Manorama Industries Limited

March 27, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long term bank facilities	577.90 (Enhanced from 492.90)	CARE A+; Stable	Upgraded from CARE A; Stable
Long term / Short term bank facilities	105.00 (Enhanced from 10.00)	CARE A+; Stable / CARE A1+	LT rating and Stable outlook assigned and ST rating upgraded from CARE A1

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Manorama Industries Limited (MIL) considers significant improvement in financial performance in FY25 (refers to April 01 to March 31) and 9MFY26 (refers to April 01 to December 31). Improvement in scale of operations is attributable to higher sales realizations and increased volumes of specialty fats & butters, Cocoa Butter Equivalent (CBE) and other value-added products supported by growing demand of food, chocolate, confectionery & cosmetic and commencement of additional 25,000 MTPA fractionation capacity from July 2024. Further, MIL has demonstrated substantial improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin supported by improved product mix and better absorption of fixed overheads. The ratings also take support from improved capital structure and debt protection metrics in 9MFY26 which is further expected to improve despite upcoming capex plan.

CARE team takes cognizance of the company's disclosure filed with the Bombay Stock Exchange (BSE) on March 12, 2026, wherein the Board approved the proposal to raise up to ₹500 crore through a Qualified Institutions Placement (QIP) in one or more tranches. The QIP proceed is expected to improve the company's financial flexibility going ahead.

Ratings continue to derive strength from the experienced promoters with a professional management team and the established procurement network. Ratings also draw comfort from the company's reputed and diversified customer base across the globe, its global certifications and accredited products and strong liquidity position.

However, ratings are constrained by the working capital-intensive operations due to the seasonal raw material sourcing, foreign exchange fluctuation risk, and exposure to changes in government regulations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income (TOI) above ₹2,500 crore and sustenance of PBILDT margin above 25% on a sustained basis.
- Timely commissioning of the upcoming production facilities without any cost overruns, along with effective realization of the anticipated benefits

Negative factors

- Decline in the TOI below ₹1,200 crore and PBILDT margin below 20% on a sustained basis.
- Moderation in net debt/PBILDT above 1.50x.
- Inability of the company to maintain minimum liquidity of ₹100 crore at any point of time.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects company's ability to improve its operational and financial performance backed by growing demand of specialty fats & butters, Cocoa Butter Equivalent (CBE) and other value-added products amid rising cocoa prices. Further, company's strong procurement network, and upcoming forward and backward integration project plans will aid MIL in ramping up its scale of operations and improving its operating margins.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Significant improvement in financial performance in FY25 and 9MFY26

During FY25, the company's TOI recorded strong growth of ~68%, rising to ₹781.50 crore from ₹463.87 crore in FY24 driven by higher sales realizations and increased volumes of specialty fats & butters, Cocoa Butter Equivalent (CBE) and other value-added products supported by growing demand of food, chocolate, confectionery & cosmetic items and commencement of additional 25,000 MTPA fractionation capacity from July 2024. Improved product mix and higher revenue from value-added products (Stearin & CBE) contributed to the margin expansion. PBILDT margin improved from 17.31% in FY24 to 25.81% in FY25 following the commissioning of additional fractionation capacity, which led to higher sales of CBE and better absorption of fixed overheads.
In 9MFY26, the company reported a PBILDT of ₹264.86 crore on a TOI of ₹975.40 crore, compared with a PBILDT of ₹127.15 crore on a TOI of ₹538.04 crore in 9MFY25. The year-on-year growth in scale was supported by improved realization and volume of high value adding products. PBILDT margins further strengthened from 23.63% in 9MFY25 to 27.15% in 9MFY26, driven by increased sales of margin accretive products, operating leverage and economies of scale.
Going forward, the company's scale is expected to improve further with higher utilisation of the fractionation plant amid increase in installed fractionation capacity by 30% in FY26-end through debottlenecking.

