



# Investor Presentation February-2020

This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Fine Organic Industries Limited** (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.



# THE FINE STORY OF SUCCESS



## “It takes Fine Additude to be a Leader ”

An established and reputed international player of oleochemical-based additives, rooted in India

A **Technical Pinch of salt** in the end product making a HUGE difference in the product performance

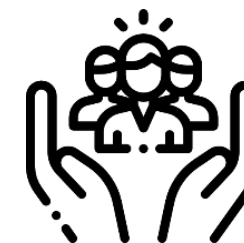
We are omnipresent and form a **part of your life** in every way

We create Oleochemical derivatives for **diverse applications**

**Solution-centric** approach  
**Innovation-driven** mindset

Leading producer of the **widest range of additives** for foods, polymers, cosmetics, coatings etc.

Pioneered in developing wide range of **unique speciality additives** for a variety of applications that are **connected to humans in their daily lives**





## Demand for oleochemical derived additives is increasing:

- ✓ **As Green additives** have been replacing potentially harmful synthetic chemicals in several industries like plastics, foods, cosmetics, rubber, paint etc.
- ✓ In recent times, preference for consumer/environment friendliness products vs. petroleum-derived chemicals (huge carbon emission) is increasing
- ✓ Because of its bio-degradability, especially given implementation of stricter environmental norms
- ✓ Being compounds derived from natural raw material, waste disposal/ effluent treatment costs are lower



## Wide Product Range



Products **400+**

## Diverse Customer Base



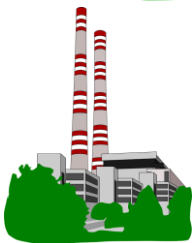
Direct Customers  
**650+**

## Global Distribution Network



Distributors  
**150+**

## Installed Capacity



**Over 100,000** TPA

In-house capability for Product development,  
Process technology and Engineering R&D

## Global Presence



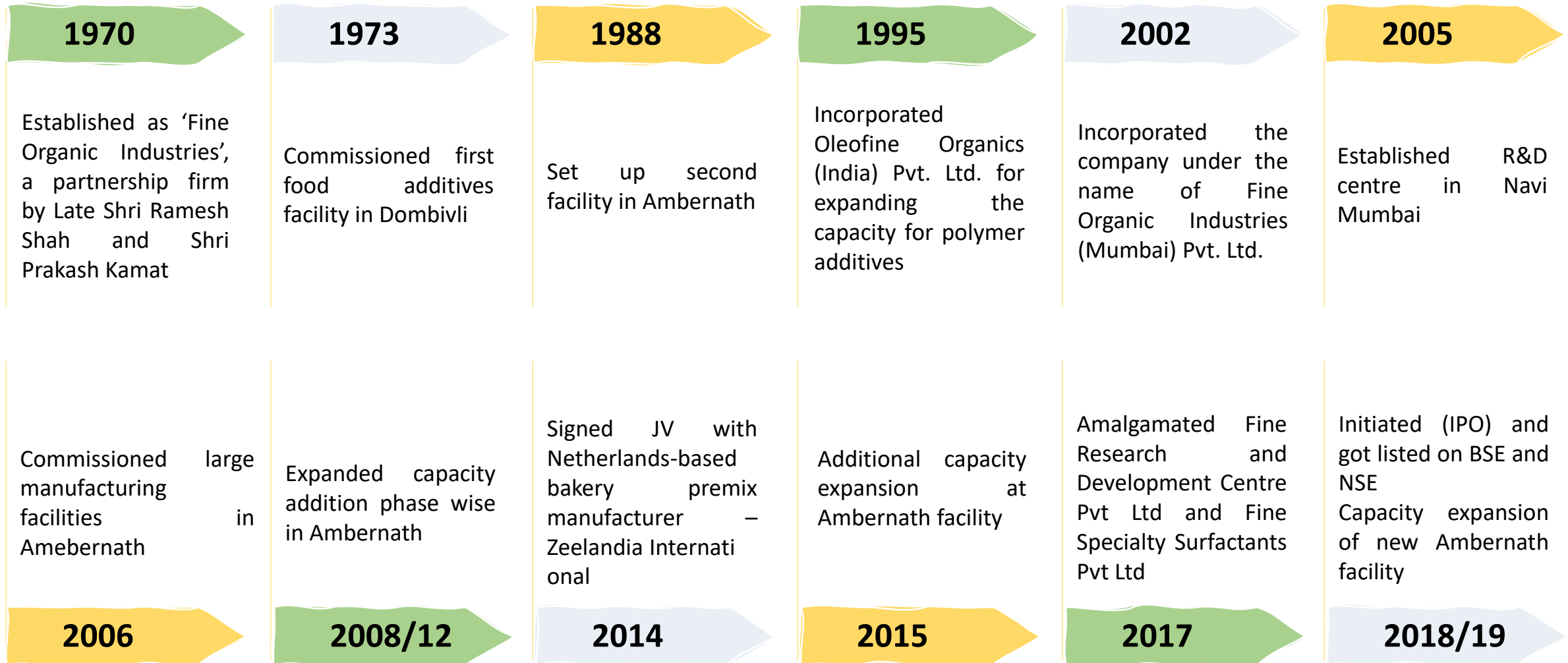
**70+**

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

## “High-Performance Environment Friendly Additives”



# 49 years of Journey





**658**

Employee  
strength as on  
March 31, 2019

**>15%**

Women  
employees

**>10%**

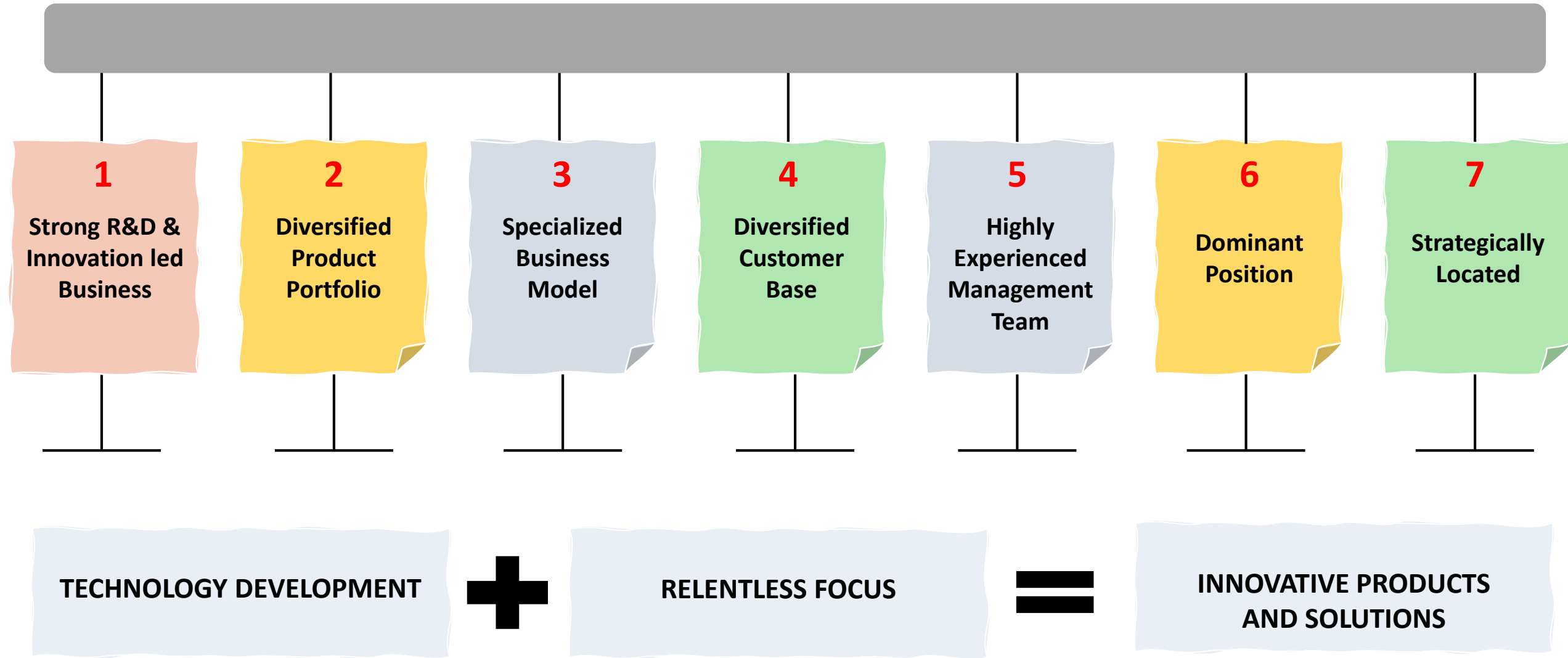
Employees  
completed 25  
years of journey  
with us

