motilal oswal
Financial Services

21 May 2026
4QFY26 Results Update | Sector: Chemicals

Fine Organic Industries

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	FINEORG IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	141 / 1.5
52-Week Range (INR)	5494 / 3856
1, 6, 12 Rel. Per (%)	-5/11/5
12M Avg Val (INR M)	82

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	23.7	25.3	27.9
EBITDA	4.9	5.1	5.6
PAT	4.2	4.2	4.5
EPS (INR)	136.1	136.3	147.4
EPS Gr. (%)	1.6	0.2	8.1
BV/Sh.(INR)	869.1	994.3	1,129.8
Ratios			
Net D:E	-0.5	-0.5	-0.3
RoE (%)	16.8	14.6	13.9
RoCE (%)	16.9	14.7	14.0
Payout (%)	8.1	8.1	8.1
Valuations			
P/E (x)	33.9	33.8	31.3
P/BV (x)	5.3	4.6	4.1
EV/EBITDA (x)	26.0	24.9	23.4
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	2.0	1.1	2.5

Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	75.0	75.0	75.0
DII	11.7	11.8	12.0
FII	4.4	4.4	4.7
Others	9.0	8.8	8.3

FII includes depository receipts

CMP: INR4,600 TP: INR3,980 (-13%) Sell

Healthy performance amid persistent macro headwinds

Earnings above our estimate

- Fine Organic Industries (FINEORG) reported healthy operating performance, with an EBITDA growth of 9% YoY, primarily due to gross margin expansion of 70bp YoY to 40.3%.
- Fine Organic Industries continues to strengthen its global footprint through expansion into new geographies and strategic partnerships. In line with this strategy, the Board has approved the acquisition of Oleofine Organics, Malaysia (engaged in the manufacturing and sale of specialty chemical products), further reinforcing the company's international expansion plans.
- However, we expect FINEORG's operating performance to remain affected by macroeconomic uncertainties, supply chain disruptions, rising raw material costs, and capacity constraints across facilities.
- We broadly retain our earnings estimates for FY27/FY28 and estimate a revenue/EBITDA/Adj. PAT CAGR of 9%/7%/4% for FY26-FY28. FINEORG currently trades at ~31x FY28E EPS and ~23x FY28E EV/EBITDA. We value the stock at 27x FY28E EPS (~20% discount to the five-year avg. P/E of 33.6), to arrive at our TP of INR3,980. **Reiterate Sell.**

Margin expansion led by stable demand

- FINEORG reported revenue of INR6.2b in 4QFY26, rising 3% YoY. Overall demand remained stable during the quarter, with export markets showing steady performance.
- Export revenue grew 1% YoY to INR3.4b, while domestic revenue grew 5% YoY to INR2.8b, driven by improved domestic demand.
- Gross margin stood at 40.3% (up 70p YoY), while EBITDA margin expanded 110bp YoY to 20.8% in 4QFY26.
- EBITDA stood at INR1.3b, up 9% YoY, and Adj. PAT grew 21% YoY to INR1.2b in 4QFY26 (est. of INR919m).
- In FY26, its revenue/adj. PAT grew 4%/2% YoY to INR23.7b/INR4.2b, while EBITDA declined 4% to INR4.9b.
- CFO stood at INR4.3b as of Mar'26, compared to INR2b in Mar'25.

Highlights from the management commentary

- **Acquisition of Oleofine Organics:** The Board approved the acquisition of up to an 80% stake in Oleofine Organics, Malaysia, for an aggregate consideration of up to MYR34.2m (~INR830m); the acquisition aligns with the company's long-term strategy of strengthening its food and specialty additives portfolio while expanding its international presence. Olefine reported a revenue of ~INR452m in FY25 (~2% of FINEORG's FY25 revenue).
- Guidance **and outlook:** Management guided the EBITDA margin to be in the range of 18-20%, while indicating that revenue growth over the next two years is expected to be primarily price-led, given near/full utilization across existing facilities until new capacities are commissioned.
- **Macro environment:** Raw material prices remained elevated during FY26, with a further sequential increase in 4QFY26 driven by higher crude-linked vegetable oil prices, while freight costs further increased during the quarter due to supply chain disruptions arising from the West Asia conflict. Further, demand trends across international markets remained uneven.

