



Investor Presentation
November-2019

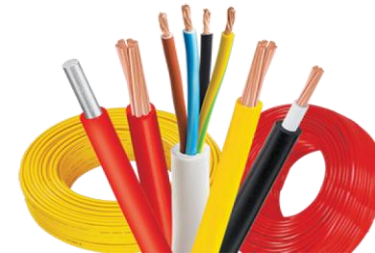
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THE FINE STORY OF SUCCESS



“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

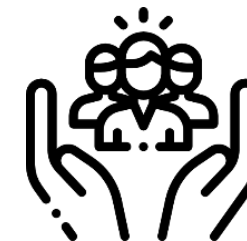
We are omnipresent and form a **part of your life** in every way

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



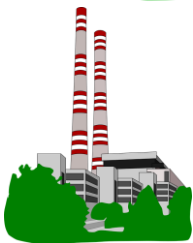
Direct Customers
650+

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



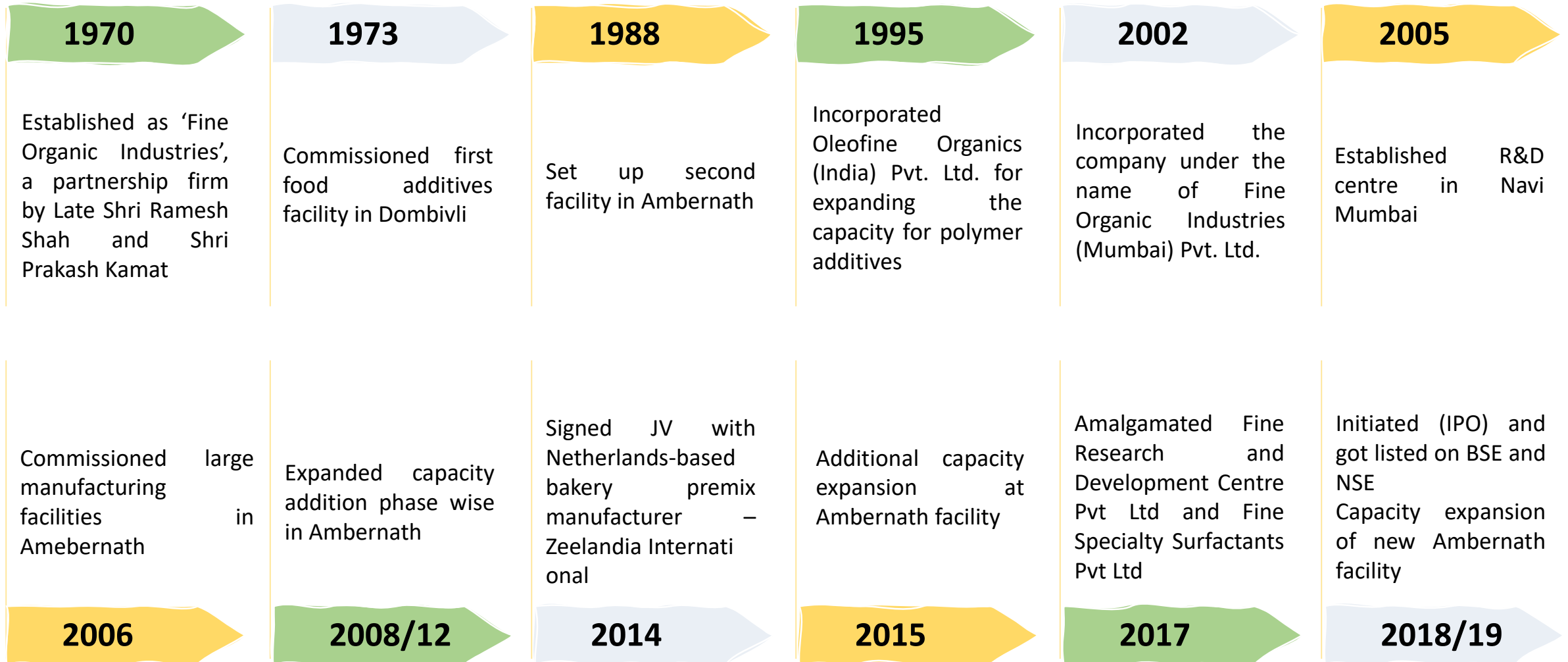
70+

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%

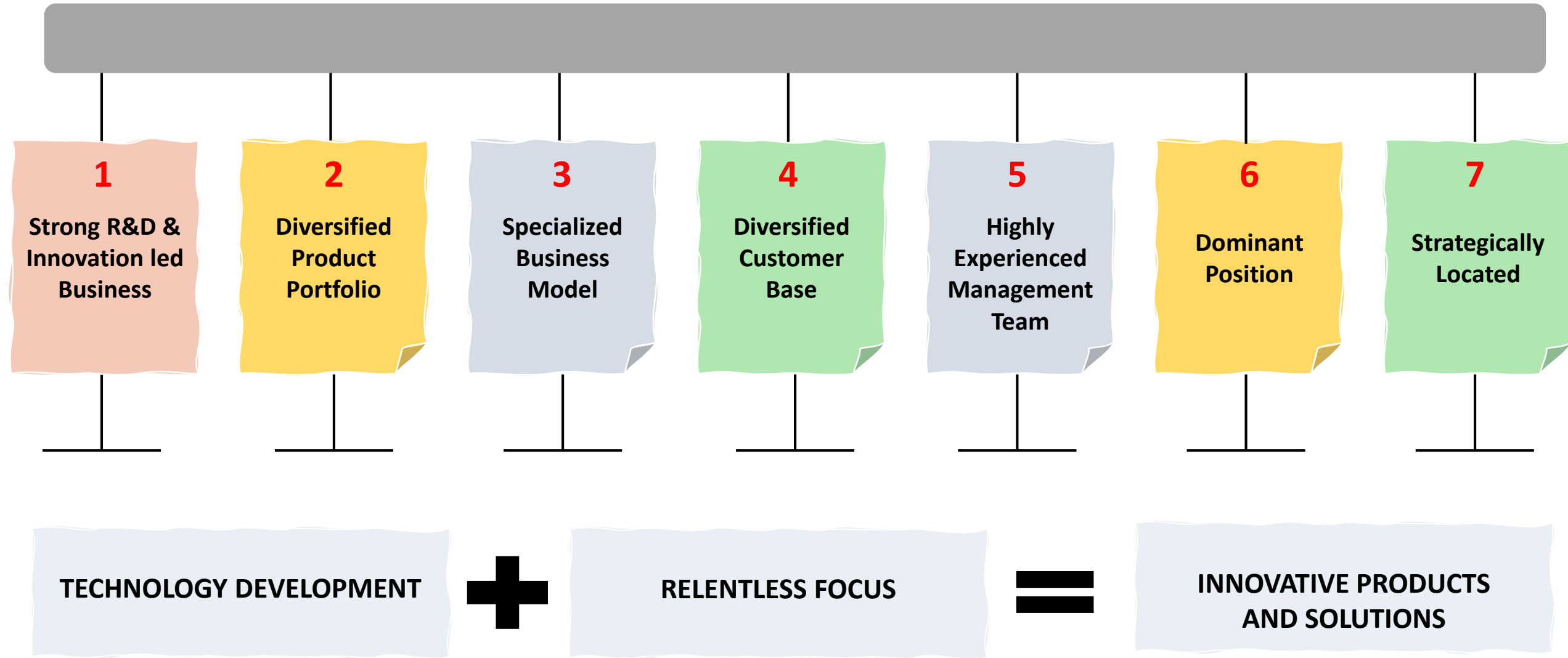
Employees
completed 25
years of journey
with us

>13%

Comprise 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

- Product Development Lab & Product Application Lab
- Dedicated team of **18 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

