



TRINETRA

Asset Managers

Past wisdom, present growth, future prosperity

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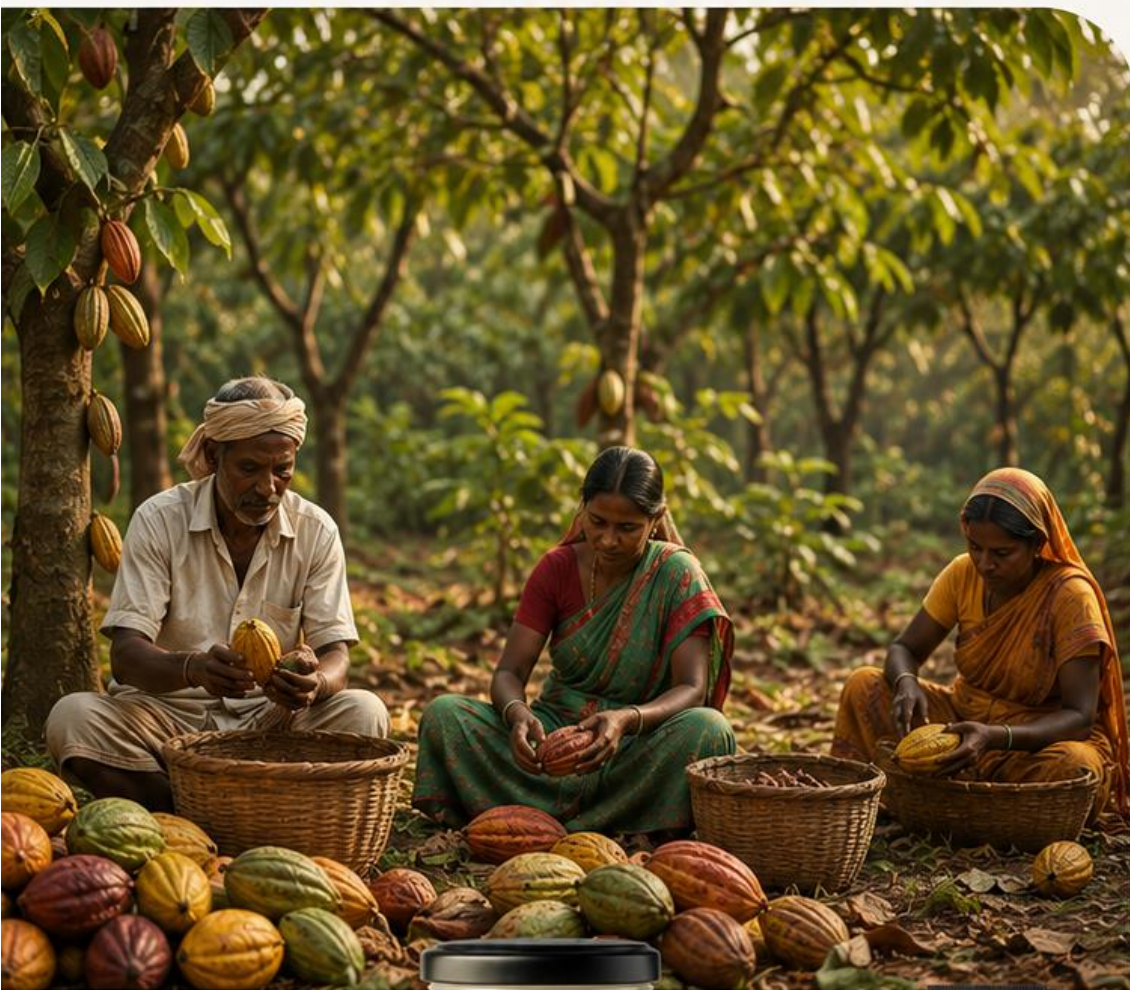
MANORAMA[®]
INDUSTRIES LIMITED

NSE: MANORAMA | BSE: 541974



MANORAMA[®]
INDUSTRIES LIMITED

CMP: 1900 | Mcap: 12,133 Cr



★ FY26-FY29E Revenue CAGR: 38% | PAT CAGR: 41% | EBITDA CAGR: 36% ★

KEY INVESTMENT TRIGGERS

- Manorama is the only Indian company — and one of very few globally — offering a complete basket of exotic seed-based CBEs (Sal, Mango, Shea, Kokum, Phulwara). This unique raw-material moat, combined with 18,000+ tribal sourcing centres and a wholly-owned African subsidiary, is virtually irreplicable.
- The ₹460 Cr mega-capex across four facilities (CBA, new fractionation, refinery and Burkina Faso processing) commissioning by FY28 will more than triple total processing capacity to ~330,000 MTPA, unlocking the next leg of volume and margin growth.
- Revenue grew at ~57% CAGR over FY23–FY26 and is expected to sustain ~35–40% growth, supported by a ₹460 Cr capex programme and a rapidly rising value-added product mix (~70–75% in FY26); EBITDA margins expanded from 16% (FY24) to 27% (FY26) driven by product-mix upgrade and operating leverage; PAT CAGR of over 40% expected over FY26-FY29E driven by capacity expansion, LatAm entry, and product premiumization.
- Sustainable EBITDA margin of 25-27% underpinned by improving product mix (CBE now 30% of FY26 revenue vs 10% in FY24) and the "Olein-to-Gold" enzymatic ESOS strategy.
- LatAm CBE market entry via Dekel toll-manufacturing in Brazil with orders already in hand.
- ROIC improved from 8% (FY24) to 28% (FY26); target 25%+ sustainable ROIC as new ₹460 Cr mega-capex comes online by FY28.

Stock Information	
CMP (₹)	1,900
Market Cap (₹ Bn)	121.33
52 Week H/L (₹)	2043 / 1,061
O/S Shares (Cr)	6.31
Free Float (%)	40%
3M Avg Vol (shares)	8,94,710
Face Value (₹)	2

Shareholding Pattern (%)			
Category	Jun-26	Mar-26	Dec-25
Promoters	54.3%	54.3%	54.3%
FII / FPI	3.2%	2.9%	2.7%
MF / DII	2.6%	3.0%	3.6%
Public / Others	39.8%	39.8%	39.4%

Stock Performance			
Period	1M	12M	5Y
Return	20.4%	36.5%	43.9%

KEY FINANCIALS & RATIOS

Financials (Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	Key Ratios	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	348	457	771	1,358	1,756	2,730	3553	P/E (x)	46.2	66x	77x	33x	30x	19x	14x
EBITDA	56	74	192	368	435	685	916	EV/EBITDA (x)	27x	37x	41x	27x	22x	14x	10.6
EBITDA Margin	16%	16%	25%	27%	25%	25%	26%	ROIC (%)	10%	8%	16%	28%	25%	27%	33%
PAT	29	40	113	233	312	481	671	ROE (%)	10%	12%	24%	34%	21%	24%	25%
PAT Margin	8%	8.8%	14.6%	17.2%	18%	18%	18%	IC Turnover	1.1	0.8	0.9	1.5	1.5	1.6	1.8
EPS (₹)	5	6.73	18.8	39.06	50.9	78.9	109.6	Net Debt/Equity	0.4x	1.09x	1.09x	0.51x	0.39x	0.44x	0.35x



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STORY IN CHART

Manorama Industries

Manorama's journey from a small commodity trader to India's largest CBE manufacturer is told in numbers. The charts below capture the key inflection points — from capacity ramp-up to margin recovery, from domestic roots to global export dominance, and from commodity by-products to premium specialty fats.

Exhibit 1: Revenue Journey — From ₹102 Cr (FY19) to ₹3,553 Cr (FY29E) | 10-Yr CAGR: 26%

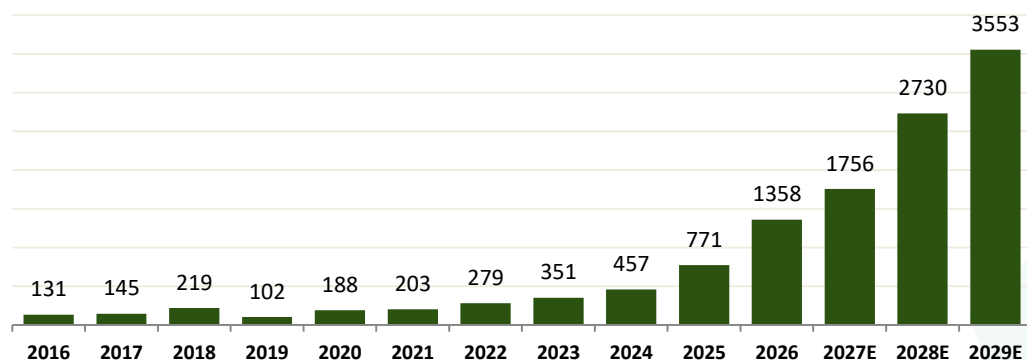


Exhibit 2: Export-Led Transformation — Export % of Revenue (FY16-FY26)

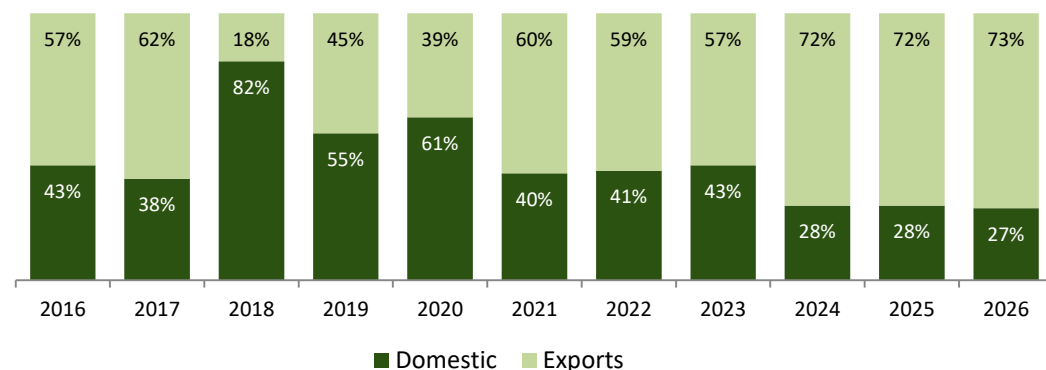
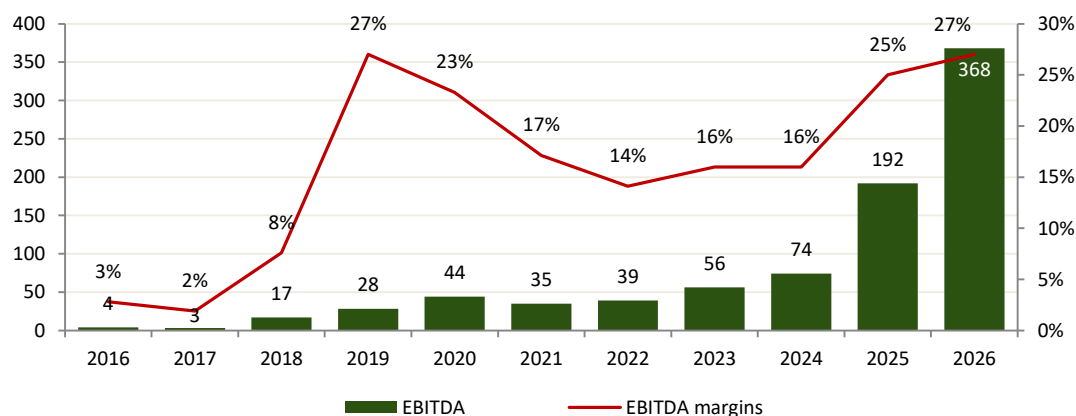
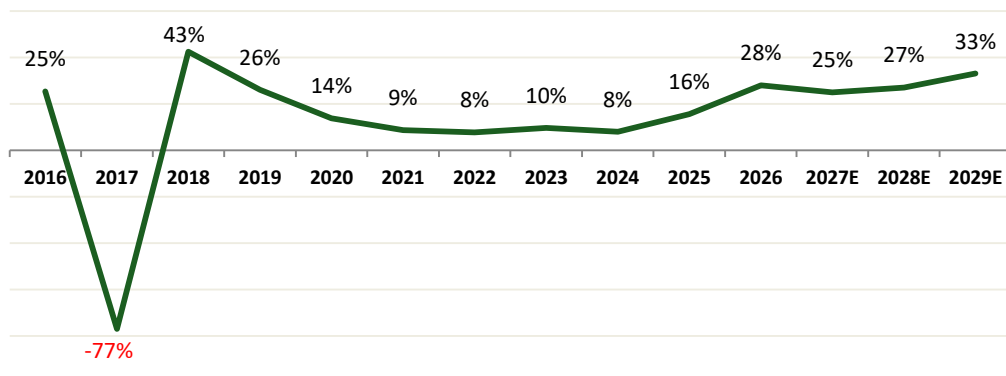
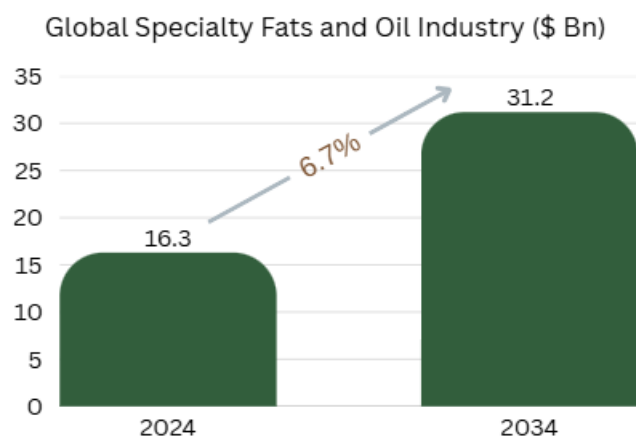
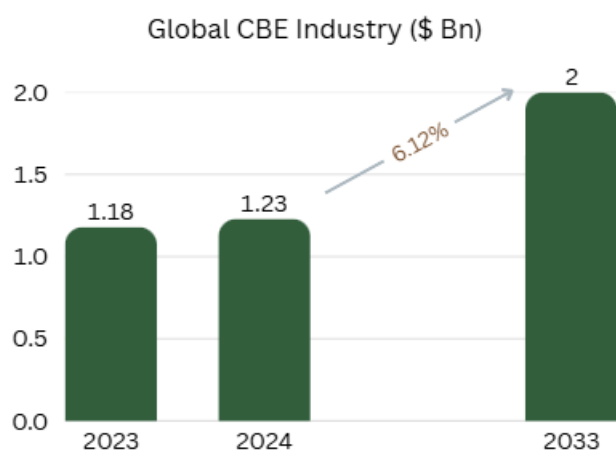


Exhibit 3: EBITDA Margin (%) — FY16 to FY26



STORY IN CHART

Manorama Industries
Exhibit 4: ROIC (%) — FY19 to FY29E

Exhibit 5: Global Specialty Fats & Oils Industry to grow at 6.7% from 2024 to 2034

Exhibit 5: CBE Industry to grow at 6.12% from 2024 to 2033


ABOUT THE COMPANY

Manorama Industries

Company Overview

Established in 2005, Manorama Industries is a unique global pioneer in manufacturing of cocoa butter equivalent, specialty fats and butters and exotic products from plant based tree borne seeds like sal seeds, mango kernel, kokum, mowrah seeds which are sourced from India, and shea nuts which are sourced from West African countries, such as Ghana, Burkina, Togo, Benin, Nigeria. Manorama Company offers customized solutions for specialized needs for various food products, especially in the confectionery, chocolate and cosmetic industry. Its portfolio includes CBEs for confectionery, butters for cosmetics, and oleochemical by-products. Serving over 65 countries, MIL is a preferred supplier to top global FMCG and chocolate brands, with a strong focus on sustainability, traceability, and innovation.

