization stood approximately at 100%, whereas the 25,000 tons new fractionation units capacity utilization for the full year stood at around approximately 40% to 50%. Combined capacity utilization stood at approximately 62.5% for full year '25.

Going ahead, the combined capacity utilization for financial year '26 is projected at nearly approximately 75% to 85%. We anticipate achieving greater operational efficiencies and cost optimization through improved utilization of our new fractionation capacity in financial year '26. We are eyeing to achieve INR 1,050 crores top line in financial year '26. Our capex plan, which includes several forward and backward integration projects is under advanced drawing and planning stage.

We will share a comprehensive report on these projects detailed financial plan with our esteemed shareholders through exchange filings once our management Board approves going forward our capital expenditure plan. We prioritize ethical practices and environmental responsibility aligning with ESG goals while maintaining strict standards of traceability and sustainability.

Our continuous investment in research and development will foster innovation and address our customers' changing needs, positioning us for long-term success and thus delivering value to our valued stakeholders. I would now like to invite Mr. Ashok Jain, our Manorama's CFO, for his comments on Q4 and financial year '25 performance. Thank you.

Ashok Jain: Thank you, sir. Good morning, and warm welcome to everyone to Manorama Industries quarter 4 and financial year '24-'25 earnings call. Highlighting the company's financial performance for the financial year '24-'25, Manorama Industries revenue during financial year surged by 69% year-on-year to INR 771 crores owing to higher demand of company product portfolio in both domestic and export markets. The company's export business contributed 73% of total revenue and balance revenue share from the domestic market.

The company's EBITDA grew by 1.6 times year-on-year at INR 191 crores in the financial year 2024-'25. Additionally, despite of INR 15.4 crores attributed to provision of ESOP. Manorama Industries EBITDA margin expanded by 870 basis points year-on-year at 24.8% in the financial year '2024-'25, which is attributed to efficient cost management and operating leverage. Profit after tax during the financial year 2024-'25 surged by almost 2 times at INR 112 crores.

Profit after tax margin expanded by 576 basis points year-on-year and 14.5% for the financial year '24-'25. The Company's Board has announced a final dividend of 0.6 paisa per share that is a 30% of face value of INR 2 per share for its shareholders. Highlighting CAGR of our financial year from 2021 to 2025. Manorama Industries revenue, EBITDA and PAT has registered a CAGR of 40%, 53% and 66%, respectively. CARE Rating has upgraded the company's bank facility to A from minus A.

The company's balance sheet reflects robust strength with manageable net debt-to-equity ratio of 0.83:1. The strong ratio that is ROE is 24.3% and ROCE is 33% for the financial year '24-'25. Additionally, we have trimmed out our working capital days from 180 days to 150 days for the financial year '24-'25 with efficient working capital management.

Our peak working capital requirement is behind and incrementally it will keep improving from here. We are making all efforts to our inventory management, which will help in positive outcomes going forward. Going forward, our endeavour is to reduce the net debt from here on. Highlighting the net debt position in detail.

The net debt stands Rs. 380 crores on 31st March '25, mainly comprised of working capital loans. Our total inventory as on 31st March '25 stands Rs. 549 crores, which includes raw materials, finished goods and other by-products. Thank you for listening to us patiently. We now open for the floor for question-and-answer session.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask question may press star and one from your touch tone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handset while asking the question. Ladies and Gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Nitin Gosar from Bank of India Mutual Funds.

Nitin Gosar: Hi team, Congratulations for a good set of numbers. A couple of questions. Just wanted to understand, if I were to take second half margin as a guiding principle, what our business or what our plant can generate in terms of margins, would it be fair to extrapolate it going forward? Because on the new plant, we are still running at 40% - 50% utilization.

So, going forward, if we keep improving on the utilization levels, then the second half FY '25 margins that we saw are more or less sustainable and can improve from there on as well? Would that be a fair understanding?

Ekta Soni: Nitin ji, thanks for the question. So related to your margin question, so this performance is a result of our continued focus on operational efficiencies, premiumization initiatives and disciplined execution. So, looking ahead, while we remain confident in the structural strength of our business model and our ability to sustain healthy margins, we prefer to stay focused on operational excellence and value creation for our shareholders.

And our efforts will continue to be directed towards driving consistent profitable growth, which we believe will naturally reflect in strong margin performance over time going forward.

Nitin Gosar: Got it. So, there is nothing like one-off in our margins. And as you keep improving on the efficiencies, it will directionally either maintain or will improve. That should be my key takeaway, right?

Ekta Soni: Yes.

Nitin Gosar: Okay.

Ashish Saraf: So, our efforts will continue to be directed towards consistent growth, sir. And we believe that we will work on this to try our best.

