



Manorama Industries Limited



Date: 22nd Feb 2023 | CMP = 1022 | BSE: 541974 | NSE: MANORAMA

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STOCK AT A GLANCE...

- ❑ **Single Phase Buying Strategy = Buy between INR 1020-1050 (CMP = 1022 as on 22nd Feb'23).**
- ❑ **Price Target = INR 1500 in next 12 months & INR 4500+ in next 5 years. It can deliver ~30% CAGR over the period of next 5 years.**

- **MIL incorporated 16 years ago in 2005, Started with extracting butter and fats from Sal seeds and Mango kernel and gradually forayed into exotic products, specialty fats and Cocoa Butter Equivalent (CBE).**
- **Enjoys undisputed leadership as a key supplier to the World's leading Fortune Companies in Food, Chocolate, Confectionery and Cosmetic Industries.**
- **The World's exclusive producer Of Mango based Cocoa Butter Equivalent (CBE), Sal Based CBE, Shea based CBE.**
- **A global pioneer in the manufacturing of Specialty Fats and Butter from Tree Borne and Plant Based Seeds.**
- **Accredited with various global certifications & recognized by GoI as a 'Star Export House' and is a member of FIEO, CII etc..**

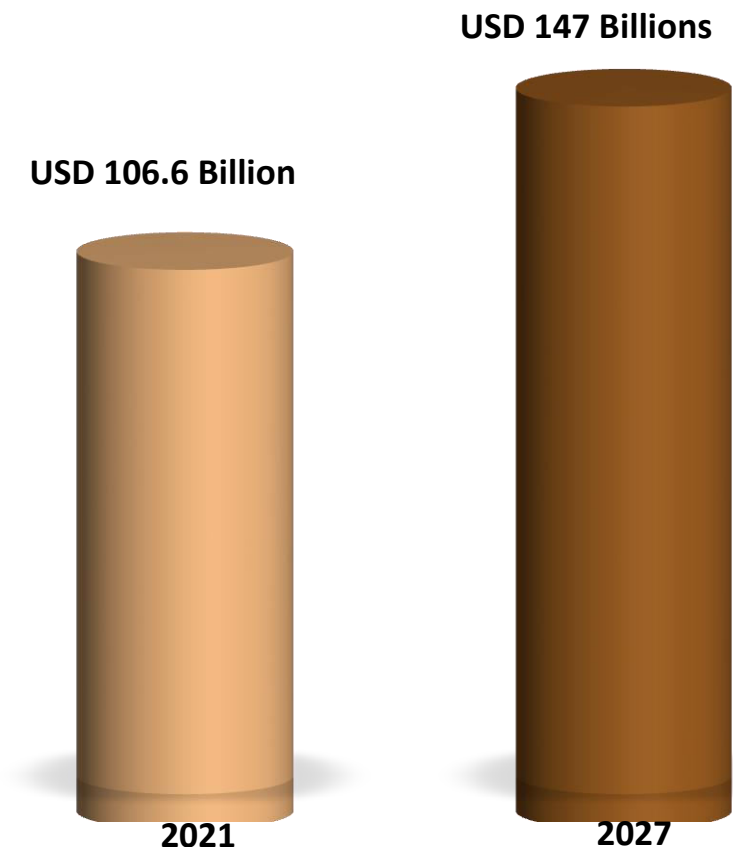
Market Cap: INR 1200 Cr.	Current Price: INR 1022	52 weeks H/L: 1369/821
ROE: 12%	Stock P/E: 47.4	Dividend Yield: 0.00%
ROCE: 13%	Debt to Equity: 0.54	Dividend Payout: 0.00%
Face Value: INR 10	Promoter Holding: 57.3%	Pledged Percentage: 0.00%
Market Cap / Sales: 3.86	Price to Book Value: 4.48	Gross Block: INR 71 Cr.

INDUSTRY OVERVIEW (1/3)

- ❑ Chocolate is one of the most widely eaten foods on the planet. **In 2021, the global chocolate market was estimated to be worth US\$ 106.6 billion. In the projected period of 2022- 2027, the market is estimated to expand at a CAGR of 5.5%, reaching a value of US\$ 147 billion by 2027.** The international chocolate market is divided into four sections: Type (Milk/White Chocolate and Dark Chocolate), Product (Softlines/Selflines, Countlines, Moulded Chocolates, and Other Products), Distribution Channel (Supermarkets/Hypermarkets, Specialist Retailers, Convenience Stores, Online Channels, and Other Distribution Channels), and Geography (North America, Europe, Asia-Pacific, South America, and the Middle East and Africa).
- ❑ North America is expected to have a significant proportion of the chocolate market. The changing lifestyle and increasing consumer spending power in the region are driving market expansion.
- ❑ **The increased demand for chocolates as a vital element in desserts and baked products is also scaling growth in the industry. Manufacturers' new product releases and customers' impulse purchase behaviour across age groups are driving the global chocolate sector.** This might be attributed to the large choice of chocolates available at various price tiers. The utilisation of novel packaging solutions is expected to attract more customers, favourably impacting industry growth throughout the projection period. **Thus, rising disposable incomes and rising consumer living standards are expected to support market expansion.**

Global Chocolate Market

Market forecast to grow at a CAGR of 5.5%

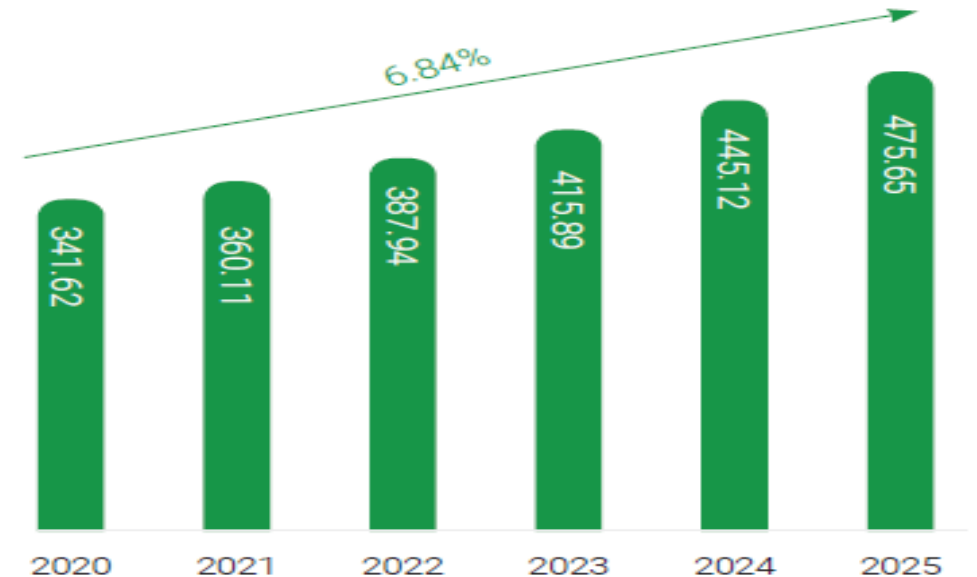


Source: www.expertmarketresearch.com

INDUSTRY OVERVIEW (2/3)

- ❑ The global confectionery market is expected to reach US\$ **387.94 billion in 2022**. Chocolate is now leading the worldwide confectionery industry in terms of product type. The rising popularity can be attributed to the willingness to spend more by the consumers to satisfy their palates, since chocolates and gums are consumed by people of all ages.
- ❑ Furthermore, the **rising demand for dark premium chocolates is expected to boost market growth substantially** throughout the forecast period. Due to the dominance of the chocolate industry in the region and the emerging trend of gifting confectionery products, Europe accounts for a large share of the confectionery industry. Meanwhile, the Asia- Pacific area is expected to develop strongly, owing to rising demand for packaged food items and increased penetration of confectionery products. Due to rising consumer disposable incomes and a fast-growing population across the region, several emerging economies, such as China and India, are expected to grow significantly in the future.
- ❑ Therefore, the worldwide sugar and confectionery products market is predicted to witness a CAGR of 6.84%, from US\$ **341.62 billion in 2020**, to US\$ **475.65 billion in 2025**.

