Sector: Other Food Products **RESULT REVIEW Q1FY27** **Declared On: 13 Aug 2026**

Manorama Industries Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1901	120.0	Accumulate	Rs2100	10%

**as on 18th Aug, 2026*

About the Company:

Established in 2005, Manorama Industries Limited (MIL) is one of the leading fully integrated manufacturer of plant-based specialty fats and butters derived from exotic forest seeds. These ingredients are primarily used by global luxury chocolate, confectionery, bakery, dairy and cosmetics companies as a substitute to cocoa butter and other specialty fats. MIL is the only company in the world which offers all these exotic fats under one basket utilizing various types of exotic forest based raw materials. The company is a customized solution provider which is involved in selling specialty fats modified via processes such as fractionation and inter-esterification. MIL serves ~150+ customers, with ~80 of them being global clients. The company has a reputed and diversified customer base spread across the globe (Fortune 500 companies) serving major international brands like The Body Shop International Ltd, Mondelez International Inc., Mondelez India Foods Pvt. Ltd., AAK Denmark, Ferrero International SA, Mars Inc, Nestle, Hershey's, etc. The company has successfully established a strong presence in diverse markets, including Asia, Africa, EU, North America, South America and Australia. The global network of MIL has a total of 9 subsidiaries with 7 newly established subsidiaries in West Africa. Mr. Ashish Saraf is the MD & Chairman, Mrs. Vinita Saraf is the Vice Chairperson & Whole Time Director.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 39.5% to Rs4,040mn as compared to Rs2,896mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 26.3% as compared to 25.8% in the comparative quarter last year
- The company reported profit of Rs787mn as compared to Rs469mn in the same quarter last year
- The EPS for the quarter stood at Rs13.17 as compared to Rs7.87 in the corresponding period of last year

Conference Call Highlights:

- The company has delivered strong results for the quarter under review largely driven by **volume growth** which contributed ~85% growth on a y-o-y basis coupled with **favourable product mix** where higher fractionation utilisation supported the much-needed balance. The gross margins typically remain in the range of ~45-50%, although quarterly movements can occur because of freight timing and by product realisation
- The revenue expansion highlights the **global demand** for the company's specialty fats and CBE portfolio. The domestic export mix was 40:60 in Q1FY27. The higher other expenses in Q1FY27 reflected the higher freight and container costs. The other income included ~Rs130mn of forex gains and ~Rs30mn of FDR income. The company has successfully completed Rs5bn QIP on 02nd July, 2026, which allotted 34,01,360 shares at Rs1,470 per share
- The global demand for CBE and sustainable plant based fats continues to outpace supply, as major chocolate and confectionery manufacturers substitute the expensive cocoa butter. MIL occupies a highly specialized niche by procuring tree-borne seeds from tribal collectors in India and direct networks in Africa, enabling them to service major global cosmetics and food conglomerates under long-term contract structure
- In terms of the **raw materials**, Shea procurement for FY27E has largely been completed, while Sal, mango and other exotic seeds are being procured domestically. The raw-material pricing remains broadly stable, with inflation passed through while determining finished-product pricing. Raw-material costs are expected to remain at ~50% of the overall sales. On the **sourcing** from Africa, the company has sourcing operations across multiple African geographies, limiting dependence on any single country. Management indicated that temporary restrictions in individual markets such as Nigeria are unlikely to materially affect overall sourcing
- In terms of **capacity utilization**, fractionation capacity operated at ~80% utilisation during the quarter while the Management expects ~80-85% utilisation for FY27E, supported by healthy demand and progressive capacity ramp-up
- The company is undertaking **debottlenecking** of its existing capacity, while simultaneously building new solvent fractionation & refinery capacity in India coupled with extraction/expelling capacity in Burkina Faso
- With regard to **capacity addition**, of the planned 12,000MT debottlenecking; 7,500MT has already been operationalised, while the remaining ~4,500MT is targeted to come online by Q3FY27, taking the total fractionation capacity to ~52,000MT. The Management remains focused on increasing value-added contribution through premiumization and product innovation. The overall **Rs4.6bn capex programme** is targeted for completion by Q3FY28

Conference Call Highlights (contd.):

