

# Fine Organic Industries

## Estimate changes

### TP change

### Rating change



Bloomberg	FINEORG IN
Equity Shares (m)	31
M.Cap.(INRb)/(USD\$)	128 / 1.5
52-Week Range (INR)	5959 / 3355
1, 6, 12 Rel. Per (%)	-6/-19/-18
12M Avg Val (INR M)	183

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	22.1	22.6	23.7
EBITDA	4.8	4.6	4.7
PAT	3.9	3.8	3.7
EPS (INR)	127.1	122.7	122.0
EPS Gr. (%)	5.9	-3.5	-0.5
BV/Sh.(INR)	723.4	835.4	946.9
<b>Ratios</b>			
Net D:E	-0.4	-0.3	-0.3
RoE (%)	19.1	15.7	13.7
RoCE (%)	19.2	15.6	13.6
Payout (%)	8.7	8.7	8.7
<b>Valuations</b>			
P/E (x)	32.8	34.0	34.2
P/BV (x)	5.8	5.0	4.4
EV/EBITDA (x)	24.7	26.2	25.5
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.2	-1.0	1.4

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	75.0	75.0	75.0
DII	12.0	11.5	10.8
FII	4.7	5.2	4.5
Others	8.3	8.3	9.8

FII Includes depository receipts

**CMP: INR4,176**

**TP: INR3,660 (-12%)**

**Sell**

## Muted earnings outlook amid margin pressure

- Fine Organic Industries (FINEORG) reported revenue of INR5.8b in 4QFY25. EBITDA stood at INR1.1b (28% miss; down 18% YoY). EBITDAM contracted 660bp YoY to 18.8%, while gross margin dipped 640bp YoY to 37.2%. PAT was down 15% YoY to INR885m (our est. INR1.2b). In FY25, exports contributed 57%, and domestic sales formed 43% of revenue (56% and 44%, respectively, in 4QFY25).
- EBITDAM stood at 21.8% in FY25, hit by rising raw material and logistics costs due to global supply chain disruptions from 2QFY25. RM costs remained elevated but are expected to stabilize in the near future. The company maintained elevated inventory levels for both raw materials and finished goods to manage geopolitical risks and supply volatility, ensuring business continuity and readiness for demand spikes.
- All plants are running near full capacity, with Patalganga ramping up. FINEORG is setting up a wholly owned subsidiary in the UAE and plans to manufacture locally in the US, aiming to enhance supply chain efficiency and regulatory compliance. The company began trial production of new products, targeting segments like food, feed, cosmetics, and coatings, with phased expansion planned across the US, SEZ, and domestic plants.
- Despite global volatility, domestic demand remained robust across product categories, with continued focus on strengthening the India business. The company remains cautious on new contracts due to uncertainty around government policies such as import duties, which could impact pricing and margins. Regular maintenance spending was low in FY25, but some extra investment may be needed in the next six months, which is yet to be decided.
- We estimate a CAGR of 4%/-1%/-2% in revenue/EBITDA/PAT over FY25-27, with margin in the range of 19-20%. FINEORG is currently trading at ~34x FY27E EPS and ~26x FY27E EV/EBITDA. Valuations appear expensive for a company with no earnings growth during FY25-27. **We reiterate our Sell rating on the stock with a TP of INR3,660.**

## Operating performance below est.; margin contracts YoY and QoQ

- Revenue was at INR5.8b (-4% from our est., +10% YoY). **Gross margin contracted 640bp YoY to 37.2%, with EBITDAM at 18.8% (-660bp YoY).**
- EBITDA stood at INR1.1b (est. of INR1.5b, -18% YoY). PAT stood at INR885m (est. of INR1.2b, -15% YoY).
- **For FY25**, revenue was at INR22b (+13% YoY), EBITDA was at INR4.8b (-1% YoY). PAT was INR3.9b (+6% YoY), while EBITDAM was 21.7% (-300bp YoY).
- The Board declared a final dividend of INR11 per equity share.