Nitin Gosar: Perfect, Sir. And one last question is, I noticed that there were a couple of commentary with regard to product-related work that we are doing. But if I were to extrapolate it and were to only see on exports part, so exports business over the last 4 years has gone up by almost 4x. And if I were to incrementally think from here on, are we going to excel from here on by doing business with the same customer by improving the wallet share? Or we are also trying to grab upon new customer?

As I can see, we have opened new subsidiaries in UAE, Latin America, which can trigger that kind of opportunities. What should we keep in mind? How is Manorama shaping up over the next 2-3 years with regard to exports opportunities?

Ashish Saraf: We have a very simple philosophy in this that we have to maintain our all existing customers and continuously hunt for new customers, which we are working around the clock all over the world, including our -- including India also.

Nitin Gosar: Right. But this new customer addition will not compromise our margin or ROC profile, right?

Ashish Saraf: Margin and ROC profile are business-oriented plans. The customer new acquisition is different ball game. And whether it is a new or old customer, the prices are almost approximately same.

Nitin Gosar: Right. Yes. So, the question was more around we are not trying to get into new customer at a lower margin. It is not going to compromise our existing structure.

Ashish Saraf: See, these are business issues, we cannot say exactly. But generally, as per Manorama's policy, we don't compromise like that. This is all after all different specifications, terms and various ingredients in play when we supply to any customer.

Nitin Gosar: Perfect. Sir , one last bookkeeping question. Ashok ji, what should be the ESOP provision for the quarter? Or maybe if you can also talk for the full year?

Ashok Jain: For full year, the total provision was INR 15.31 crores. And for the quarter 4, we did the provision of INR 3.81 crores.

Nitin Gosar: Got it! Thank you team, All the best on the FY'26 numbers as well.

Moderator: The next question is from the line of Rohan Mehta from Ficom Family Office.

Rohan Mehta: Hello Sir! Thank you so much for taking my question and congratulations on a great set of numbers. So firstly, I wanted to ask on your working capital. Your inventory stood at about INR 550 crores as of March 2025. So what inventory levels are you targeting by September 2025 and also by March 2026? And while we are on working capital, also on the trade receivables.

So, if you see your trade receivables have stood at INR 102 crores in March 2025, which is more than double on a Y-o-Y basis. So, are we seeing any change in customer contracts for payment terms? Could you just clarify on that?

Ashok Jain: So, you know our peak working capital requirement is behind. And incrementally, we keep improving from here making all efforts to our inventory management, which will help to positive outcomes going forward. So currently, it is around 150 days, but we are looking forward to reduce around 120 days to 140 days because we procure the raw material at the time of season.

In terms of receivables, so exports, we receive around CAD basis and sometime advances. So, we are looking for around 30 days receivables for financial year '25-'26.

Rohan Mehta: Got it. And on your CBE prices, so I believe somewhere around March 2025, they were around about 5,500 tons per dollar. So have the prices moved since then? And are you seeing any contract re-pricing with clients?

Ekta Soni: So, our average CBE price is around US $5,000 to $6,000 because then it depends a lot of different things on specifications and the kind of terms and contracts we have with our customers. So more or less, our CBE prices contracts are in the range of $5,000 to $6,000 approx. USD per metric ton.

Rohan Mehta: Right. And on the receivables, I wanted to ask a follow-up question. So, could you spend some time just explaining why has it increased? It's right now about 13% of sales and inventory seems to be a bit of a concern because it's about 70% of your revenue. So that seems quite large.

Ekta Soni: So see, you have to see our inventory in 2 parts. So, our inventory consists of finished goods inventory also like as we have reported our numbers, INR 130 crores, INR 150 crores of inventories of finished goods and raw material inventories of around INR 400 crores. So, on a financial year '25 basis, you see it looks higher.

But if you look for FY '26 revenue target, then one will understand why it's higher because see, our raw materials are seasonal in nature, so we need to have to stock it. Because since these raw materials are available only during specific harvesting season, and we have to procure them in bulk for our whole year requirements.

So that is why if you see our projections for the coming year turnover guidance, it won't look that high. It will look high on FY '25 basis.

Rohan Mehta: Okay. So, I believe also on your last quarter capacity utilization versus this quarter, how much change has there been?

Ekta Soni: So, on a utilization front, we can see last Q3 because existing capacity of 15,000 tons is already running on 100% utilization. And our SF2 solvent fractionation 2 capacity utilization stood at around 60% for quarter 4 approximately. So, in a tonnage-wise, if you see, it's a volume of 3,750 metric tons from SF2 for quarter 4.

Rohan Mehta: Okay. And on the receivables, you haven't clarified. So, could you just provide as to like what sort of normalized days we are looking at?

Ekta Soni: Because at the balance sheet date, if you see our receivables look high, it is generally 50 days. But on an average, if you see it is 30 days for the company as a whole. So, we are maintaining that and we are under well within our good terms with our customers. But on an average, if we are to consider, then you should consider 30 days instead of looking at the March FY '25 numbers, which is coming 50 days.