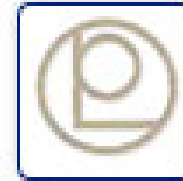
Developing Process Technology

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

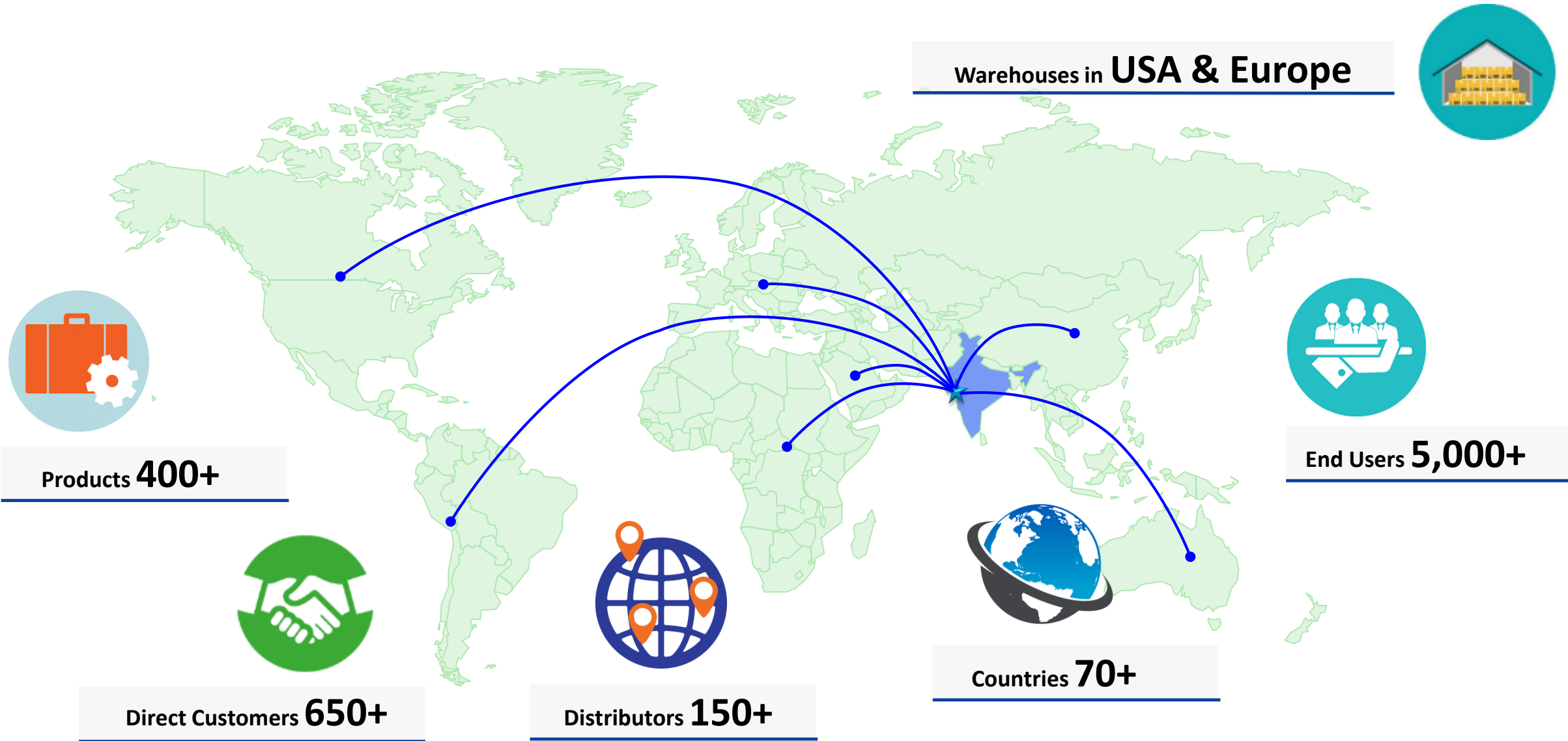
Complex technology & manufacturing processes create multiple entry barriers into the oleochemical derived green additives industry. Product formulations, innovation & process technology are time & capital intensive

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



Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

All the data points are as on 30th Sept 2019

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**

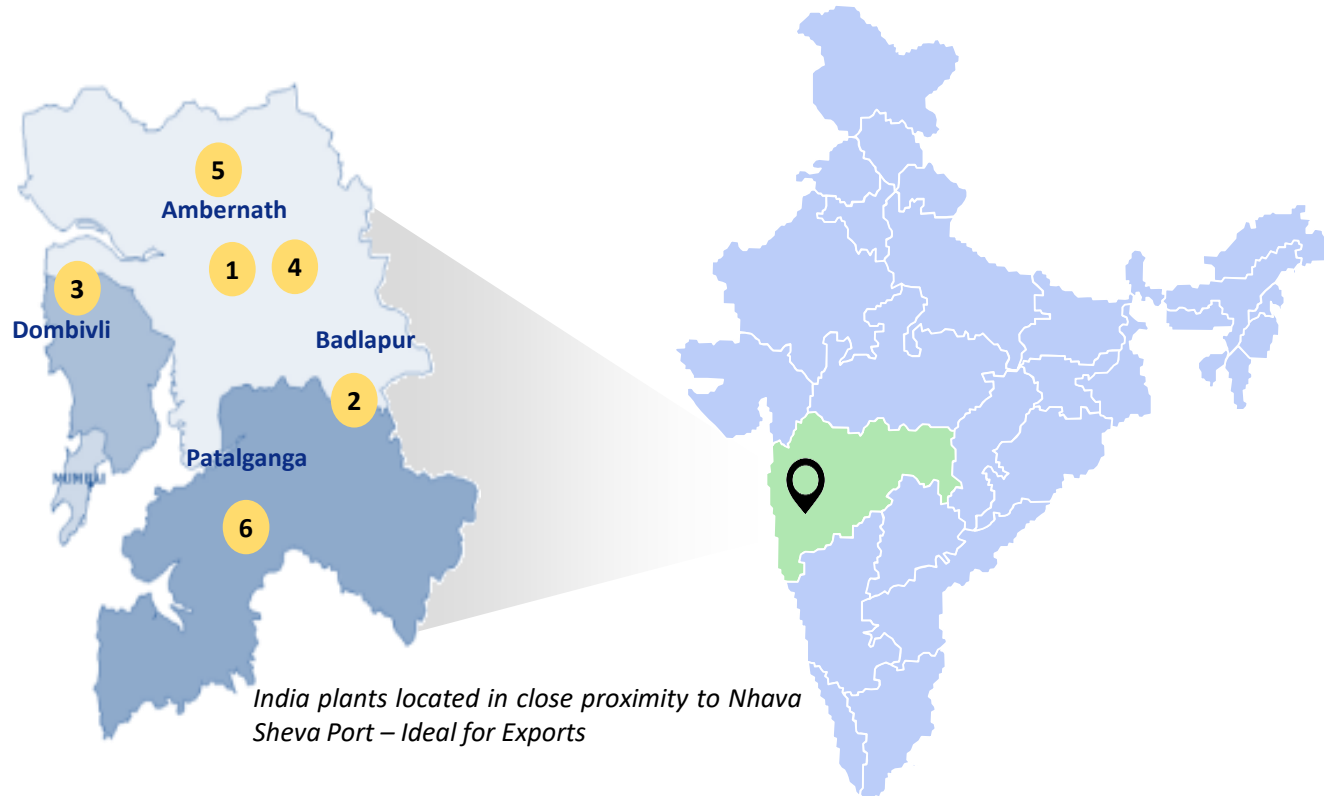
**One of the six global players in the
specialty food emulsifiers**

**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 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
5	3 rd 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	