Manorama Industries driven by a fully integrated and sustainable supply chain spanning over 18,000 tribal sourcing centers and global subsidiaries. With strong demand from premium sectors like chocolate and cosmetics, the company supplies to FMCG giants such as Mondelez, Ferrero, and Unilever. Its capex-led growth, R&D-backed innovation, and high entry barriers position it well to capitalize on the global shift toward plant-based, clean-label products, ensuring scalable and margin-accretive growth.

Key Milestones:

Year	Achievement
2005	Manorama Industries incorporated; initial focus on commodity seed processing.
FY18	IPO on BSE/NSE; capital raised for capacity expansion and working capital.
FY20	Commissioning of fully integrated Birkoni plant (solvent extraction + refinery + fractionation). Closure of trading business.
FY22	Preferential allotment raising ₹65 Cr for capex and ₹36.69 Cr for working capital; onboarded institutional investors.
FY24	New 40,000 MTPA fractionation plant commissioned; CARE rating upgraded; 2:10 stock split for improved retail liquidity.
FY25	Value-added product mix (CBE + Stearin) reaches 50% of revenue; EBITDA margin expands to 25%; CARE A+ Stable rating.
FY26	Fractionation capacity debottlenecked to 32,500 TPA (Plant 2); combined capacity on track for 52,000 TPA; volume growth 80-90%; CBE contributes 30% of revenue (₹407 Cr); EBITDA margin 27%; ROIC 28%.
FY26–FY28	₹460 Cr mega-capex: 75,000 MTPA CBA facility, 75,000 MTPA new fractionation plant, 90,000 MTPA refinery, 90,000 MTPA Burkina Faso plant. Total processing capacity to reach ~330,000 MTPA.



INVESTMENT THESIS

Manorama Industries

Forest Floor to Unique Global Confectionery Supply Chain:

Manorama's sourcing network — 18,000+ collection centres, 7.8 million tribal vendor relationships, wholly-owned subsidiaries in six West African countries - took decades to build and is anchored in trust, ESG compliance and regulatory approval. Competitors cannot replicate this overnight. As global FMCG buyers tighten traceability requirements, MIL's supply chain becomes a source of pricing power, not just cost advantage. Crucially, MIL is the **exclusive global producer of Mango kernel-based CBE**, giving it an entirely differentiated product basket.

Structural Demand Tailwinds Are Compounding:

Cocoa prices have surged, making CBE not just a cost-saving ingredient but a strategic necessity for every chocolate and confectionery manufacturer. The global CBE market is valued at \$ 1.23 Bn (2024) and is expected to grow at a 6.1% CAGR through 2033. This growth trajectory is fueled by the increasing demand for chocolate and confectionery products, which, in turn, boosts the need for cocoa butter and its equivalents. The specialty fats market at 6.7% CAGR, and the vegan cosmetics market at 6.3% CAGR. All three end-markets that Manorama serves are in structural growth. The company is positioned at the intersection of all three.

CBA: A Growth Strategy for Manorama Industries:

The "Olein-to-Gold" Strategy: A particularly intriguing aspect of the business is the shift towards captive consumption of olein. Traditionally, olein (the liquid fraction) served as a lower-margin by-product. Through enzymatic interesterification, the company restructures fatty acids in softer olein fractions to create a solid stearin that mimics the high melting point, hardness, and crystallization behavior of natural stearin. The innovative ESOS technology enables MIL to transform its own olein output into enzymatic stearin, resulting in higher realizations. This strategy reduces dependence on seasonal raw materials, decreases working capital requirements, and enhances sustainable EBITDA margins, aiming for a target range of 25% to 27%.

A Business Inflection, Not Just Revenue Growth:

FY26 marked a fundamental shift: EBITDA margins expanded to 27% from 15%-17% range till FY24, ROIC jumped from 16% to 28%, ROE reached 34%, and the company turned FCF-positive (₹206 crore) for the first time. Revenue grew 76% to ₹1,358 crore. This is not a one-year spike, it reflects the operating leverage finally kicking in from the fully integrated Birkoni plant running at 80–85% utilization, combined with a richer product mix (CBE + Stearin now contributing 70–75% of revenue). Interestingly, the price for the new production capacity is set at ₹500-550 per kg, compared to ₹300-400 per kg with the former arrangement. As the new facility reaches its full operational capacity, utilization is anticipated to rise considerably over the next years, resulting in improved operating leverage.



Strategic Roadmap: FY27 – FY28 & Beyond:

1. Immediate Capacity Boost (FY27) through debottlenecking: MIL is completing a 30% increase in current fractionation capacity, moving from 40,000 MTPA to 52,000 MTPA.
2. The INR 460 Crore Mega-CAPEX (Commissioning by FY28): The company has committed to four massive projects intended to increase fractionation capacity.
 - **75,000 MTPA CBA Facility:** Entry into the Cocoa Butter Alternative (CBA) market using enzymatic interesterification to convert low-value olein into high-value hard fats.
 - **75,000 MTPA Fractionation Plant:** Dedicated to ESOS (enzymatic stearin-oleic-stearic) and other exotic seeds to enhance product value and margins.
 - **90,000 MTPA New Refinery:** An additional 300 MTPD unit to support the increased output of value-added products.
 - **90,000 MTPA Burkina Faso Processing Factory:** A major INR 120 crore backward integration project, crushing and extraction facility in Burkina Faso, West Africa. This facility will allow the company to process Shea nuts at the source and import butter instead of seeds, significantly reducing logistics and freight costs.

Competitive Moat That Gets Wider with Scale:

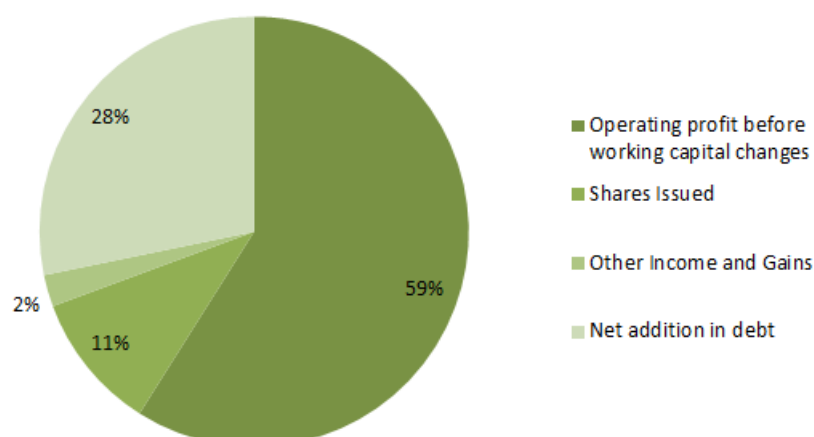
Becoming a qualified supplier to Ferrero, Mondelez, or L'Oréal requires 3–4 years of sample trials, shelf-life testing, and audits — meaning once in, Manorama stays in. It holds Halal, Kosher, and USDA Organic certifications, has filed 15 patents under Dr. Krishnadath Bhaggan's R&D leadership, and received DSIR certification. Switching costs are extraordinarily high in a product category where fat composition directly affects chocolate mouthfeel. These relationships generate sticky, long-duration revenue.



FUND FLOW

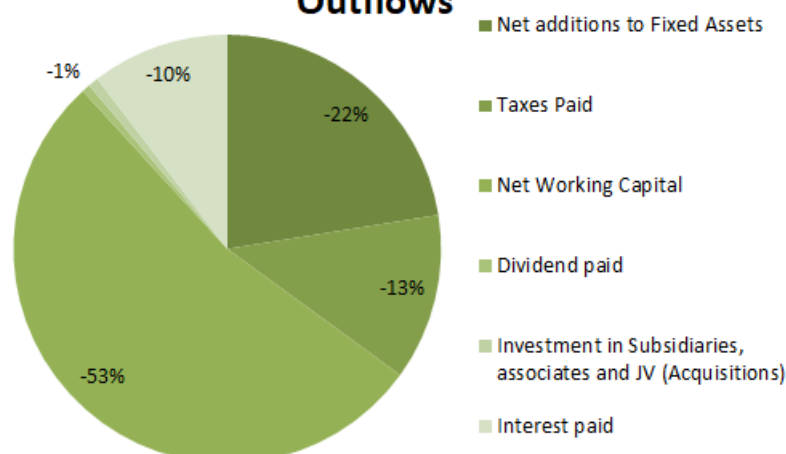
Manorama Industries

Inflows



The company's main source of funds comes from operating profit before changes in working capital, making up 61% of the total. This is followed by Debt additions, which account for 29%. Shares issued contribute 11%, while interest received represents a small 2%. This distribution reflects a balanced dependence on internal accruals and equity contributions, with moderate leverage from debt and minimal reliance on non-operating income.

Outflows



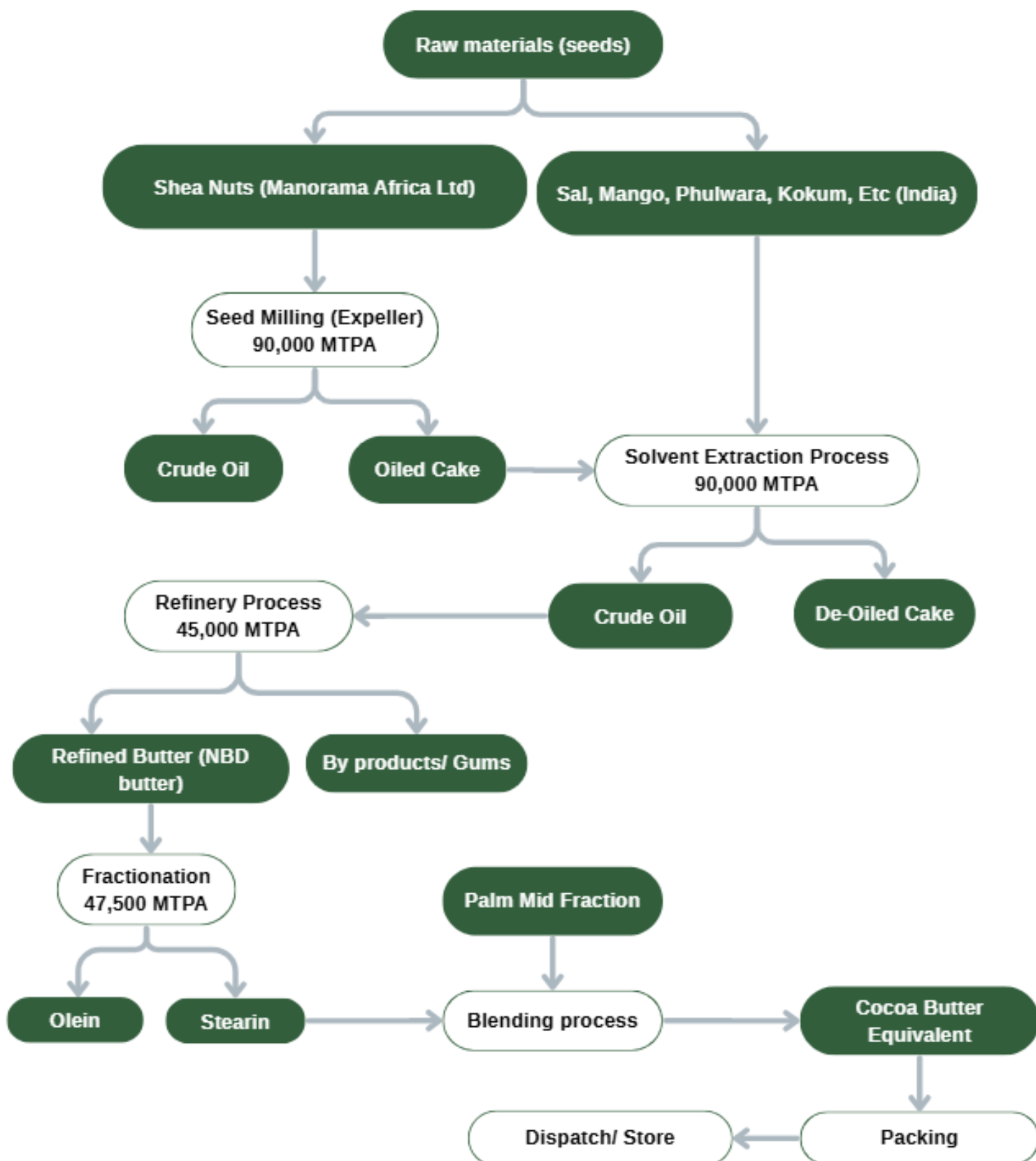
A considerable share of the outflows—53%, is allocated to net working capital, indicating operational growth or an increase in receivables and inventory. Net additions to fixed assets account for 22%, reflecting ongoing capital investment. Taxes and interest payments represent 13% and 10%, respectively, while dividend payouts are minimal at 1%, suggesting a focus on reinvestment rather than shareholder distribution.



VALUE CHAIN

Manorama Industries

Manorama's value chain begins at the forest floor and ends on the shelves of global confectionery and cosmetic giants. The fully integrated process, from raw seed collection to finished CBE blending.



SOURCING & MANUFACTURING

Manorama Industries

SOURCING:

Manorama Industries has developed a strong and sustainable sourcing network by gathering treeborne products, including Sal seeds, Mango kernels, Phulwara, Kokum, Dhupa, and various exotic seeds from forest-rich areas such as Chhattisgarh, Jharkhand, Odisha, and parts of Maharashtra. The company operates more than 18,000 collection centers, directly partnering with 7.8 million tribal vendors and forest dwellers who collect these resources during peak harvesting seasons. This direct procurement model is cost efficient, traceability and support for grassroots livelihoods.

