




Investor Presentation
August - 2019





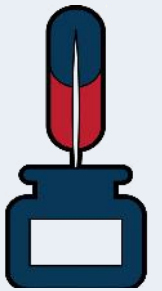
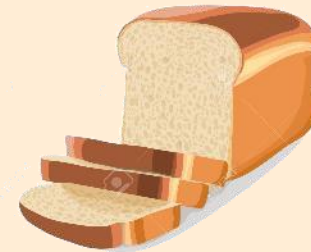
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THE FINE STORY OF SUCCESS



Our Story of Success



Legacy in Green Additives

Wide Product Range



Products
400+

Diversified Customer Base



Direct
Customers
650+

Global Distribution Network



Distribution
150+

Installed Capacity
69,300 TPA



Inhouse capability for product development, Process technology and engineering R&D

Global Presence
70+



Largest manufacturer of oleochemical-based additives in India
Strong player globally in this industry

Strength formulae for Success of FINE ORGANICS

01



*Dominant
Position*

04



*Specialized
Business Model*

07



*Highly
Experienced
Management
Team*

02



*Diversified
Product
Portfolio*

05



*Strategically
Located*

03



*Diversified
Customer
Base*

06



*Strong R&D
– Innovation
led business*

EFFECTIVE TECHNOLOGY



RELENTLESS FOCUS



**INNOVATIVE PRODUCTS
AND SOLUTIONS**

1. Dominant Position



Pioneers and the largest manufacturers of oleochemical-based additives in India and a strong player globally

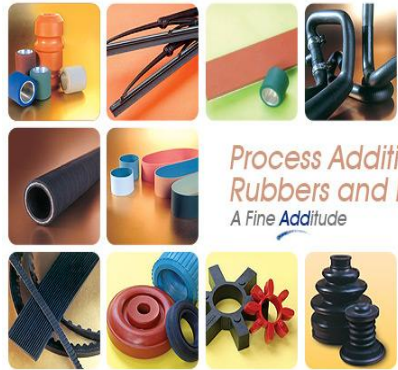
Fully automated production facility
Multiple production sites

One of the five global players in the polymer additives industry

One of the six global players in the Specialty Food Emulsifiers

One of the leading players to develop proprietary technology to manufacture Green additives

2. Diversified Product Portfolio : Multiple End-users



*Process Additives for
Rubbers and Elastomers*
A Fine Additude



*Specialty Additives
for Foods*
A Fine Additude



*Specialty Additives
for Cosmetics*
A Fine Additude



*Oleochemical Specialties
for Diverse Applications*
A Fine Additude

The diversity of oleochemistry has enabled us to develop a wide range of additives for PVC, Polyolefins, Styrenics, Polyamides & other engineering polymers, Rubbers and Elastomers

Pioneer in manufacturing & marketing of emulsifiers in India.

Expanded its range to anti-fungal agents, bread improvers, beverage clouding agents etc.

Our product range for CosPha (Cosmetic and Pharmaceutical) applications serve both as base ingredients and functional additives.

They enhance appearance and use for end-uses in skin care products like Creams, Lotions & Ointments etc

Using our oleochemical expertise, we have developed a line of functional additives and special formulations for the paints, inks, coatings, Asphalt/Bitumin & several other industries



2. Diversified Product Portfolio : 400+ Products

Food Additives

Helps food to get the desired aesthetic structure and texture along with maintaining quality and freshness. Enhances shelf life of bakery products and keeps it safer from spoiling or from becoming toxic due to unwanted growth of bacteria, yeast and moulds

Polymer Additives

Reduces friction between polymer products & other surfaces they come in contact. Converts water droplets formed on polymer films into continuous transparent layer. Dissipates the build electrical charges on polymer materials. Used as flow improvers & mould release agent in PVC pipes

Specialty Additives

Used in niche applications like reducing fat in high-quality biscuits or to make high-quality sponge with good volume, structure, sliceability and shelf life

Emollients for Cosmetics

Enables manufacturing of products with different structures like creams, gels, pastes, lotions etc. Aids in achieving long term physical stability for transport and storage. Increases sensory perception and the chemical stability of the sensitive active agents

Rubbers & Elastomers

Added to improve compounding & processing of rubber. Used in various types of rubbers for applications such as tyres, conveyor belts, dock fenders, automotive parts, hoses, shoe soles etc

Additives for Coatings

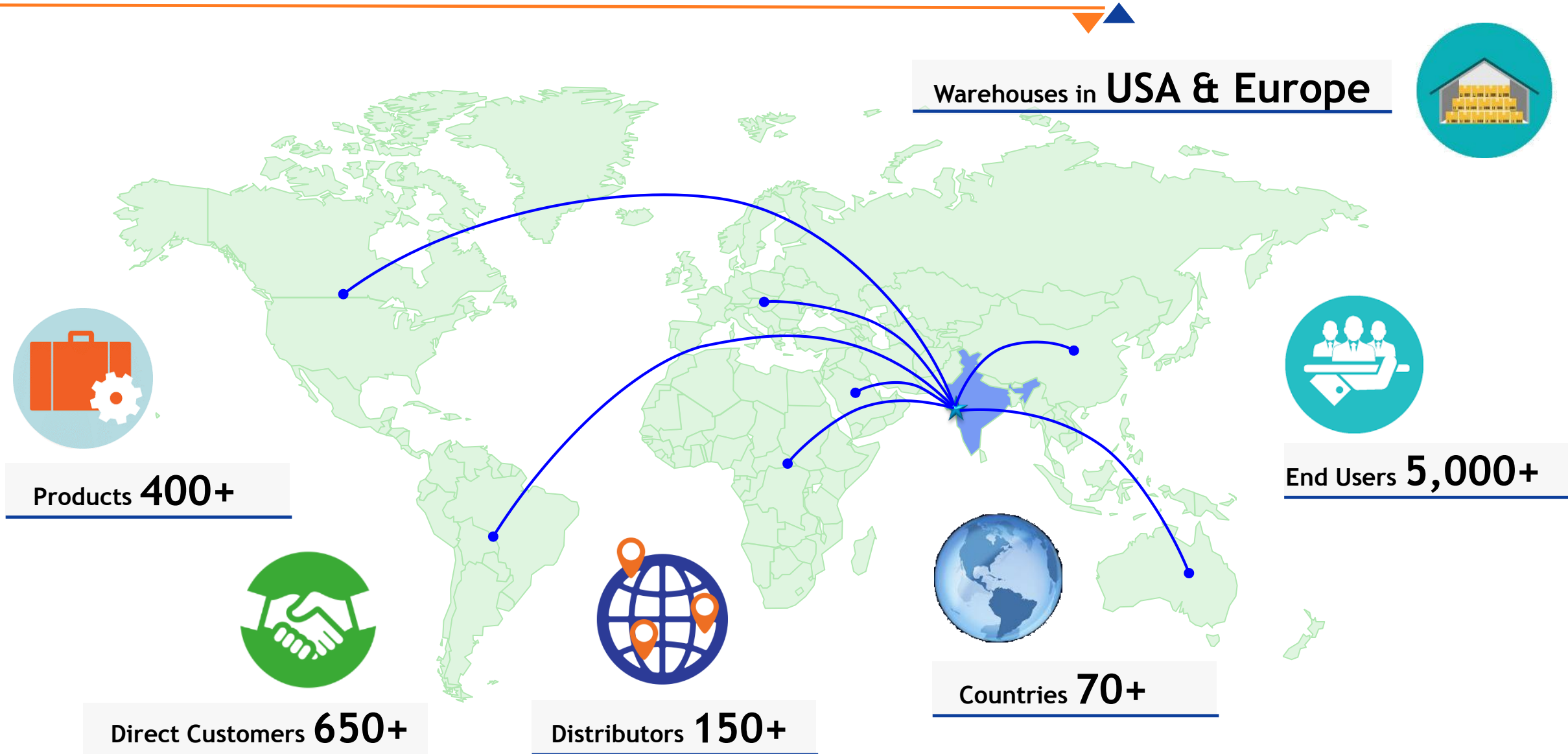
Used as anti-settling agents, emulsifiers, thickening/anti-sagging agents, wetting and dispersing agents, defoamers, biocides and anti-mar waxes for use in paint and coating applications. Capable of improving the appearance and durability of a coating