**>13%**

Comprise 1<sup>st</sup> &  
2<sup>nd</sup> generation  
of employees

Integrity is both a value as well as a character that is embedded in every Fine Organics employee, manifesting itself in every thought and action, every day with everyone

Creating and encouraging home-grown leadership with the signature Fine Organics character comprising integrity, trust, fairness and strong values



# 1. Strong R&D : Innovative Approach



## Strong R&D Capabilities

- Product Development Lab & Product Application Lab
- Dedicated team of **19 Scientists and Technicians**



## In-House Design and Engineering

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



## 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

## Focus on

Creating New Additives

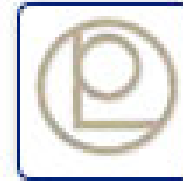
Developing Process Technology

Creating New Markets

Creating Downstream Products



*Inspiring Trust, Assuring Safe & Nutritious Food*



- ✓ Setting new benchmarks in quality and consistency
- ✓ High safety and productivity standards
- ✓ Products are appreciated by customers worldwide for their consistent quality and packaging standards

Fine's facilities are fully geared towards meeting growing **Global Demands**



## 2. Diversified Product Portfolio : Multiple End-users

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



Our product range for CosPha (Cosmetic and Pharmaceutical) applications serve as base ingredients. They enhance appearance and use for end-uses in skin care products like Creams, Lotions & Ointments etc



Pioneer in manufacturing & marketing of emulsifiers in India.

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



Using our oleochemical expertise, we have developed a line of functional additives and special formulations for several other industries



## 2. Diversified Product Portfolio : Multiple End-users

### Food Additives

Product act as additives in maintaining the quality and freshness of the food products, impart better product structure integrity and helps in increasing the shelf life of food products

### 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 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 coating applications. Capable of improving the appearance and durability of a coating

### Specialty Additives

A wide range of specialty performance additives for various industries

### Feed Nutrition Additives

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

### 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

### 3. Specialised Business Model : Entry Barriers

#### Limited Players

Lengthy & expensive product approval processes lead to high switching costs for customers. Due to this, customers rely on established suppliers, as performance ingredients are very critical to their end products

**Fine Organics:** Eco-friendly oleo-derived green additives follow stringent quality parameters & regulations, governing the industry

Limited & small players in Indian specialty additives market. Globally Few players which are very large

**Fine Organics :** Largest organised player in the Indian market & is making its presence across the globe

#### Complex Technology

The additives have a direct impact on human life as well as the environment, thus necessitating stringent regulatory parameters

**Fine Organics:** Eco-friendly oleo-derived green additives follow stringent quality parameters & regulations, governing the industry

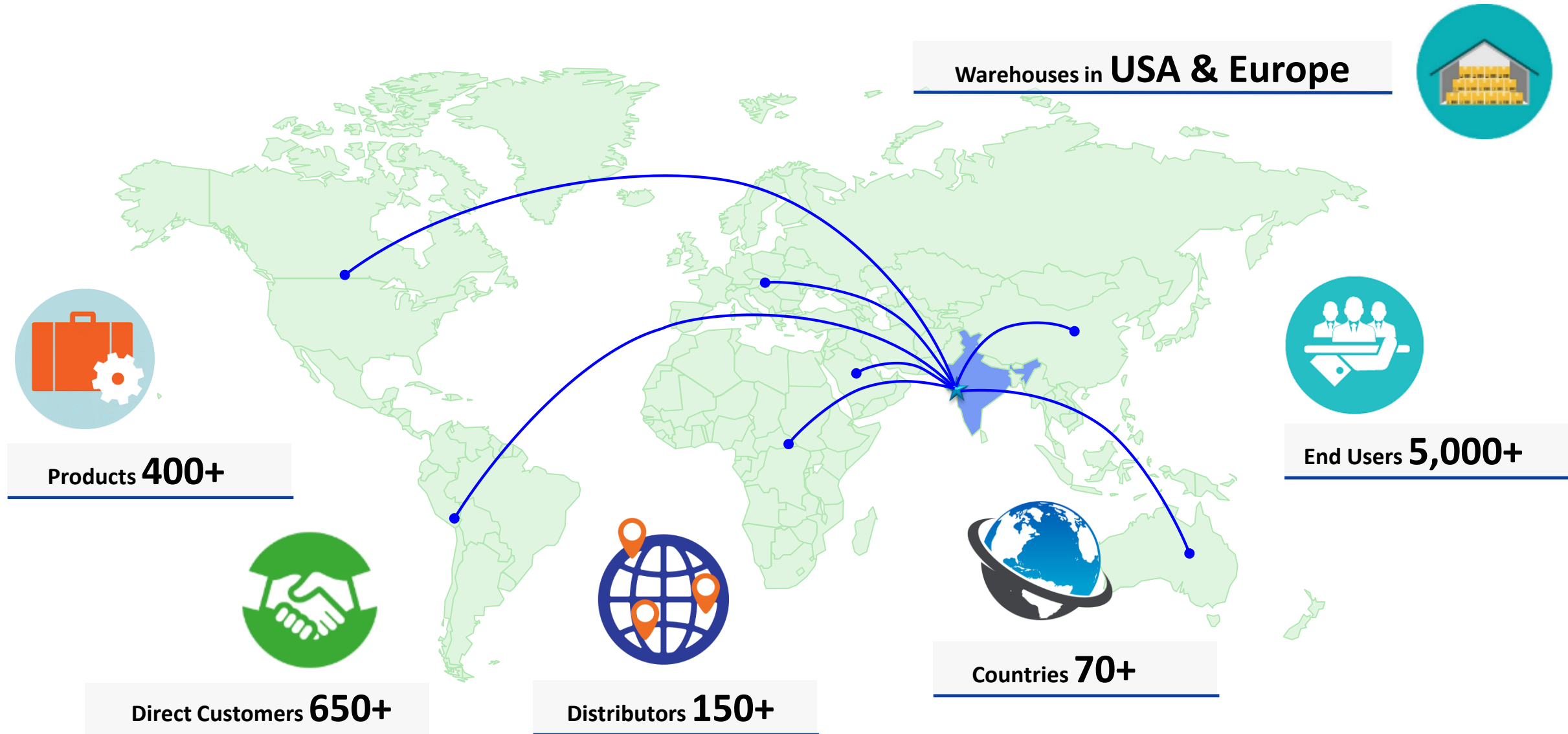
Complex technology & manufacturing processes create multiple entry barriers into the oleochemical derived green additives industry. Product formulations, innovation & process technology are time & capital intensive

**Fine Organics:** Has an early-mover advantage in this industry and has successfully established its in-house manufacturing set up and has been consistently delivering quality products