Rohan Mehta: Right, right. And my final question is on the employee expenses. So, if you see the employee expenses, they have gone down, but we have also observed new names in the presentation. I believe this is mainly to do with focusing on the subsidiaries as well. So, could you clarify employee expenses going forward? Are we going to see a massive jump over there?

Ashish Saraf: Sir, there is not going to be a massive jump, but there will definitely be a jump if we want to increase our market share and achieve higher sales and achieve -- so we will need good people to be in the company. So, we can expect around 5% to 10% or maybe more jump.

Moderator: The next question is from the line of Dikshi Jain from InvestSavvy Managers.

Dikshi Jain: Hello! Thank you for taking the question and Congratulations on amazing numbers. So, my first question was regarding the -- a few weeks ago, there was this article from Bloomberg going around regarding the cocoa -- oversupply of cocoa and cocoa prices have also corrected significantly from. So how do we see this affecting our business and CBE prices?

Ekta Soni: So see, time and again, we have clarified that our CBE prices, of course, are not directly linked or related to cocoa butter, but of course, somehow it indirectly related. But if you see our customers or the consumers are structurally have changed their demand, their usage to other conventional items like CBE and other goods. So, we have our own demand for CBE products worldwide, and it is growing very well.

So for us also if Cocoa prices are volatile, if it is going beyond the point or it is correcting for something, it is not hampering our cocoa butter equivalent prices in that way, because structurally, the customers are changing this product not only because of the price volatility.

Dikshi Jain: Okay. So, we don't see any effect of cocoa prices coming down on CBE prices right?

Ekta Soni: So, we are not envisaging that for our cocoa butter equivalent prices. See, cocoa butter is a commodity and that is volatile and we can tag that. And CBE is a very niche product, which we are customizing and making for our customers for their tailor-made selection. So, it's not that directly related.

Dikshi Jain: Okay. And for CBE prices for all the new contracts that have expired and renewed, how much price hike have you gotten for the new contracts, if there is any? And how are the prices moving for CBE?

Ekta Soni: So, as we have mentioned this earlier in the call also, so average CBE prices is between US $5,000 to $6,000. It depends a lot of factors on the specifications and terms approximately.

Dikshi Jain: But have they improved in the last few months -- last 2-3 quarters? How is the price moving?

Ekta Soni: So, it's like its contract is for mostly 1 year. So, once we have booked the contract, for example, last year, so the contract pricing are same for full year. So -- yes. The contracts are generally for 1 year and the prices are fixed. So, it is not like that in every quarter, the prices are changing for CBE for us.

Dikshi Jain: No. So, what I'm asking was if any contract has renewed right now, so the new price compared to the old price, how has it moved?

Ekta Soni: Yes. So, you can take this price only for CBE, $5,000 to $6,000 for the new quarter as well.

Dikshi Jain: In last 1 year, the prices haven't moved much.

Ekta Soni: Yes, approximately, yes.

Dikshi Jain: Okay. And right now, CBE as a percentage of sales is approximately how much?

Ekta Soni: So CBE as a percentage to sell, it is around 30%.

Dikshi Jain: Okay. Are we expecting it to go up further?

Ekta Soni: Yes, we are expecting to go beyond this also in the financial year.

Dikshi Jain: Okay. How much are you -- are we expecting it to reach?

Ekta Soni: We can expect -- the time we can update you maybe if the quarter comes by, so we can expect that.

Dikshi Jain: Okay. So one last question that I have is...

Moderator: Could you please come back in the queue for further questions?

Dikshi Jain: Yes. Sure, thank you.

Moderator: The next question is from the line of Jainam Doshi from Kriis Portfolio.

Jainam Doshi: Yes. Congratulations on an excellent set of numbers. I just have 2 questions. One is like we have guided for a revenue target of around INR 1,050 plus crores in FY '26. So, if you could bifurcate the same as to how much would be volume-led and how much would be value-led that would help us here?

Ekta Soni: If you see the guidance which we have given on the top line shows the growth of around 35%, 40%, 36% something. So largely 25% to 30% should come from the volume growth and the rest 5% to 10% should come from the price realization growth approximately.

Jainam Doshi: Okay. Got it. And second is like we have incorporated subsidiaries in the MENA region as well as Brazil. So how big is the market opportunity there? And for which products do we see a traction in such markets? And also like, how is the competitive landscape shaping up in the American and the European markets? If you could throw some light, that would be helpful.

Ashish Saraf: No, Brazil, the Latin American market is quite huge in terms of consumption of CBE and our stearin is the value-added products. And the market approximately is projected to be around 25,000 to 30,000 tons. And as such, it is quite fragmented market with a huge landscape. So, we see a big opportunity there. And it will take some time to build up our base there.

Jainam Doshi: Okay. And what -- and the competitive landscape, which is like shaping up in American and European markets, if you could guide us upon that?