Feed Nutrition Additives

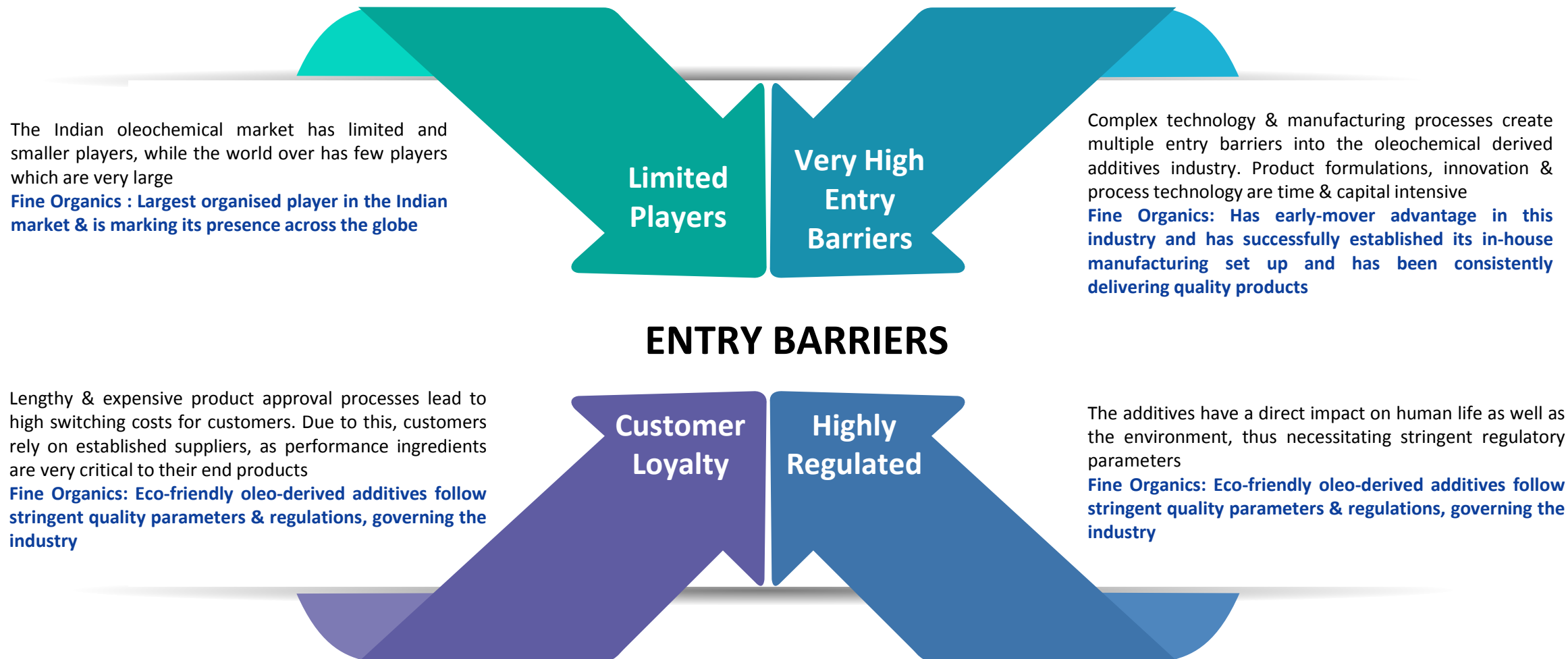
Replaces harmful antibiotics and improves feed efficiency and imparts several technical advantages to the end products



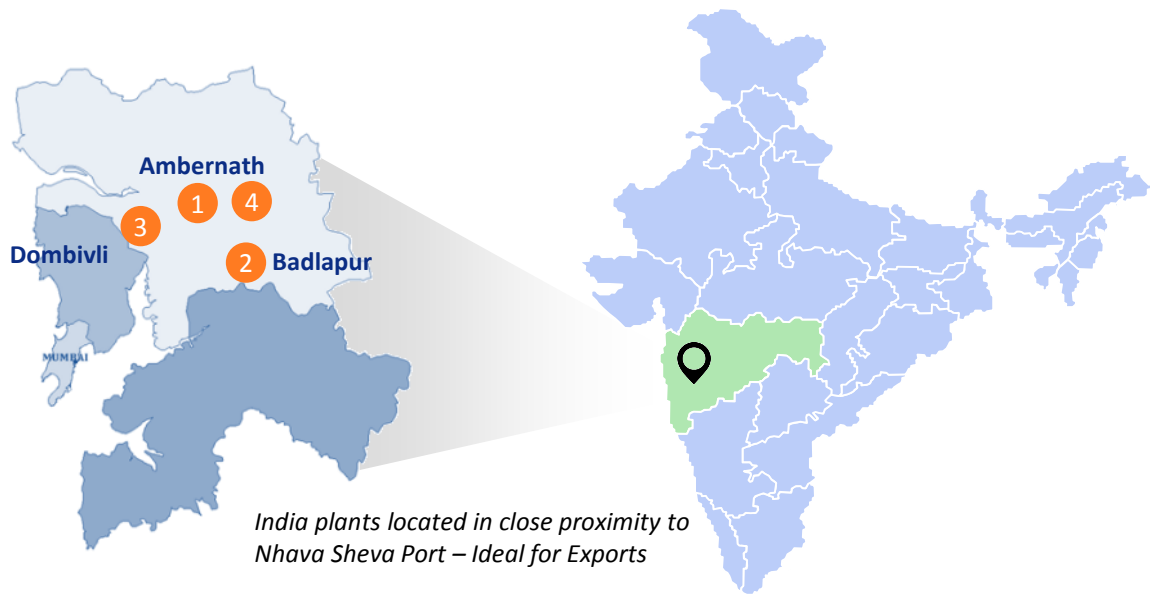
3. Diversified Customer Base



4. Specialised Business Model : Entry Barriers



5.Strategically Located : Current Facilities



Ambernath



Badlapur



Current Operational Facility

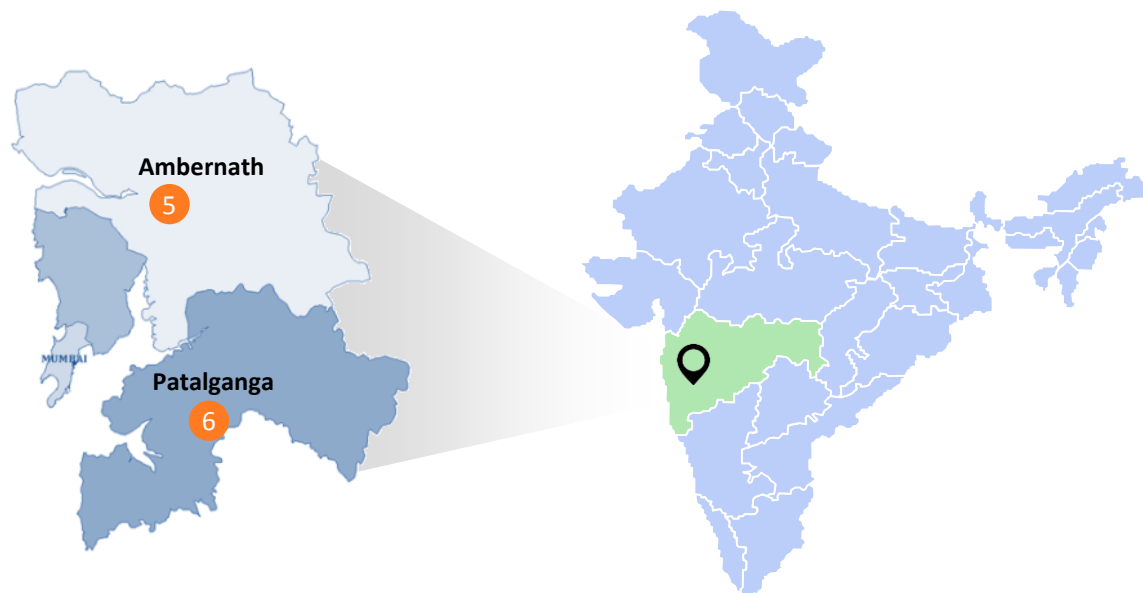
Plant	Capacity (TPA)	Remarks
1 1 st Ambernath Facility	49,500	--
2 Badlapur Facility	6,400	--
3 Dombivli Facility	8,400	Acquired on Sub-lease basis
4 2 nd Ambernath Facility	5,000	Acquired on Sub-lease basis
Total Capacity	69,300 TPA	



Certifications

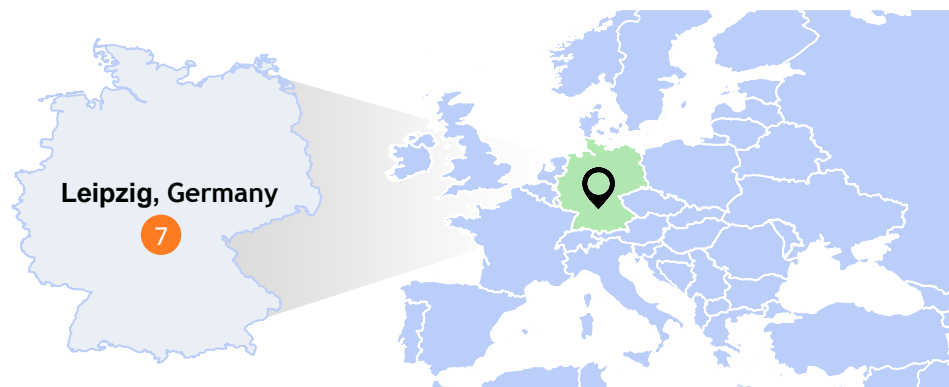


5.Strategically Located : Expansion Plans



Proposed Expansion Plants

Plant	Capacity (TPA)	Remarks
5 3 rd Ambernath Facility	32,000	Construction Completed
6 Patalganga Facility	10,000	Q2 FY21*
7 German Facility	10,000	FY22*



