



# Manorama Industries Limited

July 30, 2021

To,  
The Manager  
BSE Limited  
P. J Towers, Dalal Street,  
Fort, Mumbai — 400 001

BSE Code: 541974

Dear Sir / Madam,

**Sub.: Credit Rating**

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to intimate you that India Ratings & Research, the rating agency has assigned Manorama Industries Limited (MIL) a Long-Term Issuer Rating of 'IND BBB'. **The Outlook is Positive.**

Enclosed herewith the Instrument wise rating actions.

Request you to take this information on records.

Thanking you,

**For Manorama Industries Limited**



**Vinita Saraf**  
**Chairperson & Managing Director**  
**DIN: 00208621**

**Encl: As above**

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**Corporate Office :**

F-6, Anupam Nagar,  
Raipur - 492007  
Chhattisgarh, INDIA  
Tel. : +91-771-2283071, 2282579  
E-mail: info@manoramagroup.co.in  
Web: www.manoramagroup.co.in  
CIN : L15142MH2005PLC243687  
GSTIN : 22AAECM3726C1Z1

**Manufacturing Plant:**

Paraswani Road, Industrial Area,  
Birkoni, 493445  
Mahasamund (C.G.) INDIA  
Tel: 0772-3224227/8/9/30

ISO 9001, ISO 14001, ISO 45001 FSSC 22000 RSPO Certified Company  
A Government of India Recognized Star Export House

**Registered Office :**

Office No. 403, 4th Floor, Midas, Sahar Plaza,  
Andheri Kurla Road, Andheri East Mumbai  
Mumbai City MH 400059 INDIA  
GSTIN : 27AAECM3726C1ZR  
Mumbai. Tel. 022 22622299  
Tel. 022 49743611, Tel. 022 67088148

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## India Ratings Assigns Manorama Industries 'IND BBB'; Outlook Positive

# 30

JUL 2021

By [Sinjini Bakshi](#)

India Ratings and Research (Ind-Ra) has assigned Manorama Industries Limited (MIL) a Long-Term Issuer Rating of 'IND BBB'. The Outlook is Positive. The instrument-wise rating actions are given below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Fund-based facilities	-	-	-	INR1,320	IND BBB/Positive	Assigned
Long term loan	-	-	March 2026	INR212.4	IND BBB/Positive	Assigned
Proposed fund-based facilities*	-	-	-	INR467.6	IND BBB/Positive	Assigned

\*Unallocated

The Positive Outlook reflects Ind-Ra's expectation of an improvement in the company's liquidity, as a result of the successful issuance of equity shares in FY22.

### KEY RATING DRIVERS

**Moderate Scale of Operations:** MIL procures, processes and supplies exotic and speciality fats and butters. The company discontinued the trading part of its business in FY19 and started focusing on the procurement and manufacturing of exotic butter and fats. Until FY20, all the processes (other than fractionation) were outsourced; however, FY21 onwards the company commenced operations at its own manufacturing unit. In FY21, the company had an installed capacity of 90,000 metric tonne per annum with a utilisation of 41%.

The company's revenue grew to INR2,084 million in FY21 (FY20: INR1,882 million) owing to increased volumes, as the company met the strong demand through its manufactured products. The agency expects MIL's revenue to grow substantially in FY22 owing to the increased utilisation of its installed units.

**Average EBITDA Margin:** MIL's margin contracted to 17.10% in FY21 (FY20: 23.29%) owing to increased logistics and raw material costs. Its return on capital employed stood at 12% in FY21 (FY20: 19%).

**Comfortable Credit Metrics:** MIL's gross interest coverage (operating EBITDA/gross interest expense) deteriorated to 3.4x in FY21 (FY20: 4.5x) due to a fall in the absolute EBITDA to INR356.46 million (INR438.47 million). The net financial leverage (total adjusted net debt/operating EBITDAR), however, improved to 2.2x in FY21 (FY20: 2.3x) due to a decline in its net borrowings to INR848.54 million (INR1,193.54 million). The agency expects the company's credit metrics to improve in FY22, due to the revenue-led increase in absolute EBITDA.

**Liquidity Indicator - Adequate:** The company's average maximum utilisation of the fund-based limits was 55.79% during the 12 months ended June 2021. The cash flow from operations and free cash flows turned positive at INR119.36 million in FY21 (FY20: negative INR1,020.23 million) and INR207.96 million (negative INR977 million), respectively driven by the improvement in working capital cycle.

MIL's elongated net working capital cycle improved to 338 days in FY21 (FY20: 580 days) due to increased inventory. The agency expects MIL's cash flow from operations and free cash flow to decline in the near term on account of planned capex; the company plans to incur equity-funded capex of INR650 million in FY22 and FY23 for the installation of its solvent extraction plant unit. The company has Emergency Credit Line Guarantee Scheme loans outstanding of INR212.4 million, scheduled to be repaid by March 2026. The agency believes the management's public announcement of the issuance of equity shares amounting to INR1,016.88 million, will provide further cushion to its liquidity.

**Strong Counterparty Presence:** MIL derives major revenue by supplying to customers from the chocolate and confectionery industry, with a significant portion of the balance revenues coming from the cosmetics industry. Being the only processor of tree-based specialty butter and fats in India, MIL has reputed clientele, namely Mondelez India Foods Pvt Ltd, Walter Rau Neusser, BL Agro Industries etc. MIL caters to domestic as well as foreign clients (from Italy, Japan, U.K., Singapore, Denmark etc.) and its exports contributed 64% to the total revenue in FY21.

**Early Stage of Own Manufacturing Operations:** Up to FY20, MIL used to procure raw material and manufacture products through job work, but FY21 onwards, it commenced in-house manufacturing. The company's nascent stage of manufacturing is a constraining factor.

## RATING SENSITIVITIES

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**Positive:** The successful issuance of equity shares and resultant comfort in the liquidity will lead to a positive rating action.

**Negative:** The non-issuance of the equity shares as declared will lead to the Outlook being revised to Stable.

## COMPANY PROFILE

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Incorporated in 2005, Manorama Industries Limited is based in Raipur (Chhattisgarh) and is engaged in the procuring, processing and supplying of exotic and speciality fats and butters such as seed refined oil, stearine, olein and cocoa butter equivalent. The company, a part of the Manorama Group, is promoted by Saraf family (69.18% shareholding) and is presently managed by its managing director Vinita Saraf.

## FINANCIAL SUMMARY

Particulars	FY21	FY20
Revenue (INR million)	2,084.39	1,882.43
Operating EBITDA (INR million)	356.46	438.47
EBITDA margin (%)	17.1	23.29
Interest coverage (x)	3.4	4.5
Net leverage (x)	2.2	2.3
Source: Ind-Ra; MIL		

## NON-COOPERATION WITH PREVIOUS RATING AGENCY

MIL is listed under the 'Non Co-operation by the issuer' category by Brickwork Ratings Ltd due to inadequate information provided by the company.

## COMPLEXITY LEVEL OF INSTRUMENTS

Instrument <b>Type</b>	Complexity Indicator
Fund based limits	Low
Long-term loans	Low

For details on the complexity levels of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## SOLICITATION DISCLOSURES

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

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## Applicable Criteria

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[Corporate Rating Methodology](#)

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## Analyst Names

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