Regaal Resources

Operator: Ladies and gentlemen, good day and welcome to Regaal Resources Ltd. Q2 FY27 earnings call hosted by Arihant Capital Markets Limited. 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 the conference call, please signal the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Deepali Kumari from Arihant Capital. Thank you, and over to you, ma'am.

Deepali Kumari – Arihant Capital: Thank you. Hello and good morning to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining us for the Q2 and H1 FY27 earnings conference call of Regaal Resources Ltd. Today from the management, we have Mr. Anil Kishore Puria, Chairman and Managing Director, Mr. Karan Kishore Puria, Whole-time Director, and Mr. Saikat Chatterjee, Chief Financial Officer. Without any further delay, I will hand over the call to the management for their opening remarks. Over to you, Anil.

Anil Kishore Puria – Chairman & Managing Director: Good morning, everyone, and thank you for joining us today. We are pleased to report another quarter of strong performance, with operating income for Q2 FY27 standing at {? 3,166 million ?} rupees. Co-manufacturing revenue registered 64.40% year-on-year growth, from {? 1,902 million ?} in Q2 FY26 to {? 3,127 million ?} in Q2 FY27, reflecting our manufacturing strength.

We also achieved our highest-ever quarterly profit after tax of 232 million, accompanied by a record PAT margin of 7.3%. Our long-term strategy of procuring maize during the winter crop season to meet year-round requirements is yielding tangible results, as reflected in our financial performance. This approach has strengthened our raw material security, allowing us to build adequate inventory despite elevated prices and supply constraints. Further, with sufficient stock in place, we are well-positioned to support higher crushing volumes as our expanded manufacturing capacity ramps up.

The selling environment remains favorable, supported by steady demand across our key end-user segments and healthy market traction for our products. During the quarter, our newly commissioned A25 facility experienced a temporary operational disruption following damage to a 10-megawatt turbine. The turbine has been successfully recommissioned, and the facility is now fully operational.

With the additional capacity back in operation, we are well-positioned to build on the momentum of our capacity expansion and support higher production volumes going forward. Despite the disruption, we recorded maize crushing volumes of 90,489 metric tonnes in Q2 FY27, a 32% increase over Q2 FY26, underscoring the strength of our business and our ability to sustain volume growth even amid temporary capacity constraints.

As we move into the second half of the year, our focus remains on maximizing the potential of our expanded capacities, increasing the contribution of value-added products to our overall product mix, and strengthening our presence across domestic and international markets. We remain confident in our ability to sustain our growth trajectory and deliver long-term value for all

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stakeholders. With that, I would now like to hand over the floor to Mr. Saikat Chatterjee, our CFO, to take us through the financial performance of the quarter.

Saikat Chatterjee – CFO: Thank you, sir, and a very good morning to everyone. We will walk you through the key financial metrics for the quarter ended September 30, 2026. Operating income for the quarter stood at 3,166 million. Core manufacturing revenue registered year-on-year growth of 64% to 3,141 million, compared with 1,916 million in Q2 FY26, reflecting the continued strength of our manufacturing operations.

Value addition increased by 64.3% year-on-year to 1,290 million, with a value-addition margin of 40.8%. Operating EBITDA grew by 54.7% to 542 million, translating into an EBITDA margin of 17.1%. Profit after tax stood at 232 million, registering growth of 38.7% year-on-year, with a PAT margin of 7.3%. Our ROCE stood at 10.2%, reflecting the increase in capital employed as we continue to invest in expanding our manufacturing capacities and strengthening our operating infrastructure. These investments are yet to fully translate into incremental earnings, with the benefits expected to accrue as the expanded capacities ramp up...

Management: ...The ROE improved to 14.2% from 10.8% in Q1 FY27, supported by the record quarterly PAT of 232 million, indicating stronger earnings relative to the equity base. Net debt stood at 8,808 million as of September 30, 2026, primarily reflecting borrowings towards the ongoing capacity expansion and higher working capital requirements. The working capital requirements remain elevated, primarily on account of advanced maize procurement, with the company having stocked sufficient inventory to meet its estimated crushing requirement for the full year and ensure uninterrupted raw material availability.

As the inventory is progressively consumed over the next two quarters, working capital requirements and associated borrowings are expected to moderate. As of September 30, 2026, total borrowings comprise 535, {? 5,357 million ?} in term loans and 3,506 million in working capital. Our cash conversion cycle improved to 123 days from 130 days in the previous quarter. While it remains elevated compared with FY26, we expect it to improve further as the inventories are progressively consumed to support higher crushing volumes, enabling more efficient working capital rotation. As we move forward, the focus will be on translating our expanded manufacturing base into higher volumes, stronger earnings, and improved asset productivity. With the major capacity investment progressively coming on stream, a greater contribution from value-added products, and improved working capital rotation, we believe we are well-positioned to drive operating leverage, strengthen cash flow generation, and enhance shareholder returns. With that, I would like to open the floor to 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 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. Our first question is from the line of Diwakar Rana from Prudent Equity. Please go ahead.

Diwakar Rana – Prudent Equity: Good morning, sir. What will be the key drivers of the improvement in EBITDA margins in Q2?

