BP Wealth | STOXBOX

# MANORAMA INDUSTRIES LIMITED

## SHINING STAR SERIES

# Manorama Industries Ltd.

**Buy**

BP WEALTH

**Sector: FMCG** | **06th January, 2026**

## Investment Thesis

- ⇒ **Capacity expansion across process infrastructure enables multi-year growth visibility**
- ⇒ **Niche and high-value product portfolio ensures pricing power and customer stickiness**
- ⇒ **Export footprint expansion along with HoReCA market entry, new levers for sustaining business growth**
- ⇒ **Integrated manufacturing model driving structural margin advantage**

## Company Background

Manorama Industries Limited (MIL) is a leading global player in the specialty fats and butters segment, with a differentiated capability in producing cocoa butter equivalents (CBE) and value-added plant-based ingredients sourced from tree-borne seeds. Established in 2005, the company has built a niche positioning by leveraging underutilized forest resources such as Sal, Shea, Mango Kernel, Kokum, and Mowrah, to manufacture high-quality, sustainable inputs for end markets including chocolate and confectionery, cosmetics, bakery, and HoReCa. Its integrated sourcing-to-processing model focus on traceability and long-standing relationships with global FMCG and chocolate manufacturers, thereby reinforcing its competitive moat and supporting long-term growth visibility. During H1FY26, the company achieved a notable reduction in working capital days and debt levels, driven by efficient inventory management, disciplined financial controls, and strong operating cash flows. These initiatives not only strengthened the balance sheet but also enhanced overall capital efficiency, resulting in a healthy improvement in return ratios, with ROCE and ROE rising to 49.9% and 36.9%, respectively. The company has six subsidiaries in South Africa in order to strengthen the sourcing of Shea seeds along with a footprint in Latin America through its wholly owned subsidiary, Manorama Latin America LTDA. The company has also entered into a strategic partnership with DEKEL Agroindustria (Dekel) to produce Cocoa Butter Equivalent (CBE) and specialty fats in Brazil. Manorama will supply specialty raw materials while leveraging Dekel's state-of-the-art facility in Itapolis, São Paulo. This marks Manorama as the first global CBE producer to manufacture in Brazil, with production expected to commence in November 2025. Additionally, the company has signed an MoU with the Government of Burkina Faso to establish a new factory for processing Shea Nuts and Mango Kernels through its proposed wholly owned subsidiary, Manorama Burkina Industries SA, aligning with Burkina Faso's industrialization policy and sustainable development goals. The company has also signed an MoU with the Government of Chattisgarh on 1 March 2025, which will pave way for new projects, innovations and driving growth.

### Company Overview

| Product | % of revenue | Usage |
|---|---|---|
| Stearin | 45% | Enhances texture in biscuits and cookies. Controls crystallization in chocolates and adds gloss. |
| CBE | 27% | CBE is vital in the chocolate and confectionery industry as it improves product stability, extends shelf life, enhances texture, and reduces production costs. |
| Oelin | 12% | Used in soft confectionery centre filling, chocolate spreads, bake-stable bakery products, and ice cream. |
| De oiled cake | 5% | Consumed as livestock feed, primarily for cattle |
| Others | 11% | - |

*Source: Company Reports, BP Equities Research*

### Stock Rating

| BUY | HOLD | SELL |
|---|---|---|
| | | |
| > 15% | -5% to 15% | < -5% |

**Sector Outlook** Positive

### Stock

| | |
|---|---|
| CMP (Rs.) | 1,338 |
| Target Price (Rs.) | 1,736 |
| BSE code | 541974 |
| NSE Symbol | MANORAMA |
| Bloomberg | MANORAMA.IN |
| Reuters | MNOR.BO |

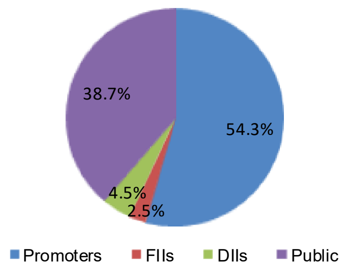
### Key Data

| | |
|---|---|
| Nifty | 26,179 |
| 52 Week H/L (Rs.) | 1,760.0 / 740.5 |
| O/s Shares (Rs. Crs.) | 6 |
| Market Cap (Rs. Crs.) | 8,000 |
| Face Value (Rs.) | 2 |

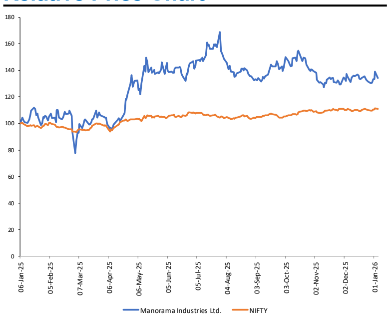
### Average volume

| | |
|---|---|
| 3 months | 1,06,675 |
| 6 months | 1,49,671 |
| 1 year | 1,42,519 |

### Share Holding Pattern (%)




### Relative Price Chart





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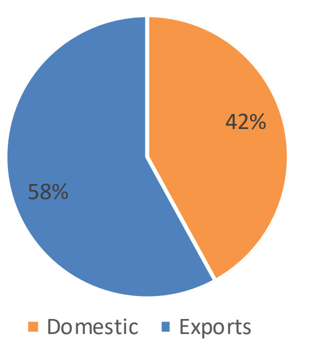
## Manorama Industries Ltd.