#### Customer Loyalty

#### Highly Regulated

## 4. Diversified Customer Base





## 5. Highly 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

## 6. 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**

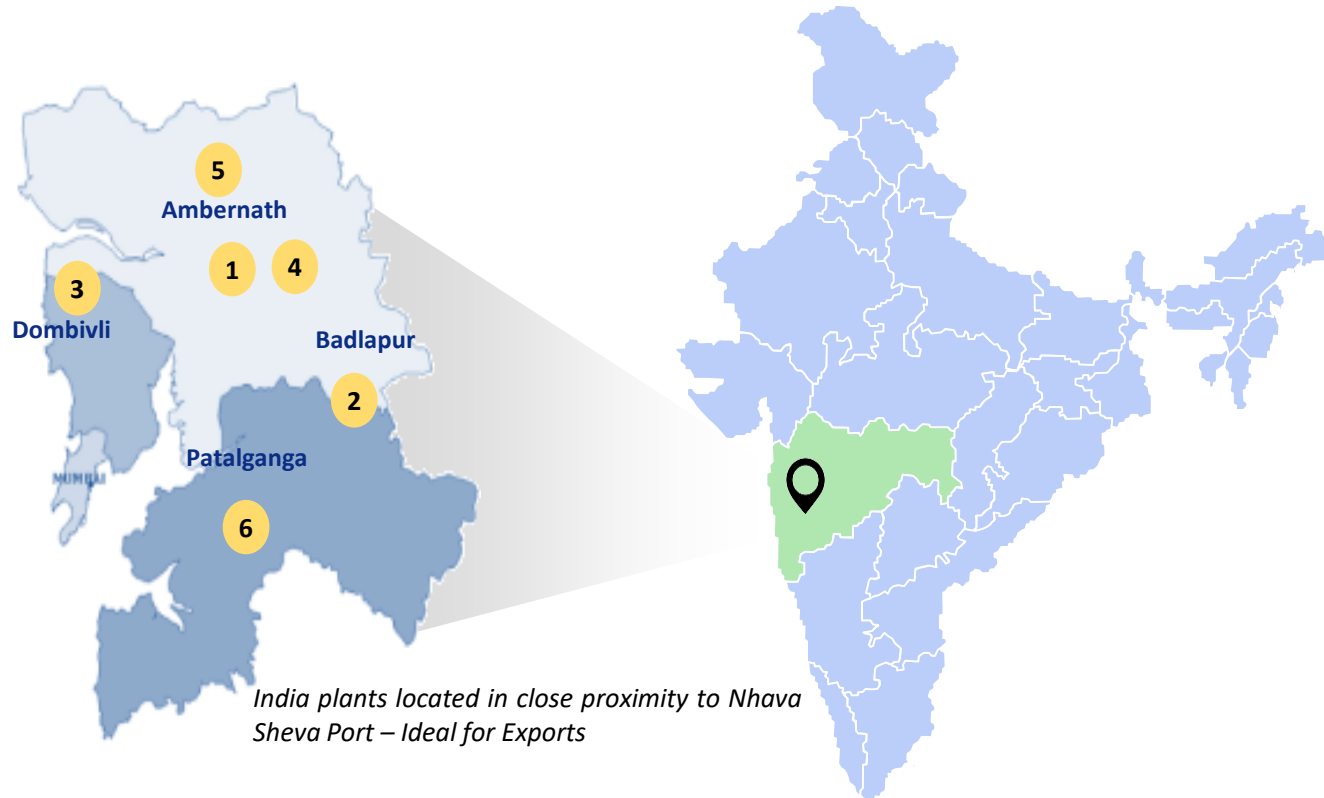
**One of the six global players in the  
specialty food emulsifiers**

**One of the five global players in the  
polymer additives industry**

**One of the leading players to develop proprietary  
technology to manufacture green additives**



## 7.Strategically Located Facilities



### Current Operational Facility

	Plant	Capacity (TPA)	Remarks
1	1 <sup>st</sup> Ambernath Facility	49,500	--
2	Badlapur Facility	6,400	--
3	Dombivli Facility	8,400	Acquired on Sub-lease basis
4	2 <sup>nd</sup> Ambernath Facility	5,000	Acquired on Sub-lease basis
5	3 <sup>rd</sup> Ambernath Facility	32,000	Commenced Operation
Total Capacity		101,300 TPA	



### Proposed Expansion Plants

	Plant	Capacity (TPA)	Remarks
6	Patalganga Facility	10,000	FY21e*
7	German Facility	10,000	FY22e*
Total Capacity		20,000 TPA	

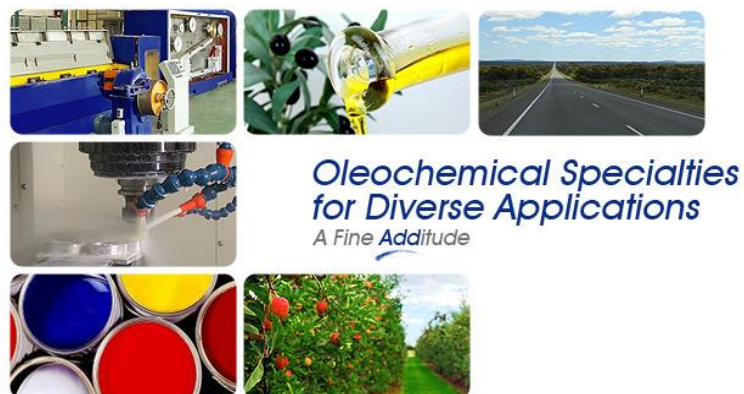
\*Subject to regulatory approvals



## INDUSTRY POTENTIAL:

### MULTIPLE GROWTH LEVERS

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

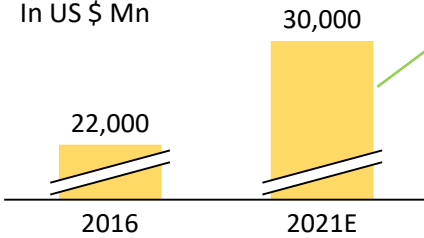




# 1. Polymer Additives

## Global Market Size

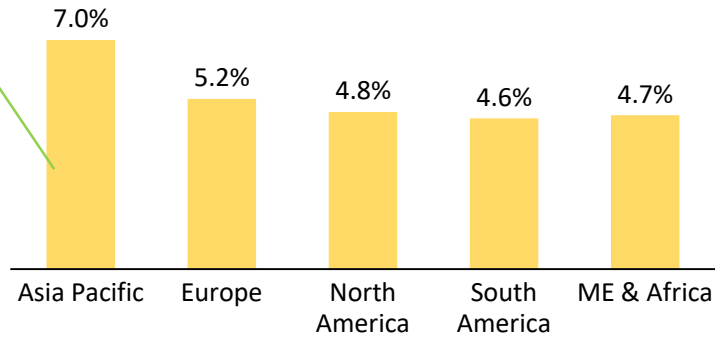
In US \$ Mn



CAGR **6.4%**

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

Asia Pacific  
**7.0%**  
High growth Rate



## Growth Drivers

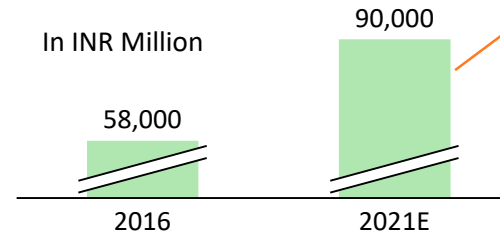
Increased Substitution by polymer Materials

Development of New Polymer Additives

Increasing Preference for Non-toxic polymer Additives

## Indian Market Size

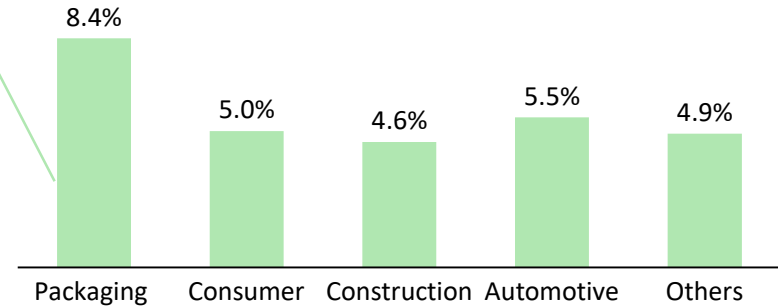
In INR Million



CAGR **9.2%**

## End-user Segment Growth (From 2016 – 2021E) In INR Million

Strong growth in Auto, Construction, Consumer Durables



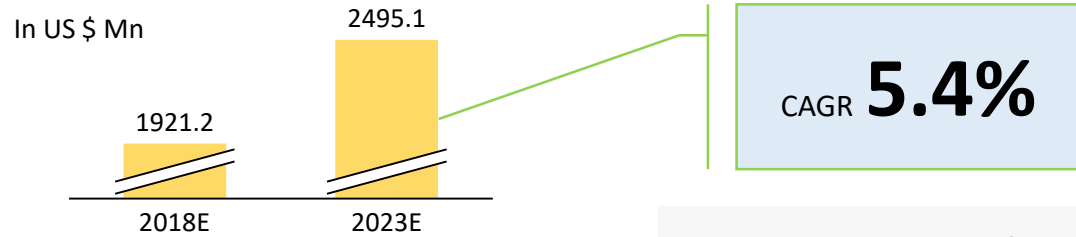
## Growth Drivers

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

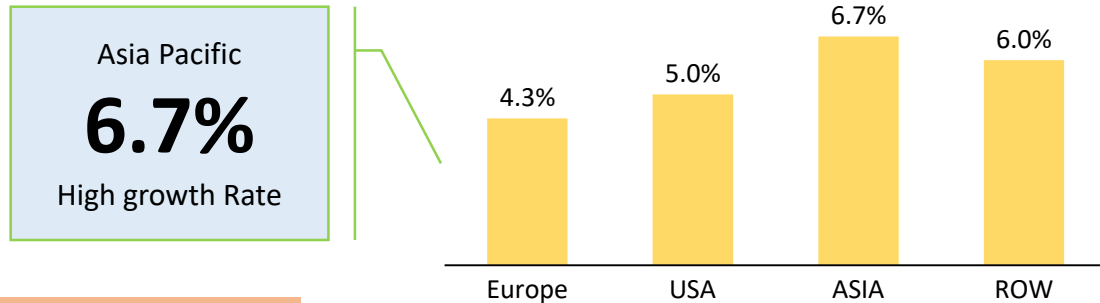
Increasing use of polymers in packaging – superior quality & cost effectiveness