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Management: Thank you for asking that. The key drivers for EBITDA in Q2 were basically the increase in capacity, which meant that our fixed cost had come down, and the higher value addition between maize and starch. These are the two important points. Then, of course, we also started our value-added products in stages. These were the three most important reasons.

Diwakar Rana – Prudent Equity: But was the major contribution from operating leverage, or did the spread increase due to the increase in the price of starch?

Management: [pause] The major contribution was basically on the sales front. Because of the increase in sales and the increase in selling prices, and because of the new markets that we have opened, exports have gone up. All these factors culminated in giving this boost to EBITDA.

Diwakar Rana – Prudent Equity: What is your roadmap for reducing debt over the next two or three quarters?

Management: Regarding the reduction of debt, the debt that you are seeing as of September 30 will automatically reduce by March, especially the working capital debt. In September, we are at the highest level of usage because we are holding stock for the entire five to five and a half months. We have stocked maize as raw material. Accordingly, the drawdown of working capital was high. As each day passes, perhaps in the next quarter or the quarter after that, by March you will see a reduction in the usage of working capital, and debt will automatically reduce.

Diwakar Rana – Prudent Equity: Because I remember from the last conference call that you stated that the interest cost for this year would be around 40 crores. In the first half itself, we have incurred around 22 crores of interest. Do you think the interest will fall in Q3 and Q4?

Management: Absolutely. Whatever guidance we had given you—whether it was 40, 42, or 38—we will remain within what we had told you. That is our target and that is our budget. We will not increase it beyond that.

Diwakar Rana – Prudent Equity: One last question on the production volume. What are your target volumes for H2?

Management: For H2, our target volume, as a rough estimate, is about 2,40,000 tonnes in six months. We had a mishap with the turbine and certain other issues.

Diwakar Rana – Prudent Equity: So, the total volume for the year is 4 lakh tonnes, as you had guided earlier?

Management: Yes, 4 lakh tonnes. We will easily reach the full 4 lakh tonnes.

Diwakar Rana – Prudent Equity: Isn't this a conservative number, sir? For Q2, you gave us a number of 1 lakh tonne, and even after the damage to the turbine, we achieved around 90,000 tonnes, I think. We are short of only 500 tonnes. Why are you being conservative?

Management: I am not being conservative. If I tell you that I will achieve 100 rupees and I achieve 90 rupees, you will ask me why I had said 100 and delivered 90. If I say 100 and deliver 110, you will be happy. Because of the turbine, we have lost at least 20,000 tonnes due to the closure of the entire

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new plant for one month. We would have gone much above 1 lakh tonne, which we had earlier given you as a somewhat conservative picture. On that basis, 2,40,000 tonnes will definitely be achieved in H2. Any additional 10,000, 5,000, or 20,000 tonnes, representing a 2-5% increase, would be an additional gain for the company.

Diwakar Rana – Prudent Equity: Okay. Thank you, sir, and best of luck.

Operator: Thank you. We have the next question from the line of Mr. Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha – Sunidhi Securities: Thank you for taking my question, sir, and congratulations on a good set of numbers. Firstly, on the pricing of maize and starch, could you help us understand how raw material prices and starch prices have trended over the last one or two quarters, from Q1 to Q2, and whether we are currently seeing that trend continue?

Management: The price of maize in Q1 has gone up by more than 50%. If it was 10 rupees, it has gone to 15 rupees. That is the situation with maize. In Q2 also, it did not rise much, but toward the end of Q2 it started increasing somewhat. Whatever increase has happened occurred only in October, not before October. Accordingly, the prices of raw and finished products—most of the finished products, I would say 80-85% of finished products—have also gone up as the price of maize has risen. The delta margin, or the value addition, has become much higher than it was earlier. If earlier it was 10%, it is now not 15% but 20%. That is one thing we are seeing: a surge in the prices of raw materials as well as finished products, especially starch.

Rohit Sinha – Sunidhi Securities: In Q1, we had already indicated that we had enough inventory at least until January. After that, we had the turbine mishap. I believe that the January calculation was based on whatever new capacity addition was available to us. With this mishap and the loss of one month, that low-cost inventory is still available to us, which could extend to January, February, or March. I wanted to understand how much inventory we have. I also believe that this rising price trend is favorable for us, given the low-price inventory that we already have.

Management: In terms of quantity, we have about 90% of our inventory for H2. Ninety percent of the inventory for the entire H2 is available with us at the plant. It is there. With this inventory, as you said, regarding prices and everything else, this inventory [trails off]

Management: We will start using it—we have started using it—from around October 15 or the end of October. The low inventory at the higher price will now start coming into production and will be used until around March 15.

Rohit Sinha – Sunidhi Securities: Okay. Understood. Overall, regarding the value-added product mix that we discussed earlier, how much value addition, excluding liquid glucose, are we currently achieving, and what percentage will we reach by the end of the second half? Could you give us a breakdown excluding liquid glucose?