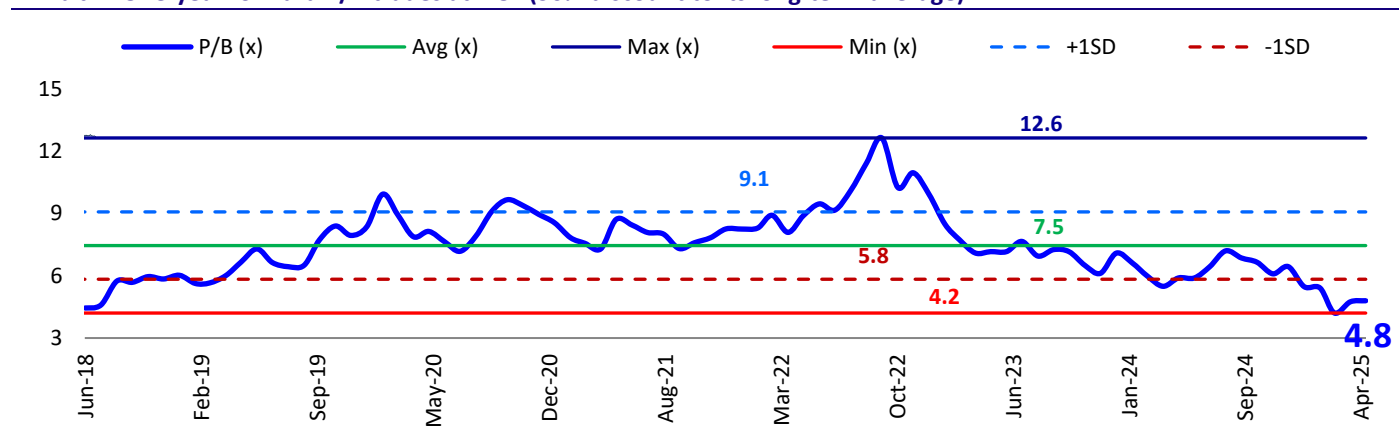
### Valuation and view

- The long-term prospects for FINEORG remain robust, as the company operates within the oleochemicals industry and has consistently driven growth through R&D innovations over the years. However, we anticipate that its performance may be adversely affected in the near to medium term by the following factors: 1) longer-than-expected delays in the commissioning of new capacities for expansion; 2) existing plants operating at close to optimum utilization with no potential of debottlenecking; and 3) further delays in the ramp-up of the Thailand JV.
- We estimate a CAGR of 4%/-1%/-2% in revenue/EBITDA/PAT over FY25-27, with margin in the range of 19-20%. FINEORG is currently trading at ~34x FY27E EPS and ~26x FY27E EV/EBITDA. Valuations appear expensive for a company with no earnings growth during FY25-27. **We reiterate our Sell rating on the stock with a TP of INR3,660.**