Research Analyst: Sumant Kumar (Sumant.Kumar@MotilalOswal.com)

Valuation and view

- The company remains focused on strengthening its global presence through investments in overseas subsidiaries, expanding US capacity for future growth, enhancing manufacturing capabilities, incorporating a wholly-owned subsidiary in Dubai to establish a local presence in GCC countries, and expanding its presence in Malaysia with the acquisition of Oleofine Organics.
- We anticipate FINEORG performance to be adversely affected 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 for debottlenecking, and 3) the macroeconomic environment.
- We broadly retain our earnings estimates for FY27/FY28 and estimate a revenue/EBITDA/Adj. PAT CAGR of 9%/7%/4% for FY26-FY28. FINEORG currently trades at ~31x FY28E EPS and ~23x FY28E EV/EBITDA. We value the stock at 27x FY28E EPS (~20% discount to the five-year avg. P/E of 33.6) to arrive at our TP of INR3,980. **Reiterate Sell.**

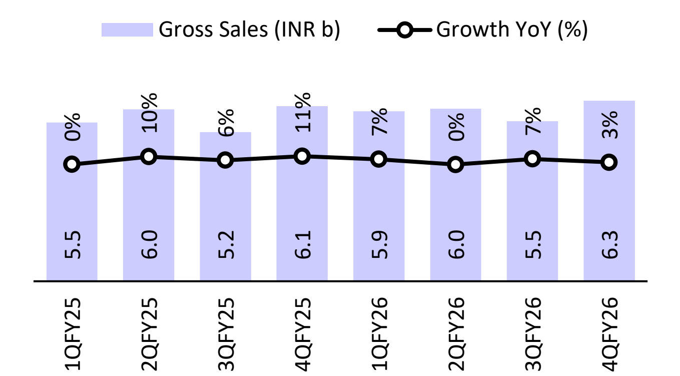
Consolidated - Income Statement (INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Gross Sales	5,497	5,958	5,168	6,068	5,884	5,973	5,548	6,253	22,691	23,658	5,874	6%
YoY Change (%)	0.5	10.2	5.8	11.0	7.0	0.2	7.3	3.1	16.3	4.3	-3.2	
Gross Margin (%)	43.6%	42.8%	39.9%	39.6%	40.4%	41.6%	38.0%	40.3%	22.6%	20.7%	38.0%	
EBITDA	1,398	1,507	1,027	1,196	1,236	1,352	1,015	1,298	5,129	4,901	1,087	19%
Margin (%)	25.4	25.3	19.9	19.7	21.0	22.6	18.3	20.8	22.6	20.7	18.5	
Depreciation	118	125	131	148	118	128	138	180	523	564	148	
Interest	4	4	4	5	5	4	5	27	22	41	6	
Other Income	245	219	254	258	398	211	211	346	976	1,167	295	
PBT	1,521	1,597	1,146	1,300	1,581	1,431	1,013	1,437	5,560	5,461	1,228	
Tax	382	418	319	328	403	335	268	253	1,447	1,259	308	
Rate (%)	25.1	26.2	27.8	25.2	25.5	23.4	26.5	17.6	26.0	23.0	25.1	
MI & Profit/Loss of Asso. Cos.	5	5	0	-1	7	10	5	9	8	31	0	
Reported PAT	1,135	1,175	827	973	1,171	1,086	739	1,175	4,105	4,171	919	
Adj PAT	1,135	1,175	827	973	1,119	1,086	792	1,175	4,105	4,172	919	28%
YoY Change (%)	13.8	13.6	-12.2	-15.3	-1.4	-7.6	-4.3	20.7	11.6	1.6	11.1	
Margin (%)	20.6	19.7	16.0	16.0	19.0	18.2	14.3	18.8	18.1	17.6	15.6	

