Fine Organic Industries (FINORG)

CMP: ₹ 4,644 | Target: ₹ 5,555 (20%) | Target Period: 12 months | BUY

June 4, 2026

Strategies for the next leg of growth in place…

About the stock: Fine Organic Industries (FOIL) manufactures a comprehensive range of plant based, oleochemical- derived speciality additives used across industries such as foods, plastics, cosmetics, coatings among others

- It owns seven manufacturing facilities located at Ambernath, Badlapur, Dombivli and Patalganga.
- To accelerate future growth, the company has recently acquired ~30-acre site at the Jawaharlal Nehru Port Authority Special Economic Zone (JNPA SEZ) in Mumbai along with ~160 acres of land in South Carolina, USA.

Investment Rationale

- **Q4FY26- Steady performance** –Revenues stood at ₹625.3 crore, up 3.1% YoY. Gross Margins stood at 40.3%, up ~70 bps YoY. EBITDA for the quarter stood at ₹130 crore, up 9% YoY, translating to margins of ~20.8%, up ~110bps YoY. PAT for the quarter stood at ₹ 117.5 crore, up 21% YoY. In FY26, the revenues stood at ₹2,365.8 crore, up 4.4% YoY. Gross Margins stood at 40.1%, down ~120 bps YoY. EBITDA for the year stood at ₹483 crore, down 5% YoY, translating to margins of 20.4%, down ~210 bps YoY. PAT for the year stood at ₹417 crore, up ~1.6% YoY.
- **Strong Balance sheet and margin resilience-** Despite elevated raw material prices due to the current geopolitical turmoil, Fine Organics has reiterated its long-term EBITDA margin guidance of 18-20%. Additionally, the company maintains a robust cash balance of ~₹1,500 crore, providing significant financial flexibility to fund its ongoing expansion plans entirely through internal accruals without incurring balance sheet leverage, while also supporting higher working capital requirements amid an inflationary cost environment. With a strong balance sheet and multiple growth drivers we maintain an overall positive view on the company.
- **Capacity Expansion cycle to drive growth-** With existing facilities operating at near-full utilization, the company has embarked on a significant capacity expansion cycle through its ₹700–750 crore JNPA SEZ project, targeted for commissioning in H2FY28, alongside a greenfield manufacturing facility in the US. Concurrently, the acquisition of Olefine Organics Malaysia, expansion initiatives in Thailand, and establishment of a Dubai subsidiary is expected to strengthen the company's presence across key global markets and improve access to critical raw material ecosystems. Given management's commentary that FY27 and large part of FY28 will remain capacity constrained, the commissioning of these projects could mark the beginning of the next growth cycle, enabling meaningful volume expansion after a prolonged period of stagnancy due to capacity constraints. We continue to monitor management's timeline (rather than quarterly numbers) for the new ventures.

Rating and Target Price

- Our Target Price is ₹5,555 based on 21x FY29 EBITDA of ₹728.6 crore

FINE ORGANICS

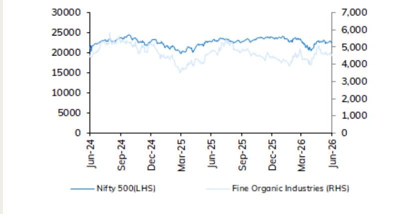
Particulars

Particular	Amount
Market cap (₹ Crore)	14,238
FY26 Total Debt (₹ Crore)	71
FY26 Cash & Inv (₹ Crore)	1,449
EV (₹ Crore)	12,860
52 Week H/L	5494/3856
Equity Capital (₹ Crore)	15
Face Value (₹)	5

Shareholding pattern

in %	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	75.0	75.0	75.0	75.0
DII	11.9	12.0	11.8	11.7
FII	4.8	4.6	4.4	4.4
Others	8.3	8.4	8.8	9.0
Total				