6. Strong R&D : Innovative Approach



Strong R&D Capabilities

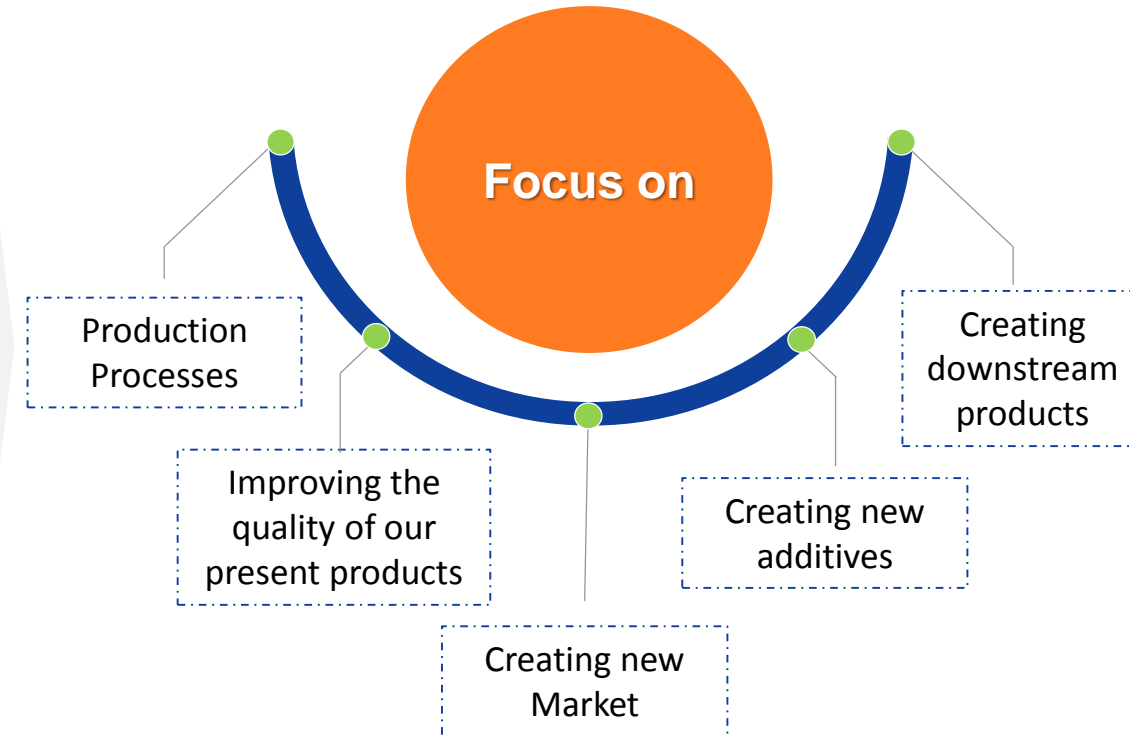
- Product Development Lab & Product Application Lab
- Dedicated team of **18 Scientists and Technicians**
- Developed and launched 8 new products since April 1, 2019

New Product Development

- **Feed nutrition additives** – derived from natural vegetable oils
- **Additive for designed milk** from cows (commercialization in progress)
- On-going R&D efforts for new product developments & applications

In-House Design and Engineering

- Company has in-house capabilities for plant designing and engineering
- **Lowers capital expenditures** & quicker commissioning



7. Experienced Management Team



Prakash Kamat – Executive Director and Chairman

- Holds a M.Sc. Tech- Master of Science & Tech (Oils) from Institute of Chemical Technology (formerly UDCT)
- Associated with the group since inception having experience in product development, process technology and R&D



Mukesh Shah – Managing Director

- Joined in 1973. Holds a Bachelor's degree in Science
- Played a key role in establishing quality control and marketing



Jayen Shah – Executive Director and CEO

- Joined in 1986. Holds a Master's degree in Science
- Instrumental in creating a strong vendor-partner network



Tushar Shah – Executive Director and CFO

- Joined in 1989 and led several initiatives like ERP, CRM, etc.
- Key role in the development of the first slip additive facility



Bimal Shah – Executive Director

- Joined in 2009. Holds a Bachelor's degree in Science from Purdue University and a Master's degree from Boston College
- Led initiatives for new projects and processes



Prakash Apte – Independent Director

- On the Board since Nov 2017. Holds a Bachelor's degree in Mechanical Engineering
- Previously served as MD of Syngenta India



Kaushik Shah – Independent Director

- On the Board since Jan 2018. Holds a Bachelor's degree in Commerce and a Qualified Chartered Accountant
- Previously served as MD of Fulford (India)



Mahesh Sarda – Independent Director

- On the Board since Nov 2017. Qualified Chartered Accountant
- Previously served as a Partner at Deloitte Haskins & Sells



Parthasarathi Thiruvengadam – Independent Director

- On the Board since Nov 2017. Holds a BTech degree from IIT, Madras and Post Graduate in Industrial Engineering
- Previously served as a Senior Director with Deloitte India



Pratima Umarji – Independent Director

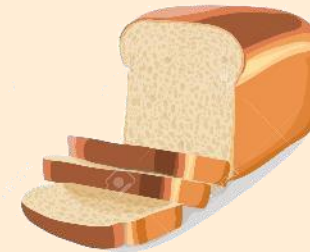
- On the Board since Nov 2017. Holds a Law degree
- Current panel member of the “Lok Adalat”, Bombay High Court



INDUSTRY POTENTIAL:

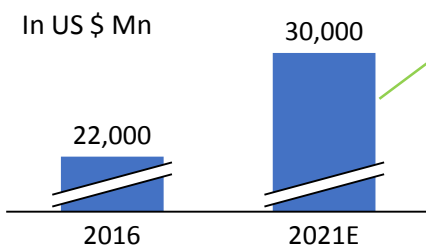
MULTIPLE GROWTH LEVERS

1. Polymer Additives
2. Food Additives
3. Other Specialty Additives



1. Polymer Additives

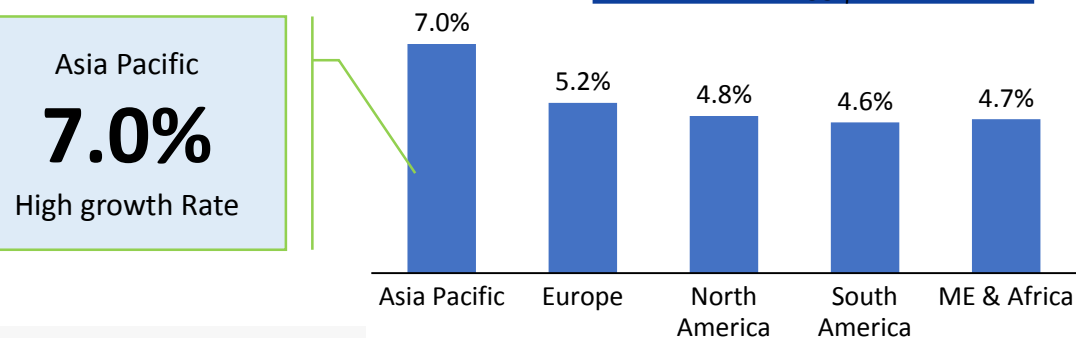
Global Market Size



CAGR **6.4%**

Country-wise Growth (From 2016 - 2021E)

In US \$ Mn



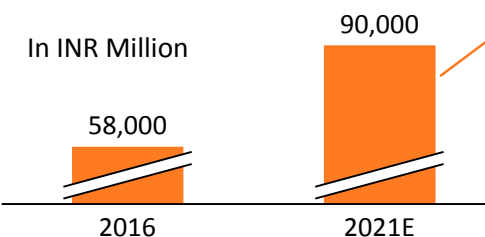
Growth Drivers

Increased Substitution by polymer Materials

Development of New Polymer Additives

Increasing Preference for Non-toxic polymer Additives

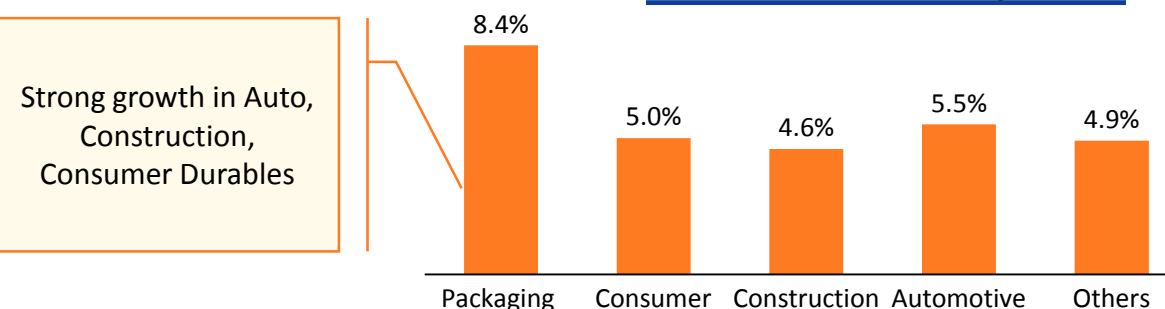
Indian Market Size



CAGR **9.2%**

End-user Segment Growth (From 2016 - 2021E)

