



Manorama Industries Limited reports Q3 & 9M FY22 Results

Raipur, Chhattisgarh, February 8, 2022: Manorama Industries Limited, a global pioneer in the manufacturing of specialty fats, announced its un-audited financial results for the third quarter and nine months ended 31st December 2021.

Commenting on the results and performance, Ms. Vinita Saraf, Chairperson, and Managing Director said:

"The fall in Covid caseload intensity boosted economic activity even further during the quarter. Even while leading signs indicated a reduction in the speed of recovery in demand, increased vaccination coverage combined with an uplift in business and consumer sentiment led to broad-based growth across markets and channels. However, the macroeconomic environment was weighted down by extraordinary price inflation, costs, and continuing global supply chain disruptions.

During the quarter, the Company has reported 6% year on year growth in revenues and reported a PAT of Rs. 57.1 million as compared to Rs. 52.6 million registering a growth of 8% year on year despite unprecedented inflationary cost pressures throughout the quarter. The company is trying to mitigate the impact of inflation partially through calibrated price increases and cost-saving initiatives.

The new capex is well on track, and is under different stages of implementation. The company has spent Rs. 345.2 million till the end of December 2021. We expect the newly constructed solvent extraction plant to be operationalized for backward integration by end of current quarter. Other projected facilities, such as a refinery, fractionation, and associated infrastructure, will be operational in next fiscal.

Going forward, the Company will continue to plough investments behind its R&D and Product development, coupled with expanding the customer footprint and enhancing the go-to-market approach to drive sustainable, profitable growth."



Vinita Saraf



Key Financial Highlights are as follows:

Particulars (Rs. in Million) *	Q3 FY22	Q3 FY21	Y-o-Y	9M FY22	9M FY21	Y-o-Y
Income from operations	687.3	649.5	6%	2,014.8	1,415.7	42%
EBITDA	88.6	113.7	-22%	274.0	271.8	1%
EBITDA Margin (%)	12.9%	17.5%		13.6%	19.2%	
Profit After Tax	57.1	52.6	8%	173.2	113.2	53%
PAT Margin (%)	8.3%	8.1%		8.6%	8.0%	

Update on quarterly financials

- The Company's revenue for the quarter ended December 31, 2021 stood Rs. 687.3 million, an increase of 6% year over year. However, the EBITDA for the quarter degrew by 22% year on year, while EBITDA margin stood at 12.9%
- **The following factors impacted the drop in our operational profitability**
 - The Company's Employees costs also saw a marginal increase sequentially as we have inducted employees at various key managerial positions to drive the further growth of the business
 - Other expenditures which majorly include Processing/Job Working Charges, Freight and Logistics, and Packaging Expenses etc. increased by 66% year on year.
 - **Processing Fees** - The firm does job work for some of its products which is recorded up front in Q3FY22 P&L. However, due to supply chain delays the company was unable to deliver the required quantity, resulting in a cost increase. This is expected to normalise in coming fiscal
 - **Freight, Logistics and Packaging** - Throughout the quarter, the Company witnessed unprecedented inflationary logistical cost pressures and rise in packaging material costs which contributed significantly to the decline in EBITDA



Vinod Kumar



- The company is trying to mitigate the impact of inflation partially through calibrated pricing increases and cost-cutting measures, and has struck an agreement with Transgraph to decrease inflation risk
- Despite inflationary cost pressures, the company was able to report a PAT of Rs. 57.1 million as compared to Rs. 52.6 million registering a growth of 8% year on year
 - PAT margin for Q3FY22 stood at 8.30% compared to 8.10% in Q3FY21
 - Improvement in PAT was led by reduced Finance cost and increased other income

Update on Capex

- Until the end of December 2021, the company has spent Rs. 345.2 million
- By the end of the current quarter, the Company anticipates the newly constructed solvent extraction plant to be operationalized for backward integration
 - Due to the requirement to integrate this new plant with our existing facility, we anticipate a production loss of about one week in the current quarter.
- In the coming fiscal year, the company intends to operationalise other facilities such as refinery, fractionation, and related infrastructure.

Other Updates

- The company has decided to deploy a new ERP system (S/4HANA) and has signed an agreement with SAP ERP, which will be implemented in the near future
- During the quarter under review, the Company also switched from multiple banking facilities to a consortium banking arrangement with State Bank of India serving as the consortium bank leader for the member banks, which include Bank of Maharashtra, Bank of India, Canara Bank, Axis Bank, Kotak Mahindra Bank, and The Federal Bank

Update on Employee Stock Option Plan

- The Nomination and Remuneration Committee has approved grant of options under Employee Stock Option Scheme 2021
- This scheme will enable the Company to reward long-term employees and retain and attract new talent in Company



V. Saeed



Awards & Accolades

- Conferred with an ***award for highest excellence in ESG (Environment, Social & Governance) compliances at the GLOBOIL India 2021 awards ceremony***
- Awarded four ***'Highest unique processors and highest unique excellence in exports of vegetable butter from India'*** continuously for the 16th consecutive year in an event organized by Solvent extractors' association of India
- Awarded ***'Excellence in Highest Exports of Specialty Butter from India'*** by IOPEPC (Indian Oilseeds & Produce Export Promotion Council) Ministry of Commerce, Govt of India

Credit Rating

- In August 2021, India Ratings & Research, the rating agency has upgraded Manorama Industries Limited (MIL) a Long-Term Issuer Rating to ***'IND BBB+' from 'IND BBB', Outlook - Stable***

About Manorama Industries Limited

Manorama Industries Limited is a global pioneer in the manufacturing of specialty fats from tree-borne and plant-based seeds. The Group has a history of many decades which started with extracting butter and fats from Sal seed and Mango kernel and gradually forayed into exotic products and specialty fats. Today, the company is one of the top global players in the food and cosmetic industries and maintains a good relationship of many decades with Fortune 500 companies all over the world in the cosmetic, chocolate, and confectionery industries. Over the years; the Company is the recipient of more than 50 International and National awards for its successful and unique business model and for playing a pivotal role in empowering communities and its contribution to nation-building.

Safe Harbor

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.



Vinita Kaul



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