



FINE ORGANICS

Investor PRESENTATION

November - 2022



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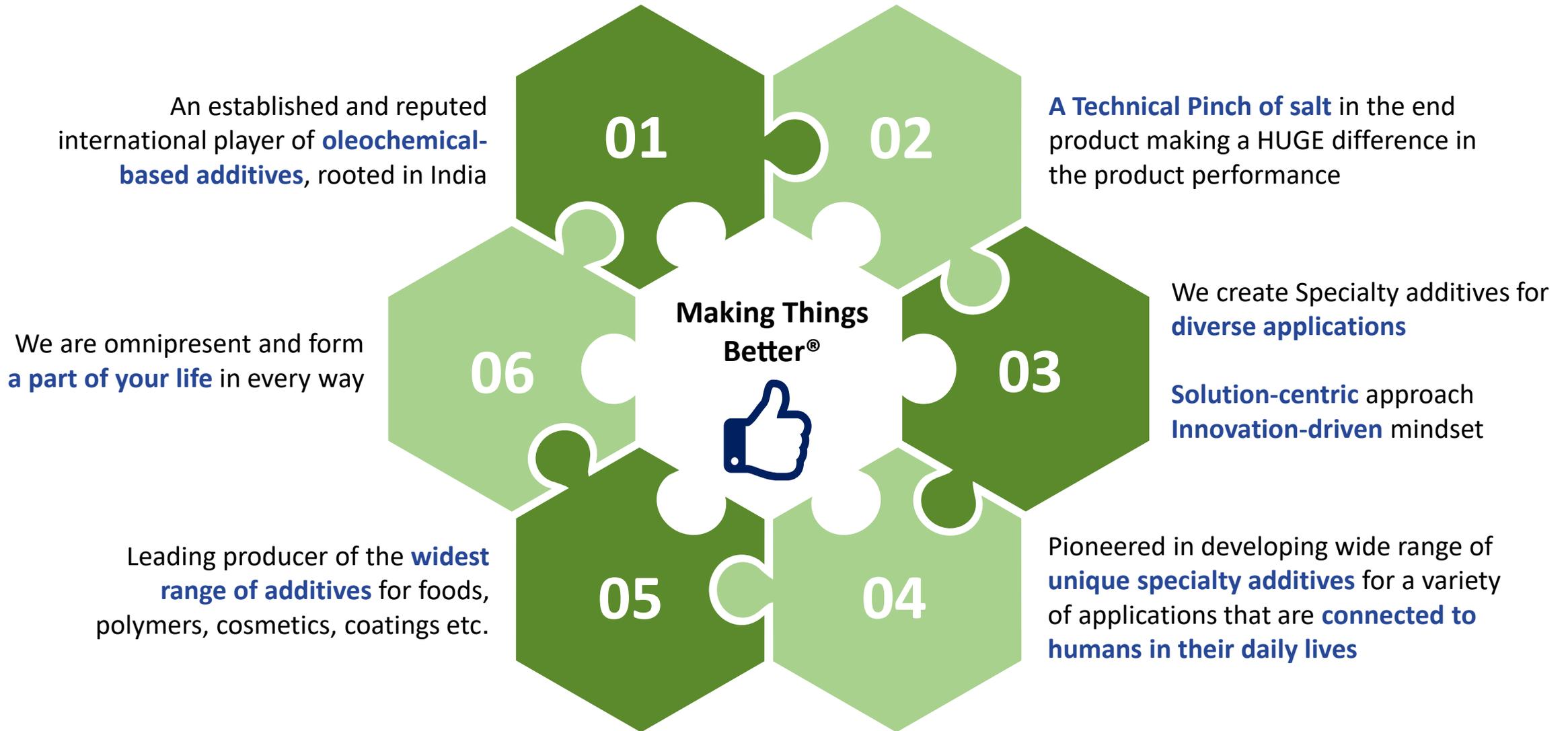
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FINE ORGANICS

The Fine Story
Of Success





Demand for oleochemical derived additives is increasing

Increasing consumer awareness for environment has resulted in remarkable preference for 'Green' and 'Sustainable' products

FINE additives are majorly bio-based, safe to use and bio-degradable; therefore, can offer the most effective benefits through 'Sustainability' combined with excellence in functionality and safety

FINE green additives have been effectively replacing potentially hazardous chemicals in wide range of industries such as plastics, packaging, foods, cosmetics, rubbers, coatings etc. without compromising on the performance



Minimized waste generation, effluent management through effective production process and stringent compliance to regulations