In INR Million



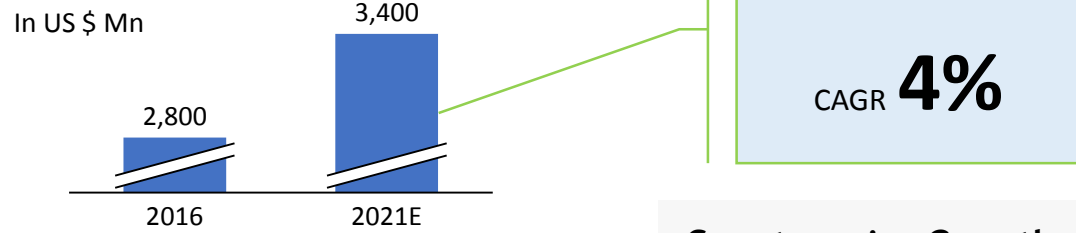
Growth Drivers

Low Per Capita Polymer Consumption (11kg vs Global Avg. of 30kg)

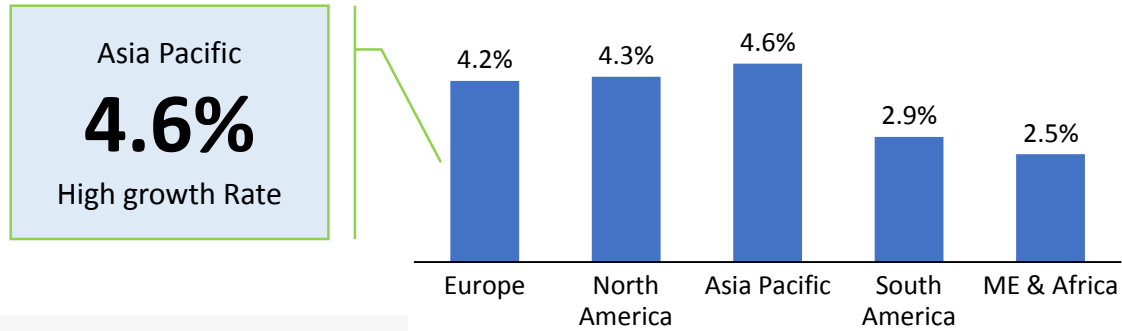
Increasing use of polymers in packaging – superior quality & cost effectiveness

2. Food Additives

Global Food Emulsifiers Market Size



Country-wise Growth (From 2016 - 2021E) In US \$ Mn



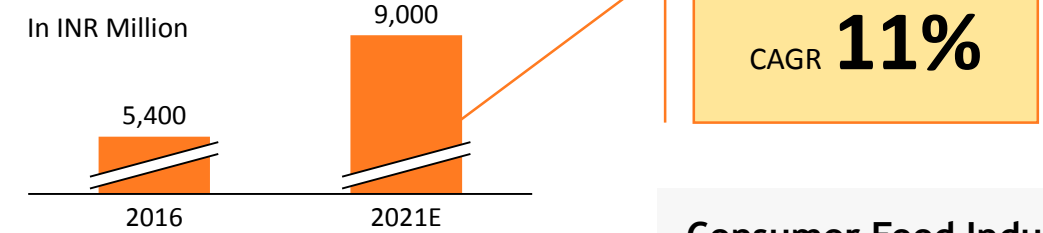
Growth Drivers

Increasing awareness among food processors about advantages & applications

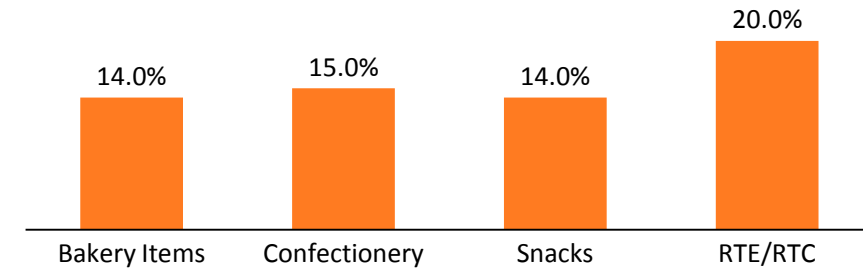
Growing population, higher economic growth & disposable income changing lifestyles of emerging nations

Rise in health awareness & quality consciousness of consumers in developed nations demanding healthy packed foods

Indian Market Size



Consumer Food Industry (From 2017 - 2022E) In INR Million



Growth Drivers

Low per capita consumption of food emulsifiers

Booming organized retail sector and changes in eating habits

Changing consumer preferences for processed and packed convenience foods

3. Other Specialty Additives : Key Drivers

Industry	Specialties	Feed Nutrition	Cosmetics & Pharmaceuticals	Additives for Coatings	Rubber
Key Additives & Ingredients	<ul style="list-style-type: none"> ▪ Lube additives ▪ Property modifiers ▪ Coated papers 	<ul style="list-style-type: none"> ▪ Natural Antibiotics ▪ Nutritional Additives ▪ Anti-fungal Additives 	<ul style="list-style-type: none"> ▪ Emulsifiers & Emollients ▪ Pharmaceuticals – Coating Ingredients 	<ul style="list-style-type: none"> ▪ Dispersing agents ▪ Emulsifiers ▪ Wetting Agents ▪ Defoamers ▪ Slip Additives 	<ul style="list-style-type: none"> ▪ Processing Aids ▪ Specialty Plasticizers ▪ Slip Additives ▪ Anti-stats ▪ Anti-sticking Agents
End Uses	<ul style="list-style-type: none"> ▪ Automotive Lubricants ▪ Roads & Highway Infrastructure ▪ Specialty applications 	<ul style="list-style-type: none"> ▪ Poultry Products ▪ Milk & Milk Derivatives 	<ul style="list-style-type: none"> ▪ Creams, lotions & ointments ▪ Skin care Cosmetics 	<ul style="list-style-type: none"> ▪ Paints ▪ Inks ▪ Coating Materials 	<ul style="list-style-type: none"> ▪ Conveyor Belts ▪ Automotive Parts and Industrial Component
India CAGR (FY17 - 22E)	--	11-13%	10% – 12%	8% – 10%	6% – 7%
Growth Drivers	<ul style="list-style-type: none"> ▪ Increase in: <ul style="list-style-type: none"> ✓ Govt. expenditure on infra projects ✓ Use of cars/trucks ✓ Cashless transactions & air travel 	<ul style="list-style-type: none"> ▪ Growing health awareness & food processing industry ▪ Safer milk and milk products 	<ul style="list-style-type: none"> ▪ Organized retail moving to Tier II cities ▪ New sub-segments to grow: Men's Cosmetics ▪ Growing demand for skin-care cosmetics 	<ul style="list-style-type: none"> ▪ Low per capita paint consumption ▪ Increased penetration of paints in rural & non-metro cities ▪ Growth in niche products : nano & green coatings 	<ul style="list-style-type: none"> ▪ Growth in auto sales ▪ Steady Improvement in industrial & infrastructure activity ▪ Steady agricultural output

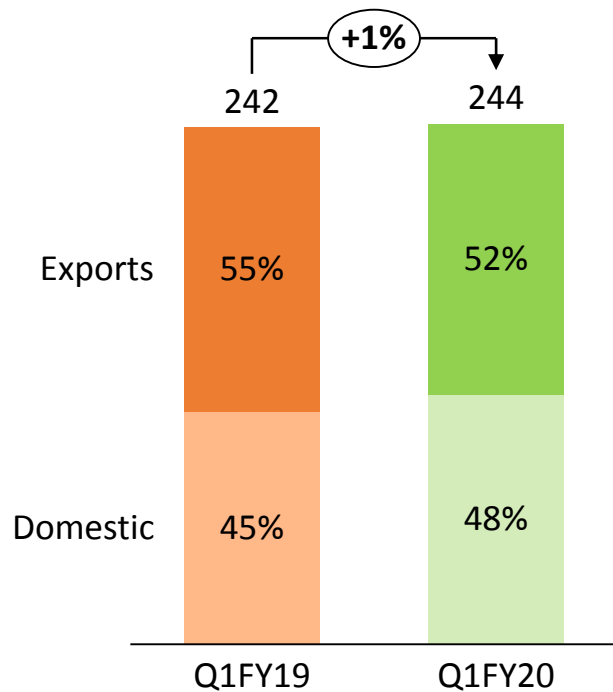
FINANCIAL HIGHLIGHTS



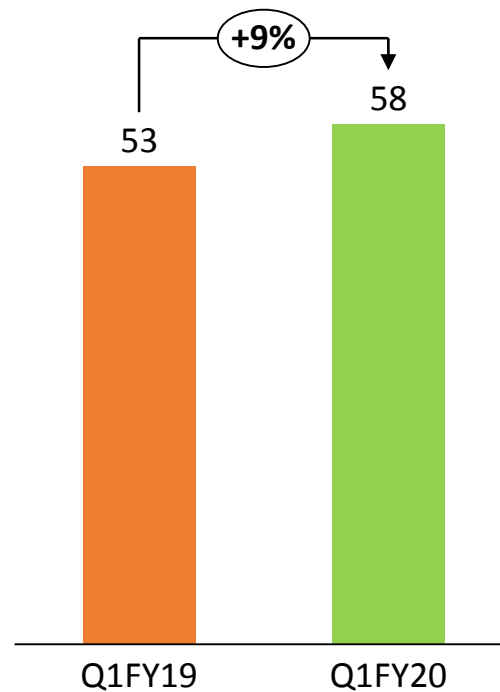
Q1FY20 Standalone Performance Highlights