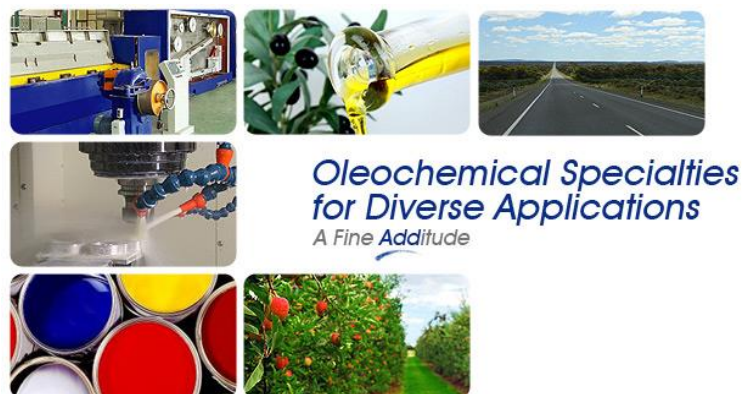
*Subject to regulatory approvals



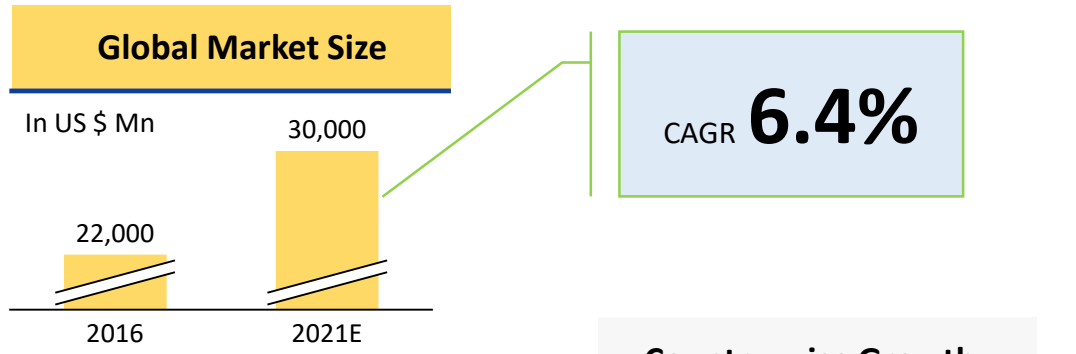
INDUSTRY POTENTIAL:

MULTIPLE GROWTH LEVERS

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

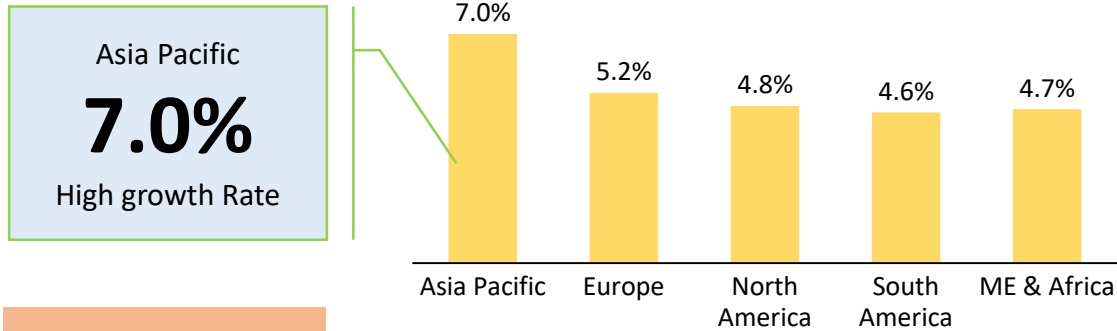


1. Polymer Additives



CAGR **6.4%**

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

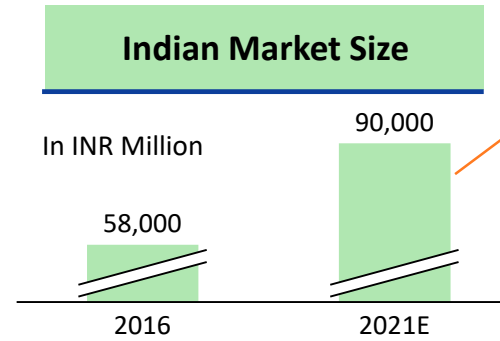


Growth Drivers

Increased Substitution by polymer Materials

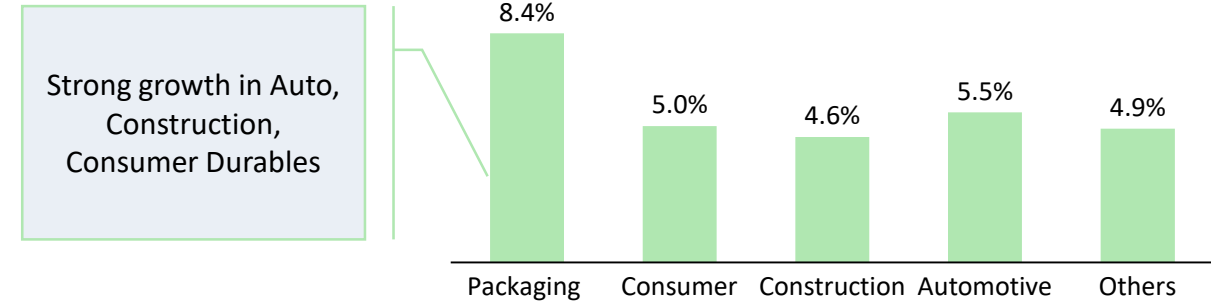
Development of New Polymer Additives

Increasing Preference for Non-toxic polymer Additives



CAGR **9.2%**

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



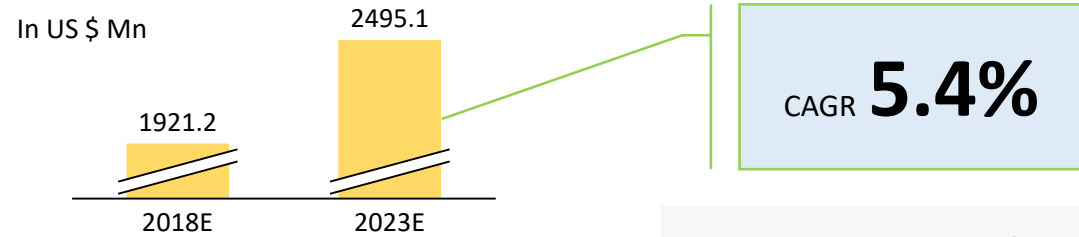
Growth Drivers

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

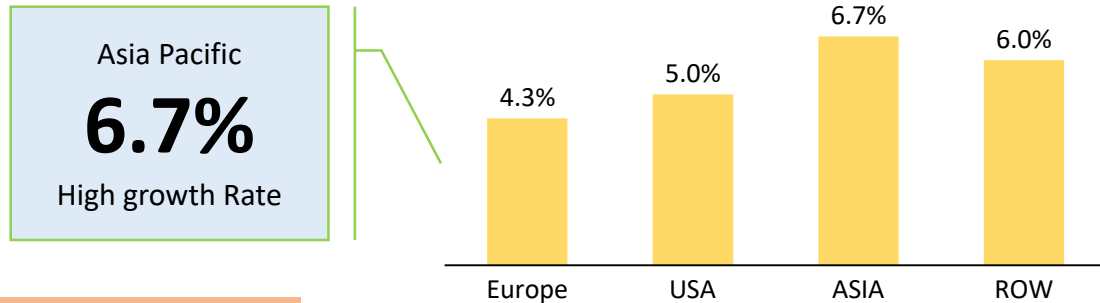
Increasing use of polymers in packaging – superior quality & cost effectiveness

2. Food Additives

Global Food Emulsifiers Market Size



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



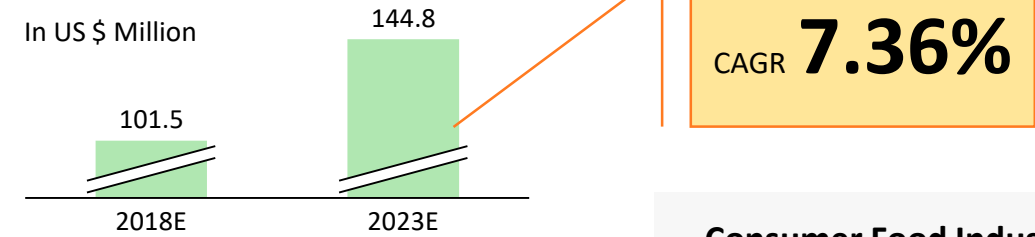
Growth Drivers

Increase in consumption of convenience foods and premium products

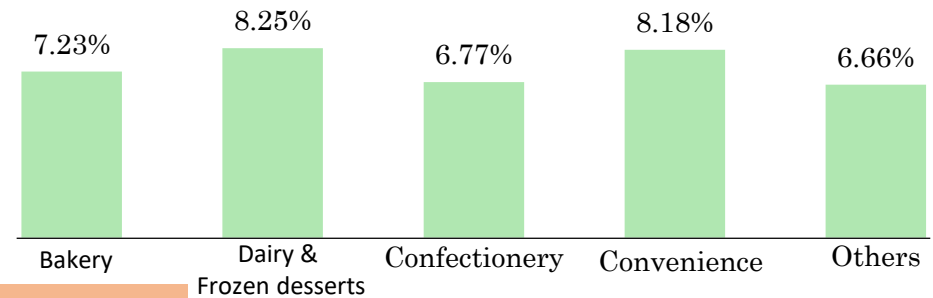
Growing number of end-use applications due to multifunctional attributes of emulsifiers