Management: I will explain. The ramp-up of the value addition we discussed started in September, or rather, the ramp-up started in August itself. However, you will get the real picture of the value addition in Q3, and you will get the complete picture in Q4. A lot of products have started; their

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samples have been prepared and sent to our customers, and they have been approved by them. These customers have visited and inspected our facility, and all these things have happened now. The orders are coming in, and we are waiting for more orders to come. To determine what value addition we achieved apart from liquid glucose, we will have to calculate it, which I will provide to you. There is no problem with that.

Rohit Sinha – Sunidhi Securities: I will get that from [inaudible]. I am looking at it from the perspective that Q3 and Q4 will be sequentially much better for us in terms of value addition as well as volume growth, along with the benefit of favorable pricing that we are currently seeing.

Management: Yes, absolutely. 100%.

Rohit Sinha – Sunidhi Securities: That is all from my side. Thank you, and best of luck.

Management: Thank you.

Operator: Thank you. The next question is from the line of Gullit Singh from Counter Cyclical PMS. Please go ahead.

Gullit Singh – Counter Cyclical PMS: Thank you for this opportunity. Firstly, I would like to understand the sustainability of our EBITDA margin of 17%, which we achieved this quarter. Could you help me understand what the cost of maize was for this quarter and how it compares year-on-year, when our margins were 11%? Also, how were the realizations in both periods?

Management: Regarding the cost of maize, it is a matter of intense competition, so it will be difficult to share all those details. We can tell you one thing: out of 40-43 plants, we are one of the three plants that are based on the winter crop. All the others are based on the monsoon crop. Maize was available at good and relatively cheap prices. The price of maize increased once harvesting began, or even before harvesting began, in the monsoon crop in the other part of India, which accounts for about 70-80% of the entire maize crop.

Regarding sustainability, this is a commodity business, as everybody understands. Raw material prices do not remain at the same level all the time; sometimes they are higher and sometimes lower. Finished material prices also fluctuate because of maize and raw material prices. Therefore, I cannot provide complete guidance on sustainability by saying that if EBITDA is 17%, it will always remain at 17%. However, it will be good. Based on what we have seen in the past, EBITDA of 4,000-4,500 rupees per tonne is what we generally work toward. Anything better than that is a windfall gain, in my view. However, if we are operating the business, we need at least 4,500 rupees; otherwise, what would be the point of investing so much money?

Gullit Singh – Counter Cyclical PMS: What should be the sustainable steady-state margin? Let us not discuss the higher part of the range because it is a commodity business. According to you, what sustainable steady-state margin, plus or minus 5%, can we expect with our current business?

Management: I would offer one small suggestion. In this business, please do not calculate on the basis of EBITDA percentage. Calculate on the whole-number basis—how much whole-number EBITDA you are achieving per tonne. Take approximately 4,500 rupees as the whole-number base, with 5% above or 5% below that.

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Gullit Singh – Counter Cyclical PMS: What is the EBITDA per tonne for this quarter?

Management: 6,000. We achieved 6,000 this quarter. For H1, for the six-month period, it is 5,300 rupees.

Gullit Singh – Counter Cyclical PMS: Currently, our share of value-added products is around 7%. What is the maximum potential value-added share that we can reach with our facilities, and what is the EBITDA per tonne for the value-added products?

Management: Regarding our plan for the value-added share and the ramp-up, we are still in project mode. Things are still being added every day; as we speak, things are increasing. We have projected value addition of approximately 10-11% for FY27. If you go to FY28, when all the possibilities and all the elements have been added, it will increase to approximately 22-23%. This excludes liquid glucose.

Gullit Singh – Counter Cyclical PMS: Is 1,650 tonnes per day operational as of today?

Management: We have already achieved 1,600 tonnes. We achieved 1,600 tonnes over the last few days, but at present it is operating in the range of 1,500 to 1,575 tonnes.

Gullit Singh – Counter Cyclical PMS: Going forward, do we plan any further capex over the next one or two years, or are we done with the capex?

Management: Regarding the capex for the next one to two years, our first focus is on stabilizing the plant and getting the maximum out of the current facility. After that, there will not be any very large capex; we are undertaking only small capex projects. For example, we are adding a 1.6-megawatt power plant. The methane gas produced by our effluent treatment plant will go to the gas turbine, which will generate 1.6 megawatts.

We are adding another product, a very good product, which is largely imported into India. There are also several other small projects. One LD drum is produced, and we are installing a drum manufacturing unit for those drums. These are not huge or substantial projects. BMC, which we had announced earlier, is also coming and will be commissioned by early FY28.

Gullit Singh – Counter Cyclical PMS: If you can give us a timeline for these projects and their potential revenue and margins, it would be very helpful.

Management: We are still at the drawing-board stage. Quotations are coming from suppliers and vendors, and everything is still being worked out. It would be better to give you the details once the technical work is completed. We will complete everything sometime in FY28. Whatever we are starting on this side will be undertaken through several small projects alongside the main projects...

Gullit Singh – Counter Cyclical PMS: My last question is regarding our inventory. I want to understand what the cost of our current inventory is...

Operator: Mr. Gullit, sorry for the interruption. Can you rejoin the queue for more questions? Thank you. We have the next question from the line of Mr. Pratik Kothari from Unique PMS. Please go ahead.