Sugar and Confectionery Products Market size



Source: www.expertmarketresearch.com

INDUSTRY OVERVIEW (3/3)

- ❑ In May 2017, FSSAI allowed the use of 5% CBEs in chocolates from January 1st, 2018. With the positive change in the standards of chocolates, the CBE demand is estimated to grow substantially.
- ❑ India is one of the most important CBE markets with a likely consumption of ~8,000 tons per annum in 2018 & projected go up to ~20,000 tons by 2024.
- ❑ Japan, Russia and other countries of the world Permit the use of CBE & vegetable fat other than cocoa butter more than 10%.
- ❑ If more than 10% is allowed in India, it will open vast opportunities for Manorama & Millions of Tribal of India.

Global Cosmetics and Personal Care Landscape

L'ORÉAL



LUSH FRESH
HANDMADE
COSMETICS

CLINIQUE

MAC



Global Industry Landscape

FUJI OIL



BUNGE
Loders Croklaan

Global Chocolate Landscape



Mondelez
International

FERRERO

Lindt
MAÎTRE CHOCOLATIER SUISSE
DEPUIS 1845

HERSHEY
THE HERSHEY COMPANY

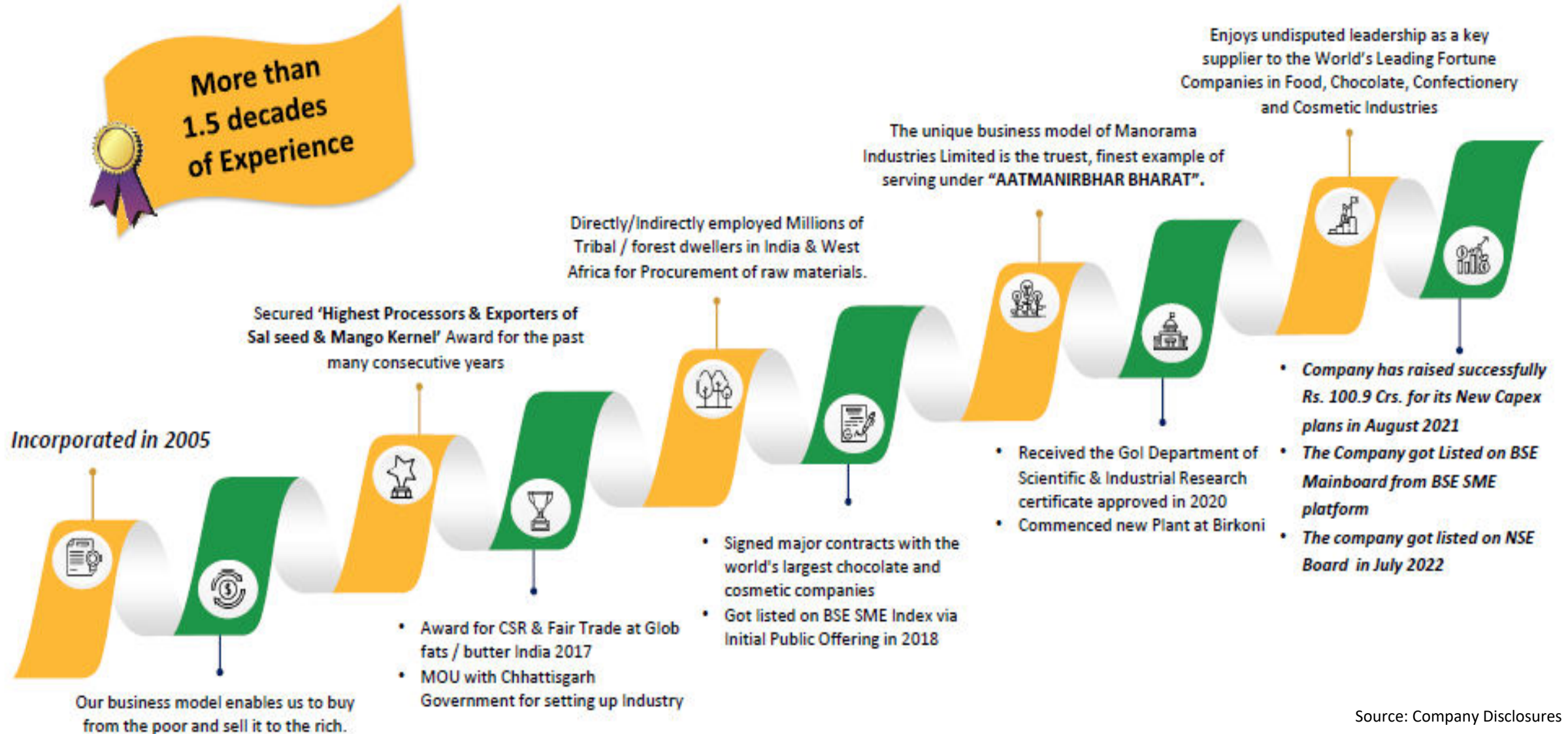
BARRY CALLEBAUT



Nestlé

Source: Company Disclosures

JOURNEY OF MANORAMA...



Source: Company Disclosures

BUSINESS MODEL

Weaving a Revolution - Wealth Out of Waste



Company Source from poor and sell to rich

Source: Company Disclosures

Collecting Nature's Gift to Make Natural Products

Companies business model is entirely nature based, sourcing its entire raw material from forests. No Risk of non-availability of raw material. Trees flower every year and seeds are produced. Available in plenty in India and other Countries. There is limited concentration risk as products derived from trees are renewable and the seeds ripen periodically.



The Cocoa Butter Equivalent (CBE) and Fractionated Fats and Butter supplied by Manorama Industries is ***made from the extracts of tree-borne seeds such as Sal, Mango, Kokum, Mahua, Dhupa, Shea and Illipe.***



The Company sustainably sources tree-borne seeds and plant-based seeds from millions of tribal and forest dwellers, mainly womenfolk across thousands of villages in India, and West Africa directly through multiple collection center's



Our vast supplier network, built over several decades, is well positioned to supply the required raw material to cater to our increased production requirements.

