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Company Background

Fine organic (FOIL) is in the oleo chemical (derived from vegetable oils)-based additives business largely present in two additives viz. food and plastic together constitute ~70% to the overall revenues of the company. Further, the company is also present in other additives like paints, rubber, cosmetics, etc that contribute to rest of the topline. FOIL has total capacity of 101,300 MTPA at Ambernath1 (49500) Ambernath 2 (5000MTPA), Ambernath3(32000MTPA) , Badlapur (6400 MTPA) and Dombivali (8400 MTPA). The Company has a dedicated research and development ('R&D') centre located in Mahape, Navi Mumbai. As per management, the company holds around 90% market share in both domestic food and plastic additives industry, which has been growing at 10% CAGR while growth in the international market is pegged at ~5-6% CAGR. The Company is the first largest producer of to introduce slip additives in India.

Investment Rationale

Strong positioning in the Food and Plastic additive market

Nearly five decade of expertise as a food additives producer, Fine organic has pioneered in developing wide range of unique speciality additives for a variety of applications that are connected to humans in their daily life. These include applications in foods, plastics, cosmetics, coatings and rubber etc. FOIL has a range of 400 plus products used in plastic, food and others industries. The company also increased its presence in the export market with around 150 distributors across more than 70 countries. The share of export as on FY19 stood at ~55% in the overall revenue. Moreover, in order to cushion against geographical risk, the company has well diversified revenue profile globally. The pie of North & South America is at 20-25%, Europe at 20-22%, Middle East& Africa at ~30-40% and Asia at 20-25%. Additionally, FOIL's export revenue is pegged in US\$, which cushion it against adverse currency movements, except in Europe, where sales are denominated in Euro. The company derives 50% of revenue through annual contract, while rest 50% comes from short term contracts (about three months) through distributors. In terms of RM, the company derives~70% of key vegetable oils from domestic market, while rest is imported from Malaysia and Indonesia. Further, given FOIL's additives comprise ~0.5-1% in terms of weight for any finish product, it helps the company to pass on any raw material price fluctuation to end user, ensuring stability in the gross margins. We believe this also aids the company to maintain its EBITDA/ ton. The management expects sustainable capacity to aid top line growth in the medium term.

Fresh capacity addition to drive next leg of growth

FOIL currently operating at optimum utilization level (92-95%), which has restricted volume growth even as demand for its products remains strong. To tap increasing demand in Additive industry, the company is going for capacity expansions which could lead to volume growth, aided by higher realizations and a stable rupee. FOIL is expanding capacity by 42,000 MTPA of which 32,000 MTPA in Ambernath for plastic, rubber and cosmetic additives got commissioned in Q2FY20, which we believe open up new avenue of revenue growth. Moreover, another 10,000TPA capacity dedicated to food additives at Patalganga near Karjat, expected to be operational by FY21E. The company has earmarked a capex of INR1.5-1.6bn for Ambernath while INR550-600mn is for Patalganga, which would be funded through 70:30 debt: equity ratio. FOIL is expected to maintain 3.5-4x asset turn on the upcoming capacity. Hence, we expect incremental revenue of INR5-6bn at peak utilization level from these plants in next three to four years. We modeled 25%/55%/80% capacity utilization in FY20/FY21/ FY22 respectively from Ambernath facility (32,000MTPA) and 50% utilization from Patalganga facility in FY22E respectively.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (Rs)	1695
Target Price (Rs)	2141
BSE code	541557
NSE Symbol	FINEORG
Bloomberg	FINEORG IN
Reuters	FINO.NS

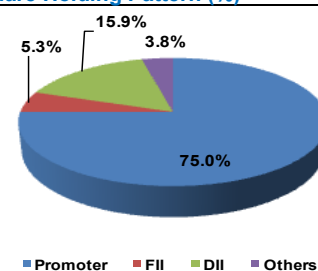
Key Data

Nifty	11,305
52 Week H/L (Rs)	1812/1001
O/s Shares (Mn)	30.6
Market Cap (Bn)	52
Face Value (Rs)	5

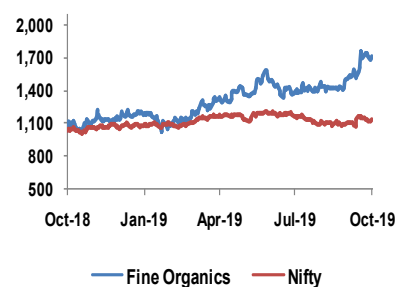
Average volume

3 months	14,190
6 months	13,750
1 year	15,430

Share Holding Pattern (%)



Relative Price Chart



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Financial Performance to improve further

FOIL's capacity expansion inline with rising demand in end-user industries, offers revenue visibility for next 3-4 years. As per management, capacity utilization was at ~90% in FY19 and upcoming capacities at Ambernath and Patalganga would contribute significantly. During FY14-19, FOIL has clocked asset turnover of 3-4x. We expect similar asset turnover on incremental capex, which translates into additional INR 5-6bn to revenues at peak utilisation over the next 3-4 years. We expect FOIL to deliver 17.4% revenue CAGR over FY19-22, as against a 13.3% CAGR over FY14-19. This would be driven by steady growth in end-user sectors, the rising proportion of high-margin products and doubling of capacities over FY19-22E. FOIL has maintained healthy EBITDA margins (18% ~20%) despite volatility in raw material prices reflecting its efficient procurement practices. Short/Long term contracts (3m-1year) with customers also insulate FOIL against fluctuation in raw material (RM) prices, enabling RM cost pass through. We expect FOIL to post healthy 16.7% EBITDA CAGR over FY19-22E at 20-21% EBITDA margins, driven by positive operating leverage from ramped up capacities. Management has indicated a capex of ~INR2.5bn over FY19-22E, expected to be funded majorly by debt and the balance through internal accruals. Working capital is expected to remain stable at 60- 70 days. FOIL's return ratios (RoE and RoCE) remain best among its peers in last five year. With the acceleration of net profit on the back of healthy revenue growth, sustainable operating margins and recent corporate tax cut from 35% to 25.2% to support RoE and RoCE to remain ~30% level in next 3 years.

Why we like this stock & valuation methodology

With global leadership position in slip additives and its proprietary technology to manufacture green additives provides competitive edge to FOIL. Going forward, we expect the company to continue its growth strategy on back of volume growth in light of planned capacity expansion, growing demand for green additive from the food industry, changing customer preferences and better business mix. Over FY19-22E, FOIL is expected to post 17.4%/16.7%/ 24.4% revenue /EBITDA/ PAT CAGR with +30% return ratios. We believe FOIL will continue to strengthen its balance sheet with strong cash flow generation of INR3.2bn over FY19-22E. Considering the expected strong growth in profitability, healthy balance sheet, improving return ratios and complex nature of the business with high entry barriers, we are optimistic about the long-term growth prospects of the company. At the CMP (INR 1695), the stock is trading at 24.5x its FY21E EPS of INR 69.1 and 19.8x its FY22E EPS of INR 85.6. Global peers are trading at PEG ratio of 2.5-3x (2yr CAGR), as they enjoy large scale and global leadership position compared to FOIL. Therefore we value FOIL at ~1x PEG and assign P/E of 25x on its FY22E earnings. We initiate coverage on the stock & recommend 'BUY' rating with a target price of INR 2141 per share.



Fine Organic Industries Ltd

Initiating Coverage Report

Key Financials

YE March (Rs. mn)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Revenue	6,597	7,792	8,647	10,603	12,135	14,506	17,168
<i>Revenue Growth (Y-o-Y)</i>	7.3%	18.1%	11.0%	22.6%	14.4%	19.5%	18.3%
EBITDA	1,458	1,449	1,584	2,302	2,411	2,993	3,658
<i>EBITDA Growth (Y-o-Y)</i>	28.0%	(0.6%)	9.3%	45.3%	4.7%	24.1%	22.2%
Net Profit	762	779	953	1,363	1,662	2,117	2,626
<i>Net Profit Growth (Y-o-Y)</i>	33.5%	2.2%	22.4%	42.9%	22.0%	27.4%	24.0%
Diluted EPS	24.8	25.4	31.1	44.4	54.2	69.1	85.6
<i>Diluted EPS Growth (Y-o-Y)</i>	33.5%	2.2%	22.4%	42.9%	22.0%	27.4%	24.0%
No of Diluted shares (mn)	31	31	31	31	31	31	30.7

Key Ratios

EBITDA (%)	22.1%	18.6%	18.3%	21.7%	19.9%	20.6%	21.3%
NPM (%)	11.5%	10.0%	11.0%	12.9%	13.7%	14.6%	15.3%
RoE (%)	34.0%	26.7%	26.3%	30.4%	29.1%	29.0%	28.3%
RoCE (%)	35.0%	36.4%	36.5%	40.3%	37.6%	32.9%	34.2%
Tax Rate %	34.8%	35.5%	36.9%	41.0%	25.0%	25.0%	25.0%
Book Value Per share (Rs.)	82.9	107.1	129.1	163.2	208.8	267.0	339.2

Valuation Ratios

P/E (x)	68.2x	66.7x	54.5x	38.1x	31.3x	24.5x	19.8x
EV/EBITDA	36.0x	36.1x	33.1x	22.6x	21.6x	17.1x	13.6x
P/BV (x)	20.4x	15.8x	13.1x	10.4x	8.1x	6.3x	5.0x
Market Cap. / Sales (x)	7.9x	6.7x	6.1x	4.9x	4.3x	3.6x	3.0x

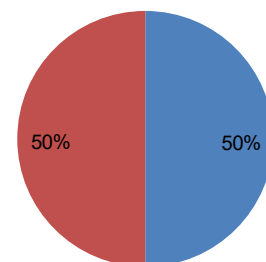
Source: Company, BP Equities Research

Investment Rationale

Strong positioning in the Food and Plastic additive market

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Revenue Distribution in %



■ Direct Customer ■ Distributors

Source: Company RHP, BP Equities Research

FOIL have more than 650 direct customers and 150 distributors (sell FOIL's products to over 5,000 customers) in 70 plus countries

List of key global players

Industry	Company	Headquarters
Food Additives	Fine Organic Ltd	India
	Kerry Group	Ireland
	Danisco	Denmark
	Palsgaard	Denmark
	Riken Vitamin	Japan
	Taiyo	Japan
Plastic Additives	Fine Organic Ltd	India
	Croda	United Kingdom
	Emery	Malaysia
	PMC Biogenix	United States
	Peter Greven	Germany

Source: Company RHP, BP Equities Research

The company is the largest manufacturer of oleochemical-based additives in India and one of the few large players in global oleochemical-based additives industry. They are one of six global players in the food additives industry and one of five global players in the plastic additives industry.

