

Fine Organic Industries Limited

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Date: May 17, 2024

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

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Dear Sir/Madam,

Sub: Earnings Call – Transcript

Reference: - Intimation of Earnings Call dated May 08, 2024 and Audio recording of Earnings Call dated May 13, 2024.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call held on Monday, May 13, 2024, at 3:30 p.m. (IST) for the quarter and financial year ended on March 31, 2024.

The same will be available on the website of the Company at <https://www.fineorganics.com/investor-presentations/>

We would request you to please take the same in your records and oblige.

Thanking you,

For Fine Organic Industries Limited

Pooja Lohor
Company Secretary and Compliance Officer
Membership No: A28397

Encl: as stated



“Fine Organic Industries Limited Q4 FY24 Earnings Conference Call”

May 13, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges — BSE Limited and National Stock Exchange of India Limited and the Company website on 13th May 2024 will prevail.



**MANAGEMENT: MR. MUKESH SHAH – CHAIRMAN, FINE ORGANIC
INDUSTRIES LIMITED
MS. SONALI BHADANI – CFO, FINE ORGANIC
INDUSTRIES LIMITED
SGA – INVESTOR RELATIONS ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Fine Organic Industries Limited Q4 and FY24 Annual Earnings Conference Call.

This Conference Call may contain certain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mukesh Shah - Chairman of Fine Organic Industries Limited. Thank you and over to you, sir.

Mukesh Shah: Good afternoon, everyone. Thank you for joining us on our Annual Earnings Call to discuss the business and financial performance of Q4 and FY24.

I hope everyone had a chance to view our Financial Results and Investor Presentation which are posted on the company's website and stock exchanges. Today, I am accompanied by our CFO – Sonali Bhadani and SGA, our Investor Relations Advisors who are also with me on this call.

This being the first Earnings Call, I would like to provide some basic information about our business, besides talking about the numbers for the benefit of the wider audience. The global economy in 2023-24 experienced various dynamics that influenced its performance such as, political tensions, trade disputes, regional wars and shifting alliances. All these things contributed to economic uncertainty. In light of these circumstances, the Indian economy has seen enormous development in recent years. We at Fine Organic Industries Limited are well established and internationally recognized producer of oleochemical derived green additives based in India. We started our green additives journey back in 1970. We are pioneers in developing unique specialty additives for various end-use applications. We produce a wide range of specialty additives and cater to foods, polymers, packaging, cosmetics, coatings, feed nutrition, and other end-use applications in various industries. Our state-of-the-art production facilities are located in Ambernath, Badlapur, Patalganga and Dombivli.

R&D capability is the backbone of our business. With a team of scientists, technologists, and engineers in the dedicated R&D center, company serves as a platform to develop suitable and sustainable solutions based on consumers and customer’s techno commercial requirements met by in-house manufacturing and design engineering facilities. Well-equipped with R&D and techno commercial approach, the company provides specialized products and technical services to the end-user industry. Our business has a considerable number of global customers, and

approximately 52% of our revenue comes from exports in FY24. Our customers are located worldwide, including Europe, North and South America, Middle East Asia, Africa, Japan and China.

Currently, the prices of vegetable oils are quite stable. Because of stable demand scenarios, we do not foresee much volatility in the price, at least for the next few months. There are some headwinds for exporting goods to Europe and US due to the Red Sea crisis, only the lead time has increased by 1 to 1.5 months approximately. All our plans are currently running at optimal capacity, except for Patalganga, where there is still some room for a capacity ramp-up. We have incorporated a wholly owned subsidiary of the company in the Maharashtra SEZ area, Fine Organic Industries (SEZ) Private limited. The land area allotted to us is approximately 30 acres. Once we get the position of this plot, we will be able to apply for EC and then after getting EC, we will begin setting up a manufacturing facility. This plant will get a primary due to the export market.

Sonali Bhadani:

Thank you, sir. Good afternoon, everyone.

Before I take you to the consolidated Financial Performance, please note that FY23 was an aberration. There was a disruption on the supply side coupled with volatility in the raw material prices hence, FY24 is not comparable with FY23. For quarter 4 FY24, our revenue from operation is up by 12% to INR 546 Cr in Q4 FY24 from Rs. 488.4 Cr in Q3 FY24 and down by 8.3% from Rs. 596.6 Cr in Q4 FY23.