- For FY27E, the **total capex** spend is expected to be ~Rs2250-2500mn, where ~Rs700mn has already been spent, including ~Rs200mn during Q1; thus implying ~Rs2200mn of additional capex spending during FY27E
- MIL has acquired **~10 hectares/24 acres in Burkina Faso** for a shea-nut and mango-nut processing facility where the regulatory approvals are currently in progress. The company expects this project to improve efficiency and meaningfully support the bottom line
- The overseas subsidiaries continue to incur operating costs, with West African entities largely functioning as sourcing vehicles and Brazil remaining in the build-out phase. The consolidated margin drag is expected to reduce as these operations scale-up and eventually become contributors. Brazil remains in the trial production phase, and the Management expects meaningful commercialisation progressively; MIL sees a sizable opportunity here. In Burkina Faso, the proposed Shea processing facility entails ~Rs1.2bn capex, with Management targeting a payback period of ~3 years after commissioning. The facility is expected to improve sourcing economics, operating efficiencies and profitability
- The company has incorporated a wholly-owned subsidiary, **Manorama Savannah Agro Chad SARL**, in Chad on 20th July, 2026, to strengthen West African sourcing
- The Management has clarified that **Dekel's** processing facility is primarily intended to process material that goes to Manorama India, with production originating from the Indian plant
- One of the most important strategic initiatives undertaken by the company is venturing into **enzymatic cocoa butter equivalent (ECB)**. This technology involves converting liquid oil fractions into harder fractions using enzymes, enabling MIL to manufacture a cocoa butter alternative product from existing raw materials. The products can address applications in chocolate, confectionery and HORECA. This appears as a part of the forward integration initiative as it will allow the company to extract greater value from existing raw materials and by-products. The company is also exploring interesterification technology to convert olein and other co-products/by-products into additional specialty fats and butters. MIL is trying to increase the **value addition** from the existing raw material basket rather than relying solely on incremental raw material procurement

Financials:

Performance (Q1FY27)							
Q1FY27 Result (Rs mn)	**Jun-26**	**Jun-25**	**y-o-y**	**Mar-26**	**q-o-q**	**FY26**	**FY27E**
Total Revenue	4040	2896	39.5%	3913	3.2%	13667	16236
EBITDA	1062	747	42.2%	975	9.0%	3613	4303
Other Income	162	58	-	(71)	-	104	508
Interest	99	93	7.0%	94	5.6%	379	395
Depreciation	62	57	7.6%	74	(17.1%)	257	270
Exceptional Items	0	0	-	0	-	0	0
Tax	277	185	49.2%	211	31.0%	832	1115
Net Profit	**787**	**469**	**67.6%**	**525**	**49.9%**	**2249**	**3030**

Outlook and Recommendations:

The company has reported good performance for the quarter under review, which is primarily driven by volume growth, richer/better product mix, higher utilisation of the fractionation capacities, operational efficiencies and operating leverage. The results reinforce the strong positioning of MIL within the global specialty ingredients market. The Management expects a sustainable Ebitda margin of ~25-27%, while overseas subsidiaries should increasingly contribute as they scale. The operating leverage from the upgraded processing facilities is successfully countering marginal margin pressures, ensuring PAT margins of 19.5%. Strong demand for sustainable CBE and exotic specialty fats continues to drive growth momentum for the company. The Management remains confident of further operating leverage from higher utilisation, sourcing efficiencies and premiumisation, while losses at overseas subsidiaries are expected to moderate as Brazil and West African operations mature and commercial volumes scale-up. With capital dilution behind it and strategic African sourcing assets coming online, the company is structured to deliver sustainable, volume-led earnings growth over the fiscal year.

Outlook and Recommendations (contd.):

The newly-completed QIP (Rs5bn) significantly strengthens the BS, providing strategic capital to execute upcoming capex and inventory cycles. This capital buffer, coupled with aggressive backward integration in West Africa (which would shorten the transit times and lower the freight costs), positions the firm uniquely to capture rising global confectionery and cosmetic sector demand. The key growth drivers for the company includes ~4,500MT incremental capacity through debottlenecking in FY27E, taking fractionation capacity to ~52,000MT, with ~80% utilization targeted in FY27E. The company is projecting the CBE to contribute ~30% of revenue and value-added mix accounting for ~70-75% of sales, supporting the strategy of continued premiumization. The expansion of the West African sourcing network, including Chad, can strengthen the raw material security and supply chain integration. The gradual upgradation of the Rs4.6bn capex programme is progressing well where the solvent fractionation and refinery facilities targeted are expected to be commissioned by Q3FY28. Considering the consistent and strong growth reported by MIL, we have upgraded our estimates/projections. The stock has already breached our target price of Rs1695 and we upgrade the same to Rs2100.

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