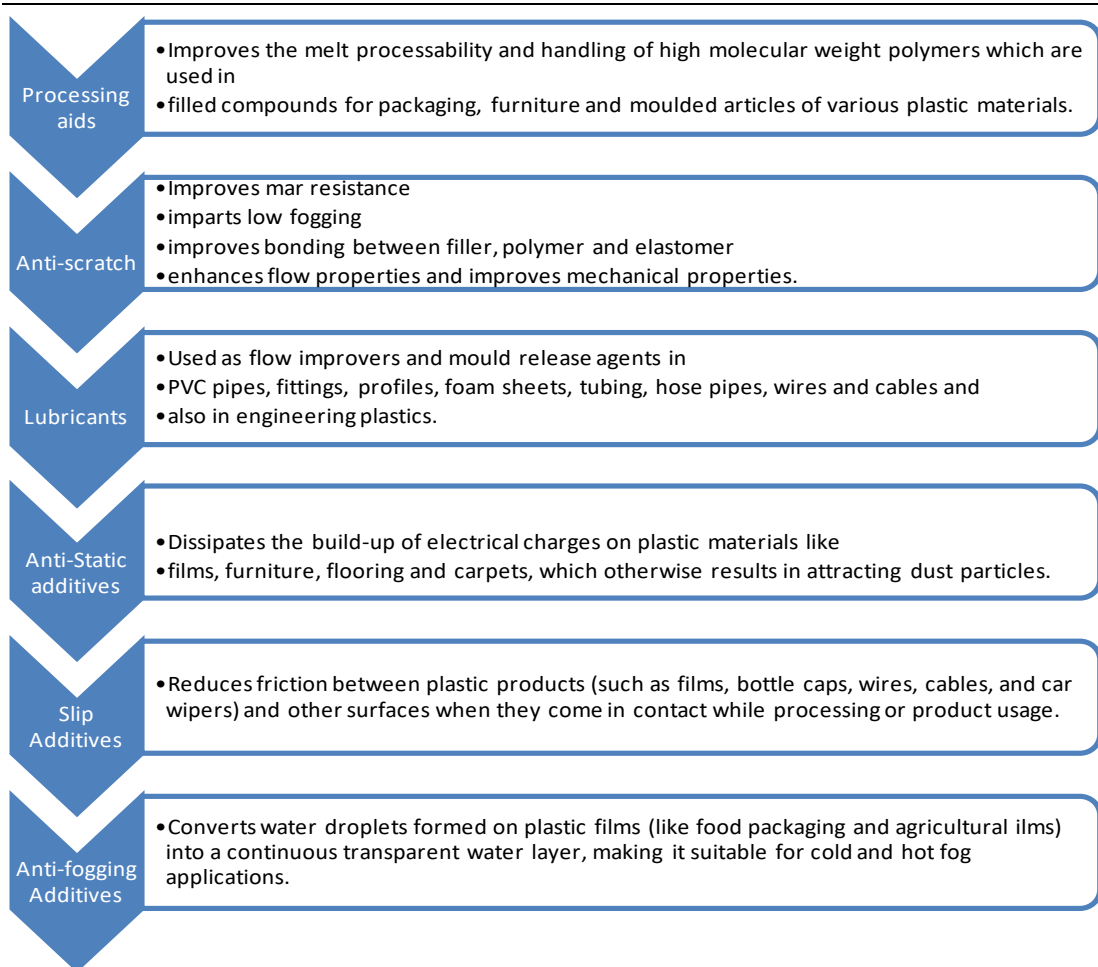
Company has a huge first-mover advantage in India, alongside various other competitive advantages over other global players. This gives Company an advantage in pricing products competitively and allows them to provide stiff competition to new players. Hence, no major domestic or global player has set up a manufacturing facility in India.

Plastic and Food additives contributes nearly 2/3rd of total revenue

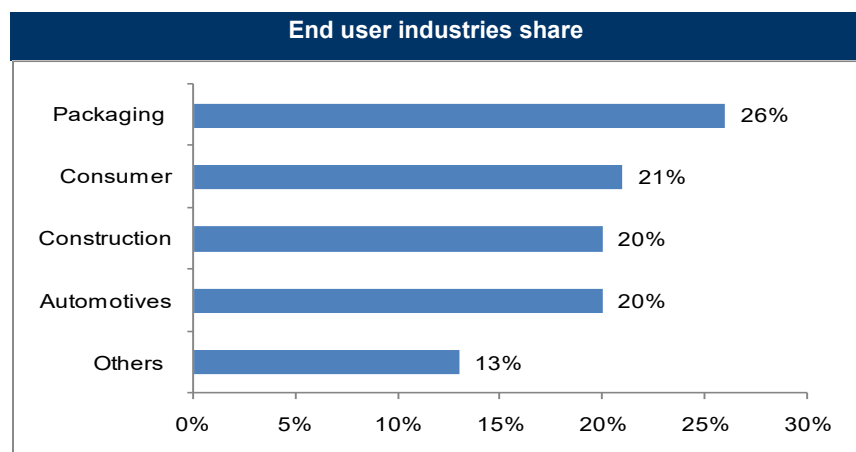
Business Segments

FOIL produces a wide range of specialty chemicals derived oleo chemical-based additives used in the food, plastic, cosmetics, paint, ink, coatings and other specialty application in various industries. It is the first company to introduce slip additives in India and is the largest producer of slip additives in the world. The Company currently operates production facilities in Ambernath, Badlapur and Dombivli in Maharashtra. The two major segments of the company are: Plastic Additives and Food Additives (incl Others).

Products offering in plastic additives



Source: Company RHP, BP Equities Research



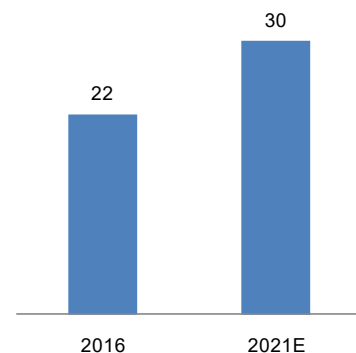
Source: Industry, BP Equities Research

The packaging sector is the major user of plastic additive products (26%) followed by consumer goods (21%) and construction and automotive industries, with 20% each. Plastic additives are widely used for industrial and household purposes. Moreover, increasing demand for plastic products will translate into further requirements for plastic additives.

What is Plastic Additives ?

Plastics additives are chemicals added in a polymer to modify its properties, improve its strength, durability and heat sensitivity. It is also added to enhance process ability, performance or appearance of the polymer. These additives find their widespread applications in construction, packaging, automotive, consumer goods, wires & cables, PVC pipes in agriculture, among others. Our additives are also used in WPC-Wood Plastics products for home and office furniture and floorings, in medical tubing, in blood bags and disposable plastic syringes and toys.

Global plastics additives market (USD in bn)



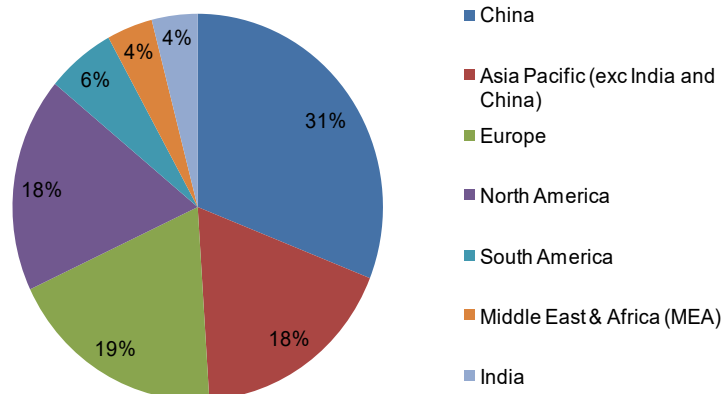
Source: Company Prospectus (CRISIL Research), BP Equities Research

Global Scenario

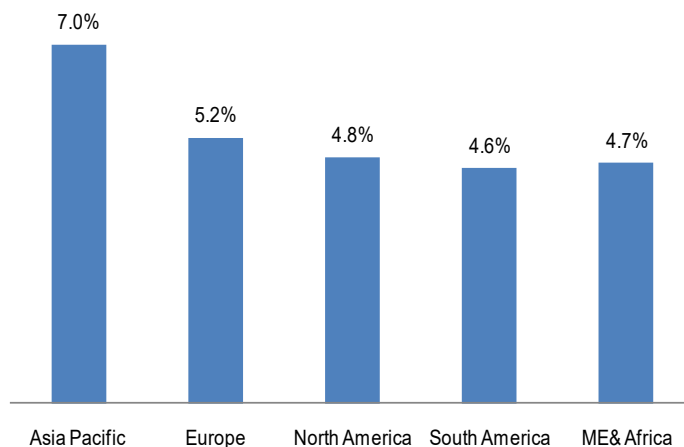
The global plastics additives market is expected to reach an estimated \$30bn by 2021 with a CAGR of 6.4% from 2016 to 2021. The market is majorly characterised by increasing demand for plastics in various end-user markets and increasingly stringent safety standards for smoke and flammability. Opportunities arising from construction, packaging, consumer good and automotive industries round the world, will further drive plastic additives demand.