EBITDA for the quarter grew by Rs. 143.5 Cr in Q4 FY24 from Rs. 118.2 Cr in Q3 FY24 and down by 29.1% from Rs. 202.4 Cr in Q4 FY23. The EBITDA margin for Q4 FY24 stood at 26.2%. PAT for Q4 FY24 was Rs. 114.6 Cr as compared to Rs. 94.2 Cr in Q3 FY24 which grew by 21.6% quarter-on-quarter and down by 23.3% to Rs. 149.4 Cr in Q4 FY23. For the financial year ended FY24, revenue from operation is down by 29.8% to Rs. 2,123 Cr from Rs. 3,023 Cr in FY23. EBITDA further degrew by 35.7% year-on-year to Rs. 534 Cr in FY24 from Rs. 831 Cr in FY23. The EBITDA margins for FY24 stood at 25.2%. The PAT for the financial year 24 was Rs. 411.9 Cr compared to Rs. 618 Cr in FY23 which degrew by 33.4% on year-on-year basis. The ROCE for FY24 stood at 24.74%.

With this, we open the floor for the question and answers.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nitesh Dhoot from Dolat Capital. Please go ahead.

Nitesh Dhoot:

My first question is, how sustainable are we in seeing this recovery that we saw in Q4? And how much volume growth can we see from here on that is from Q4 volume. So, I understand there has been a strong quarter in terms of both exports and domestic volumes, so how much ramp up on capacity is still possible from here on?

Mukesh Shah: So, first of all, sustainable about the current situation is as long as, you see right now, the raw material situation is quite favorable, even last quarter was quite favorable and that led us to this situation. As of now, I don't see much difference than the last quarter, the raw material prices are quite stable and demands are also almost more or less similar like last quarter, as at least in April-May I am seeing that. So, unless there are major changes, I don't think there will be major difference in this current period also, and regarding the volume and all that, you are aware that we don't normally talk about the volume growth. But just to tell you, in general, you are aware that all our plants are running at optimal capacity except Patalganga as I just informed you. So, there is not a very huge capacity available as of now to do more volume growth as expected, but some capacity of course will be utilized in the coming months Patalganga still we have some place to increase the volumes and again in the global slowdown, which is also continuing, I mean some regions have started picking up, but Europe is worst affected and I don't think it will come back so quickly. However, the situation in other areas like North America, South America, Asia, and other places is getting better, but Europe is still not good, so we have to be patient and wait for one more quarter and see how it goes.

Nitesh Dhoot: So, on Thailand, if you could just update, how the progress been on the Thailand project? So, last quarter we had mentioned that we are waiting for permissions, there was some FDA approvals that you are waiting for, so if you could just provide an update on that?

Mukesh Shah: Yes, Nitesh, so you are right. So, we were waiting for two approvals from Thailand authorities. Out of that, one we already got and one we are about to get in this week itself. And I am sure our people, I talked to them last week before yesterday, they told me that they are planning to start the commissioning latest by June end. So, we are all prepared now because we have got one of the permissions that allow us to send us the raw materials to them. So, we have started doing all that and we expect to do the commissioning by end of June 24.

Nitesh Dhoot: And just one final question from my side, so any update on the SEZ land, the final permissions were awaited, the physical allotment of the land, so any progress on that sir, because I think we were expecting it by March end itself to close on that, so where will you be as of now?

Mukesh Shah: Yes, you are right. We were also after that, and I am happy to tell you that there has been some progress as we understand by our last meeting with them, and they have to just confirm this officially by issuing a letter. So, we are just waiting for the letter. Orally, they have done everything, but they have told us that it is approved and all that, but you see this is the government matter. We must get the allotment letter and their notice to make the payment to make the final payment for the plot. So, we are just waiting for that, and it should come any day. We are just waiting for that. We have prepared from our side, and we are just waiting for this letter, which will come anytime.

Nitesh Dhoot: Sir, it means that from there on it will take about say 4-5 months for EC and another say 16 to 18 months for construction.

Mukesh Shah: Once we get the allotment letter, then only we can apply for EC. Once we apply for EC and once we get the EC, which should be also as early as possible, maximum 6 months and then we will be able to start the building up of the plant.

Moderator: Thank you. Next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Sir, in terms of revenue mix, I am talking about FY24 versus FY23. Is there a significant shift among the segments?