### Standalone - Quarterly Snapshot

Y/E March	FY24				FY25				FY24	FY25	FY25	Var. (INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
<b>Gross Sales</b>	<b>5,321</b>	<b>4,717</b>	<b>4,258</b>	<b>5,215</b>	<b>5,083</b>	<b>5,955</b>	<b>5,251</b>	<b>5,762</b>	<b>19,511</b>	<b>22,052</b>	<b>5,990</b>	<b>-4%</b>
YoY Change (%)	-29.3	-43.0	-43.2	-25.3	-4.5	26.2	23.3	10.5	-35.6	13.0	14.9	
Gross Margin (%)	42.9%	41.9%	41.8%	43.6%	42.2%	40.5%	38.6%	37.2%	42.6%	39.6%	42.9%	-5.6%
<b>EBITDA</b>	<b>1,519</b>	<b>1,044</b>	<b>924</b>	<b>1,324</b>	<b>1,218</b>	<b>1,429</b>	<b>1,079</b>	<b>1,082</b>	<b>4,810</b>	<b>4,809</b>	<b>1,494</b>	<b>-28%</b>
Margin (%)	28.5	22.1	21.7	25.4	24.0	24.0	20.6	18.8	24.7	21.8	24.9	-6.2
Depreciation	117	144	147	154	117	124	131	140	563	512	139	
Interest	6	7	5	5	4	4	4	5	23	17	4	
Other Income	145	172	174	226	241	217	252	256	717	966	307	
<b>PBT before EO expense</b>	<b>1,540</b>	<b>1,064</b>	<b>946</b>	<b>1,391</b>	<b>1,338</b>	<b>1,518</b>	<b>1,197</b>	<b>1,193</b>	<b>4,941</b>	<b>5,246</b>	<b>1,658</b>	<b>-28%</b>
Extra-Ord expense	0	0	0	6	0	0	0	0	6	0	0	
<b>PBT</b>	<b>1,540</b>	<b>1,064</b>	<b>946</b>	<b>1,385</b>	<b>1,338</b>	<b>1,518</b>	<b>1,197</b>	<b>1,193</b>	<b>4,935</b>	<b>5,246</b>	<b>1,658</b>	<b>-28%</b>
Tax	397	270	249	342	348	387	307	308	1,259	1,350	420	
Rate (%)	25.8	25.4	26.4	24.7	26.0	25.5	25.6	25.8	25.5	25.7	25.3	
<b>Reported PAT</b>	<b>1,142</b>	<b>794</b>	<b>697</b>	<b>1,043</b>	<b>990</b>	<b>1,131</b>	<b>890</b>	<b>885</b>	<b>3,676</b>	<b>3,897</b>	<b>1,238</b>	<b>-28%</b>
<b>Adj PAT</b>	<b>1,142</b>	<b>794</b>	<b>697</b>	<b>1,047</b>	<b>990</b>	<b>1,131</b>	<b>890</b>	<b>885</b>	<b>3,680</b>	<b>3,897</b>	<b>1,238</b>	<b>-28%</b>
YoY Change (%)	-27.4	-51.6	-46.9	-24.2	-13.3	42.5	27.8	-15.5	-37.7	5.9	18.2	
Margin (%)	21.5	16.8	16.4	20.1	19.5	19.0	17.0	15.4	18.9	17.7	20.7	-5.3

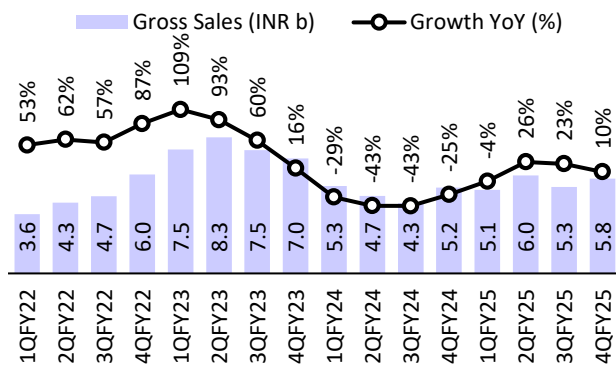
### Exhibit 1: One-year forward P/B trades at 4.8x (36% discount to its long-term average)



