

Result Update

Q4 FY26

Manorama Industries Ltd.

Institutional
Research

Strong Growth Momentum Continues; Strategic Capex and Global Expansion Reinforce Long Term Compounding Story

Manorama Industries reported a strong operational performance in Q4FY26, with consolidated revenue rising to Rs. 391.3 crores, registering a robust 68.1% YoY growth and 7.9% QoQ growth, driven by sustained global demand for specialty fats and butters, higher contribution from value-added products, and improved capacity utilization across its expanded processing facilities. EBITDA for the quarter stood at Rs. 84.5 crores (up 38.1% YoY / down 18.8% QoQ), translating into an EBITDA margin of 21.6% (down 469 bps YoY / down 711 bps QoQ), reflecting margin contraction due to higher cost inventory consumption, elevated raw material prices driven by inflationary pressures and initial losses in overseas subsidiaries, particularly the LATAM business. PAT for the quarter came in at Rs. 42.4 crores (up 6.1% YoY / down 41.2% QoQ), with a PAT margin of 10.9% (down 634 bps YoY / down 908 bps QoQ), largely due to lower other income, higher depreciation and increased tax outgo. During the quarter, the company further strengthened its global platform through the commencement of commercial production under its strategic partnership with DEKEL in Brazil and continued progress on its Rs. 460 crores phased capex program spanning Cocoa Butter Alternatives, solvent fractionation, refinery expansion and a new processing facility in Burkina Faso. Management remains optimistic about FY27, supported by strong customer additions, deepening backward integration in Africa, expanding geographic presence in Latin America and MENA, and a robust order pipeline that provides healthy visibility for sustained growth and long-term margin expansion.

Valuation and Outlook

Manorama Industries continues to stand out as one of the most compelling structural growth stories in the specialty ingredients space, supported by a highly integrated sourcing model, increasing contribution from value-added products, and industry-leading return ratios. Management's confidence in sustaining 25%+ revenue growth in FY27, while maintaining EBITDA margins in the 25–27% range, reinforces the strength and scalability of the business model. The ongoing Rs. 460 crore capex program across forward and backward integration, including the Burkina Faso processing facility and new ESOS/CBA capacities, is expected to materially expand the company's addressable market and strengthen its cost leadership over the next several years. With operating cash flows of Rs. 259 crores, ROE of 40.3%, and ROCE of 33.6%, the company is demonstrating exceptional capital efficiency and has the financial flexibility to fund most of its expansion internally. While near-term consolidated profitability may remain modestly impacted by start-up costs in overseas subsidiaries and forex volatility, these are transitional in nature and should normalize as volumes scale. Given strong execution, improving global customer penetration, and management's confidence in achieving revenues of over Rs. 3,500 crores by FY30, the long-term growth outlook remains highly attractive. At current valuations, the stock continues to merit a premium multiple, supported by robust earnings visibility, superior return ratios, and a long runway for compounding driven by technology-led product innovation and global expansion.

Key Highlights

Particulars (Rs. Crs.)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Net Sales	391	233	68.1%	363	7.9%
Gross profit	167	118	41.5%	174	-4.0%
Gross margin (%)	42.6%	50.5%	-799 bps	47.9%	-531 bps
EBITDA	97	61	59.1%	104	-6.4%
OPM (%)	24.9%	26.3%	-140 bps	28.7%	-382 bps
PAT	52	40	31.0%	72	-27.4%
PAT Margin	13.4%	17.2%	-379 bps	19.9%	-653 bps

Source: Company, BP Equities Research

Sector Outlook Positive

Stock

CMP (Rs.)	1,397
BSE code	541974
NSE Symbol	MANORAMA
Bloomberg	MANORAMA IN
Reuters	MNOR.BO