Ekta Soni: So see, in world also, there are very few players who are into this speciality niche business. So, if you see competitive landscape, there is so much of demand supply gap for the products. So, we don't see that particular thing in the regions like that. So, there is a huge demand supply gap for the products.

Jainam Doshi: Okay, got it! Thanks a lot.

Moderator: Thank you! The next question is from the line of Akhil Parekh from B&K Securities.

Akhil Parekh: Hello, thanks for the opportunity and congratulations on a good set of numbers. In your previous comments, you mentioned that the impact of cocoa prices volatility is not impacting CBE prices because of specific applications for CBE. If you can highlight what are the specific applications for CBE?

Ekta Soni: See, specific application as the CBEs are used in food care and personal care industries because we generally link, because see in reality, the pricing dynamics differ significantly and remains sustainable meaning irrespective of CBE prices fluctuations. Because if you see the diversified raw material base for us is different for that of cocoa butter than cocoa butter equivalent.

Akhil Parekh: Okay. Fair enough. And in past, you have mentioned that FSSAI allows, I think, 5% of CBE usage. You guys also had highlighted that we are kind of far off from that number in terms of usage. Would we have that number where as an industry we have reached there?

Ashish Saraf: Currently, the demand for 5% is all -- that is the rule if you mention chocolate on the wrapper. If they don't mention chocolate on the wrapper, then you can put 10%, 20%, 30%. So basically, this depends on chocolate to chocolate, when it is called chocolate, then it is 5%. And we currently cannot supply the whole demand because the demand is growing day by day.

Akhil Parekh: Sir, my question was what we had highlighted was we are still not using 5% of CBE in the required products in India as mandated by FSSAI. And hence, the opportunity of demand is still going to be on a higher side in coming years. So, I was asking like where as a percentage where that -- where have we reached basically?

Ashish Saraf: That is what I am explaining 5% is only if you mention chocolate on the wrapper, the demand is much more than that. There are many chocolates they don't mention chocolate on the wrapper, but it is a chocolate. So, the demand is much more than 5%.

Akhil Parekh: Okay. Fair enough. Got it. And lastly, bookkeeping question capex number, if you can highlight the guidance in terms of for next 2 years and I don't know if you guys also kind of mentioned the volume number for fourth quarter FY '25, that's the last two questions?

Ekta Soni: So, for the capex, like we, of course, we will share a comprehensive report on the project which we have announced last quarter. So, because we are already on an advanced drawing and planning stage. And once our Board approves our capital expenditure plan, we will share it with our shareholders on the capex front. So, on the capacity utilization, we mentioned that 60% of the utilization was from our new plant in Q4.

Akhil Parekh: Okay. And Sir, on capex, for additional capex, the internal accruals should be good enough or we may have to raise the debt or dilute the equity?

Ekta Soni: So, we have healthy internal accruals with us, but we can confirm this year only when our Board approves on the financial capital expenditure plan to you. Of course, the company is having healthy internal accruals with them.

Akhil Parekh: Okay. Thanks a lot and best wishes for coming quarters.

Moderator: The next question is from the line of Anmol Soni from Derby Asset. Please go ahead.

Anmol Soni: Yes. First of all, good to see the solid growth in numbers. I have heard the guidance for FY'26 about INR 1,050 crores. And also in the last concall, I've seen the guidance which is given is 23% to 25% for the EBITDA margin, which was almost achieved in this financial year. So, my question is, I wanted to know about the margin guidance for FY '26 and beyond and how the operating leverage will kick off once we are expanding the capacity utilization in our new plants?

Ekta Soni: So, sir, as we have also explained this earlier, so whatever performance we have showing is a continuous focus on operational efficiency, also premiumization initiatives and disciplined execution. Of course, we are looking ahead and while we remain confident in the structural strength of our business model and also our ability to sustain healthy margins, we prefer to stay focused on operational excellence and value creation for the shareholders.

So, our efforts will more on to continue to be directed towards consistent profitable growth, which we believe will naturally reflect in the strong margin performance over time going forward.

Anmol Soni: So, the guidance will remain same of 23% to 25% of margins or are we expecting it to improve?

Ashish Saraf: Sir, we believe it will naturally reflect in the performances over time. And we will keep you updated on quarter-on-quarter basis.

Anmol Soni: Okay, sir. Thank you.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Yes, ma'am, a few clarifications. So how much of the revenues or let's say, how much of the volume at the CBE level, because there is a value addition from Stearin, which has to be done up to CBE. So, in our case, how much of the volume would be sold as a CBE?

Ekta Soni: So you want to know the volume sales of CBE for full year? That's the question?

Pritesh Chheda: Yes.

Ekta Soni: Okay. So, the CBE sales for full year FY '25 was 4,500 metric tons and Stearin sales were 7,000 metric tons.