Improved capital structure and debt protection metrics in 9MFY26

Overall gearing remained stable at 1.04x as on Mar'25 (1.03x as on Mar'24). WC utilisation was higher due to stocking of inventory for the additional capacity of fractionation plant. Considering free cash and bank balances of Rs 100.22 crore as on Mar'25, net gearing stood at 0.83x as on Mar'25 (0.76x as on Mar'24).
Overall gearing and net gearing improved to 0.71x and 0.54x as on Dec'25 respectively. TD/GCA improved from 6.50x in FY24 to 3.61x in FY25 and further to 2.35x in 9MFY26 largely on account of increase in GCA levels. Also, net debt/PBILDT improved from 3.18x in FY24 to 1.89x in FY25 and further to 1.30x in 9MFY26.
Going forward, the capital structure and debt coverage indicators are expected to improve despite upcoming capex plan.

Experienced promoters with professional management team

MIL, incorporated in 2005, was established by the Raipur, Chhattisgarh-based Saraf family. Mr. Ashish Saraf, having an experience of over 34 years, is the chairman and managing director. Mrs. Vinita Saraf, whole-time director and vice chairperson (wife of Mr. Ashish Saraf), has vast experience of two decades in the speciality fats and butter segment. Marketing, customer, and business development operations are managed by Mr. Shrey Saraf, whole-time director, who is assisted by a well-experienced team of professionals. Plant operations are managed by Mr. Gautam Kumar Pal, whole-time director, who holds a Doctorate in Management from the National Institute of Management, and an MBA in Production and Marketing from Amity University, Uttar Pradesh. He has vast experience in the related field. Day-to-day financial operations are managed by Mr. Ashok Jain, whole-time director and chief financial officer, having an experience of over 15 years in the company's senior management team. Research and development (R&D) and product development team is managed by Dr Krishnadath Bhaggan, who has an experience of over two decades. He is an inventor/co-inventor with multiple patents to his name and author/co-author of many publications in the speciality fats and butter business.

Established procurement network

MIL's business model is nature-based and it sources raw materials from forests. The CBE and fractionated fats and butter supplied by MIL is made from extracts of tree-borne seeds such as sal, mango, kokum, mahua, and shea, among others. MIL sources tree-borne seeds and plant-based seeds from millions of tribal and forest dwellers, mainly womenfolk across thousands of villages in India (primarily in Chhattisgarh, Madhya Pradesh, and Maharashtra), and West Africa directly through multiple collection centres. The company has tie-ups with thousands of collection centres in India to help it procure sal seeds and mango kernels, among others. The network being extensive benefits the company and ensures adequate availability. Shea nuts are procured from the Savannah forests in West Africa. MIL's well-established supply chain gives it a competitive edge over its competitors. To further strengthen its supply chain network, MIL has incorporated wholly owned subsidiaries in West Africa.

Reputed and diversified customer base across the globe

MIL derives major revenue from CBE's sale, speciality fats and butter, stearin and olein from tree borne seeds such as shea, sal, and mango, among others. The same is used in chocolates, confectionery and cosmetics industry. MIL is an approved supplier of major international brands, including The Body Shop International Limited, Mondelez International, Inc, Mondelez India Foods Pvt. Ltd., AAK Denmark, Ferrero International SA, Mars Inc, Nestle, and Hershey's, among others, which generally takes three to four years for approval, post which, orders are placed. The customer base is diversified with top 5 customers contributing 28% of TOI in FY25 as against 34% of TOI in FY24.

Exports accounted for 73% of total sales in FY25 which increased from 57% in FY24 considering increase in demand of CBE in overseas market due to increase in cocoa butter prices. MIL is diversifying its presence in overseas market and is currently supplying to 43 countries. However, none of the countries in export market individually contribute to more than 25% of overall sales. During 9MFY26, the company notably expanded its sales in Latin America and India.