Mukesh Shah: I don't think so. There may be a small change, which is normally a part, but we have not done any specific changes from our side. So, it is because as I told because of the slowdown globally, domestic market was doing much better. So, there might be some product mix that might have changed, but we have not changed increased because the demand in the domestic market is for different products, the demand for export products are also for different products. So, this could have made some changes. It is not the same, but we have not made any changes specifically. We don't make such changes by ourselves. It is depending on the market situation. If my export goes up then that means some products which we are targeting for export will grow and when the domestic grows up, there are some products where the domestic demand is good, then those products will grow.

Ankur Periwal: The reason I was asking that was on a consistent basis, we have been seeing an improvement in margins. Even for a full year perspective, we are way above our historical run rate guidance. So, any change in thought there in terms of EBITDA margins or gross margins?

Mukesh Shah: EBITDA margin has increased because the raw material prices didn't go up. Normally, the raw material prices go up, but the prices don't go up, and the raw material prices are much better than we expected.

Ankur Periwal: And how will the proportion of long-term arrangements and long-term contracts be in our revenue mix now?

Mukesh Shah: The situation remains the same for the long-term contract. Globally, as I told you earlier with our customers, they are ranging from 3 months to 6 months to 1 year and for raw materials also for some products, some raw materials, it is 3 months, 6 months and for some raw materials it is 1 year. So, again it is a mix for some products. Earlier, it was the situation was like that nobody wanted to make any contract, but now that situation has gone since last couple of quarters, so that is not an issue now.

Ankur Periwal: If you could comment on the competitive intensity of the scenario globally, how are global peers doing, especially on the US or Europe from market dynamics perspective?

Mukesh Shah: I don't know about competition, what they are doing. Maybe you can see their results there. I have not seen that.

Ankur Periwal: No, sir, coming from both, from a volume or a market share gain perspective, have you seen significant gain since you mentioned US has been doing decent?

Mukesh Shah: Exactly speaking, Ankur, I never bother for all such things. I look after my own business. I don't care what they are doing because their situation is different. Everybody's situation is different. Everybody has to do whatever is best for them. So, I never think also like that. I only focus on my business.

Ankur Periwal: Lastly, if I may, just on Thailand, you mentioned the commercialization of the first phase at least by June end, if you could highlight what could be the size and scale of this and we were also thinking of expanding capacity here, any timeline for that?

Mukesh Shah: Earlier, Ankur bhai, I answered this same question quite 2-3 times earlier. I told you very clearly that this answer, this small capacity we are standing is trial production. Only once we are successful with the trial production will we decide how much additional production we will go for that and all that. This is just the trial production, it is a new product, there are not many people, there are only two companies in the world making this product and we will be the third one. So, let us first see whether this product is, how much we are able to produce in the existing facility. I told you earlier exactly the same thing. So, we need to wait till we come to the conclusion. After starting, it will take another 3-4 months for us to ascertain what we will need to do to get how much production.

Ankur Periwal: And we already have land in place, so it is just a matter of time before we decide on the capacity expansion there.

Mukesh Shah: Yes.

Moderator: Thank you. Next question is from the line of Rohan Gupta from Nuvama. Please go ahead.

Rohan Gupta: Sir, on this new product development, so you mentioned that right now we are almost crammed with the capacity except that only on the food grade in Patalganga, we may have some scope for further production. Sir, on the new product development, we have been working on this line from last 1.5 year to 2 years. Sir, when do you see that we can start giving the sampling or because the new capacity will take still time to 2 to 2.5 years to come up. So, what you think that this revenue potential from the new product which we have created only after commissioning the capacities only we can start utilizing that or there is some scope where before that also we can utilize the product which you have developed?

Mukesh Shah: Are you asking about the Thailand plant or Indian plant?

Rohan Gupta: Sir, on the both the plant.

Mukesh Shah: As far as the Thailand plant is concerned, there is only one product to start with, and we have received approvals from our major customers earlier. So, there won't be much waiting time for Thailand plant except some formal approvals and all that, but it won't be a very long time because our customers are waiting for that. And regarding other products, which is a common situation here, that we are giving to customers, getting their approvals, whatever products we have been making, we have been developing. When we get the approvals, we start giving it to them, so what exactly do you want me to do?

Rohan Gupta: But sir, this Thailand plant is a very small to start with, right, I mean the revenue contribution from there will be hardly anything?

Mukesh Shah: Exactly.

