

Fine Organic Industries Limited

Regd. Office

Fine House, Anandji Street, Off M. G. Road,
Ghatkopar East, Mumbai 400 077, India.

CIN : L24119MH2002PLC136003

Tel : + 91-22-2102 5000

Fax : + 91-22-2102 8899 / 2102 6666

Email : info@fineorganics.com

Web: www.fineorganics.com



Date: August 23, 2022

To BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	To National Stock Exchange of India Limited Plot No. C/1, "6" Block, Exchange Plaza Bandra Kurla Complex, Bandra (East) Mumbai - 400 051
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Security Code: 541557

Symbol: FINEORG

Sub: Chairman's Speech at the 20th Annual General Meeting of the Company

Dear Sir/Madam,

Further to our letter dated May 27, 2022, intimating that the Annual General Meeting of the Company is scheduled to be held on Tuesday, August 23, 2022 through Video Conference / Other Audio Video Means, we enclose herewith a copy of Chairman's speech as delivered at the 20th Annual General Meeting of the Company held today.

You are requested to kindly take the above information on record.

Thanking you,

Sincerely,

For Fine Organic Industries Limited

Pooja Lohor
Company Secretary and Compliance Officer



Encl: As stated

Good morning Ladies & Gentleman,

On behalf of all the Board of Directors, it gives me great pleasure to welcome you all to the 20th Annual General Meeting of the Company.

You must be aware that on 17th June, 2022, Mr. Prakash Damodar Kamat, (Kamat Saheb), Co-founder and Chairman of the Company, departed for higher abode. We respectfully honour his extraordinary, over 50-years contribution to "Fine Organics".

His life was woven with Techno-commercial acumen, the arts, culture and charity. He was a source of motivation for all of us. He always encouraged us to have high dreams. His greatness has been and will always be our guiding light in times of struggle. He was a pioneer who put in a lot of efforts to get Fine Organics where it is today and built a solid platform for further growth.

He will always be remembered for all the good things he did for this organisation and everyone who worked with him. We will always cherish him, and he will stay in our hearts forever.

We continue to face the challenges brought by the macro economic factors. We have always aimed to improve shareholders value by making more efficient use of available resources and implementing suitable strategy for this changed scenario.

When a Company expands its operations while caring for the environment and contributing to society, it makes its path more sustainable.

Globally the trend is to adopt more ecologically friendly products as people become more conscious about the need for environmental preservation. Green chemistry-based products are becoming increasingly important in today's rapidly changing environment. Consumers are transitioning to Green chemistry as a renewable and sustainable alternative for their products.

We, at Fine Organics, are a well-known and globally recognized Company in the area of green performance additives. Our value creation strategy operates in an environment influenced by both internal and external factors.

Understanding these megatrends and their risks enables us to recognize new opportunities and change our business strategy as and when required. As a result,

today we have a wide range of specialty additives created from oleochemistry, used in foods, polymers, personal care, coatings, feed nutrition and many other applications.

Our manufacturing facilities are at Ambernath, Badlapur, Dombivli and Patalganga, allowing us to deliver in around 80 countries through our offices in U.S. & Europe and over 180 distributors to our more than 5,000 end users.

Our unique offerings for our customers across the globe, backed by prudent R&D capabilities, have set a perfect platform to deliver sustainable long-term growth and create value for our stakeholders while protecting the environment.

We are glad to share that we could manage to operationalise the second phase of our Patalganga Facility as per targeted timeline, which is catering to growing Indian food industry.

We have also formed a Joint Venture Company in Thailand which will help us in expanding our product basket and further strengthening of our global presence.

We intend to further increase our production capacities by putting up a new plant in Gujarat for new and existing product lines with process improvements and technological upgrades.

The reporting year continued to throw up challenges in the form of successive waves of Covid-19 pandemic and cost inflationary challenges including logistical costs.

The supply chain disruptions and input price volatility hit the company's profitability in the initial half of the year. But our commitment to service customers at the contracted price allowed us to strengthen our existing relationships. To tackle the volatile environment, we restructured our business model and aimed to engage into shorter-term contracts with customers, wherever possible.