Global certifications and accredited products

The company holds multiple globally recognized certifications, enhancing its marketability across international markets. These include quality, environmental, and safety certifications such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 16128 1:2016, and ISO 50001:2018. In food safety and compliance, it holds Food Safety and Standards Authority of India (FSSAI), Kosher, and Halal certifications. For sustainability and ethical sourcing, the company is Fair Trade, Fair for life (FFL) certified, RSPOSCC Certified, SA8000 Certified, and Ecovadis Committed Badge Certified. It also holds organic and natural product certifications like USDA-NOP Organic, NPOP, and COSMOS. In ethical trade and workplace standards, it has SEDEX (SMETA 4 Pillar) and Great Place to Work certifications. Recognized as a Three-Star Export House by the Government of India, the company is a member of Federation of Indian Export Organisations (FIEO), Confederation of Indian Industry (CII), United Nations Global Compact (UNGC), Shellac and Forest Products Export Promotion Council (SHEFEXIL), Indian Oil Seeds and Produce Export Promotion Council (IOPEPC), and Global Shea Alliance (GSA).
Going forward, the company's ability to ensure timely renewals and process upgradations aligned with changing requirements of certifications will be a key rating monitorable.

Key weaknesses

Project implementation and stabilisation risk

The company plans to invest approximately ₹460 crore over the next 2–3 years in a phased manner. This capex will support the establishment of forward integration facilities (90,000 MTPA refining capacity, 75,000 MTPA fractionation capacity and 75,000 MTPA CBE capacity) for value-added products at its Raipur location, as well as a backward integration project (90,000 MTPA shea nut processing factory) in Burkina Faso, West Africa. To facilitate the latter, the company has incorporated a new subsidiary—Taang Kaam Industries SA—in January 2026, aimed at setting up a processing unit for the procurement & processing of shea nuts/butter.
The company is in the process of raising capital through Qualified Institutions Placement (QIP) for an aggregate amount of upto Rs. 500 crore in one or more tranches as per disclosure published on BSE dated March 12, 2026.
The company is exposed to project implementation risk, therefore, timely completion without time and cost overrun and successful stabilisation of the ongoing capex, remains a key rating monitorable.

Working capital intensive operations

Collections from customers are received in 25-35 days and payments to creditors are made in 10-20 days. MIL is required to maintain a sizeable amount of inventory of raw materials (seeds and nuts) due to the seasonal availability of its raw material (sal seeds – May to June, mango kernel – May to July, and shea nuts – October to November). MIL also maintains finished goods inventory of 2-3 months to ensure timely delivery of its products to its customer base. Since shea seeds are imported from West Africa through its subsidiaries and require approximately 60 days of transit time, this further contributes to elevated inventory levels. The average inventory period increased from 278 days in FY24 to 312 days in FY25 considering higher stocking of raw materials for additional capacity of fractionation plant which commence from Q2FY25.
Consequently, the operating cycle increased from 284 days in FY24 to 329 days in FY25.

Foreign exchange fluctuation risk

Exports contributed 73% of total sales in FY25 and 56% of sales in 9MFY26 (FY24: 57%) against 50-60% import of shea nuts and palm mid fraction (raw material for fractionation) in FY25. MIL is a net exporter and is currently hedging 50% of its net foreign exchange receivables as enunciated by the management which exposes it to foreign exchange fluctuation risk to some extent.

Exposure to changes in government regulations

MIL is exposed to changes in government regulations, such as changes in the permissible limit of CBE in chocolate manufacturing in different geographies, changes in the minimum support price (MSP) of sal seed (currently at ₹20 per kg) in India, or restrictions in the sourcing of sal seeds, mango kernels, and shea seeds among others from the forests in India and West African countries.

Liquidity: Strong

MIL has strong liquidity, supported by unencumbered cash and bank balance of ₹119 crore as on February 28, 2026. As enunciated by the management, the company will maintain minimum liquidity of ₹100 crore as a policy providing additional comfort. The average working capital utilisation stood at ~62% for 12 months ending February 28, 2026. MIL generated healthy cash accruals of ₹133.44 crore in FY25 against debt repayment obligations of ₹10.26 crore. The company has already prepaid the debt repayment obligations for FY26.