Rohan Gupta: Sir, my question was that that apart from this Thailand plant, do we have any scope at the Indian plant on the new products which we have developed in last 1.5 years to start monetizing the revenues?

Mukesh Shah: This is happening now. It is an ongoing process. There is nothing new about it. This we have been doing for years. We keep developing the product, it is going for approval, it takes its own time for approvals, regulatory approvals, the FDA approvals, FSSAI, several government approvals etc. So, it is a long process, for any new product, for food industries or even for that matter other industries also, we were very much aware that we have to go through the approval process first. Hence some products are in the regulatory approval stage, some products are under the customer approval stage, some products are under FDA approval. So, there are different products at different stages.

Rohan Gupta: Sir, my question was different. Sir, I was saying that on our Indian plant we have almost fully utilized the capacities except Patalganga, however, you still will be getting the product approved by the customers and categories. Is there any chance or scope for us to start monetizing the revenue potential from this new product?

Mukesh Shah: We can monetize only the products which we can make at Patalganga, not anymore. Other products we can monetize to the extent whatever spare capacity we have left. Some capacity is still left in some plants, so we need to see which products are coming and which we can offer. But yes, for Patalganga plant, whatever approvals you are getting, we are having sufficient capacity for some product which we can monetize, not all.

Rohan Gupta: Sir, on this Thailand plant, any investment you have finalized that over next 1-2 years, how much investment we have planned to invest?

Mukesh Shah: I told you earlier few times Rohan that this is a very small plant and we are first starting in whatever the existing capacity we have, we are just making small changes here and there to start

the trial production and then once we do the trial production, we will observe it for few months and then only we will be able to decide how much new capacity we will put up and what will be the investment and all that. For that you need to wait till 3-4 months after we start the plant.

Rohan Gupta: Sir, on the domestic front, you mentioned though the demand remains strong, maybe in global front except for Europe, all other markets have started recovering?

Mukesh Shah: Yes, other markets have started recovering, but not Europe, as of now.

Rohan Gupta: Sir, I was asking that, except Europe in international markets, have we gone back to 22 levels or still we are in volume terms below those levels?

Mukesh Shah: As I told you, Europe is still not back on track. Other markets, I don't remember the demand in 22 and all that 2 years is going to remember all such things. So, now it is returning to normal, and I don't believe in returning to the history and all that for business. Business, you see the present and the future, not history.

Mukesh Shah: What to do by looking at the history Rohan, why do we need to see the old balance sheet?

Rohan Gupta: No, sir. I was just looking that, fair enough, your point is that.

Mukesh Shah: At least I never look at all those things. Look at the future, what you can do, and what the opportunities are there, not at the past.

Rohan Gupta: Sir, on this Patalganga in a food grade, all these are the new products which we have developed, do you see that we can fully utilize the Patalganga facility by end of this year or there still will be some....

Mukesh Shah: No, it will take, I think we started it in March 22. So, it will take another 2, 3, 4 years. I don't know exactly, but not so soon.

Rohan Gupta: So, another 2 years it will take to fully ramp up.

Mukesh Shah: Maybe 4.

Moderator: Thank you. Next question is from the line of Krishnan Parwani from JM Financial. Please go ahead.

Krishnan Parwani: Just one question from my side, so at the current capacities, what is the peak EBITDA that we could generate?

Sonali Bhadani: The EBITDA depends on many factors Krishnanji, they are revenue, raw material, your prices, there are many external environments also that impacts the EBITDA number. So, as we say with

the historical experience, we know that 20%-22% has always been our sustainable EBITDA margin, which we have always achieved, except that FY23, which we said was an abbreviation because the factors were quite out of control, whatever good or bad. So, we need to observe for another time, another quarter, a few more quarters to see what the sustainable margin is going further. The peak has yet to be reached because all other plants are running optimally; we have some room in the plant. Patalganga is still just started, and it will take as Mukesh bhai just said it will take another couple of years or more to get to the full capacity levels.

Moderator: Thank you. the next question is from the line of Sachee Trivedi from Trident Capital. Please go ahead.

Sachee Trivedi: The question that I have is, in terms of your products, where do you see that after 5 years out? Where do you see opportunities as you are looking at your R&D and creating and building a new product? What is exciting you know as you look at your product development 5 years out?