## 2. Food Additives

### Global Food Emulsifiers Market Size



### Region-wise Growth (From 2018 – 2023E) In US \$ Mn



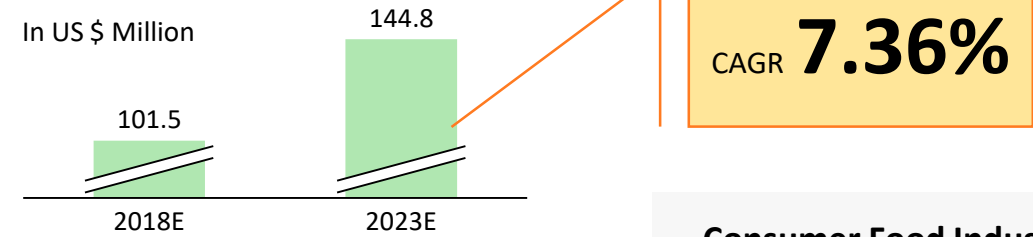
### Growth Drivers

Increase in consumption of convenience foods and premium products

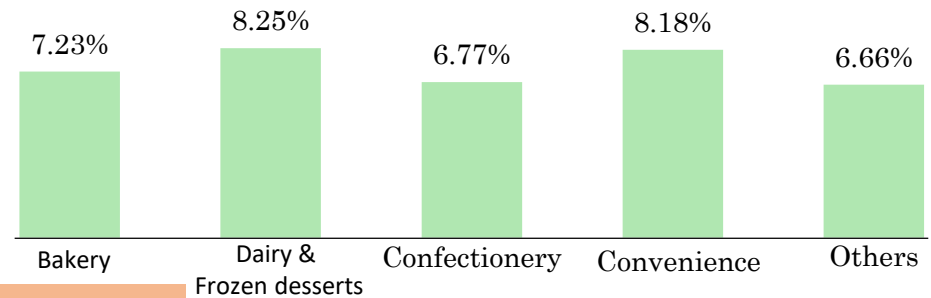
Growing number of end-use applications due to multifunctional attributes of emulsifiers