Particulars	Revised		Previous		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue (INR m)	25,328	27,864	24,498	28,172	3%	-1%
EBITDA (INR m)	5,071	5,579	4,874	5,562	4%	0%
PAT (INR m)	4,179	4,518	4,089	4,568	2%	-1%
EPS (INR)	136.3	147.4	133.4	149.0	2%	-1%

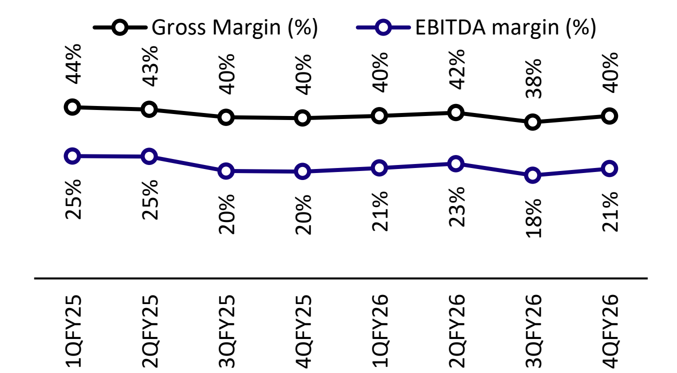
Story in charts: 4QFY26

Exhibit 1: Revenue grew 3% YoY



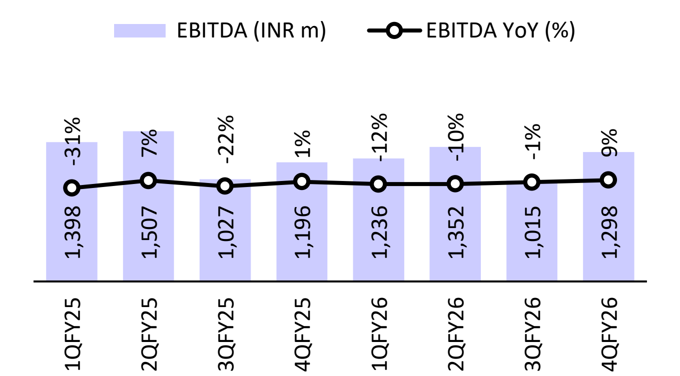
Source: Company, MOFSL

Exhibit 2: GM and EBITDAM trends



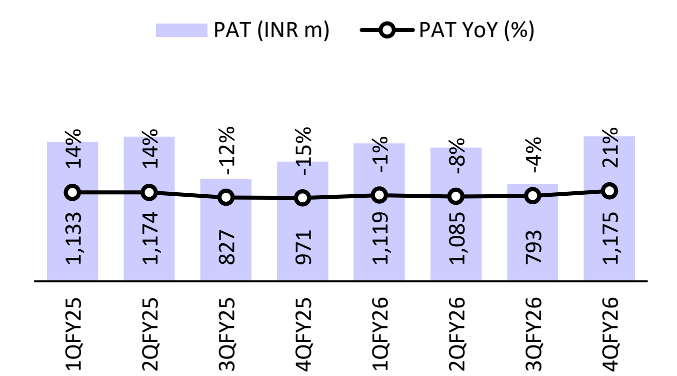
Source: Company, MOFSL

Exhibit 3: EBITDA grew 9% YoY



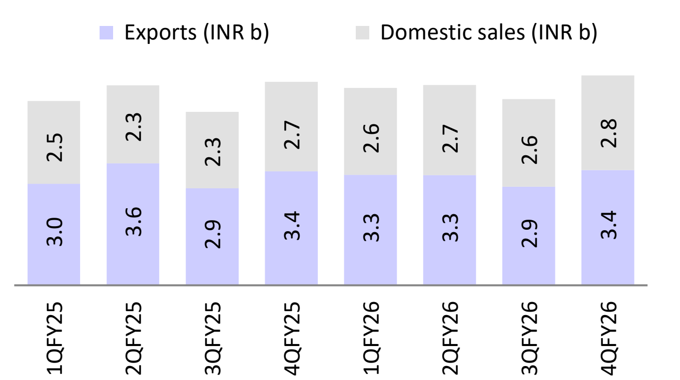
Source: Company, MOFSL

Exhibit 4: PAT was up 21% YoY



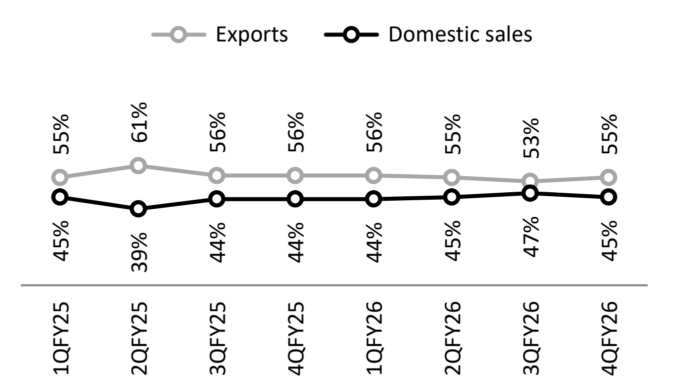
Source: Company, MOFSL

Exhibit 5: Domestic revenue grew 5% YoY…



Source: Company, MOFSL

Exhibit 6: …while it contributed 45% to the total revenue in 4Q



Source: Company, MOFSL

Highlights from the management commentary

Operating performance

- Exports contributed ~55% of total revenue in 4QFY26 and FY26, while domestic business accounted for the remaining ~45%; management highlighted stable export demand and improving domestic traction during the year.
- FY26 marked a significant milestone in the company's long-term global expansion strategy, with multiple strategic initiatives progressing simultaneously across key international geographies, including India, the US, Malaysia, Thailand, and the Middle East.
- All manufacturing facilities continued to operate at near/full utilization levels during the year, while the newly commissioned Patalganga food additives facility witnessed a steady ramp-up and is expected to achieve full utilization in the next financial year.
- Freight costs increased during the quarter due to geopolitical and supply chain disruptions; however, management indicated that most customers have accepted the higher freight costs under revised arrangements.