Source: Company, MOFSL

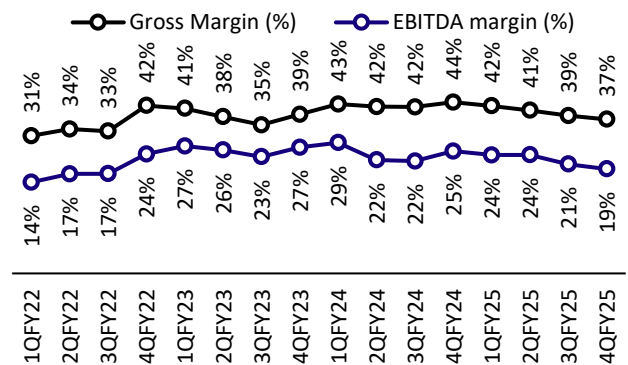
## Story in charts – 4QFY25

**Exhibit 2: Sales increased 10% YoY...**



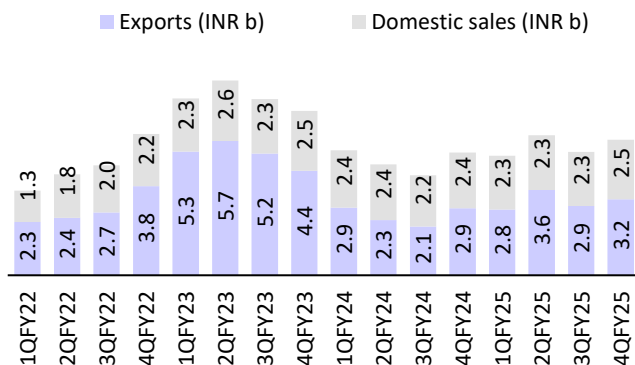
Source: Company, MOFSL

**Exhibit 3: ...with EBITDAM contracting 660bp YoY to 18.8%**



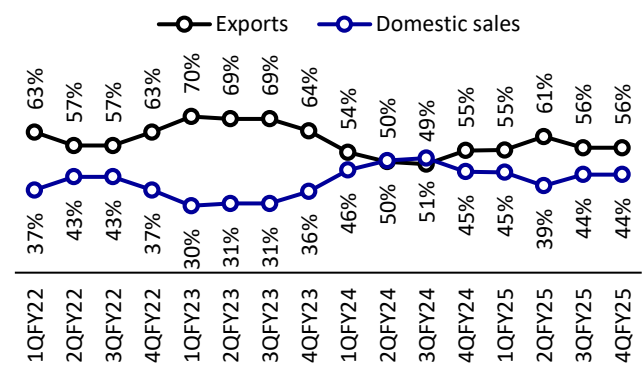
Source: Company, MOFSL

**Exhibit 4: Export revenue grew 13% YoY...**



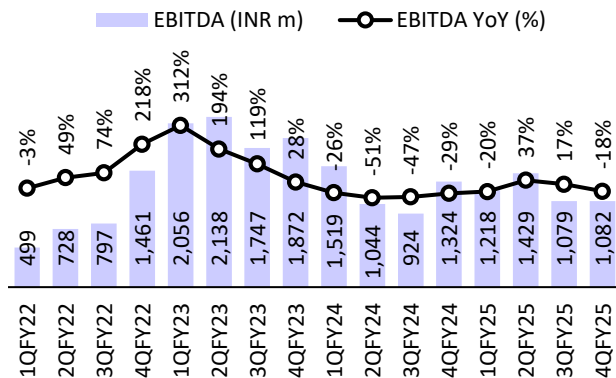
Source: Company, MOFSL

**Exhibit 5: ...while it contributed 56% to total revenue in 4Q**



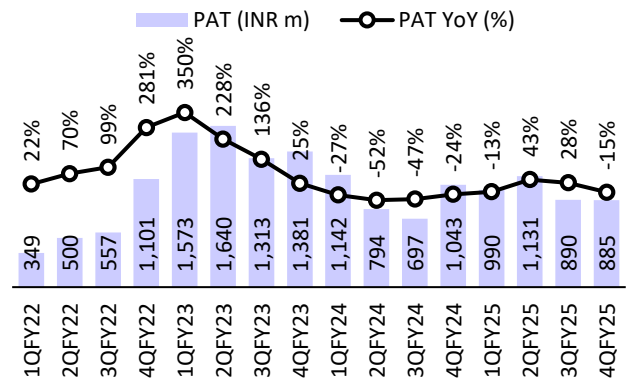
Source: Company, MOFSL