Rs in Crores

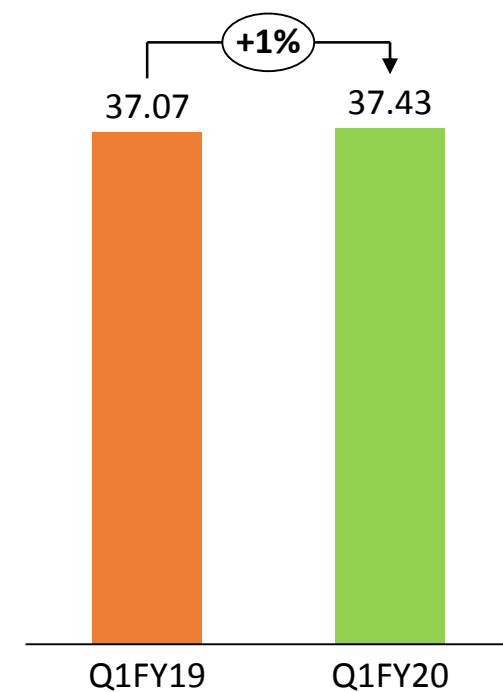
Revenues



EBITDA



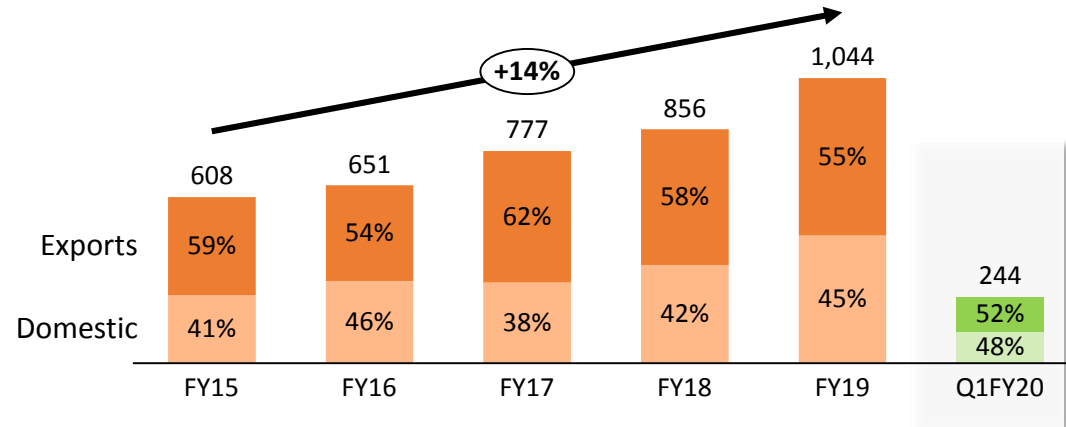
PAT



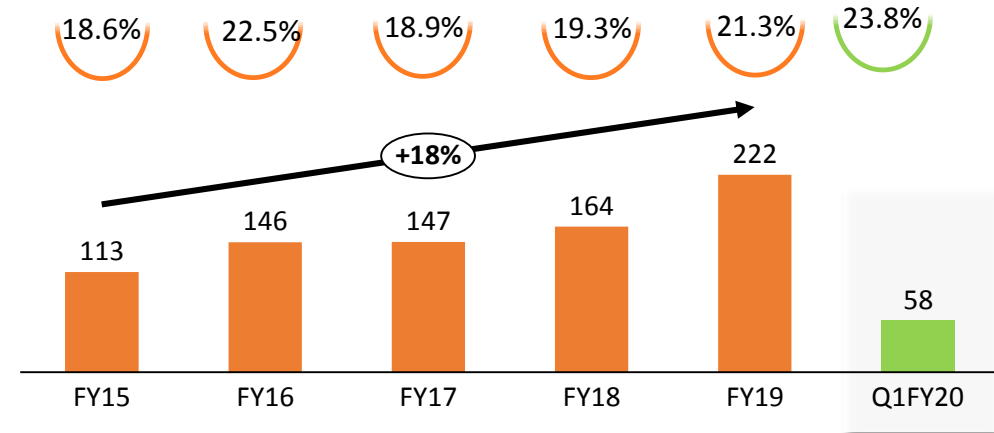
Q1FY20 Standalone Operating Performance

Rs in Crores

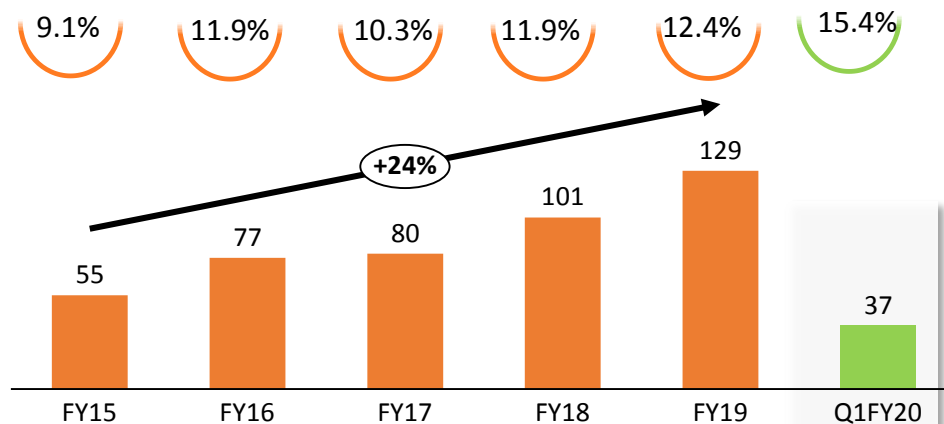
Revenues



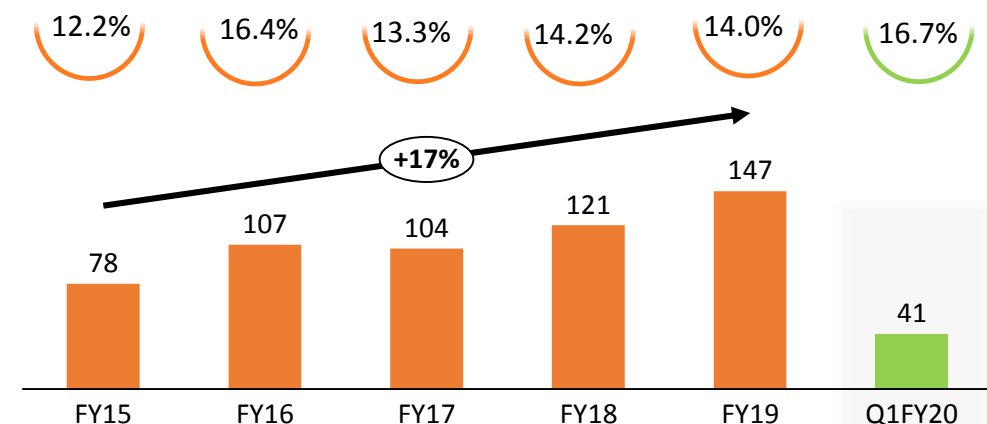
EBITDA & Margins



PAT & Margins

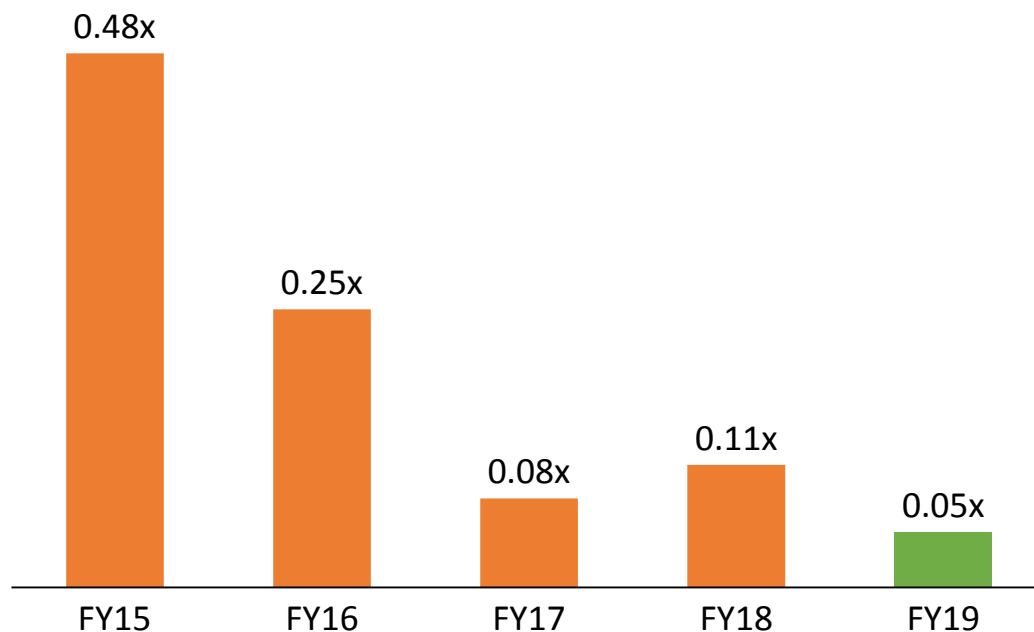


Cash PAT & Margins



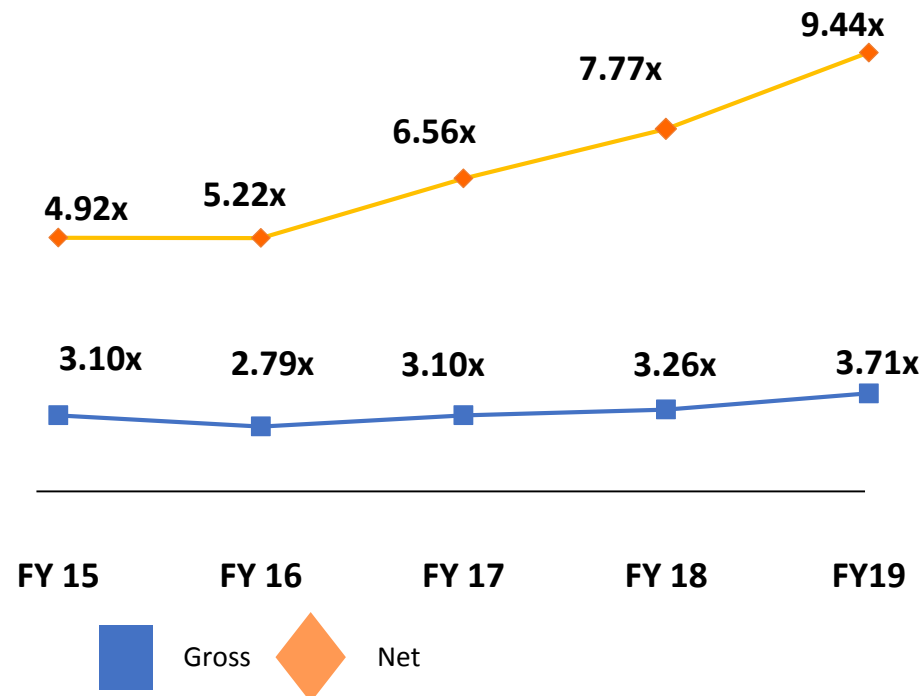
Disciplined Use of Capital (Standalone)

Net Debt to Equity



Net Debt = Total Long term debt + short term debt + current maturities of long term debt – cash and bank balances

Fixed Asset Turnover



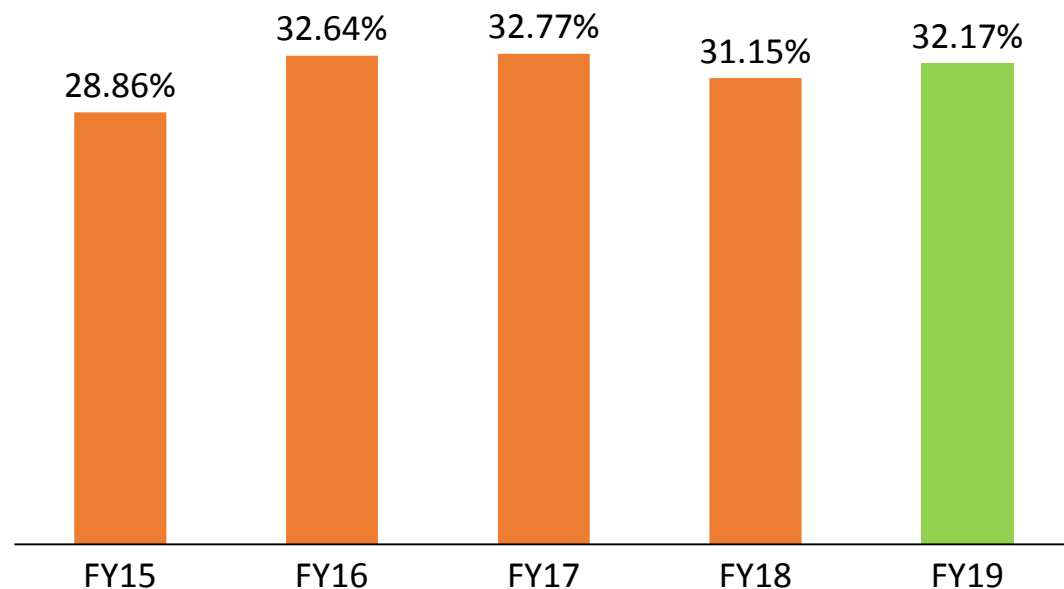
Fixed Asset Turnover (Gross) = Net Revenue from Operations / Total Gross Block of Fixed Assets

Fixed Asset Turnover (Net) = Net Revenue from Operations / Total Net Block of Fixed Assets

Capital delivering Consistent Performance (Standalone)

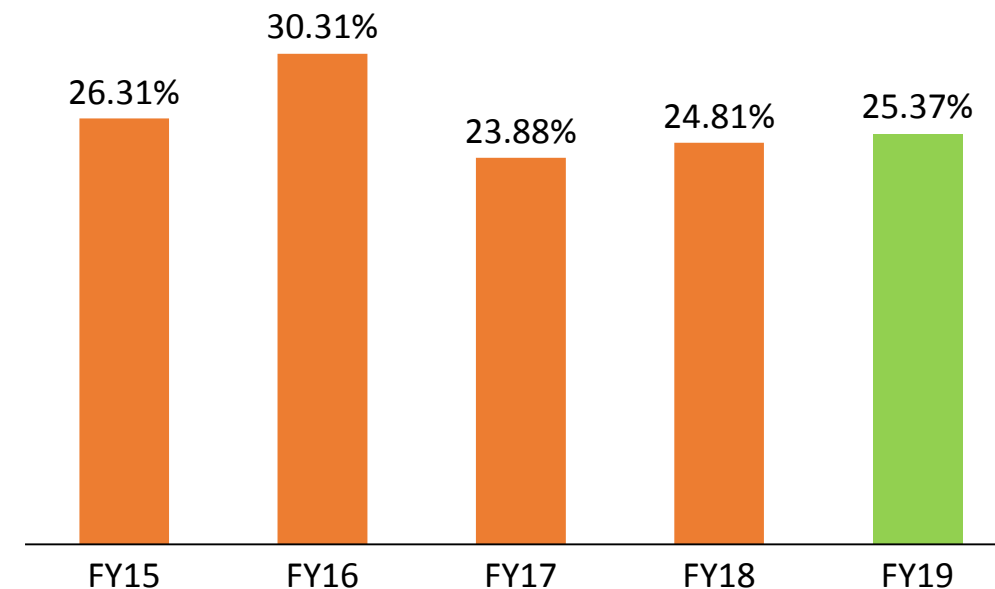


Return on Capital Employed



Return on Capital Employed = $\text{EBIT (excluding Other Income)} / (\text{Total Debt} + \text{Total Net worth})$

Return on Net Worth



Return on Net Worth = $\text{Net Profit After Tax} / \text{Total Net Worth}$



Q1FY20 Standalone Profit & Loss Statement

Particulars (Rs in Crs)	Q1FY20	Q1FY19	Y-o-Y	Q4FY19	Q-o-Q	FY19
Revenue from Operations	243.5	241.8	0.7%	278.7	-12.6%	1,044.0
Cost of Raw Material Consumed	146.7	151.5		177.4		654.4
Gross Profit	96.8	90.3	7.2%	101.3	-4.4%	389.5
Gross Profit Margin	39.8%	37.3%		36.4%		37.3%
Employee Cost	16.0	14.1		13.5		59.9