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
Key Additives & Ingredients	▪ Lube additives ▪ Property modifiers ▪ Coated papers	▪ Natural Antibiotics ▪ Nutritional Additives ▪ Anti-fungal Additives	▪ Emulsifiers & Emollients ▪ Pharmaceuticals – Coating Ingredients	▪ Dispersing agents ▪ Emulsifiers ▪ Wetting Agents ▪ Defoamers ▪ Slip Additives	▪ Processing Aids ▪ Specialty Plasticizers ▪ Slip Additives ▪ Anti-stats ▪ Anti-sticking Agents
End Uses	▪ Automotive Lubricants ▪ Roads & Highway Infrastructure ▪ Specialty applications	▪ Poultry Products ▪ Milk & Milk Derivatives	▪ Creams, lotions & ointments ▪ Skin care Cosmetics	▪ Paints ▪ Inks ▪ Coating Materials	▪ Conveyor Belts ▪ Automotive Parts and Industrial Component
India CAGR (FY17 – 22E)	--	11-13%	10% – 12%	8% – 10%	6% – 7%
Growth Drivers	▪ Increase in: ✓ Govt. expenditure on infra projects ✓ Use of cars/trucks ✓ Cashless transactions & air travel	▪ Growing health awareness & food processing industry ▪ Safer milk and milk products	▪ Organized retail moving to Tier II cities ▪ New sub-segments to grow: Men's Cosmetics ▪ Growing demand for skin-care cosmetics	▪ Low per capita paint consumption ▪ Increased penetration of paints in rural & non-metro cities ▪ Growth in niche products : nano & green coatings	▪ Growth in auto sales ▪ Steady Improvement in industrial & infrastructure activity ▪ Steady agricultural output