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

### Indian Market Size



### Consumer Food Industry (From 2018 – 2023E) In US \$ Million



### Growth Drivers

Increasing numbers of Food manufacturing Entities

Rising demand for healthier and better-for-you products

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

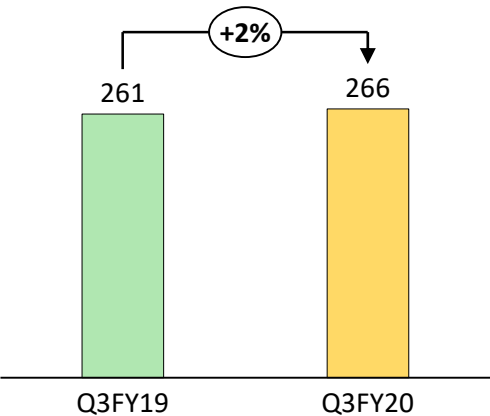
## Financial Highlights



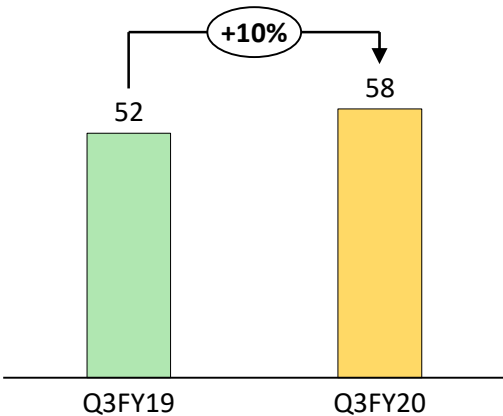
# Standalone Performance Highlights

Rs in Crores

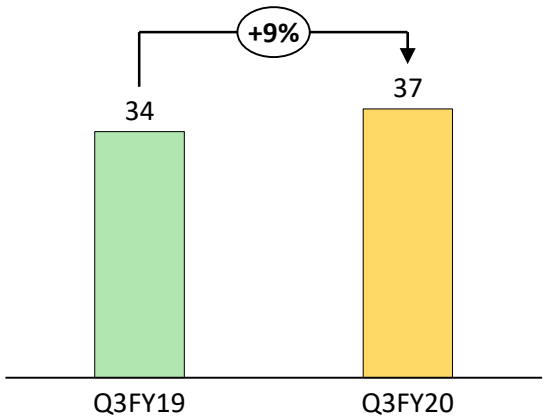
## Revenues



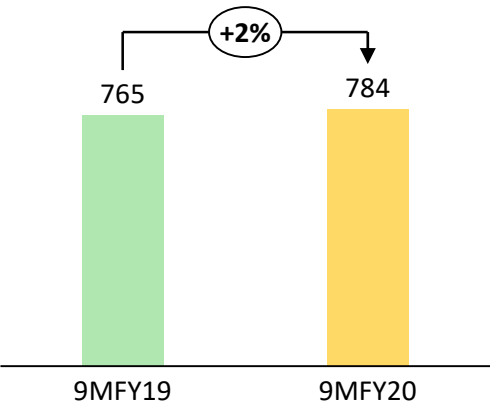
## EBITDA



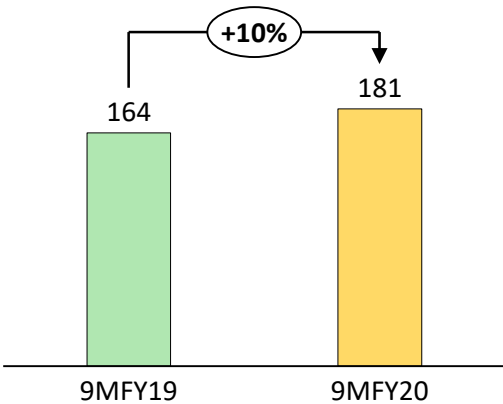
## PAT



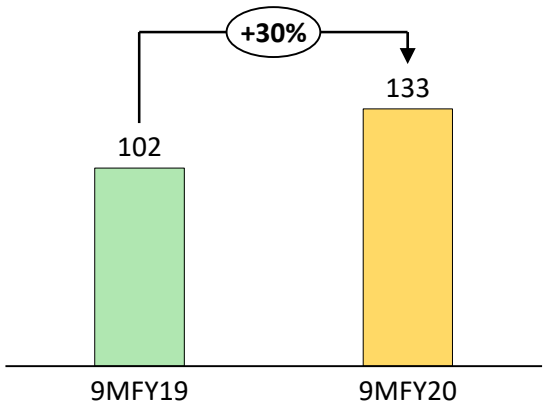
## Revenues



## EBITDA



## PAT

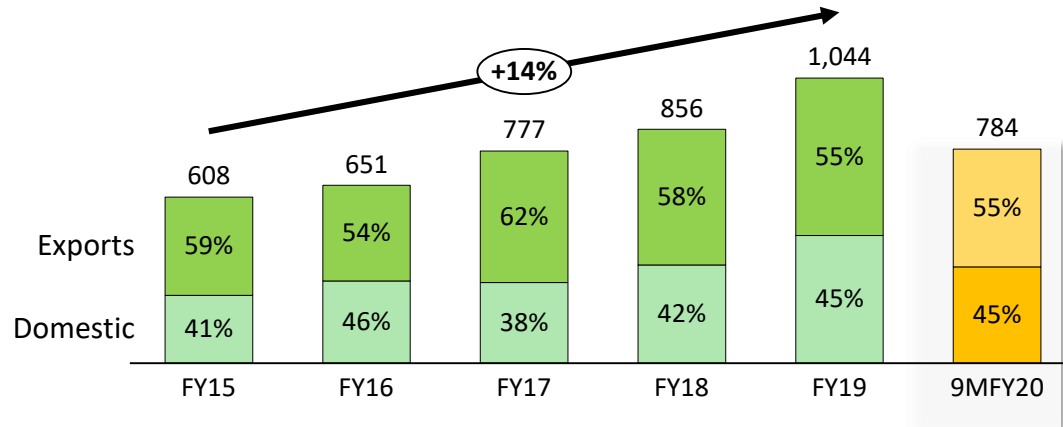




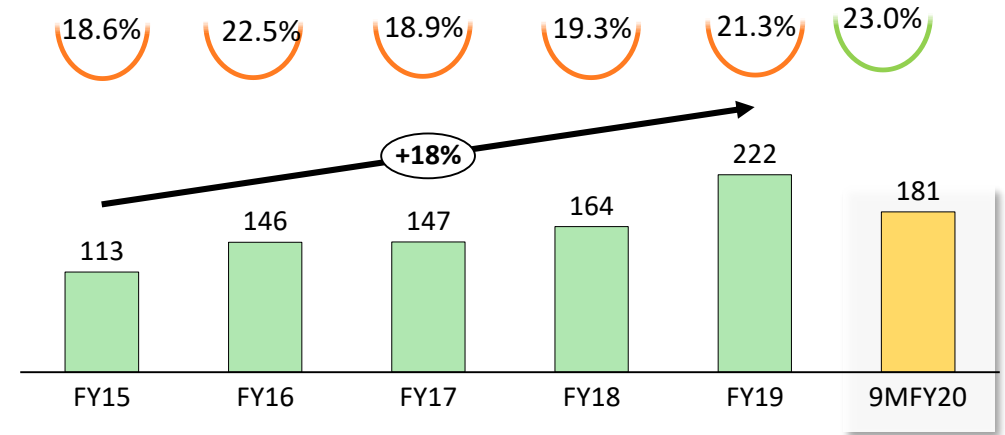
# 9M FY20 Standalone Operating Performance