**Exhibit 6: EBITDA was down 18% YoY**



Source: Company, MOFSL

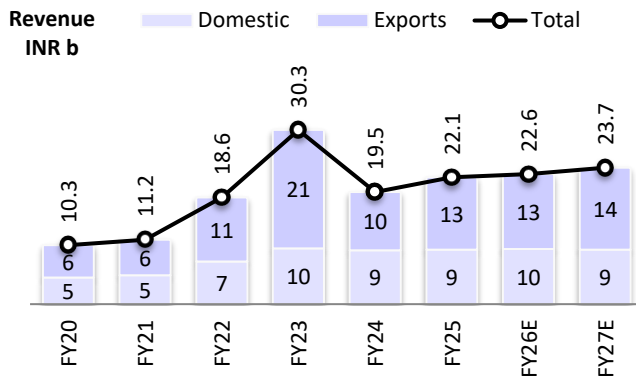
**Exhibit 7: PAT was down 15% YoY**



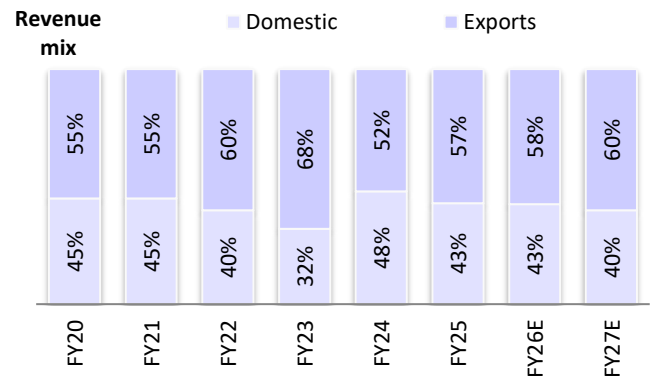
Source: Company, MOFSL

## Financial story in charts

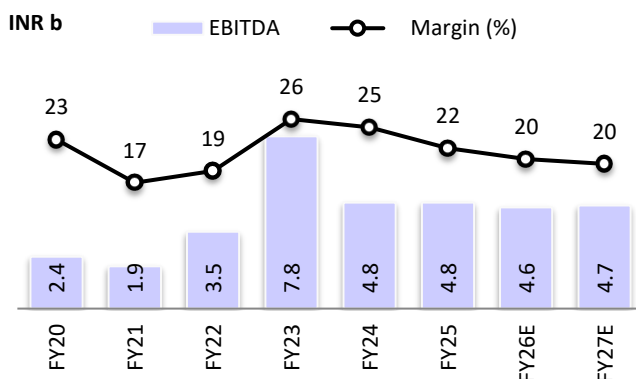
**Exhibit 8: Revenue expected to decline from its FY23 peak...**



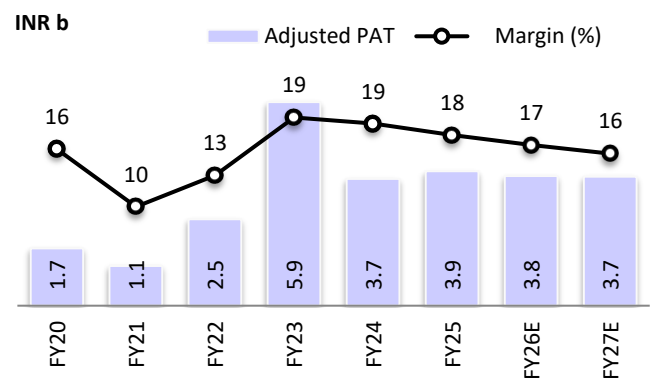
**Exhibit 9: ...with the share of exports to rebound to 60%**



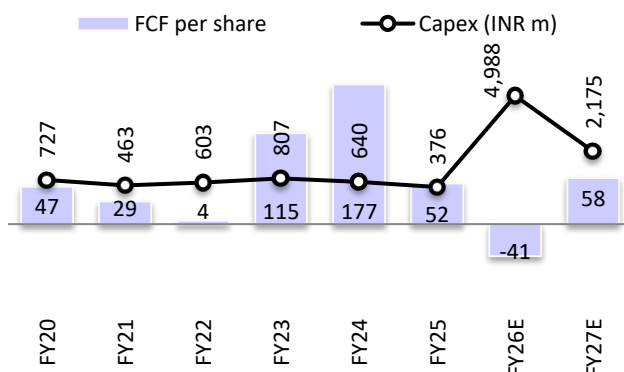
**Exhibit 10: Expect EBITDAM at 19-20%...**



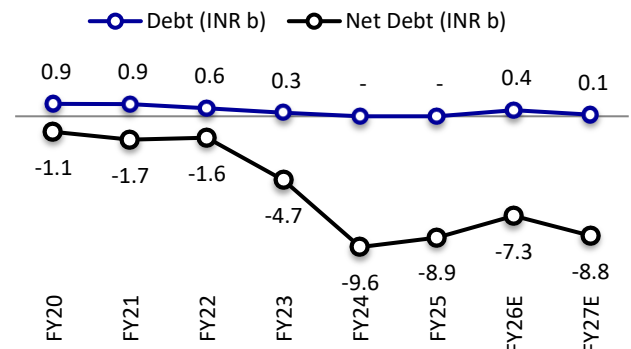
**Exhibit 11: ...along with a dip in PAT margin**