Growth drivers

Region-wise share



Region-wise growth over FY16-21E



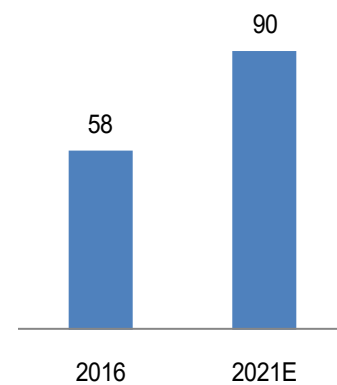
Source: Source: Company Prospectus (CRISIL Research), BP Equities Research

- ⇒ Greater substitution of traditional materials such as metal, paper and glass by plastic materials such as polyethylene (PE), polypropylene (PP) and polyvinyl chloride (PVC).
- ⇒ The greater use of plastic materials owing to their low cost, more pleasing aesthetics, long life, superior properties and easy transportation
- ⇒ Development of new polymer additives
- ⇒ Increasing preference for non-toxic polymer additives

Indian Scenario

The Indian plastics additives market size is expected to witness a CAGR of 9.2% over 2016-21 and is estimated to reach INR 90bn by 2021. The growth is mainly driven by its end usage properties to the end products such as durability, flexibility, antioxidant potential and microbial resistance, among others. The demand for plastic additives is growing in line with increasing demand for plastics in packaging, construction and automobiles.

Indian plastics additives market size (INR in bn)

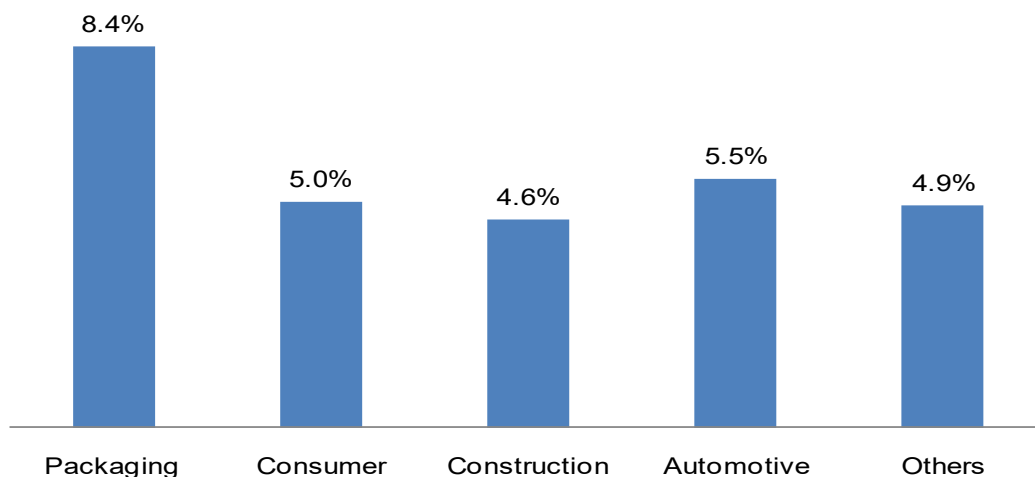


Source: Company Prospectus (CRISIL Research), BP Equities Research

Opportunities

- ⇒ Packaging is the largest end user for the plastics industry, accounting for more than one quarter of the total plastic usage. The rapid development of e-commerce has greatly promoted the development of the packaging industry in India.
- ⇒ Replacement of conventional materials by plastics is seen in case of several applications such as automobiles and construction.
- ⇒ The demand from under-penetrated Asia-Pacific region is seen rising.
- ⇒ Rising demand for high performance plastics in major end-user industries like packaging, automotive, consumer appliances and construction is driving consumption of plastic additives.

End user Segment Growth from 2016-2021E

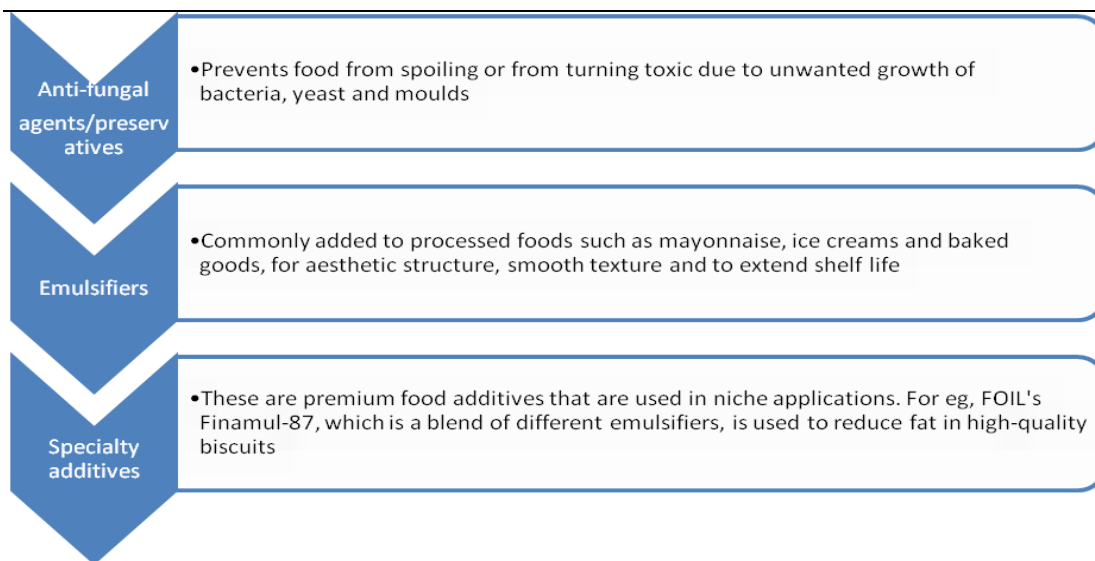


Source: Source: Company Prospectus (CRISIL Research), BP Equities Research

Food Additives Segment:

The Company manufactures Emulsifiers, Anti-fungal agents and Specialty products for the food industry which help food to derive its unique properties. As per RHP, the Company manufactures a total of 33 food grade additives, and the market for the same is spread across the globe including developed countries. The Company foresees its potential in the overseas market and going forward it is also optimistic about the growth arising from the domestic market.

Products offered in food additives



Source: Company, BP Equities Research

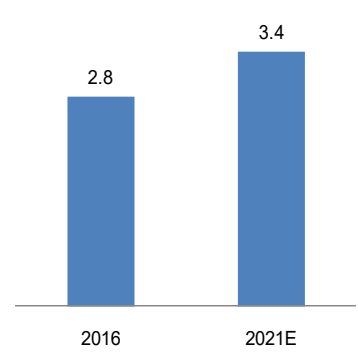
What is Food Additives?

Any substance added to food can be broadly termed as food additive. In a stricter sense, any substance that is intended to affect the characteristics of food is a food additive. This includes any substance used in production, processing, treatment, packaging, transportation and storage of food. Food additives are used to preserve, flavour, blend, thicken and colour foods. These additives are strictly regulated and monitored by the government to ensure health of people.

Global food emulsifiers market estimated at USD2.8bn in CY16

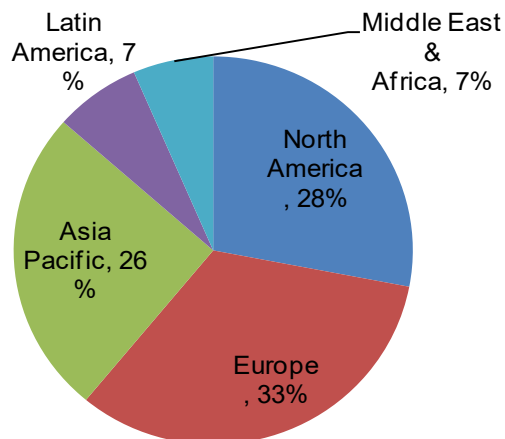
In CY16, overall global food emulsifiers market was pegged at USD2.8bn. Europe is the largest consuming region with 33% share of the global market. Among products, mono and diglycerides and natural emulsifiers were the largest categories. Credence Research (as cited in CRISIL Research Report) estimates the market size to reach USD3.4bn by CY21, 4.1% CAGR, over CY16-21, driven by higher growth in the Asia Pacific region (accounts for 26% of global share), which is expected to post 4.6% CAGR. Within the Asia Pacific region, emerging economies such as China and India are estimated to post higher growth. Europe is also expected to propel demand by posting 4.2% CAGR. Within Europe, key markets Germany and France will continue to post steady CAGR over the next five years. Among product categories, mono & di-glycerides and natural emulsifiers are expected to drive demand.

Global food emulsifiers market size (USD in bn)

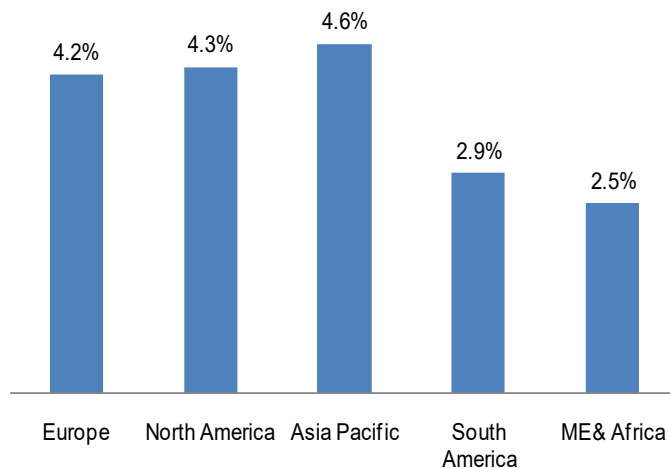


Source: Company Prospectus (CRISIL Research), BP Equities Research

Region-wise share



Region-wise share

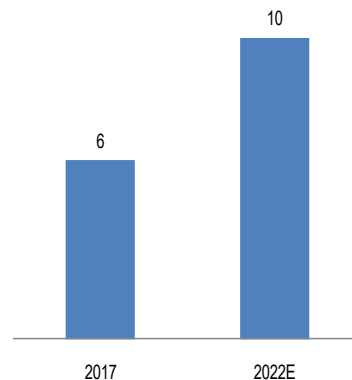


Source: Company Prospectus (CRISIL Research), BP Equities Research

Indian Scenario

Indian Food Emulsifiers market is expected to reach INR 10bn by 2022, witnessing a CAGR of over 11.1% between 2017-22, in value terms. The market is driven by growing popularity of processed and convenience foods among working population. Desk bound lifestyles have not only increased the demand for packaged and convenience foods but are also raising obesity levels among consumers. This has led to a large demand for trans-fat products, which will drive the food processors to use emulsifiers and reduce calories and fat. The food emulsifiers have their major applications in various segments such as bakery and confectionary, dairy, ice creams, biscuits, chocolates, bread, coffee creamers, soft drinks and malt beverages among others.