Rs in Crores

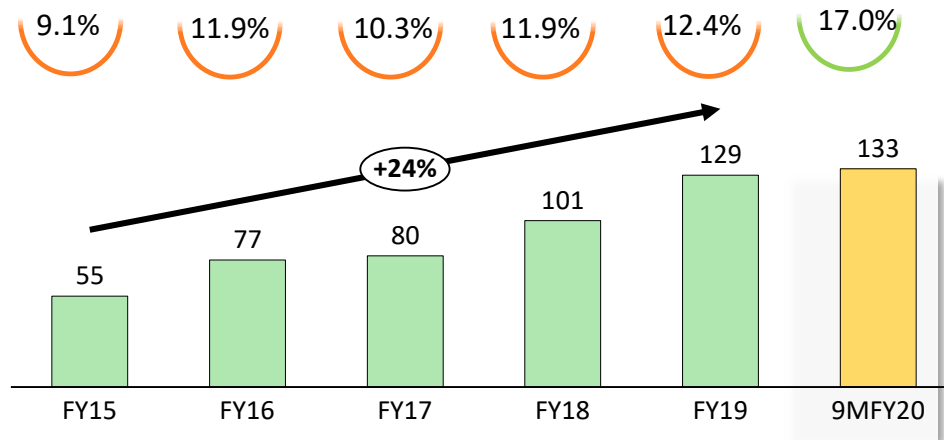
## Revenues



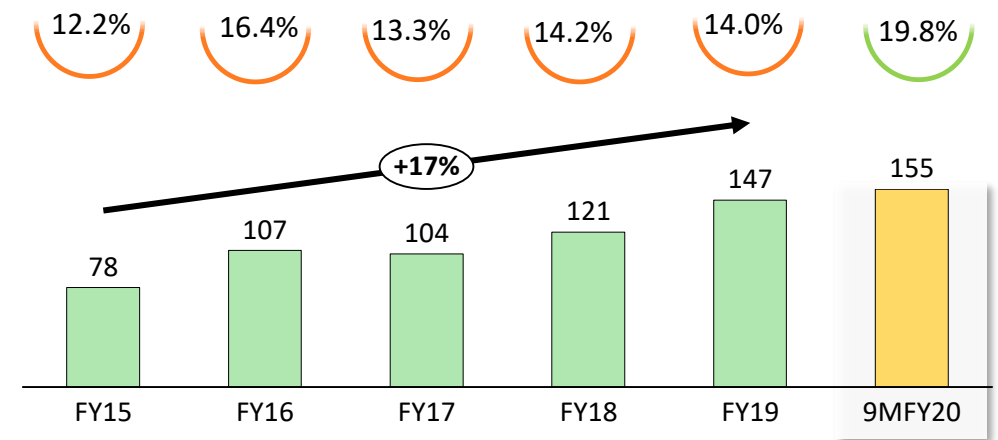
## EBITDA & Margins



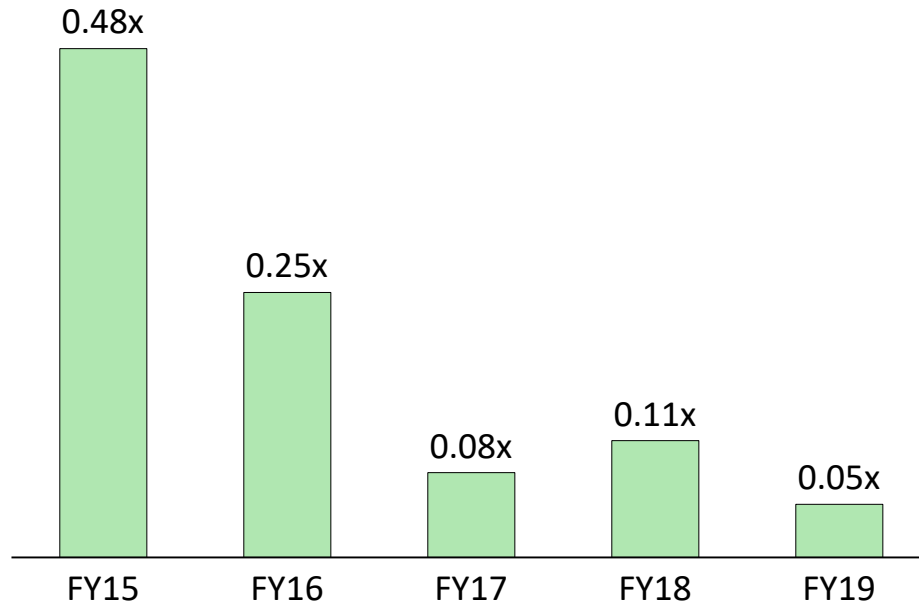
## PAT & Margins



## Cash PAT & Margins

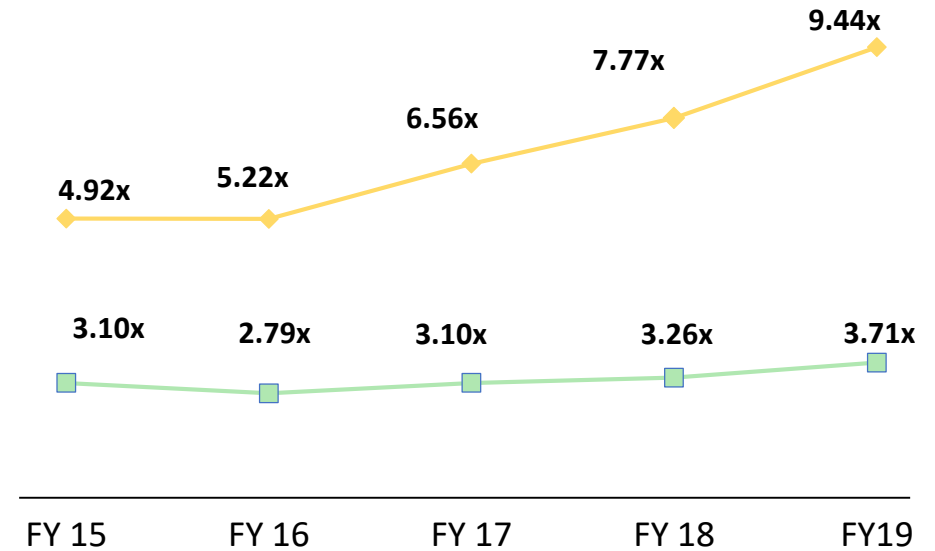


## Net Debt to Equity



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

## Fixed Asset Turnover



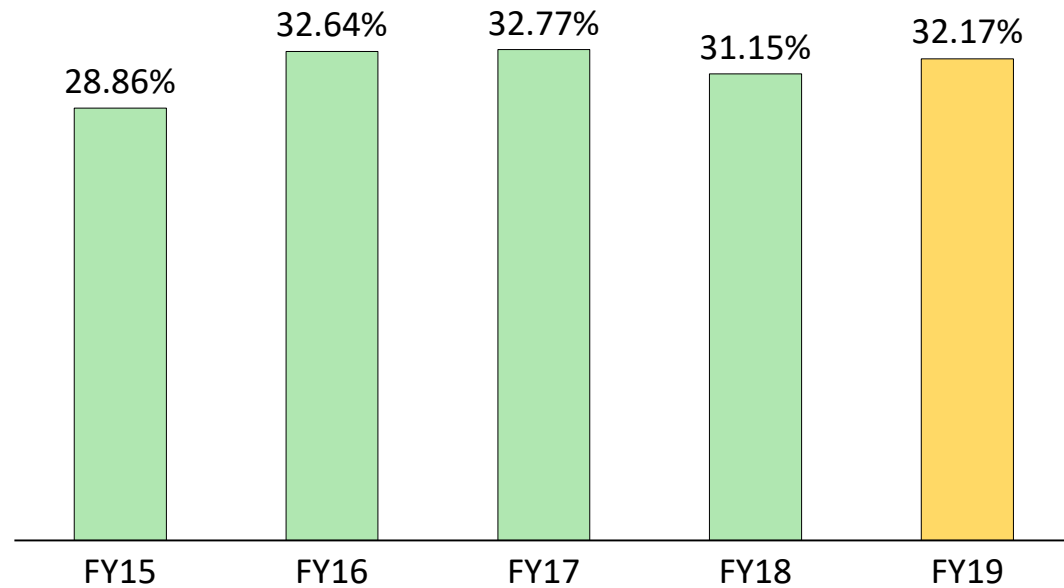
Fixed Asset Turnover (**Gross**) = Net Revenue from Operations / Total Gross Block of Fixed Assets



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

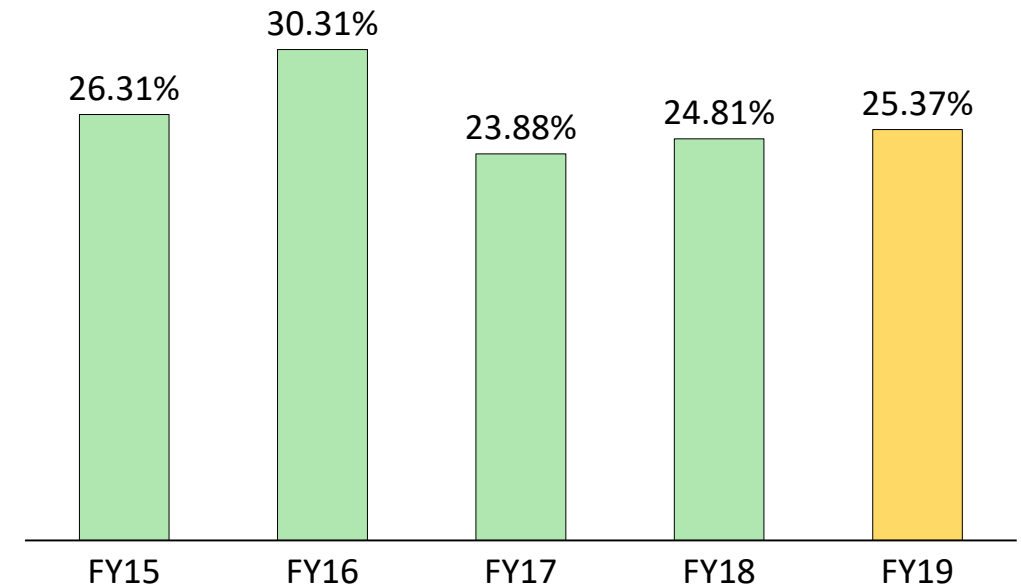
# Capital delivering Consistent Performance (Standalone)

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

# Q3 & 9M FY20 Standalone Profit & Loss Statement

Particulars (Rs in Crs)	Q3FY20	Q3FY19	Y-o-Y	Q2FY20	Q-o-Q	9MFY20	9MFY19	Y-o-Y
Revenue from Operations	265.9	261.0	1.9%	274.4	-3.1%	783.8	765.3	2.4%
Cost of Raw Material Consumed	153.8	160.9		162.9		463.4	477.1	
Gross Profit	112.1	100.2	11.9%	111.5	0.5%	320.4	288.2	11.2%
Gross Profit Margin	42.2%	38.4%		40.6%		40.9%	37.7%	
Employee Cost	21.4	18.6		16.0		53.3	46.4	
Other Expenses	33.2	29.2		30.4		86.5	77.9	
EBITDA	57.6	52.4	9.9%	65.1	-11.5%	180.6	163.9	10.2%
EBITDA Margin	21.7%	20.1%		23.7%		23.0%	21.4%	
Other Income	5.5	7.7		5.9		15.9	19.5	
Depreciation	12.1	4.5		6.5		21.9	12.9	
EBIT	51.0	55.6	-8.3%	64.5	-20.9%	174.6	170.5	2.4%
EBIT Margin	19.2%	21.3%		23.5%		22.3%	22.3%	
Finance Cost	2.1	0.2		0.6		3.2	1.7	
Profit before Tax	48.9	55.4	-11.7%	63.9	-23.5%	171.4	168.8	1.5%
PBT Margin	18.4%	21.2%		23.3%		21.9%	22.1%	
Tax	12.0	21.8		5.2		38.4	66.4	
PAT	36.8	33.7	9.2%	58.7	-37.3%	133.0	102.4	29.9%
PAT Margin %	13.8%	12.9%		21.4%		17.0%	13.4%	
EPS*	12.0	11.0		19.2		43.4	33.4	

\* Not Annualized

# Q3 & 9MFY20 Consolidated Profit & Loss Statement

Particulars (Rs in Crs)	Q3FY20	Q3FY19	Y-o-Y	Q2FY20	Q-o-Q	9MFY20	9MFY19	Y-o-Y
Revenue from Operations	266.2	262.8	1.3%	274.0	-2.8%	790.8	776.1	1.9%
Cost of Raw Material Consumed	153.1	159.1		161.5		464.5	474.4	
Gross Profit	113.1	103.7	9.1%	112.6	0.4%	326.3	301.7	8.2%
Gross Profit Margin	42.5%	39.5%		41.1%		41.3%	38.9%	
Employee Cost	22.1	19.3		16.7		55.6	48.6	
Other Expenses	33.6	29.6		30.7		87.5	79.0	
EBITDA	57.4	54.8	4.7%	65.1	-11.8%	183.1	174.1	5.2%
EBITDA Margin	21.6%	20.9%		23.8%		23.2%	22.4%	
Other Income	5.4	7.4		5.8		15.6	19.2	
Depreciation	12.1	4.5		6.5		21.9	12.9	
EBIT	50.7	57.7	-12.1%	64.4	-21.3%	176.8	180.4	-2.0%
EBIT Margin	19.0%	22.0%		23.5%		22.4%	23.2%	
Finance Cost	2.2	0.2		0.7		3.3	1.7	
Profit before Tax	48.6	57.5	-15.5%	63.8	-23.8%	173.6	178.7	-2.9%
PBT Margin	18.3%	21.9%		23.3%		22.0%	23.0%	
Tax	12.4	22.0		5.2		39.0	66.6	
PAT Before Share of Profit / (Loss) of Joint Ventures	36.2	35.5	2.0%	58.6	-38.2%	134.6	112.1	20.1%
PAT Margin % Before Share of Profit / (Loss) of Joint Ventures	13.6%	13.5%		21.4%		17.0%	14.4%	
Share of Profit / (Loss) of Joint Ventures	(0.3)	(1.8)		(1.5)		(4.2)	(2.5)	
PAT After Share of Profit / (Loss) of Joint Ventures	35.8	33.6	6.5%	57.0	-37.2%	130.4	109.6	19.0%
PAT After Share of Profit / (Loss) of Joint Ventures %	13.4%	12.8%		20.8%		16.5%	14.1%	
EPS*	11.7	11.0		18.6		42.5	35.7	