### Revenue-wise Geographical Split (H1FY26)

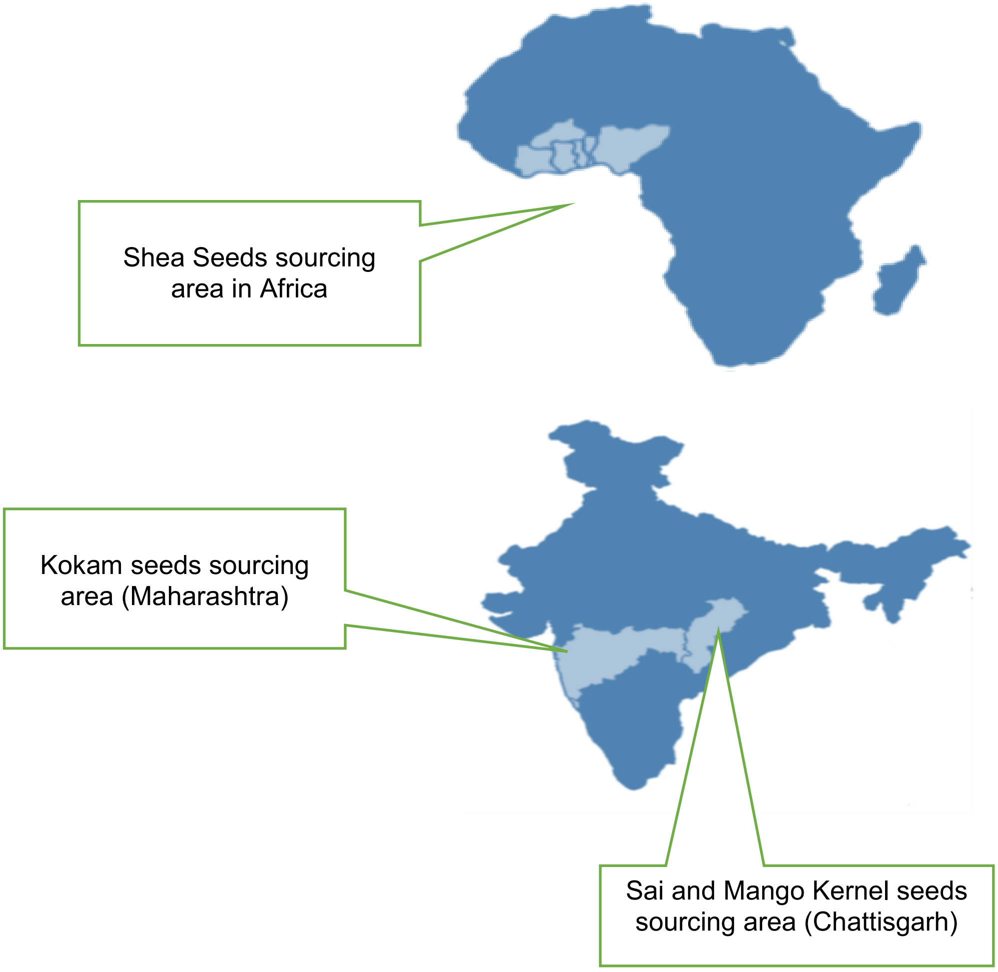



*Source: Company Reports, BP Equities Research*

### Esteemed Clientele

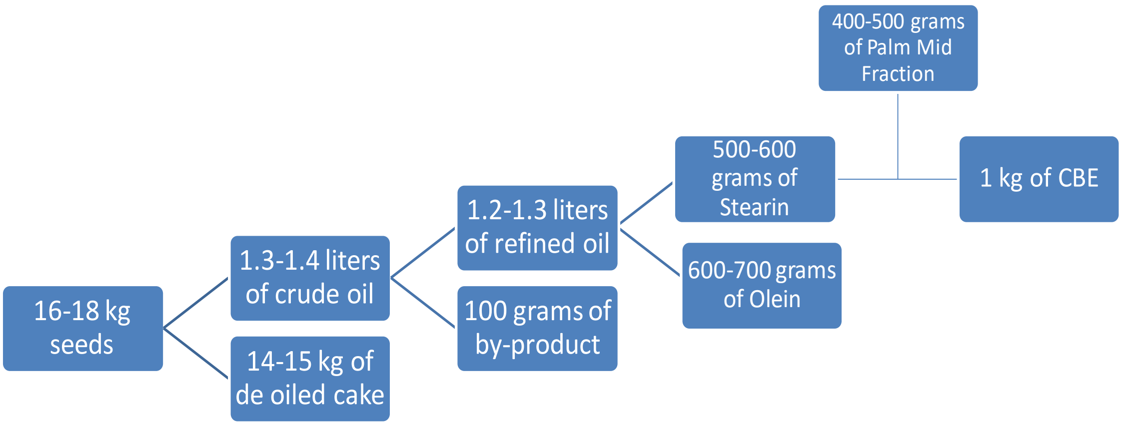

*Source: Company Reports, BP Equities Research*

### Proximity to Indian tribal areas in Chhattisgarh & Maharashtra and long term B2B partnership in West Africa are MIL's competitive advantage over European peers