Other Expenses	22.9	22.9		29.4		107.4
EBITDA	58.0	53.3	8.8%	58.4	-0.8%	222.3
EBITDA Margin	23.8%	22.0%		21.0%		21.3%
Other Income	4.5	8.5		0.7		20.2
Depreciation	3.4	4.1		4.6		17.4
EBIT	59.1	57.6	2.6%	54.5	8.4%	225.0
EBIT Margin	24.3%	23.8%		19.6%		21.6%
Finance Cost	0.4	0.9		0.1		1.8
Profit before Tax	58.7	56.7	3.4%	54.4	7.9%	223.2
PBT Margin	24.1%	23.4%		19.5%		21.4%
Tax	21.2	19.6		27.8		94.2
PAT	37.4	37.1	0.9%	26.6	40.6%	129.0
PAT Margin %	15.4%	15.3%		9.5%		12.4%
EPS*	12.21	12.09		8.66		42.08

Q1FY20 Consolidated Profit & Loss Statement

Particulars (Rs in Crs)	Q1FY20	Q1FY19	Y-o-Y	Q4FY19	Q-o-Q	FY19
Revenue from Operations	250.6	247.5	1.3%	284.3	-11.9%	1,060.3
Cost of Raw Material Consumed	150.0	147.9		180.8		655.2
Gross Profit	100.6	99.6	1.0%	103.5	-2.8%	405.2
Gross Profit Margin	40.1%	40.2%		36.4%		38.2%
Employee Cost	16.7	14.8		14.2		62.8
Other Expenses	23.3	23.2		29.8		108.8
EBITDA	60.6	61.6	-1.6%	59.5	1.9%	233.6
EBITDA Margin	24.2%	24.9%		20.9%		22.0%
Other Income	4.4	8.5		0.6		19.8
Depreciation	3.4	4.1		4.6		17.5
EBIT	61.6	66.0	-6.7%	55.5	11.0%	236.0
EBIT Margin	24.6%	26.7%		19.5%		22.3%
Finance Cost	0.4	0.9		0.1		1.8
Profit before Tax	61.2	65.1	-6.0%	55.4	10.5%	234.1
PBT Margin	24.4%	26.3%		19.5%		22.1%
Tax	21.3	19.6		27.9		94.5
PAT Before Share of Profit / (Loss) of Joint Ventures	39.9	45.5	-12.3%	27.5	45.0%	139.6
PAT Margin % Before Share of Profit / (Loss) of Joint Ventures	15.9%	18.4%		9.7%		13.2%
Share of Profit / (Loss) of Joint Ventures	-2.3	0.0		-0.9		-3.4
PAT After Share of Profit / (Loss) of Joint Ventures	37.6	45.4	-17.2%	26.6	41.1%	136.3
EPS*	12.26	14.8		8.69		44.44