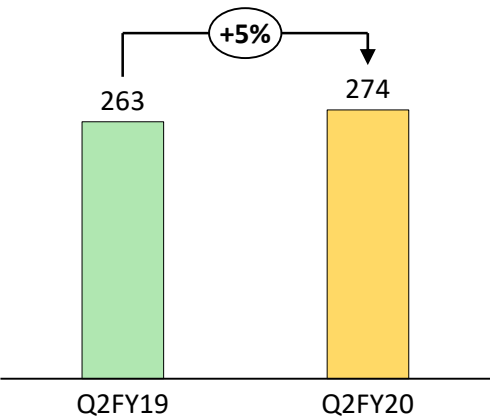
Financial Highlights



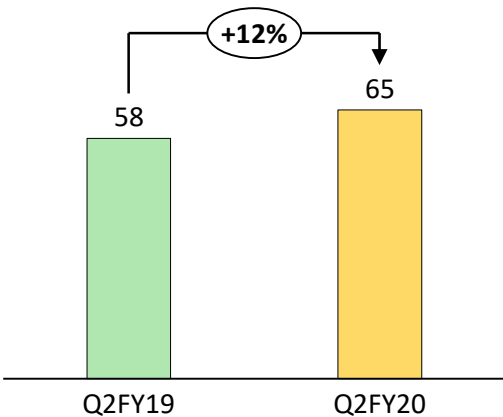
Standalone Performance Highlights

Rs in Crores

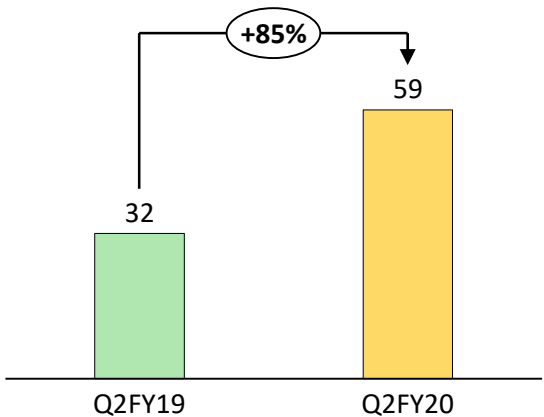
Revenues



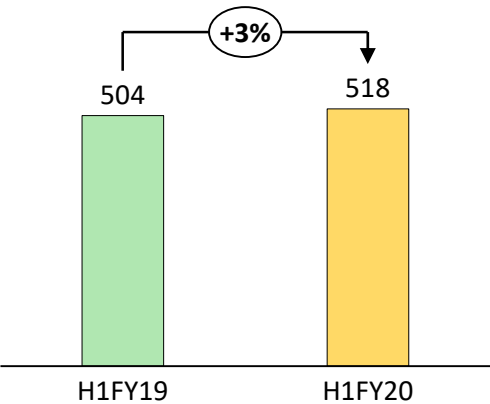
EBITDA



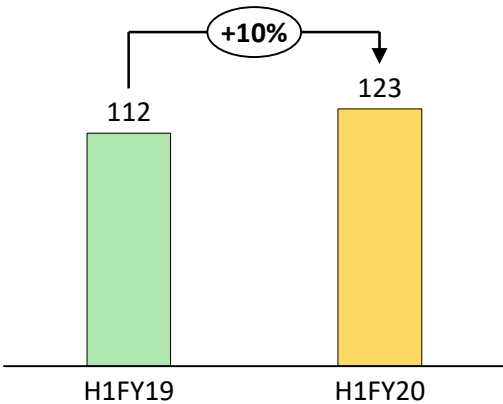
PAT



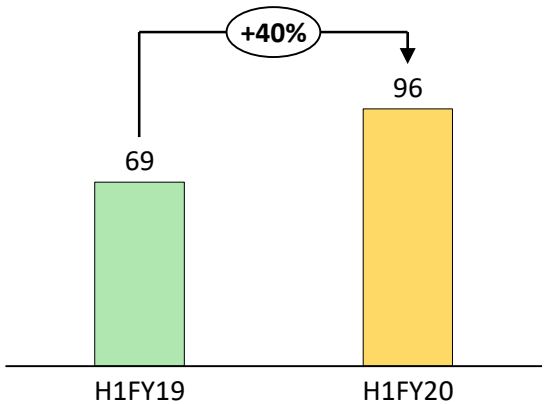
Revenues



EBITDA



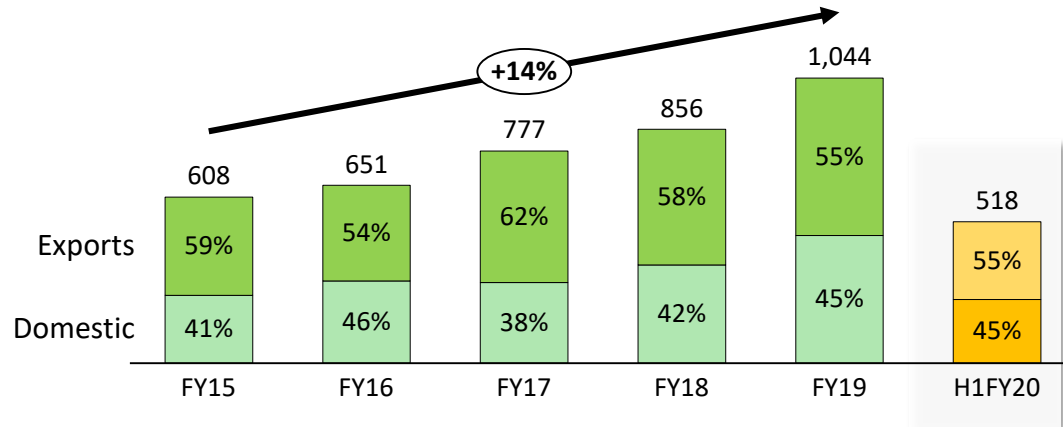
PAT



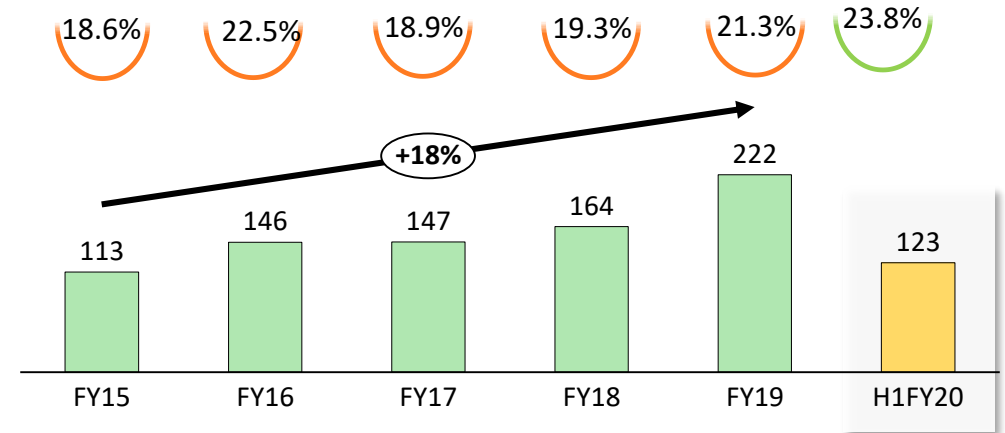
H1FY20 Standalone Operating Performance

Rs in Crores

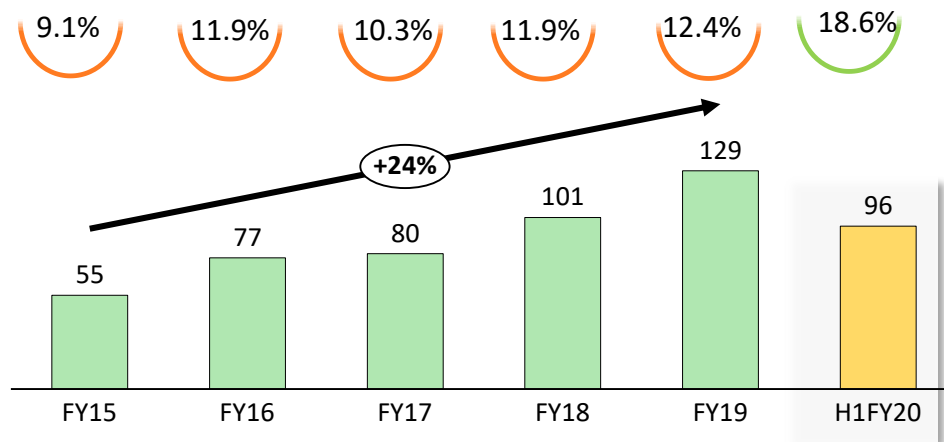
Revenues



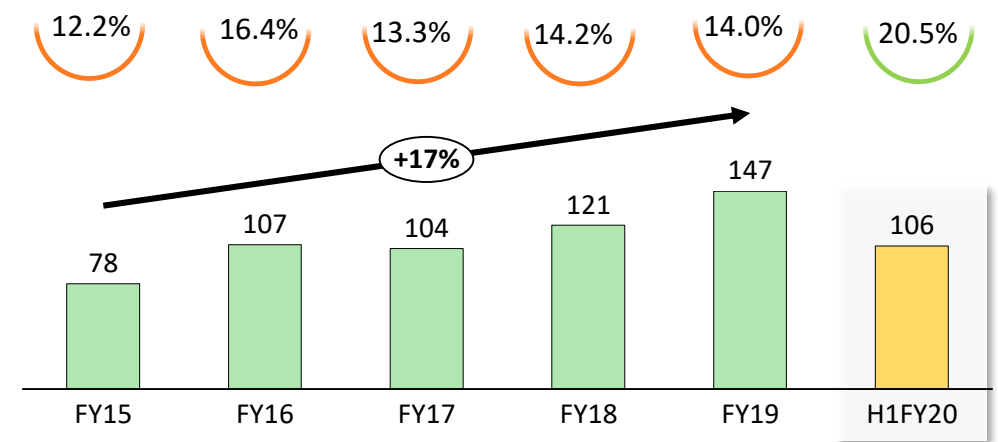
EBITDA & Margins



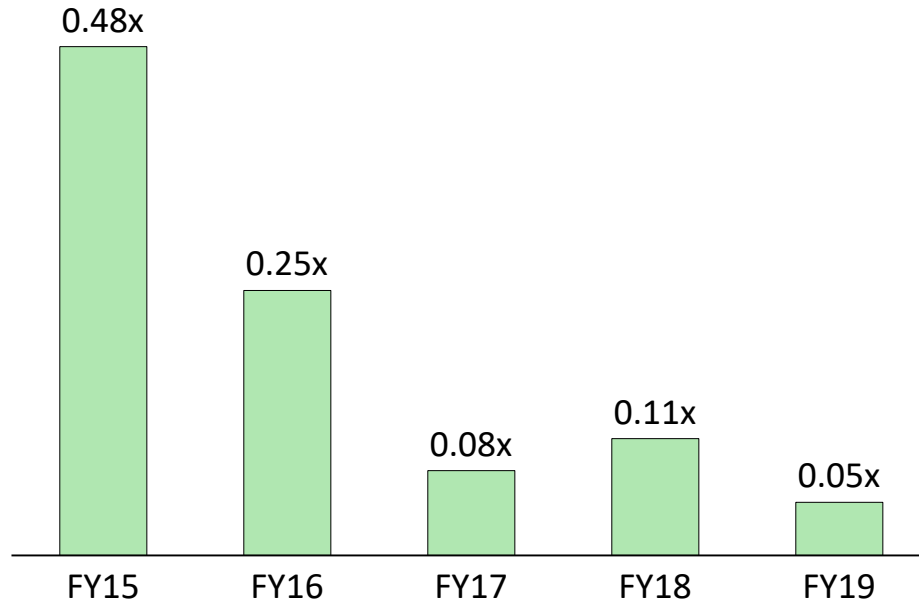
PAT & Margins



Cash PAT & Margins

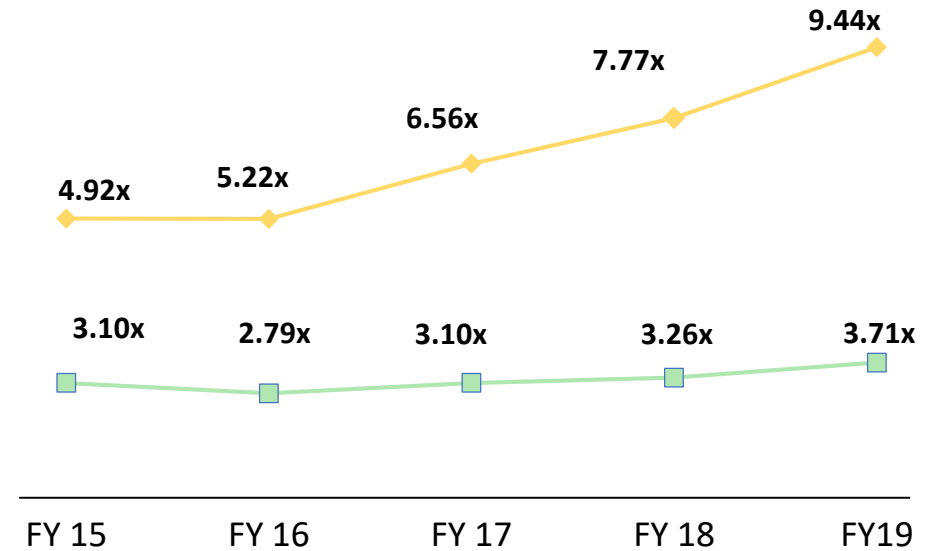


Net Debt to Equity



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

Fixed Asset Turnover



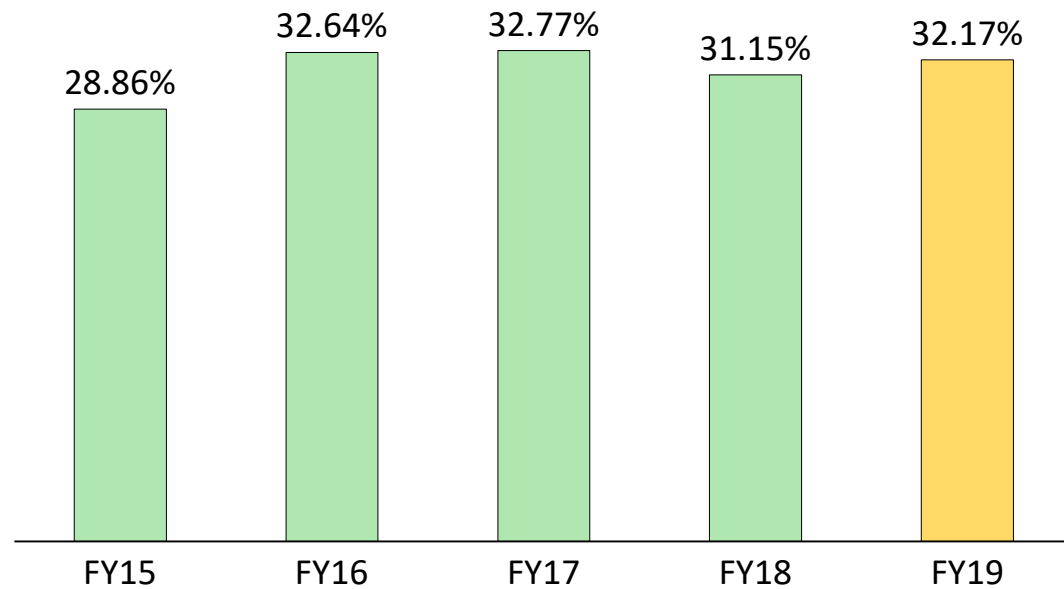
Fixed Asset Turnover (**Gross**) = Net Revenue from Operations / Total Gross Block of Fixed Assets



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

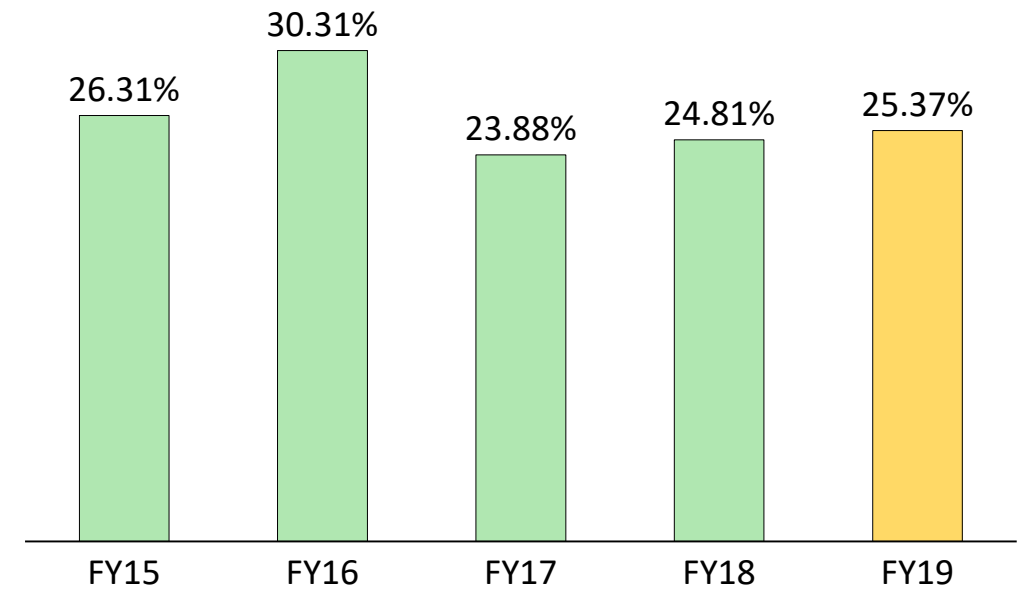
Capital delivering Consistent Performance (Standalone)

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

Q2 & H1FY20 Standalone Profit & Loss Statement

Particulars (Rs in Crs)	Q2FY20	Q2FY19	Y-o-Y	Q1FY20	Q-o-Q	H1FY20	H1FY19	Y-o-Y
Revenue from Operations	274.4	262.5	4.5%	243.5	12.78	517.9	504.3	2.7%
Cost of Raw Material Consumed	162.9	164.7		146.7		309.6	316.2	
Gross Profit	111.5	97.8	14.0%	96.8	15.1%	208.3	188.0	10.8%
Gross Profit Margin	40.62%	37.25%		39.75%		40.22%	37.29%	
Employee Cost	16.0	13.7		16		32.0	27.8	
Other Expenses	30.4	25.8		22.9		53.3	48.7	
EBITDA	65.1	58.2	11.8%	57.9	12.5%	123.1	111.5	10.4%
EBITDA Margin	23.73%	22.18%		23.78%		23.76%	22.11%	
Other Income	5.9	3.3		4.5		10.4	11.8	
Depreciation	6.5	4.3		3.4		9.9	8.4	
EBIT	64.5	57.3	12.6%	59.0	9.3%	123.6	114.9	7.6%
EBIT Margin	23.51%	21.82%		24.23%		23.86%	22.78%	
Finance Cost	0.6	0.5		0.4		1.1	1.5	
Profit before Tax	63.9	56.7	12.5%	58.6	9.0%	122.5	113.4	8.0%
PBT Margin	23.28%	21.62%		24.07%		23.65%	22.49%	
Tax	5.2	25.0		21.2		26.4	44.6	
PAT	58.7	31.7	85.0%	37.4	57.0%	96.1	68.8	39.7%