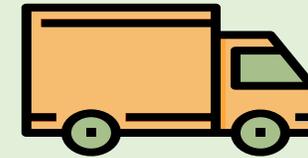
470+
Products



850+
Direct Customers



180+
Distributors Globally



1 Lakh+

TPA of In-house Capability

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



75+

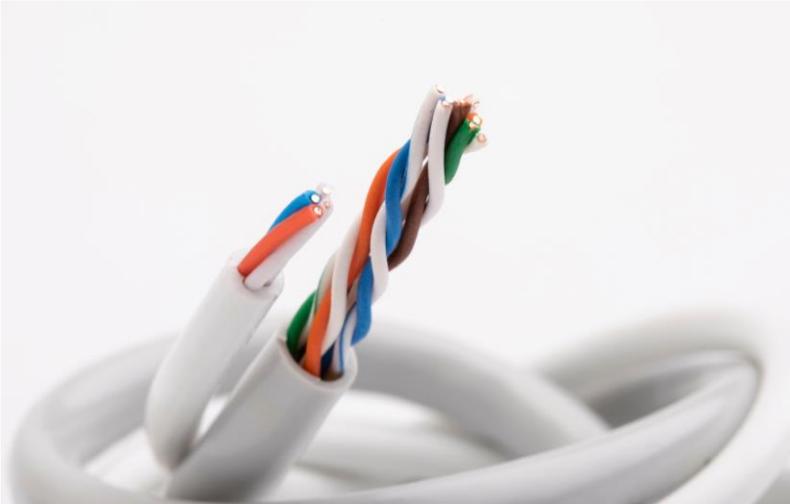
Countries of Export

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



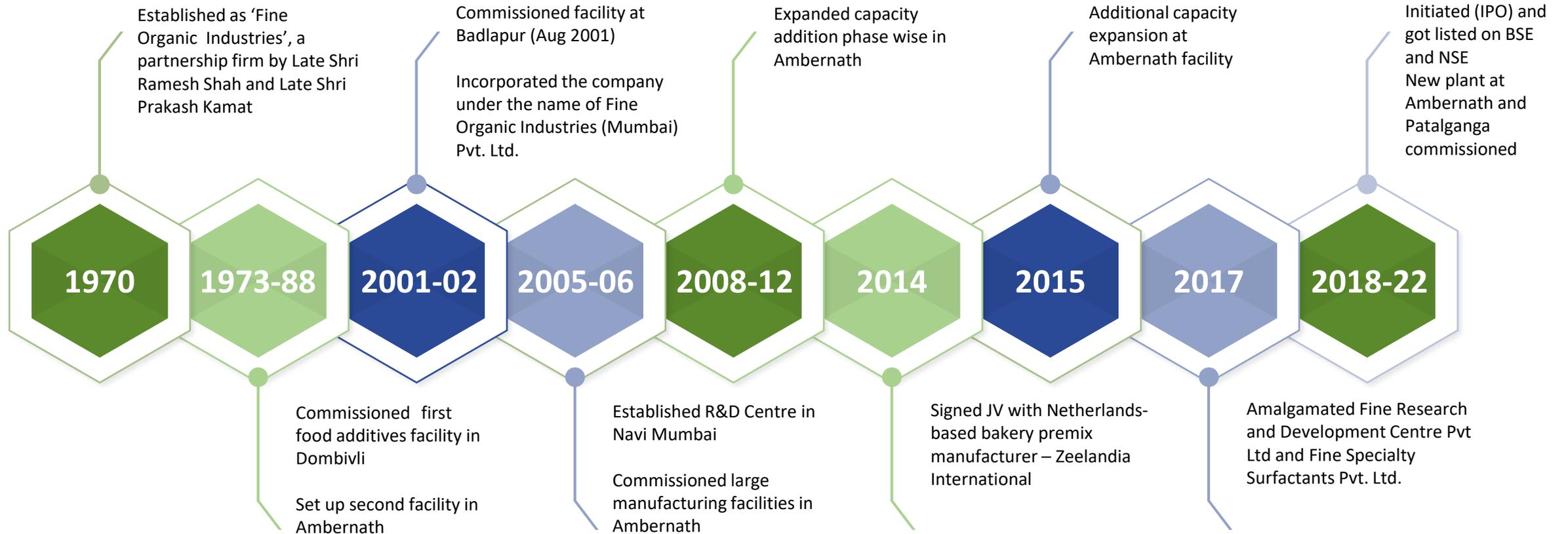


FINE ORGANICS



High-Performance Environment
Friendly Additives

50 years of Journey



750+

**Employee
Strength**

>15%

**Women
Employees**

>12%

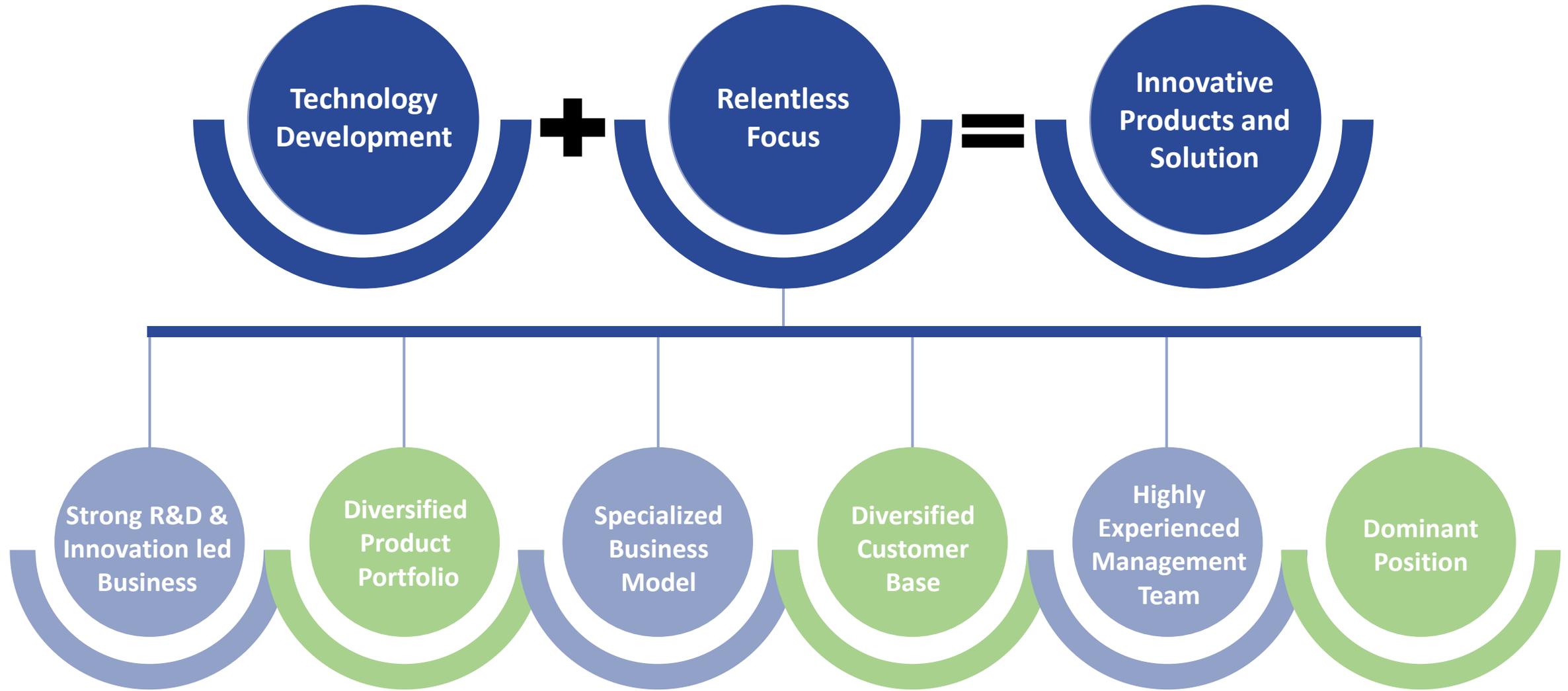
**Employees
completed 25
years of journey
with us**

>13%

**Comprise 1st &
2nd 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

- Value Creation; Effective and Efficient technical support to customers
- Dedicated team of **20+ Scientists and Technicians**



In-House Design and Engineering

- In-house capabilities for plant designing and engineering
- **Minimize capital expenditures** & quicker commissioning



New Product Developments

Specialty Additives for:

- **Feed nutrition**
- **Foods**
- **CosPha**
- **Coatings**
- **Polymers**
- **Others**

Focus on

Developing
New Products

Improving
Process
Technology

Exploring
New Markets

Expanding
Capacities

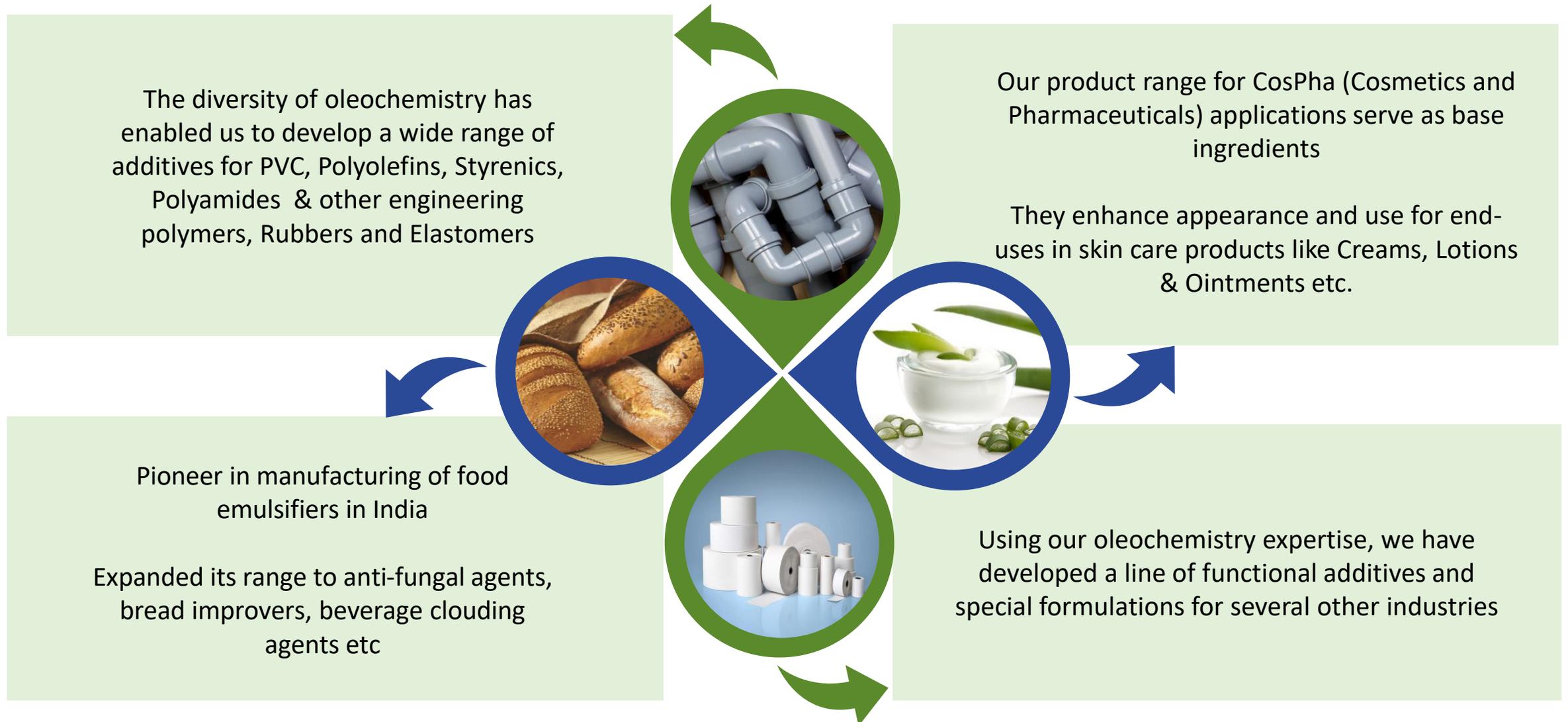
With Industry Standards and Regulatory Credentials



- ✓ 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



2. Diversified Product Portfolio : Multiple End-users

Food Additives

Additives for maintaining the quality and freshness of the food products, impart better product structure integrity and helps in increasing the shelf life of food products

01



Polymer Additives

Used for various functionalities in wide range of plastic products made from various polymers

02



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

03



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

04



Feed Nutrition Additives

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

05



Specialty Additives

A wide range of specialty performance additives for various industries

06



3. Specialised Business Model : Entry Barriers

Customer Loyalty

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

Highly Regulated

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



Limited Players

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

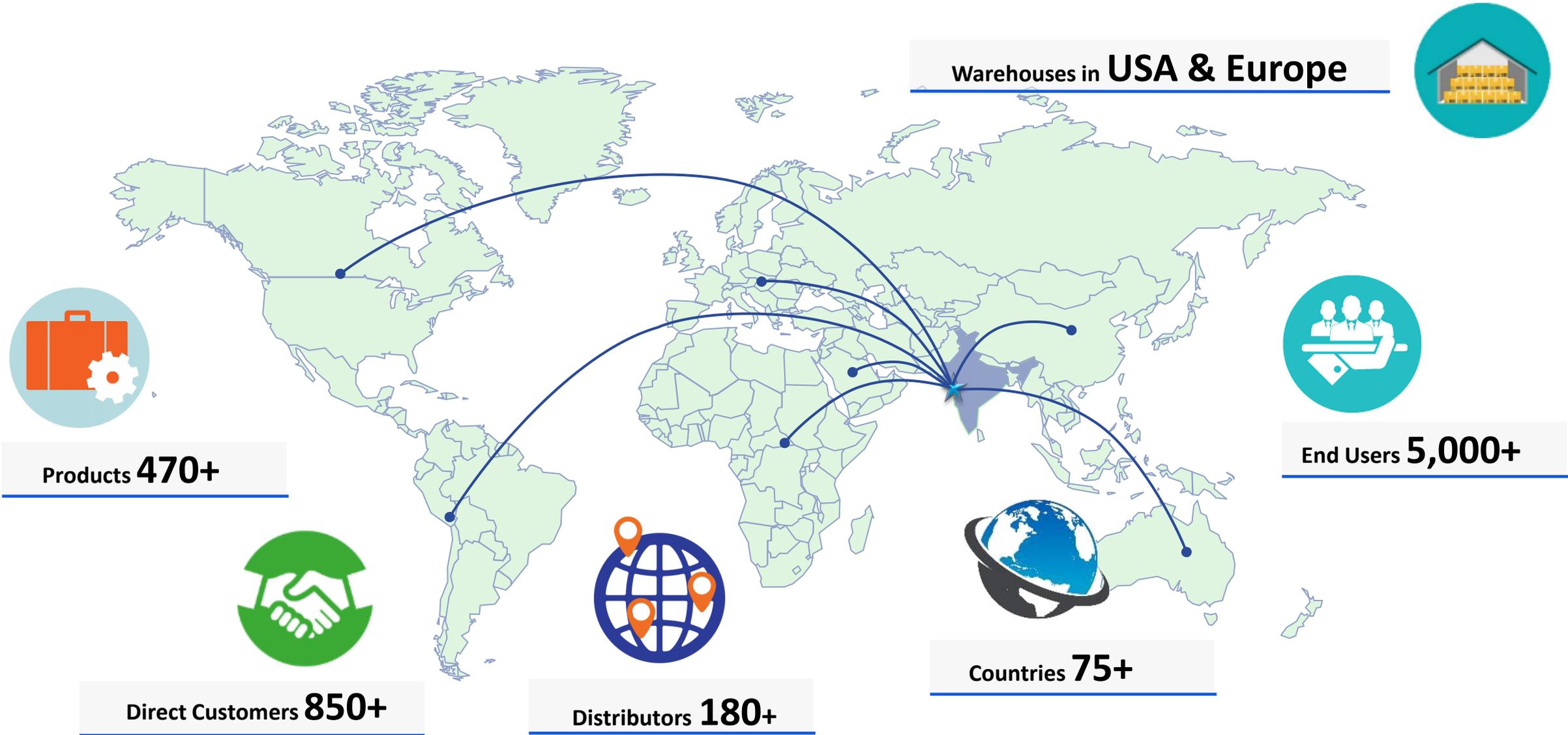
Fine Organics : Largest organised player in the Indian market & is making its presence across the globe