*Source: Company Reports, BP Equities Research*

### 100% sustainable production process of CBE and Stearin




*Source: Company Reports, BP Equities Research*

## Investment Rationale

### Capacity expansion across process infrastructure enables multi-year growth visibility

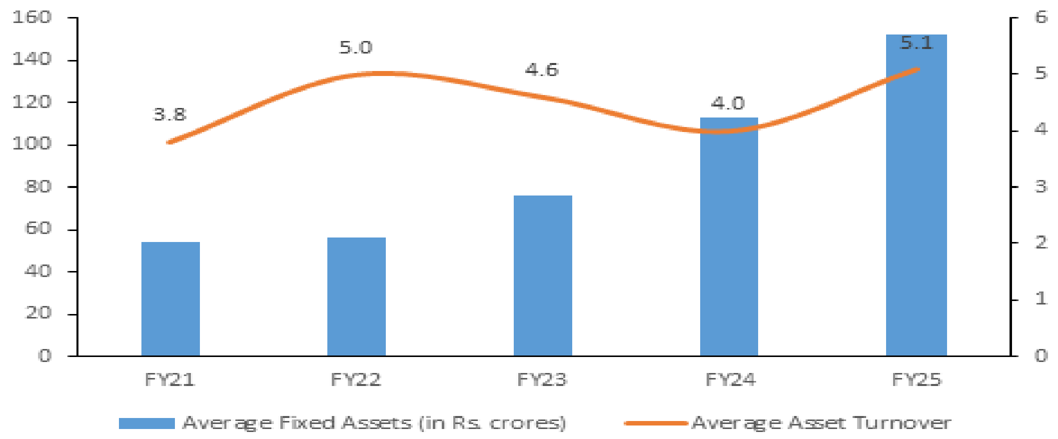
Manorama has undertaken a major scale-up of its processing infrastructure across milling, solvent extraction, refining, interesterification and fractionation in recent years. The commissioning of the 25,000 TPA fractionation plant in FY25 increased total fractionation capacity to 40,000 TPA, representing a 2.7x jump from the earlier 15,000 TPA level in FY24. While the company operated this expanded capacity at 62.5% utilization in FY25, utilization accelerated sharply to 80-85% during H1FY26, reflecting strong demand traction and rapid operational stabilization. Management has further guided for a 30% capacity expansion, which will take fractionation capacity from 40,000 TPA to 52,000 TPA. At this enhanced scale and healthy utilization, the business has the potential to deliver revenues in the range of Rs. 1,800–2,000 crores over the next few years. Importantly, Manorama's robust upstream capacities, seed milling (90,000 TPA), solvent extraction (90,000 TPA) and refining (45,000 TPA) provides a strong and reliable feedstock base to support the ramp-up in specialty fat and CBE production. As utilization improves, operating leverage is kicking in meaningfully. This is already visible in the recent Q2FY26 performance, where EBITDA margins expanded to 27.1%. The enhanced refining, fractionation, blending and packing capabilities are also structurally shifting the product mix toward higher-margin specialty fats, butters and CBEs, reducing dependence on lower-value by-products. Furthermore, the company's recent land acquisition adjacent to its current facility and its strategic ventures in Africa and Latin America will deepen global sourcing capabilities, strengthen customer reach and support the next leg of scale-driven growth.

*"The management has given a guidance for a 30% expansion of fractionation capacity from 40,000 TPA to 52,000 TPA."*

**Capacity expansion over last 5 years**


*Source: Company Reports, BP Equities Research*

**Expansion leading to improved asset turnover ratio**




*Source: Company Reports, BP Equities Research*

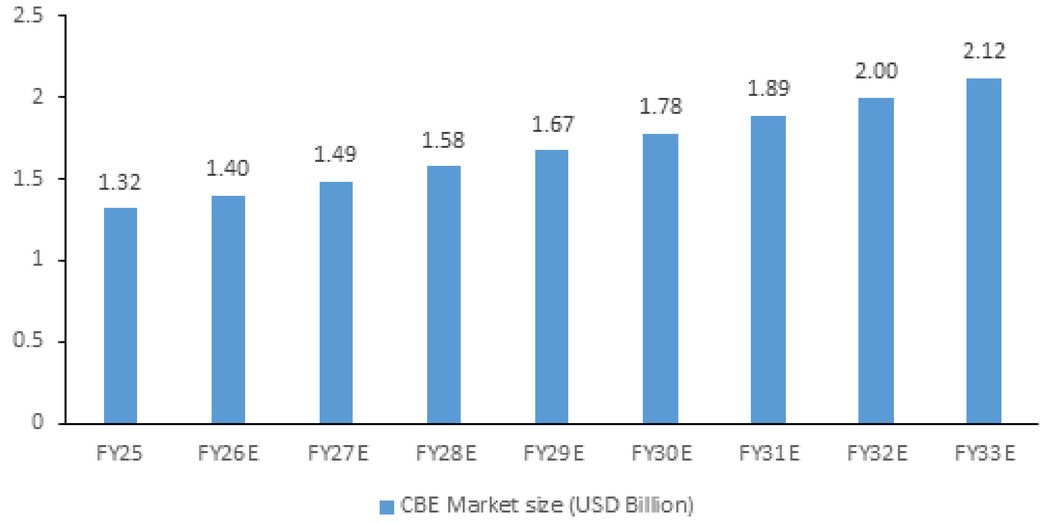
## Manorama Industries Ltd.