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Pratik Kothari – Unique PMS: Good morning, and thank you, sir. First, are global tapioca starch prices sustaining? If so, do we intend to tap into exports, and could exports become much larger than 5–10% of our business? Is that a focus?

Management: To be very frank, exports were never the focus. Whether that is good or bad, I do not know, but exports were never our focus. However, we are now selling about 10% of our entire production of fiber and starch to other countries. Tapioca starch is performing very strongly. I have heard that it is around $700. Therefore, the demand for maize starch from India is still quite large. Tapioca is doing very well. If it is at $700, that is very good; we could then receive $600 or a good $600–650.

Pratik Kothari – Unique PMS: Correct. Secondly, we keep hearing that maize is being diverted for ethanol, even in these plans. The maize content is much higher. While I understand that the price of maize has been increasing and starch has also been increasing much faster, does availability become an issue if maize continues to be diverted?

Management: Availability of maize is an issue, but not only because of ethanol. Availability of maize is an issue because the crop in a few states has been damaged. Because of El Niño, water scarcity, and certain other issues, problems have occurred in the monsoon crop. That has become a significant issue. In addition, what has added to the problem is that the government has imposed a cap on sugar. Therefore, ethanol will not be made from sugar, and if sufficient maize is not allocated, everything shifts to maize. That is the only reason: a little because of ethanol and also because the crop has been poor.

If ethanol producers need 1,100 crore liters, they need maize. They would need a certain amount of maize—whether it is 3 crore tonnes or whatever the amount is—to be diverted there. I am not saying it is 3 crore tonnes; I am saying it is somewhat more. They needed the maize, but we are sitting on the crop. When the entire crop arrives, maize prices will decline, but of course maize prices will increase marginally after harvesting.

Pratik Kothari – Unique PMS: Particularly when you procure for the next season, could that availability challenge arise?

Management: Regarding our plant, strategically it is located in Bihar, in one of the largest maize-growing belts of Bihar—or rather, of the entire country. We are strategically close to Bengal, approximately a kilometer from Bengal, closest to Assam among all the plants, and near the entire North and East Bihar region. Therefore, we have not faced any problem with maize so far. Bihar is a net exporter of maize to other states. Rakes of maize are sent out. The people who are located at the source will receive the maize first, and only after that will it be exported. The price might be a little higher, but that is acceptable.

The farmer procurement network that we have developed over the past four to five years has created farmer loyalty. The 2–2.5 lakh tonnes of maize that used to come directly from farmers—actually, we received approximately 1.75 lakh tonnes, or I will say 2 lakh tonnes—represents a very significant advantage for us.

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Pratik Kothari – Unique PMS: In your presentation, you have given a bifurcation between dealers and distributors. Could you explain the difference between the two? One is direct sales, then there are dealers and distributors.

Management: Dealers basically serve localized areas. Distributors serve larger areas, covering the entire region in which we sell. However, with our sales team, we have now reduced the distributor base to a great extent compared with earlier. If you look at the current data, the number of distributors has become very low.

When we started, even though it was a staple commodity, if you sell to small retailers who do not take an entire truck but take one or two truckloads, it is always better for us as a manufacturer to go through a route and sell the product. We had also shared the distributor IDs. Refined institutional distributors have now largely become dealers. There were some parties through whom we billed at the mill level through distributors because of the certainty of receiving payment on time. That was the biggest reason. We have now eliminated those arrangements, established the required processes, and brought in new people, good dealers, and good customers.

Pratik Kothari – Unique PMS: Lastly, you said that if we are in this business, we need to make 4,500 rupees per tonne. Is this on the starch side? As you continue moving into value-added products...

Management: That is on the lower side, sir. Sorry, that is on the lower side for starch. We process so much maize and maintain such a workforce, and we have invested 1,000-1,100 crores in the company. What would we earn otherwise? Exactly.

Pratik Kothari – Unique PMS: As you continue moving into value-added products, what could the amount be per kilogram or per tonne? There are new products, with another four or five still to be developed.

Management: Let me explain our plan. For example, we will produce approximately 1,600 tonnes, of which 1,100 tonnes will be starch. I am giving an example; it will be slightly less than 1,100 tonnes. We are developing a basket of starch products of 1,400-1,500 tonnes, which is also in response to your question about our plan for the full year and the next 1.5 years.

For example, there is dextrose. Dextrose is an item that sells during the summer, from February to August-September. In contrast, liquid glucose sells in a different season. We are still gaining experience regarding which product will sell at which time and how much we will generate from dextrose, which is a high-margin business, and liquid glucose, which is a low-margin business.

If we sell colored powder, that is also a good-margin business, although not an EBITDA business, and it will sell during the Holi season over those three, four, or five months. Once we put the entire basket together over a full year, it would be better to discuss it with you. All these units and products have good paybacks. We are not talking about 36 months, 24 months, or 48 months, whatever the exact period may be, but I believe the payback should be achieved within 36 months. The internal yield on this will be complete.