Mukesh Shah: You will see that we will remain in the oleochemical derivatives, oleochemistry line at least because we still believe that we have a lot of things to do in this chemistry, in this line of products. Of course, there are some more products we need to produce, which we are not producing correctly, and I am awaiting the new land whereby we can commercialize those products. We also certainly will have the plant in outside India, considerable capacity that is also you are considering it and of course, the new plant here in India as well as outside India, these two will be definitely there. And in addition to that I am also trying to expand our product range in the same chemistry, although there are not many opportunities, but we are trying our best. And we are looking at some acquisition and opportunities also. So, if it materializes, you will see Fine Organics further strengthening the global business because we believe there is great potential in this chemistry, and we would like to cash in on our technical expertise and commercial experience to achieve our dreams.

Sachee Trivedi: And Fine Organics, I define it in one sentence. It is an oleochemical expertise company which is taking this kind of chemistry whether it is food, whether it is polymers and given the ESG initiatives across the world, given the awareness that people have for chemistries, I think this is an exciting space to be in. So, you have great operational expertise in it as is reflected in your asset turns and CAPEX and these are slow moving areas, right? So, I don't expect anything to change overnight in Bangalore for two years, I think they are always looking five years out, ten years out, so I appreciate your very candid answer to this.

Moderator: Thank you. Next question is from the line of Sohan Dey, an Individual Investor. Please go ahead.

Sohan Dey: So, I just wanted to know what current challenges the company faces during the export markets?

Mukesh Shah: For our products, you are talking about the challenges in export market, right?

- Sohan Dey:** Yes, your challenges in the export market?
- Mukesh Shah:** There are so many challenges you would like to meet me and listen. It will take few days of non-stop talking.
- Sohan Dey:** Just a few challenges, sir.
- Mukesh Shah:** Right now, there are challenges, especially one is the global slowdown. Now the world is coming back to normal, except Europe. Everything else is getting slowly, it is getting normal. That is number one. That is the one challenge. Second is this Red Sea crisis and all that, okay, it is a challenge, but not so big a challenge like 2022-23 after COVID when there was a big disruption. So, although there is a disruption, but now it looks quite smaller because we have seen the much bigger one. So, that is not a big issue, but this is an issue. Third, it takes a very long time to approve our products abroad because all these customers we have are the global customers. They are very long approval time and most of our products required lot of regulatory approvals. So, the delay in commercializing the products because of regulatory approvals is one of the biggest challenges not only for exports, but also for domestic because here there are some government procedures which is also one of the biggest challenges here for our domestic market. And because that is for export and we don't get the land so easily here for the chemical industry, I would consider is the biggest challenge than any other challenges. That challenge affects both domestic as well as exports.
- Sohan Dey:** Sir, I have another question for myself, is there any specific reasons for like the representative and aggressive borrowing repayment like the current borrowing is like totally approximately 0, the short-term borrowings and long-term borrowings, those are total 0. Is there any reason behind that to repay the debt?
- Sonali Bhadani:** So, yes, we took this external commercial borrowing when we were coming up with our third Ambarnath facility for the expansion and we phased it out for over 4-5 years of repayment, which got ended in December 23. So, it was over a period of 4-5 years we made a quarterly repayment.
- Sohan Dey:** And another thing is that I am seeing in the previous year reports that it is approximately Rs. 175 crores in the fixed deposit in 31st March 2022 and currently it has been increased to multiples like 31st March of 2023 has Rs. 422 crores in fixed deposit and what is the current situations of the fixed deposits as of 31st March 2024?
- Sonali Bhadani:** The surplus has increased approximately somewhere to Rs. 900 Cr, currently there is the cash on the books in the line in the fixed deposits.
- Sohan Dey:** And may I know why it is aggressively increasing from Rs. 422 crores in 2023 to Rs. 900 crores?

Sonali Bhadani: The cash flows are increasing. All the plants, as Mukesh bhai mentioned just couple of minutes back, all the plants are running at optimal capacity and even the last plant which started in 22 is on the ramp up stage. So, they all are running at optimal capacity and the cash flows are coming in for the company.

Sohan Dey: And also, I just wanted to know that, like what it is look like, Rs. 900 crores like totally for 12 month long-term deposit or is the short-term deposits or I just wanted to know, what is the like interest rate yield of that Rs. 900 crores fixed deposits?

Sonali Bhadani: So, they are equally divided amongst 3 months, 6 months, but not for long term, say 1 year, but the average rate of return because every deposit is being placed at different point of time, so average rate of return is around 7%.