### Niche and high-value product portfolio ensures pricing power and customer stickiness

Manorama operates in a highly specialized and premium segment of the global oils and fats industry, focusing on exotic, rare and high-functionality fats such as sal, mango kernel, shea, mahua and kokum. These raw materials are difficult to procure and require deep sourcing networks, creating strong entry barriers. The company converts these niche seeds into value-added specialty fats and butters such as cocoa-butter equivalents (CBE), customized mid-fractions, cosmetic-grade butters and tailored blends used by global confectionery, chocolate, cosmetics and personal-care companies. As these products directly influence critical attributes like melting behaviour, gloss, stability and texture, customers prioritize quality and consistency over price, thereby giving Manorama pricing power and structurally superior margins compared to commodity oil players. Furthermore, specialty fats are tightly integrated into a customer's formulation, making supplier switching extremely difficult due to long qualification cycles, regulatory approvals and performance consistency requirements. This results in strong client stickiness and repeat business from global FMCG and confectionery majors. The company's advanced capabilities in fractionation, interesterification and refining allow it to produce high-value, custom formulations that command significantly higher realizations than standard edible oils. With rising global demand for cocoa-butter alternatives, sustainability-linked sourcing, and premium cosmetic ingredients, Manorama is positioned at the intersection of multiple favourable industry trends. This unique product positioning, combined with limited global competition, makes its portfolio genuinely niche, high-margin and strategically valuable.

*"Emphasis on CBEs, customized fractions, and cosmetic-grade butters results in higher realizations and favourable mix."*

**US market revenue grew at a CAGR of 27% during FY2018-25 period**




*Source: Company Reports, BP Equities Research*

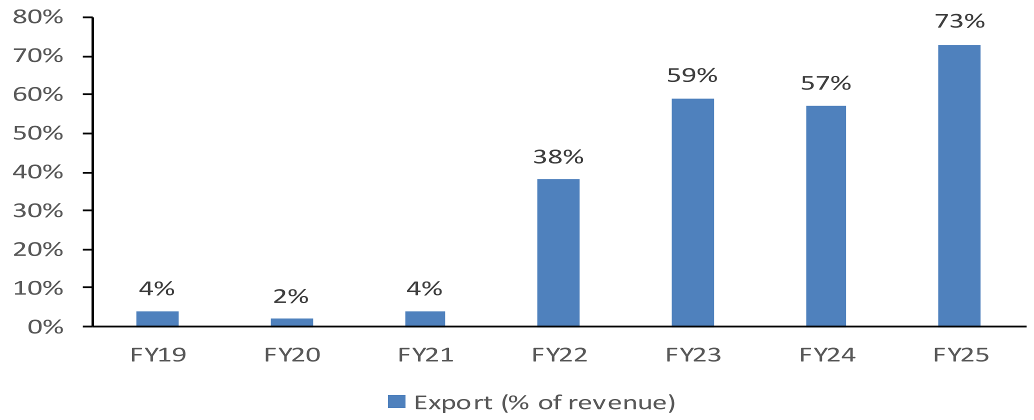
# Manorama Industries Ltd.

## Export footprint expansion along with HoReCA market entry, new levers for sustaining business growth

Manorama's increasing export mix has emerged as a significant structural positive, strengthening both its revenue quality and margin profile. Over the past few years, the company has steadily grown its presence across Europe, the US, Latin America and Southeast Asia, catering to global confectionery, chocolate, bakery and cosmetic manufacturers. This diversification has materially reduced dependence on the domestic market and positioned Manorama as a reliable supplier to multinational FMCG companies that demand consistent quality, traceability and sustainable sourcing. Export markets typically offer superior pricing and higher-margin product baskets, especially for cocoa-butter equivalents, mid-fractions and cosmetic-grade butters, enabling the company to achieve better realizations compared to the Indian market. Additionally, the rising contribution from exports provides a natural currency hedge and boosts profitability during periods of INR depreciation. More importantly, global demand for CBE and specialty fats is growing faster than domestic demand, supported by structural cocoa shortages, premium chocolate consumption and sustainability-led procurement changes. As Manorama deepens relationships with large global clients and expands into new geographies, export traction is expected to remain strong, offering multi-year visibility on order flows. This geographic spread also helps smoothen volatility, as weak demand in one region is often offset by strength in another, making the company's earnings profile more resilient and globally aligned. Additionally, Manorama has started addressing the HoReCa segment by introducing smaller pack sizes (25-kg boxes) of olein under its 'Milcolin' brand. This initiative enhances value realization, as it allows the company to extract higher margins from relatively low-value olein output through better packaging, branding, and channel positioning. Currently, Manorama supplies approximately 5-6 KTPA to the HoReCa market and has articulated plans to double volumes over the next two years, providing an incremental, margin-accretive growth avenue.