Complex Technology

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

4. Diversified Customer Base



5. Highly Experienced Management Team



Mukesh Shah

Chairman and 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



Nikhil Kamat

Executive Director

- Joined in 1987, holds a Master's of Science Degree in Biochemistry from ICT, Mumbai
- Played a key role in operations, productions, planning, handling technical, environmental and regulatory tasks



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



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



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)

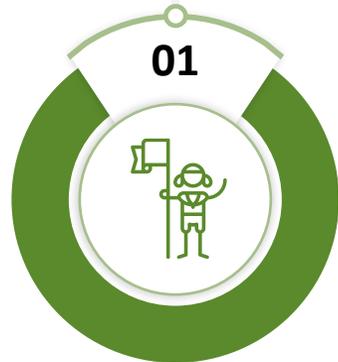


Pratima Umarji

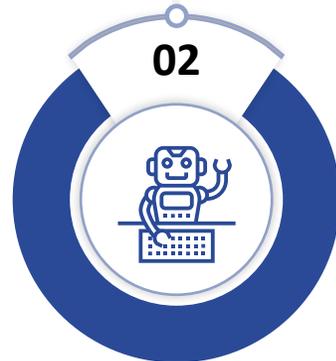
Independent Director

- 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



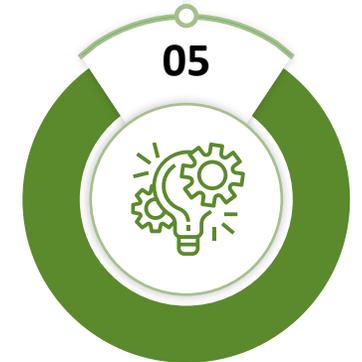
Fully automated production facility multiple production sites



One of the few global players in the specialty food emulsifiers



One of the few global players in the polymer additives industry.



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



FINE ORGANICS

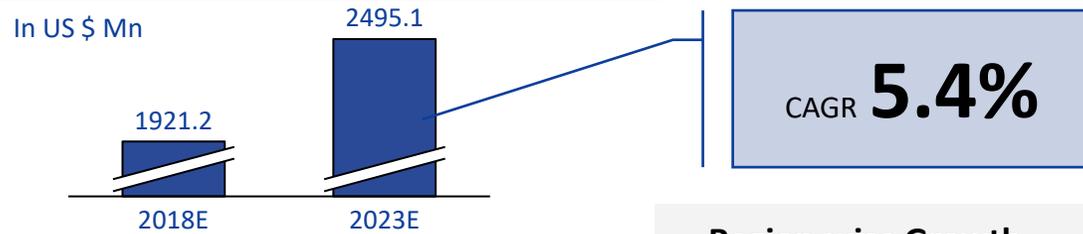
Industry Potential: Multiple Growth Levers

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

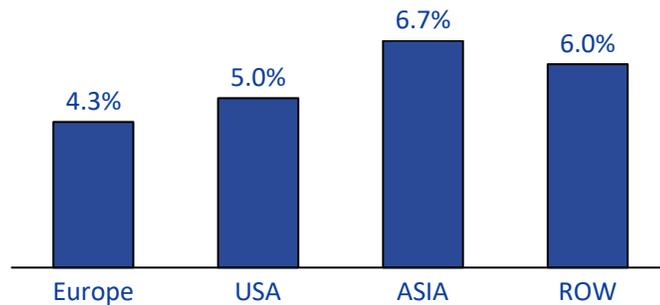


1. Food Additives

Global Food Emulsifiers Market Size*



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

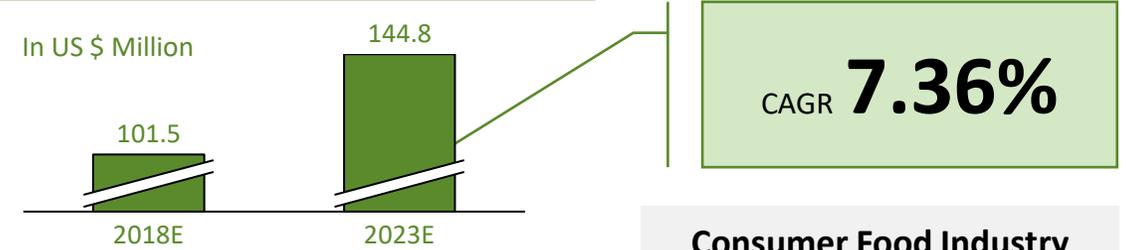


Asia Pacific
6.7%
High growth Rate

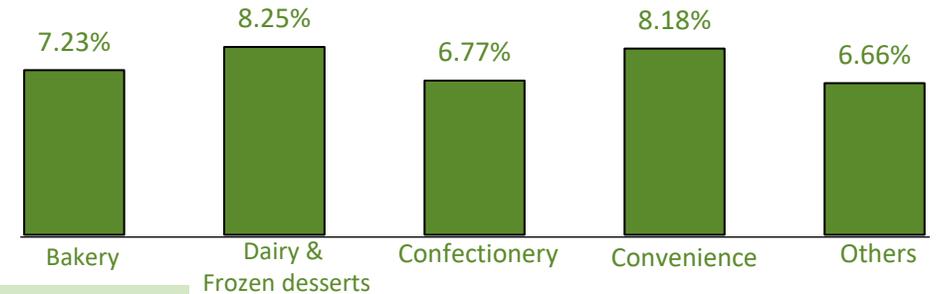
Growth Drivers

- 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 Food Emulsifiers Market Size*



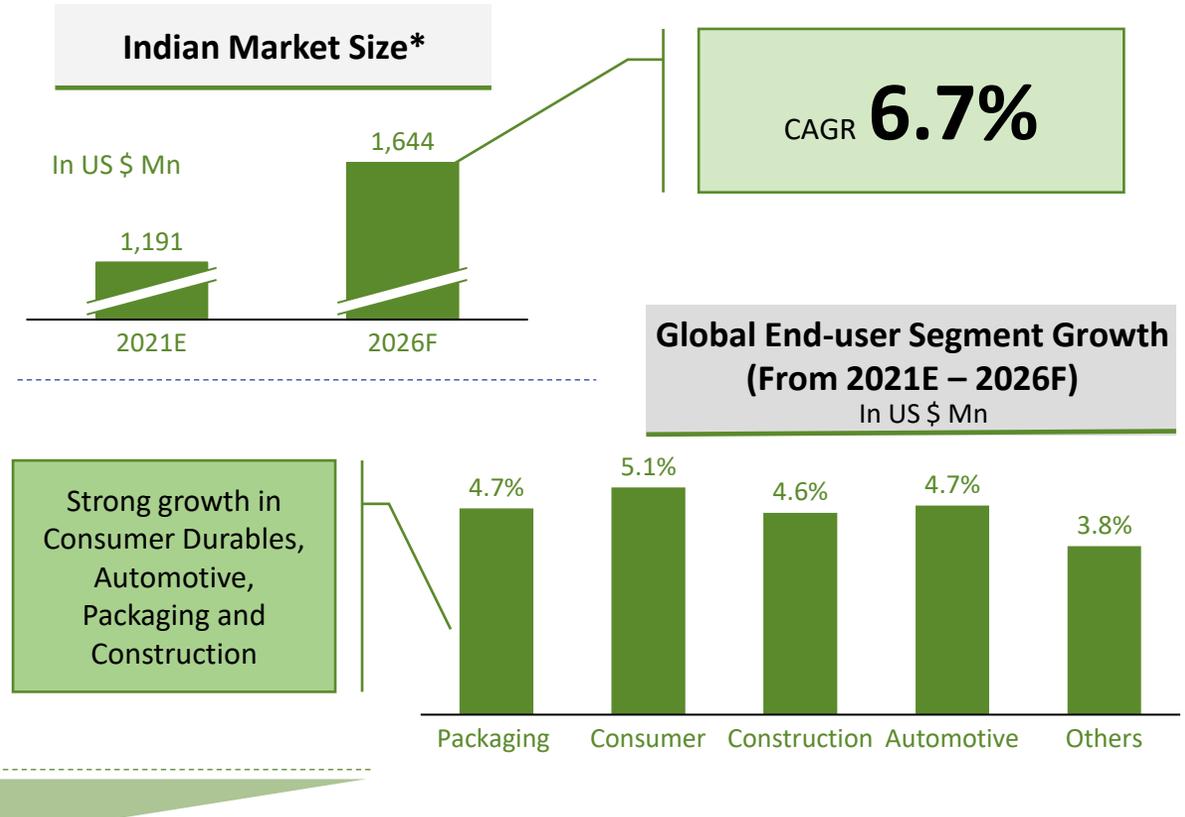
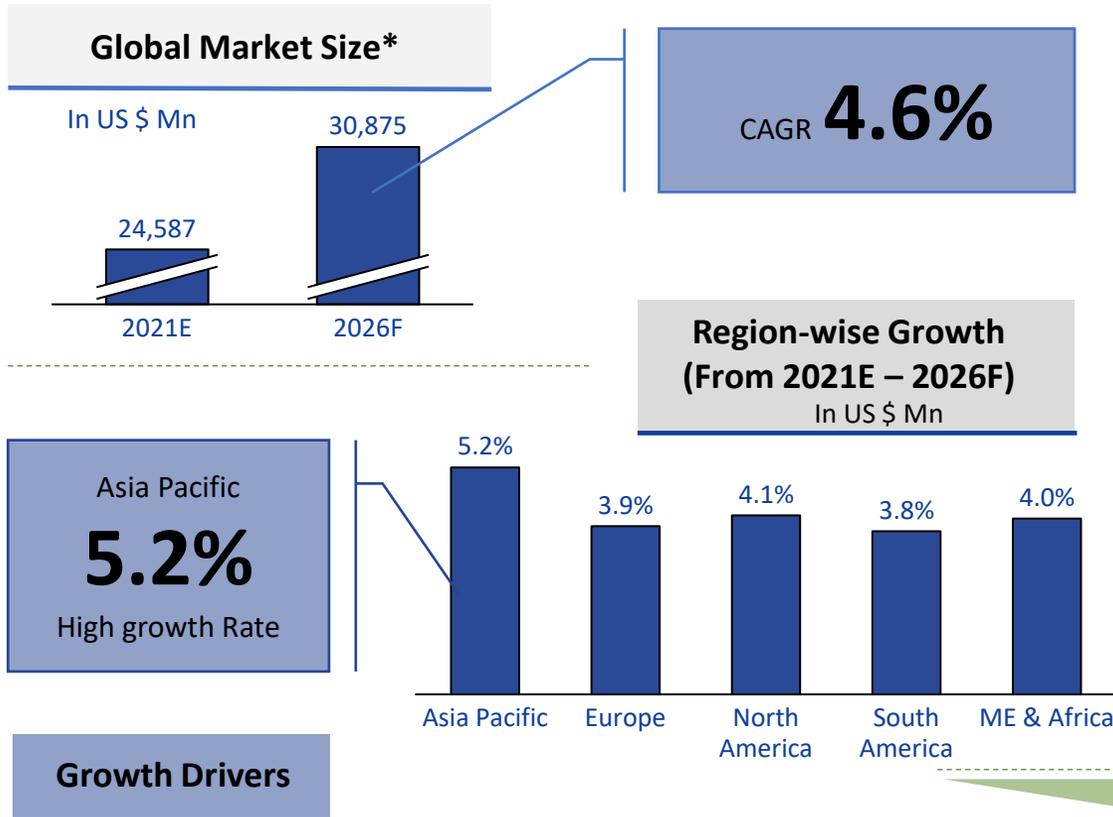
Consumer Food Industry (From 2018 – 2023E) In US \$ Million