It depends on the product and the timing. We have created several small baskets for modified starch, including CMS, or carboxymethyl starch, cationic starch, and oxidized starch. These are all

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different products. Once the entire portfolio is fully operational, we will discuss it. By Q4, we will be in a better position to tell you the exact details.

Pratik Kothari – Unique PMS: Sure, that sounds good. Thank you, sir. All the best.

Management: Thank you.

Operator: Thank you. We have the next question from the line of Naman Maheshwari from Srujan Alpha Capital. Please go ahead.

Naman Maheshwari – Srujan Alpha Capital: Good morning, sir. Am I audible?

Management: Yes, you are audible. Good morning.

Naman Maheshwari – Srujan Alpha Capital: First of all, congratulations on a great set of numbers. I wanted confirmation on our current debt profile. Has the debt peaked out, or do we expect it to increase further over the next four to six quarters?

Management: Akshat is sitting with me. I have taken the liberty of answering on Akshat's behalf. Debt is in two forms: working capital debt and term loans. The maximum term loan debt we have is under interest subvention. You will see the term loan debt running at this level because several projects are ongoing as capital work in progress. As those loans are drawn, repayment of the older loans is also taking place.

Therefore, approximately 535 crore rupees, or 536 crore rupees, is term loan debt. The working capital debt that you are seeing this time, which is 350 crore rupees, will reduce to more than half of this level—50% of this or even less—by March 31. When you see the December figures, you will see that it should come down from 350. When you see the March figures, usage will reduce significantly and the debt will come down again.

What is this working capital debt? I do not take working capital debt beyond the value of the goods that I have in my possession. The goods that have been sold in the market and are with debtors should be considered my money. For example, that is not really debt for me; it is inventory lying at my premises. Maize, oil, and all these products can be sold or converted into cash whenever we want. This is the gain we are going to see in H2. The gain that we achieved this time will be visible to you in H2.

Naman Maheshwari – Srujan Alpha Capital: The second question is about FY28. We have collected the current inventory at a lower price. Once this inventory is fully utilized and we begin procuring new inventory, which will probably be at a higher price of around 30–31 rupees, how are customers reacting? Are they willing to pay a higher price for this inventory, and how will margins respond?

Management: [pause] At present, 31 rupees or 30 rupees is the cost of maize. From 34 rupees, the starch prices have also gone up to 51. Today I am selling starch between 49 and 51. The germ price has increased from 60 to 83. The fiber price has increased from 16 to 23. Gluten has not increased much. Gluten is approximately 60 and has gone to 64–65. It has now reached 66. Therefore, the prices of all products have increased. The value addition [hesitates] has increased tremendously compared with H1 [cut off]

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Management: [mid-sentence] In H2, there will be a significant increase in the Bangladesh market. We are also booked. We are taking as many orders as possible. We have told customers to give us whatever quantity they can at this price; we do not want anything more at a higher price. Even if it results in a loss, we want the order at this price. It is a very significant development.

Regarding maize inventory, we have inventory until the second week of March, approximately March 10-15. For the remaining 15-20 days in March, maize from Assam will become available, Bihar will also start supplying, and Bengal will also start supplying the winter crop. All of this will become available. We will then assess our inventory at that time. That is why we have not provided the inventory for those 15 days; we will see what the price will be at that time. Buying maize at today's price and selling the finished material at today's price is also a very significant gain for everyone, provided the entire plant is operated.

Naman Maheshwari – Srujan Alpha Capital: Do we expect to remain around 4,500 rupees, or do you think we will decline somewhat from there? I am referring to EBITDA per tonne of 4,500 rupees.

Management: It is currently 5,300. Where is 4,500? We are at 5,400. We have not sold a single order at 51. As you can see in the Q2 results, we did not sell a single lot at any price of 51, 52, or 82. Deliveries at those prices began from October 20-25. You will see much better results than 5,300. Much better.

Naman Maheshwari – Srujan Alpha Capital: I am not referring to H2. I am referring to FY28.

Management: For FY28, 4,500 is sustainable, easily. There is no question about that. What it will go above that, I do not know and I cannot promise. That is what I am saying.

Naman Maheshwari – Srujan Alpha Capital: All right, sir. Thank you very much.

Operator: Thank you. We have the next question from the line of Mr. Naveen from Big Bull Wealth. Please go ahead.

Naveen – Big Bull Wealth: Hello. Am I audible?

Management: Yes, you are audible.

Naveen – Big Bull Wealth: My first question is regarding traded sales in Q2 FY26, for a like-to-like comparison.

Management: [pause] Could you please repeat that once?

Naveen – Big Bull Wealth: I wanted to know the traded sales in Q2 FY26 for a like-to-like comparison.

Management: It was zero. It was negligible. We were not expecting significant maize trading sales because I myself need approximately 4-5 lakh tonnes of maize. [crosstalk]

Naveen – Big Bull Wealth: No, I am talking about last year, not this year.

Management: Last year's sales? Sales in Q2 FY25? Q2 sales were 127 crores last year.

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Naveen – Big Bull Wealth: Okay. Can you update us on the capex... sorry...