Manorama's insightful understanding of seasonal cycles—such as Shea nuts (September to January), Mango kernels and Mowrah seeds (May to July), and Sal seeds (June to July)—facilitates superior inventory management and raw material control.

On the global stage, its wholly owned subsidiary in Ghana, Manorama Africa Ltd, replicates this model by sourcing Shea nuts from women-led cooperatives throughout West Africa. Together, these networks in India and Africa create a highly dependable and efficient raw material supply chain that reinforces Manorama's international operations.

Key Raw Material Sourcing

Raw Material	Source Region	Season	Key Application
Sal Seeds	Chhattisgarh, Odisha, Jharkhand, MP	May-June	CBE (Sal stearin)
Shea Nuts	Ghana, Burkina Faso, Togo, Benin, Nigeria, Ivory Coast, Mali	August-Nov/Dec	CBE, Cosmetics (Shea butter)
Mango Kernels	Chhattisgarh, Odisha, MP	May-July	CBE (Mango stearin), Cosmetics
Kokum Seeds	Maharashtra coast	Nov-Dec	Cosmetics, Specialty fats
Mowrah Seeds	Chhattisgarh, MP, Jharkhand	May-July	CBE, Bakery fats
Phulwara / Illipe	Assam, Sikkim / Southeast Asia import	June-July	Premium CBE formulations

Sal and Shea Nut Price Trend

Shea nuts are MIL's most expensive raw material. Sourcing season runs September to January. The company procures ~55KT of shea seed annually.

Price of Key Raw Material	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Sal seeds	5.2	11.8	15.1	13.5	12	11.5	12.2	13	13.8	14.5	15.2
Shea Nuts (\$)				2.5	2.6	2.8	2.9	3.1	3.2	3.4	4



SOURCING & MANUFACTURING

Manorama Industries

MANUFACTURING PROCESS:

Till FY19, the processes for solvent extraction and refining were entirely outsourced, while the dry fractionation process was conducted at the company's leased facility in Nagpur. However, due to rising demand for CBE, a new integrated plant was established in Birkoni, Chhattisgarh, in FY20, leading to the closure of its trading business. The Birkoni facility is strategically located roughly 550 kilometers from the Visakhapatnam Port, facilitating efficient export shipping and import of materials like Palm Mid Fraction (PMF) and Shea nuts.

Two primary methods are used based on the type of raw materials:

- **Mechanical Processing:** Shea and Illipe seeds are processed mechanically using an expeller, producing crude oil and residual seed cake. The crude oil is sent for refin-ing, while the cake is either utilized as biomass or processed further.
- **Solvent Extraction:** Sal and Mango seeds are treated through solvent extraction, yielding crude oil and de-oiled cake, with the latter being repurposed as cattle feed, ensuring zero waste.

The crude oil obtained from both the expeller and solvent extraction processes undergoes a comprehensive multi-step refining procedure that includes degumming, neutralization, bleaching, and deodorization. This process yields high-quality refined butter and valuable byproducts, such as gums, which can be used commercially in cosmetics.

The refined butter is then subjected to a fractionation process, separating it into two distinct components:

- **Stearin:** A solid fat used in chocolate and bakery products.
- **Olein:** A liquid fat utilized in personal care and cosmetic formulations.

To cater to the specific needs of global clients, particularly confectionery leaders, Manorama skillfully blends these fractions with palm mid-fraction through a specialized blending process, producing Cocoa Butter Equivalents (CBE) that closely resemble natural cocoa butter. Throughout this operation, byproducts like de-oiled cakes and gums are efficiently commercialized, making the entire process highly effective and sustainable.

Raw Material Extraction content

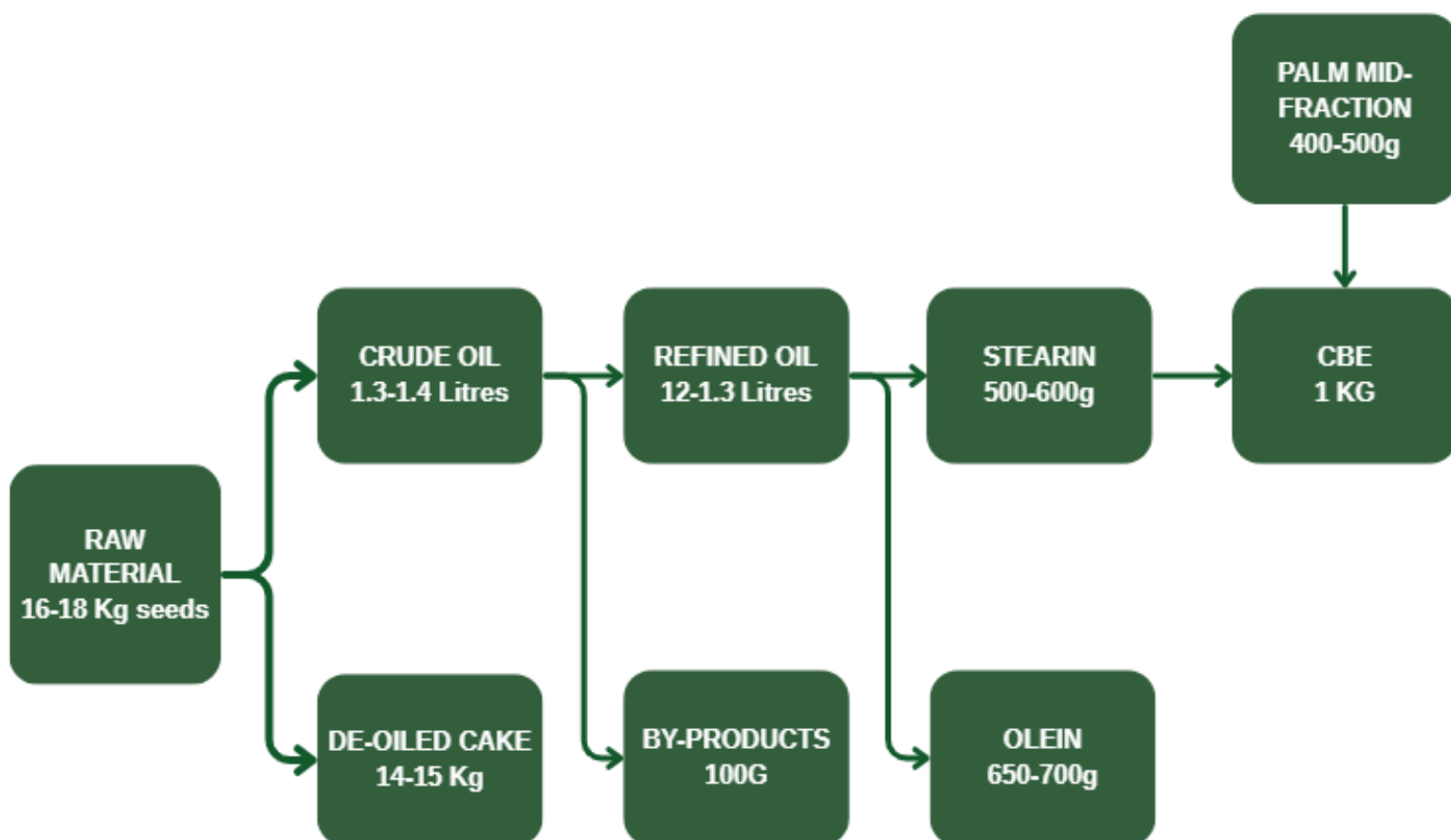
Raw Material	Butter Content	Stearin produced	Olein produced	Total estimated supply (MT)	Annual Procured (MT)	MIL Share of Supply
Sal Seeds	13–14%	65%	35%	~ 10-15 Lakh	80,000–1,00,000	<10%
Shea Nuts	45–50%	35%	60%	~ 4-8 lakh	40,000–80,000	~10%
Mango Kernels	~15-9%	50%	50%	~ 70,000	~ 20,000	Leading



SOURCING & MANUFACTURING

Manorama Industries

Input-Output Economics



PRODUCTS & MILCOA BRAND

Manorama Industries

Manorama's product portfolio spans the entire value chain from commodity butters to premium CBE — each product serving a distinct segment with different pricing and margin profiles. The company is the only global manufacturer offering CBE from all exotic seeds in one basket.

COCOA BUTTER EQUIVALENT:



Raw material: Sal seeds, Mango seeds, Shea seeds, Phulwara seeds, etc.

Application: Chocolate and confectionery industry.

Manufacturing Process: Fractionation of Refined butter results into Olein and Stearin. Stearin is blended with Palm-mid fraction to produce CBE.

Price per metric tonne: \$ 5000

CBEs replicate the fatty acids and triglycerides found in cocoa butter. Our approach involves formulating these fats to closely match cocoa butter's physical and chemical properties, ensuring that the final products exhibit similar behavior. Palm oil fractionation produces a middle-melting fraction rich in palmitic oleic palmitic (POP). These selectively fractionated ingredients are blended without hydrogenation to create customized fats that are free from trans fats and closely resemble cocoa butter.

STEARIN:



PRODUCTS & MILCOA BRAND

Manorama Industries

Raw material: Sal seeds, Mango seeds, Shea seeds, etc.

Application: Food and confectionery industry.

Price per metric tonne: \$ 8000

Stearin is the solid fraction obtained through the solvent fractionation of refined butter. It is used in various formulations requiring a stable and solid fat.

BUTTER:



Raw material: Sal seeds, Mango seeds, Shea seeds, Mawrah seeds, Kokum seeds, etc.

Application: Cosmetic Industry

It contains essential fatty acids like stearic and oleic acids and Vitamin E. It is used in lotions, creams, and butter mixes for its moisturizing and nourishing properties.

OLEIN:



Raw material: Sal seeds, Mango seeds, Shea seeds, Mawrah seeds, Kokum seeds, etc.

Application: Cosmetic Industry, soft confectionery

Price per metric tonne: \$1200



PRODUCTS & MILCOA BRAND

Manorama Industries

Olein represents the liquid or soft fraction obtained during the fractionation process of natural butters, alongside the solid fraction (stearin). Sal olein and Shea olein are promoted as non-hydrogenated, zero trans-fat healthy alternatives suitable for various food applications, including soft confectionery centre filling, chocolate spreads, bake-stable bakery products, and ice cream. Mango olein is specifically used in cosmetic formulations to aid in moisturizing, healing dry/cracked skin, and facilitating skin-cell renewal. It has lower margin profile but improving via HoReCa premium.

DE-OILED CAKE:



Raw material: Seeds waste extract

Application: Cattle feed industry.

Price per metric tonne: \$ 75

They also produce cattle feeds from the by-products of de-oiled cake (DoC). By incorporating these by-products into the animal feed industry, the Company supports resource efficiency.

MILCOA:

Manorama offers a range of cocoa butter equivalent (CBE) products under the MILCOA brand, including MILCOA ES70 (Sal-based), MILCOA ES70M (Mango kernel-based), MILCOA ES70S (Shea-based), and MILCOA Cocoa Butter Alternative Fat, each tailored for confectionery, bakery, and personal care applications.

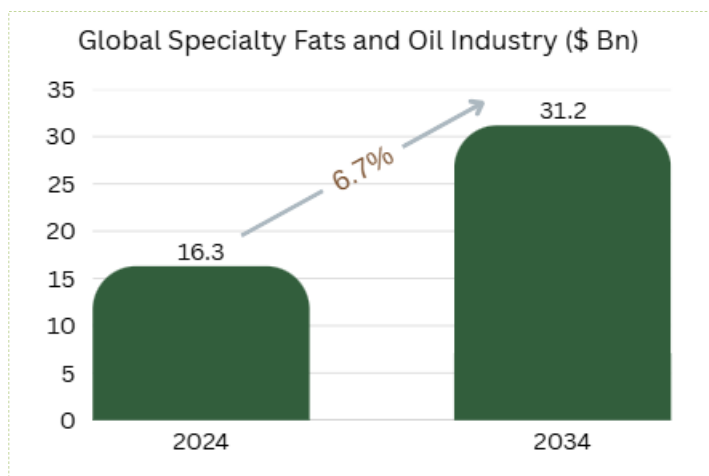
INDUSTRY OVERVIEW

Manorama Industries

Global Specialty Fats & Oils Market:

The Global Specialty Fats and Oils Market is experiencing consistent growth, valued at USD 16.3 billion in 2024 and projected to reach USD 31.2 billion by 2034, with a CAGR of 6.7%. This growth can be attributed to several factors, including:

- Increased consumption of bakery and processed food products
- Rising demand for nutritional food products
- Expansion of the food industry
- Technological advancements
- Ongoing product innovations.



The global CBE market is experiencing significant growth, with its value expected to rise from USD 1,189.43 million in 2023 to USD 2,030.04 million by 2032, at a CAGR of 6.12%. This growth trajectory is fueled by the increasing demand for chocolate and confectionery products, which, in turn, boosts the need for cocoa butter and its equivalents.

Global Cocoa Butter Alternatives (CBA):

Cocoa Butter Alternatives (CBAs), also known as hard butter, include Cocoa Butter Equivalents (CBEs), Cocoa Butter Replacers (CBRs) and Cocoa Butter Substitutes (CBSs). This overview focuses on CBEs as a cocoa butter substitute in food, particularly chocolate.

- **CBE:** Ideal for quality and cost savings, they blend well with cocoa butter for authentic chocolate.
- **CBR:** Budget-friendly and partially compatible, used in compound or industrial chocolates.
- **CBS:** Not compatible with cocoa butter, used in low-cost coatings and baked goods prioritizing cost and shelf-life over mouthfeel.

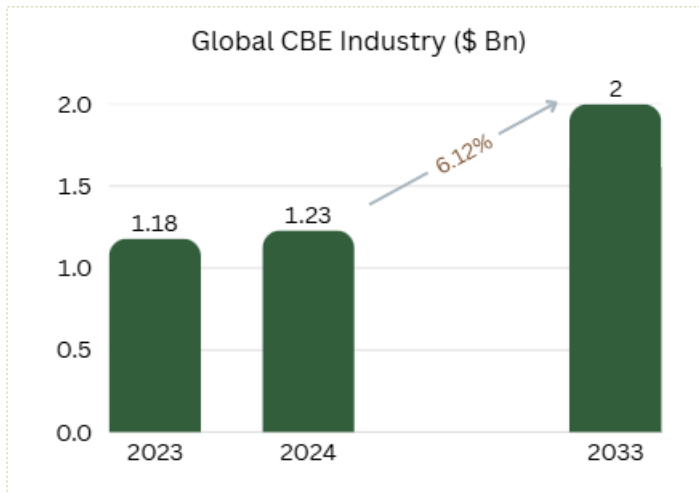


INDUSTRY OVERVIEW

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Global Cocoa Butter Equivalent (CBE):

The global CBE market is valued at \$ 1.23 Bn (2024) and is expected to grow at a 6.1% CAGR through 2033. This growth trajectory is fueled by the increasing demand for chocolate and confectionery products, which, in turn, boosts the need for cocoa butter and its equivalents. The global chocolate market is witnessing steady growth. It is poised to reach \$205.39 billion in 2032 from \$138.45 billion in 2024, at a CAGR of 4.4%.