India food emulsifiers market size (INR in bn)



Source: Company Prospectus (CRISIL Research), BP Equities Research

Opportunities

- ⇒ The number of end use applications are growing due to multi-functional attributes of emulsifiers.
- ⇒ The aeration property of selected emulsifiers is projected to widen its scope of application and drive the market growth.
- ⇒ Demand for vegan food products is driving the plant sourced Food Emulsifiers market.
- ⇒ Changing lifestyle and increasing preferences incline customers to buy processed foods such as breads and cereals, frozen and packaged foods. This, in turn will drive the consumption volumes of processing ingredients, such as food emulsifiers in the food and beverage industry.
- ⇒ A rapidly growing population and greater levels of urbanization will boost the demand for processed food products, thereby driving the demand for food emulsifiers.
- ⇒ The per capita consumption of premium quality food & beverage products is growing.
- ⇒ The demand for healthier and better for you products is rising
- ⇒ Application in bakery products and dairy & frozen desserts is increasing.

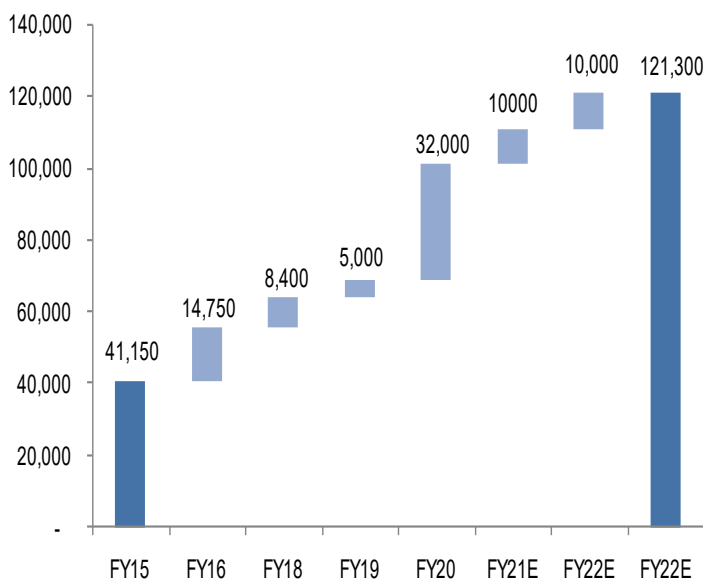
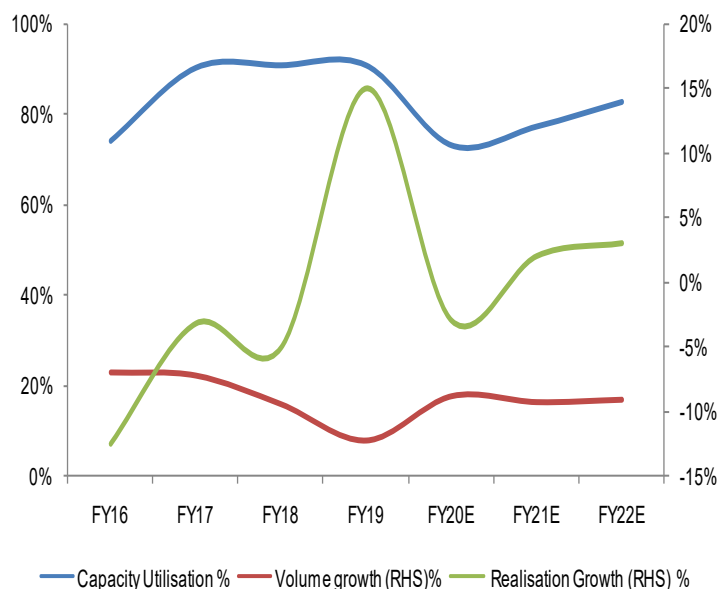
Other Speciality Additives : Key Drivers

Industry	Specialties	Feed Nutrition	Cosmetics & Pharmaceuticals	Additives for Coatings	Rubber
Key Additives & Ingredients	1. Lube additives 2. Property modifiers 3. Coated papers	1. Natural Antibiotics 2. Property modifiers 3. Coated papers	1. Emulsifiers & Emollients 2. Pharmaceuticals - Coating Ingredients	1. Dispersing agents 2. Emulsifiers 3. Wetting Agents 4. Defoamers 5. Slip Additives	1. Processing Aids 2. Specialty Plasticizers 3. Slip Additives 4. Anti stats 5. Anti sticking Agents
End Users	1. Automotive Lubricants 2. Roads & Highway Infrastructure 3. Specialty applications	1. Poultry Products 2. Milk & Milk Derivatives	1. Creams, lotions & ointments 2. Skin care Cosmetics	1. Paints 2. Inks 3. Coating Materials	1. Conveyor Belts 2. Automotive Parts and Industrial Component
India CAGR (FY17-22E)	-	11 - 13%	10 - 12%	8 - 10%	6 - 7%
Growth Drivers	Increase in : 2. Govt. expenditure on infra projects 3. Use of cars/trucks 4. Cashless transactions & air travel	1. Growing health awareness & food processing industry 2. Safer milk and milk products	1. Organized retail moving to Tier II cities 2. New sub segments to grow: Men's Cosmetics 3. Growing demand for skin care cosmetics	1. Low per capita paint consumption 2. Increased penetration of paints in rural & non metro cities 3. Growth in niche products : nano & green coatings	1. Growth in auto sales 2. Steady Improvement in industrial & infrastructure activity 3. Steady agricultural output

Source: Company Prospectus (CRISIL Research), BP Equity Research

Fresh capacity addition to drive next leg of growth

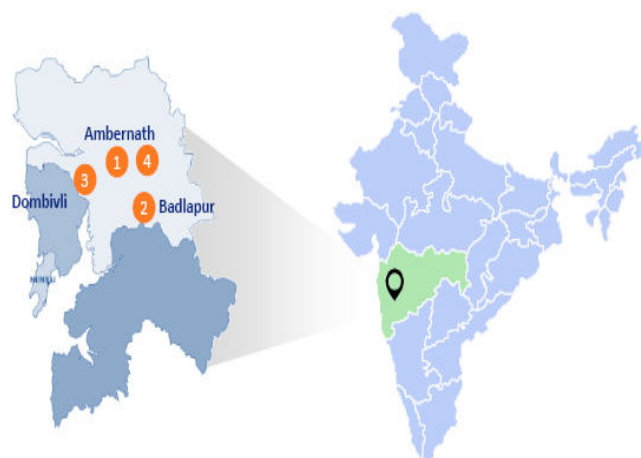
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FOIL adding `2x capacity in next 3 years compared to last 4 years

Realization to improve on the back of better product mix


Source: Company, BP Equity Research

Current Operational Facilities and Locations

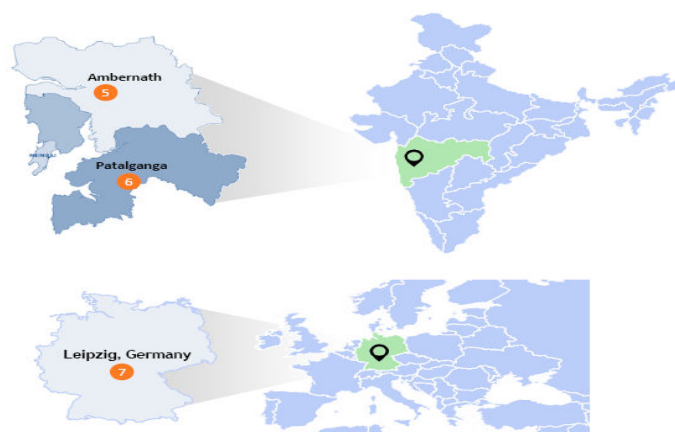
Plants	Capacity (TPA)	Remarks
1st Ambernath Facility	49,500	
Badlapur Facility	6,400	
Dombivli Facility	8,400	Acquired on Sub-lease basis
2nd Ambernath Facility	5,000	Acquired on Sub-lease basis



Source: Company, BP Equity Research

Upcoming capacities and locations

Plants	Capacity (TPA)	Capex INR In mn	Commissioning
3rd Ambernath Facility	32,000	1500-1600	**Q2FY20
Patalganga Facility	10,000	550-600	*FY21E
German Facility	10,000	1400-1450	*FY22E



Source: Company, BP Equity Research, *Subject to all necessary approvals, **trails going on