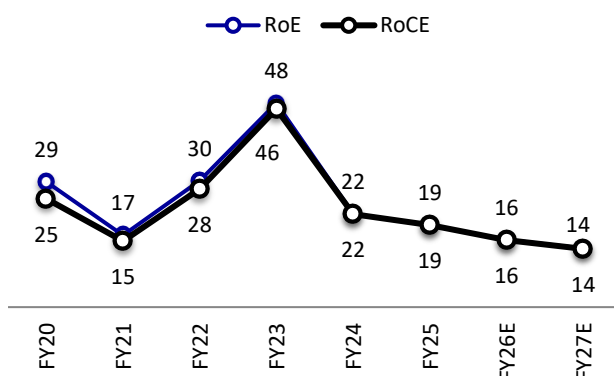
**Exhibit 12: Capex for F26-27E stands at INR7.2b**



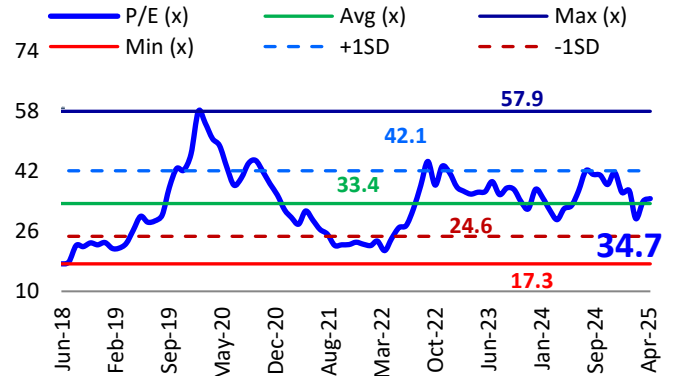
**Exhibit 13: FINEORG expects to remain cash positive**



**Exhibit 14: Return ratios to decline in the coming years**



**Exhibit 15: FINEORG trades at 34.7x 1-year forward P/E**



Source: Company, MOFSL

Source: Company, MOFSL

## Financials and valuations

### Standalone - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Total Income from Operations</b>	<b>10,262</b>	<b>11,213</b>	<b>18,584</b>	<b>30,291</b>	<b>19,511</b>	<b>22,052</b>	<b>22,603</b>	<b>23,733</b>
Change (%)	-1.7	9.3	65.7	63.0	-35.6	13.0	2.5	5.0
Gross Margin (%)	40.9	35.2	35.7	38.4	42.6	39.6	39.9	40.4
<b>EBITDA</b>	<b>2,361</b>	<b>1,921</b>	<b>3,485</b>	<b>7,813</b>	<b>4,813</b>	<b>4,811</b>	<b>4,595</b>	<b>4,672</b>
Margin (%)	23.0	17.1	18.8	25.8	24.7	21.8	20.3	19.7
Depreciation	347	468	399	479	566	514	532	654
<b>EBIT</b>	<b>2,014</b>	<b>1,453</b>	<b>3,086</b>	<b>7,334</b>	<b>4,247</b>	<b>4,297</b>	<b>4,064</b>	<b>4,018</b>
Int. and Finance Charges	48	61	51	45	23	17	18	19
Other Income	205	170	332	641	717	966	980	998
<b>PBT bef. EO Exp.</b>	<b>2,172</b>	<b>1,562</b>	<b>3,368</b>	<b>7,930</b>	<b>4,941</b>	<b>5,246</b>	<b>5,026</b>	<b>4,998</b>
EO Items	0	0	0	0	-6	0	0	0
<b>PBT after EO Exp.</b>	<b>2,172</b>	<b>1,562</b>	<b>3,368</b>	<b>7,930</b>	<b>4,935</b>	<b>5,246</b>	<b>5,026</b>	<b>4,998</b>
Total Tax	507	413	861	2,024	1,259	1,350	1,265	1,258
Tax Rate (%)	23.3	26.4	25.6	25.5	25.5	25.7	25.2	25.2
<b>Reported PAT</b>	<b>1,665</b>	<b>1,149</b>	<b>2,507</b>	<b>5,906</b>	<b>3,676</b>	<b>3,897</b>	<b>3,761</b>	<b>3,740</b>
<b>Adjusted PAT</b>	<b>1,665</b>	<b>1,149</b>	<b>2,507</b>	<b>5,906</b>	<b>3,680</b>	<b>3,897</b>	<b>3,761</b>	<b>3,740</b>
Change (%)	29.0	-31.0	118.1	135.6	-37.7	5.9	-3.5	-0.5
Margin (%)	16.2	10.2	13.5	19.5	18.9	17.7	16.6	15.8