Management: [pause] I am sorry for interrupting you. You can see that compared with the September quarter of FY25, manufacturing sales increased to 125 crores. The profit also increased. Last year's manufacturing sales were 192 crores, compared with our total sales...

Management: [pause] Last year's manufacturing sales were 192 crores, compared with total sales of approximately 313 crores this year. That represents approximately 64% growth. Trading sales were 127 crores last year, whereas they are zero here. Therefore, total sales including trading were 320 crores last year, compared with 317 crores this year.

Naveen – Big Bull Wealth: Understood. That is helpful.

Management: [pause] Therefore, we have achieved total manufacturing gains.

Naveen – Big Bull Wealth: That is also reflected in the margins.

Management: Correct. Trading margins are very low, at approximately 5–6% at most.

Naveen – Big Bull Wealth: My second question is about capex. Can you update us on the status and when all the value-added capex will be completed?

Management: The entire ramp-up and production have come through completely, and we are now operating those facilities. Liquid glucose and maltodextrin powder have come through. The modified starch basket has also started production. We only had to wait because of the turbine; otherwise, we could have done this earlier. There were also holidays, because we need specialized personnel to operate those machines. Those personnel have now joined, and the operations have commenced. Sampling and everything else have also been completed.

The dextrose facility will come through sometime in Q2 FY28. Please assume that it will be available by September FY28. The other small projects that we are undertaking will also be completed during FY28.

Naveen – Big Bull Wealth: Understood. That is all from my side. Thank you.

Operator: Thank you. We have the next question from the line of Mr. Divakar Rana from Prudent Equity. Please go ahead.

Divakar Rana – Prudent Equity: What are the expected production volumes for FY28?

Management: FY28 will be approximately 5,25,000 to 5,50,000 tonnes.

Divakar Rana – Prudent Equity: 5,50,000. What about recovery of the GST issue from the distributor? How much have we recovered in cash?

Management: [pause] We have recovered approximately 60%, and by December we will recover the entire amount.

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Management: [pause] Sixty percent has been recovered. We expect to recover the remaining approximately 40%, or perhaps 30%, by December.

Divakar Rana – Prudent Equity: I have a question on EBITDA per tonne. You are saying that 4,500 is the base. In FY25, we achieved approximately 4,600, and in the last financial year we achieved approximately 4,700. After all these expansions and value-added projects, are you still saying that we will remain at 4,500? How is that possible?

Management: [pause] [off-mic discussion] [hesitates] If you look at the financials, or if you want, we can provide the details separately. Last year, manufacturing EBITDA alone was 4,000. We are dividing by trading, but you are dividing the entire EBITDA by manufacturing because of that, which is why it comes to 4,700. However, manufacturing EBITDA was 4,000.

I have given you a figure and said that we will at least achieve this level. In the long term, we have already reached 5,300-5,400. This does not include any effect from the increase in the price of maize or from starch reaching its highest-ever price in India's history. It is 5,400. That shows that economies of scale, better realizations, better starch procurement, and all these factors have contributed to this result.

I could tell you 5,000 or 6,000 today, or I could say 5,500, but that would not be right. I want to give you a minimum figure so that the actual performance can be better in front of you.

Divakar Rana – Prudent Equity: Okay. Thank you.

Operator: Thank you. We have the next question from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha – Sunidhi Securities: Thank you for the follow-up, sir. On the capex side, I think most of the capex is now complete. How much overall capex will there be for FY27 and FY28?

Management: [pause] The total capex for FY27 and FY28 will be approximately 1,000 crores, as shown in the presentation. It is all there in the presentation. The total capex is around 665 crores, Rohit. Of this, approximately 391 crores, or nearly 400 crores, has been completed. Therefore, approximately 275 crores more remains to be capitalized. We had been saying 372, but 275 crores more remains to be capitalized.

Management: [pause] At present, this is the plan. The future may involve something else. As the Managing Director mentioned, there are certain projects that may improve efficiency and manufacturing. In that case, we will add further capex and inform investors about exactly what we are doing.

Rohit Sinha – Sunidhi Securities: Understood.

Management: [pause] At present, this is the plan.

Rohit Sinha – Sunidhi Securities: On the trading part, is our long-term vision to continue trading, or will it ultimately decline to zero?

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Management: No, it is not our vision to continue trading. In October, we did trading of only about 8.5 crores. Plus [trails off]

Operator: [inaudible/cut off]

Management: [hesitates] A turnover of around {? 160 crores ?} was from manufacturing, of which {? 8.5 ?} was trading. This was because the maize we had procured was of very good quality, but bringing that maize to our current location was costing us too much, so we sold it there. This relates to material held in our warehouses in Delhi and other locations. A few {? 30-40 crores ?} out of {? 1,500 crores ?} is opportunistic. Nothing more, actually.

Rohit Sinha – Sunidhi Securities: Understood.

Management: We have also achieved a gain of approximately {? 25-30% ?}, or more than that, on our procurement price.

Rohit Sinha – Sunidhi Securities: Understood. That is all from my side. Thank you.

Operator: Thank you. We have the next question from the line of Pankaj Motwani from Equirus Securities. Please go ahead.