Consolidated Balance Sheet

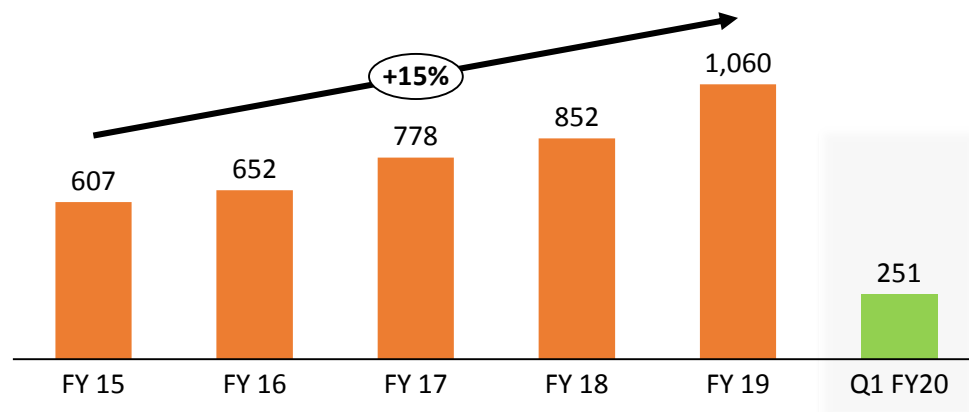
Assets (Rs in Crs)	Mar-19	Mar-18
Non-current assets		
Property, plant and equipment	77.8	88.1
Capital work-in-progress	106.3	31.7
Intangible assets	0.3	0.3
Financial assets		
Investments	10.0	10.6
Loans	1.0	1.0
Others	2.1	0.4
Deferred tax assets (net)	0.2	4.8
Other non-current assets	70.5	59.7
Total non-current assets	268.2	196.6
Current assets		
Inventories	89.3	89.1
Financial assets		
Trade receivables	155.6	146.5
Cash and cash equivalents	108.1	10.7
Other Bank balances	1.1	1.7
Current tax assest (Net)	4.4	3.8
Others	0.3	0.4
Other current assets	75.4	81.0
Total current assets	434.2	333.2
TOTAL ASSETS	702.4	529.8

Equity & Liabilities (Rs in Crs)	Mar-19	Mar-18
Equity		
Equity share capital	15.3	15.3
Other equity	484.9	380.3
Non Controlling Interest	0.0	0.0
Total equity	500.3	395.6
Non current liabilities		
Financial liabilities		
Borrowings	92.8	-
Provisions	3.9	-
Other non-current liabilities	0.0	-
Total non current liabilities (A)	96.7	-
Current liabilities		
Financial liabilities		
Borrowings	20.2	53.6
Trade payables	53.4	69.9
Others	16.5	1.1
Provisions	4.5	2.2
Other current liabilities	3.6	2.4
Current tax liabilities (Net)	7.3	5.0
Total current liabilities (B)	105.4	134.2
Total liabilities (A) + (B)	202.1	134.2
TOTAL EQUITY AND LIABILITIES	702.4	529.8

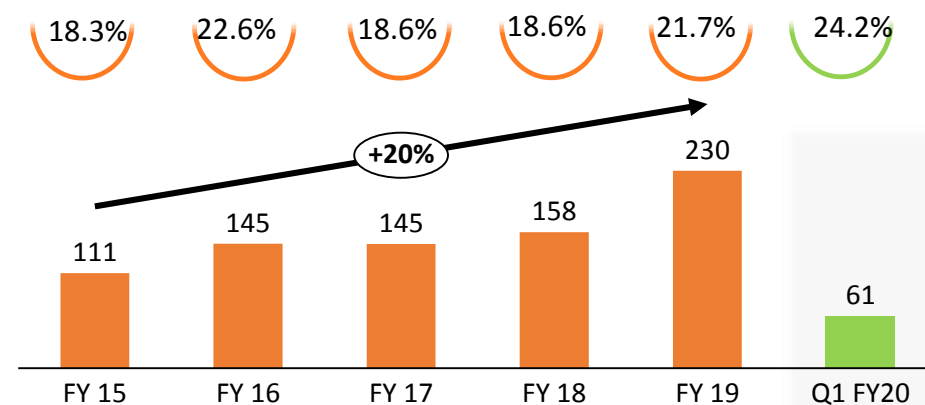
Q1FY20 Consolidated Operating Performance