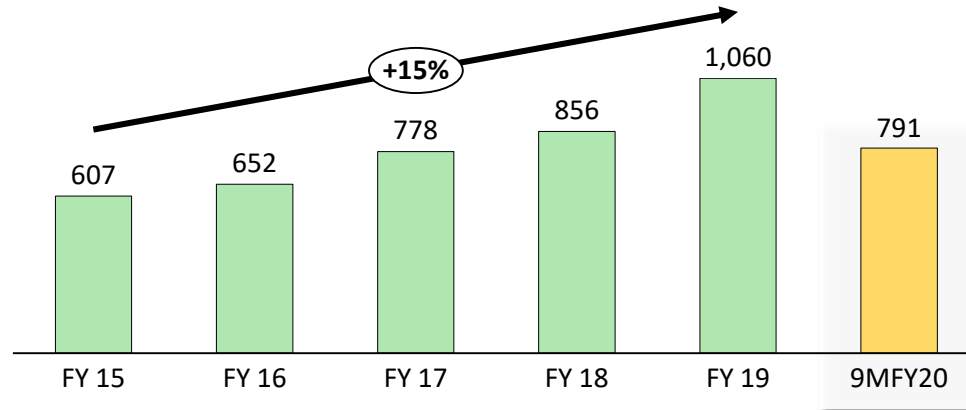
\* Not Annualized



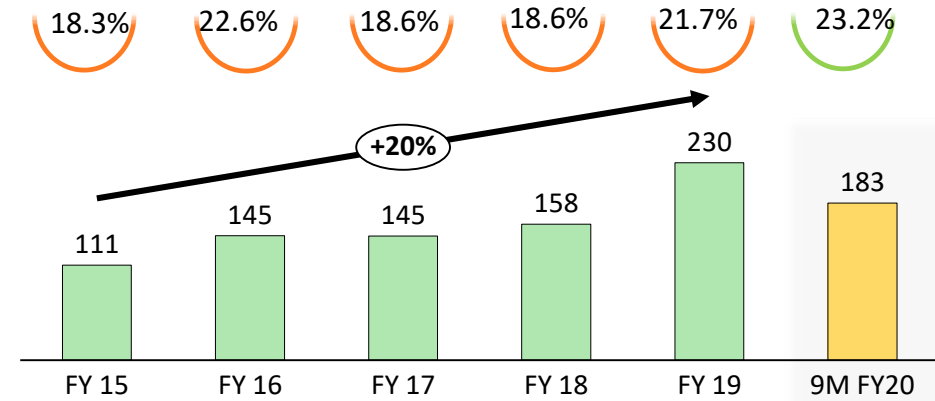
# 9M FY20 Consolidated Operating Performance