Pankaj Motwani – Equirus Securities: Thank you for the opportunity. I want to understand: with maize and starch prices elevated, are customers accepting the higher prices, or are the higher prices affecting demand volumes? Are customers perhaps shifting toward alternatives?

Management: [pause] I will give you an example. We had a target to take orders until the 15th, and we have taken {? 150% ?} of that target. Initially, I did not want to increase starch prices from the 1st, but we had to increase prices. Today, after the meeting, we will declare and increase prices further. Therefore, there is no shortage of customer demand. The current situation is very difficult, but this is how the industry is operating at present.

Pankaj Motwani – Equirus Securities: What level are starch prices at? Are they 70 or 75 rupees? Is starch higher?

Management: {? 35 rupees ?}.

Pankaj Motwani – Equirus Securities: What was the average starch realization in Q2 that we reported?

Management: [pause] [hesitates] {? 35 rupees ?}. {? 35 rupees ?}. The average for the entire basket was {? 35 rupees ?}. The average realization for the entire product basket for the entire quarter was {? 35 rupees ?}. Q1—sorry, sorry, Q1, Q2. In Q2, it was {? 35 rupees ?} for all products combined.

Pankaj Motwani – Equirus Securities: My second question is about inventory. I saw that our inventory increased from the June level. Despite the fact that our procurement season is the winter crop season, what explains this buildup? What is the current inventory volume available to us, and what is the average procurement cost of this overall inventory?

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Management: The inventory buildup is a strategy we have followed for years. It is not something we started after COVID; we have been building inventory since at least 2021 or 2022, for much more than one or two months, basically from January or December onward.

This year, when we realized that El Niño was affecting conditions and that various issues were developing, we strategically decided to take somewhat more inventory. We decided that if there was an issue or a shortage, we should be prepared. [line issue] The inventory therefore increased somewhat.

Together with our procurement team, we took more material than we had originally planned. At times, we held inventory until February. Then, when conditions began to improve, in September our procurement team—although we do not buy much during the monsoon crop season—was present throughout Karnataka, Maharashtra, and Madhya Pradesh, visiting every town. When we received that information, we increased our inventory level in September, which was again available at a lower price. We increased it further and extended it until March 15.

Beyond that, the situation regarding this inventory, especially the availability, is known in the market. As for the price at which we purchased it, we will not be able to discuss that openly. You will see it later when the valuation appears in the reports.

Pankaj Motwani – Equirus Securities: Could you share the inventory volumes available to us?

Management: We have inventory until March 15. Whatever we produce will comfortably be covered until March 15, or between March 7 and March 15. If the inventory is higher, it may last from March 7 to March 15. We selected March 15 strategically because the new crop will then arrive.

Even today, we can obtain as much material as required in Bihar. I have data showing approximately {? 12–13 lakh tonnes ?} of material from companies such as Olam, LDC, Ardent, Bihar, and ITC lying in their warehouses. However, the price is {? 30–31 rupees ?}. We can still buy it today, but why take that risk for 15–20 days? We will buy it at whatever rate prevails at that time. Inventory availability in Bihar is not an issue at all. The issue is the price.

Pankaj Motwani – Equirus Securities: Okay, that is all from my side. Thank you.

Operator: Thank you. We have the next question from the line of Rajesh Jain from RJ Investment. Please go ahead.

Rajesh Jain – RJ Investment: Good afternoon. Thank you for the opportunity. Hello, am I audible?

Management: [pause] Yes, good afternoon. Good afternoon.

Rajesh Jain – RJ Investment: I have four or five questions, so I will start with them. First, after undertaking the new capex and increasing our capacity to {? 1,650 metric tonnes ?} per day, do we still have space for future expansion?

Management: [pause] Yes, absolutely. An agreement to sell has already been signed with farmers for approximately {? 78 acres ?} of land. The process is underway, and there is no problem regarding land availability there. Bihar is one state where land is abundantly available; someone

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simply needs to acquire it. All the adjacent, contiguous land is being developed as one contiguous plot.

Rajesh Jain – RJ Investment: At present, we have the existing 45 acres, correct?

Management: We have approximately {? 57 ?} acres, of which some land is currently vacant. We can still build on it. Three or four acres are also vacant.

Rajesh Jain – RJ Investment: If management decides to expand in the future, there will be no problem regarding space.

Management: [pause] There will be no problem at all, sir. No problem.

Rajesh Jain – RJ Investment: After doubling the capacity, you have also indicated that value-added products will account for around 10-11% this year and perhaps 22-25% next year. What percentage of our capacity will be used to produce value-added products?

Management: [pause] If you look at it product-wise, at present, excluding liquid glucose, value addition represents approximately 12-15% of capacity, while product-wise value addition is approximately 10%. This is only for starch, not for the entire product basket. If we consider the total basket, take it as one-third of that, or 10%.

As the capex already installed and currently under implementation or commissioning comes through, this will ultimately become approximately 1,100 tonnes, and value-added products will account for approximately 30-35% of starch, excluding liquid glucose.