Source: Company Disclosures

Enhancing Capacities for an Expanding Business

Favourable plant location provides an edge in sourcing raw materials and ensuring adequate supply



To meet the huge surge in specialty tailor-made fats and CBE demand, ***the company has set up an integrated state of the art manufacturing plant at Birkoni, near Raipur, Chhattisgarh.*** This includes all processes viz Crushing, Extraction, Refining, Fractionation etc.



The commissioning of the 15,000 tonnes of Refinery, Fractionation plant and the resultant capacity expansion of 25,000 tonnes will make Manorama a leading Indian manufacturer in the global CBE and specialty butter & fats market and will enable the Company to further ramp up its output for the global demand supply gap.

----->----->----->For Capex details refer ----->----->-----> Slide 21



The Company has a distinct sourcing advantage due to its strategic location in the heart of India's forest-region and its strong relationship and network with the local tribal communities, who are well-versed with the forest topography



The plant is ***550 KMs from Visakhapatnam port.***



Upcoming Raipur Visakhapatnam Expressway will reduce the current transportation & logistics time subsequently to just 6-7 Hours and this will ultimately save the fuel & freight cost.

Source: Company Disclosures

KEY PRODUCT COMPONENTS - TREE BORNE SEEDS

Favourable plant location provides an edge in sourcing raw materials and ensuring adequate supply



*Sal seeds
(Shorea robusta)*

- India has the largest Sal forests in the world, Sal seeds are abundantly available from May.
- The Company has a distinct Sal seed sourcing advantage due to its strategic location in the heart of India's forest region and its strong relationship and network with the local tribal communities, who are well-versed with the forest topography.
- The Company is well positioned to source its required Sal seeds through its well-entrenched network.



*Mango kernel
(Mangifera indica)*

- Mango is a seasonal fruit that is amply available across the country during the Indian summer months from May-July.
- The Company directly sources Mango kernel through a dedicated supplier network that relies on collections from thousands of villages.
- Manorama Industries is also exploring avenues to source Mango kernels from pulp industries where Mango seeds are a waste product.



*Shea nuts
(Vitellaria paradoxa)*

- Shea nuts are found mainly in the West Africa region. The collection season is from Sep to Jan.
- The Ghanaian kernels are of the best quality due to their consistently lower free fatty-acid levels, higher butter content, and lower impurities.
- The Company procures Shea nuts from bushes in Ghana through a supply channel consisting of social organizations, women's collectives, village markets, and local traders.



*Palm Oil
(Elaeis guineensis)*

- Grown only in the tropics, the oil palm tree produces high-quality oil used in food products, detergents, cosmetics.
- Palm oil is a very productive crop. It offers a far greater yield at a lower cost of production than other vegetable oils.
- Global production of and demand for palm oil is increasing rapidly. Plantations are spreading across Asia, Africa and Latin America.



*Kokum seeds
(Garcinia indica)*

- The Kokum fruit grows in the forests of the Western Ghats, the Company secures this seeds through local collectors in Raigad, Konkan districts of Maharashtra, and Goa.
- The Kokum seeds are available from Sep to Dec.
- The Kokum seeds yield Kokum fat after crushing and extraction in a solvent extraction plant and the edible refined butter is used as a component in CBE formulation.



*Mowrah seeds
(Madhuca longifolia)*

- This seeds are available from May to Jul and is a rich source of natural soft butter with comparable triglyceride composition as in cocoa butter.
- Sourced from forest floors in Chhattisgarh and Madhya Pradesh, its fat is a key ingredient in the cosmetics industry and for soap manufacturing.
- Because of its composition and compatibility with cocoa butter, Mowrah butter is suitable to be used as an ingredient in centre-filled chocolate products.

Source: Company Disclosures

DE-OILED CACK FOR CATTLE INDUSTRY

Cattle feeds are made from the by-products of de-oiled cake. Manorama has also incorporated the business' by-products into the resource leftovers for the animal feed industry. The Indian cattle feed industry has a large demand potential, and MIL have an opportunity to capitalize on it. This forward integration allows it to complete the whole value chain, further supporting its objective of resource efficiency.

Largest supplier of Cattle feed from the exotic natural tree borne seeds de oiled cakes to Indian cattle feed industry

India is the world's largest consumer of cattle-feed & largest Milk Producer



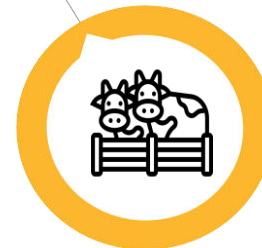
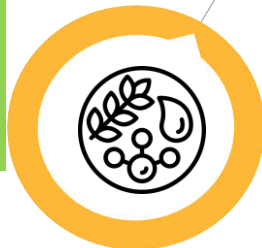
Offering nutrition & protein meals in animal feed and fatty acids for diverse applications



9M FY23 Revenue
contribution from
cattle feed
business
₹ 27.4 crores



The Company has Sizeable presence in the Cattle feed segment



Source: Company Disclosures

KEY PRODUCT PORTFOLIO

Cocoa Butter Equivalent (CBE)

- CBEs are vegetable fats that are made up of the same fatty acids and triglycerides as Coco Butter
- CBEs are developed to have comparable physical and chemical qualities to cocoa butter while also being compatible with it in all proportions without affecting the final product's behaviour
- Fractionation of palm oil yields the middle-melting fraction high in POP, whereas fractionation of exotic fats such as Illipe, Sal, and Shea yields the triacylglycerol cuts rich in POS and SOS.
- These fractionated ingredients are carefully prepared and blended without hydrogenation to generate customised fats that are trans-fat-free and similar to cocoa butter

Sal butter

- The butter content of the Sal seed is 13-14%, and it is abundant in stearic, oleic, and other important fatty acids, making it useful in lotions, creams, and butter mixes.

Sal stearin

- It is the solid fraction of Sal Butter derived by solvent fractionation, which when combined with palm mid-fraction yields Cocoa Butter Equivalent.

Shea Stearin

- It is the solid fraction of Shea butter derived by solvent fractionation, which when combined with palm mid-fraction yields a Cocoa Butter Equivalent.

Mango Butter

- When used in cream and lotion compositions, its fatty acid content, along with the peculiar unsaponifiable substances, helps to preserve smooth and supple skin.

Mango Stearin

- It's made from Mango butter by solvent or dry fractionation, and its composition and physical properties are similar to those of Sal stearin.

Mowrah Butter

- It is extracted from the fruit, which is used in cooking, lighting, and also as a natural exfoliator. Mowrah butter softens and nourishes the skin while also protecting it from diseases and germs. Ayurvedic qualities of Mowrah butter work as a coolant to moisturise and radiate the skin. Mowrah butter is particularly adaptable as a foundation for cosmetic products because of its emollient characteristics and multi-purpose nature.

Kokum Butter

- It is made from kokum seeds, which are native to India's southern regions. This local coastal butter is high in fatty acids and calms the skin while moisturising it. It is a common ingredient in medicinal cosmetics because of its high Vitamin-E content, which makes it an excellent basis for skin and hair care products.

Secondary Streams: De-Oiled Cake

- Cattle Feeds are made from the by-products of DoC. Manorama has also incorporated its by-products into the resource leftovers for the animal feed industry. The Indian cattle feed industry has a large demand potential, and we have an opportunity to capitalise on it. This forward integration allows us to complete the whole value chain, further supporting our objective of resource efficiency.