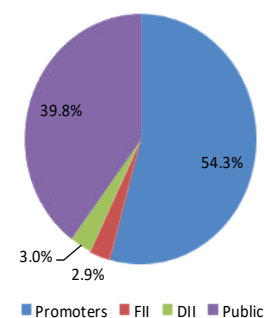
Key Data

Nifty	25,343
52 Week H/L (Rs.)	1,760/1,061
O/s Shares (Crs.)	6
Market Cap (Rs. Crs.)	9,531
Face Value (Rs.)	2

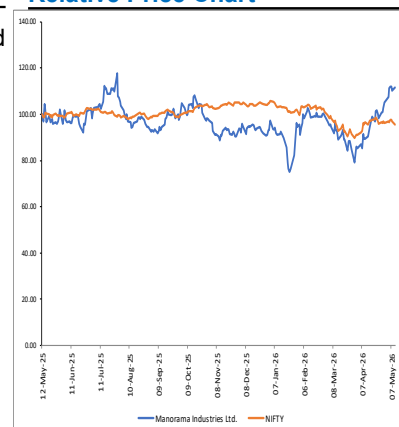
Average Volume

3 months	1,18,673
6 months	1,20,795
1 year	1,47,060

Share Holding Pattern (%)



Relative Price Chart



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Key Concall Highlights

Growth Outlook & Guidance

Management remains highly confident of delivering 25%+ revenue growth in FY27, supported by 20-30% volume growth and an additional 5-10% benefit from price realizations.

Revenue visibility remains strong over the next 4-5 years, driven by debottlenecking, increasing value-added product mix, and phased capacity additions.

The company reiterated confidence in achieving its long-term revenue target of Rs. 3,500+ crores by FY30.

“Management is confident of delivering 25%+ revenue growth in FY27, driven by 20-30% volume growth and 5-10% price-led growth. Management reiterated confidence in achieving its long-term target of ₹3,500+ crore revenue by FY30.”

Margin Outlook

EBITDA margins are expected to remain sustainably within the 25% to 27% range on an annual basis despite temporary fluctuations due to raw material inflation, freight volatility, and forex movements.

Gross margins are expected to be maintained in the range of 45% to 50%, which management considers normal for the business.

Margin expansion over the last few years has been driven by a richer product mix and higher plant utilization.

“EBITDA margins are expected to remain sustainable at 25–27%, while gross margins are likely to stay in the 45–50% range.”

Product Mix & Technology Edge

Cocoa Butter Equivalents (CBE) now contribute around 30% of total revenues compared to around 10% two years ago.

Overall value-added products account for 70% to 75% of revenues, significantly enhancing profitability and reducing commodity exposure.

Management emphasized that the business is technology-driven and formulation-led, with limited direct sensitivity to cocoa butter and cocoa price volatility.

“Value-added products contribute 70–75% of revenues, while CBE alone now accounts for around 30% of sales.”

Capacity Utilization & Volume Growth

Current solvent fractionation capacity utilization stands at approximately 85%, providing strong visibility for near-term growth.

Existing fractionation capacity is expected to increase from 47,500 MT to 52,000 MT through debottlenecking during FY27.

Management is targeting 85% to 90% utilization on the expanded capacity, supporting strong volume-led growth.

“Existing fractionation capacity is expected to increase to 52,000 MT, with utilization targeted at 85-90% in FY27.”

Rs. 460 Crores Strategic Capex Plan

The company announced a phased capex plan of approximately Rs. 460 crores to be executed over the next 2-3 years.

The capex program includes:

- ⇒ 75,000 MT new solvent fractionation facility
- ⇒ Cocoa Butter Alternatives (CBA) and ESOS based forward integration plant
- ⇒ 90,000 MT new refinery expansion
- ⇒ 90,000 MT backward integration processing facility in Burkina Faso

Management expects the forward integration projects to generate asset turnover of more than 6x, indicating strong capital efficiency.

Around Rs. 52 crores has already been spent on the expansion program.

“The company has announced a Rs. 460 crores strategic capex plan over the next 2-3 years to significantly expand capacity and strengthen integration.”

Burkina Faso Backward Integration Project

The Burkina Faso facility will involve an investment of approximately Rs. 120 crores.