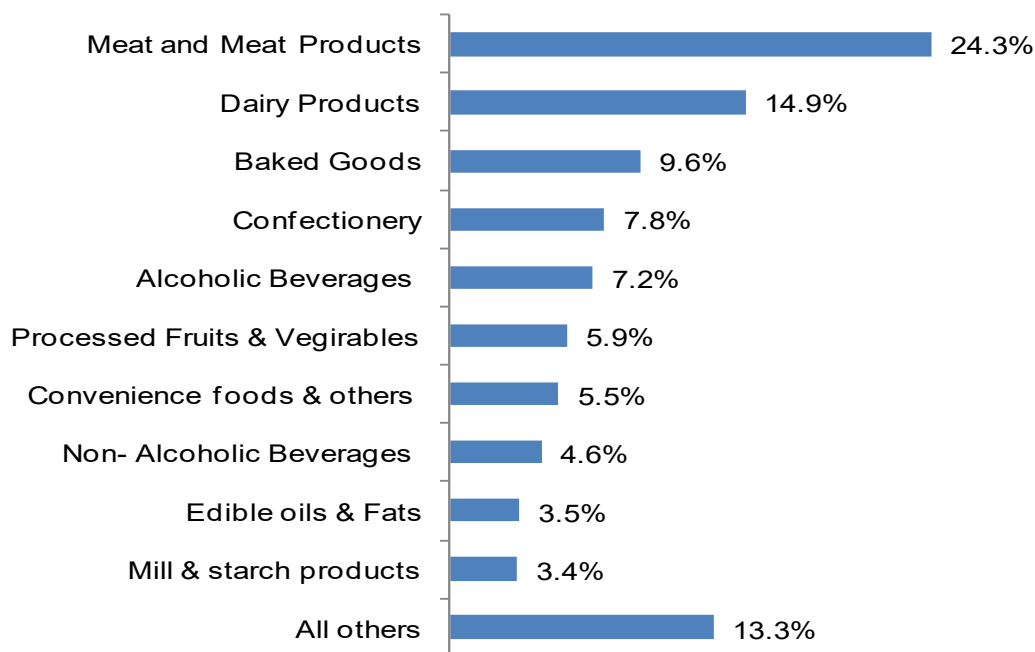
	Fine Zeelandia Facility (Patalganga)	3rd Ambernath Facility	Patalganga Facility (Maharashtra)	Fine Add Ingredients (Leipzig, Germany)
Capacity (TPA)	10,000	32,000	10,000	10,000
Nature of Ownership	50:50 JV with Zeelandia International	100% Owned	100% Owned	50:50 JV with Adcotec
Commissioning	Commenced production in Q3FY19	Commenced production in Q2FY20	FY21*	FY22*
Estimated Total Cost**	INR600 mn	INR1500-1600 mn		EUR 18 mn
Equity	30%	30%	N.A	30%
Debt	70%	70%		70%
Products	Premixes for bakery and confectionary products and pan release agents	Specialty additives for food, plastic, feed nutrition industry	Food additives for export and growing domestic markets	Specialty food emulsifiers and other food additives

Source: Note: *subjected to all necessary approvals, **the cost as per RHP. There may be some escalations on this cost: n.a. - Not Available

Penetrating deeper into global markets through FineAdd JV

In order to serve FOIL’s existing direct customers and distributors, as well as to secure new direct customers and distributors and expand the reach of its products to new markets, the company intend to expand globally. The company has a diverse geographical presence and exports to all major geographies like the US, Europe, Middle East, and Asia. Currently, FOIL has subsidiaries in Europe and North America, which sell to select large direct customers. The company is in the process of setting up a sales office in Shanghai to cater to its large direct customers there. Given that its plan to court the business of direct customers in China that are large petrochemical companies many of which are state-owned, FOIL’s sales office in China will allow them to maintain a presence closer to these large direct customers to help secure the business and if necessary, modify company’s products to meet customer specifications. Beside direct penetration in global market through setting distribution network in china, FOIL has entered into a joint venture (JV) agreement (50:50 equity interest) with Adcotec dated January 17, 2018, to set up FineAdd Ingredients GmbH, which will operate in the Leipzig, Germany. FineAdd will manufacture specialty food emulsifiers and other food additives exclusively for the European market. The German Facility’s planned initial installed capacity is 10,000 tonnes per annum. As per the agreement, FOIL will supply the process technology and the plant machinery for this project and in return, gain access to Adcotec’s customers in Europe. Overall, the project is expected to cost ~Euro18m and the facility is expected to come on stream in FY22E. We believe that product expansion and diversification into high-margin downstream products of bakery and confectionery premixes as well as feed nutrition and food additives would help the company cater to the growing international market in the near future. The coming capacities would help to cater to additional demand and enhance penetration in global markets. We have not considered any incremental profit from this JV in our estimates.

Food and Beverage Industry (EUR 243bn) by Segments 2017 (In %)



The major players in the food emulsifiers market in Germany are Danisco, Riken Vitamin, Cargill, and Palsgaard which together maximum market share, with Danisco holding the maximum market.

Source: GTAI, BP Equity Research

Fine Zeelandia JV to provide product diversification

To cater to the growing demand and to diversify the business, the company formed a 50-50% JV with Fine Zeelandia Pvt. Ltd to set up a plant with 10,000 TPA capacity at Patalganga, where the plant, machinery and technology was obtained from Zeelandia. This facility to manufacture premixes for bakery and confectionary products, at an estimated INR 600m funded largely through debt and partially by equity. The JV expects to leverage on FOIL's distribution network in return for technology access from Zeelandia. Post-trial runs, this facility was commissioned in Q3FY19 and the management expects meaningful contribution from this facility to begin from FY21E onwards. Fine Zeelandia's products to cater high-class "star" hotels, large niche and high quality bakeries and quick-service restaurants. The market size of the biscuits and bakery products segment is pegged at INR 359 bn, and accounted for a 35% share of the Indian consumer foods industry in FY16 and was forecast to grow by 13-15% over 2017-22.

As per CRISIL report, Nutritional value-added bread varieties are on the rise due to increasing consumer health awareness and exposure. White bread is the largest sub-segment in the category with a 70% market share, led by its ubiquitous presence in the domestic market and lower price range. Brown/ multigrain and other nutritional bread varieties, which together account for about 20%, are gaining popularity, especially in metros and tier II cities, led by the rising health awareness. Other bread varieties include flavoured bread and Italian/herbed bread. These varieties are growing rapidly, led by the increased exposure to global cuisine, coupled with a change in consumption habits. On the other hand, consumption of white bread is growing at a slower pace. The bread and other bakery items segment has grown at 10% CAGR during the past five years, due to an increase in disposable income and change in consumers' eating habits. With increasing exposure to global cuisine and rising westernisation, bread is increasingly being accepted as a part of regular diet.

Biscuits dominate with a 65-70% market share, as they are convenient to carry and come in a variety of options. Bread and other bakery items comprise the rest (30-31%), including bread sticks, rusk, pav, buns, cakes and pastries, among others

Indian consumer food industry growth

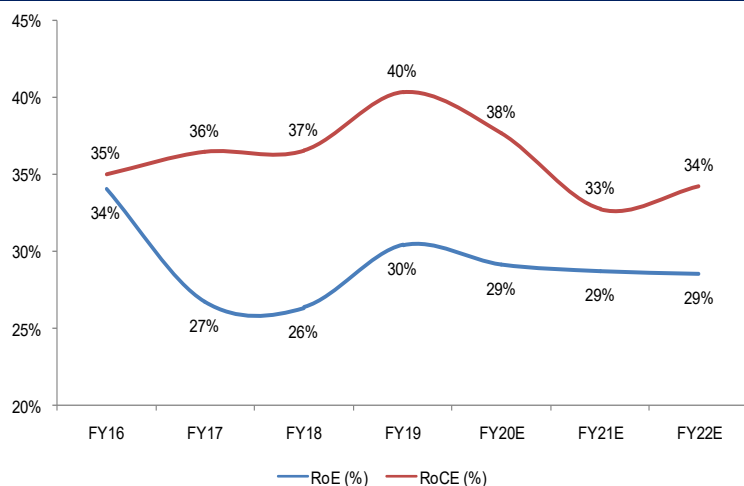
Category	Market size (2016-17) (INR in bn)	CAGR over FY12-17%	Estimated CAGR over FY17-22 %
Bakery items	400	12	13-15
Biscuits	280	13	13-15
Breads and others	120	10	10-12
Confectionery	200	15	14-16
Chocolate	108	14	13-15
Sugar-based	92	15	14-16
Snacks	440	14	13-15
RTE / RTC	90	10	19-21

Source: Company (CRISIL Research), BP Equities Research

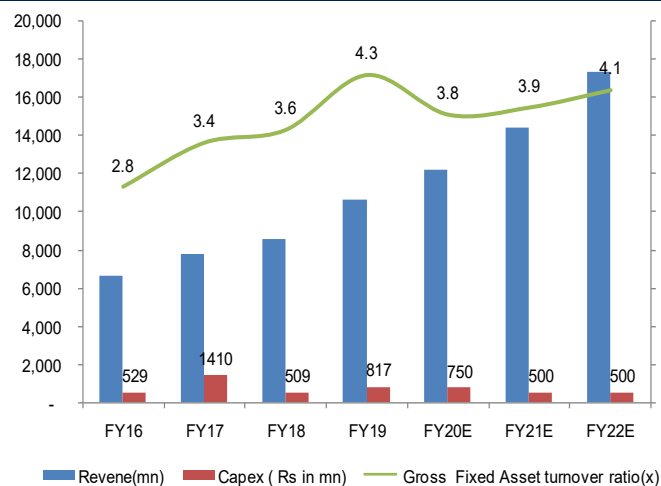
Financial Performance to improve further

FOIL's capacity expansion inline with rising demand in end-user industries, offers revenue visibility for next 3-4 years. As per management, capacity utilization was at ~90% in FY19 and upcoming capacities at Ambernath and Patalganga would contribute significantly. During FY14-19, FOIL has clocked asset turnover of 3-4x. We expect similar asset turnover on incremental capex, which translates into additional INR 5-6bn to revenues at peak utilisation over the next 3-4 years. We expect FOIL to deliver 17.4% revenue CAGR over FY19-22, as against a 13.3% CAGR over FY14-19. This would be driven by steady growth in end-user sectors, the rising proportion of high-margin products and doubling of capacities over FY19-22E. FOIL has maintained healthy EBITDA margins (18% ~20%) despite volatility in raw material prices reflecting its efficient procurement practices. Short/Long term contracts (3m-1year) with customers also insulate FOIL against fluctuation in raw material (RM) prices, enabling RM cost pass through. We expect FOIL to post healthy 16.7% EBITDA CAGR over FY19-22E at 20-21% EBITDA margins, driven by positive operating leverage from ramped up capacities. Management has indicated a capex of ~INR2.5bn over FY19-22E, expected to be funded majorly by debt and the balance through internal accruals. Working capital is expected to remain stable at 60- 70 days. FOIL's return ratios (RoE and RoCE) remain best among its peers in last five year. With the acceleration of net profit on the back of healthy revenue growth, sustainable operating margins and recent corporate tax cut from 35% to 25.2% to support RoE and RoCE to remain ~30% level in next 3 years.