Pritesh Chheda: 4,500 metric tons and 7,000 metric tons. Okay. And your full year volume since you, let's say, the quarter 4 volume you mentioned that 60% is utilization in fractionation 2 capacity and 100% utilization in fractionation 1. So when you do the math, volume comes to about 2,400 tons for the quarter 4. Is this correct?

Ekta Soni: Quarter 4 volume will come 7,500 metric tons. So if you are asking only for quarter, not for full year?

Pritesh Chheda: Quarter 4 is 7,000 tons?

Ekta Soni: 7,500 capacity utilization.

Pritesh Chheda: Here I didn't understand. 7,500 metric tons -- so your capacity is right, 6,000 tons fractionation1 and 6,500 tons fractionation 2, right?

Ekta Soni: Yes. So our full year capacity of fractionation 1 is 15,000 tons and fractionation 2 is 25,000 tons for full year. It is 40,000 tons for full year.

Pritesh Chheda: Okay. Understood. And the other comment was on the finished goods contracts being fixed. So since you have bought the raw material for the year at the end of quarter 4, that's how the seasonality is there in RM. And you would have a finished good pricing, which is fixed, there should not be any volatility in your margin number incrementally or if there is a risk to margins, what it is? I'll put the other way around?

Ekta Soni: Can you repeat your question once? Yes.

Pritesh Chheda: Since you have bought the inventory for the full year now at the end of quarter 4 and your finished goods are on contractual pricing, what is the risk to the margins?

Ashish Saraf: Sir, this is business and business always has risk. But as such, we don't see immediate any risk perceived in the current, but business is business, sir, we cannot guarantee anything.

Pritesh Chheda: No, I'm asking if there is any risk to a margin number where it can emanate from?

Ashish Saraf: That you have to tell us, sir. We don't as such see any risk. These are natural products we are procuring from the forest-based in Africa and India. And we are making a speciality products, which are being used by the top companies in the world. So, business always has risk, but as such immediate risk, we don't see anything substantial.

Pritesh Chheda: Okay. And my last question is between the FY '24 and FY '25 margin, is the scale of operations a key change in the margin number or is there any other driver for margin? **Pritesh Chheda:** Yes, ma'am, I asked a question. I said between the FY '24 and FY '25 margin, where FY '25 is way higher than '24. Is the scale of operations a key reason for the margin change or there are any other drivers as well, sir?

Ekta Soni: So, of course, there are scale of operations, which is giving -- attributing to the margins. But along with that, there is the volume-led growth also we have contributed. Also, the product mix has changed for the company and also there are the price growth. So there is a combined aspect, if you see, which has attributed to our margin. So it includes operational efficiency, economies of scale, leverage benefits, product mix and so on.

Pritesh Chheda: What will be a product mix change between the 2 years and what is the pricing change in the 2 years?

Ekta Soni: The product if you see, we have to -- the CBE contribution to sales earlier was around 10%. So this year, it is 30%. So that is how that the value-added product has been contributed. And our pricing range has been around between $5,000 to $6,000 approximately for CBE prices.

Pritesh Chheda: What was the corresponding sales pricing number last year?

Ekta Soni: Last to last year, it was around -- so we have to see what was last to last year pricing contract. Maybe we can take this question offline and get back to you for the last to last year contracts.

Pritesh Chheda: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Kushal Goenka from Mangal Keshav Financial Institution. Please go ahead.

Kushal Goenka: Hi, thank you and congratulations on a good set of numbers. My question was last quarter con call, we had this -- the management has mentioned that we'll come with a full plan in the Q4, that is this Q4. But since there was no update in the presentation also and in the starting comments, so I just wanted to know is there any delays with the backward and forward integration and the final project which is going to come in?

Ekta Soni: See, we already have mentioned that we are already on an advanced drawing and planning stage for our products. And of course, we are -- the team has been given the mandate to work on the comprehensive report and submit to the Board, and that's how the process works. So, it will take a quarter more or more to get the things approved from our Board on our capital expenditure plan.

And then only it will be feasible and will be good to share with you the outcomes of the Board on capex going forward. So, there are multiple projects we have announced in the last quarter. So we'll share the report in the coming -- going forward.

Kushal Goenka: So, can we expect in this quarter or by next quarter only, we will get the clarity on the same?

Ekta Soni: So as soon as we finalize it, so we will. We are very hopeful to get all these things quickly, and we are very hopeful to start the construction also this year.

Kushal Goenka: Okay. My next question would be, actually, I'm a little new to this company. I was just checking the financials of 2019-'20. And that time, our margins was around 28%, 23%, but then it again dropped to 17%, 14%. And again, we have reached around 25% margin. So, my question was, can we sustain these kind of margins for like in the next 3-4 years? Or is there some volatility chances?

Ekta Soni: Yes, sir. If you see that performance of 2019, because whatever performance we have given in H2 related to our margin, it is a result of our continued focus on operational efficiencies, premiumization initiatives and disciplined execution. So looking ahead, we remain confident in the structural strength of our business model and our ability to sustain healthy margins.