Source: Company Disclosures

IMPRESSIVE CLIENTELE

The Company derives major revenue from the chocolate and confectionery industry, with a significant portion of the balance revenues coming from the cosmetics industry



Food & Confectionery



Chocolate



Cosmetics



*Plant Based Meat, Food Industry
(Vegan Food)*

FERRERO

L'ORÉAL



Mondelēz
International



MITSUI & CO.



WALTER RAU

LUSH FRESH
HANDMADE
COSMETICS

BARRY CALLEBAUT

Source: Company Disclosures

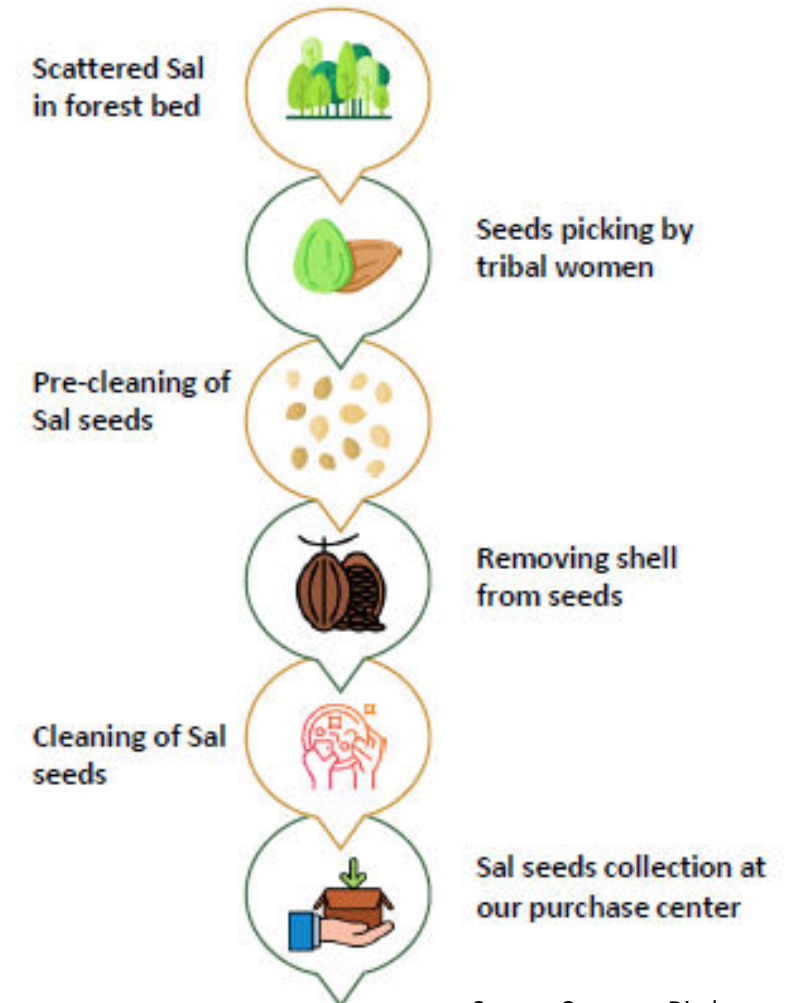
SUPPLY CHAIN NETWORK

- ❑ Developing a comprehensive and efficient system for procuring Shea nuts and other agricultural goods from Ghana's West African neighbors such as Burkina Faso, Ivory Coast, Mali, and others.
- ❑ This system gives a competitive edge in meeting rising raw material requirements as thereby **increasing the production capacity, as well as supporting future business development.**

Manorama Supply Network in West - Africa



Sal seed Collection Process in India



Source: Company Disclosures

INNOVATION AND RESEARCH (1/2)

Manorama invest in innovation to create value and manage its resources responsibly. It continue to prioritize R&D in order to develop unique specialty goods, and have extensively invested in cutting edge technology and processing facilities. It has made its name as pioneers in non palm CBE, tree borne, and plant based seed butters.

- ❑ The Milcoa® Innovation & Research Center is a state of the art research facility with cutting edge technology.
- ❑ It works closely with clients' R&D teams and is always looking for ne ideas, raw materials, and technologies and comes up with unique ways to employ its CBEs, CBIs, and other products.
- ❑ Building on its core expertise in the food and cosmetics areas, the Company is creating new products for the spreads, confectionery, bakery, culinary and nonfood, health drink, and personal care markets



New product under development are

MIL DP1055, a hard fat for culinary use and marinades (MIL DP1052). MIL DP1054 is a general-purpose hard stock that may be used for spreading

All-round filling fats (Milcocream™1056 and Milcocream™1010), cocoa butter equivalents/improvers (Milcoa ES1057 and Milcoa IS1043) and cocoa butter replacers (Milcoat™R1058)

Bake stable filling fats Milcocream™1059, Milcocream™1052 for use as filling in croissants and pastries in the bakery market

Chocolate Hazelnut Spread fat Milcospread™1003, Milcospread™1053, Milcospread™1060

Certificated from the Government of India's Department of Scientific and Industrial Research (DSIR) for Manorama's MILCOA Research & Development Centre

Source: Company Disclosures

INNOVATION AND RESEARCH (2/2)

Milcoa® Innovation & Research Center, a high standard research laboratory equipped with cutting edge technologies



Collaborates closely with customers' R&D teams



Develop creative innovative solutions to use its CBEs, CBIs and other offerings.



Constantly exploring new insights, new raw materials and new technologies



Research & Development Centre Led by:

Dr. Krishnadath Bhaggan

25 years of global experience in the industry, contribution to multiple patents in his name.

Building on core competencies, the Company continuously develops new tailor-made products having application in the Chocolate, Food, Confectionery, Cosmetics and Personal Care Industry



Joined elite club of ***select companies*** after receiving Government of India's Department of Scientific & Industrial Research (DSIR) certificate for Manorama's MILCOA Research & Development Centre

Source: Company Disclosures

FINANCIAL ANALYSIS (1/2)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	9MFY22	9MFY23	Growth %
Sales	131.33	145.48	210.29	102.4	188.24	202.63	279.12	201.47	249.06	24%
Operating Expense	127.33	142.71	193.45	73.4	144.39	167.97	240.1	174.08	209.10	20%
Operating Profit	4.00	2.77	16.84	29.00	43.85	34.66	39.02	27.39	39.96	46%
Operating Profit Margin %	3.05%	1.90%	8.01%	28.32%	23.29%	17.11%	13.98%	13.60%	16.04%	18%
Other Income	0.63	0.9	1.54	2.92	5.95	6.15	8.16	6.72	2.83	-58%
Net profit	1.17	1.38	9.93	19.06	23.34	14.58	24.15	17.32	19.78	14%
Net profit margin %	0.89%	0.95%	4.72%	18.61%	12.40%	7.20%	8.65%	8.60%	7.94%	
EPS	5.42	6.40	13.15	17.13	20.97	13.10	20.26	14.50	16.60	14%

- In the last 5 year period Revenue was grown at CAGR of 14% . Whereas Net Profit was growing at 77% CAGR in last 5 year period.
- For the year ended FY2022 Company has achieved its **highest revenue of ₹ 279 crore with CAGR of 38%** and Operating profit of ₹ 39 crores with CAGR of 13% as well as Net Profit of ₹ 24.15 crores with CAGR of 66% in comparison to FY2021.
- For 9MFY23 Revenue was **grown** at CAGR of 24% in comparison to 9MFY22. Profitability and Operating profit Margin are also growing at CAGR of 14% and 46% respectively. **Operating profit Margins too improved by 307 bps year on year.**
- EPS for the year ended FY2022 was **grown at 55%** in comparison to FY2021 and For 9MFY23 it is grown at 14% in comparison to 9MFY22.
- This performance was despite rise in one of the raw material she nuts prices globally along with lower realizations on by products.