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

2. Polymer Additives



Replacement of conventional materials by plastic in several applications

Increasing preference for non-toxic polymer additives

Development of new polymer additives

Increasing demand for plastic due to rapid urbanization and rising purchasing power among consumers

Rising disposable income

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 	<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 Other 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"> Specialty Paper Printing 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 	<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 coatings consumption Increased penetration of coatings in rural & non-metro cities Growth in niche products : nano & green coating packaging products Cashless transactions & air travel 	<ul style="list-style-type: none"> Growth in auto sales Steady Improvement in industrial & infrastructure activity Steady agricultural output

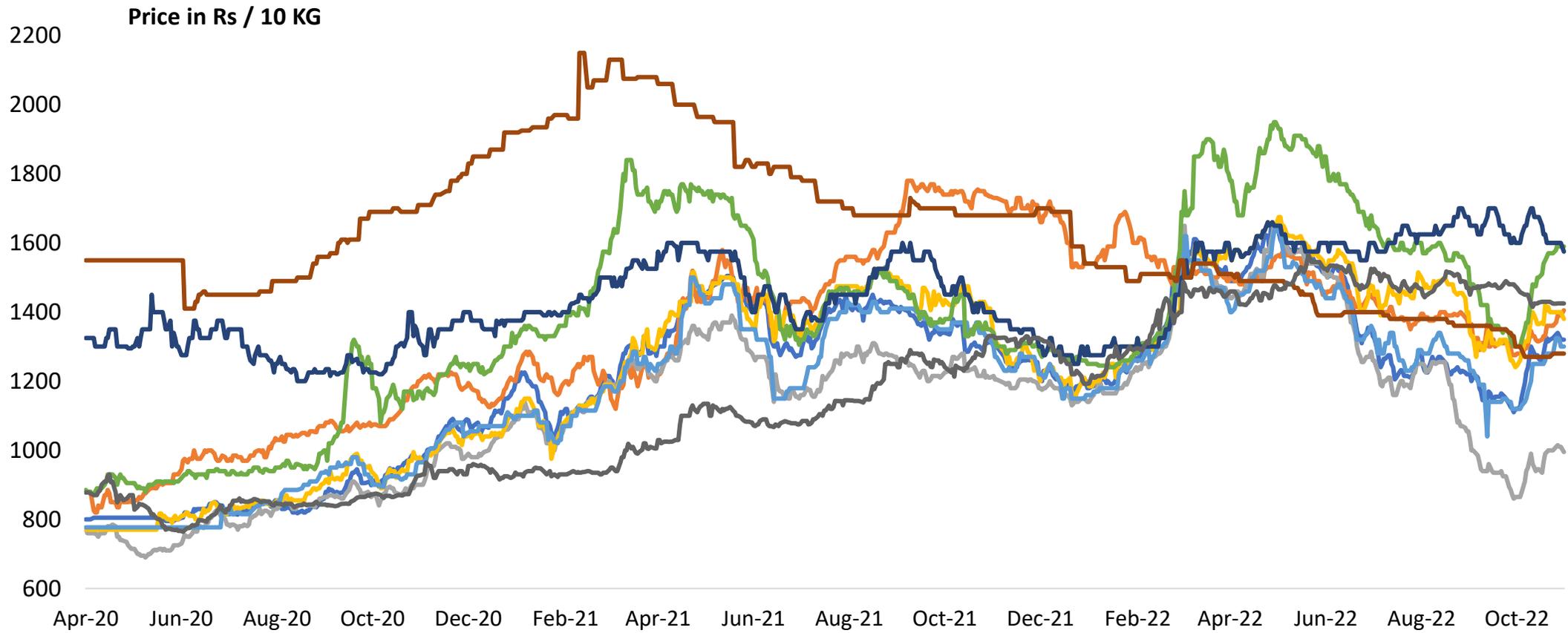


FINE ORGANICS

Financial Highlights



Volatility in RM Prices Since April'20

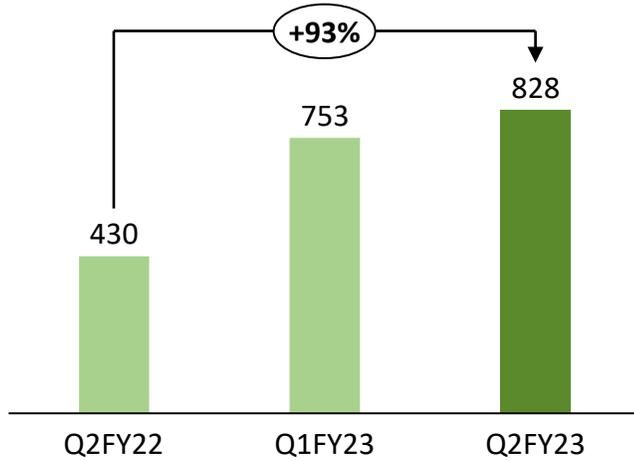


- SOYA REFINED OIL
- RAPESEED EXP OIL
- PALMOLIEN
- COTTON REF OIL
- RICEBRAN REF OIL
- SUNFLOWER REF OIL
- GROUNDNUT OIL
- COCONUT OIL
- CASTOR OIL