Price Chart



Key risks

- Delay in the offtake of the capex plans
- Volatility in input prices

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Key Financial Summary

(₹Crore)	FY24	FY25	FY26	2 year CAGR (FY24-26)	FY27E	FY28E	FY29E	2 year CAGR (FY27E-29E)
Net Revenue	2,123.0	2,265.5	2,365.8	5.6%	2,395.4	2,578.2	3,680.0	23.9%
EBITDA	534.0	508.9	483.0		455.1	497.6	728.6	26.5%
EBITDA Margins (%)	25.2%	22.5%	20.4%		19.0%	19.3%	19.8%	
Adj.PAT	412.5	410.5	410.5		361.1	369.0	588.2	27.6%
Adj. EPS (₹)	134.8	134.1	138.6		118.0	120.6	192.2	
EV/EBITDA	25.1x	27.4x	29.0x		31.3x	28.8x	19.1x	
P/E	10.6x	10.7x	10.3x		12.1x	11.9x	7.4x	
ROE (%)	21.5	17.9	15.9		12.1	11.1	15.2	
ROCE (%)	28.6	24.3	19.9		15.0	13.5	18.4	

Source: Company, ICICI Direct Research

Q4FY26 Earnings Release / Conference call highlights

Expansion & Capex Updates-

JNPA SEZ Project-

- Total planned investment remains ~₹700-₹750 crore, with ₹192.5 crore invested to date.
- Contractors were onboarded in Q1, and targeted commissioning timelines remain in H2FY28.
- This plant to be primarily export-focused and will free capacity at current units to cater to domestic demand.
- Domestic capacities will be absorbed over much larger portfolio across food, feed, polymer, coatings, cosmetics and other additive chemistries.
- Since the initial products are already approved globally, no major approval hurdles are expected.
- Only a few large multinational customers may undertake site-transfer audits as a procedural requirement.

US Manufacturing Facility-

- Fine Organics has already acquired ~160 acres of land in South Carolina, USA and an initial equity investment of ~$1.12 million (₹9.6 crore) has been made.
- All major approvals have been received with Contractor; finalization discussions are currently underway.
- Capex details, timeline etc. to be disclosed in the upcoming quarters.
- A three-stage commissioning is targeted, with Phase-I to be a smaller capacity to test operational stability. Once construction begins Phase-I commissioning is expected within 18-24 months.
- Phase-I will replicate existing exports from India to US, while newer products would be introduced in subsequent phases.

Olefine Organics Acquisition-

- The board of directors have approved acquiring 80% in related party Oleofine Organics, Malaysia for ~₹83 crore cash with completion timeline of 3 months.
- The target company's annual turnover stood at ₹45 crore in FY25 and is in the business of palm oil-based food additives catering to Asian markets. Strategically poised for palm-oil sourcing, with further scope of expansion in other palm-oil based applications.
- The management highlighted that acquisition is strategic rather than scale-driven. Significant expansion opportunities are being evaluated post-acquisition.

Thailand JV-

- Infused ₹6.2 crore equity in the JV with Plant running at full scale, but expansion might delay due to existing bandwidth tied up in in JNPA expansion and USA project.

Product Development & R&D-

- Feed nutrition remains one of the most successful new verticals.
- Business expanded from 1 product initially to 14–15 commercialized products currently.

Raw Material & Margin Outlook-

- The management highlighted that palm oil availability is expected to remain structurally tight due to Biodiesel blending mandates and higher crude oil prices.
- Management expects vegetable oil prices to remain elevated through FY27 and does not foresee any meaningful correction in the near term.
- The company has shifted towards 1–3-month contracts and is avoiding long-duration commitments amid volatile raw material markets.
- Customers are generally accepting Freight escalations and Raw material-linked price increases.

- Management reiterated historical sustainable EBITDA margin band of 18–20%.