PAT Margin %	21.39%	12.09%		15.36%		18.56%	13.64%	
EPS*	19.15	10.35		12.21		31.35	22.44	

* Not Annualized

Q2 & H1FY20 Consolidated Profit & Loss Statement

Particulars (Rs in Crs)	Q2FY20	Q2FY19	Y-o-Y	Q1FY20	Q-o-Q	H1FY20	H1FY19	Y-o-Y
Revenue from Operations	274.0	265.8	3.1%	250.6	9.4%	524.6	513.3	2.2%
Cost of Raw Material Consumed	161.5	165.3		150.0		311.5	313.2	
Gross Profit	112.6	100.5	12.0%	100.6	11.9%	213.2	200.1	6.6%
Gross Profit Margin	41.08%	37.82%		40.14%		40.63%	38.98%	
Employee Cost	16.7	14.5		16.7		33.4	29.3	
Other Expenses	30.7	26.0		23.3		54.0	49.2	
EBITDA	65.1	60.1	8.5%	60.6	7.4%	125.8	121.6	3.4%
EBITDA Margin	23.77%	22.59%		24.20%		23.97%	23.69%	
Other Income	5.8	3.3		4.4		10.2	11.8	
Depreciation	6.5	4.3		3.4		9.9	8.4	
EBIT	64.4	59.1	9.0%	61.6	4.6%	126.1	125.0	0.9%
EBIT Margin	23.52%	22.23%		24.60%		24.03%	24.35%	
Finance Cost	0.7	0.5		0.4		1.1	1.5	
Profit before Tax	63.8	58.6	8.9%	61.2	4.2%	125.0	123.5	1.2%
PBT Margin	23.28%	22.03%		24.42%		23.82%	24.07%	
Tax	5.2	25.2		21.3		26.6	44.8	
PAT Before Share of Profit / (Loss) of Joint Ventures	58.6	33.4	75.5%	39.9	46.9%	98.4	78.7	25.0%
PAT Margin % Before Share of Profit / (Loss) of Joint Ventures	21.37%	12.55%		15.91%		18.76%	15.34%	
Share of Profit / (Loss) of Joint Ventures	(1.5)	(0.6)		(2.3)		(3.8)	(0.6)	
PAT After Share of Profit / (Loss) of Joint Ventures	57.0	32.7	74.3%	37.6	51.8%	94.6	78.1	21.1%
PAT After Share of Profit / (Loss) of Joint Ventures %	21.37%	12.55%		15.91%		18.76%	15.34%	
EPS*	18.60	10.68		12.26		30.86	25.47	

Consolidated Balance Sheet

Assets (Rs in Crs)	Sept-19	Mar-19
Non-current assets		
Property, plant and equipment	216.8	77.8
Capital work-in-progress	9.3	106.3
Intangible assets	0.3	0.3
Financial assets		
Investments	11.9	10.0
Loans	1.0	1.0
Others	3.2	2.1
Deferred tax assets (net)	4.4	0.2
Other non-current assets	61.3	70.5
Total non-current assets	308.3	268.2
Current assets		
Inventories	100.3	89.3
Financial assets		
Trade receivables	149.7	155.6
Cash and cash equivalents	160.2	108.1
Other Bank balances	4.6	1.1
Others	0.2	0.3
Current tax assest (Net)	10.7	4.4
Other current assets	66.1	75.4
Total current assets	491.9	434.2
TOTAL ASSETS	800.2	702.4