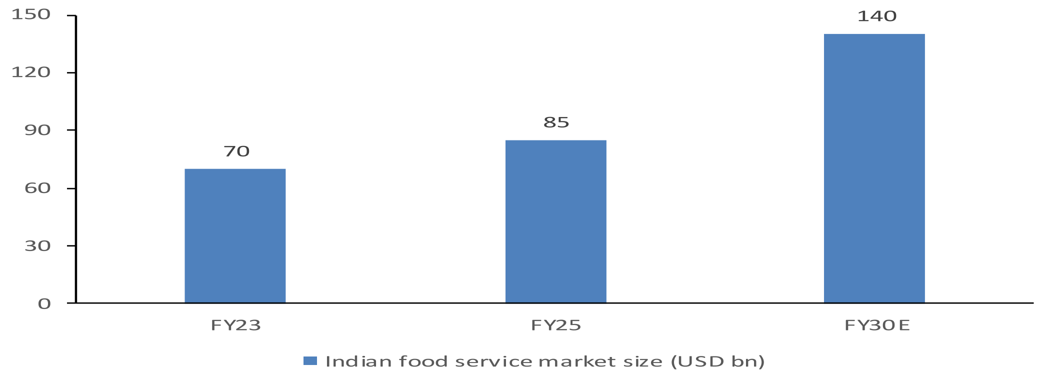
*"Company's entry into HoReCa via 25-kg 'Milcolin' olein packs improves realization through branding and packaging of low-value output."*

**Exports continue to rise with step up in CBE**




*Source: Company Reports, BP Equities Research*

**Exports continue to rise with step up in CBE**



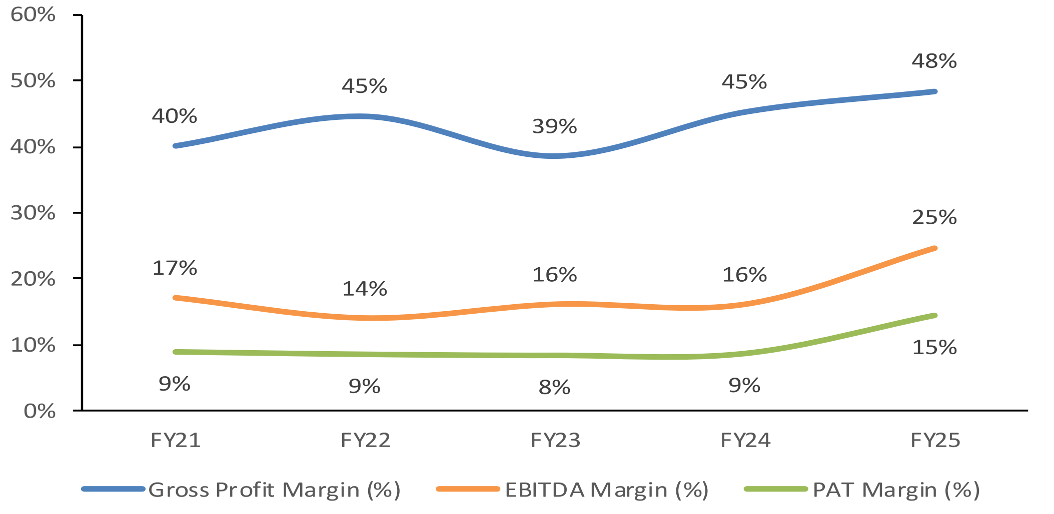

*Source: Company Reports, BP Equities Research*

## Integrated manufacturing model driving structural margin advantage

Manorama's fully integrated manufacturing model is a core differentiator and a key driver of its structurally superior margin profile, clearly distinguishing it from traditional oils and fats processors. The company operates across the entire value chain from seed procurement and primary extraction to refining, fractionation, interesterification, and customized blending, allowing tight control over quality, yields, and costs at every stage of production. This deep integration minimizes wastage, improves conversion efficiencies, and supports consistently higher profitability. Unlike standalone refiners or fractionators that depend on external suppliers for intermediate inputs, Manorama processes raw materials entirely in-house, enabling it to capture value across multiple stages while ensuring stringent quality and consistency standards demanded by global chocolate, confectionery, and cosmetics majors. The integrated setup also provides flexibility to optimize product mix in real time, depending on demand conditions and margin profiles, thereby enhancing overall returns. Importantly, integration enables the company to develop highly customized formulations, particularly for cocoa butter equivalents and specialty mid-fractions, which require precise melting curves, crystallization behavior, and compositional accuracy. This technical capability supports premium pricing, deeper client engagement, and long-term customer stickiness, raising switching costs for customers. Additionally, the elimination of third-party dependency enhances cost efficiency, faster turnaround times, and supply-chain reliability, while also reducing execution and counterparty risks. As capacity continues to scale, the company benefits from operating leverage inherent in the integrated model, with incremental volumes flowing through at higher margins. This is reflected in Manorama's industry-leading EBITDA margins of 25-27%, reinforcing its competitive moat and long-term leadership in the high-value specialty fats segment.

*"Integration is a key driver of Manorama's industry-leading EBITDA margins of ~25–27%, well above traditional oil processors."*

**Expansion in margins due to structural changes**




*Source: Company Reports, BP Equities Research*

# Manorama Industries Ltd.

## Q2FY26 Key Concall Highlights:

### Revenue Guidance & Margin Outlook

- FY26 revenue guidance raised to Rs. 1,150 crores+ from Rs. 1,050 crores, supported by strong performance and sustained business momentum.
- Management reiterated confidence in maintaining EBITDA margins at 25–27%, driven by operating efficiencies and premiumization via new value-added product (VAP) launches.
- Planned Q3FY26 shutdown for maintenance and upgradation to support fractionation expansion; no impact expected on FY26 revenue guidance.