So again, we are saying that we believe it will naturally reflect in the margin performances over time. Because in 2019 also when that has happened, we have undergone a new capex of 15,000 tons -- additional 25,000 tons capex, which has compressed the true EBITDA level margins. And now when we have started our new plant, the 25,000 tons plants and the revenue is contributing to the growth and also to the bottom line. So that is how there is a difference of margin in 2019 and this year.

Kushal Goenka: Okay. And like during '21, '22, '23, like if you can let me know what's happened and...

Ekta Soni: So we were setting up a new capex. So this capex, we nearly tripled our capacity from 15,000 tons. So that financial, if you are looking at that, and it was a COVID period also. And accordingly, that margin was there.

Kushal Goenka: Okay. So -- but, so like now again, we are doing immense expansion forward and backward integration. So won't that again hurt the margins going ahead?

Ekta Soni: So, it's too early to say that because the projects we have taken is prioritize those projects we are giving a period of less than 3 years. So, it's too early to say how it is going to impact our margins, but our efforts will continue to be directed towards driving consistent profitable growth for our stakeholders, and we believe it should naturally come in our performances over time.

Kushal Goenka: Thank you so much. Best of luck.

Moderator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Yes. I just had two questions. Firstly, you said that you were going to be reducing the debt going forward. Any guidance on what the debt -- net debt will be in FY '26?

Ashok Jain: So, we are doing our best effort to reduce the debt -- net debt. And going forward, the debt will be reduced. So, our peak working capital requirement is behind and incrementally, it will keep improving from here. We are making all efforts to our inventory management, which will help in positive outcomes going forward. And going forward, our endeavor is to reduce the net debt from here. And then...

Maitri Shah: So, the current amount of INR 350 crores is the peak amount we can see for now?

Ashok Jain: So currently, net debt is around INR 380 crores, mainly comprised of working capital.

Maitri Shah: And that's the peak you can see and from here on, it will like go down?

Ashok Jain: Accordingly, the revenue we will generate accordingly, it will be -- reflect the net debt result.

Maitri Shah: Okay. And the other income in fourth quarter is double what it was before. So any like one-offs in the other income?

Ashok Jain: So other includes -- other income includes forex gain also. So, we have an around a total INR 6 crores in this quarter. So other income includes forex gain as well as the interest on FDR, fixed deposit receipt. So, we have around INR 100 crores fixed deposits. So every quarter, we around INR 2.5 crores we – INR 2.2 crores is -- receiving the interest on the fixed deposits, that also include the other income.

Maitri Shah: Okay. Thank you.

Moderator: The next question is from the line of Jahnvi Shah from Share India Securities. Please go ahead.

Jahnvi Shah: Congratulations on the numbers. I just have one question. You mentioned that the margins improved because of scale of operations and product mix as well. So I just wondered if you can spend some time explaining how has the product mix changed in the last year and which product gives us the higher margins, if you can explain?

Ekta Soni: So, all our products are value-added. So, most value-added products for us are CBE and Stearin. And the contribution the way it has gone up, so the CBE sales were around 10% to sales last year, it has gone to 30% of sales to last year. So, this is how the product has been for us.

Jahnvi Shah: Okay. So, CBE have been the growth driver for you.

Ashok Jain: Every value-added product is contributing to the margin. So we have Stearin and CBE and other products for the -- speciality fats and butter and other products contributing to the margin.

Jahnvi Shah: Thank you so much.

Moderator: Thank you. The next question is from the line of Koushik Mohan from Ashika Group. Please go ahead.

Koushik Mohan: Hi sir and mam, congratulations for the great set of numbers. I just wanted to understand one thing, like with the inventory of INR 550 crores what we have, what can be the revenue can be converted?

Ekta Soni: So, we have given you the guidance for FY '26, it is around INR 1,050 plus crores.

Koushik Mohan: Yes. So that means that the raw material -- okay, in the inventory, how much is the raw material, ma'am?

Ekta Soni: Raw material inventory is around INR 400 crores.

Koushik Mohan: INR 400 crores. That means that we are having this raw material in the older cost, right?

Ashok Jain: It is the average cost.

Koushik Mohan: It's an average cost. Perfect. And another thing I just wanted to understand, ma'am, this year, we can see that our return metrics has improved, ROC and ROE. Like because of capacity utilization coming up and now 40,000 metric tons, that is also coming with 65 percentage is what we are capacity utilizing that will improve and operating leverage will play out in our game. So, can we expect the margins to improve over here in the EBITDA level?

Ekta Soni: So, sir, this performance what we have given you in H2 is the result of our continued focus on operational efficiency. Of course, our efforts will be continued to be directed towards driving consistent and profitable growth for our stakeholders and we believe it will naturally reflect in our margin performances over time. We can update you quarter-on-quarter.