The project is expected to reduce logistics costs, improve extraction yields, and strengthen raw material security by processing shea seeds closer to source.

The project is backed by the Government of Burkina Faso through an MOU and is expected to support sustainable margin expansion over the long term.

“The Burkina Faso backward integration project is expected to reduce logistics costs, improve yields, and support long-term margin expansion.”

Working Capital & Cash Flow

Working capital cycle improved significantly to 125 days in FY26 compared to 151 days in FY25.

Operating cash flow stood at Rs. 259 crores during FY26, reflecting strong cash generation.

Management expects to maintain current working capital efficiency levels going forward.

The capex program will be funded primarily through internal accruals and operating cash flows.

“The company generated Rs. 259 crores operating cash flow in FY26 and plans to fund most of the capex through internal accruals.”

Inventory Position

Closing inventory stood at approximately Rs. 710 crores.

Inventory breakup includes:

- ⇒ Raw materials: Rs. 420 crores
- ⇒ Finished goods: Rs. 260 crores
- ⇒ Work-in-progress and others: Rs. 30 crores

Management stated that inventory levels are aligned with business scale and support future growth.

Brazil and LATAM Operations

Operations in Brazil under the DEKEL partnership have commenced and are currently in the early stages of ramp-up.

The arrangement operates on a processing-cost model rather than a profit-sharing model.

Initial losses are attributable to start-up costs and low utilization, with meaningful contribution expected as operations scale.

Overseas Subsidiaries and Consolidated Margins

Nine overseas subsidiaries were established across Africa, Latin America, and other geographies during FY26.

Initial setup costs, employee expenses, and operating overheads temporarily impacted consolidated margins.

Management expects these losses to normalize as revenue scales and subsidiaries reach operational maturity.

“Initial losses from overseas subsidiaries are temporary in nature and are expected to normalize as operations scale.”

Funding and Capital Allocation

The company intends to fund the majority of its capex through internal accruals.

The approved QIP resolution is only an enabling resolution, and no immediate equity raise is planned.

Management remains focused on disciplined capital allocation and maintaining high return ratios.

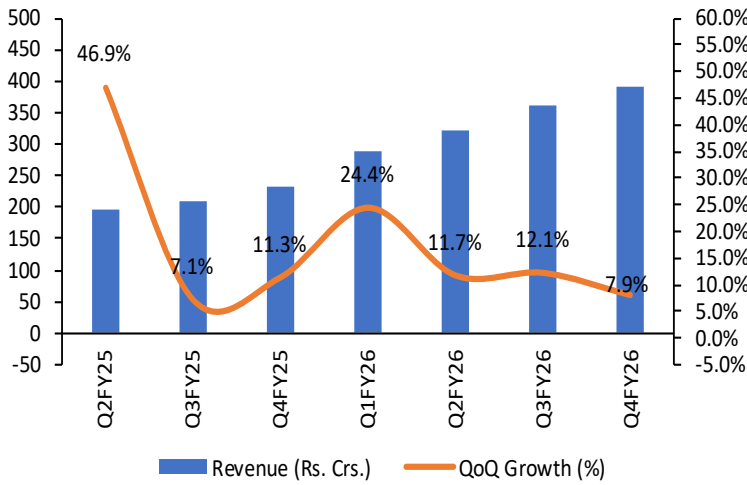
Geopolitical Exposure

Exposure to the Middle East remains limited at 2% to 3% of total revenues.