Chocolate manufacturers want cocoa butter. But cocoa butter is:

- Expensive
- Volatile in supply
- Dependent on cocoa-growing regions
- Subject to climate risk

Therefore manufacturers use CBEs. CBEs are specialty fats engineered to behave almost identically to cocoa butter.

Enhancing Chocolate Tempering with CBE: The CBEs produced should be blended with cocoa butter during chocolate manufacturing without causing significant alterations to hardness or melting properties. This approach aims to maintain chocolate quality while utilizing a more cost-effective fat source. According to the study, of the various ratios and mixtures examined, the 40:60 blend of palm stearin to shea stearin shows melting and crystallization characteristics that closely resemble those of cocoa butter. This specific blend consists of 40% palm stearin and 60% shea stearin. It is recommended that keeping the CBE content below 40% will help preserve the desirable qualities of cocoa butter.



INDUSTRY OVERVIEW

Manorama Industries

Parameters	COCOA BUTTER (CB)	COCOA BUTTER EQUIVALENT (CBE)	COCOA BUTTER REPLACER (CBR)	COCOA BUTTER SUBSTITUTE (CBS)
Definition	Naturally occurring fat extracted from cocoa butter	Blend of vegetable fats designed to mimic cocoa butter properties	Fats that can replace cocoa butter in application with some limitations	Non-cocoa fats used where cocoa butter functionality is not required
Typical Raw material	Cocoa Bean	Sal, Shea, Kokum, Phulwara, Mowrah, Mango kernel, Illipie, Palm mid fraction	Palm oil, palm kernal oil, Soybean Oil, Rapeseed Oil, Cottonseed Oil	Hydrogenated vegetable oil, Palm Kernel Oil, Coconut Oil
Fatty acids	Non-lauric acid plant fat: High Stearic (~34%), Oleic (~34%), Palmitic (~25%)	Non-lauric acid plant fats: Palmitic (P), Stearic (S), Oleic acid (O), Linoleic (L), Arachidic acid (A)	Non-lauric acid fats: Elaidic acid (E), Stearic acid (S), Palmitic (P), Linoleic (L)	Lauric acid containing fat: Lauric acid (L), Myristic acid (M)
Triglyceride profile	Unique POP, POS, SOS — critical for functionality	Similar to CB - POP, POS, SOS	Different from CB - PEE, SEE	Different from CB - LLL, LLM, LMM
Physical and chemical properties	Sharp melt 32–34 °C; clean melt in mouth	Similar in their physical and chemical properties like melting profile and polymorphisms to cocoa butter	The distribution of fatty acid is similar to cocoa butter, but the structure of triglycerides is completely different	Chemically different to cocoa butter, with some physical similarities
Compatibility with CB		High — all proportions	Limited compatibility	Low / not compatible
Applications	Molding, Enrobing, Filling	Molding, Enrobing, Filling- All proportions	Molding, Coating, Filling	Coating, Compound coating, Bakery
Mixing properties		Mixable with it in every amount without altering the properties of cocoa butter	Only in small ratios can mix to cocoa butter	Suitable only to substitute cocoa butter to 100%

CBE Regulatory Framework by Geography

A critical insight into the CBE opportunity: the labeling distinction between "chocolate" and "non-chocolate" confectionery creates different CBE addition limits. The non-chocolate compound market, bakery coatings, biscuit fillings, pastry applications — allows up to 15-20% CBE, making it significantly more volume-accretive for MIL.



INDUSTRY OVERVIEW

Manorama Industries

Region	CBE Limit in Chocolate	CBE Limit in Non-Chocolate	Implication for Manorama
European Union	5% max	15-20%	Regulated but stable demand; compound chocolate drives premium volumes
United States	0% (cannot label as chocolate)	15-20%	Huge HoReCa opportunity for compound coatings & bakery fillings
Latin America (Brazil)	5% in chocolate	15-20%	Fast-growing market; Manorama entry via Dekel toll-manufacturing
India	5% in chocolate	15-20%	Growing domestic confectionery; HoReCa entry via Milcoa brand

Cocoa Butter and Oil Trade Dynamics:

Import data by country (Values in \$ mn):

Importers	Imported value in 2021	Imported value in 2022	Imported value in 2023	Imported value in 2024	Imported value in 2025	Share in value in world's imports, % in 2021	Share in value in world's imports, % in 2022	Share in value in world's imports, % in 2023	Share in value in world's imports, % in 2024	Share in value in world's imports, % in 2025
World	5754	5215	5921	13602	19925	100	100	100	100	100
Germany	863	757	890	2009	2727	15%	15%	15%	15%	14%
Belgium	680	512	616	1550	2408	12%	10%	10%	11%	12%
United States of America	544	606	575	1089	2252	10%	12%	10%	8%	11%
France	451	396	458	1208	1808	8%	8%	8%	9%	9%
Netherlands	483	460	475	1051	1413	8%	9%	8%	8%	7%
Poland	304	276	350	836	1026	5%	5%	6%	6%	5%
United Kingdom	237	268	323	708	1019	4%	5%	6%	5%	5%
Italy	257	255	280	617	1003	5%	5%	5%	5%	5%
Switzerland	172	149	173	398	654	3%	3%	3%	3%	3%
Canada	169	175	174	418	651	3%	3%	3%	3%	3%
India	85	97	101	278	405	2%	2%	2%	2%	2%
Russian Federation	221	112	116	310	400	4%	2%	2%	2%	2%
Japan	117	100	124	321	390	2%	2%	2%	2%	2%
Australia	103	100	100	232	366	2%	2%	2%	2%	2%
China	86	78	98	183	354	2%	2%	2%	1%	2%
Türkiye	102	84	126	336	346	2%	2%	2%	3%	2%
Argentina	53	63	61	135	204	1%	1%	1%	1%	1%

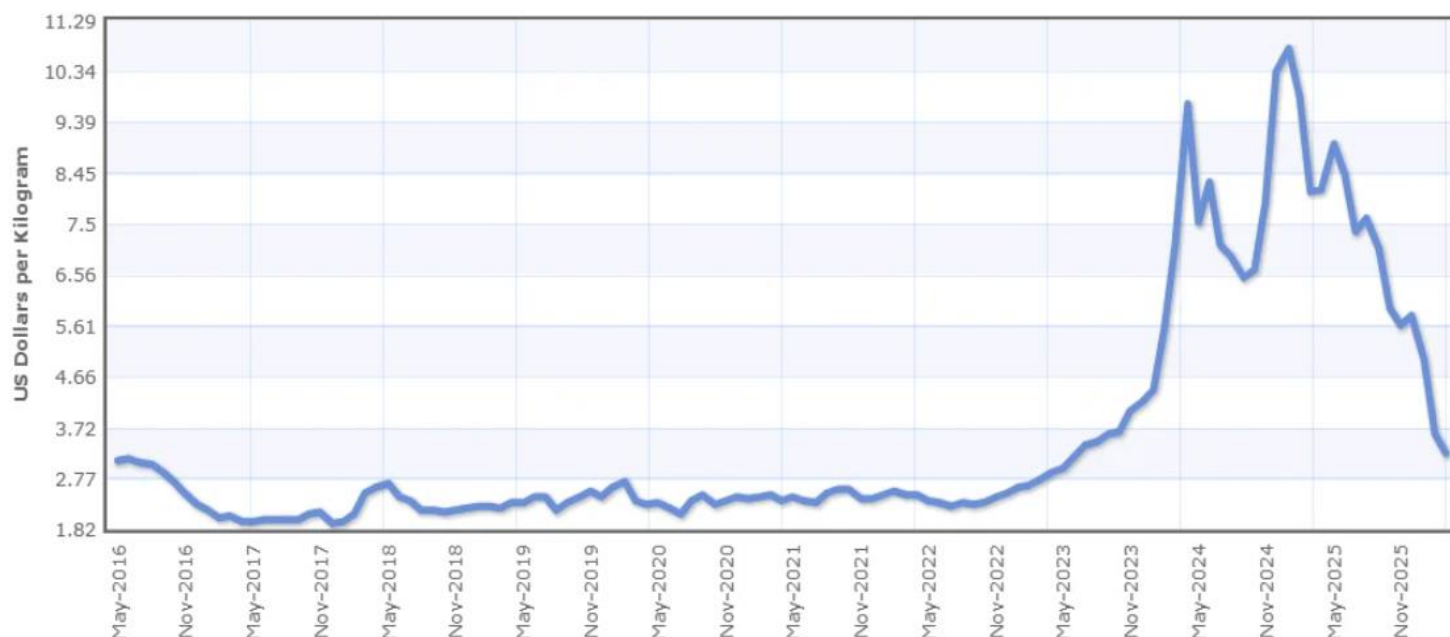
Source: TradeMap



INDUSTRY OVERVIEW

Manorama Industries

Cocoa Bean Price in \$ per Kg:



Export data by country (Values in \$ mn):

Exporters	Exported value in 2021	Exported value in 2022	Exported value in 2023	Exported value in 2024	Exported value in 2025	Share in value in world's exports, % in 2021	Share in value in world's exports, % in 2022	Share in value in world's exports, % in 2023	Share in value in world's exports, % in 2024	Share in value in world's exports, % in 2025
World	5584	5018	5653	12969	19067	100	100	100	100	100
Netherlands	1458	1231	1381	3079	5134	26%	25%	24%	24%	27%
Indonesia	668	636	627	1682	2220	12%	13%	11%	13%	12%
Germany	551	459	557	1753	2181	10%	9%	10%	14%	11%
France	455	417	478	1227	1704	8%	8%	9%	10%	9%
Malaysia	605	615	584	1189	1692	11%	12%	10%	9%	9%
Côte d'Ivoire	435	471	694	887	1438	8%	9%	12%	7%	8%
Ghana	366	241	222	285	776	7%	5%	4%	2%	4%
Singapore	145	129	145	402	612	3%	3%	3%	3%	3%
Cameroon	77	92	92	164	531	1%	2%	2%	1%	3%
Peru	74	62	71	273	330	1%	1%	1%	2%	2%
United States of America	103	103	88	221	326	2%	2%	2%	2%	2%
Brazil	134	102	94	284	308	2%	2%	2%	2%	2%
Spain	44	36	47	135	265	1%	1%	1%	1%	1%
Canada	88	78	89	173	232	2%	2%	2%	1%	1%
Nigeria	34	38	65	212	220	1%	1%	1%	2%	1%
India	35	35	44	77	179	1%	1%	1%	1%	1%

Source: TradeMap



DEMAND SIDE & KEY CUSTOMERS

Manorama Industries

Customer Base: Global FMCG Giants with Sticky Relationships

Contract Length: Most business is conducted through long-term/yearly contracts, typically ranging from 9 to 12 months. Some sales occur on a spot basis for immediate delivery if requested.

MIL conducts its exports on a Free-On-Board (FOB) basis, which means MIL is responsible for the goods and all costs until the cargo is loaded onto the shipping vessel at the origin port.

MIL serves the following industries and the specific clients:

- **Confectionery & Food Industry:** Such as Ferrero Rocher, Mondelez International (Cadbury, Toblerone), Nestlé, Mars, Barry Callebaut, Lindt & Sprüngli, Cargill Cocoa & Chocolate, Olam Food Ingredients (OFI), and Natra.
- **Cosmetics & Personal Care Industry:** Such as L'Oréal, Unilever, Beiersdorf AG (Nivea), The Body Shop, Estée Lauder (via intermediaries), Kao Corporation, and Shiseido.
- **Cattle Feed Industry:** Through the byproducts and de-oiled cake.
- **Other Intermediaries / Specialty Fat Blenders:** Manorama Industries also partners with major global fat blenders and specialty processors such as IOI Loders Crokiaan, AAK AB, Wilmar International, and Bunge Loders Crokiaan.



COMPETITIVE ADVANTAGE

Manorama Industries

Moat 1: Sourcing Network Anchored in Tribal Ecosystems

For over decades, Manorama has established a robust sourcing network within tribal communities in India and Africa, focusing on Sal, Shea, Mango, and Kokum kernels. This model is not only socially inclusive but also remarkably difficult to replicate due to regulatory audits, sustainability protocols, and the trust-based relationships that are cultivated. As global companies increasingly emphasize traceability and ESG compliance, Manorama's secure, cost-effective, and ethically sound supply chain provides a strong moat and shields against raw material volatility.

Moat 2: Only Global Full-Basket Exotic Fat Producer

MIL is the ONLY company globally manufacturing specialty fats from all exotic seeds (Sal + Shea + Mango + Kokum + Mowrah + Illipe + Phulwara) in one basket. Mango-based CBE (MILCOA ES70M) is exclusive to MIL globally. Competitors rely primarily on Shea + Palm. This uniqueness allows custom formulation for clients that competitors cannot match.

Moat 3: Trusted by Global Brands

Manorama supplies its specialty fats and butters to some of the world's leading chocolate and cosmetic companies, including Ferrero Rocher, Mondelez, The Body Shop, and various Fortune 500 organizations. This endorsement underscores the quality and reliability of its products. Major brands are typically reluctant to change suppliers, as even minor adjustments in fat composition can significantly impact the taste, texture, and overall performance of their final products—particularly in chocolate, where mouthfeel is critical. The approval process for becoming a supplier is rigorous, often requiring years to meet all necessary audits. Consequently, once Manorama secures a partnership, it tends to maintain long-term relationships, establishing a formidable competitive advantage. These alliances not only generate consistent, high-margin revenue but also enhance the company's reputation, facilitating the acquisition of additional global customers.

Moat 4: Entry Barrier

Chocolate is a delicate and unique product. Buyers hesitate to try new suppliers due to this sensitivity. Becoming a CBE supplier to premium chocolate brands is a 3-4 year process: product sample submission → R&D trials → shelf-life testing (8-12 months) → facility audit → qualification → annual contract. Manorama Industries leverages these high entry barriers, making it tough for competitors to start similar businesses. Challenges include creating a reliable supply chain, implementing specialized systems, and meeting global standards. The company has certifications like Halal, Kosher, and USDA Organic, which are tough to get and involve strict audits. New competitors would need years to set up, giving Manorama a competitive edge.