Koushik Mohan: Got it, ma'am. And last question from my end, ma'am. I just wanted to understand, currently, we have 40,000 metric tons. Do we have any plans to put up new capacity?

Ekta Soni: Yes. We already have announced five projects last quarter. So, directionally the company is moving toward those directions of project of forward integration and backward integration. Of course, the company is having plans for another 3 to 5 years road map, which we have shared with our shareholders in our last concall.

We can prefer that and once we get approval from our Board on the projects and we can then share you the time lines and comprehensive report and how we are going forward with those things. And we expect to start the construction also this year hopefully.

Koushik Mohan: Got it. Ma'am in the total output of this year, what -- how much is CBE and how much is Stearin? How much can you bifurcate in the, volume terms?

Ekta Soni: CBE and Stearin is 50% of our total value-added product wallet share. So see, both the products, Stearin and CBE is value-added products for us.

Koushik Mohan: No, in the percentage terms or in the number terms?

Ekta Soni: So you're asking the volume-wise percentage?

Koushik Mohan: Volume-wise.

Ekta Soni: 7,000 tons...

Ashok Jain: 7,000 tons is Stearin and around 4,500 tons is CBE, both are the value-added products.

Ekta Soni: So it is like...

Koushik Mohan: That is for the quarter, right?

Ashok Jain: For whole year.

Ekta Soni: For whole year. So we are giving you the break-ups. The percentage-wise 20% is CBE in the volume and 30% is Stearin volume-wise.

Koushik Mohan: Perfect. Thank you. I will get back in the queue.

Moderator: The next question is from the line of Mayur from Wealth Managers. Please go ahead.

Mayur: Good morning to the management and congratulations on a very good set of numbers.

Moderator: I'm sorry to interrupt. Mr. Mayur, your voice is coming a little low. Can you speak a bit louder?

Mayur: Yes. Congratulations to the entire team of management. Now is it okay?

Moderator: Yes, Sir, far better.

Mayur: And congratulations to Mr. Saraf and the senior management for driving the transformation of the company. That's great to see the kind of transformation over the years. So hearty congratulations. I had just a couple of questions. So some clarification. First, you said on an annualized basis, annualized means FY '25, not Q4 annualized, I'm saying overall capacity utilization on 40,000 tons was close to 60%, right? So, our volumes were closer to 24,000 tons on an annual basis. Will it be right way to understand?

Ekta Soni: No, it will be close to 22,000 tons, because we started new capacity in July 2024.

Mayur: Okay. And so CBE by volume was 20% and we said 30% by way of revenue?

Ekta Soni: Yes. Correct.

Mayur: Okay. And similarly, overall value-added products overall on this 22,000 tons would be 50%?

Ekta Soni: Yes, tonnage-wise.

Mayur: Tonnage-wise. Okay. And by revenue, will it be much higher?

Ekta Soni: It should be close to around 70%.

Ashok Jain: 70%.

Mayur: 70%. Okay. And...

Ekta Soni: 70%.

Mayur: Okay. Given that we are in a rising commodity -- base commodity prices means in terms of cocoa, cocoa butter, the pricing is on the higher side. It's rising trend. Will it be fair to say that there is a tactical -- there can be a tactical way to play the spot market as well as the contract market, means how much of our currently is contract sales, long-term contracts in a sense, 1-year contract and how much is sales? Can this mix change based on what we think is right currently in the market and how does it play for the next year?

Ashish Saraf: These are our super speciality niche products, and they are used in the various chocolate industries all over the world. And they mostly are on yearly contracts. In case of some of our customers want immediate delivery, we may sell them on spot basis, but generally, most of the contracts on long-term basis.

Mayur: Okay. This is...

Ashish Saraf: So basically, commodity or this is not -- then these products are used in the various serious food applications, especially the chocolate industry. So, these all are mostly on planned basis so that their factories don't stop, they continuously receive the materials. Maximum business is on the long-term contracts.

Mayur: Long-term contracts. Okay. So sir, then in that case, given the significant rise in the prices sometime in the next year, maybe H2 of next year or sometime closer, shouldn't we see a decent rise in our contract pricing as we go ahead? I understand it will be gradual. But from a $5,000 to $6,000, not specific, I'm asking, but at a weighted average level, we should see a decent rise as we go ahead conceptually, right?

Ashish Saraf: It is the cocoa butter is a commodity, it will go up, it will come down, it will then go down, it will go up, and that will keep happening. CBE is a speciality and it is -- and we have these long-term relationships with all the chocolate majors of the world. So, we have to be sustainable and be a dedicated supplier to them. So, this is not based on any commodity and we start taking advantage or disadvantage.

It is a joint business because there are very who will give the service of collecting from the forest and making those speciality products and then eventually, they are being eaten by the most population of the world. So, this is basically more sustainable, stabilized business rather than a commodity business model.