FINANCIAL ANALYSIS (2/2)

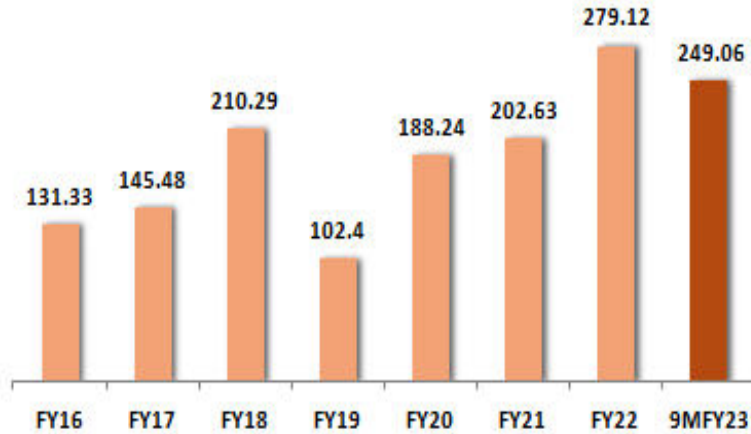
BALANCE SHEET	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Equity Share Capital	2.16	2.16	7.55	11.13	11.13	11.13	11.92
Reserves	11.31	12.21	16.76	92.8	116.13	133.6	256.34
Borrowings	4.92	0.11	17.95	24.45	119.35	85.35	108.44
Other Liabilities	2.8	8.13	3.12	5.11	42.18	23.8	19.09
Total	21.19	22.61	45.38	133.49	288.79	253.88	395.79
Net Block	3.16	2.51	3.26	6.33	51.38	56.6	55.32
Capital Work in Progress	0.11	-	0.69	15.51	-	-	41.58
Investments	0.01	0.01	-	-	-	-	-
Other Assets	17.91	20.09	41.43	111.65	237.41	197.28	298.89
Total	21.19	22.61	45.38	133.49	288.79	253.88	395.79
CASH FLOW		FY18	FY19	FY20	FY21	FY22	
Cash from Operating Activity		-11.00	-11.00	-60.00	33.00	-33.00	
Cash from Investing Activity		-1.00	-50.00	-10.00	11.00	-35.00	
Fixed assets purchased		-2.00	-24.00	-31.00	-4.00	-60.00	
Fixed assets sold		-	3.00	-	-	-	
Capital WIP		-1.00	-	-	-	-	
Interest received		1.00	-29.00	3.00	2.00	2.00	
Other investing items		-	-	18.00	13.00	23.00	
Cash from Financing Activity		16.00	62.00	85.00	-45.00	117.00	
Proceeds from shares		-	61.00	-	-	99.00	
Proceeds from borrowings		18.00	7.00	95.00	15.00	23.00	
Repayment of borrowings		-1.00	-	-1.00	-49.00	-	
Interest paid fin		-2.00	-5.00	-10.00	-11.00	-6.00	
Other financing items		-	-	-	-	-	
Net Cash Flow		3.00	2.00	15.00	-	49.00	

- MIL's gross interest coverage improved to **7.73x** in **FY22 (FY21: 3.67x)** and net financial leverage (adjusted net debt/operating EBITDAR) to **1.33x (2.21x)**.
- This was because of an improvement in the absolute EBITDA to ₹ **44.61** crores in **FY22 (FY21: ₹ 38.48 crores)** and lower use of the fund-based limits owing to the availability of surplus cash from the share issuance in FY22.
- The company has done capex of ₹ 41.58 crores in FY22 for Investment in setting up new capacity of Fractionation and Refinery process.
- As of 31st December 2022 the company has incurred total ₹ 90.61 crores towards this Capital Expansion.
- The Company's cash flow from operational activities was negative, mostly owing to the purchase of seasonal seeds for the full year, resulting in a cash outflow in the current quarter.