COMPETITIVE ADVANTAGE

Manorama Industries

Additional strength : R&D Leadership (DSIR-Certified, 15 Patents)

A key growth driver for Manorama Industries is its strong R&D investment led by Dr. Krish-nadath Bhaggan, who has over 21 years of experience in the fats and oils sector. Since joining in 2019, he has guided the company in filing 15 patents for innovative processes and formulations. Manorama has received the prestigious DSIR certification and numerous industry awards, including for “Outstanding Innovation in CBE” and “Highest Export Excellence.” This leadership, patent growth, and recognition position Manorama as a leader in innovative product development, allowing it to meet customer demands and excel in premium global markets.



GROWTH DRIVERS

Manorama Industries

INDUSTRY TAILWINDS:

Rising Specialty Fats and oil and CBE market:

The global specialty fats and oils market is expected to reach \$31.2 billion by 2034, with a CAGR of 6.7%. The global CBE market is projected to reach \$1.23 billion by 2024, with a 6.1% CAGR through 2033, driven by the increasing demand for chocolate and confectionery products. The chocolate market is also growing, expected to rise from \$138.45 billion in 2024 to \$205.39 billion by 2032, at a CAGR of 4.4%.

This growth is fueled by the demand for fats that enhance texture, shelf life, and nutrition in the food, cosmetics, and pharmaceutical sectors. Manorama is well-positioned to benefit from this growth due to its high-performance fats.

B2B opportunity opens through HoReCa Industry:

Global HoReCa market is valued at \$3394.6 Bn in 2023 and \$3574.5 bn in 2024, it is projected to grow to \$6449.35 bn by 2032 growing at CAGR of 6.7%. And The Indian HoReCa market stood at \$212.16 Bn in 2023 and is expected to grow to \$223.41 Bn in 2024, reaching \$442.5 Bn by 2035, reflecting a CAGR of 6.41% from 2025 to 2035. The HoReCa Market is currently experiencing a notable increase in consumer demand for high-quality food and beverage offerings. This trend is driven by a growing awareness of health and wellness, as consumers are increasingly seeking out fresh, organic, and locally sourced ingredients. As global food service scales, MIL will experience structural growth tailwind.

The "Clean Beauty" & Vegan Revolution:

The global market for vegan cosmetics is projected to expand from USD 19.35 billion in 2025 to USD 33.39 billion by 2034, reflecting a compound annual growth rate (CAGR) of 6.26%. This growth is driven by a surge in consumer demand for cruelty-free and ethically sourced beauty products, spurred by heightened awareness of animal welfare, sustainable consumption, and clean-label formulations. This global transition towards the clean beauty movement aligns seamlessly with Manorama's product strengths and export potential.



GROWTH DRIVERS

Manorama Industries

COMPANY DRIVERS:

Capacity Expansion (INR 460 Cr Mega-CAPEX)

Capacity (KT)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Milling / Expeller	60	60	60	60	90	90	90
Solvent Extraction	-	-	-	90	90	90	90
Refinery	15	15	15	15	45	45	45
Fractionation	15	15	15	15	15	40	44.5
Interesterification	15	15	15	15	30	30	30

MIL successfully increased its Solvent Fractionation Plant 2 capacity by 30% (to 32,500 TPA) through debottlenecking in FY26. A similar initiative for Plant 1 is underway to reach a combined fractionation capacity of 52,000 TPA by the end of FY26.

Moreover, MIL has committed ₹460 Crore to four mega-projects commissioning by FY28:

- **75,000 MTPA CBA Facility:** Entry into Cocoa Butter Alternative market using enzymatic interesterification of olein.
- **75,000 MTPA New Solvent Fractionation Plant:** For Shea, Palm, and Mango processing.
- **90,000 MTPA New Refinery:** Additional 300 MTPD refinery to support expanded fractionation output.
- **90,000 MTPA Burkina Faso Shea Factory (₹120 Cr):** Backward integration - crush shea at source, import butter (not raw nuts). Eliminates logistics costs, improves yield, ensures security of supply.

Deep process Integration & Cost Optimization

Backward Integration (Africa): The Burkina Faso project allows MIL to process Shea nuts at the source, importing butter instead of seeds. This eliminates significant logistics costs, improves yield, and ensures raw material security.

Forward Integration: MIL is entering the alternative CBE market and plans to manufacture Palm Mid Fraction (PMF)—a key CBE ingredient currently outsourced—in-house to further capture value.



GROWTH DRIVERS

Manorama Industries

COMPANY DRIVERS:

LatAm Market Entry — The Hidden Value

Latin America is the most significant near-term growth catalyst. The LatAm CBE market is 25% of global CBE demand, AAK currently dominates with ~75% market share due to its local facility. Manorama has broken through via a toll-manufacturing agreement with Dekel in Brazil — the FIRST local production of CBE in Brazil.

Product Diversification

Manorama Industries is making a strategic entry into the Cocoa Butter Alternative (CBA) market as part of its comprehensive vertical integration strategy within the cocoa butter equivalents (CBE) value chain. By utilizing enzymatic interesterification, the company modifies fatty acids in softer olein fractions to create a solid stearin that mimics the high melting point, hardness, and crystallization characteristics of natural stearin.

- The company plans to implement captive consumption of its olein product.
- Alongside its olein, Manorama can source some soft fractions from other sources.

The goal of this CBE initiative is to establish a diverse raw material base and a range of products for all its clients.

Strategic benefits:

- (1) Reduces dependence on seasonal/expensive natural stearin.
- (2) Shortens working capital cycle from 5-6 months to 1-2 months for this segment.
- (3) Drives EBITDA margin improvement toward 25-27% target.

Geographic diversification through new subsidiaries

Manorama Industries strengthened its global operations by creating 7 new strategic subsidiaries including six in West Africa to secure Shea nuts and one in UAE to secure its sourcing and attract new clients from the MENA region.



5-YEAR CFO/EBITDA RATIO:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ΣCFO before taxes (5 years)				₹ 12	-₹ 54	-₹ 16	-₹ 49	₹ 30	-₹ 104	-₹ 77	₹ 223
ΣEBITDA (5 years)				₹ 54	₹ 94	₹ 125	₹ 162	₹ 202	₹ 248	₹ 396	₹ 729
ΣCFO before taxes/ΣEBITDA (5)				22%	-58%	-13%	-30%	15%	-42%	-20%	31%

The ratio was negative till now, indicating persistent challenges in converting earnings into cash flows. In FY26 it was 30% which is still lower than the benchmark.

LEVERAGE:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Leverage (Asset/Equity)	1.56	1.57	1.87	1.27	2.25	1.75	1.48	1.42	2.19	2.13	1.73
Debt	5	0	18	24	120	87	119	121	367	505	355
Equity	13	14	24	104	130	145	268	298	337	462	695
Debt/Equity	0.36	0.00	0.73	0.23	0.92	0.60	0.44	0.41	1.09	1.09	0.51

Company had high leverage in FY20, FY24-FY25. But by FY26, this was brought back to acceptable level by repayment.

WORKING CAPITAL AS A % OF REVENUE:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
CFO before WC changes/Revenue	2%	2%	8%	27%	25%	19%	17%	17%	18%	28%	28%
WC/Revenue	3%	-3%	9%	50%	68%	68%	71%	52%	86%	82%	51%

Working Capital as a % of revenue was very high at levels of 70-80% from FY19 to FY25. In FY26, it slightly improved to 51%. This is due to extensive Working Capital required. To address these challenges, management has implemented measures to improve the working capital cycle, reducing working capital days from 5-6 months to 2-3 months.

DEBT SERVICE COVERAGE RATIO:

As shown in debt table, the debt service coverage ratio was negative till FY25. However it turned to the ratio of 1, which signifies a reasonable income to cover the debt.

RELATED PARTY TRANSACTION:

The Company has not recorded any impairment of receivables relating to amounts owed by related parties. The percentage of revenue derived from related parties has consistently remained below 2% over the past years.



PEERS COMPARISON

Manorama Industries

Tier 1: Direct Competitors (CBE & Specialty Fats)

While global giants like AAK, Bunge, and Fuji Oil operate in the CBE space, their scale means the exotic seed / India-specific CBE niche is not their primary focus. MIL enjoys a structural advantage in this micro-market that large players find difficult to address efficiently.

Company	HQ	Business model	About
3F Industries	India	Shea + Sal-based CBE, similar raw materials	3F Industries is an Indian specialty fats and oleo chemicals company focused on serving the confectionery, bakery, dairy, and food-processing industries. Its key CBE products are marketed under the Mello® brand, including variants such as Mello SH111 and Mello SL001, which are formulated using shea butter, sal fat, and palm fractions. The company operates primarily as a B2B ingredient supplier. Alongside specialty fats, 3F also has a presence in edible oils and surfactants, making it a diversified food-ingredient player within India.
AAK	Sweden	Sal, shea, palm-based CBE, co-development model	AAK AB is a global leader in plant-based oils and fats, serving a diverse range of industries including food, chocolate & confectionery, bakery, dairy, plant-based foods, personal care, and infant nutrition. Originally formed in 2005 from the merger of Karlshamns AB and Aarhus United A/S, AAK has evolved into a high-margin B2B company focused on providing value-adding, tailor-made solutions to more than 100 countries. AAK's specialty lies in sourcing and refining vegetable oils like palm, shea, rapeseed, and soy, and customizing them for specific functional purposes.
Fuji Oil	Japan	CBE + CBS, R&D-driven specialty fats	Fuji Oil Holdings is a Japan-based global leader in specialty fats, industrial chocolate, bakery ingredients, and plant-based food solutions. Founded in 1950 and headquartered in Osaka, the company pioneered cocoa butter alternatives and today serves many of the world's largest confectionery companies. Its flagship CBE brand, PALMY®, is complemented by other specialty fat ranges such as MELANO®, PALKENA®, and REDUSAT®. Unlike many competitors, Fuji Oil combines specialty fats with industrial chocolate and plant-based food businesses, allowing it to provide complete formulation solutions rather than just ingredients. This technology-driven, high-value-added business model has made Fuji Oil one of the most respected names in the global specialty fats industry.

Tier 2: Moderate Competitors (Some Similarity)

Company	HQ	Business Model	Main Segment
Bunge	USA	Segments: a) Soyabean processing & refining (54%), b) Soft seed processing (14%), c) Other oilseeds processing (7%), d) Grain merchandising & milling (24%)	The company has only given rapeseeds and sunflower seeds under soft seeds. The specific revenue share of CBE is not mentioned.
Olam Group	Singapore	a) Olam Agri (~65%) b) Olam Olam Food Ingredients (focus on Cocoa and food ingredient ~32%), c) Other (~3%)	Olam Global Agri is their largest segment, engaged in origination, processing, trading, logistics, and distribution of: Grains, animal feed, protein Edible oil, rice, Cotton, rubber, wood products.



PEERS COMPARISON

Manorama Industries

Raw Material	Companies Using It	Similarity to Manorama
Palm Oil (PMF)	Cargill, AAK, Wilmar, IOI Loders Croklaan, Mewah	Medium - palm-based
Shea Butter/Nuts	Manorama, 3F Industries, Bunge, Olam	Very High - tree-borne exotic fat
Sal Fat/Seeds	Manorama, 3F Industries	Very High - India-specific exotic fat
Mango Kernel	Manorama (exclusive producer of Mango-based CBE)	Very High - tree-borne exotic fat
Kokum Butter	Manorama	High - India-specific exotic fat
Kokum Shea	Manorama	High - exotic fat
Mahua	Manorama	High - tree-borne exotic fat
Sunflower Oil	Fuji Oil, Bunge	Medium - alternative oil
Coconut Oil	Fuji Oil, IOI Loders Croklaan	Medium - lauric oil

Why Global Leaders Cannot Easily Compete with MIL

Company	Revenue (FY25)	EBITDA Margin	CBE Focus	Why MIL Has Edge
AAK (Sweden)	US\$4.3bn	12%	Chocolate & Confectionery fats (30% of revenue)	Too large to focus on exotic seeds micro-market; India-specific sourcing prohibitive
Bunge (USA)	US\$53bn	5%	CBE segment exists but not primary	Soybean processing dominant; CBE is non-core; entering shea only via Africa
Fuji Oil (Japan)	US\$3.9bn	8%	CBE accounts for ~25% of revenue	Palm/sunflower/shear based; no Sal/Mango/Kokum; entering shea capability now
3F Industries (India)	~US\$280mn	3%	Shea + Sal-based CBE (similar model)	Similar raw materials but much lower EBITDA margin; limited global reach; no Mango exclusivity
Manorama (India)	~US\$91mn	27%	Full exotic basket CBE — core business	Only global full-basket exotic fat producer; superior margins; growing fastest



MANAGEMENT TEAM

Manorama Industries

Board of Directors

Name	DIN No.	Designation	Background
Ashish Saraf 	00183357	Chairman & Managing Director	Promoter with 34+ years in specialty fats industry. Leads procurement, supply chain, global business development, and tailor-made product development for Fortune 500 clients.
Vinita Saraf 	00208621	Vice Chairperson & Whole-Time Director	Commerce graduate with 20+ years in fats and butter industry. Instrumental in building the company's ethical sourcing and sustainability frameworks.
Ashok Jain	09791163	CFO & Whole-Time Director	Qualified CA with 15+ years at MIL. Leads financial planning, costing, taxation, capital raising, forex management, and international financial compliance.
Shrey Saraf	07907037	Whole-Time Director	BBA from University of Exeter, UK. Drives marketing, customer acquisition, and global business development. Represents second-generation leadership.
Gautam Kumar Pal	07645652	Whole-Time Director	Doctorate in Management + B.Tech Chemical Engineering. Heads the Birkoni manufacturing plant. Extensive experience in specialty oil/fat manufacturing and quality control.
Jose V. Joseph	08540226	Independent Director	Retired EVP, Federal Bank. Expert in corporate, SME, and retail banking across India and Middle East. Guides financial strategy and corporate governance.
Mudit Kumar Singh	03276749	Independent Director	1984 IFS batch, Chhattisgarh cadre. Internationally acclaimed forestry expert — critical expertise given MIL's tribal forest sourcing model.
Nipun Mehta	00255831	Independent Director	CA; expert in capital markets, private banking, and wealth management.
Veni Mocherla	08082163	Independent Director	MBA + PG from Chartered Institute of Marketing (UK). Specialist in international business, cross-border consulting; ex-British High Commission, ex-Bristol Myers Squibb.
Subhaprada Nishtala	08124635	Independent Director	MSc Food Technology with 25+ years in food processing. Authority on food safety, regulatory compliance, and new product development.

Key Management Hires: Built for Global Ambition

A distinguishing feature of MIL's Phase 3 strategy is the aggressive hiring of world-class talent from global industry leaders — particularly for the LatAm opportunity. Employee cost CAGR of 60% (FY21-FY25) vs revenue CAGR of 40% signals intentional investment ahead of the revenue curve.