This benefited your organisation. The ability to quickly adapt to the changing environment has allowed us to achieve growth in revenues and profitability.

The Company has posted standalone revenue from operation Rs 1,858 crores in FY22 as against Rs 1,121 crores in FY21, representing 66% growth over the previous year.

EBITDA for the Company recorded an increase of 81% from Rs 192 crores in FY21 to Rs. 349 crores in FY22. The EBITDA margin improved from 17.1% in FY21 to 18.8% in FY22.

Profit after Tax of the company increased by 120% from Rs. 115 crores in FY21 to Rs. 253 crores in FY22. The PAT margin improved from 10.3% in FY21 to 13.6% in FY22.

We made significant progress towards our strategic goal of creating Fine Organics, a stronger, more agile and value-driven organisation. We maintained our global footprint by responding to ever-changing consumer demands and kept our capacities engaged throughout the year.

Innovation is a back-bone of the Company and R&D is a continuous process in our Company. Our strong R&D and innovation capabilities has allowed us to deliver FINE solutions to our customers.

We have team of more than 20 Scientists and technicians. Our R&D spend is less 1% of our total revenue because our R&D is more of knowledge intensive than capital.

Environmental, Social, and Governance (ESG) practices are interwoven into our value system and how we operate. The epidemic has emphasised the importance of companies incorporating good ESG practices into their businesses to ensure long-term sustainability, and we applaud the increased use of ESG criteria by investors in their Company research. Our products and solutions assist our customers in meeting their sustainability objectives and positioning themselves for the future, which requires appropriate sustainable solutions.

Our CSR initiatives aim to benefit communities by enhancing their economic and social well-being. Furthermore, our governance practices are continually examined and improved.

We are sure that our efforts in these areas will continue to add considerable value to the lives of all of our stakeholders.

I now request moderator to unmute the investors who wants to ask any questions.

I am now answering to the questions received from several investors via emails.

1) Reason for increase in quarterly revenue:

Rise in Revenue during Q4 FY 22 and Q1 FY 23 is primarily attributed to better realization across the product segments & some increase in volumes.

Global supply chain disruption like, inadequate availability of Raw Materials, shortage of containers and other challenges brought by macro-economic factors, have given us some opportunities to grab upon which also resulted in surged export demands.

We, at Fine Organics, despite facing several challenges, has managed to supply our products to the Customers which are spread across the globe.

However, we don't know how long these challenging situation will remains, but we have become agile enough to work in accordance to this dynamic situation and not let it hamper our growth.

2) Range of sustainable Operating margin

Our endeavour is to sustain EBITDA margin in the range of 18 to 20% which has been proven based on our performance history for past several years, however the situation has changed drastically post Pandemic and prevailing uncertainties. Future sustainable margin can only be ascertained at a later stage based on the next few years performance and global business environment.

3) Total production capacity

Our existing total production capacity is over 1 Lakh tons per year and we are running at optimum level of utilisation based the current product mix.

4) Increase in Freight & forwarding expenses

Freight & forwarding expenses in FY 22 have increased sharply due to increase in sea freight cost brought by the shortage of containers and global supply chain disruption. Situation still remain dynamic and freight rates are not yet normalized.

5) Expansion plans - Gujarat

We are planning to expand production capacity by installing a new plant in Gujarat for which we have applied for enough land parcel which will ensure next phase of growth.

We will provide you more information as soon as the land is allotted to us.

I would like to express my gratitude to my entire team for their commitment and hard work in delivering value to our shareholders. Fine Organics' success is built on teamwork, and each team member is an important part of the “Fine Family”.

I am delighted that as a Company, we were able to make our presence felt in significant and meaningful ways as we looked after the community's wellbeing and health, and we are committed to continue doing so in the future.

Finally, I would like to express my gratitude to our vendors, Logistics service partners, customers and stakeholders for their unwavering support. Their belief in us is what makes us who we are, and we look forward to their ongoing support as we work to create a better tomorrow.

Thank you.