Rs in Crores

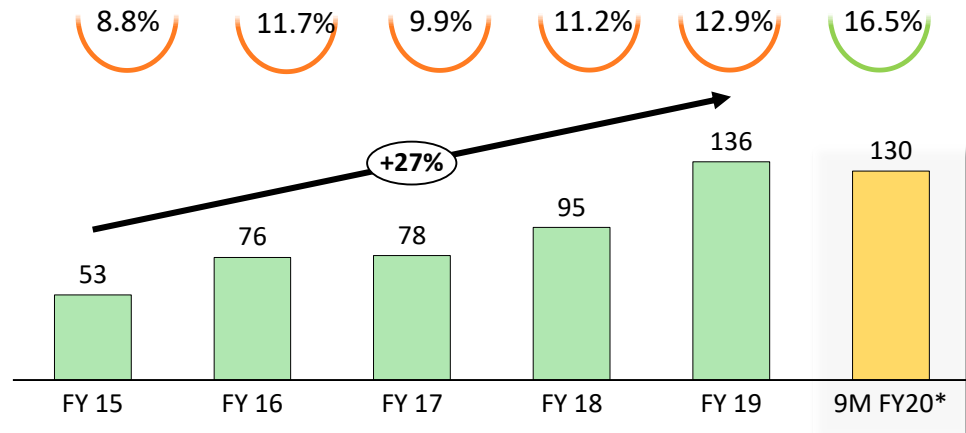
## Revenues



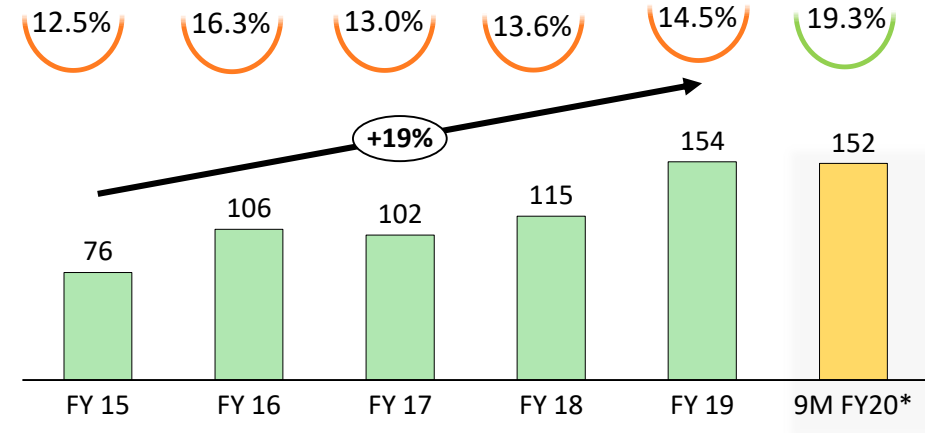
## EBITDA & Margins



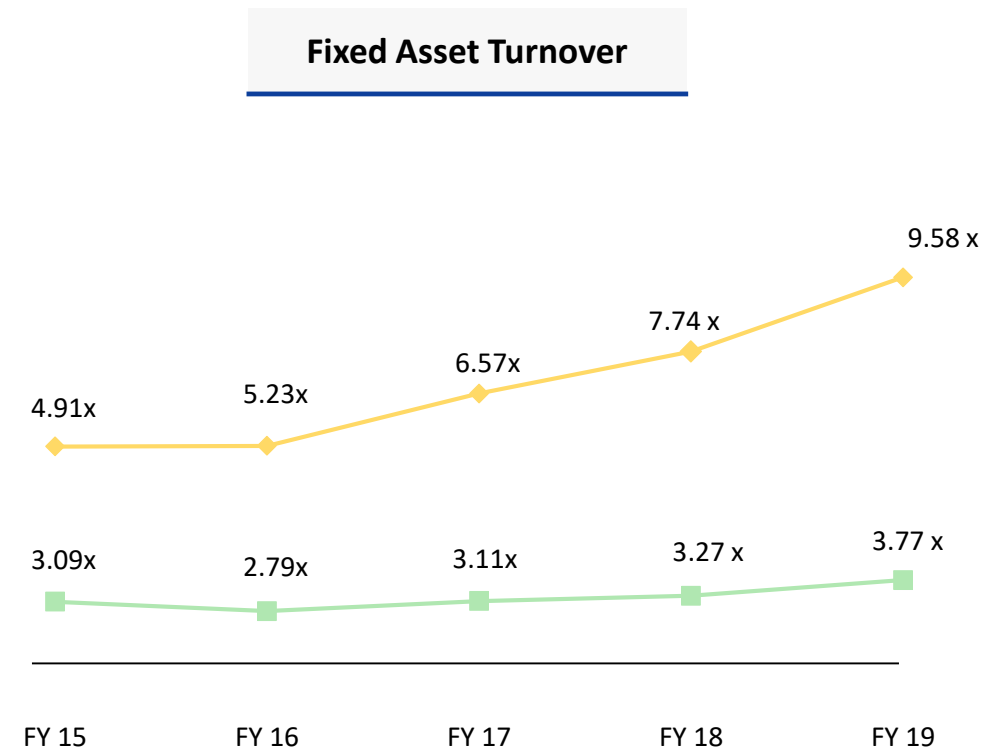
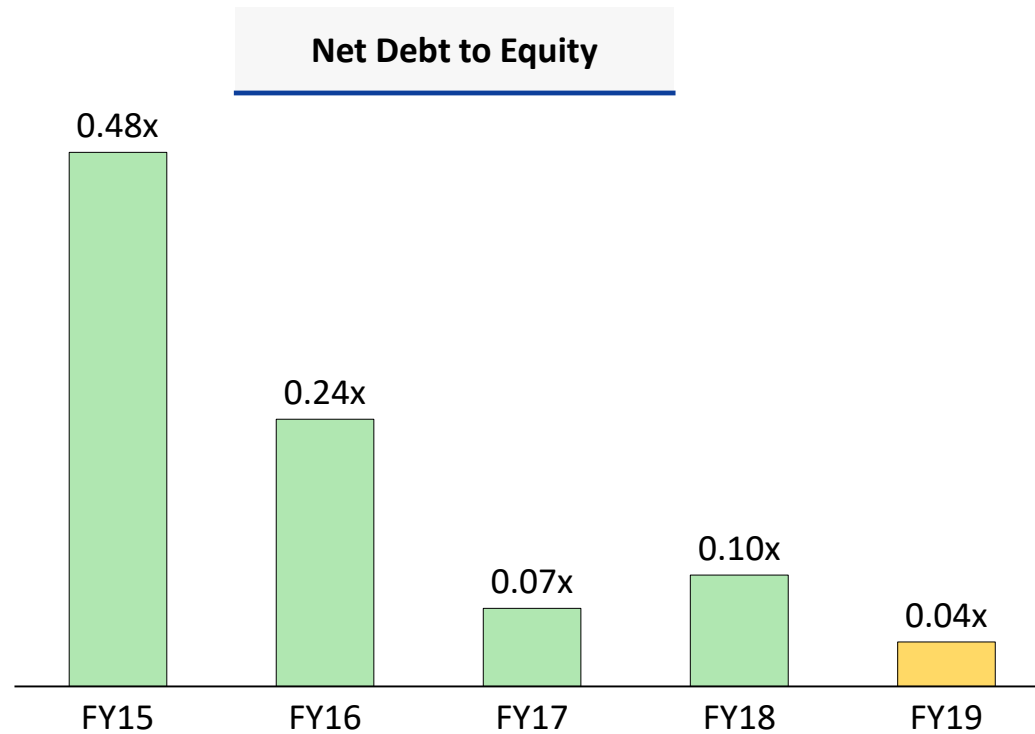
## PAT & Margins



## Cash PAT & Margins



# Disciplined Use of Capital (Consolidated)

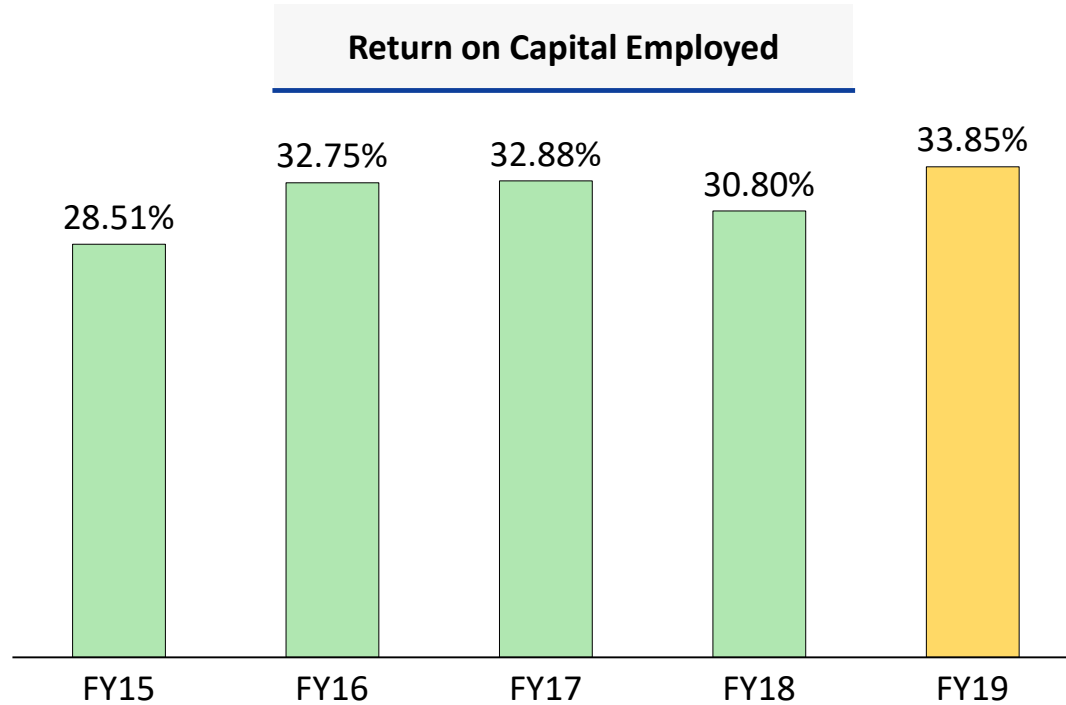


Net Debt = Total Long term debt + short term debt + current maturities of long term debt – cash and bank balances

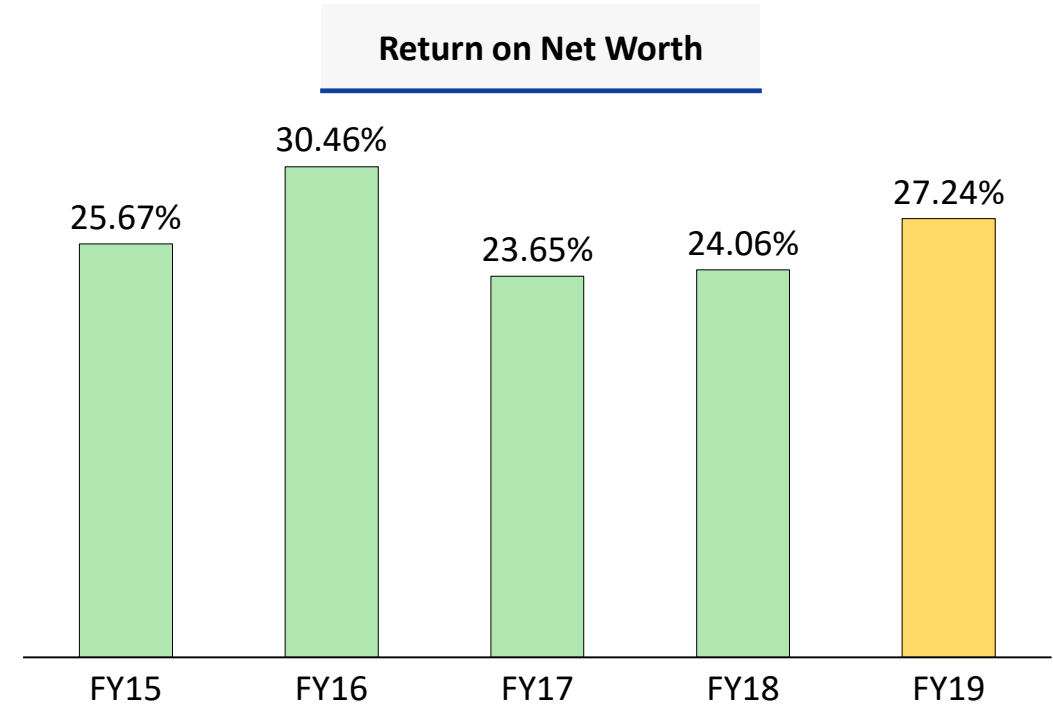
Fixed Asset Turnover (Gross) = Net Revenue from Operations / Total Gross Block of Fixed Assets

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

For further information, please contact:

Company :



CIN: L24119MH2002PLC136003

**Ms. Sonali Bhadani**  
Vice President - Finance

[www.fineorganics.com](http://www.fineorganics.com)

Investor Relations Advisors :

**SGA** Strategic Growth Advisors

CIN: U74140MH2010PTC204285

**Ms. Neha Shroff**

+91 773807 3466

Email: [neha.shroff@sgapl.net](mailto:neha.shroff@sgapl.net)

[www.sgapl.net](http://www.sgapl.net)