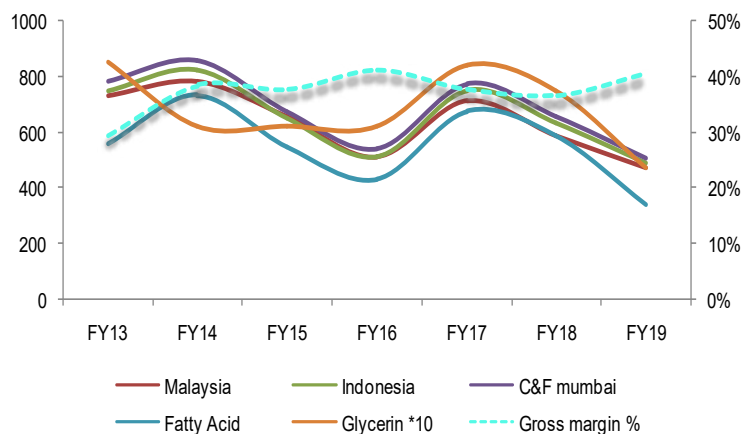
Return ratios to remain healthy



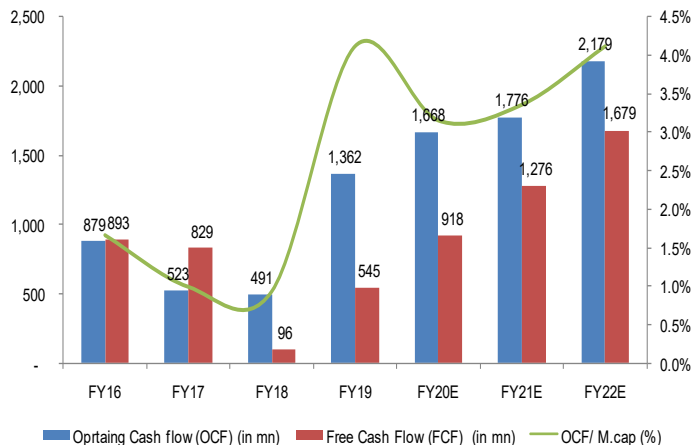
Upcoming capex to provide similar asset turnover of 3-4x



Contract with suppliers to insulate from fluctuation in RM



Cash flow generation remain strong



Source: Company, Bloomberg, BP Equity Research

Fine Organic Industries Ltd

Initiating Coverage Report

Global Peer comparison

KERRY GROUP-A (USD in mn)	CY17	CY18	CY19E	CY20E	CY21E	CY14-18	CY18-21E	PEG
Revenue	7,239	7,804	7,898	8,255	8,719	0.5%	3.8%	
EBITDA	1,003	1,118	1,175	1,261	1,377	3.0%	7.2%	
PAT	713	704	760	829	905	2.5%	8.8%	2.8

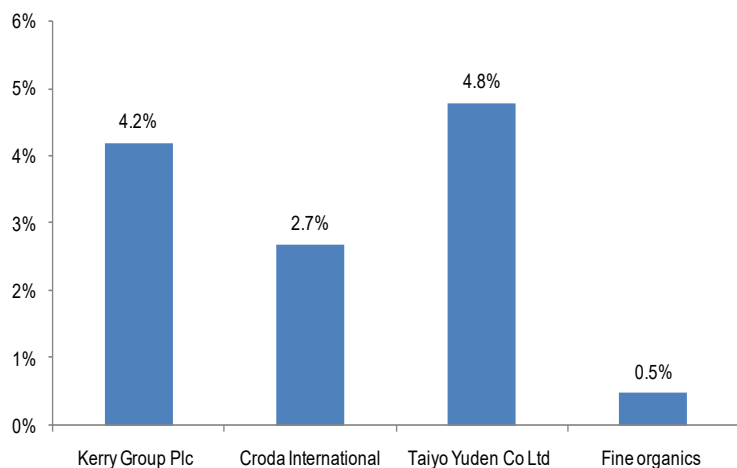
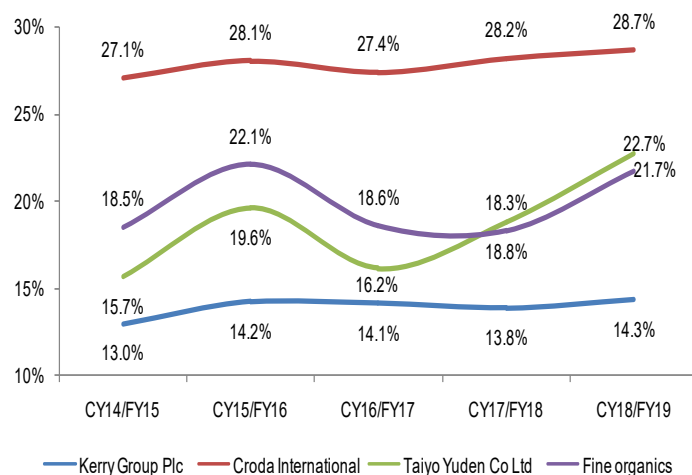
CRODA INTL.(USD in mn)	CY17	CY18	CY19E	CY20E	CY21E	CY14-18	CY18-21E	PEG
Revenue	1,769	1,852	1,741	1,806	1,876	1.8%	0.4%	
EBITDA	499	531	505	538	567	3.3%	2.2%	
PAT	315	333	308	331	352	4.7%	1.9%	13.3

Taiyo Yuden Co Ltd (USD in mn)	FY18	FY19	FY20E	FY21E	FY22E	FY15-19	FY19-22E	PEG
Revenue	2,203	2,475	2,655	2,801	3,016	4.5%	6.8%	
EBITDA	414	562	595	655	736	14.6%	9.5%	
PAT	152	253	233	257	292	24.4%	4.9%	3.0

Fine organic (USD in mn)	FY18	FY19	*FY20E	*FY21E	*FY22E	FY15-19	FY19-22E	PEG
Revenue	133	152	169	200	240	10.8%	16.5%	
EBITDA	25	33	33	41	51	15.3%	15.9%	
PAT	16	20	23	29	37	20.6%	23.0%	1.7

Average PEG (Based on TTM P/E)
5.05

Source: Bloomberg Estimate, BP Equities Research, * USD =72 for forecasted period

Lowest R&D among peers, yet effective

EBITDA margin remain inline with peers


Source: Company, BP Equities Research

Company Background

Fine organic is in the oleo chemical (derived from vegetable oils)-based additives business largely present in two additives viz. food and plastic together constitute ~70% to the overall revenues of the company. Further, the company is also present in other additives like paints, rubber, cosmetics, etc that contribute to rest of the topline. FOIL has total capacity of 101,300 MTPA at Ambernath1 (49500) Ambernath 2 (5000MTPA), Ambernath3(32000MTPA) , Badlapur (6400 MTPA) and Dombivali (8400 MTPA). The Company has a dedicated research and development ('R&D') centre located in Mahape, Navi Mumbai. As per management, the company holds around 90% market share in both domestic food and plastic additives industry, which has been growing at 10% CAGR while growth in the international market is pegged at ~5-6% CAGR. The Company is the first largest producer of to introduce slip additives in India. As at 31st March 2019, the Company had a range of ~400 different products sold under the Fine Organic' brand and 670 direct customers (i.e., end-users of our products) and ~150 distributors (who sold its products to more than 5,000 customers) from 70 countries.

Diversified product portfolio with over 400 products

Product	Applications
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 if bacteria, yeast and moulds safer from spoiling or from becoming toxic due to unwanted growth of
Polymer Additives	Reduces friction between polymer products & other surfaces they come in contact. Converts water droplets formed on polymer films into continuous Used as flow improvers & mould release agent in PVC pipe transparent layer. Dissipates the build electrical charges on polymer materials.
Specialty Additives	Used in niche applications like reducing fat in high-quality biscuits or to make high-quality sponge with good volume, structure, slice ability 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

Source: Company, BP Equities Research

Key Milestones

1970	Established as 'Fine Organic Industries', a partnership firm by Late Shri Ramesh Shah and Shri Prakash Kamat
1973	Commissioned first food additives facility in Dombivli
1988	Set up second facility in Ambernath
1995	Incorporated Oleofine Organics (India) Pvt. Ltd. for expanding the capacity for polymer additives
2002	Incorporated the Company under the name of Fine Organic Industries (Mumbai) Pvt. Ltd.
2005	Established R&D Centre in Navi Mumbai
2006	Commissioned Fatty acid esters facility in Ambernath
2008-2012	Commissioned Polymer additives facility phasewise in Ambernath
2014	Signed JV with Netherlands-based bakery premix manufacturer – Zeelandia International
2015	Commissioned capacity expansion for food and polymer additives at Ambernath facility
2017	Amalgamated Fine Research and Development Centre Pvt Ltd and Fine Specialty Surfactants Pvt Ltd
2018	Signed JV with Adcotec, Germany for food additives Initiated (IPO) and got listed on BSE and NSE