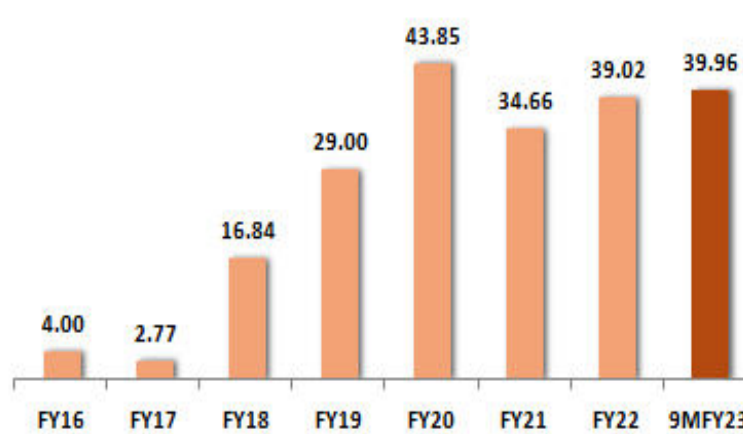
PERFORMANCE IN CHARTS

Amount in Crores

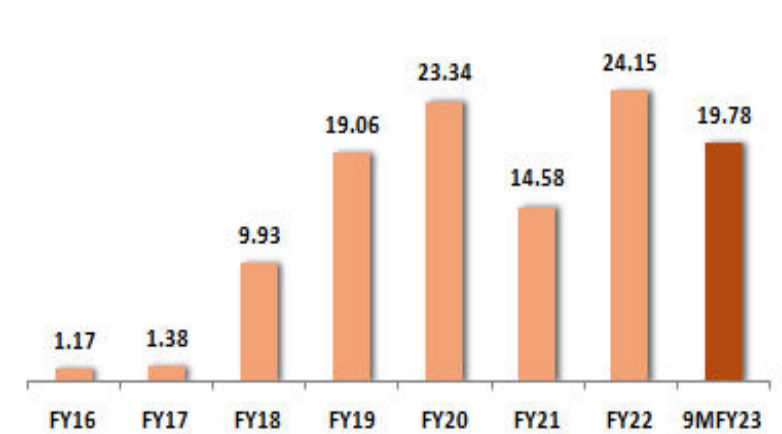
Sales



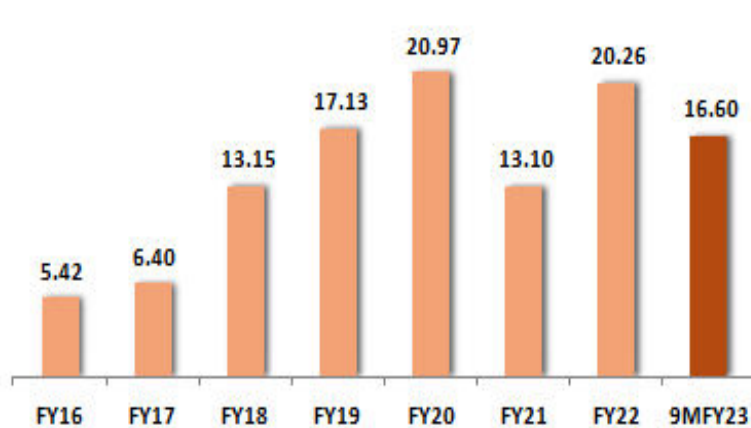
Operating Profit



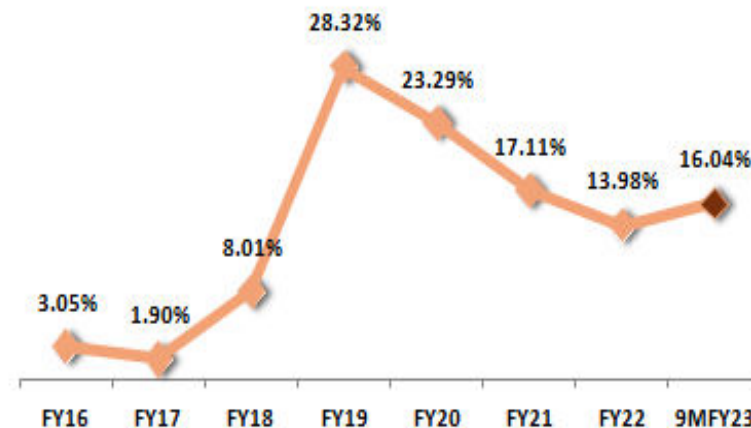
Net Profit



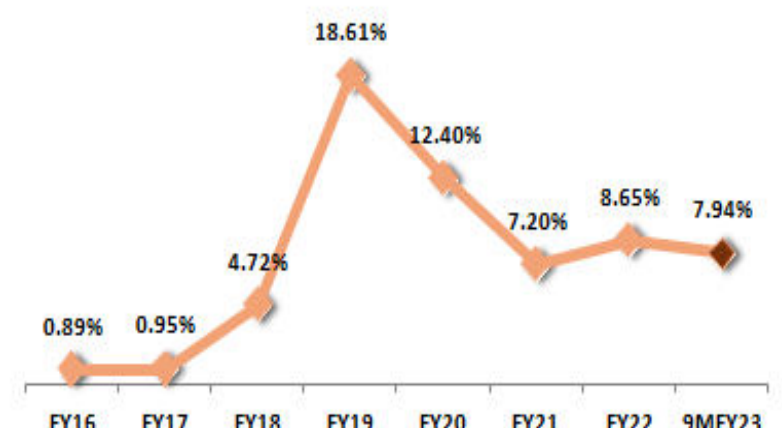
EPS (Rs.)



Operating Profit Margin %






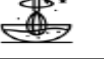


Net Profit Margin %



EXPANSION PLAN (1/3)

- ❑ Manorama successfully raised ₹ 101.69 crores via preferential allotment of equity shares from marquee investors for new capex expansion in FY2020-21.
- ❑ It has issued 7.98 lakh shares at a price of ₹ 1274 per share on preferential basis.
- ❑ For new investments in **setting up new capacity of Fractionation and Refinery process by 25,000 MT per annum each** along with supporting infrastructure **with the total estimated capex of ₹ 65 Cr.**
- ❑ Board has also approved the acquisition of land around its factory at Birkoni for expansion & utilisation of business purposes.
- ❑ **Total capacity after the new investments in Fractionation and Refinery will be 40,000 MT per annum each.** Capacity expansion by constructing a new plant in order to fulfill the product demand over the global market.
- ❑ The Company wishes to set up new sales offices at different geographical locations, as and when required to help increase the revenue and to support working capital requirements for this it allocated ₹ 36.69 Cr.

Process		Existing Capacity (metric tonnes per annum)	New Capacity Expansion (metric tonnes per annum)	Total Capacity (metric tonnes per annum)
	Seed Milling (Expeller)	60,000	60,000	1,20,000
	Solvent Extraction Plant	-	90,000	90,000
	Refinery	15,000	25,000	40,000
	Interesterification	15,000	-	15,000
	Deodorisation	15,000	10,000	25,000
	Fractionation	15,000	25,000	40,000
	Blending Station & Packing	10,000	20,000	30,000

Source: Company Disclosures

EXPANSION PLAN – DETAILS (2/3)



Solvent Extraction Plant

Putting up a 300 TPD Solvent Extraction Plant. Currently the Company is doing Solvent extraction under job work process through a third-party vendor which entails additional transportation costs and processing costs. The said expansion will save on these additional costs, Yield improvements, Better control over the production, better inventory management, fast working capital cycle, etc.

New Fractionation and New Refinery Plant

Putting up a 25,000 capacity New Fractionation and New Refinery Plant each to fulfil the demand of the product in the global Market

Storage Tanks

Construction of Storage tanks of 2,000 Mt capacity for storage of Butter and fats. Current capacity of 6,000 Mt will not be sufficient with the new Solvent extraction plant.

Packaging Facility

Capacity enhancement of packaging line by 50 MT per day (current capacity 50 MT per day) to cater different products packaging at same time

Warehouse Construction

Construction of warehouses for storage of Sal Seed, Mango seed, Shea nut, and De-oiled cake. Currently, the Company is using Many Rented warehouses which entails huge costs in terms of rentals and logistics. The Company intends to build warehouses in its own factory.

Automation of Refinery and Degumming Plant

Required Automation of Refinery and Degumming plant for fully control in terms of production planning, quality, and cost.

Others Supporting Infrastructure

For related other supporting infrastructure

EXPANSION PLAN – UPDATES (3/3)



- ❑ As of 31st December 2022 the company has incurred Rs 90.61 crores towards this Capital Expansion.
- ❑ Its new Refinery Fractionation plant along with its supporting infrastructure is expected to commission in Q1FY24 and ramping up of this new facility will gradually begin thereafter.
- ❑ Post this expansion MIL's combined capacity is expected to deliver strong topline growth and will also benefit in reducing costs.
- ❑ Despite multiple challenges, it was successful in commissioning new Solvent Extraction plant and Boiler plan along with construction of Warehouses/Go-downs well within the stipulated timelines and the ramping up is progressing well.
 - The new Solvent Extraction Plant will help on saving additional costs and lead to yield improvements, better control over the production, better inventory and working capital management etc..
 - Along with the Installation of Boiler plant the company has also completed construction of warehouses/ godowns in the factory premises for storage of Seeds and De oiled cake has been completed. **This will lead to cost rationalisation in terms of rentals of warehouses and logistics.**