Mayur: That's great to hear because it then tells the nature of competitive advantage or moat for us that it is more sustainable as we go ahead. That's great. Sir, another aspect was as we go ahead, Manorama being an integrated player, we have ethical sourcing. We have strong relationships with -- on the sourcing side in two of the largest -- two of the markets where the raw material is there.

What would be the positioning of Manorama globally for us currently in terms of overall global question? And do we think that we can be among the top leaders as we go ahead over the next couple year?

Ashish Saraf: I think we are already in the top leaders because there are hardly three-four players in the world. And we already are there, and every day, we are going from strength to strength. And we are getting huge recognition, not only the awards, but many strong recognitions, big companies are depending on us for the supplies. And as you rightly said, this is a very niche business.

This is not an easy business. You have to collect the raw materials, make them into the world's finest products, which are eaten by the children of not only India, but of the Japan or America, or Latin America, Europe, Russia, everywhere. So we are already, I think, there, and we will be -- we are the only company in the world who makes from Mango, from Shea, from Sal, who has all these products in one basket.

Mayur: Right. And...

Moderator: I'm sorry to interrupt. Mr. Mayur, I would request you to please come back in the queue. The next question is from the line of Apoorv Singh from Panchratan Investors. Please go ahead.

Apoorv Singh: Yes. Thanks for giving this opportunity and doing this con calls. This really helps investors like us. And all the best for -- congratulations for the numbers. The question I wanted to understand was, I wanted to understand the growth of the CBE contractual prices. If that is not available, I would want to maybe get that later on that. Could you give some idea on how has that grown, the CBE contractual prices?

Ekta Soni: CBE contractual prices are ranging approximately between US $5,000 to $6,000. It depends on the specifications and terms with the customer.

Apoorv Singh: How has that grown in the last 3 years? I just wanted to understand that pricing?

Ashish Saraf: They are growing in a relative manner as per the increasing demand and usage of eating of the chocolate by the human population in various geographies around the world.

Apoorv Singh: So we don't have a current number on how that has grown in the last couple of years?

Ashish Saraf: They are growing substantially year-by-year. It all -- there are various factors and demands -- based on the demands in various geographies, they are growing. As such, we don't have a specific number.

Apoorv Singh: Got it. Also, second question is that what is the price sensitivity of cocoa versus CBE prices? If you can give an example in terms of, let's say, if cocoa is priced at 100, what would be cocoa butter equivalent prices be?

Ekta Soni: Cocoa butter equivalent prices we just mentioned you, US $5,000 to $6,000 and cocoa butter prices is volatile that we can track online is around approximately around $20,000 as of now. And it's a commodity, we can track this also prices in Google.

Apoorv Singh: Got it. But just wanted to understand, is there any correlation between that like what is the price sensitivity if it is 100 then what is the kind of general industry standards of cocoa butter equivalent?

Ashish Saraf: Cocoa butter is around $20,000 or roughly around $14,000-$15,000. So it is not directly correlated, but of course, in a way, indirectly it is. But as such, then the CBE prices should also be in the same range. So basically, there is a vast difference. CBE is more used in the chocolates for the compatibility and for other reasons. It is not right to assume, but there is a pricing dynamics differ significantly.

Apoorv Singh: Got it. Sir, the last question is that just wanted to understand the contracts we have, what are the price renegotiation clauses, if any? Just if you can give some idea on that, because you say we have long-term contracts in terms of 1 year. So any special cases where these contract price renegotiation can happen, any clauses on that?

Ashish Saraf: They are big contracts. We have confidentiality contracts with all the customers, so I cannot disclose all that here.

Apoorv Singh: Got it. So, I do not want the confidentiality thing, I just wanted to understand what are the clauses which will lead to renegotiation so that those factors could be tracked as an investor, but thank you.

Ashish Saraf: No, but there are various terms –with the Giants of the chocolate multinational companies of the world and all the contracts are as per the business terms, it is decided.

Apoorv Singh: Thank you. Congratulations for the numbers. That’s it from my side.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question for today's conference call. I would like to hand the conference over to the management for closing comments.

Ashish Saraf: I would like to extend my gratitude to all the participants for dedicating their precious time to join us for the Manorama Industries Q4 and financial year '25 earnings conference call. The company continues to solidify its reputation as a dependable and leading provider dedicated to fulfilling the increasing needs for sustainable cocoa butter equivalents, speciality fats, Stearin and butters and our various new product launches. With our focus on research and development, we maintain our status as the preferred supplier of speciality fats and butters to both our global and domestic customers.

Also, should you have any additional questions, kindly feel free to reach out to us via e-mail or kindly contact Ernst & Young, our Investor Relations Advisors. I sincerely thank you all for participating in this concall today, and I hope you have a wonderful and healthy day. Thank you.

Moderator: Thank you. On behalf of Manorama Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Ashok Jain: Thank you.