Growth Outlook-

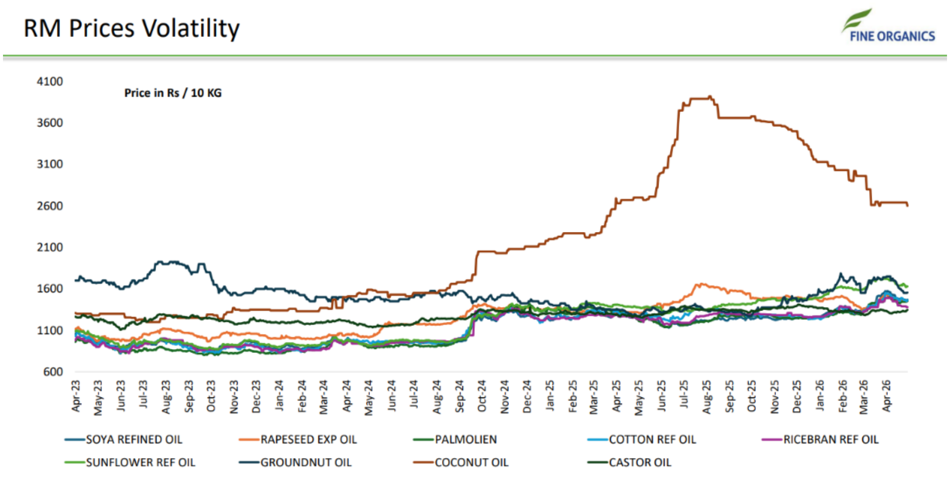
- FY27 expected to remain largely flat due to: capacity constraints and full utilization of existing facilities.
- Significant growth is expected post JNPA SEZ commissioning in H2FY28 and US Phase 1 commissioning thereafter.

Exhibit 1: Valuation Summary

Valuation Summary			
Particular	**FY29**	**Multiple**	**EV**
EBITDA	728.6	21 x	**15301**
Net Debt			-1701
Targeted Mcap			17002
No of shares			3.1
CMP			4644
Target Price			**5555**
Upside			20%

Source: Company, ICICI Direct Research

Exhibit 2: Raw Material Prices Volatility



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total Operating Income	**2,365.8**	**2,395.4**	**2,578.2**	**3,680.0**
Growth (%)	4.4	1.2	7.6	42.7
Raw Material Expenses	1,416.6	1,425.2	1,534.0	2,189.6
Gross Profit	949.2	970.1	1,044.2	1,490.4
Gross Profit Margins (%)	40.1	40.5	40.5	40.5
Employee Expenses	163.9	179.7	185.6	246.6
Other Expenditure	302.3	335.3	360.9	515.2
Total Operating Expenditure	1,882.8	1,940.2	2,080.6	2,951.4
EBITDA	**483.0**	**455.1**	**497.6**	**728.6**
Growth (%)	-5.1	-5.8	9.3	46.4
Interest	4.1	16.3	28.3	28.3
Depreciation	56.4	83.4	112.6	112.6
Other Income	116.7	118.1	127.1	181.5
PBT before Exceptional Items	539.1	473.6	483.9	769.3
Less: Exceptional Items	7.0	0.0	0.0	0.0
PBT after Exceptional Items	532.1	473.6	483.9	769.3
Total Tax	125.9	109.0	111.3	177.5
PAT before MI	406.2	364.7	372.6	591.8
PAT	**417.1**	**361.1**	**369.0**	**588.2**
Adjusted PAT	410.5	361.1	369.0	588.2
Growth (%)	0.0	-12.0	2.2	59.4
EPS (Adjusted)	138.6	118.0	120.6	192.2

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit/(Loss) after taxation	**413.2**	**361.1**	**369.0**	**588.2**
Add: Depreciation & Amortizati	56.4	83.4	112.6	112.6
Net Increase in Current Assets	100.1	163.0	25.6	-241.5
Net Increase in Current Liabiliti	-76.2	-40.0	26.0	48.1
Others	-64.0	16.3	28.3	28.3
CF from Operating activities	**429.6**	**583.7**	**561.3**	**535.7**
Investments	-329.8	-200.0	0.0	-300.0
(Purchase)/Sale of Fixed Asset	-141.7	-780.0	-560.0	-50.0
Others	62.3	0.0	0.0	0.0
CF from Investing activities	**-409.2**	**-980.0**	**-560.0**	**-350.0**
(inc)/Dec in Loan	43.7	200.0	200.0	0.0
Dividend & Dividend tax	-33.7	-40.5	-40.5	-40.5
Other	-10.2	-16.3	-28.3	-28.3
CF from Financing activities	**-0.2**	**143.2**	**131.2**	**-68.8**
Net Cash Flow	20.2	-253.0	132.6	116.9
Opening Cash	950	1,449	1,196	1,328
Closing Cash	**1,448.8**	**1,195.8**	**1,328.4**	**1,445.3**