### Product Mix, Utilization & Demand Environment

- Value-added products contribute ~70-75% of revenues, led by Cocoa Butter Equivalent (CBE), stearin, and other specialty fats.
- H1FY26 fractionation utilization at 80-85% on installed capacity of 40,000 TPA.
- End-market demand remains steady from leading international clients across chocolate, confectionery, and cosmetics segments.
- Growth supported by customized solutions and in-house R&D capabilities.

### Capacity Expansion

- Fractionation capacity expansion from 40,000 TPA to 52,000 TPA progressing as planned.
- Incremental capacity expected to become operational from Q4FY26, aiding volume growth and operating leverage.

### Revenue Potential at Peak Utilization

- At 52,000 TPA capacity and 100% utilization, management indicated a ballpark revenue potential of Rs. 1,800–2,000 crores.
- Management clarified this is indicative and not a formal guidance.

### Land Acquisition & Capex Pipeline

- 20 acres of land acquired adjacent to the Birkoni facility; additional land parcels under negotiation.
- Rs. 450 crores capex program planned, over and above the ongoing fractionation expansion.
- Capex funding structure yet to be finalized; projects expected to be commissioned over the next two years.
- Ongoing upgrades and land purchases funded through internal accruals.

### Global Expansion & Backward Integration

- Subsidiaries established in West Africa to strengthen shea nut procurement, with indicative handling capacity of ~70,000 tonnes.
- MoU signed with the Government of Burkina Faso to set up a local extraction and expelling facility as part of backward integration.
- Refining and fractionation to continue in India, ensuring value capture at domestic plants.
- Asset-light entry into Latin America via an agreement with DEKEL (Brazil) to manufacture specialty fats using existing facilities.
- Strategy aimed at rapid scaling without immediate capex and improved regional market penetration.

# Manorama Industries Ltd.

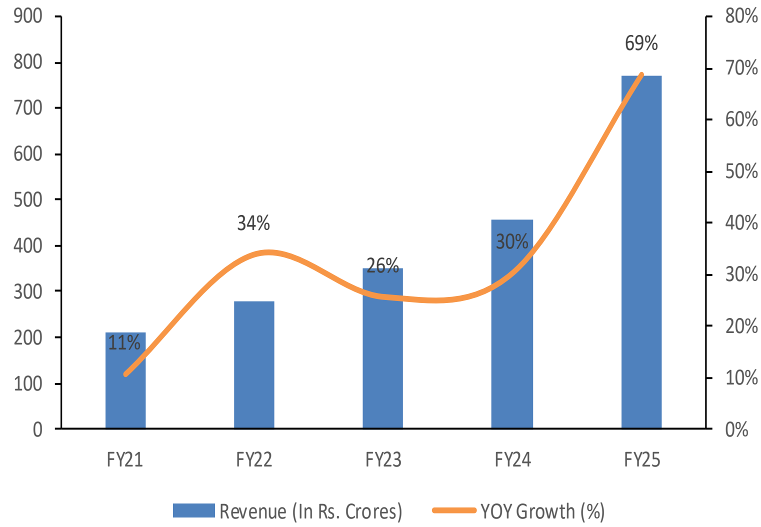
## Valuation & Outlook

Manorama Industries Limited is a leading Indian manufacturer and exporter of specialty fats and value-added agri-based products, with a strong focus on Cocoa Butter Equivalents (CBE), speciality fats, stearins, and customized fat solutions. The company primarily caters to global customers across the chocolate, confectionery, cosmetics, personal care, and food industries, positioning itself as a niche, high-margin player rather than a commodity-oriented edible oil processor. The company's growth visibility is underpinned by ongoing capacity expansion, with fractionation capacity increasing from 40,000 TPA to 52,000 TPA, alongside improving utilization levels and operating leverage. Currently, capacity utilization stands at 80–85% on the 40,000 TPA base, providing near-term headroom for volume growth even before incremental capacity comes on stream. In parallel, the management is focused on broadening the value-added product (VAP) portfolio beyond CBE and stearin, which together account for ~70–75% of revenues. This continued product diversification is expected to support margin expansion and earnings resilience over the medium to long term. The outlook remains constructive, supported by management's upgraded FY26 revenue guidance of Rs. 1,150 crores+ and steady demand from leading global customers, including Mondelez, Nestlé, Hershey's, Ferrero, among others. Structural demand for specialty fats is further reinforced by favorable industry trends, with the global CBE market expected to grow at a ~6.1% CAGR to USD 2.1 billion by 2033, providing a long runway for growth. Strategically, backward integration initiatives in West Africa enhance raw material security and supply-chain stability, while asset-light expansion in Latin America improves proximity to customers and market access without significant upfront capex. Overall, sustained industry demand, a differentiated and expanding product portfolio, scalable capacity, and strong customer relationships provide long-term earnings visibility and growth headroom for Manorama Industries. On the financial front, during FY2023-25 period, MIL's revenue grew at a CAGR of 48.2% to Rs. 771 crores aided by expansion of fractionation capacities from 15,000 MTPA in FY23 to 40,000 MTPA in FY25. During the same period, EBITDA and net profit grew at a CAGR of 83.8% and 94% to Rs. 191 crores and Rs. 94 crores, respectively. Margins also expanded significantly, with EBITDA margin rising by 866 bps to 24.8% and net margin by 605 bps to 14.5%. Collectively, sustained industry demand, a high-value product portfolio, and scalable capacity provide strong earnings visibility. **We, thus, valued Manorama Industries at 32x FY27E EPS, implying a Target Price (TP) of Rs. 1,736 per share, offering a potential upside of 30% from current levels over a one-year horizon.**