### Standalone - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	153	153	153	153	153	153	153	153
Total Reserves	6,154	7,235	9,432	15,068	18,460	22,026	25,461	28,878
<b>Net Worth</b>	<b>6,308</b>	<b>7,388</b>	<b>9,585</b>	<b>15,221</b>	<b>18,613</b>	<b>22,179</b>	<b>25,615</b>	<b>29,031</b>
Total Loans	915	892	585	272	0	0	444	111
<b>Capital Employed</b>	<b>7,222</b>	<b>8,280</b>	<b>10,170</b>	<b>15,493</b>	<b>18,613</b>	<b>22,179</b>	<b>26,059</b>	<b>29,142</b>
Gross Block	4,192	4,459	5,192	5,518	6,627	7,001	11,989	14,164
Less: Accum. Deprn.	2,033	2,500	2,899	3,378	3,944	4,458	4,990	5,643
<b>Net Fixed Assets</b>	<b>2,159</b>	<b>1,958</b>	<b>2,293</b>	<b>2,140</b>	<b>2,683</b>	<b>2,543</b>	<b>6,999</b>	<b>8,520</b>
Capital WIP	58	263	141	404	297	268	268	268
<b>Total Investments</b>	<b>442</b>	<b>437</b>	<b>431</b>	<b>531</b>	<b>1,156</b>	<b>1,805</b>	<b>1,805</b>	<b>1,805</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>5,964</b>	<b>6,902</b>	<b>9,413</b>	<b>14,648</b>	<b>16,305</b>	<b>19,628</b>	<b>19,535</b>	<b>21,224</b>
Inventory	1,195	1,089	2,017	2,987	1,952	2,752	3,607	3,788
Account Receivables	1,451	1,752	3,316	4,769	3,480	3,660	3,751	3,939
Cash and Bank Balance	2,056	2,612	2,158	4,974	9,610	8,910	7,765	8,874
Cash	2,009	2,564	2,089	4,892	6,075	1,302	157	1,266
Bank Balance	48	48	69	82	3,535	7,608	7,608	7,608
Loans and Advances	1,262	1,449	1,922	1,918	1,262	4,307	4,411	4,624
<b>Curr. Liability &amp; Prov.</b>	<b>1,401</b>	<b>1,281</b>	<b>2,108</b>	<b>2,230</b>	<b>1,828</b>	<b>2,065</b>	<b>2,548</b>	<b>2,676</b>
Account Payables	843	990	1,514	1,707	1,320	1,508	1,977	2,076
Other Current Liabilities	526	156	290	366	308	267	273	287
<b>Net Current Assets</b>	<b>4,563</b>	<b>5,622</b>	<b>7,305</b>	<b>12,418</b>	<b>14,477</b>	<b>17,563</b>	<b>16,986</b>	<b>18,549</b>
<b>Appl. of Funds</b>	<b>7,222</b>	<b>8,280</b>	<b>10,170</b>	<b>15,493</b>	<b>18,613</b>	<b>22,179</b>	<b>26,059</b>	<b>29,142</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>54.3</b>	<b>37.5</b>	<b>81.8</b>	<b>192.6</b>	<b>120.0</b>	<b>127.1</b>	<b>122.7</b>	<b>122.0</b>
EPS Growth (%)	29%	-31%	118%	136%	-38%	6%	-3%	-1%
Cash EPS	65.6	52.7	94.8	208.2	138.5	143.8	140.0	143.3
BV/Share	205.7	241.0	312.6	496.5	607.1	723.4	835.4	946.9
DPS	11.0	11.0	9.0	9.0	10.0	11.0	10.6	10.6
Payout (%)	24.4	29.3	11.0	4.7	8.3	8.7	8.7	8.7
<b>Valuation (x)</b>								
P/E	76.8	111.2	51.0	21.6	34.7	32.8	34.0	34.2
Cash P/E	63.5	79.0	44.0	20.0	30.1	29.0	29.8	29.1
P/BV	20.3	17.3	13.3	8.4	6.9	5.8	5.0	4.4
EV/Sales	12.3	11.2	6.8	4.1	6.1	5.4	5.3	5.0
EV/EBITDA	53.7	65.6	36.2	15.8	24.6	24.7	26.2	25.5
Dividend Yield (%)	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.3
FCF per share	47.3	28.7	4.5	115.1	176.7	51.5	-40.6	58.2
<b>Return Ratios (%)</b>								
RoE	29.2	16.8	29.5	47.6	21.8	19.1	15.7	13.7
RoCE	25.3	15.4	27.6	46.3	21.7	19.2	15.6	13.6
RoIC	35.8	22.2	37.0	64.2	36.9	34.0	22.2	17.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	7.0	5.4	8.7	13.7	8.1	8.4	4.7	3.1
Asset Turnover (x)	1.4	1.4	1.8	2.0	1.0	1.0	0.9	0.8
Inventory (Days)	42	35	40	36	37	46	58	58
Debtor (Days)	52	57	65	57	65	61	61	61
Creditor (Days)	30	32	30	21	25	25	32	32
<b>Leverage Ratio (x)</b>								
Current Ratio	4.3	5.4	4.5	6.6	8.9	9.5	7.7	7.9
Interest Cover Ratio	42.1	23.9	61.0	164.4	183.1	254.2	229.0	215.6
Net Debt/Equity	-0.2	-0.2	-0.2	-0.3	-0.5	-0.4	-0.3	-0.3