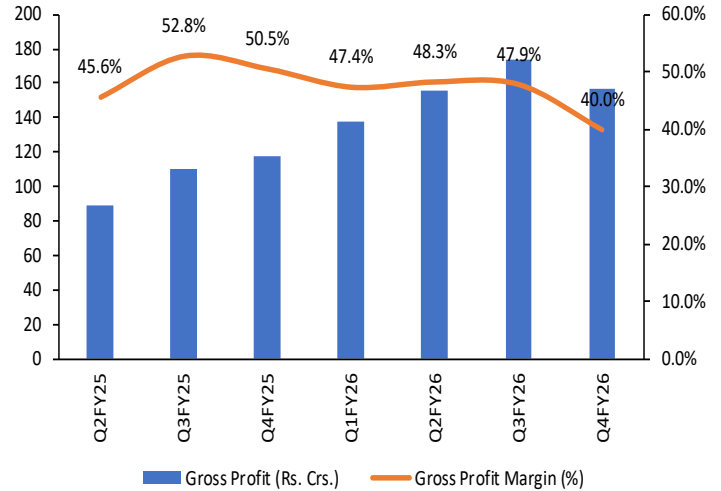
Management expects minimal direct impact from geopolitical tensions, though freight and energy costs may remain volatile.

Quarterly and Business Snapshots

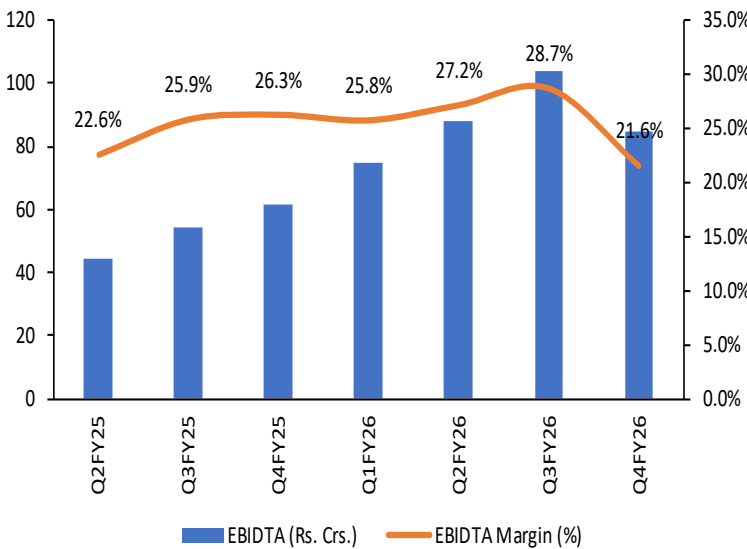
Revenue growth supported by a stronger VAP product mix



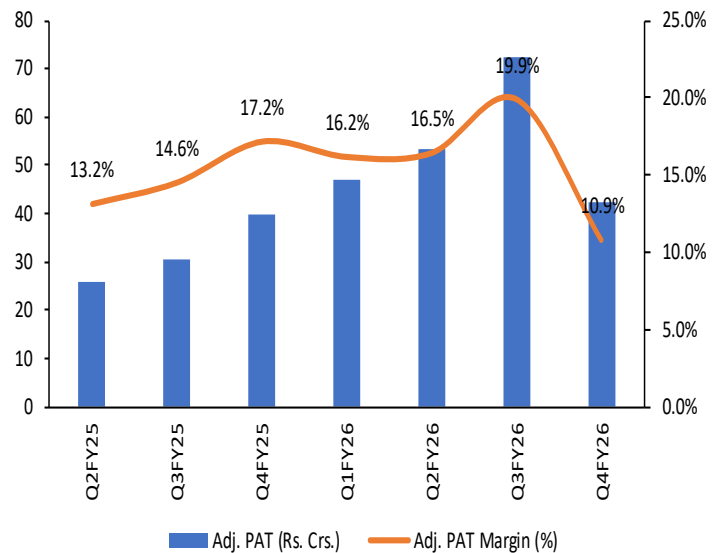
Gross margin to improve in coming quarters