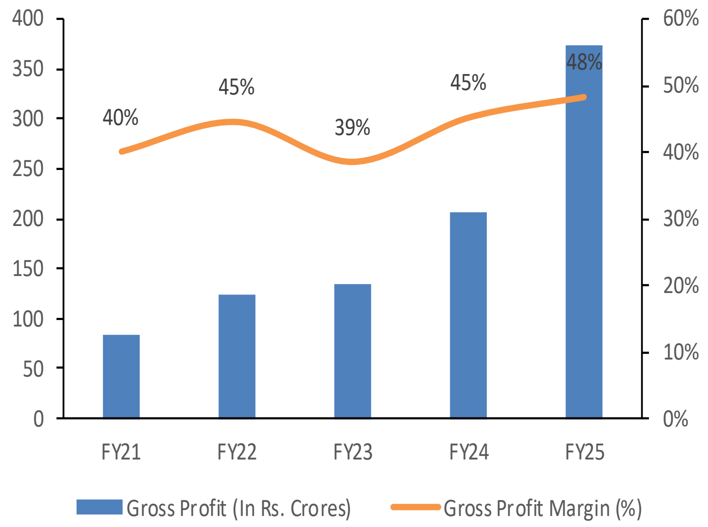
# Manorama Industries Ltd.

## Financials in Charts

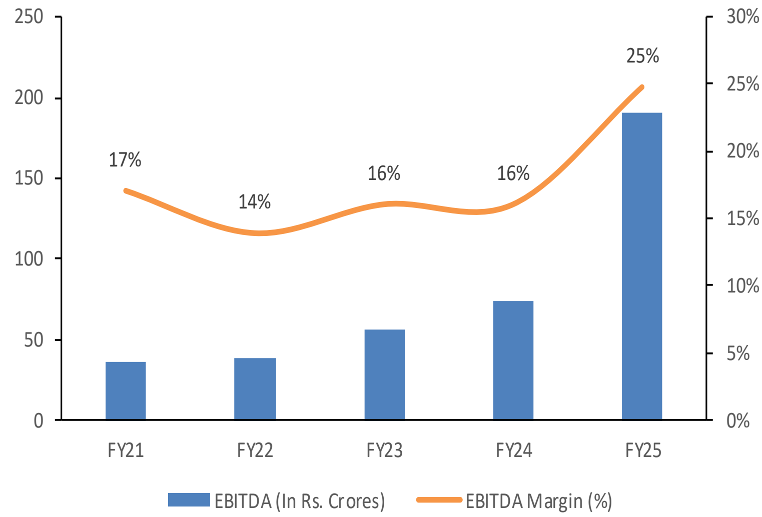
### Topline has seen robust growth



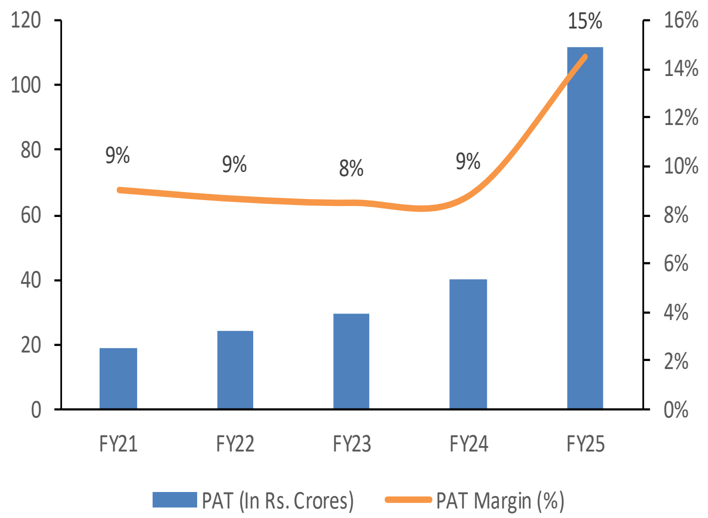

### Gross Margin improved led by cost measures



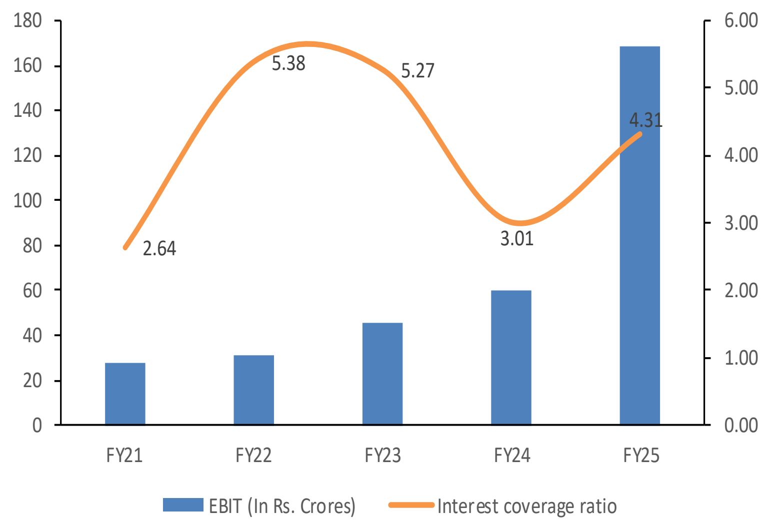

### EBITDA Margin improved driven by higher share of VAP



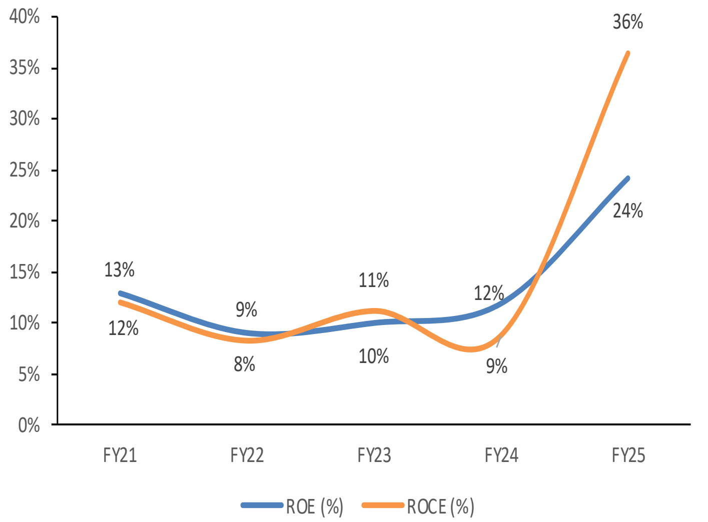

### Profitability improved aided by lower procurement cost




### Maintaining healthy interest coverage ratio




### Strengthening returns reflects better execution




*Source: Company Reports, BP Equities Research*

# Manorama Industries Ltd.

| Key Financials | | | | | | |
|---|---|---|---|---|---|---|
| **YE March (Rs. Crores)** | **FY23** | **FY24** | **FY25** | **FY26E** | **FY27E** | **FY28E** |
| **Revenue** | **351** | **457** | **771** | **1,149** | **1,493** | **2,016** |
| *Revenue Growth (Y-o-Y)* | *25.7%* | *30.3%* | *68.6%* | *49.0%* | *30.0%* | *35.0%* |
| **EBITDA** | **56** | **74** | **191** | **287** | **373** | **504** |
| *EBIT Growth (Y-o-Y)* | *45.0%* | *30.2%* | *159.8%* | *50.0%* | *30.0%* | *35.3%* |
| **Net Profit** | **30** | **40** | **112** | **191** | **324** | **502** |
| *Net Profit Growth (Y-o-Y)* | *23.3%* | *34.7%* | *179.2%* | *70.0%* | *70.0%* | *55.0%* |
| **Diluted EPS** | **5.0** | **6.7** | **18.7** | **31.9** | **54.2** | **84.1** |
| Diluted EPS Growth (Y-o-Y) | (76.0%) | 34.7% | 178.7% | 70.4% | 70.0% | 55.0% |
| **Key Ratios** | | | | | | |
| **EBITDA margin (%)** | **16.1%** | **16.1%** | **24.8%** | **25.0%** | **25.0%** | **25.0%** |