Rajesh Jain – RJ Investment: Of the {? 1,650 tonnes ?}, how much will go toward value-added products?

Management: The {? 1,650 ?} you are referring to is raw material input, or the crushing capacity. From {? 1,650 ?}, approximately {? 1,500 tonnes ?} is finished product. Of those {? 1,500 tonnes ?}, approximately {? 25% ?}, or {? 375 tonnes ?}, goes into co-products such as germ, fiber, and gluten, which go to the oil and feed plants.

I had given you a figure earlier of approximately {? 1,100 tonnes ?} of starch. Of the {? 1,100 tonnes ?}, approximately {? 20% ?} will become glucose, and approximately {? 20% ?} will become the value-added products we are discussing.

Rajesh Jain – RJ Investment: So, of the {? 1,100 ?} quantity of starch, {? 20% ?} will become value-added products.

Management: [pause] {? 20% ?} will become fully value-added products under the plan we have introduced.

Rajesh Jain – RJ Investment: Okay.

Rajesh Jain – RJ Investment: The capacity is 1,650 in terms of crushing, so are you saying that the maximum can go up to 1,500? Correct?

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Management: No, no, no. I am not saying that. Crushing of 1,650 can go above 1,650 as well. If you look at our entire history, we have always operated our plant at more than 95% crushing capacity. We can go above that too.

Rajesh Jain – RJ Investment: So it can reach that level at some point if demand remains strong. Okay. You have given a large list of value-added products in your presentation. Could you give us an indication of the margin difference between regular commodity products and these value-added products?

Management: The value-added products being made from starch provide approximately 15% to, broadly speaking, 60-70% value addition, if we discuss the old price of 50-60 rupees per kilogram. The exact level depends on the product. The higher we go, the lower the quantity will be. The lower we remain, the larger the quantity base will be.

Rajesh Jain – RJ Investment: You are referring to value addition of 15% to 60-70%. What does that mean for the EBITDA margin?

Management: [pause] The EBITDA margin could increase by a range of 3-5%. Each value-added product will contribute a range to the EBITDA margin. [hesitates] I cannot promise a figure today because it will depend on the value-added product line, where the demand is, how much we are able to sell, and what quantity we are able to sell.

I would request you to wait until the value addition is fully operational. It has now started, but once it has operated properly for two, three, or four months, I will be able to tell you and the results will be visible. I will also provide you with the details by product. However, there will be a margin benefit.

Rajesh Jain – RJ Investment: No problem, I understand. For all these value-added products, you need to obtain customer approval, correct?

Management: Customer approval is required. For example, NG has received approval from all customers, including companies such as Parle. MVP has also been sent everywhere for approval.

It is not the case that value-added products are supplied only to large or institutional customers. We also supply them to small customers. A large amount of our value-added offset starch is already being sold to customers; we have only enhanced the capacity. It is going to traders, distributors, and small retailers as well. We are operating that business while obtaining approvals at the same time. Both processes are moving forward together.

Rajesh Jain – RJ Investment: I understand. My point was that institutional customers can provide a very large order quantity if the samples are approved.

Management: We want to work with institutions because that gives us a strong name and reputation. We are supplying Haldiram, Bikanervala, and ITC, which creates a very good reputation. However, the smaller dealers and smaller institutions provide the money. The margins are better there because their quantities are smaller, allowing us to sell to them at a higher rate.

Rajesh Jain – RJ Investment: Okay.

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Management: Our effort is currently focused on increasing value addition in food products. We are also starting to supply material to bakeries, which should reach their premium customers. Some of that business is already underway.

Rajesh Jain – RJ Investment: The approval process for these institutional customers will not take too long, correct? That was my question.

Management: It can take 15 days for very particular customers. For highly demanding institutions, it can take from 15 days to two or two and a half months. It will not take longer than that. That is all the time we need.

Rajesh Jain – RJ Investment: My last question is about the product portfolio and applications for value-added products and derivatives that you have listed. Is there any other starch product in this segment that we are not currently producing?

Management: We are yet to start dextrose; its plant has been installed. Sorbitol is another product, but we have not yet included it in our plans. It is a product that very few people produce and very few mills here are making, but it is a possibility.

Rajesh Jain – RJ Investment: So, for the time being, will all future capex be focused only on value-added products such as dextrose or sorbitol?

Management: For now, we need to properly stabilize the base we have created. We are working on reducing costs, improving efficiency, reducing power consumption, reducing other costs, and reducing packaging costs. We will also proceed fully with dextrose. The dextrose project has been part of my plan from the beginning, and it will also start.

For now, this is our complete operational plan for FY28.

Rajesh Jain – RJ Investment: Okay. That is fair enough. Lastly, sir—[cut off]

Operator: Participants, due to time constraints, that was the last question. I now hand the conference over to management for closing comments. Over to you.

Management: I would like to thank all our investors, analysts, and stakeholders for their continued trust and support. We remain committed to delivering sustainable growth and value creation. Thank you for joining us today. Should you have any further questions or require any additional information, please feel free to get in touch with us. We look forward to engaging with you again soon.

Operator: Participants, on behalf of Arihant Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Management: Thank you. Correct.

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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