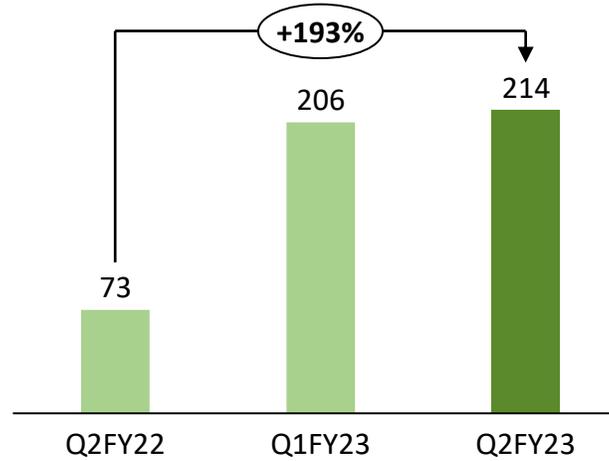
Standalone Performance Highlights

Rs in Crores

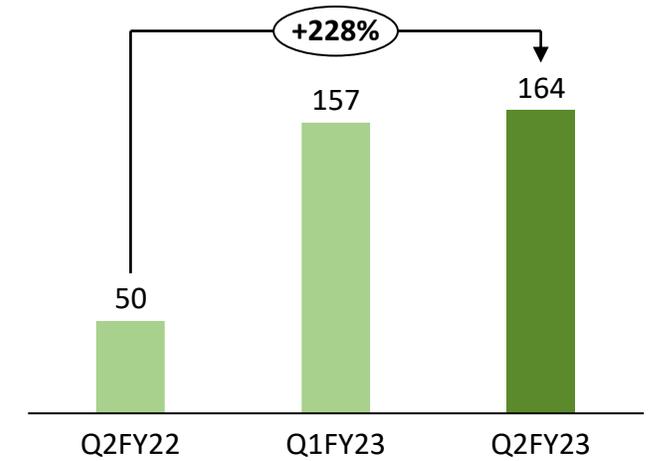
Revenues



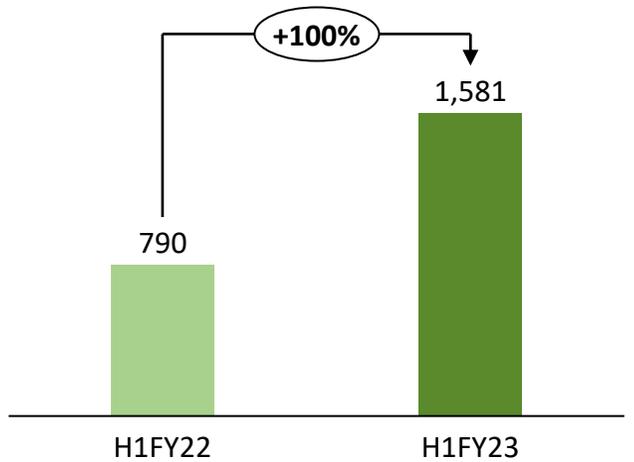
EBITDA



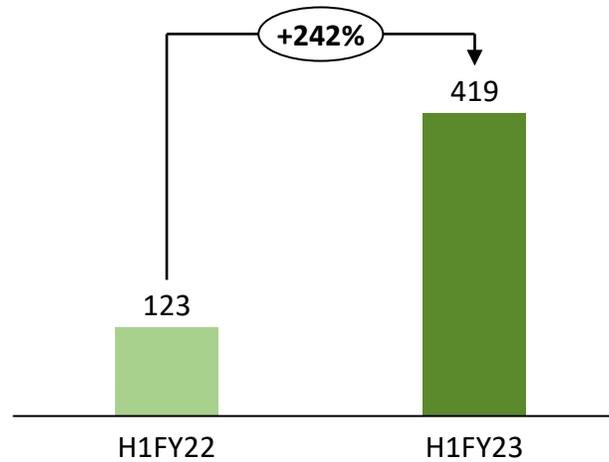
PAT



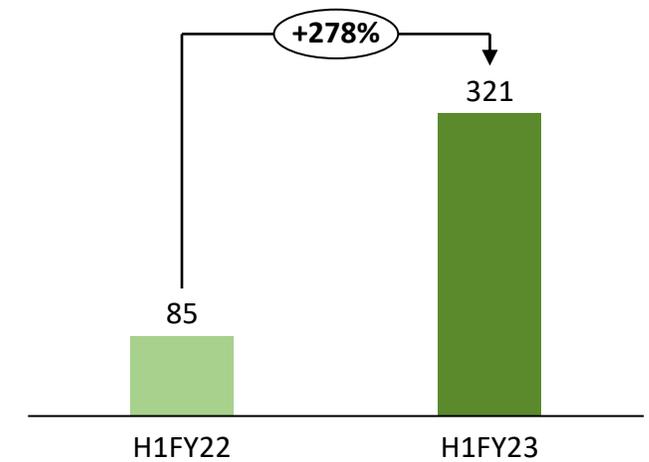
Revenues



EBITDA



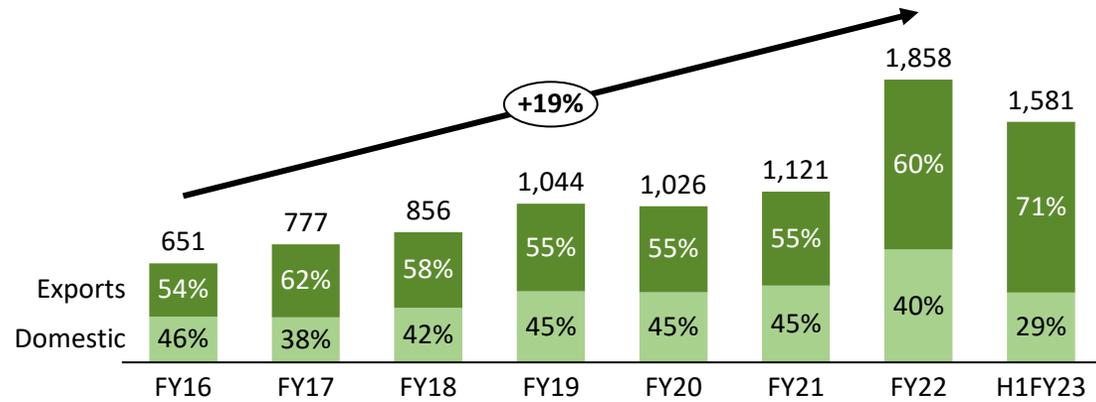
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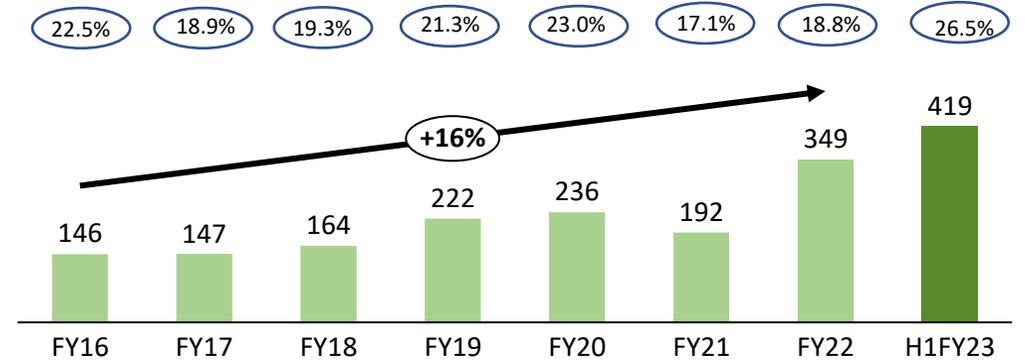
H1FY23 Standalone Operating Performance

Rs in Crores

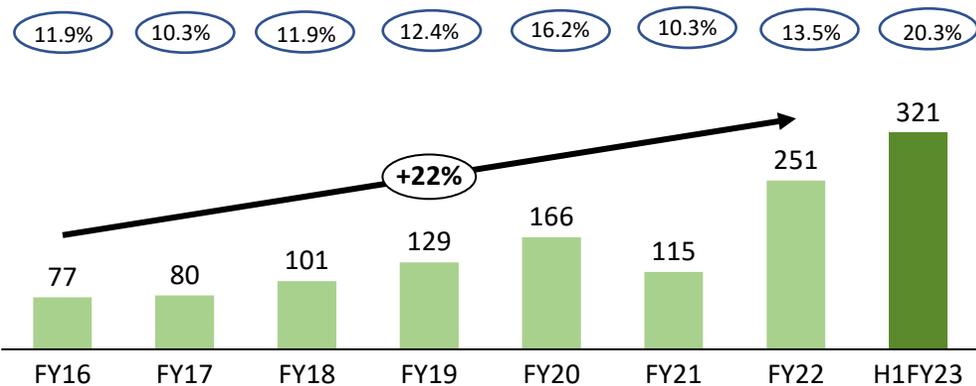
Revenues



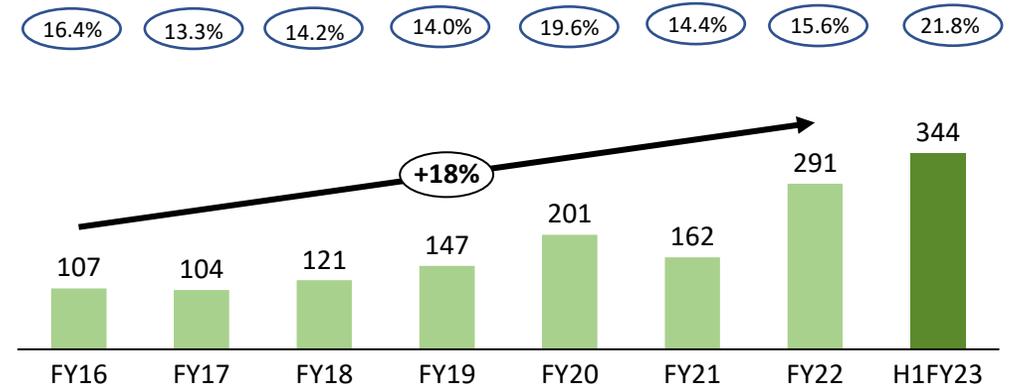
Operating EBITDA & Margins



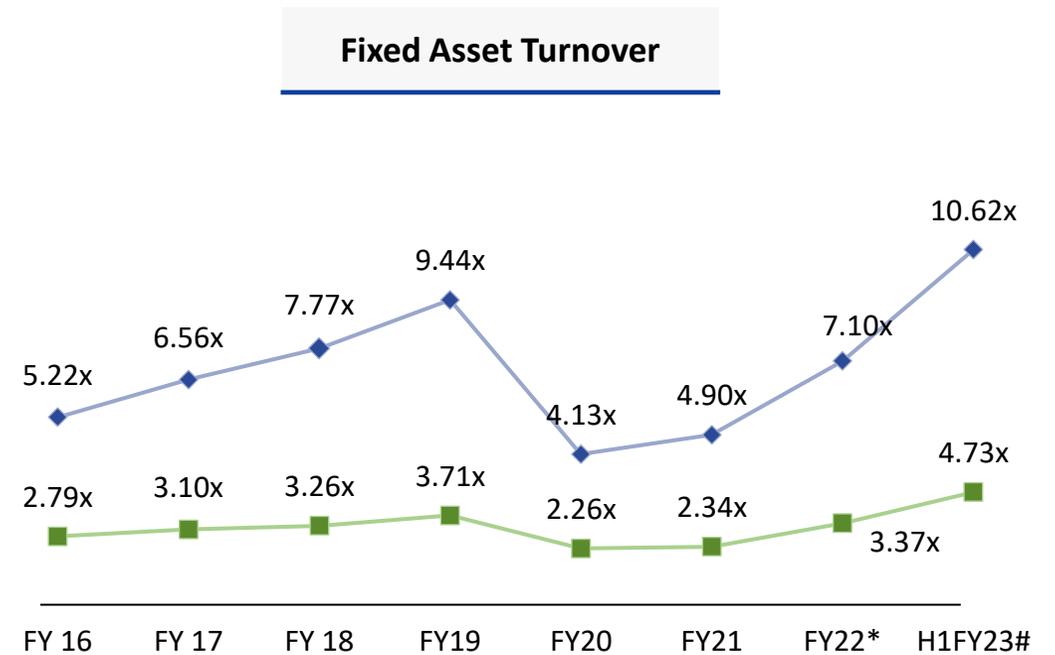
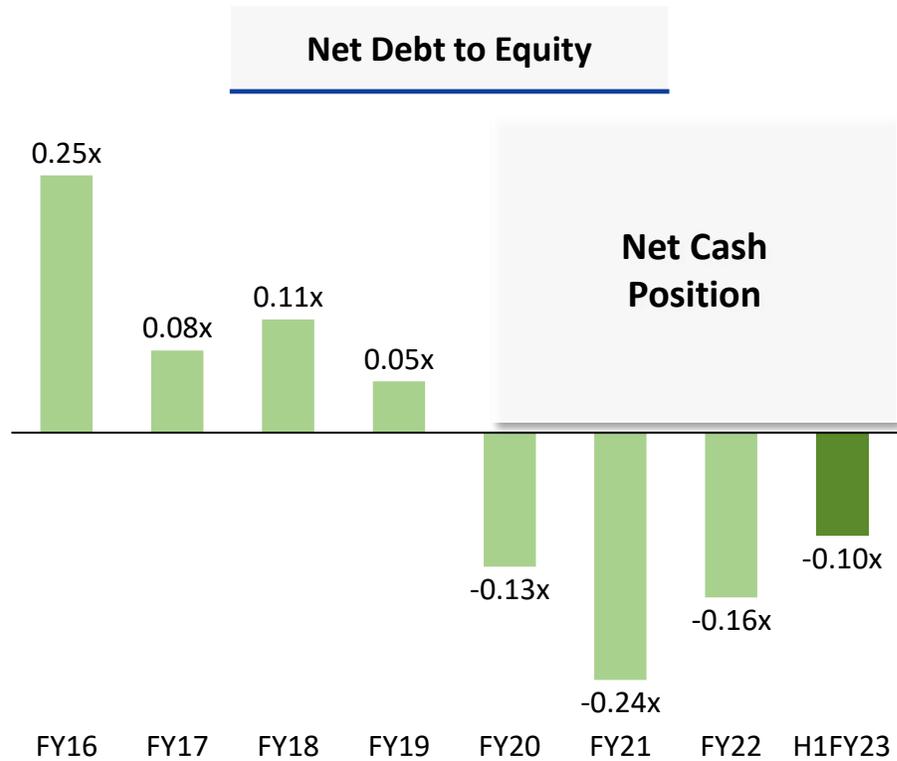
PAT & Margins