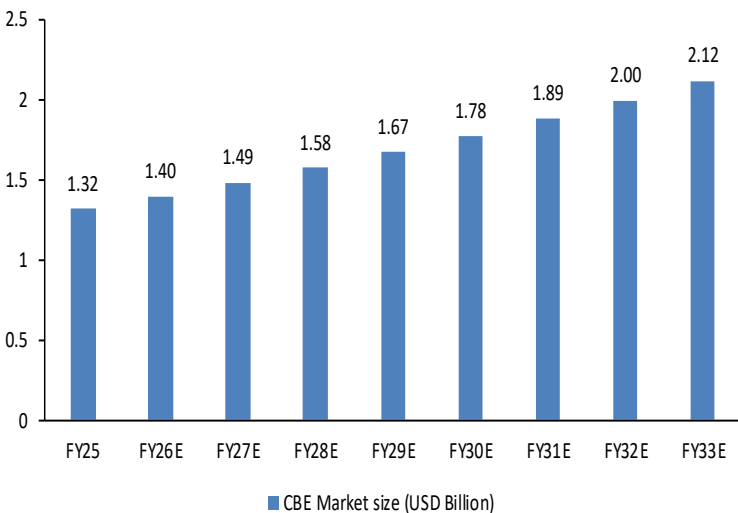
EBITDA margin was impacted by subsidiary losses



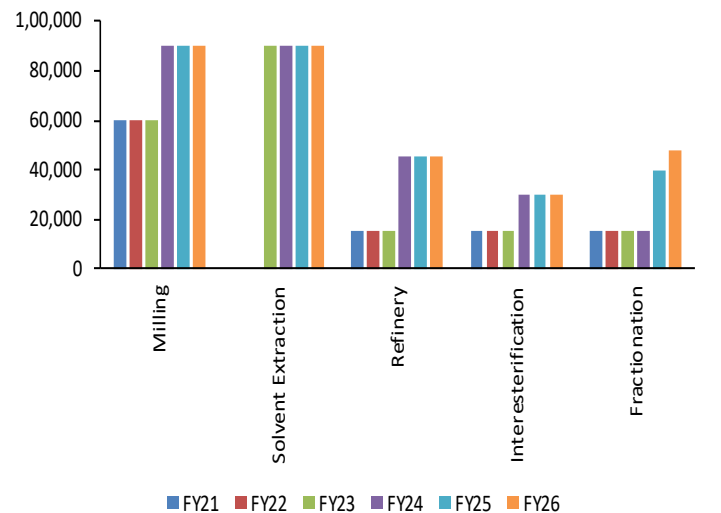
PAT margin was affected by higher tax rates



Demand for CBE to grow at a CAGR of 6.1%



Fractionation capacity expanded by 30% in FY26



Source: Company, BP Equities

Key Financials

YE March (Rs. Crs.)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue	351	457	771	1,358	1,667	2,100
<i>Revenue Growth (Y-o-Y)</i>	25.7%	30.3%	68.6%	76.1%	22.8%	55.0%
EBITDA	56	74	191	368	417	525
<i>EBIT Growth (Y-o-Y)</i>	45.0%	30.2%	159.8%	92.5%	13.4%	26.0%
Net Profit	30	40	112	233	262	324
<i>Net Profit Growth (Y-o-Y)</i>	23.3%	34.7%	179.2%	108.1%	12.1%	24.1%
Diluted EPS	5.0	6.7	18.7	39.1	43.8	54.3
<i>Diluted EPS Growth (Y-o-Y)</i>	(76.0%)	34.7%	178.7%	108.6%	12.1%	24.1%

Profitability Ratios

EBITDA (%)	16.1%	16.1%	24.8%	27.1%	25.0%	25.0%
NPM (%)	8.5%	8.8%	14.5%	17.2%	15.7%	15.4%
ROE (%)	10.0%	11.9%	24.4%	34.2%	27.9%	26.0%
ROCE (%)	11.2%	8.8%	18.0%	33.0%	30.6%	31.2%

Valuation Ratios

P/E (x)	280.0x	207.9x	74.6x	35.8x	31.9x	25.7x
EV/EBITDA	149.6x	118.1x	46.2x	23.6x	20.7x	16.3x
P/BV (x)	28.0x	24.7x	18.1x	12.2x	8.9x	6.7x
Market Cap. / Sales (x)	23.8x	18.2x	10.8x	6.1x	5.0x	4.0x

Source: Company, BP Equities

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