Source: Company, BP Equities Research

Fine Organics Ltd - Management Committee Details

Name	Designation	Details
Prakash Damodar Kamat	Executive Director and Chairman	He holds a master's degree in science and technology (oils) from Institute of Chemical Technology (formerly UDCT), University of Bombay. He has a total experience of more than 40 years with the Fine Organic group. He was appointed as Director in the company since inception 24th May, 2002. He was re-appointed as an Executive Director and Chairman of the Company with effect from 6th November, 2017 for a period of 5 years
Mukesh Maganlal Shah	Managing Director	He holds a bachelor's degree in science from the University of Bombay. He has a total experience of more than 40 years with the Fine Organic group. He was appointed as Director in the company since inception 24th May, 2002. He was re-appointed as an Managing Director of the Company with effect from 6th November, 2017 for a period of 5 years
Jayen Ramesh Shah	Executive Director and Chief Executive Officer	He holds a master's degree in science from the University of Bombay. He has a total experience of more than 30 years with the Fine Organic group. He was appointed as Director in the company since inception 24th May, 2002. He was re-appointed as an Executive Director and Chief Executive Officer of the Company with effect from 6th November, 2017 for a period of 5 years.
Tushar Ramesh Shah	Executive Director and Chief Financial Officer	He has completed second year while pursuing for bachelors' in science (S.Y. B.Sc.) from the University of Mumbai. He has a total experience of more than 27 years with the Fine Organic group. He was appointed as Director in the company since inception 24th May, 2002. He was re-appointed as an Executive Director and Chief Financial Officer of the Company with effect from 6th November, 2017 for a period of 5 years.
Bimal Mukesh Shah	Executive Director	He holds a bachelor's degree in science from Purdue University and a master's degree in management from Boston College. He was appointed as Director in the company since 1st April, 2011. He was re-appointed as an Executive Director of the Company with effect from 6th November, 2017 for a period of 5 years.

Source: Company, BP Equities Research

Fine Organic Industries Ltd

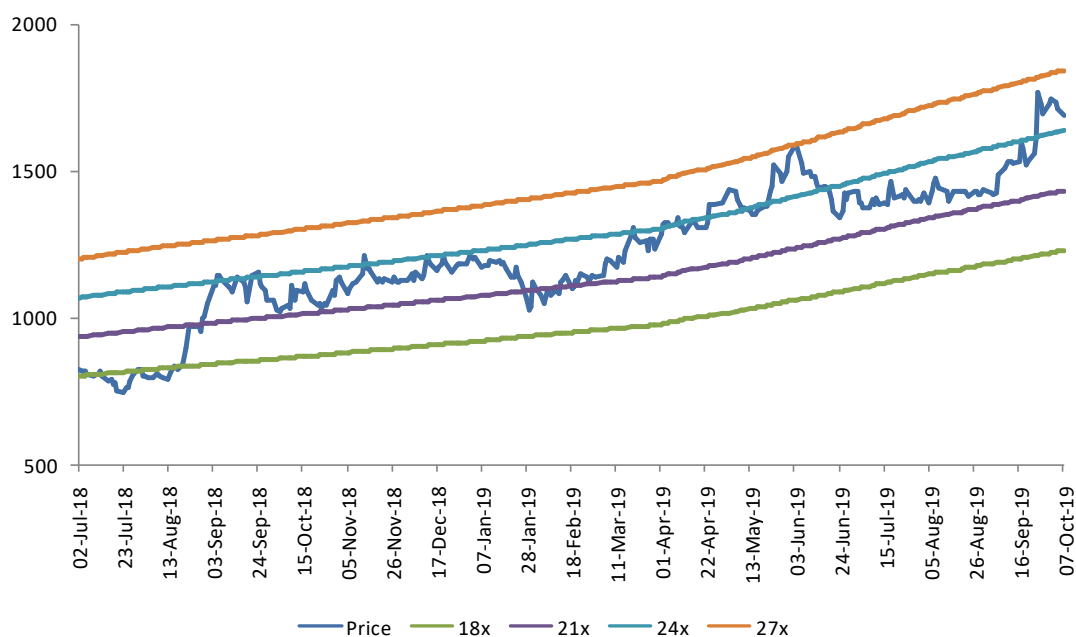
Initiating Coverage Report

⇒ Peer group comparison

Company	CMP	M Cap	P/E		EPS		EV/EBITDA		RoE (%)	
	(INR/USD#)	(INR/USD#. Bn)	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
KERRY GROUP-A*^#	106.3	18.8	24.7	22.3	4.3	4.8	18.1	16.6	15.7	15.2
CRODA INTL.*^#	4782	6.2	23.3	21.9	2.1	2.2	15.5	14.7	25.4	24.4
AARTI INDUS LTD	775	135.0	24.2	18.7	32.0	41.3	14.8	11.9	18.8	20.7
FINE ORGANIC IND	1695	52.0	24.5	19.8	69.1	85.6	17.1	13.6	29.0	28.3

Source: BP Equities Research, * Bloomberg estimate, ^ CY20-21 EPS and EV/EBITDA considered

PE Band - Fine Organic Industries Ltd.



Source: BP Equities Research, Ace Equity

⇒ **Key Risks and Concerns:**

Vulnerability to adverse movements in raw material prices : The company's key raw materials are vegetable oil, palm oil and palm oil-based derivatives, the prices of which have been volatile. The company is thus exposed to any sharp changes in the input prices since its contracts are on fixed-price basis, though the company's longstanding relationship with its customers and suppliers has allowed it to protect its operating margins to a large extent in recent years despite the price volatility.

Company's profitability remains exposed to adverse fluctuations in foreign currency: Given that ~55% of the company's sales are exports, while imports account for less than 15% of total revenues. Hence, the company's profitability remains vulnerable to adverse movements in foreign currency, though the risk is mitigated to some extent on account of natural hedge from imports and debt repayments in foreign currency.

High supplier concentration: FOIL sources majority of its raw materials from two major suppliers. The top two suppliers account for more than 40% of its raw material costs. Any disruption in the supply of raw materials could disrupt FOIL's manufacturing operations, having a material adverse impact on its business and operations.

 ⇒ **Shareholding details**
Categories of Equity Shareholding Pattern as on March 31, 2019

Sr.No	Description	No. of Share-holders	Shares	% Equity
1	Promoters and Promoter Group	18	2,29,94,982	75.00
2	Mutual Funds	29	43,99,470	14.35
3	Foreign Portfolio -Corp	13	16,93,079	5.52
4	Resident Individual	19,491	6,68,556	2.18
5	Alternative Investment Fund	3	4,60,062	1.50
6	Bodies Corporates	204	3,68,682	1.20
7	HUF	1,191	45,590	0.15
8	Non Resident Indians	159	11,907	0.04
9	Non Resident Indian Non Repatriable	66	8,948	0.03
10	Banks	1	3,775	0.01
11	Clearing Members	50	2,079	0.01
12	NBFC	1	2,000	0.01
13	Indian Financial Institutions	1	796	-
14	Trust	1	50	-
	Total	21,228	3,06,59,976	100.00

Majority of stake owned by Promoters and institutional investors (~96%) which result into low volume in the stock.

Source: Company, BP Equities Research

Valuation & Outlook

Valuation	Basis	FY20	FY21E	FY22E
EPS		54	68	86
Growth in EPS (YoY %)		22%	26%	27%
Implied PE		31.3	24.5	19.8
Assigned PE	(25x PE)	25	25	25
Target Price		1,355	1,726	2,141
(Implied PEG Ratio considering next 2.5 years: 1)				
CMP		1,695	1,695	1,695
Upside Potential (%)				26%

Source: Company, BP Equities Research

With global leadership position in slip additives and its proprietary technology to manufacture green additives provides competitive edge to FOIL. Going forward, we expect the company to continue its growth strategy on back of volume growth in light of planned capacity expansion, growing demand for green additive from the food industry, changing customer preferences and better business mix. Over FY19-22E, FOIL is expected to post 17.4%/16.7%/ 24.4% revenue /EBITDA/ PAT CAGR with +30% return ratios. We believe FOIL will continue to strengthen its balance sheet with strong cash flow generation of INR3.2bn over FY19-22E. Considering the expected strong growth in profitability, healthy balance sheet, improving return ratios and complex nature of the business with high entry barriers, we are optimistic about the long-term growth prospects of the company. At the CMP (INR 1695), the stock is trading at 24.5x its FY21E EPS of INR 69.1 and 19.8x its FY22E EPS of INR 85.6. Global peers are trading at PEG ratio of 2.5-3x (2yr CAGR), as they enjoy large scale and global leadership position compared to FOIL. Therefore we value FOIL at ~1x PEG and assign P/E of 25x on Its FY22E earnings. We initiate coverage on the stock & recommend 'BUY' rating with a target price of INR 2141 per share.