Cash PAT & Margins



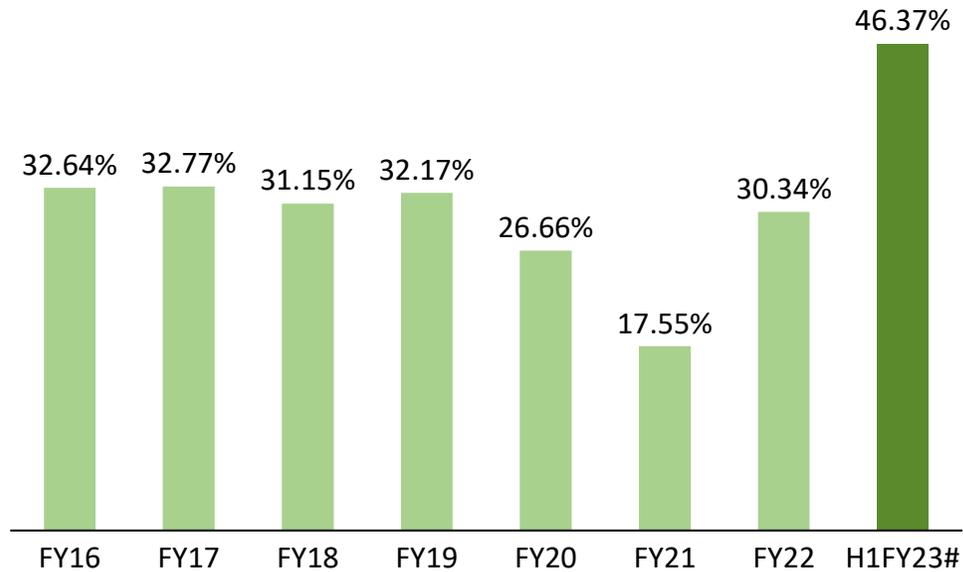
Use of Capital (Standalone)



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

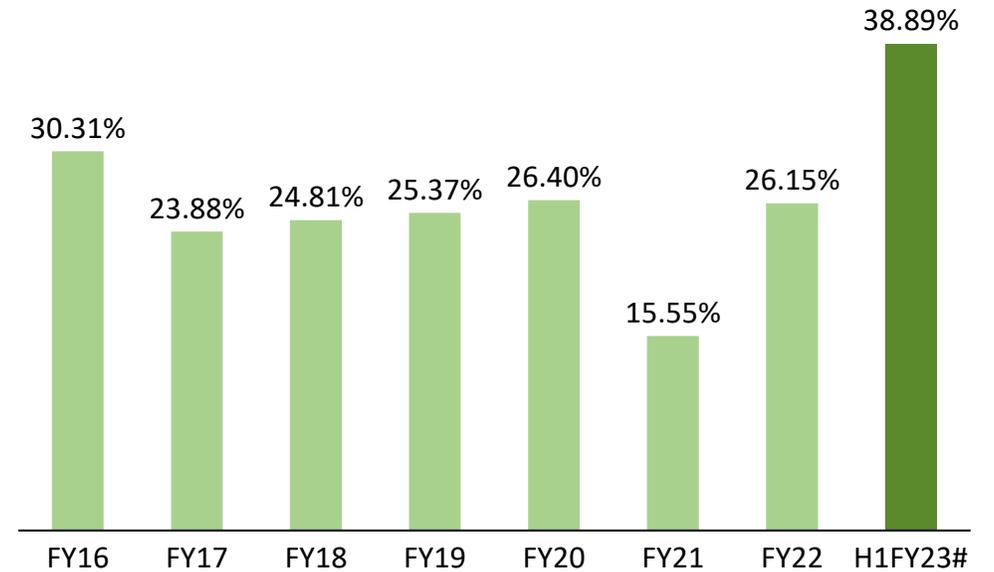
- Fixed Asset Turnover (**Gross**) = Net Revenue from Operations / Total Gross Block of Fixed Assets including Land
- Fixed Asset Turnover (**Net**) = Net Revenue from Operations / Total Net Block of Fixed Assets including Land

Return on Capital Employed



Return on Capital Employed = EBIT (excluding Other Income) / (Total Debt + Total Net worth)

Return on Net Worth



Return on Net Worth = Net Profit After Tax / Total Net Worth

Q2 & H1 FY23 Standalone Profit & Loss Statement

Particulars (Rs in Crs)	Q2FY23	Q2FY22	YoY	Q1FY23	QoQ	H1FY23	H1FY22	YoY
Revenue from Operations	828.1	429.6	93%	752.6	10%	1,580.7	789.5	100%
Cost of Raw Material Consumed	511.8	285.2		442.1		953.9	533.2	
Gross Profit	316.3	144.4	119%	310.5	2%	626.8	256.3	145%
Gross Profit Margin	38.2%	33.6%		41.3%		39.7%	32.5%	
Employee Cost	23.1	20.8		24.9		48.0	41.0	
Other Expenses	79.4	50.7		80.1		159.4	92.5	
EBITDA	213.8	72.9	193%	205.5	4%	419.4	122.8	242%
EBITDA Margin	25.8%	17.0%		27.3%		26.5%	15.6%	
Other Income	19.3	6.2		16.7		36.0	12.2	
Depreciation	11.5	9.8		11.1		22.6	19.3	
EBIT	221.6	69.3	220%	211.1	5%	432.8	115.7	274%
EBIT Margin	26.8%	16.1%		28.0%		27.4%	14.7%	
Finance Cost	1.3	1.2		1.2		2.5	2.5	
PBT	220.3	68.1	223%	209.9	5%	430.3	113.2	280%
PBT Margin	26.6%	15.9%		27.9%		27.2%	14.3%	
Tax	56.3	18.1		52.6		109.0	28.3	
PAT	164.0	50.0	228%	157.3	4%	321.3	84.9	278%
PAT Margin %	19.8%	11.6%		20.9%		20.3%	10.8%	
Other Comprehensive Income	0.4	0.1		0.0		0.5	0.7	
Total Comprehensive Income for the year / period	164.4	50.1	228%	157.3	5%	321.8	85.6	276%
EPS*	53.5	16.3		51.3		104.8	27.7	

Standalone Balance Sheet

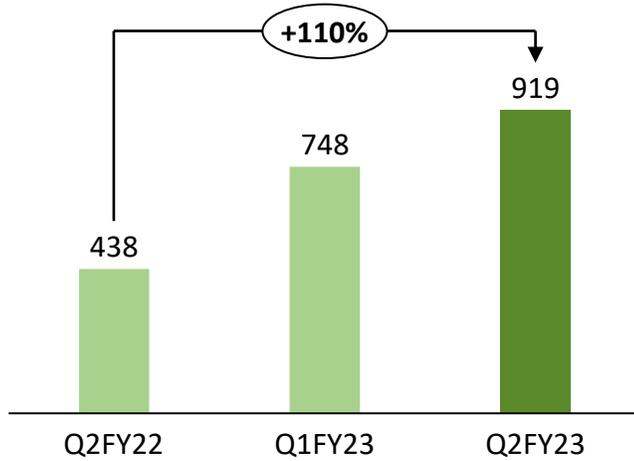
Assets (Rs in Crs)	Sep-22	Mar-22
Non-current assets		
Property, plant and equipment	216.4	228.7
Capital work-in-progress	21.5	14.1
Intangible assets	0.7	0.6
Financial assets		
Investments	48.2	43.1
Loans	1.7	1.3
Others	7.0	3.7
Deferred tax assets (net)	9.7	7.8
Other non-current assets	69.0	61.0
Total non-current assets	374.2	360.3
Current assets		
Inventories	304.4	201.7
Financial assets		
Trade receivables	562.9	331.6
Cash and cash equivalents	153.9	209.3
Other Bank balances	13.2	6.5
Others	5.2	0.2
Current tax asset (Net)	17.1	6.5
Other current assets	157.4	111.6
Total current assets	1,214.1	867.4
TOTAL ASSETS	1,588.3	1,227.8

Equity & Liabilities (Rs in Crs)	Sep-22	Mar-22
Equity		
Equity share capital	15.3	15.3
Other equity	1,237.3	943.2
Total Equity	1,252.6	958.5
Non-current liabilities		
Financial liabilities		
Borrowings	9.0	25.1
Others	0.0	0.9
Total non current liabilities (A)	9.0	26.0
Current liabilities		
Financial liabilities		
Borrowings	36.0	33.4
Trade payables	203.1	151.4
Others	2.0	1.5
Other current liabilities	10.6	10.2
Provisions	27.5	30.3
Current tax liabilities (Net)	47.5	16.5
Total current liabilities (B)	326.7	243.3
Total liabilities (A) + (B)	335.7	269.3
TOTAL EQUITY AND LIABILITIES	1,588.3	1,227.8