Equity & Liabilities (Rs in Crs)	Sept-19	Mar-19
Equity		
Equity share capital	15.3	15.3
Other equity	551.4	484.9
Non Controlling Interest	0.0	0.0
Total equity	566.8	500.3
Non current liabilities		
Financial liabilities		
Borrowings	101.3	92.8
Others	5.7	3.9
Other non-current liabilities	0.0	0.0
Total non current liabilities (A)	107.0	96.7
Current liabilities		
Financial liabilities		
Borrowings	24.6	20.2
Trade payables	55.6	53.4
Others	32.8	16.5
Other current liabilities	4.6	3.6
Provisions	4.0	4.5
Current tax liabilities (Net)	4.8	7.3
Total current liabilities (B)	126.4	105.4
Total liabilities (A) + (B)	233.4	202.1
TOTAL EQUITY AND LIABILITIES	800.2	702.4

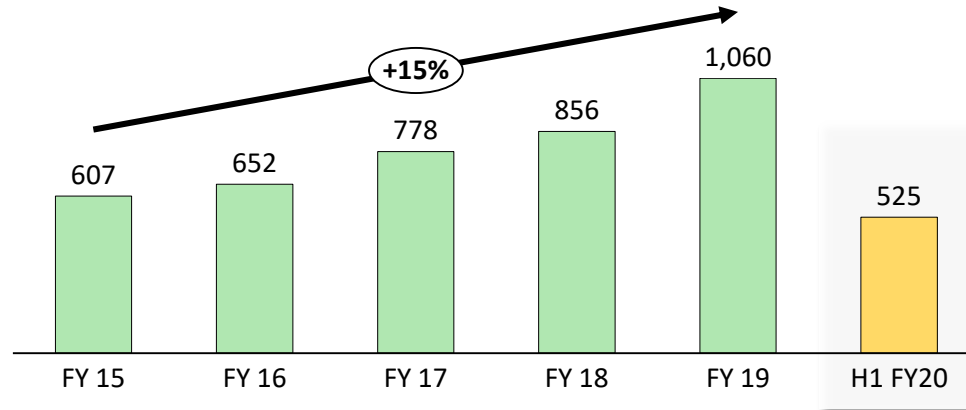
Consolidated Cashflow Statement

Particulars (Rs. in Crs.)	Sept-19	Sept-18
Net Profit Before Tax	121.2	122.9
Cash generated from Operations	151.5	104.4
Direct taxes paid (net of refund)	(39.0)	(30.7)
Net Cash from Operating Activities (A)	112.5	73.7
Net Cash from Investing Activities (B)	(45.8)	(31.2)
Net Cash from Financing Activities (C)	(14.6)	62.0
Net Decrease in Cash and Cash equivalents	52.1	104.5
Add: Cash & Cash equivalents at the beginning of the period	108.1	10.7
Cash & Cash equivalents at the end of the period	160.2	115.2

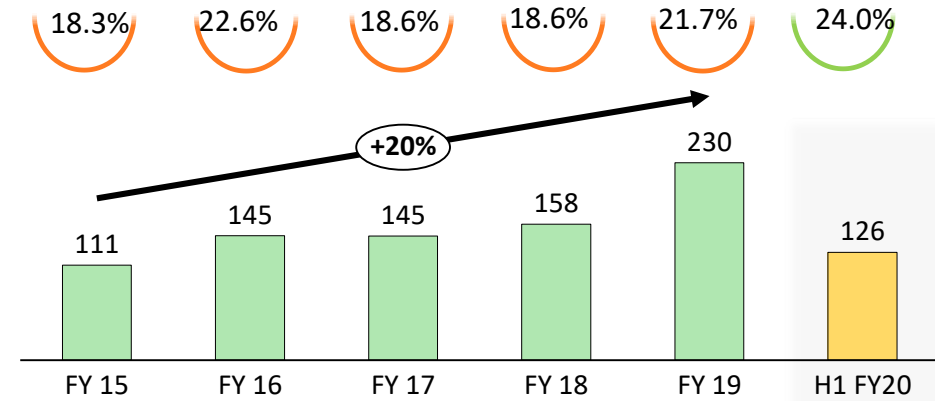
H1FY20 Consolidated Operating Performance