Moderator: Thank you. Next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Mukesh bhai, as you mentioned, the new capacity in Maharashtra SEZ will likely come through only towards maybe FY26 end or in FY27 given the timelines you mentioned, so over the next 2 years, would there be a lot of focus on optimizing the product portfolio going for relatively higher margin products to maximize the utilization of the capacity or how should we think about, how will you go about optimizing your capacity utilization?

Mukesh Shah: So, as of now the optimum level, there is some space in for some products, but we don't like to optimize and change the product mix and all that because we have a strong commitment to our customers, long-term customers. So, we don't take these short-term decisions. We continue to cater whatever our commitment is given to the customers and meet their demands. So, even though sometimes, it is not in our interest, looking at the long-term interest of the company, we continue to support our customers whether it is domestic market or export market, we focus more on that. We never focus on changing the product mix to suit us. We work accordingly to suit the market suit the customers. That is what has been with our philosophy.

Nitin Agarwal: But then some of the newer products and some of the value-added products which you are developing, you will probably get them into production only when the new capacity is available subsequently?

Mukesh Shah: Yes, majority, some of the new products which we have developed 5 years ago, for us, those are the new products which were developed 5 years ago. So, many of them are getting commercialized and not all of them, but many of them are getting commercialized. Many of them are getting regulatory approval, customer's approvals and when this starts, it starts in a small way. It doesn't start in a very big way in our kind of business, but slowly we do take up those products. If we have the production capacity available, production infrastructure available for those products, we continue to cater to those type of incoming demand for the new customers and the new products so that we always continue. We have already planned for them. And

whatever is being developed today will come on commercialization only after 3-4 years after we get all the regulatory, regional, and customer approvals. So, it is long way to go.

Nitin Agarwal: And then Mukesh Bhai, regarding the new capacity that we will put up, are there any thoughts on what the potential size could be in terms of our current capacity?

Mukesh Shah: Yes, we are very clear about it, but I cannot talk to you unless I get the allotment of the land. Once I get the allotment of the land, we will announce whatever we have planned, how much investment we have planned. All these things we will announce once we get the allotment.

Moderator: Thank you. Next question is from the line of Devendra Chawla from Prasun Exponentials. Please go ahead.

Devendra Chawla: I just wanted to know about the different uses of cash in the company moving forward because now the cash position in the company has become relatively large, you had mentioned an acquisition and a couple of CAPEXs, is there any other uses of cash that the company will be having moving forward?

Mukesh Shah: We have kept this cash because we are waiting for this plot to be allotted, so we will require a lot of investment. So, that is why we have kept it ready. Second, we are also considering some acquisition opportunities right now. So, we need to keep some amount for that also. Third, we are also considering putting up a plant outside India, so we have kept some reserve funds for that. So, I think we have already enough plan to utilize this cash, in fact, we will have to borrow more money. Once all this land allotment and everything is done, we will need to borrow more money than whatever is reserved. Now that reserve money, we have to keep it because of our ongoing opportunities.

Devendra Chawla: And Mukesh bhai, if you could just tell us a bit about how do you think about acquisition, so what is the kind of businesses that are of interest to you and what is it that you expect Fine Organics as a company to gain from doing acquisitions?

Mukesh Shah: There are not many acquisition opportunities honestly in our field. But yes, there are some and we are looking at some of these where we are getting certain advantages, which is complementing to our product range, complementing to our chemistry, gaining the additional markets, customer's business in kind of the products that we are regularly making, we might be getting some benefits. So, we are definitely looking for some such opportunities and fortunately there are some opportunities on which we are already working, but we don't know. So far, we have not done any acquisitions so far in our history, but we are open for that, and we are actively evaluating these opportunities.

Devendra Chawla: And how do you think about valuations while looking at an acquisition and you look at me in the profitable businesses or even loss-making businesses?

Mukesh Shah: We are not looking at all the loss making and all those companies. We are looking at good companies having good product range and good infrastructure suitable to us, nothing more than that. We don't look from the financial point.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question of the day. I now hand the conference over to management for closing comments.

Mukesh Shah: So, thank you everyone. I hope we have been able to answer all your questions satisfactorily. However, if you need further clarifications or want to know more about the company, please contact our SGA team, our Investor Relations Advisors. We will continue to arrange earnings call once in a year at the end of the financial year. Thank you so much. Thank you.

Moderator: Thank you. On behalf of Fine Organic Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.