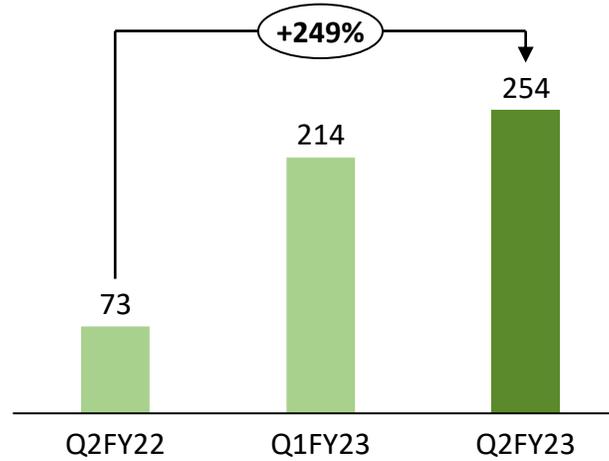
Consolidated Performance Highlights

Rs in Crores

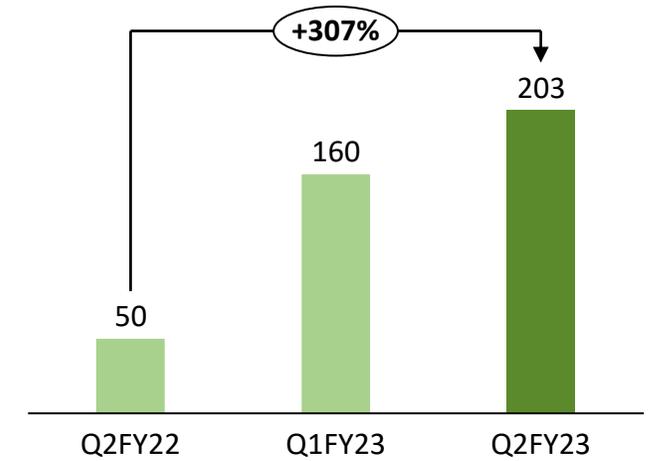
Revenues



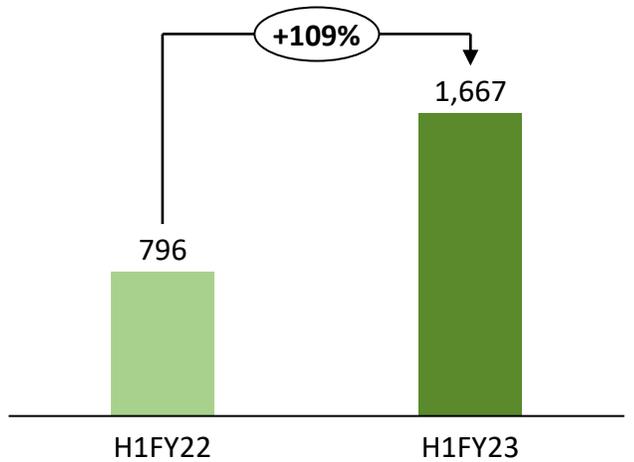
EBITDA



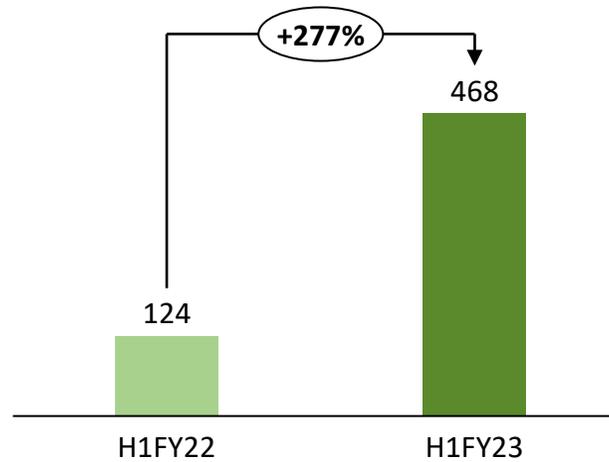
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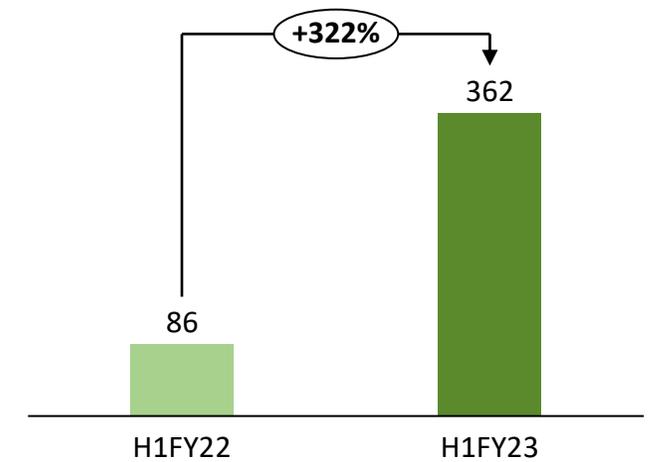
Revenues



EBITDA

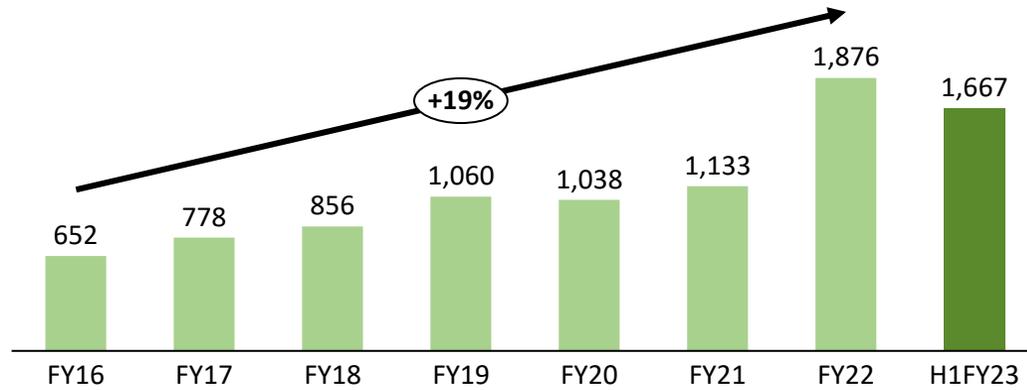


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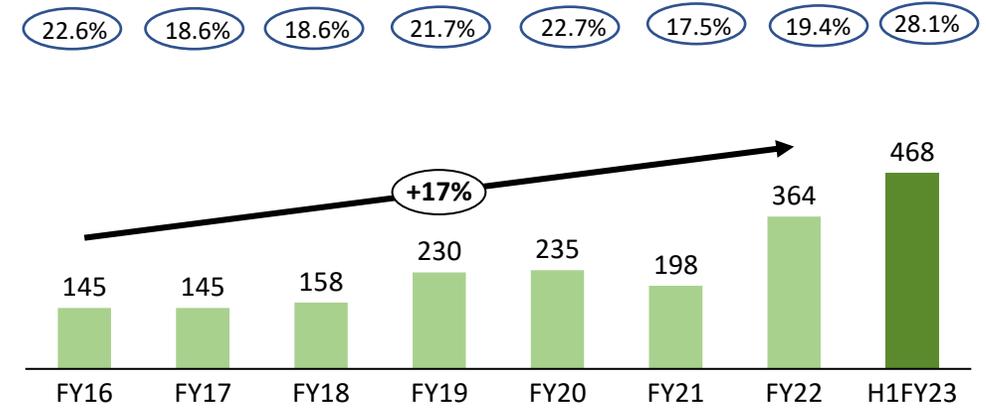