Rs in Crores

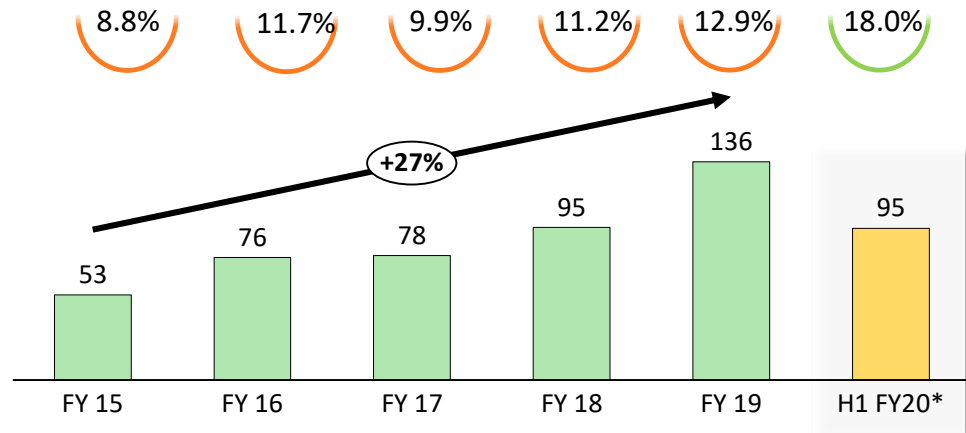
Revenues



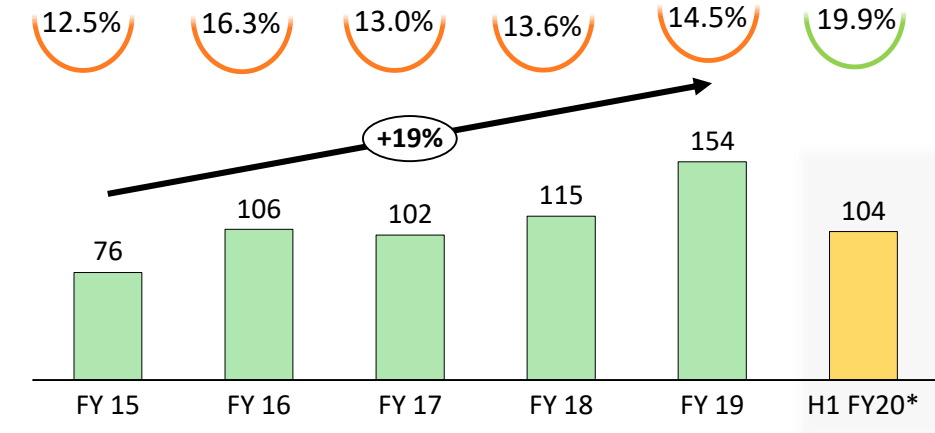
EBITDA & Margins



PAT & Margins

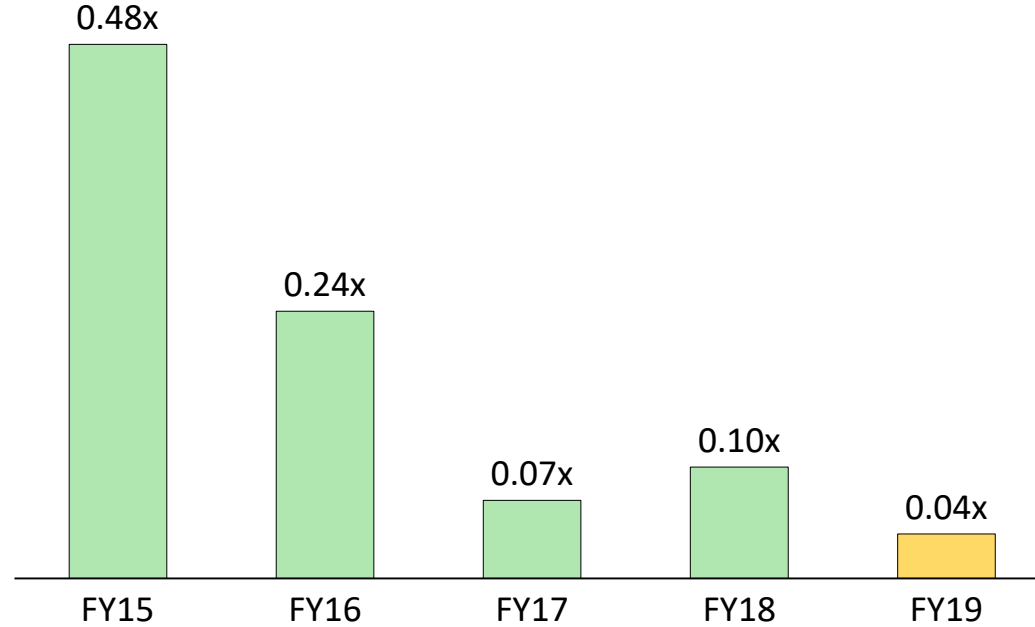


Cash PAT & Margins

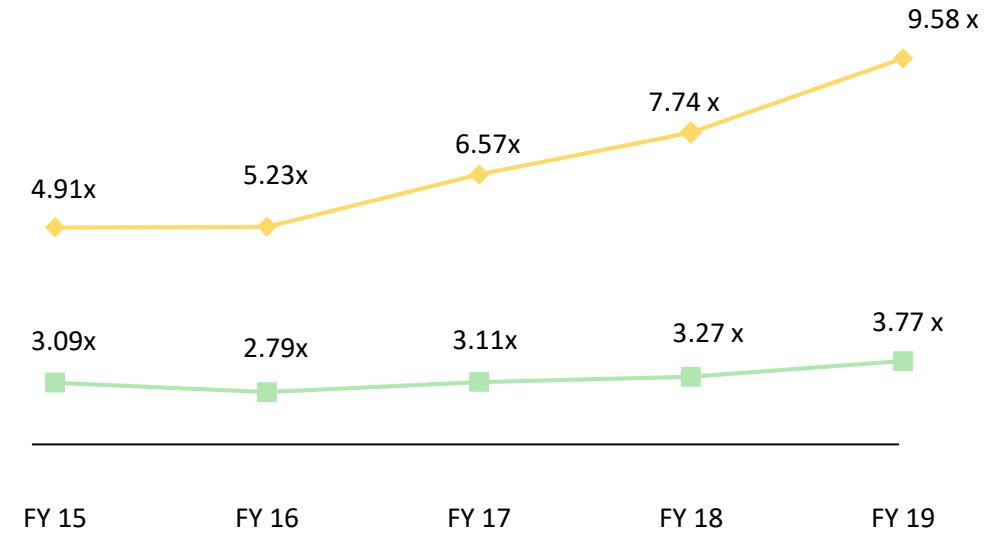


Disciplined Use of Capital (Consolidated)

Net Debt to Equity



Fixed Asset Turnover

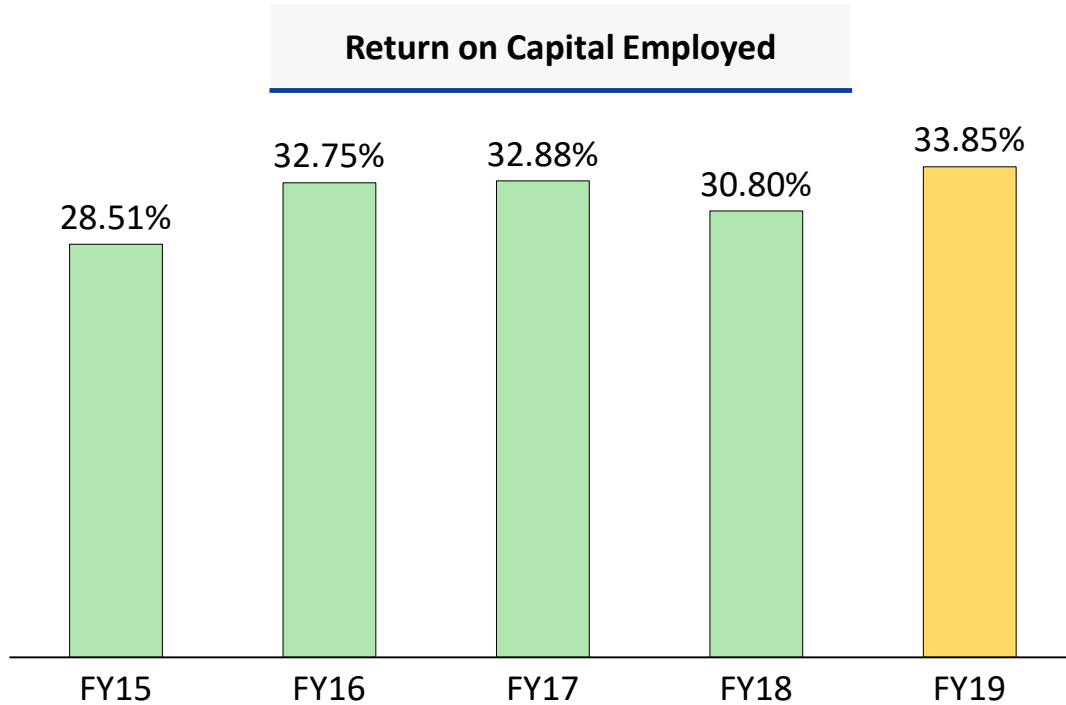


Net Debt = Total Long term debt + short term debt + current maturities of long term debt – cash and bank balances

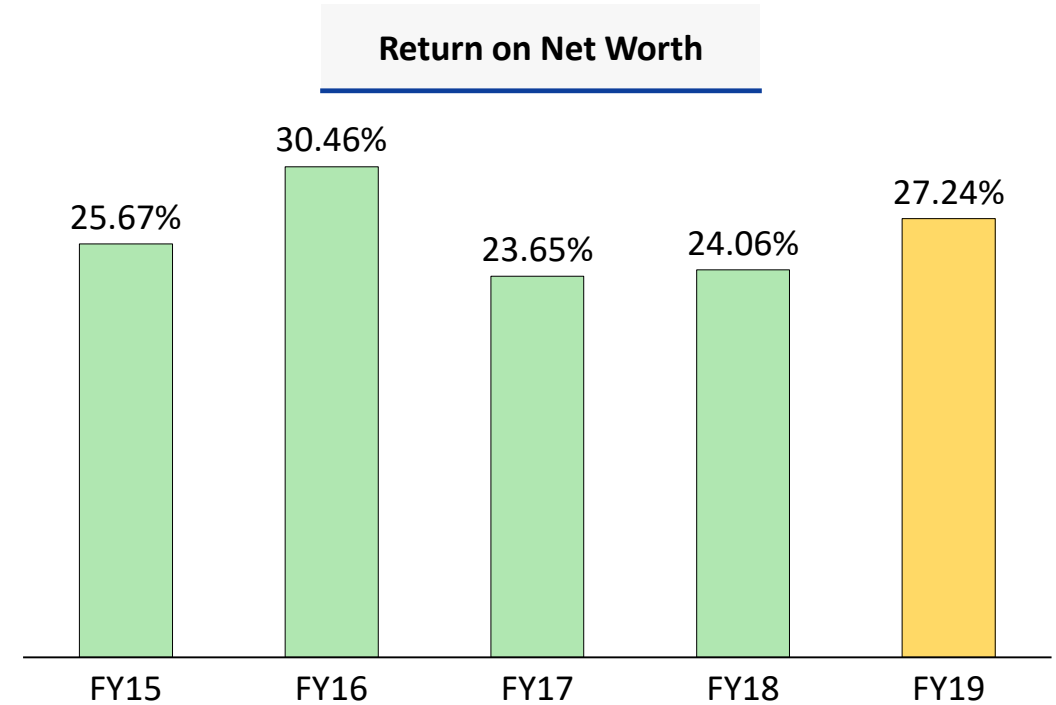
Fixed Asset Turnover (Gross) = Net Revenue from Operations / Total Gross Block of Fixed Assets

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:

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