MANAGEMENT TEAM

Manorama Industries

Name	Designation	Background
Dr. Krishnadath Bhaggan	VP – R&D Product Development	22+ years; ex-IOI Lodders Croklaan (global CBE leader); inventor/co-inventor of multiple patents; 15 patents filed at MIL since 2019. Leads MILCOA R&D Centre (DSIR-certified).
Mauro Sergio Nobre Terreri	MD – LatAm	3 decades in food ingredients and specialty oil; ex-AAK South America. Leads the Brazil market entry and LatAm expansion.
Luciano Luz Pupp	Head R&D – LatAm	4+ decades in specialty oils/fats for chocolate and confectionery; ex-Bunge, ex-AAK, ex-Unilever LatAm. Critical for customer approvals in Brazil.
Marcelo Sasaki	Sales Manager – LatAm	10+ years marketing experience in LatAm market; ex-AAK.
Stefen Storgaard	VP – Sales (Europe)	20+ years B2B sales in food industry; ex-AAK Director Global Marketing & New Product Development.
Sten Andreas Appel	VP – Projects	Chemical Engineer (Denmark); ex-global edible oil companies; brings plant design and equipment engineering capability for the 460 Cr capex execution.
Sandeep Agrawal	COO	25+ years at Vedanta, Bunge India, Britannia; lifetime member of Quality Circle Forum of India.
Gundam Sreenivasula Reddy	GM – Africa	20 years experience, 16 years in West African markets (Ghana, Togo, Burkina, Benin, Nigeria, Ivory Coast). Oversees all 6 African subsidiaries.

Quarterly Management Commentary Analysis

Comment	Q2 FY26	Q3 FY26	Shift	Q4 FY26
Revenue guidance	Management upwardly revised the FY26 revenue guidance to INR 1,150 crores+ (from the previous INR 1,050 crores).	Following a strong Q3 performance (revenue up 73.3% YoY), management again revised the FY26 guidance upward to INR 1,300 crores.	The company exceeded its final guidance, reporting standalone revenues of INR 1,358 crores, representing 76.1% YoY growth.	Management outlook for FY27 is "strongly positive," with growth expected to be primarily volume-led (projected at 25%-30%) as the expanded 52,000 MTPA capacity is utilized.
Capacity Expansion	The company announced a plan to increase its fractionation capacity by 30%, from 40,000 MTPA to 52,000 MTPA .	MIL formalized a commitment of INR 460 crores over the next 2 to 3 years for four major forward and backward integration projects.	Of the committed INR 460 crore CAPEX, the company has already deployed INR 52 crores .	
Margins	Management expressed confidence in maintaining EBITDA margins in the range of 25% to 27%.		Margins of 27% were recorded for all 3 quarters.	The sustainable EBITDA margin guidance was reaffirmed at 25% to 27%. Management noted they are not expecting any downward pressure on margins and are focused on operational excellence.



FINANCIALS

Manorama Industries

Profit & Loss Statement

Income Statement (₹ Cr)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	279	351	457	772	1,358	1,756	2,730	3,553
<i>YoY Growth</i>	38%	26%	30%	69%	76%	29%	55%	30%
COGS	154	216	250	398	743	966	1,419	1,848
Gross Profit	125	135	207	374	615	790	1,310	1,705
Gross Margin	44.8%	38.5%	45.3%	48.5%	45.3%	45.0%	48.0%	48.0%
EBITDA	39	56	74	192	368	435	685	916
EBITDA Margin	14.1%	16.1%	16.1%	24.9%	27.1%	24.8%	25.1%	25.8%
Depreciation	8	11	14	22	26	32	42	59
EBIT	32	45	60	170	342	403	642	857
Finance Cost	6	9	20	39	38	44	65	70
Other Income	8	6	13	19	11	66	77	115
PBT	34	43	53	148	316	426	655	903
Tax	9	13	13	36	83	114	174	232
PAT	25	29	40	113	233	312	481	671
<i>PAT Margin</i>	8.8%	8.5%	8.8%	14.7%	17.2%	18%	18%	18%
EPS (₹)	4.05	5.00	6.73	18.80	39.06	50.9	78.9	109.8

Key Return Ratio	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
NOPAT	23	31	45	128	253	296	472	637
<i>NOPAT Margin</i>	8%	9%	10%	17%	19%	17%	17%	18%
Invested Capital	295	328	562	817	900	1168	1733	1944
Invested Capital turnover	0.95	1.06	0.81	0.94	1.51	1.5	1.58	1.83
ROIC	8%	10%	8%	16%	28%	25%	27%	33%
Debt	108	110	346	482	355	564	838	906
Equity	268	298	337	462	695	1453	1924	2578
Debt/Equity	0.4	0.37	1.03	1.04	0.51	0.39	0.44	0.35
ROE	9%	10%	12%	24%	34%	21%	24%	25%



FINANCIALS

Manorama Industries

Balance Sheet

Balance Sheet (₹ Cr)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
LIABILITIES								
Share Capital	12	12	12	12	12	12	12	12
Reserves & Surplus	256	286	325	450	683	1,441	1,912	2,567
Total Equity	268	298	337	462	695	1,453	1,924	2,578
Long Term Borrowings	30	24	51	44	34	34	34	34
Short Term Borrowings	79	86	296	438	321	531	804	872
Accounts Payable	8	4	40	14	80	103	160	209
Other Liabilities	9	12	13	27	70	73	70	70
Total Liabilities	396	424	737	985	1,200	2,191	2,992	3,763
ASSETS								
Fixed Assets (PPE + CWIP)	97	147	171	181	213	279	387	484
Other Non-Current Assets	20	7	9	13	62	62	62	62
Inventories	181	158	389	549	710	919	1,393	1,522
Trade Receivables	25	28	42	102	56	73	113	147
Cash & Bank	53	60	87	96	91	819	984	1,482
Other Current Assets	19	24	39	44	68	40	54	66
Total Assets	396	424	737	985	1,200	2,192	2,993	3,763

Cash Flow Statement

Cash Flow (₹ Cr)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PBT	34	43	53	148	316	414	640	880
Add: Depreciation	8	11	14	22	26	32	42	59
Add: Interest Expense	6	9	20	39	38	44	65	70
Less: Changes in WC	(68)	12	(220)	(247)	(35)	201	458	114
Less: Taxes Paid	(11)	(12)	(15)	(29)	(81)	(111)	(170)	(226)
CFO	(39)	56	(161)	(70)	256	124	57	576
Capex	(60)	(51)	(39)	(32)	(55)	(100)	(150)	(156)
CFI	(35)	(100)	(62)	(34)	(87)	(55)	(97)	(72)
Net Debt Raised	23	2	236	134	(127)	209	273	68
Interest Paid	(6)	(9)	(20)	(39)	(37)	(44)	(65)	(70)
CFF	117	(7)	214	93	(165)	662	205	(6)
Net increase/decrease in cash	43	(51)	(9)	(11)	4	730	165	498
FCFF	(99)	5	(200)	(102)	202	24	(93)	420



FINANCIALS

Manorama Industries

Quarterly Results

Particulars (₹ Cr)	Q1 FY27	Q4 FY26	QoQ	Q4 FY25	YoY
Revenue	404	391	3%	290	39%
COGS	227	224	1%	115	97%
Gross Profit	176	166	6%	137	28%
<i>Gross Margin</i>	<i>43.6%</i>	<i>44%</i>		<i>47%</i>	
EBITDA	106	97	9%	75	41%
<i>EBITDA Margin</i>	<i>26%</i>	<i>25%</i>		<i>27%</i>	
Depreciation	6	7	-14%	6	0%
EBIT	100	90	11%	69	45%
Finance Cost	10	9	11%	9	11%
Other Income	16	-7	-329%	6	167%
PBT	106	73	45%	65	63%
Tax	27	21	29%	18	50%
PAT	79	52	52%	47	68%
<i>PAT Margin</i>	<i>20%</i>	<i>15%</i>		<i>18%</i>	
EPS (₹)	13.17	8.79		7.87	

Particulars (₹ Cr)	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Mar 2026	Jun 2026
Sales	195	209	233	290	323	363	391	404
Expenses	151	155	172	215	236	260	294	298
Operating Profit	44	54	61	75	87	103	97	106
<i>OPM %</i>	<i>23%</i>	<i>26%</i>	<i>26%</i>	<i>26%</i>	<i>27%</i>	<i>28%</i>	<i>25%</i>	<i>26%</i>
Other Income	3	4	10	6	1	12	-7	16
Interest	8	11	12	9	8	11	9	10
Depreciation	6	6	6	6	6	6	7	6
Profit before tax	33	41	53	66	74	98	74	106
Tax %	25%	26%	24%	28%	26%	25%	29%	26%
Net Profit	26	30	40	47	55	72	52	79
EPS in Rs	4.32	5.11	6.72	7.87	9.19	12.10	8.79	13.17



OUTLOOK AND VALUATION

Manorama Industries

Backed by strong earning growth and operating in a Niche market, sticky relationship with customers, the initiate coverage is a buy valuing at ~45x FY29E P/E. Manorama's TTM PAT stands at ₹233 Cr (FY26), with a 3-year PAT CAGR of 41.5% expected through FY29E. At the current market price of ₹1900, the stock trades at 42.9x TTM P/E. Based on projected FY29E PAT of ₹671 Cr at a conservative 40x P/E exit multiple, the implied market cap is ₹26,848 Cr representing a 3-year Mcap CAGR of ~45%.

Through Reverse DCF, at the trailing PE of 43x, the market is implying only ~25% PAT CAGR for the next 3 years. Our estimates project 41.5% PAT CAGR. At a conservative exit PE of 45x, the return would be 42% and at 40x (De-rating from current), the return would be 36%, Risk-reward remains highly favorable.

RISK ANALYSIS

Risk	Explanation	Impact	Mitigation
Seasonal Raw Material	Seeds are seasonal — company must stock once a year, inflating inventory to 5–6 months of sales.	Raw material unavailability can disrupt manufacturing; high working capital locks cash.	Diversified seed sourcing across India & Africa; inventory optimization; enzymatic ESOS technology reduces seasonal dependency.
Foreign Currency Risk	Majority of revenue comes from exports in USD/EUR; exchange rate fluctuations affect margins.	Unfavourable forex moves can reduce reported revenue and margins.	Hedges ~60% of net forex exposure via forward contracts; natural hedge from export-centric business.
Forest Laws & Regulation	Collection of forest produce is subject to Forest Rights Act and state policies; African governments limiting raw shea exports. Changes in ESG or tribal rights laws may affect raw material access.	Changes in regulations or introduction of new ones may necessitate costly adjustments to production processes or formulations.	Backward integration in Burkina Faso; local value-addition plants; close engagement with governments and comply with ESG norms.
Working Capital Intensity	Seasonal procurement leads to 5–6 month working capital cycle; FY26 inventory at ₹710 Cr (52% of revenue).	High external borrowing requirement; FY25 short-term debt at ₹438 Cr.	New ESOS capacity uses captive olein (reduces seasonal RM need); WC cycle to shrink to 2–3 months for new capacity.
Client Concentration	A significant portion of revenue may come from a few large B2B buyers (especially in exports) such as Ferrero and Mondelez	Loss of a key customer could materially impact revenue.	Expanding customer base across LatAm, MENA; HoReCa entry diversifies revenue.



QUARTERLY UPDATE

Manorama Industries

Q1 FY27 Earnings Call Highlight

Key Highlights

- Revenue: ₹404 Cr (+39.5% YoY), crossing ₹400 Cr quarterly revenue for the first time
- EBITDA: ₹106 Cr (+42.2% YoY) | EBITDA Margin: 26.3%, +49 bps YoY
- PAT: ₹79 Cr (+67.6% YoY) | PAT Margin: 19.5%, +326 bps YoY
- Export: Domestic revenue mix stood at 60:40
- Management indicated nearly 85% of YoY revenue growth was volume-led, rather than pricing-led
- Fractionation capacity stood at 47,500 MTPA, with Q1 utilisation around 80%
- Other income: ~₹16 Cr, including ~₹13 Cr forex gains and ~₹3 Cr interest/FDR income
- Gross margins continue to operate broadly within the historical 45-50% range
- Asset turns of 7.4x this quarter

Business Updates

- Debottlenecking will add another ~4,500 MTPA, taking fractionation capacity to roughly 52,000 MTPA during FY27
- Management expects full-year utilisation of the expanded capacity at around 80% for external modelling, while internally targeting 80-85%
- Brazil operations through the Dekel partnership have begun trial/commercial processing, with a gradual ramp-up expected over the next 2-4 quarters
- Incorporated a new subsidiary in Chad to strengthen sourcing of shea nuts and butters from Africa
- Acquired approximately 24 acres in Burkina Faso for a new shea nut and mango kernel processing facility; regulatory approvals are under process
- The company has diversified sourcing across multiple African countries, reducing dependence on any single geography

Expansion & Capex

- Total proposed expansion capex is around ₹460 Cr, covering new fractionation, refinery and backward-integration facilities. Out of this 70 cr has already been deployed.
- FY27 capex is expected at around ₹225-250 Cr. Q1 FY27 capex was 20-odd cr
- Debottlenecking requires only around ₹5-6 Cr of capex
- Burkina Faso backward-integration project will require approximately ₹120-130 Cr, with management indicating an expected ~3-year payback period once operational
- The remaining investment will primarily go toward new solvent fractionation and refinery capacity in India
- Major new capacities are targeted for commissioning around Q3 FY28, with fuller financial impact expected in FY29

Strategy

- Manorama continues to move toward high-value specialty fats, cocoa butter equivalents and cocoa butter alternatives rather than commodity products
- The company is developing enzymatic cocoa butter alternatives/equivalents, allowing liquid fractions and by-products to be converted into higher-value products
- Management is pursuing backward integration into raw-material processing in Africa and forward integration into more value-added formulations
- R&D remains central to developing customised products for global chocolate, confectionery, food and cosmetics customers
- Brazil is intended to improve proximity to the Latin American market, while African expansion strengthens sourcing security and traceability



QUARTERLY UPDATE

Manorama Industries

Management Commentary

- Management did not provide an absolute FY27 revenue number but remained confident of delivering healthy top-line growth
- FY27 growth should be supported by higher utilisation, incremental debottlenecking capacity and continued demand for value-added products
- Management indicated that the current EBITDA-margin range should remain broadly sustainable, although quarterly movement can occur depending on product mix, freight and other factors
- Pricing for value-added products has remained relatively stable because products are customised and raw-material inflation is incorporated into the costing model
- Management expects operating leverage and product-mix improvements to support profitability over the medium term

Balance Sheet & Funding

- The company completed a ₹500 Cr QIP, significantly strengthening its balance sheet ahead of the next growth phase
- Management indicated approximately ₹150 Cr of FDRs/cash investments, excluding QIP proceeds
- Working-capital requirements for future growth are expected to be supported through existing banking relationships and sanctioned limits

Growth Opportunities

- Higher utilisation of the expanded 52,000 MTPA fractionation capacity is the immediate FY27 growth driver
- New India fractionation/refinery capacity and Burkina Faso backward integration should drive the next leg of growth from FY28/FY29 onward
- Brazil provides a potentially significant entry point into the Latin American specialty-fat market
- New cocoa butter alternative technologies should increase value addition from existing raw materials and by-products
- Management continues to see strong long-term opportunities across chocolate, confectionery, cosmetics, food and HORECA markets globally

Watchouts

- Q1 other income included around ₹13 Cr of forex gains, so this portion of profitability should not necessarily be annualised
- Raw-material sourcing remains exposed to geopolitical and regulatory risks in Africa, although sourcing has been diversified
- Freight and logistics disruptions can impact quarterly costs
- Overseas subsidiaries currently create some drag on consolidated profitability because several entities are still in sourcing or ramp-up mode
- The ₹460 Cr capex is substantial and the major earnings contribution will only become more visible from FY29
- Management has not provided explicit revenue or PAT guidance, so expectations should primarily be anchored to utilisation rather than extrapolating Q1 growth mechanically



APPENDIX — RETURN MATRIX

Manorama Industries

Revenue Recognition Policy:

Under the current guidelines, the company acknowledges revenue when control over the promised goods is transferred to the customer at an amount that reflects the anticipated consideration.