REVENUE ESTIMATION

Amount in Crores

Particulars	Actual					Estimates			
	FY19	FY20	FY21	FY22	9MFY23	FY23	FY24	FY25	FY26
Sales	102.40	188.24	202.63	279.12	249.06	348.90	523.35	732.69	952.50
Operating Expense	68.78	139.67	91.10	149.03	209.10	290.28	429.15	589.82	752.47
Operating Profit	29.00	43.85	34.66	39.02	39.96	58.62	94.20	142.87	200.02
Operating Profit Margin %	28.32%	23.29%	17.11%	13.98%	16.04%	16.80%	18.00%	19.50%	21.00%
Net profit	19.06	23.34	14.58	24.15	19.78	30.48	51.81	75.72	100.01
Net profit margin %	18.61%	12.40%	7.20%	8.65%	7.94%	8.74%	9.90%	10.34%	10.50%

- **The Birkoni Plant is currently operating at ~85% utilization** and is expected to achieved optimum commercial production to reach highest output in near future.
- **Total capacity after the new investments in Fractionation and Refinery will be 40,000 MT per annum each from present 15000 MT per annum each.** Capacity expansion by constructing a new plant in order to fulfill the global demand.
- Operating profit margin expansion of 100-200 bps expected as company had taken various steps on cost optimisation.
- Its **new Refinery Fractionation plant along with its supporting infrastructure is expected to commission in Q1FY24** and ramping up of this new facility will gradually begin thereafter. **Post this expansion we believe that the combined capacity is expected to deliver strong top line growth and will also benefit in reducing costs resulting various initiatives.**

EXPERIENCED BOARD OF DIRECTORS (1/2)



Gautam Kumar Pal – Managing Director

Experience : 21 Years

Background: He holds Doctorate in Mgmt. from National Inst. of Mgmt. , (Mah.), studied Production and MBA in Production and Marketing from Amity University UP and also is B. Tech in Chemical. Plant is headed by him who has very vast experience in Specialty Oil and Fats / Butters Manufacturing and Quality Control



Nipun Sumanlal Mehta - Independent Director

Experience : 36 Years

Background: A CA , Expert in Financial Markets and has entrepreneurial and corporate experience in Private Banking, Capital Markets & Wealth Mgmt. having worked in the past with both domestic & Global Financial Institutions in leadership positions. He was awarded as the 'Outstanding Young Private Banker' by Private Banker International, Singapore.



Vinita Saraf - Non-Executive Director and Chairperson

Experience : 20 Years

Background : She has completed her bachelor's degree in commerce from Mount Carmel Girls College, Bangalore. Her journey has been marked by ambitious and entrepreneur vision coupled with great vigour and hard work



Mudit Kumar Singh - Independent Director

Experience : 37 Years

Background: A senior retired bureaucrat from 1984 Batch of the IFS, Chhattisgarh Cadre. His work in Participatory Management at Jhabua has been internationally acclaimed & 3 Books have been written on his work by Tata Energy Research Institute, Worldwide Fund for Nature and IIFM. His wide experience in forestry will prove to be an asset of the Company.



Shrey Saraf - Whole Time Director

Experience : 6 Years

Background: A BBA in Business and Management from University of Exeter, UK. His presence in the Company and his dynamic young energy strengthens the process of Marketing, Customer and Business Development.



Ashish Bakliwal - Independent Director

Experience : 10 Years

Background: He is practicing CA. Experienced in the field of Enterprise Risk Mgmt., Internal Control Mgmt., Auditing and Assurance services. His Presence ensures the integrity of financial system, improve internal financial control and his expert independent advice always help to set best accounting principles.



CA Ashok Jain - Whole Time Director

Experience : 12 Years

Background :A Chartered Accountancy by profession. He has vast experience of more than 10 years in senior Management of the Company.



Veni Mocherla - Independent Director

Experience : 22 Years

Background: An MBA, did Postgraduate in Chartered Institute of Marketing, UK. A business consulting professional specialised in international businesses & alliances, cross border consulting, strategy & planning, scaling up businesses etc. She Also held senior roles in Dept. of Trade & Investment, British High Commission, Bristol Myers Squibb in India.



Jose V Joseph - Independent Director

Experience : 40 Years

Background : He retired as the Executive Vice President from The Federal Bank and he has very vast experience to incorporate, SME and Retail banking in India and Middle East. His presence and independent advice always help to approach strong financial strategic planning and good corporate governance.

Note:

Recently Vinita Saraf and Kedarnath Agarwal have resigned from the post of MD and NED respectively.

Source: Company Disclosures

EXPERIENCED MANAGEMENT TEAM (1/2)

Ashish Saraf - President



A B.Com, having over 32 years of experience in managing the business and has a Rich Experience in business

Dr. Krishnadath Bhaggan - VP - R&D in product development



Experience in R&D and Innovation for 21 yrs.+ He is an inventor / co-inventor of multiple patents and author / co-author of many publications in the oils and fats area.

Apel Sten - VP – Projects (New & Existing)



Degree in Chemical Engineering from Aalborg University (DK) and has a vast experience in Edible Oil Industries as a Production Manager.

Deep Saraf - VP – Business Development



Part of co. since commencement. Currently responsible for leading and managing the co.'s Birkoni plant. His long association and experience also create focus for the Company in the direction of Business Development.

CA Ashok Jain - Chief Financial Officer



A Chartered Accountancy by profession. He has vast experience of more than 10 years in senior Management of the Company.

Razumov Aleksey - Sales country head Russia



He has vast experience in RM & ingredients for the confectionery industry cocoa products, fats, glazes and having knowledge of sales & marketing at Moscow, Russia, and CIS market.

Raj Shekhar - VP – Technical



A Science Graduate, MBA in Production Management and Diploma holder in computer applications. He has very vast experience of 30 years in Oil Industry.

Chandan Gupta - Associate VP - Sales



He is MBA in Operation Research and MTech & BE (Hons.). He has an experience of more than 10 years in managing the domestic as well as international sales (adding new customer base)

Gautam Das - Senior General Manager - HR & Admin



An MBA in Human Resource, having experience in Human Resources, Industrial Relations and Admin, he is a Dynamic Professional with a proven track record of management skills, innovative and result oriented.

Vishal Narang - VP - Commercial



He has more than 22 years of FMCG/commodities expertise in global markets, driving sustainable development in the functional areas of Sales & Marketing, Strategic Deployment, and Business Development, with a focus on P&L accountabilities and General Management activities.

Yogendra Puri Goswami - VP – Sales



He has 22 years of experience in FMCG, OTC Pharma, Footwears Industries (Sales & Marketing domain). Awarded with Top scorer award, Dimension of professional selling certificate award, Target achieve award for his proven excellence in various institutions.

CS Divya Jajoo - CS & Compliance



She played a pivotal role in the company's initial public offering (IPO). She was identified as a key managerial personnel and is in charge of the company's compliance.

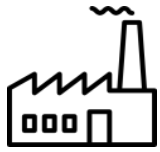
Rejy John - General Manger (HR & Admin)



He is a HR professional holding an MBA in HR, having worked in the Edible oil, Manufacturing industries etc. He also has Expertise in designing and framing HR policies, setting strategic objectives and goals with the purpose of Change Management in the organization.