Rs in Crores

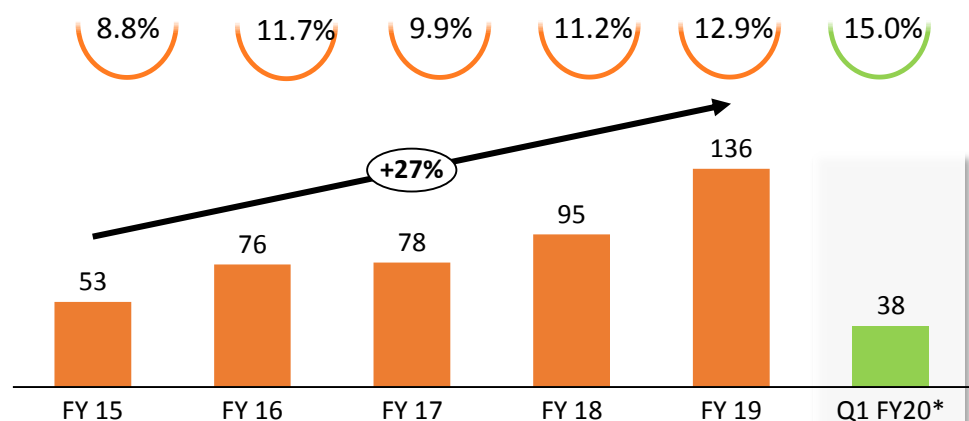
Revenues



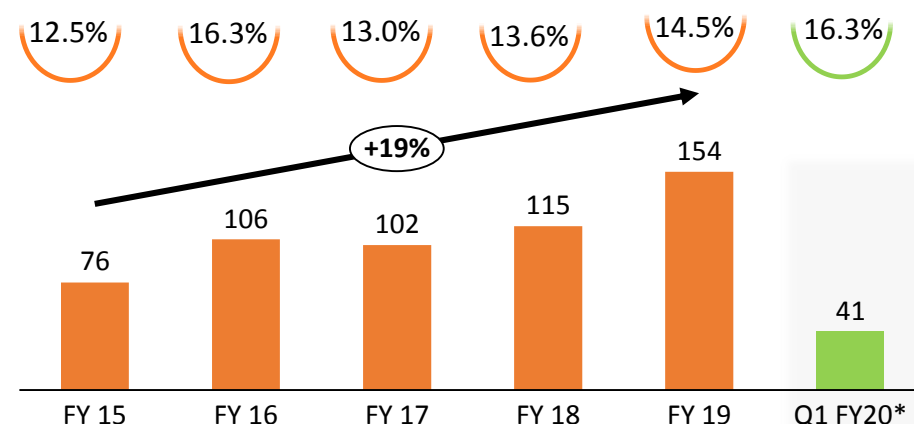
EBITDA & Margins



PAT & Margins

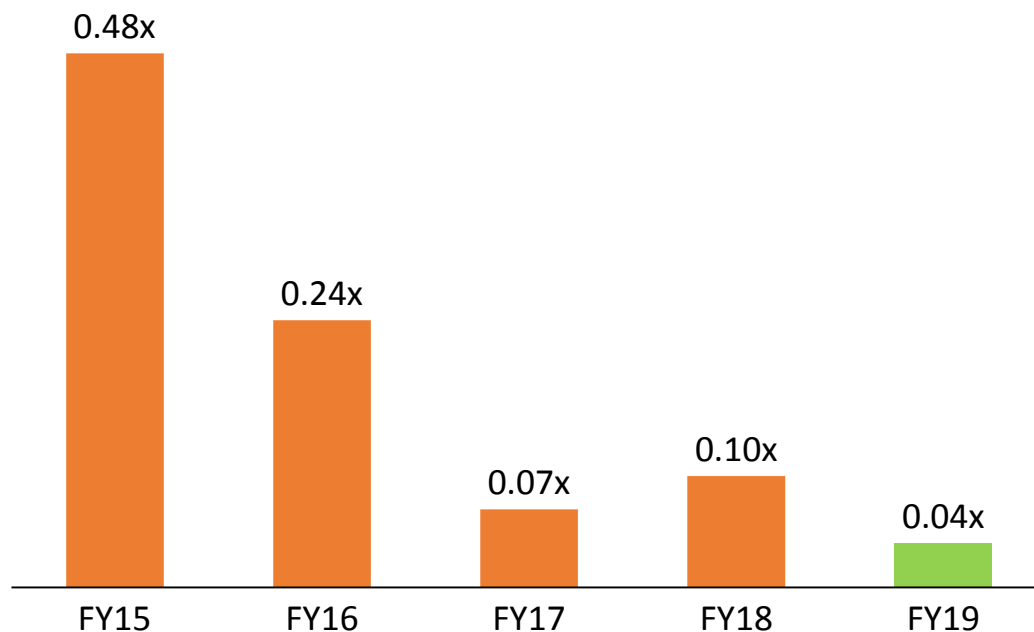


Cash PAT & Margins



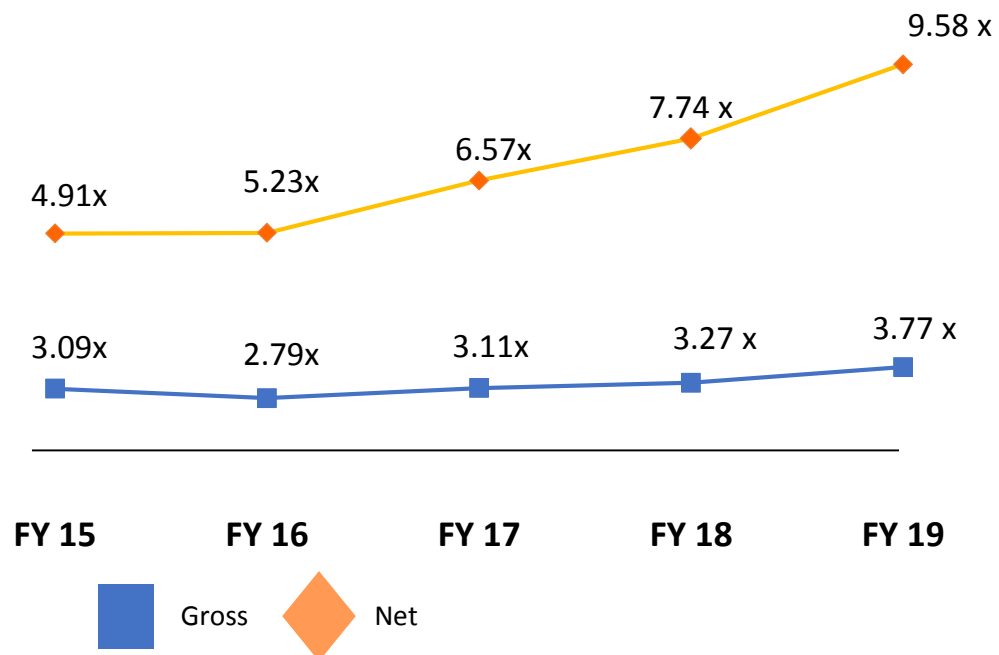
Disciplined Use of Capital (Consolidated)

Net Debt to Equity



Net Debt = Total Long term debt + short term debt + current maturities of long term debt – cash and bank balances

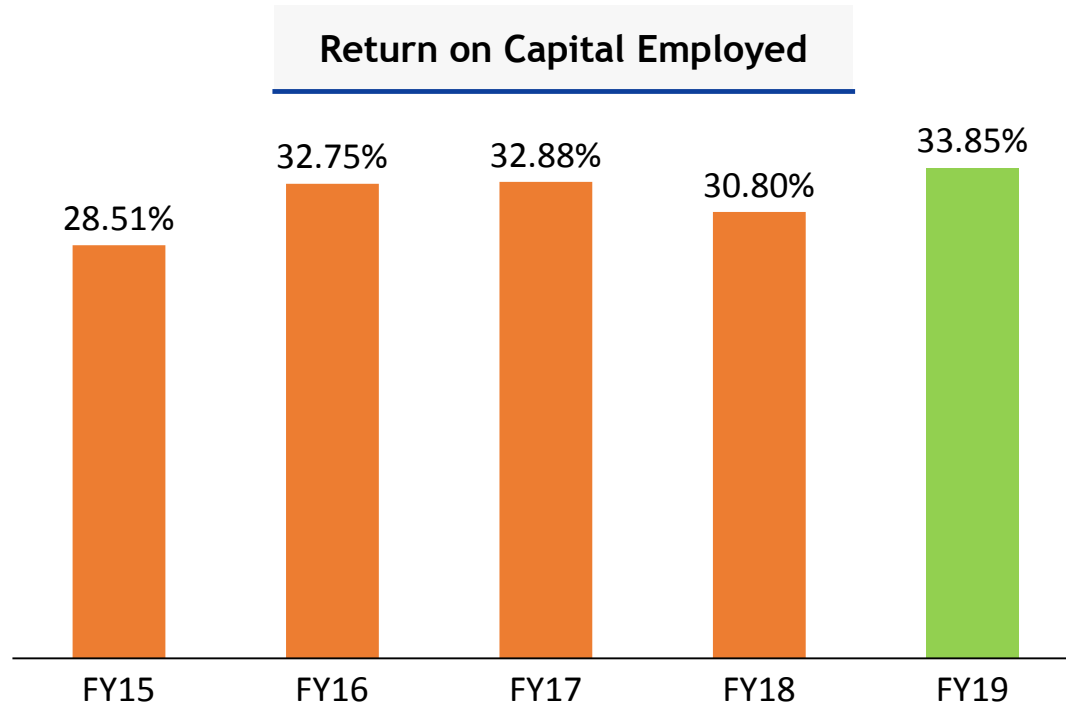
Fixed Asset Turnover



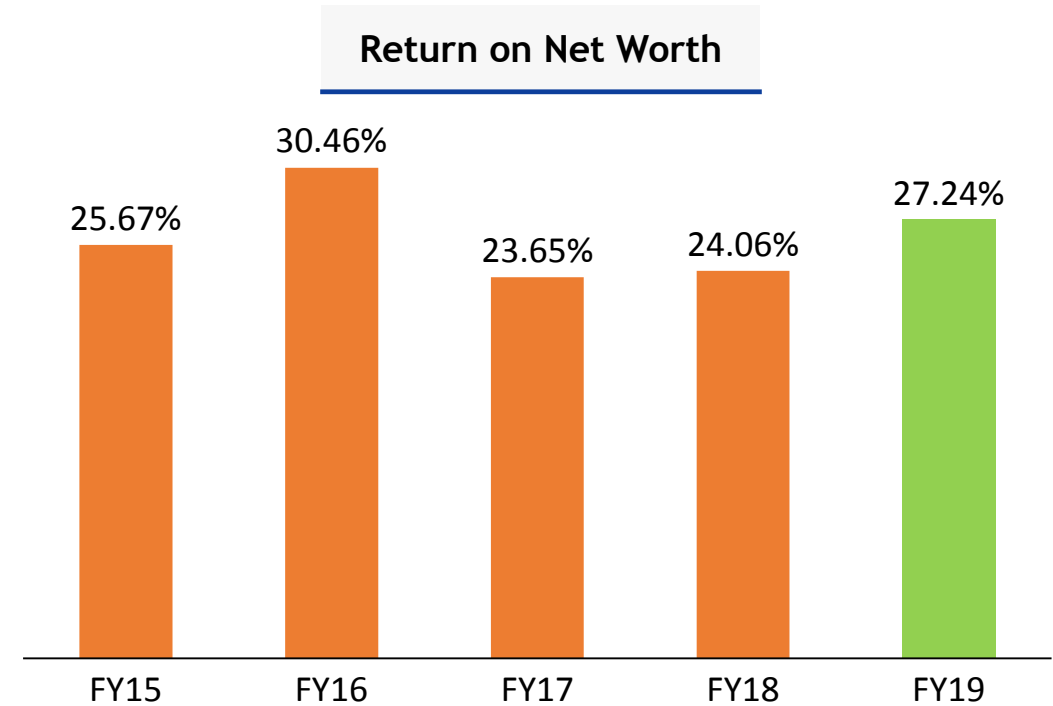
Fixed Asset Turnover (Gross) = Net Revenue from Operations / Total Gross Block of Fixed Assets

Fixed Asset Turnover (Net) = Net Revenue from Operations / Total Net Block of Fixed Assets

Capital delivering Consistent Performance (Consolidated)

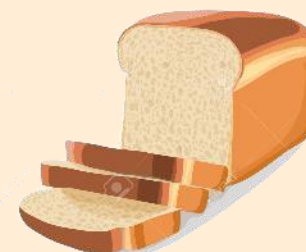


Return on Capital Employed = $\text{EBIT (excluding Other Income)} / (\text{Total Debt} + \text{Total Net worth})$



Return on Net Worth = $\text{Net Profit After Tax} / \text{Total Net Worth}$

LOOKING AHEAD



Key Takeaways



Organic Growth at the Forefront

- 2 new proposed facilities in pipeline



New Business Opportunities

- Developing Feed Nutrition Additives and other specialty additives
- Focus is into newer high margin products



Expand Global Footprint

- New Manufacturing Facility in Leipzig, Germany (through FineAdd JV)
- Planning for Sales office in Shanghai, China



Continued Focus on Innovation and R&D

- Application labs for foods & polymers
- Dedicated pilot plant facility

For further information, please contact:

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