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	2,172	1,562	3,368	7,930	4,935	5,246	5,026	4,998
Depreciation	347	468	399	479	566	521	532	654
Others	-144	-106	-257	-546	-673	-927	18	19
Direct Taxes Paid	-612	-415	-769	-2,092	-1,380	-1,375	-1,265	-1,258
(Inc)/Dec in WC	416	-167	-2,001	-1,435	2,610	-1,510	-568	-453
<b>CF from Operations</b>	<b>2,178</b>	<b>1,343</b>	<b>741</b>	<b>4,336</b>	<b>6,057</b>	<b>1,956</b>	<b>3,742</b>	<b>3,959</b>
(Inc)/Dec in FA	-727	-463	-603	-807	-640	-376	-4,988	-2,175
<b>Free Cash Flow</b>	<b>1,451</b>	<b>880</b>	<b>137</b>	<b>3,529</b>	<b>5,417</b>	<b>1,580</b>	<b>-1,246</b>	<b>1,784</b>
Change in Investments	-287	4	-18	-150	-4,114	-6,688	0	0
Others	172	57	60	110	464	673	0	0
<b>CF from Investments</b>	<b>-842</b>	<b>-402</b>	<b>-561</b>	<b>-847</b>	<b>-4,290</b>	<b>-6,391</b>	<b>-4,988</b>	<b>-2,175</b>
Inc/(Dec) in Debt	-14	-347	-306	-357	-274	0	444	-333
Interest Paid	-63	-52	-37	-44	-21	-14	-18	-19
Dividend Paid	-407	-92	-337	-276	-276	-307	-325	-324
Others	137	106	27	-9	-14	-17	0	0
<b>CF from Fin. Activity</b>	<b>-346</b>	<b>-385</b>	<b>-654</b>	<b>-686</b>	<b>-584</b>	<b>-338</b>	<b>101</b>	<b>-675</b>
<b>Inc/Dec of Cash</b>	<b>989</b>	<b>555</b>	<b>-475</b>	<b>2,803</b>	<b>1,183</b>	<b>-4,774</b>	<b>-1,145</b>	<b>1,109</b>
Opening Balance	1,020	2,009	2,564	2,089	4,892	6,075	1,302	157
<b>Closing Balance</b>	<b>2,009</b>	<b>2,564</b>	<b>2,089</b>	<b>4,892</b>	<b>6,075</b>	<b>1,302</b>	<b>157</b>	<b>1,266</b>

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Explanation of Investment Rating	
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