Source: Company Disclosures

FUTURE GROWTH DRIVER



Optimum capacity utilisation at Birkoni and new capex

The Birkoni Plant is currently operating at ~85% utilisation and is expected to achieved optimum commercial production to reach highest output for the year. It has also begun expansion and building activities for the opening of its new facility.



Growing opportunities in Chocolate Industry

A major driver for the sector is projected to be the **growing habit of chocolate gifting and the concern of adulteration in traditional sweets**. Furthermore, one of the most important growth drivers for the industry is **innovation in chocolate marketing and premium chocolates**.



Increased share of CBE in Chocolates

The possibility for expansion is exponential, with significant expectations of a **rise in the 5 percent** restriction for the use of CBE in chocolates. This will benefit chocolate manufacturers as increased share of CBE in chocolate enhances its taste, texture, solidity.



Growth in Specialty Fats and Butter Market

The worldwide specialty fats and butter market is predicted to rise at a CAGR of 6.6 percent. The APAC Region is one of the fastest growing markets for specialty fats and butter and will continue to grow in terms of volumes.



Foray into newer geographies, segments and customers

With increased penetration and distribution, Its growth fundamentals remain strong. Most of its brands and products have seen significant growth. It is committed to expanding its portfolio of new geographies, segments, and consumers while also improving financial agility.

Source: Company Disclosures

FUTURE OUTLOOK

- Manorama Industries Ltd is in the niche business, enjoys a global leadership position in the manufacturing and exporting of its products. Company is trusted manufacturer of food, chocolate, confectionary and cosmetics ingredients industry having customer base spanning across the globe. Company is working with the best industry players.
- Manorama over a period of time has build sustainable business model that allow it to source its raw material with the help of its collection centers from different regions around the world and domestically in sustained basis and helps million of tribal to upliftment of their livelihood. With the ongoing expansion which will be completed by the end of FY23 will operationalized from Q1FY24 will contribute in the companies topline and bottom line growth on sustained basis in near future.

Final Conclusion:

Manorama is a high-quality cash generating business as it is operated by experienced management with the state of art manufacturing facility equipped with the latest equipments and technology and highly skilled workforce. **Manorama's continuous focus on expanding its production capacity as well as its various initiatives on cost optimization front will help them to perform better in near future. With this we believe that company will achieve its milestone sales of ₹ 1000 crores in next 4 year periods. This has resulted in strong Free cash flow generation and superior return ratios.**

Demand for Cocoa Butter Equivalent is growing as the world is moving forward, Manorama has immense potential of growing and become a leading brand in CBE segment. **The future for the CBE market looks very attractive, High-end chocolates are becoming increasingly popular in India's chocolate industry. Increased middle-class discretionary income, extensive use of industrial chocolates in confectionery and ice cream manufacturing, as well as a growing gifting culture and the country's enormous customer base, are all adding to the industry's rise.**



GLOBAL CERTIFICATION

Manorama Industries quest for quality has earned it a spectrum of prestigious certifications



Source: Company Disclosures

COMMITMENT TO UN GLOBAL

Committed to UN Sustainable Development Goals



Over the years, developed an extensive supply chain network of
Millions of women tribal and forest-dwellers
.....and have positively impacted the livelihoods



Committed to UN Global Compact

WE SUPPORT



With the signature of the UN Global Compact, Manorama Industries is committed to integrating and promoting several principles relating to human rights, international labor standards and the fight against discrimination.

Source: Company Disclosures

ESG INITIATIVES

Manorama's objective is to achieve long-term growth by lowering environmental impact, increasing ecological balance, improving the lives of those in communities, and producing value for all its stakeholders



Environment

- Planted more than 5,000 saplings last year and 1,000 more to be planted this year.
- In process of implementing Rainwater Harvesting system.
- Plans to Install Solar power panels in-house which will nearly produce 1 MW power and will lead to equivalent reduction of CSEB power consumption.



Social

- Employees at Manorama are considered the foundations of success, from creating a secure, attractive office environment to instilling a healthy and inclusive work culture.
- Millions of tribal women and forest residents receive instruction in sanitary pad production and awareness, as well as sustainable harvesting of forest food.
- The Company has taken various initiatives for promoting women health and hygiene.



Governance

- To believe in good corporate governance is to create long term value.
- We, at Manorama, are dedicated to proactive governance processes in order to develop and maintain value for all of our stakeholders.
- Corporate Governance policies are regularly evaluated and updated to reflect changes in the business environment, best practises, regulatory requirements, feedback from our annual Board reviews, and shareholder suggestions



Source: Company Disclosures

RECENT AWARDS AND RECOGNITIONS

National & International Awards Received by Manorama



**GLOBOIL INDIA 2022
Awards Ceremony &
Conference**

Awarded 'Eminent Excellence in ESG & Sustainable Creation of Business through waste, with support to thousands of forest dwellers'



Awarded four 'Highest Unique Processors and Highest Unique Excellence in Exports of Vegetable Butters from India' Solvent Extractors' Association of India at Goa



Awarded 'Excellence in Highest Exports of Specialty Butter From India' by IOPEPC (Indian Oilseeds & Produce Export Promotion Council) Ministry of Commerce, Govt of India



GLOBOIL INDIA 2021 Awards Ceremony & Conference at Goa



Manorama Industries Limited has meritoriously conferred five awards at the AGM organized by **The Solvent Extractors' Association of India on September 21st, 2022**

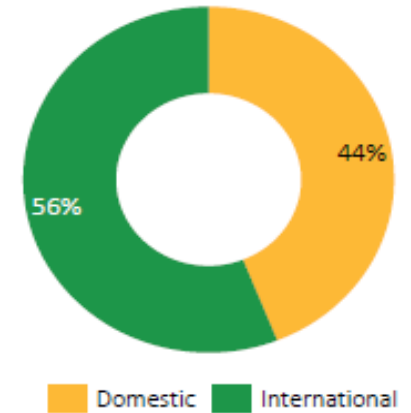


GEOGRAPHICAL REACH

The Company is Recognized by GoI as a **‘Star Export House’** - Trusted manufacturer of food, chocolate, confectionary and cosmetics ingredients industry having customer base spanning across the globe



9M FY23 - Revenue Breakup



The Company enjoys a global leadership position in the manufacturing and exporting of its products

Source: Company Disclosures

STATUTORY DISCLOSURE

SEBI Research Analyst Registration No. : INH200006451

1. At the time of writing this article, the analyst have no position in the stock covered by this report.
2. The analyst has not traded in the recommended stock in the last 30 days.
3. The research analyst does not have any material conflict of interest at the time of publication of the research report.
4. The research analyst has not received any compensation from the subject company in the past twelve months.
5. The research analyst or its associates has not managed or co-managed public offering of securities, has not received any compensation for investment banking or merchant banking or brokerage services nor received any third party compensation. The subject company was not a client during twelve months preceding the date of distribution of the research report.
6. The research analyst has not served as an officer, director or employee of the subject company.
7. The research analyst or research entity has not been engaged in market making activity for the subject company.
8. The research analyst or research entity or its associates or relatives does not have actual/beneficial ownership of one per cent or more in the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.
9. The analyst does not own more than 1% equity in the said company.