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Equity Capital	**15.3**	**15.3**	**15.3**	**15.3**
Reserve and Surplus	2,649.2	2,969.8	3,298.2	3,845.9
Total Shareholders funds	2,664.5	2,985.1	3,313.5	3,861.2
Total Debt	70.9	270.9	470.9	470.9
Deferred Tax Liability	0.0	0.0	0.0	0.0
Long-Term Provisions	0.0	0.0	0.0	0.0
Other Non Current Liabilities	0.0	0.0	0.0	0.0
Source of Funds	**2,735.4**	**3,256.0**	**3,784.4**	**4,332.1**
	6%	108%	36%	0%
Gross Block - Fixed Assets	677.3	1,407.3	1,917.3	1,917.3
Accumulated Depreciation	288.9	372.3	484.9	597.5
Net Block	388.4	1,035.0	1,432.4	1,319.8
Capital WIP	64.1	114.1	164.1	214.1
Goodwill	0.0	0.0	0.0	0.0
Fixed Assets	452.5	1,149.1	1,596.5	1,534.0
Investments	226.1	426.1	426.1	726.1
Other non-Current Assets	0.0	0.0	0.0	0.0
Inventory	402.5	295.3	282.5	403.3
Debtors	351.1	295.3	282.5	403.3
Other Current Assets	117.7	117.7	117.7	117.7
Cash	1,449	1,195.8	1,328.4	1,445.3
Total Current Assets	**2,320.2**	1,904.2	2,011.2	2,369.6
Creditors	173.0	131.3	155.4	201.6
Provisions	10.1	10.3	10.5	10.7
Other Current Liabilities	80.2	81.8	83.5	85.1
Total Current Liabilities	263.4	223.4	249.4	297.5
Net Current Assets	2,056.8	1,680.7	1,761.8	2,072.1
Application of Funds	**2,735.4**	**3,256.0**	**3,784.4**	**4,332.1**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (₹)				
Reported EPS	136.3	118.0	120.6	192.2
Cash EPS	125.3	104.8	107.3	179.0
BV per share	870.8	975.5	1,082.9	1,261.8
Cash per Share	61.5	-21.1	22.2	60.4
Dividend per share	13.2	13.2	13.2	13.2
Operating Ratios (%)				
Gross Profit Margins	40.1	40.5	40.5	40.5
EBITDA margins	20.4	19.0	19.3	19.8
PAT Margins	17.9	15.1	14.3	16.0
Cash Conversion Cycle	81	65	62	60
Asset Turnover	3.5	1.7	1.3	1.9
EBITDA conversion Rate	89.0	128.3	112.8	73.5
Return Ratios (%)				
RoE	15.9	12.1	11.1	15.2
RoCE	19.9	15.0	13.5	18.4
RoIC	17.4	12.5	11.6	18.1
Valuation Ratios (x)				
P/E (Adjusted)	10.3	12.1	11.9	7.4
EV / EBITDA	29.0	31.3	28.8	19.1
EV / Net Sales	5.9	6.0	5.6	3.8
Market Cap / Sales	6.0	5.9	5.5	3.8
Price to Book Value	1.6	1.5	1.3	1.1
Solvency Ratios				
Debt / EBITDA	0.1	0.6	0.9	0.6
Current Ratio	3.3	3.2	2.7	3.1
Quick Ratio	1.8	1.8	1.6	1.8
Inventory days	62.1	45.0	40.0	40.0
Debtor days	54	45	40	40
Creditor days	27	20	22	20
Debt / Equity	0.0	0.1	0.1	0.1

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

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