- Depreciation expenses increased owing to the expansion of R&D infrastructure, the addition of a new corporate office, and investments in warehousing and other supporting infrastructure additions.

Macro Environment

- Raw material prices remained elevated in FY26 compared to FY25, with a further sequential increase observed in 4QFY26 vs. 3QFY26, driven primarily by higher crude-linked vegetable oil prices.
- Freight costs largely remained stable through most of FY26; however, costs increased in 4QFY26 due to supply chain disruptions and logistical challenges arising from the West Asia conflict.
- FY26 continued to be characterized by a challenging global operating environment marked by geopolitical uncertainties, evolving trade dynamics, raw material volatility, and disruptions across global logistics and supply chains.
- Demand trends across international markets remained uneven during the year, with customers globally maintaining cautious inventory positions amid macroeconomic uncertainty.
- The operating environment continued to witness freight volatility, currency fluctuations, and intermittent supply-side disruptions, impacting overall business visibility across regions.
- Management indicated that while overall demand remains stable, supply chain challenges persist in the Middle East due to partial port closures and operational disruptions across certain trade routes.
- Rising crude oil prices have led to increased global demand for vegetable oils, particularly palm oil, driven by higher biodiesel blending, resulting in sustained inflationary pressure on key raw materials.
- In light of raw material volatility, customers have been increasingly cooperating on shorter-duration contracts, enabling better pricing flexibility and risk management.