Fine Organic Industries Ltd

Initiating Coverage Report

Profit & Loss A/c (Consolidated)							
YE March (INR. Mn)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Revenue	6,597	7,792	8,558	10,603	12,135	14,506	17,168
<i>Growth %</i>	7.3%	18.1%	9.8%	23.9%	14.4%	19.5%	18.3%
Total Revenue	6,597	7,792	8,558	10,603	12,135	14,506	17,168
Less:							
Raw Material Consumed	3,877	4,851	5,416	6,284	7,443	8,853	10,425
Employee Cost	269	644	516	628	691	760	836
Other Expenses	994	847	1,042	1,389	1,590	1,901	2,249
Total Operating Expenditure	5,139	6,343	6,974	8,301	9,724	11,514	13,510
EBITDA	1,458	1,449	1,584	2,302	2,411	2,993	3,658
<i>Growth %</i>	28.0%	-0.6%	9.3%	45.3%	4.7%	24.1%	22.2%
Less: Depreciation	298	237	200	175	337	358	398
EBIT	1,160	1,212	1,384	2,128	2,074	2,635	3,260
<i>Growth %</i>	27.1%	4.4%	14.2%	53.8%	-2.5%	27.1%	23.7%
Interest Paid	83	44	32	61	87	87	34
Non-operating Income	91	40	160	240	230	275	275
Extraordinary Income	0	0	0	0	0	0	0
Profit Before tax	1,168	1,208	1,512	2,308	2,216	2,823	3,501
Tax	406	429	559	945	554	706	875
Net Profit	762	779	953	1,363	1,662	2,117	2,626
Adjusted Profit	762	779	953	1,363	1,662	2,117	2,626
Reported Diluted EPS Rs	24.8	25.4	31.1	44.4	54.2	69.1	85.6
<i>Growth %</i>	33.5%	2.2%	22.4%	42.9%	22.0%	27.4%	24.0%
Adjusted Diluted EPS Rs	24.8	25.4	31.1	44.4	54.2	69.1	85.6
<i>Growth %</i>	33.5%	2.2%	22.4%	42.9%	22.0%	27.4%	24.0%

Source: Company, BP Equities Research

Common Sized Profit & Loss Account							
YE March (INR. Mn)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:							
Raw Material Consumed	58.8%	62.3%	63.3%	59.3%	61.3%	61.0%	60.7%
Employee Cost	4.1%	8.3%	6.0%	5.9%	5.7%	5.2%	4.9%
Other Expenses	15.1%	10.9%	12.2%	13.1%	13.1%	13.1%	13.1%
Total Operating Expenditure	77.9%	81.4%	81.5%	78.3%	80.1%	79.4%	78.7%
EBITDA	22.1%	18.6%	18.5%	21.7%	19.9%	20.6%	21.3%
Depreciation	4.5%	3.0%	2.3%	1.6%	2.8%	2.5%	2.3%
Interest Paid	1.3%	0.6%	0.4%	0.6%	0.7%	0.6%	0.2%
Non-operating Income	1.4%	0.5%	1.9%	2.3%	1.9%	1.9%	1.6%
Extraordinary Items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit Before Tax	17.7%	15.5%	17.7%	21.8%	18.3%	19.5%	20.4%
Current tax	6.2%	5.5%	6.5%	8.9%	4.6%	4.9%	5.1%
Profit After Tax	11.5%	10.0%	11.1%	12.9%	13.7%	14.6%	15.3%
Adjusted Profit	11.5%	10.0%	11.1%	12.9%	13.7%	14.6%	15.3%

Source: Company, BP Equities Research

Cash Flows (Consolidated)							
YE March (Rs. Mn)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
PAT	761.9	778.7	953.3	1,362.6	1,662.3	2,117.1	2,625.9
(Less)/Add: Extraordinary Income/Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Non Operating Income	(91.1)	(40.0)	(159.7)	(240.5)	(230.0)	(275.0)	(275.0)
Add: Depreciation	298.2	237.1	200.4	174.5	337.5	357.6	397.6
Add: Interest Paid	83.1	43.9	31.5	60.6	87.4	87.4	33.8
Tax Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Profit before Working Capital Changes	1,052.1	1,019.7	1,025.5	1,357.2	1,857.2	2,287.2	2,782.4
(Inc)/Dec in Current Assets	109.0	(394.3)	(609.5)	(39.7)	(337.3)	(522.0)	(585.9)
Inc/(Dec) in Current Liabilities	(164.7)	57.4	44.8	45.8	292.6	223.6	251.0
Changes in Inventory	(117.5)	(159.9)	30.5	(1.3)	(129.0)	(199.6)	(224.0)
Net Cash Generated From Operations	878.8	522.9	491.3	1,362.0	1,683.5	1,789.1	2,223.4
Cash Flow from Investing Activities							
(Inc)/Dec in Fixed Assets	(378.8)	49.8	(106.1)	(70.8)	(1,500.0)	(500.0)	(500.0)
(Inc)/Dec in Capital Work In Progress	24.6	28.5	(288.8)	(746.2)	0.0	0.0	0.0
(Inc)/Dec in Investment (Strategic)	(24.2)	(50.7)	(116.5)	7.3	(71.3)	(110.3)	(123.8)
(Inc)/Dec in Investment (Others)	(0.0)	(110.0)	3.9	6.4	0.0	0.0	0.0
Add: Non Operating Income	91.1	40.0	159.7	240.5	230.0	275.0	275.0
(Inc)/Dec in Intangible Assets	6.9	(205.7)	0.4	(125.7)	0.0	0.0	0.0
Net Cash Flow from/(used in) Investing Activities	(280.4)	(248.1)	(347.3)	(688.4)	(1,341.3)	(335.3)	(348.8)
Cash Flow from Financing Activities							
Inc/(Dec) in Total Loans	(28.9)	(548.3)	124.4	679.7	500.0	0.0	(1,000.0)
Inc/(Dec) in Reserves & Surplus	551.3	650.0	(168.2)	(101.4)	0.0	0.0	0.0
Inc/(Dec) in Equity	0.0	2.8	105.0	(2.8)	0.0	0.0	0.0
Dividend Paid	(708.2)	(689.8)	(214.6)	(214.6)	(261.8)	(333.5)	(413.6)
Less: Interest Paid	(83.1)	(43.9)	(31.5)	(60.6)	(87.4)	(87.4)	(33.8)
Adjustments	70.0	(9.5)	(7.8)	(2.2)	0.0	0.0	(0.0)
Exceptional Item	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow from Financing Activities	(198.9)	(638.8)	(192.7)	298.1	150.7	(420.9)	(1,447.4)
Net Inc/Dec in cash equivalents	399.5	(364.0)	(48.7)	971.7	493.0	1,033.0	427.2
Opening Balance	33.7	433.1	69.1	20.4	992.1	1,485.1	2,518.0
Closing Balance Cash and Cash Equivalents	433.1	69.1	20.4	992.1	1,485.1	2,518.0	2,945.2

Source: Company, BP Equities Research



Fine Organic Industries Ltd

Initiating Coverage Report

Balance Sheet (Consolidated)							
YE March(Rs. mn)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Liabilities							
Equity Capital	48	48	153	153	153	153	153
Reserves & Surplus	2,493	3,232	3,803	4,849	6,250	8,033	10,245
Equity	2,542	3,283	3,959	5,002	6,403	8,186	10,399
Net Worth	2,542	3,283	3,959	5,002	6,403	8,186	10,399
Minority Interest							
Net Deferred tax liability/(Asset)	(30)	(39)	(48)	37	37	37	37
Total Loans	941	403	536	1,130	1,630	1,630	630
Capital Employed	3,453	3,646	4,446	6,170	8,070	9,854	11,066
Assets							
Gross Block	2,343	2,294	2,400	2,470	3,970	4,470	4,970
Less: Depreciation	1,096	1,324	1,516	1,689	2,026	2,384	2,781
Net Block	1,247	970	883	782	1,944	2,087	2,189
Capital WIP	57	28	317	1,063	1,063	1,063	1,063
Investments	333	384	500	493	564	675	798
Others - A	0	110	106	100	100	100	100
Current Assets							
Inventories	762	922	891	893	1,022	1,221	1,445
Sundry Debtors	887	1,104	1,465	1,556	1,781	2,129	2,520
Cash and Bank Balance	433	69	20	992	1,485	2,518	2,945
Current Investments	0	0	0	0	0	0	0
Loans and Advances	412	581	823	778	890	1,064	1,260
Other Current Assets	14	23	30	23	23	23	23
Total Current Assets	2,509	2,699	3,229	4,242	5,201	6,956	8,193
Less: Current Liabilities & Provisions							
Sundry Creditors	534	641	699	534	780	933	1,104
Provisions	8	0	71	117	134	160	190
Other Current Liabilities	162	120	35	201	230	275	325
Total Current Liabilities & Provisions	704	761	806	852	1,144	1,368	1,619
Capital Applied	3,453	3,646	4,446	6,170	8,070	9,854	11,066

Source: Company, BP Equities Research



Fine Organic Industries Ltd

Initiating Coverage Report

Key Ratios (Consolidated)

YE March (Rs. mn)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Key Operating Ratios							
EBITDA Margin (%)	22.1%	18.6%	18.5%	21.7%	19.9%	20.6%	21.3%
Tax / PBT (%)	34.8%	35.5%	36.9%	41.0%	25.0%	25.0%	25.0%
Net Profit Margin (%)	11.5%	10.0%	11.1%	12.9%	13.7%	14.6%	15.3%
RoE (%)	34.0%	26.7%	26.3%	30.4%	29.1%	29.0%	28.3%
RoCE (%)	35.0%	36.4%	36.5%	40.3%	37.6%	32.9%	34.2%
Current Ratio (x)	3.6x	3.5x	4.0x	5.0x	4.5x	5.1x	5.1x
Dividend Payout (%)	93.0%	88.6%	22.5%	15.8%	15.8%	15.8%	15.8%
Book Value Per Share (Rs.)	82.9	107.1	129.1	163.2	208.8	267.0	339.2
Financial Leverage Ratios							
Debt/ Equity (x)	0.4x	0.1x	0.1x	0.2x	0.3x	0.2x	0.1x
Interest Coverage (x)	17.6x	33.0x	50.2x	38.0x	27.6x	34.2x	108.2x
Growth Indicators %							
Growth in Net Block (%)	0.9%	(22.2%)	(8.9%)	(11.5%)	148.7%	7.3%	4.9%
Sales Growth (%)	7.3%	18.1%	9.8%	23.9%	14.4%	19.5%	18.3%
EBITDA Growth (%)	28.0%	(0.6%)	9.3%	45.3%	4.7%	24.1%	22.2%
Net Profit Growth (%)	33.5%	2.2%	22.4%	42.9%	22.0%	27.4%	24.0%
Diluted EPS Growth (%)	33.5%	2.2%	22.4%	42.9%	22.0%	27.4%	24.0%
Turnover Ratios							
Debtors Days	49	52	62	54	54	54	54
Creditors Days	30	37	37	23	23	23	23
Inventory Days	42	43	38	31	31	31	31

Source: Company, BP Equities Research

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Analyst (s) holding in the Stock : Nil

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