| NPM (%) | 8.5% | 8.8% | 14.5% | 16.6% | 21.7% | 24.9% |
| **RoE (%)** | **10.0%** | **11.9%** | **24.3%** | **29.7%** | **33.8%** | **34.7%** |
| RoCE (%) | 11.2% | 8.8% | 36.5% | 37.7% | 34.2% | 31.7% |
| **Valuation Ratios** | | | | | | |
| **P/E (x)** | **268.1x** | **199.1x** | **71.4x** | **41.9x** | **24.7x** | **15.9x** |
| EV/EBITDA | 143.4x | 113.3x | 41.8x | 27.9x | 21.4x | 15.8x |
| **P/BV (x)** | **26.8x** | **23.7x** | **17.3x** | **12.5x** | **8.3x** | **5.5x** |
| Market Cap. / Sales (x) | 22.8x | 17.5x | 10.4x | 7.0x | 5.3x | 4.0x |

## Key Risks

### Highly seasonal and time-bound seed procurement window

Manorama Industries operates within a very narrow 25-30 days procurement window for key seeds. If the company fails to secure adequate raw material during this short cycle due to factors like weather disruptions, supply constraints, or logistical challenges, it cannot immediately replenish stocks and must wait an entire year for the next procurement season. This exposes the business to raw-material volatility, potential capacity underutilization, and margin pressure.

### Funding and balance sheet risk

The funding structure for the Rs. 450 crores capex is yet to be finalized. A higher reliance on debt funding could increase leverage, interest costs, and pressure on return ratios, particularly if cash flows do not scale up as anticipated during the ramp-up phase.

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## Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil**

**Analyst (s) Certification:**

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