Strategic Expansion

- In 1QFY26, the company incorporated a wholly owned subsidiary, Fine Organics Americas LLC, in the US with an initial equity investment of USD1.12m. The subsidiary has acquired ~160 acres of land in Jonesville, Union County, South Carolina, for setting up a manufacturing facility.
- Management highlighted the US as a strategically important geography, with the proposed manufacturing facility expected to strengthen the company's presence across North, Central, and South America, improve supply chain security for customers, and unlock long-term growth opportunities.
- The company acknowledged the possibility of initial operational challenges during Phase-1 of the US plant, given the lack of prior manufacturing experience in the region. Management intends to use the initial phase as a learning curve before scaling up meaningfully through Phase-2 and Phase-3 expansions.
- In 3QFY26, the company incorporated Fine Organics FZE, a wholly owned subsidiary in Dubai, UAE. Subsequently, in 4QFY26, the parent infused equity of AED200k into the subsidiary to strengthen its local presence across GCC countries and improve regional supply chain and distribution efficiencies.
- In 3QFY26, the company infused THB22.5m into its JV entity, Fine Organic Industries (Thailand) Co. Ltd., to support future business expansion and growth initiatives in the region.

Acquisition of Oleofine Organics

- The Board of Directors has approved the acquisition of up to 80% stake in Oleofine Organics from existing shareholders, including Smoothex Chemicals Pvt. Ltd. and Premier Additives, along with other individual shareholders.
- Oleofine Organics is engaged in the food additives business, and the proposed acquisition aligns with Fine Organic's long-term growth strategy of strengthening its specialty additives portfolio and expanding its international footprint.
- Upon completion, Oleofine Organics will become a subsidiary of Fine Organic Industries. The transaction will be executed through cash consideration, with the aggregate acquisition value estimated at ~MYR34.2m (~INR830m), subject to transaction costs and exchange rate fluctuations.
- The acquisition is expected to be completed within the next three months, subject to customary regulatory approvals and execution of definitive agreements.

Outlook and Guidance

- Management reiterated its sustainable EBITDA margin guidance of 18–20%, while indicating that the next two years are likely to remain operationally flat due to capacity constraints across existing facilities until new capacities come onstream.
- The company expects any near-term topline growth to be driven primarily by price increases rather than volume growth, given that existing plants are already operating at near/full utilization levels.
- Palm oil and related oleochemical feedstocks continue to witness structural tightness globally, driven by increased biodiesel blending mandates in key producing countries such as Indonesia and Malaysia.

- Management expects raw material prices, particularly vegetable oil-linked feedstocks, to remain elevated through FY27 even if geopolitical tensions moderate, owing to structurally higher global demand dynamics]

Others

- Employee cost growth during 4QFY26 was primarily driven by strategic hiring initiatives for upcoming expansion projects, with management highlighting that employees are being onboarded and trained well in advance to ensure operational readiness once new facilities are commissioned.
- The newly commissioned Patalganga food additives facility continues to witness a steady ramp-up and is expected to achieve full utilization during FY27.
- The JNPA/ACES project remains the company's highest strategic priority, with commercial production targeted for 2HFY28. Management indicated that contractors have already been onboarded, and project execution is progressing broadly as per schedule.
- Management reiterated its long-term focus on green chemistry, specialty additives, and customized customer-centric solutions, supported by continued investments in R&D, application development, and innovation capabilities.