H1FY23 Consolidated Operating Performance

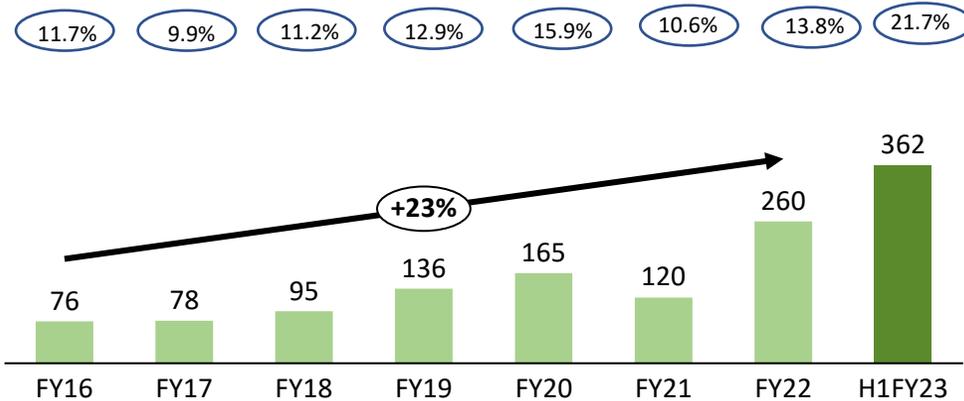
Revenues



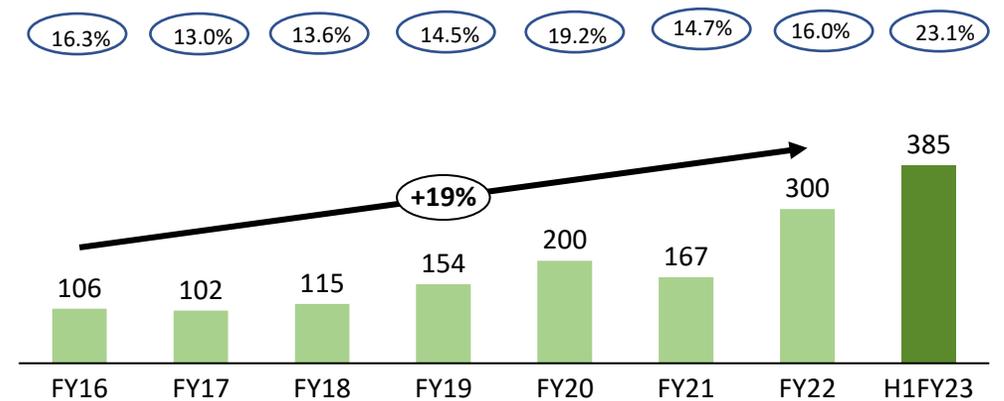
Operating EBITDA & Margins*



PAT & Margins

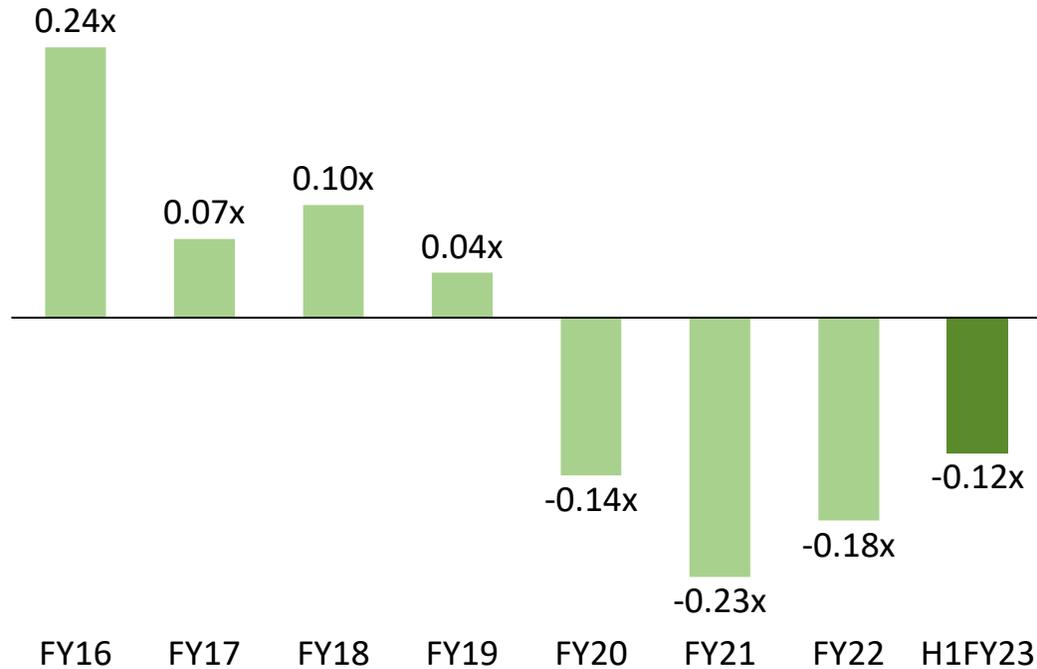


Cash PAT & Margins

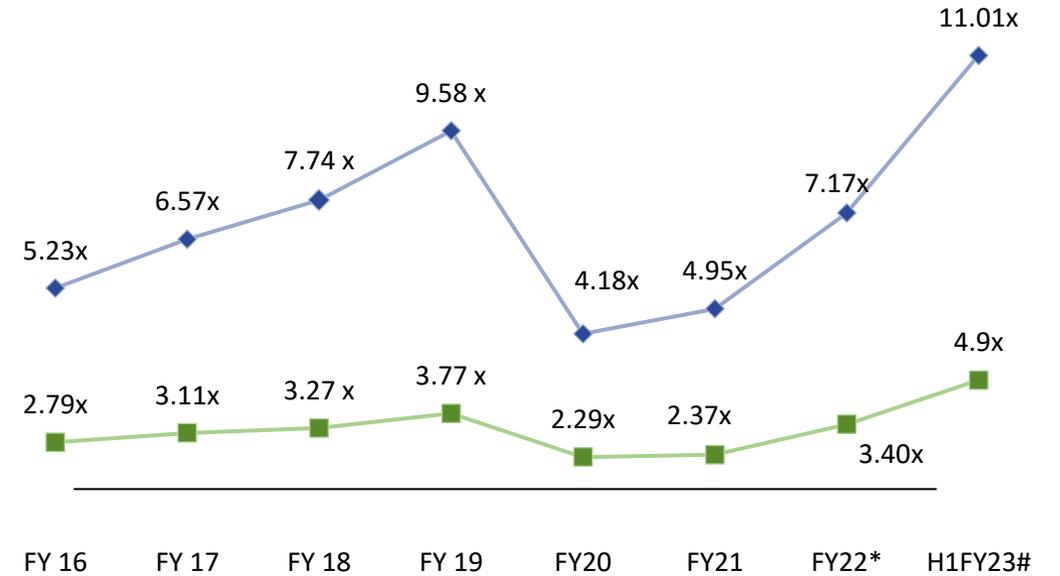


Use of Capital (Consolidated)

Net Debt to Equity



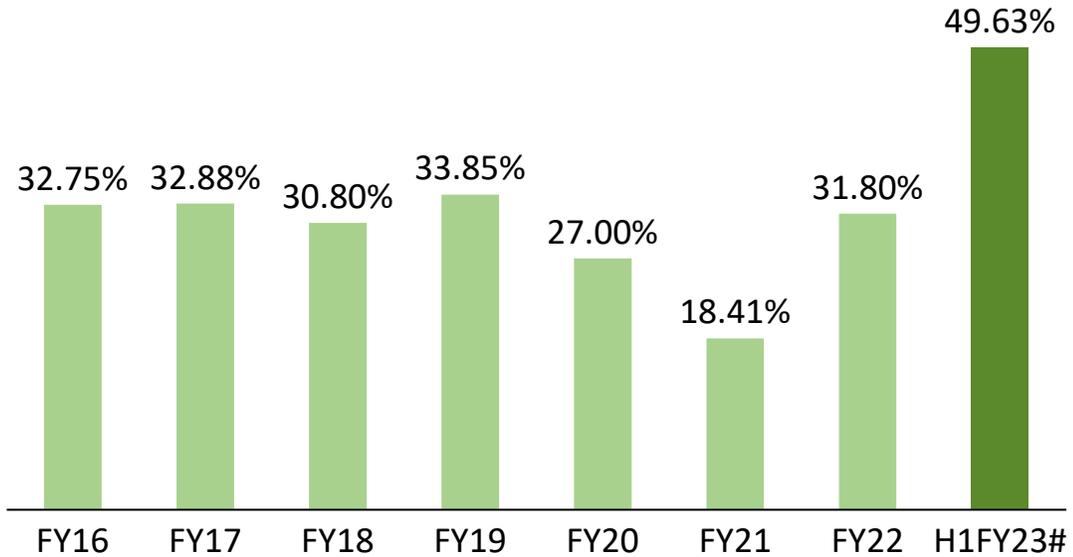
Fixed Asset Turnover



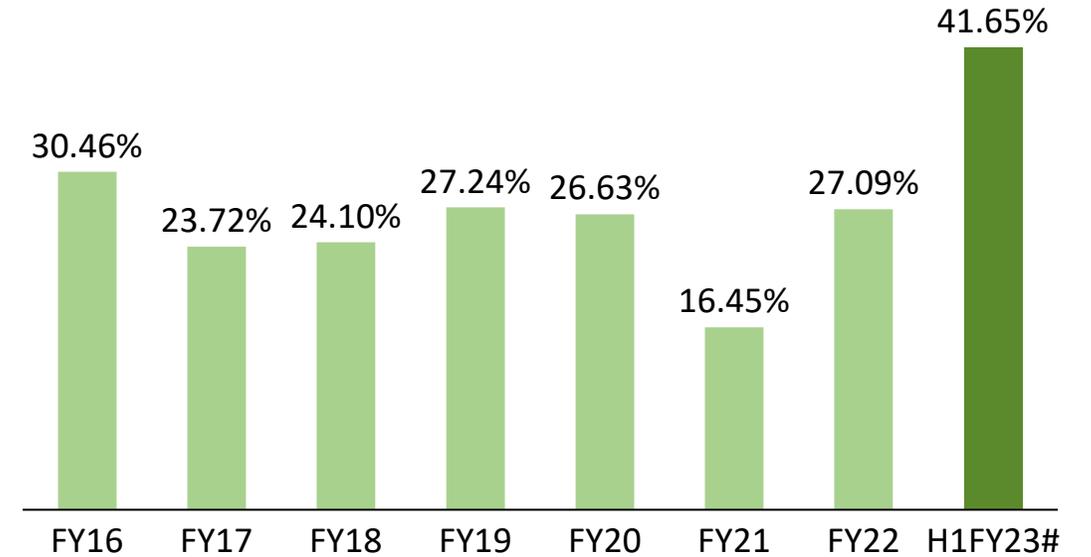
Net Debt = Total Long term debt + short term debt + current of maturities of long term debt – cash and bank balances

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

Return on Capital Employed



Return on Net Worth



Return on Capital Employed = $\frac{\text{EBIT (excluding Other Income and including share of profit / (loss) of JV (net of tax))}}{\text{(Total Debt + Total Net worth)}}$

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

Q2 & H1 FY23 Consolidated Profit & Loss Statement

Particulars (Rs in Crs)	Q2FY23	Q2FY22	YoY	Q1FY23	QoQ	H1FY23	H1FY22	YoY
Revenue from Operations	919.2	438.4	110%	747.7	23%	1,666.9	796.0	109%
Cost of Raw Material Consumed	558.6	292.4		422.1		980.7	534.6	
Gross Profit	360.6	146.0	147%	325.6	11%	686.2	261.4	163%
Gross Profit Margin	39.2%	33.3%		43.5%		41.2%	32.8%	
Employee Cost	24.4	21.6		25.8		50.2	42.7	
Other Expenses	82.3	51.4		85.2		167.5	93.6	
Share of profit /(loss) of Joint ventures	-0.1	-0.3		-0.2		-0.3	-0.8	
EBITDA	253.8	72.7	249%	214.4	18%	468.2	124.3	277%
EBITDA Margin	27.6%	16.6%		28.7%		28.1%	15.6%	
Other Income	19.3	6.2		16.7		36.0	12.1	
Depreciation	11.5	9.8		11.1		22.6	19.3	
EBIT	261.6	69.1	279%	220.0	19%	481.6	117.1	311%
EBIT Margin	28.5%	15.8%		29.4%		28.9%	14.7%	
Finance Cost	1.3	1.2		1.2		2.5	2.5	
PBT	260.3	67.9	283%	218.8	19%	479.1	114.6	318%
PBT Margin	28.3%	15.5%		29.3%		28.7%	14.4%	
Tax	57.7	18.1		58.9		116.7	28.8	
PAT	202.6	49.8	307%	159.9	27%	362.4	85.8	322%
PAT Margin %	22.0%	11.4%		21.4%		21.7%	10.8%	
Other Comprehensive Income	0.4	0.1		0.0		0.5	0.7	
Total Comprehensive Income for the year / period	203.0	49.9	307%	159.9	27%	362.9	86.5	320%
EPS*	66.1	16.3		52.1		118.2	28.0	

Consolidated Balance Sheet

Assets (Rs in Crs)	Sep-22	Mar-22
Non-current assets		
Property, plant and equipment	216.4	228.7
Capital work-in-progress	21.5	14.1
Intangible assets	0.7	0.6
Financial assets		
Investments	35.4	30.6
Loans	1.7	1.3
Others	7.0	3.7
Deferred tax assets (net)	10.0	8.4
Other non-current assets	69.0	61.0
Total non-current assets	361.7	348.4
Current assets		
Inventories	395.5	235.6
Financial assets		
Trade receivables	494.2	301.4
Cash and cash equivalents	186.8	226.1
Other Bank balances	13.2	6.5
Others	5.2	0.2
Current tax asset (Net)	17.1	6.5
Other current assets	157.6	111.6
Total current assets	1,269.7	887.9
TOTAL ASSETS	1,631.4	1,236.4

Equity & Liabilities (Rs in Crs)	Sep-22	Mar-22
Equity		
Equity share capital	15.3	15.3
Other equity	1,272.4	943.9
Non Controlling Interest		
Total Equity	1,287.7	959.2
Non-current liabilities		
Financial liabilities		
Borrowings	9.0	25.1
Others	0.0	0.9
Total non current liabilities (A)	9.0	25.9
Current liabilities		
Financial liabilities		
Borrowings	36.0	33.4
Trade payables	203.3	153.6
Others	2.0	1.5
Other current liabilities	16.0	16.0
Provisions	30.0	30.3
Current tax liabilities (Net)	47.5	16.5
Total current liabilities (B)	334.7	251.3
Total liabilities (A) + (B)	343.7	277.2
TOTAL EQUITY AND LIABILITIES	1,631.4	1,236.4

Thank You!

Company:

CIN: L24119MH2002PLC136003

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Senior Vice President - Finance

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