- **Timing of Recognition:** Revenue is typically recognized at a specific moment when products are delivered to the customer, or in the case of export sales, once delivered to a carrier.
- **Measurement:** Revenue is assessed at the fair value of the consideration received or expected, after accounting for re-turns, trade discounts, and volume rebates.

The company recognizes revenue when control over the promised goods or services is handed over to the customer at an amount that represents the consideration the company anticipates receiving in return for those goods or services. Generally, the company considers itself the principal in its revenue arrangements, as it usually retains control over the goods or services prior to their transfer to the customer.

Revenue

Manorama Industries became a exporter of high-quality Value-added specialty fats from commodity processor. Over the past three years, the company has achieved an impressive CAGR of 57% in revenue. Following a dramatic 53.6% revenue drop in FY19, the company rebounded in FY21, thanks largely to the expansion of value-added segments like Cocoa Butter Equivalent (CBE) and cosmetic butters, which cater to the international confectionery and personal care industries. Volume Growth of FY26 was 80-90% and contribution of value added products which include CBE and Stearin was around 70-75%. The CBE segment has emerged as the primary growth driver, generating ₹407 Crore in revenue for FY26 contributing 30% to our total revenue which was 10% in 2024.

The Cattle Feed segment has encountered considerable volatility, contributing inconsistently to overall revenue. Although it reached a peak in FY24 at Rs. 93.3 cr, it contracted by 53% in FY25 to Rs. 43.5 cr, highlighting its commoditized nature. Export of value-added products are increasing and becoming the growth driver of company. Overall, Manorama's focus on premium, export-oriented segments has effectively reduced earnings volatility.

Gross Margins

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cost of Goods Sold	₹ 108	₹ 125	₹ 179	₹ 48	₹ 87	₹ 120	₹ 154	₹ 216	₹ 250	₹ 398	₹ 743
COGS % of Revenue	82%	86%	48%	47%	47%	60%	56%	62%	55%	52%	55%
Cost of Materials Consumed	36	30	35	67	140	94	180	198	331	374	886
Purchases of Stock-in-Trade	75	91	160	0	5	2	0	0	0	0	0
Changes in Inventory	-3	4	-16	-19	-58	24	-25	18	-81	24	-143
Gross Profit	₹ 23	₹ 21	₹ 40	₹ 54	₹ 102	₹ 83	₹ 125	₹ 135	₹ 207	₹ 373	₹ 615
YOY (%)		-11%	91%	35%	89%	-19%	51%	8%	53%	80%	65%
Gross Profit Margin	18%	14%	18%	53%	54%	41%	45%	39%	45%	48%	45%

FY 16-18: The company operates in the solvent extraction sector, where it extracts materials from seeds such as shea, mango, sal, and kokum to produce cocoa butter equivalents. Prior to FY18, the company relied on outsourcing for solvent extraction, resulting in elevated costs of goods sold (COGs) during that time.

FY 19-20: Manorama Industries boosted its profitability by establishing solvent extraction facilities, which greatly reduced its dependence on trading activities (stock-in-trade). This strategic move resulted in higher gross margins as the company transitioned towards value-added manufacturing.

FY 21-25: In FY21, the company expanded its manufacturing operations, which resulted in a higher requirement for raw materials. Additionally, global supply chain disruptions and rising commodity prices further contributed to an increase in the cost of materials consumed during the year.



APPENDIX — RETURN MATRIX

Manorama Industries

From 2025, the share of value-added products increased. In FY25, the contribution of CBE and stearin, part of value-added product mix was 50%. CBE contribution to total topline was 20% and of Stearin was 30%. This further increased to 70-75% and share of CBE to revenue was 30% in FY26.

FY 26: Owing to the freight costs which increase the import cost of raw material and some other byproduct realization, the margins contracted by 3%.

Employee benefit

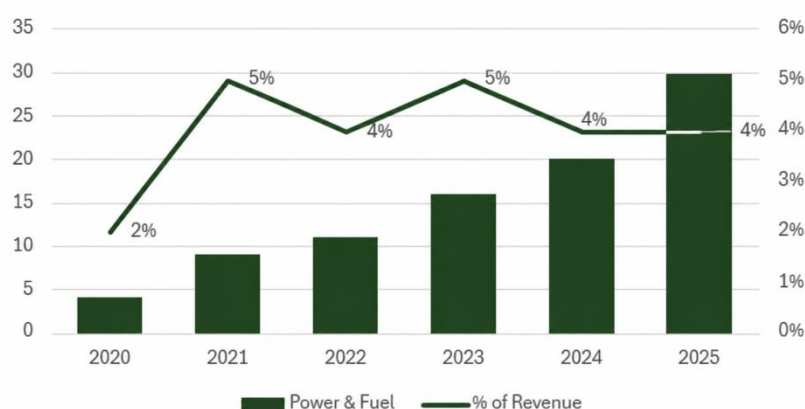
Employee Benefit Expense



From FY15 to FY18, Employee Benefit Expenses (EBE) remained fairly stable as the company depended on a skilled workforce and an efficient team to effectively run its manufacturing plant. However, from FY19 to FY21, EBE rose mainly due to a decline in revenue and a strategic move toward becoming a fully integrated unit, which required hiring more labor and efficient personnel to ensure smooth operations. Additionally, since Manorama is a seasonal product, there was a need to stock inventory for certain periods. Moving into FY22 to FY25, starting from FY24, the company began offering gratuity and provident fund contributions, along with minor costs related to leave obligations. These changes led to a significant rise in EBE in absolute terms, while a slight percentage increase was observed due to notable revenue growth.

Major Expenses:

Power & Fuel



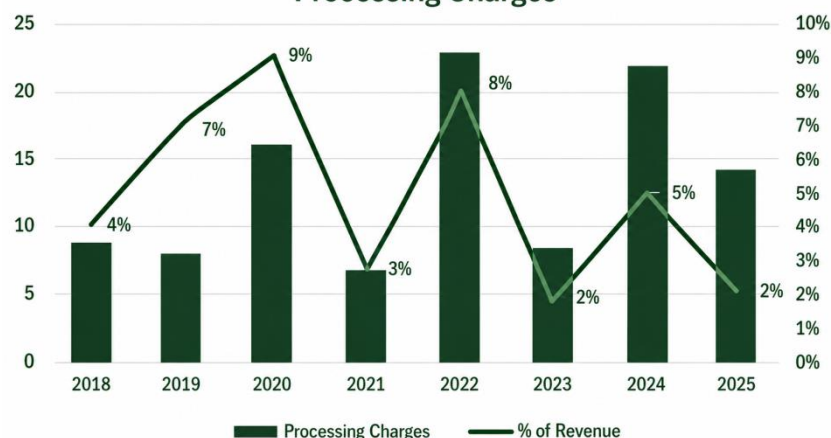
MIL specializes in producing CBE at its Birkoni facility, which requires significant electricity and fuel. Energy costs increased after FY19 with the launch of its integrated manufacturing unit, which expanded energy-intensive processes like extraction and refining. Power & Fuel expenses rose to 2–5% of revenue.



APPENDIX — RETURN MATRIX

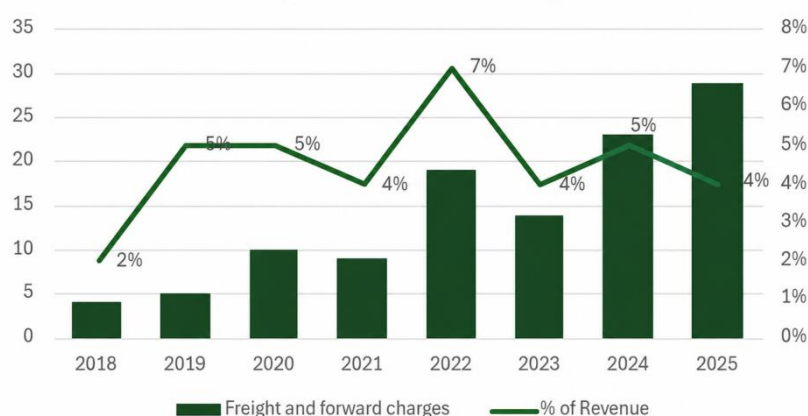
Manorama Industries

Processing Charges



Processing charges have been fluctuating a lot, this is because of the new plant setup and the charges to commission the machinery.

Freight and forward Charges



Manorama depends significantly on exports, which results in substantial freight and forwarding costs affected by various factors. During the pandemic, there was an increase in logistics costs due to container shortages and escalating ocean freight rates, which impeded volume growth. In Q3 of FY22, elevated logistical costs put pressure on EBITDA as freight expenses surged. However, after FY23, these expenses gradually returned to typical levels. [\(FICCI\)](#)

EBITDA Margins

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
EBITDA	₹ 4	₹ 3	₹ 17	₹ 28	₹ 44	₹ 35	₹ 39	₹ 56	₹ 74	₹ 191	₹ 368
YoY EBITDA Growth		-24%	505%	64%	59%	-21%	14%	43%	30%	160%	92%
EBITDA Margins	3%	2%	8%	27%	23%	17%	14%	16%	16%	25%	27%

FY 16-18: EBITDA margins remained subdued due to lower GP margins and minimal other expenses.

FY 19-20: Manorama Industries improved its profitability by setting up solvent extraction facilities, reducing its dependence on trading activities. This strategic move led to an increase in EBITDA margins, as the company achieved full integration after FY19.

FY 21-24: In FY22, the company expanded its manufacturing operations, which resulted in a higher requirement for raw materials. Additionally, global supply chain disruptions and rising commodity prices further contributed to an increase in the cost of materials consumed during the year.

Manorama Industries experienced major supply chain disruptions in FY21 due to COVID-19, impacting their operations significantly. Key challenges included:



APPENDIX — RETURN MATRIX

Manorama Industries

- HORECA Slowdown: Global disruptions led to reduced consumption in the HORECA sector, affecting sales of specialty products.
- Logistics & Overhead Costs: Strict lockdowns and hiring challenges increased fixed and variable costs, while global freight rates surged, raising international operating costs.
- In FY23, the margins increased slightly to 16% driven by operational efficiencies and cost control measures.

FY 25-26: The company attained a strong EBITDA margin of 24.8%, marking an impressive increase of 870 basis points year-on-year. This growth demonstrates the effective implementation of strategic initiatives and operational enhancements.

In FY26, the margin expansion can be attributed to an improved product mix, value-added offerings, and the efficient utilization of the manufacturing facility

PAT Margins

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Depreciation and Ammortization	1	1	1	1	8	8	8	11	14	22	26
% of Revenue	1%	1%	0%	1%	4%	4%	3%	3%	3%	3%	2%
EBIT	₹ 3	₹ 2	₹ 16	₹ 27	₹ 36	₹ 27	₹ 32	₹ 46	₹ 60	₹ 169	₹ 342
EBIT Margins	2%	1%	7%	26%	19%	13%	11%	13%	13%	22%	25%
Finance Cost	2	1	2	5	10	10	6	9	20	39	38
% of Revenue	1%	1%	1%	5%	5%	5%	2%	2%	4%	5%	3%
Other Income	1	1	2	3	6	6	8	6	13	19	11
% of Revenue	1%	1%	1%	3%	3%	3%	3%	2%	3%	2%	1%
Profit before tax	₹ 2	₹ 2	₹ 16	₹ 25	₹ 32	₹ 22	₹ 34	₹ 43	₹ 53	₹ 148	₹ 316
PBT Margins	1%	1%	7%	24%	17%	11%	12%	12%	12%	19%	23%
Tax Expense	1	1	6	7	9	8	9	13	13	36	83
% of Revenue	0%	0%	3%	7%	5%	4%	3%	4%	3%	5%	6%
Effective Tax Rate	35%	33%	38%	28%	28%	37%	28%	31%	25%	24%	26%
Profit After Tax	₹ 1	₹ 1	₹ 10	₹ 18	₹ 23	₹ 14	₹ 25	₹ 30	₹ 40	₹ 112	₹ 233
PAT Growth Rate		27%	614%	82%	30%	-40%	75%	21%	35%	180%	108%
PAT Margin	1%	1%	4%	18%	12%	7%	9%	8%	9%	15%	17%
EPS				₹ 3.43	₹ 4.20	₹ 2.62	₹ 4.05	₹ 5.00	₹ 6.73	₹ 18.80	₹ 39.06

FY 15-18: Prior to fiscal year 2019, there was limited integration and scale within the organization, resulting in a significant reliance on outsourced processing. From fiscal years 2015 to 2018, MIL's profit after tax (PAT) margins remained minimal, attributable to low operational efficiency and elevated other expenses.

FY 19-21: The comprehensive integration of operations has resulted in enhanced cost control and improved margins. While the benefits of this integration continue to be realized, they have been affected by the initial consequences of the pandemic. In fiscal year 2021, margin contraction was primarily attributed to disruptions caused by the pandemic and rising costs. Additionally, due to the initial expansion in the capacity, it resulted lower margins. Depreciation expenses rose to 4% of revenue in FY20, driven by significant capital expansion efforts.