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**11,213**	**18,584**	**30,291**	**19,511**	**22,691**	**23,658**	**25,328**	**27,864**
Change (%)	*9.3*	*65.7*	*63.0*	*-35.6*	*16.3*	*4.3*	*7.1*	*10.0*
Gross Margin (%)	*35.2*	*35.7*	*38.4*	*42.6*	*41.5*	*40.1*	*39.6*	*39.9*
EBITDA	**1,921**	**3,485**	**7,813**	**4,813**	**5,129**	**4,901**	**5,071**	**5,579**
Margin (%)	*17.1*	*18.8*	*25.8*	*24.7*	*22.6*	*20.7*	*20.0*	*20.0*
Depreciation	468	399	479	566	523	564	632	776
EBIT	**1,453**	**3,086**	**7,334**	**4,247**	**4,606**	**4,337**	**4,439**	**4,803**
Int. and Finance Charges	61	51	45	23	22	41	28	33
Other Income	170	332	641	717	976	1,167	1,216	1,310
PBT bef. EO Exp.	**1,562**	**3,368**	**7,930**	**4,941**	**5,560**	**5,462**	**5,627**	**6,080**
EO Items	0	0	0	6	0	1	0	0
PBT after EO Exp.	**1,562**	**3,368**	**7,930**	**4,935**	**5,560**	**5,461**	**5,627**	**6,080**
Total Tax	413	861	2,024	1,259	1,447	1,259	1,416	1,530
Tax Rate (%)	*26.4*	*25.6*	*25.5*	*25.5*	*26.0*	*23.0*	*25.2*	*25.2*
Reported PAT	**1,149**	**2,507**	**5,906**	**3,676**	**4,105**	**4,171**	**4,179**	**4,518**
Adjusted PAT	**1,149**	**2,507**	**5,906**	**3,680**	**4,105**	**4,172**	**4,179**	**4,518**
Change (%)	*-31.0*	*118.1*	*135.6*	*-37.7*	*11.6*	*1.6*	*0.2*	*8.1*
Margin (%)	*10.2*	*13.5*	*19.5*	*18.9*	*18.1*	*17.6*	*16.5*	*16.2*

Consolidated - Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	153	153	153	153	153	153	153	153
Total Reserves	7,235	9,432	15,068	18,460	22,799	26,492	30,333	34,486
Net Worth	**7,388**	**9,585**	**15,221**	**18,613**	**22,952**	**26,645**	**30,487**	**34,639**
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	892	585	272	0	0	449	111	111
Capital Employed	**8,280**	**10,170**	**15,493**	**18,613**	**22,952**	**27,095**	**30,598**	**34,750**
Gross Block	4,459	5,192	5,518	6,627	8,101	8,915	9,135	16,735
Less: Accum. Deprn.	2,500	2,899	3,378	3,944	4,467	5,031	5,663	6,439
Net Fixed Assets	**1,958**	**2,293**	**2,140**	**2,683**	**3,634**	**3,884**	**3,472**	**10,296**
Capital WIP	263	141	404	297	261	625	2,605	3,505
Total Investments	**437**	**431**	**531**	**1,156**	**353**	**383**	**383**	**383**
Curr. Assets, Loans&Adv.	**6,902**	**9,413**	**14,648**	**16,305**	**20,790**	**25,096**	**27,719**	**24,507**
Inventory	1,089	2,017	2,987	1,952	3,629	4,025	5,435	5,979
Account Receivables	1,752	3,316	4,769	3,480	3,335	3,511	3,759	4,136
Cash and Bank Balance	2,612	2,158	4,974	9,610	9,499	14,488	15,261	10,836
Loans and Advances	1,449	1,922	1,918	1,262	4,326	3,072	3,264	3,556
Curr. Liability & Prov.	**1,281**	**2,108**	**2,230**	**1,828**	**2,085**	**2,893**	**3,582**	**3,940**
Account Payables	990	1,514	1,707	1,320	1,555	1,730	2,337	2,570
Other Current Liabilities	156	290	366	308	531	1,062	1,137	1,251
Net Current Assets	**5,622**	**7,305**	**12,418**	**14,477**	**18,705**	**22,203**	**24,138**	**20,566**
Appl. of Funds	**8,280**	**10,170**	**15,493**	**18,613**	**22,952**	**27,095**	**30,598**	**34,750**