Environment, social, and governance (ESG) risks:

Risk Factors	Compliance and action done by the company
Environmental	• Zero effluent or water discharged outside the plant and entire treated water is utilised in the plant. • The organisation's water withdrawal has negligible effect on the local water table. • MIL uses biofuel husk as an alternative fuel in boiler. • MIL uses organic raw material with no greenhouse gas emissions. Further the final product and by product are eco-friendly. • MIL completed Stage 1 assessment for the "No Deforestation, No Peat, No Exploitation" policy collaborating with the Earthworm Foundation.
Social	• MIL is empowering tribal women in seed gathering for uplifting their overall health and hygiene. • Fair Trade, Fair for Life, EcoVadis, SEDEX certification SEDEX SMETA 4-Pillar and the member of UN global compact. • ISO:45001 management system for addressing the health and safety needs.
Governance	• MIL is committed to UN Sustainable Development Goals and UN Global Compact. • MIL adheres to principle and core element of the National Guidelines on Responsible Business Conduct (NGRBCs). • MIL has a structured approach to corporate governance by delegating specific responsibilities to board committees. • MIL developed a stakeholder-centric approach in all its business activities.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Edible Oil

MIL, incorporated in 2005, was established by the Raipur, Chhattisgarh-based Saraf family, and is currently managed by Mr. Ashish Saraf (chairman and managing director), Mrs. Vinita Saraf (vice chairperson and whole-time director), Mr. Shrey Saraf (whole-time director), Mr. Gautam Kumar Pal (whole-time director), and Mr. Ashok Jain (whole-time director and chief financial officer). Since its incorporation, MIL commenced with the extraction of butter and fats from sal seeds and mango kernels, and gradually forayed in exotic products, specialty fats and CBE. The company is engaged in manufacturing, processing, and supplying specialty fats and butters made from exotic seeds and nuts such as mango kernels, sal seeds, and shea nuts, among others. The key product portfolio includes CBE, sal butter, sal stearin, shea stearin, mowrah butter, kokum butter, mango butter, mango stearin, and de oiled cake (by-product). The products are mainly used in chocolate, confectionary, and the cosmetics industry. MIL's manufacturing facility is situated in Birkoni, Chhattisgarh.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	463.87	781.50	975.40
PBILDT	80.32	201.71	264.84
PAT	40.11	112.05	173.70
Overall gearing (times)	1.03	1.04	0.71
Interest coverage (times)	4.04	5.15	9.38

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	520.00	CARE A+; Stable
Fund-based - LT-Term Loan		-	-	31-03-2030	42.15	CARE A+; Stable
Fund-based - LT/ ST-EPC/PSC		-	-	-	105.00	CARE A+; Stable / CARE A1+
Non-fund-based - LT-Forward contract/derivative limit		-	-	-	15.75	CARE A+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	520.00	CARE A+; Stable	-	1)CARE A; Stable (27-Jan-25)	1)CARE A-; Stable (12-Jan-24) 2)CARE A-; Stable (04-Jan-24)	-
2	Fund-based - LT-Term Loan	LT	42.15	CARE A+; Stable	-	1)CARE A; Stable (27-Jan-25)	1)CARE A-; Stable (12-Jan-24)	-
3	Non-fund-based - LT-Forward contract/derivative limit	LT	15.75	CARE A+; Stable	-	1)CARE A; Stable (27-Jan-25)	1)CARE A-; Stable (12-Jan-24)	-
4	Fund-based - LT/ ST-EPC/PSC	LT/ST	105.00	CARE A+; Stable / CARE A1+	-	1)CARE A1 (27-Jan-25)	-	-

LT: Long term, LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instrument/facilities- Not applicable

Annexure 4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-EPC/PSC	Simple
4	Non-fund-based - LT-Forward contract/derivative limit	Simple

Annexure 5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities combined- Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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