FY 25-26: Expect significant growth driven by increased sales of margin-enhancing products and improved absorption of fixed overhead costs.

Margin Expansion Factors: The rise in margins can be attributed to a better product mix, the inclusion of value-added products, and the efficient utilization of the manufacturing plant.



APPENDIX — RETURN MATRIX

Manorama Industries

Asset Turnover

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	₹ 20	₹ 23	₹ 45	₹ 132	₹ 293	₹ 254	₹ 396	₹ 424	₹ 737	₹ 985	₹ 1,201
Total Asset Turnover	6.5	6.4	4.8	0.8	0.6	0.8	0.7	0.8	0.6	0.8	1.1
Fixed Assets	₹ 3	₹ 3	₹ 4	₹ 22	₹ 60	₹ 57	₹ 97	₹ 147	₹ 171	₹ 181	₹ 213
As a % of Total Assets	14%	11%	9%	17%	20%	22%	24%	35%	23%	18%	18%
Fixed Assets Turnover	46.8	57.9	55.5	4.7	3.1	3.6	2.9	2.4	2.7	4.3	6.4

From FY15 to FY18, Manorama Industries Limited (MIL) showed high asset turnover ratios due to efficient use of a small asset base with minimal capital deployment. However, starting FY19, significant capital expenditure for expanding production capacities led to an increased asset base and a temporary decline in turnover ratios due to delays in revenue growth. By FY25, operational new capacities resulted in a surge in revenues and a recovery in asset turnover ratios, indicating improved asset utilization. Overall, MIL's asset turnover fluctuations reflect its growth strategy from efficiency to heavy investment and back to optimized utilization.

Working Capital

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net Working Capital	4	-4	19	51	129	138	198	181	391	636	687
Debtor	0	1	2	14	16	22	25	28	42	102	56
Inventory	6	2	18	37	146	123	181	158	389	549	710
Payable	2	7	0	0	33	7	8	4	40	14	80
Net Working Capital Turnover	30.0	-34.6	11.3	2.0	1.5	1.5	1.4	1.9	1.2	1.2	2.0
Debtor Turnover	349.2	135.9	133.5	7.3	11.6	9.1	11.1	12.7	10.9	7.6	24.1
Inventory Turnover	23.8	76.6	12.2	2.7	1.3	1.6	1.5	2.2	1.2	1.4	1.9
Payable Turnover	86.0	20.3	920.4	274.6	5.7	27.4	34.2	86.9	11.4	53.9	17.0
Net Working Capital Cycle	12	-11	32	182	250	249	259	189	312	301	185
Debtor Days	1	3	3	50	31	40	33	29	33	48	15
Inventory Days	15	5	30	133	282	222	237	164	311	260	191
Payable Days	4	18	0	1	64	13	11	4	32	7	21
Working Capital Cycle (Debtor & Inventory ONLY)	16	7	33	183	314	262	270	193	344	308	206

Debtors:

From FY19, MIL expanded capacity significantly, leading to increase in debtors due to higher credit sales. Debtor turnover dropped from 133x in FY18 to 7x, indicating a longer receivable cycle. During FY20–21, credit extensions to key customers during COVID-19 caused debtors to rise to ₹22 Cr, with debtor days increasing from 31 to 40, although turnover improved slightly to 9x. Between FY23 and FY25, debtors surged from ₹28 Cr to ₹102 Cr, resulting in a turnover decline from 13x to 8x and debtor days increasing from 29 to 48, signaling slower collections and potential capital stress.

Inventory:

FY15-17: During this period, inventory levels were relatively low, ranging between ₹2–6 Crores, constituting less than 4% of revenue. The turnover ratios were notably high, fluctuating between 24x and 77x, with inventory days spanning from 5 to 15. This situation reflects a lean operational model characterized by a limited number of SKUs and efficient processes in Manorama's early stages.

FY18-20: Following the initial public offering (IPO), the company embarked on capacity expansion, resulting in inventory levels rising to ₹146 Crores by FY20, which represented 77% of revenue. Consequently, inventory days increased to 282, and turnover declined to approximately 1x, indicating a strategic shift towards stocking inventory in preparation for growth.

FY21-FY23: Inventory levels remained elevated, fluctuating between ₹120–180 Crores, driven by product diversification and global expansion efforts. Inventory days stabilized around 220 to 237, with turnover hovering near 1x, as the company effectively managed stock for multinational clients while navigating the disruptions caused by the COVID-19 pandemic.



APPENDIX — RETURN MATRIX

Manorama Industries

FY24: Inventory surged to ₹389 Crores, accounting for 85% of revenue. This increase was attributed to the newly commissioned 40,000-ton fractionation plant operating at only 40–50% utilization, resulting in stock accumulation in anticipation of future demand.

FY25: Inventory further rose to ₹549 Crores, representing 71% of revenue, while inventory days improved to 260. Management prioritized strategic stocking to meet global demand, with an emphasis on future optimization.

FY26: Inventory further rose to ₹710 Crores, while inventory days improved to 260. Management prioritized strategic stocking to meet global demand, with an emphasis on future optimization. Out of this INR710 crores of inventory, raw material inventory is around INR 420 crores. The finished goods inventories are around INR 260 crores. The others co-products and WIPs, the work-in-progress products are around INR 30 crores.

Payables:

The fluctuations in Manorama Industries Ltd.'s payables from FY15 to FY25 are influenced by inventory management strategies related to plant expansion. Notable spikes occurred in FY20 (₹33 Cr) and FY24 (₹40 Cr) due to inventory buildup for a delayed fractionation plant, increasing payable days to 64 and 32, respectively. Reductions in FY21 (₹7 Cr) and FY25 (₹14 Cr) reflect improved cash management and efforts to optimize working capital, indicating a trend of balancing procurement and operational efficiency.

Improvement in working capital cycle: For the upcoming projects, the working capital cycle is expected to span approximately one to two months. This is due to the different raw materials involved, which are not related to the current materials used in our products. These raw materials may include captive consumption of our own supplies, along with potential imports of certain soft oils from alternative sources. Consequently, the working capital cycle will be significantly shorter than the existing model, which currently averages around five to six months.

ROIC

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
NOPAT = EBIT(1-T)	₹ 2	₹ 1	₹ 10	₹ 19	₹ 26	₹ 17	₹ 23	₹ 32	₹ 45	₹ 129	₹ 253
NOPAT Growth	₹ 0	₹ 0	₹ 7	₹ 1	₹ 0	₹ 0	₹ 0	₹ 0	₹ 0	₹ 2	₹ 1
Invested Capital (Fixed Assets + Net Working Capital)	₹ 7	₹ 2	₹ 23	₹ 72	₹ 189	₹ 195	₹ 295	₹ 328	₹ 562	₹ 817	₹ 900
ROIC = NOPAT / IC	25.3%	-77.2%	42.5%	26.6%	13.8%	8.6%	7.7%	9.6%	8.0%	15.7%	28.0%
Re-investment Rate (NOPAT Growth = ROIC * RR) or in negative years Capex/CFO	5%	-5%	1558%	353%	255%	-24%	459%	396%	539%	1172%	344%
NOPAT Margins	1%	1%	5%	19%	14%	8%	8%	9%	10%	17%	19%
Invested Capital Turnover	18.3	-86.1	9.4	1.4	1.0	1.0	0.9	1.1	0.8	0.9	1.5

FY17: ROIC fell to -77.2% in FY17 due to negative Invested Capital turnover of -86.13 and low NOPAT margins of 1%.

FY18: However, it rebounded to 42.5% in FY18 as IC turnover normalized and NOPAT margins increased to 5%.

FY19-FY21: During this period, invested capital rose from ₹72 crore to ₹195 crore. Nevertheless, IC turnover remained low at 1, indicating asset underutilization. Although NOPAT margins stabilized at 8%, ROIC declined to 8.6%, revealing capital inefficiency.

FY22-FY25: Despite capital reaching ₹817 crore, IC turnover fluctuated between 0.81 and 1.07 due to intense working capital requirement and suggesting idle capacity. NOPAT margins improved to 17%, resulting in an increase in ROIC to 15.7% by FY25. This indicates a gradual operational recovery, despite ongoing challenges related to working capital.

FY26: The Utilization reached around 80-85% by FY26, with improvement in margins which led to the improvement of ROIC from 16% to 28%.



APPENDIX — RETURN MATRIX

Manorama Industries

Return On Equity

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Equity	8.3%	9.6%	40.4%	17.2%	17.9%	9.7%	9.2%	10.0%	11.9%	24.4%	33.6%
Asset Turnover	6.48	6.43	4.83	0.77	0.64	0.80	0.71	0.83	0.62	0.78	1.13
Leverage	1.56	1.57	1.87	1.27	2.25	1.75	1.48	1.42	2.19	2.13	1.73
Net Profit Margin	1%	1%	4%	18%	12%	7%	9%	8%	9%	15%	17%

FY16-18: ROE jumped from 8.3% to 40.4%, driven by high asset turnover despite a decline. Expansion increased leverage slightly from 1.56 to 1.87, reflecting strategic borrowing. Net profit margins improved from 1% to 4% due to operational efficiencies and a shift to higher-margin products.

FY19-21: ROE fell from 17% to 9.7%, with asset turnover dropping from 0.77 to 0.80 due to capital investments that didn't boost revenue immediately. Leverage rose from 1.27 to 1.75, reflecting increased debt. Net profit margins dropped from 18% to 8% because of higher interest costs and expenses amid slow revenue growth.

FY22-26, ROE rebounded from 9% to 24%, driven by operational efficiencies from a new manufacturing facility. Product diversification into specialty fats and butters and expansion into export markets improved profitability. Better working capital management optimized cash flows. ROE increased to 34% in FY26 because of optimum utilization of capacity and improvement in the margins.

Free Cash Flow to Firm

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
FCFF	0	10	-14	-30	-91	28	-93	8	-193	-90	206
FCF Growth	-96%	2545%	-240%	111%	204%	-131%	-430%	-108%	-2558%	-53%	-328%
FCF as a % of revenue	0%	7%	-6%	-29%	-48%	14%	-33%	2%	-42%	-12%	15%

As the company continues to grow, a steady influx of prudent capital is being invested in the business. Additionally, the company's working capital requirement is substantial and is being managed efficiently.

EQUITY

Equity Table Particular (₹ cr)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity Share Capital	2.2	2.2	7.5	11.1	11.1	11.1	11.9	11.9	11.9	11.9	11.9
No. of Shares			7,549,731	11,127,910	11,127,910	11,127,910	11,919,810	11,919,810	59,599,050	59,599,050	5,95,99,050
Issued Capital	2.2	2.2	7.5	11.1	11.1	11.1	11.9	11.9	11.9	11.9	11.9
Fund Raised			IPO	Prefentiall allotment			prefentiall allotment		Split 2:10		
Reasons			For capex expansion and working capital post listing				₹65 Cr for new capex investment and ₹36.69 Cr for working capital needs				
Investors			Public Investors (Retail, HNI, QIB), Market Maker (1,71,000 shares)	Cipher-Plexus Capital Advisors Pvt. Ltd.			Non-promoter investors like White Oak, Ashoka India, India Acorn etc				
Total Other Equity	10.8	12.2	16.8	92.8	118.9	133.6	256.3	286.4	325.1	450.0	682.9
Share based payment Reserve								0.2224	1.2253	16.57	
Securities Premium				56.9784	56.9784	56.9784	155.5757	155.5757	155.5757	155.5757	
General Reserve											
Retained Earnings			16.7571213	35.8175963	61.9514	76.6217	100.7607	130.5854	168.2871	277.84	
Total Shareholder's Fund	13.0	14.4	24.3	103.9	130.1	144.7	268.3	298.3	337.0	461.9	694.9



APPENDIX — RETURN MATRIX

Manorama Industries

Manorama Industries Ltd has evolved its equity structure strategically to meet expansion needs and engage with capital markets. Starting with an equity base of ₹2 crore until FY17, the company saw significant growth post-IPO in FY18, raising capital for expansion and working capital.

This growth continued with preferential allotments in FY19 and FY22, attracting institutional investors. Notably, FY22 saw a capital infusion of ₹65 crore for capex and ₹36.69 crore for working capital. In FY24, a 2:10 stock split improved liquidity and retail participation. Other Equity increased from ₹11 crore in FY16 to an estimated ₹683 crore by FY26, reflecting strong internal accruals and prudent capital allocation.

DEBT

BORROWINGS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
LONG-TERM BORROWINGS	0	0	0	0	1	16	40	35	71	66	33
Non current portion of long term debt	0	0	0	0	1	16	35	30	61	54	
Current Maturities of Long term Debt	0	0	0	0	0	1	5	6	10	11	
Non current portion of lease liability											
SHORT-TERM BORROWINGS	5	0	18	24	119	70	79	86	296	438	321
Working Capital Loans from Bank	5	0	18	24	119	70	79	86	296	438	321
Lease Liabilities	0	0	0	0	0	0	0	0	0	1	1
Total	₹ 5	₹ 0	₹ 18	₹ 24	₹ 120	₹ 87	₹ 119	₹ 121	₹ 367	₹ 505	₹ 355
CFO before Tax/ Debt	0.4	1552.0	-0.4	-0.2	-0.5	0.5	-0.2	0.6	-0.4	-0.1	1.0
Finance Cost	2	1	2	5	10	10	6	9	20	39	38
Average Cost of debt		34%	20%	25%	14%	10%	6%	7%	8%	9%	9%

From FY15 to FY17, the company had minimal debt, reflecting a conservative financial strategy. However, from FY18 to FY20, borrowings increased to ₹120 Crores, mainly as short-term debt for capacity expansion and working capital. By FY21–FY22, long-term borrowings increased to ₹40 Crores, indicating a shift toward stability. Yet, from FY23 to FY25, total debt surged to ₹505 Crores, with short-term borrowings constituting 91% by FY25, driven by working capital needs and inventory buildup in December 2024.

CARE Ratings upgraded the company's long-term bank facilities to 'CARE A+; Stable' in March 2026 due to improved operational and financial metrics.

Additional Information

Auditors:

Manorama Industries Limited has consistently maintained a record of unmodified (unqualified) audit opinions across its financial history, with statutory auditors affirming that the financial statements provide a "true and fair view" in accordance with applicable accounting standards.



Disclosure Document – Trinetra Asset Managers

The particulars provided in this Disclosure Document have been prepared in accordance with the provisions of the Securities and Exchange Board of India (Research Analysts) Regulations, 2014, as amended from time to time. This Document aims to offer essential information about the research and recommendation services offered by **Trinetra Capital** (hereinafter referred to as “Research Analyst”) to assist prospective clients in making an informed decision before subscribing to such services.

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Manorama Industries

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