Financials and valuations

Ratios								
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)								
EPS	**37.5**	**81.8**	**192.6**	**120.0**	**133.9**	**136.1**	**136.3**	**147.4**
EPS Growth (%)	*-31%*	*118%*	*136%*	*-38%*	*12%*	*2%*	*0%*	*8%*
Cash EPS	52.7	94.8	208.2	138.5	150.9	154.5	156.9	172.7
BV/Share	241.0	312.6	496.5	607.1	748.6	869.1	994.3	1,129.8
DPS	11.0	9.0	9.0	10.0	11.0	11.0	11.0	11.9
Payout (%)	29.3	11.0	4.7	8.3	8.2	8.1	8.1	8.1
Valuation (x)								
P/E	122.9	56.4	23.9	38.4	34.4	33.9	33.8	31.3
Cash P/E	87.4	48.6	22.1	33.3	30.5	29.8	29.4	26.7
P/BV	19.1	14.7	9.3	7.6	6.2	5.3	4.6	4.1
EV/Sales	12.4	7.5	4.5	6.7	5.8	5.4	5.0	4.7
EV/EBITDA	72.7	40.1	17.5	27.4	25.7	26.0	24.9	23.4
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
FCF per share	28.7	4.5	115.1	176.7	25.0	93.9	49.2	114.3
Return Ratios (%)								
RoE	16.8	29.5	47.6	21.8	19.8	16.8	14.6	13.9
RoCE	15.4	27.6	46.3	21.7	19.9	16.9	14.7	14.0
RoIC	22.2	37.0	64.2	36.9	33.4	27.3	27.7	22.2
Working Capital Ratios								
Fixed Asset Turnover (x)	5.4	8.7	13.7	8.1	7.2	6.3	6.9	4.0
Asset Turnover (x)	1.4	1.8	2.0	1.0	1.0	0.9	0.8	0.8
Inventory (Days)	35	40	36	37	58	62	78	78
Debtor (Days)	57	65	57	65	54	54	54	54
Creditor (Days)	32	30	21	25	25	27	34	34
Leverage Ratio (x)								
Current Ratio	5.4	4.5	6.6	8.9	10.0	8.7	7.7	6.2
Interest Cover Ratio	23.9	61.0	164.4	183.1	209.8	105.2	159.9	144.3
Net Debt/Equity	-0.2	-0.2	-0.3	-0.5	-0.4	-0.5	-0.5	-0.3

Consolidated - Cash Flow Statement								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	1,562	3,368	7,930	4,935	5,552	5,429	5,627	6,080
Depreciation	468	399	479	566	522	564	632	776
Others	-106	-257	-546	-673	-891	-640	28	33
Direct Taxes Paid	-415	-769	-2,092	-1,380	-1,455	-1,297	-1,416	-1,530
(Inc)/Dec in WC	-167	-2,001	-1,435	2,610	-1,687	239	-1,162	-854
CF from Operations	**1,343**	**741**	**4,336**	**6,057**	**2,040**	**4,296**	**3,709**	**4,505**
(Inc)/Dec in FA	-463	-603	-807	-640	-1,273	-1,417	-2,200	-1,000
Free Cash Flow	**880**	**137**	**3,529**	**5,417**	**767**	**2,879**	**1,509**	**3,505**
Change in Investments	4	-18	-150	-4,114	-6,093	-62	0	0
Others	57	60	110	464	683	-2,613	0	0
CF from Investments	**-402**	**-561**	**-847**	**-4,290**	**-6,683**	**-4,092**	**-2,200**	**-1,000**
Inc/(Dec) in Debt	-347	-306	-357	-274	0	437	-338	0
Interest Paid	-52	-37	-44	-21	-19	-16	-28	-33
Dividend Paid	-92	-337	-276	-276	-307	-337	-338	-365
Others	106	27	-9	-14	-21	-86	0	0
CF from Fin. Activity	**-385**	**-654**	**-686**	**-584**	**-347**	**-2**	**-704**	**-399**
Inc/Dec of Cash	**555**	**-475**	**2,803**	**1,183**	**-4,990**	**202**	**804**	**3,106**
Opening Balance	2,009	2,564	2,089	4,892	6,075	1,892	1,883	2,656
Closing Balance	**2,564**	**2,089**	**4,892**	**6,075**	**1,892**	**1,883**	**2,656**	**5,732**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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