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

FINE ORGANICS

Date: May 16, 2025

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

Security Code: 541557 **Symbol: FINEORG**

Dear Sir/Madam,

Sub: Earnings Call – Transcript

Reference: - Intimation of Earnings Call dated May 02, 2025 and Audio recording of Earnings Call dated May 12, 2025.

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 12, 2025, at 3:30 p.m. (IST) for the quarter and financial year ended on March 31, 2025.

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 BHAVESH LOHOR
Digitally signed by POOJA BHAVESH LOHOR
Date: 2025.05.16 12:53:28 +05'30'

Pooja Lohor
Company Secretary and Compliance Officer
Membership No: A28397

Encl: as stated

"Fine Organic Industries Limited

Q4 FY '25 Annual Earnings Conference Call"

May 12, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges and the Company website on 12th May 2025 will prevail."

MANAGEMENT: **MR. MUKESH SHAH – CHAIRMAN**
MS. SONALI BHADANI – CHIEF FINANCIAL OFFICER
SGA – INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 Annual Earnings Conference Call of Fine Organic Industries Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal a conference specialist by pressing the star followed by zero.

I now hand the conference over to Mr. Mukesh Shah, Chairman. Thank you, and over to you, sir.

Mukesh Shah: Hello. Thank you. Good afternoon, everybody. Thank you for joining us for our annual earnings call to discuss the business and financial performance of Fine Organic Industries Limited for the financial year 2024-'25. I hope you have had the opportunity to review our financial results and investor presentation, both of which are available on the company's website and the stock exchanges. I'm joined today by our Chief Financial Officer, Ms. Sonali Bhadani; and our Investor Relations Advisors from SGA.

The global landscape in FY '25 remained marked by heightened macroeconomic volatility, geopolitical tensions and ongoing uncertainties across major economics. Amid this backdrop, we at Fine Organic Industries demonstrated agility and strength. Our unwavering focus on sustainability, innovation and customer-centric solutions enabled us to deepen our market presence across geographies and successfully navigate both risks and opportunities.

Moving on now to our business performance. For FY '25, our domestic and export businesses contributed 43% and 57%, respectively, to the total revenue, representing our sustained focus on customer-driven growth, operational agility and disciplined execution.

Demand in the domestic market remains strong across all our product segments. On the export front, we saw renewed momentum across global markets. Our diversified geographical footprint continues to help us manage regional variations and respond effectively to market dynamics.

Now coming to cost and operational performances. During FY '25, we encountered several cost-related headwinds. Raw material prices saw a notable upward trend starting from Q2 FY '25 and continuing through Q4 FY '25. This trend was primarily fueled by global supply chain imbalances and elevated input costs. While these pressures impacted our margins, we hope raw material prices will remain stabilized in the coming quarters as global supply conditions improve.

Logistic costs, which were significantly elevated in the first half of the year due to the global shipping bottlenecks and supply chain disruptions, began to normalize in the second half. This improvement was supported by easing freight rates.

We also experienced a rise in utility costs during the year. This was primarily driven by increased per unit energy costs and higher production volumes needed to meet sustained demand across both domestic and export markets. Despite these cost pressures, operational agility, strong partnerships and focus on process optimization enabled us to manage expenditures effectively and maintain service reliability across our value chain.

Now some very key important developments. FY '25 was marked by important strategic development that position as well for the future growth. On October 29, 2024, our wholly owned subsidiary, Fine Organic Industries SEZ Private Limited, signed a lease agreement with JNPA, (Jawaharlal Nehru Port Authority), to establish a new manufacturing facility within the special economic zone, SEZ, in Maharashtra.

This facility is critical step in expanding our export capabilities and leveraging the benefits. We have obtained environmental clearance, (EC) for the state facility and are in the process of securing remaining approvals from other regulatory authorities, which are expected to be received shortly.

As previously mentioned, construction will commence soon and is expected to be completed within 18 to 24 months. Commencement of production will happen in a phased manner once operational. The SEZ facility will cater primarily to international markets, allowing us to unlock additional capacity at our existing plants for growing domestic demands.

We resumed full operations at our Badlapur manufacturing unit in Q3 FY '25. The plant had been temporarily shut down following a fire incident at an adjacent facility on January 18, 2024. We are pleased to report that the unit is now operating smoothly with all necessary safety protocols and preventive measures firmly in place.

We also intend to incorporate a new entity in the United States. This marks a significant step in our global expansion strategy. The entity will house a full-fledged manufacturing facility, enabling us to strengthen our local presence in the U.S. market. This move positions us to better serve existing clients, capture new growth opportunities and reinforce our long-term commitment to the region.

By producing locally, we aim to reduce lead times, minimize logistic costs and enhance supply chain agility. The intended facility will also allow us to comply more efficiently with U.S. regulatory standards, improve sustainability performance and respond swiftly to the evolving customer needs.

In parallel, we are also in process of incorporating a wholly owned subsidiary in the UAE. This step is intended to have our local presence in the Middle East and enhance supply chain efficiencies.

I would now like to invite Ms. Sonali Bhadani, our CFO, to walk you through the company's financial performance in the greater detail.

Sonali Bhadani: Thank you, sir. A very good afternoon to all of you. Let me take you through the company's consolidated yearly financial performance. For FY '25, the revenue from the operations is up by 6.9% to INR2,269 crores from INR2,123 crores in FY '24. EBITDA was down by 4% year-on-year to INR512.9 crores in FY '25 from INR534.5 crores in FY '24. The EBITDA margins for FY '25 stood at 22.6%. The PAT for FY '25 was INR410.5 crores as compared to INR411.9 crores in FY '24.

With this, now we open the floor for questions and answers.

Moderator: Thank you. Our first question comes from the line of Ankur from Axis. There is no response from the line of the current participant. We'll move on to the next question. The next question comes from Dhruvesh Sanghvi from Prospero Tree Asset Management LLP. Please go ahead.

Dhruvesh Sanghvi: Okay. So, sir, my first question is, can you now give us the sense on what is the capex in the JNPA, I mean, the new facility that we are planning?

Mukesh Shah: That we had already told earlier that it is around total INR750 crores, but it will happen stage-wise as we go along.

Dhruvesh Sanghvi: So the first...

Mukesh Shah: But we have already announced total is going to be around INR700 crores, INR750 crores, somewhere in between.

Dhruvesh Sanghvi: Okay. So this is within the next 24 months subject to approvals, right?

Mukesh Shah: Yes.

Dhruvesh Sanghvi: Okay, sir. Sir, second thing...

Mukesh Shah: Main approval, Dhruvesh bhai, was EC, which we have received. But there are some small regulatory requirements which will come very shortly. So we are fully geared up to start the construction activities. Everything else is ready with us. So we are not going to delay it for a single day. As soon as we get the required approvals, we will start gradually all the construction activities.

Dhruvesh Sanghvi: Right sir. Sir, second part is we almost have a cash balance of INR1,000 crores. And let's say, in 2 years, even if we don't grow anything and if things work out the way they are, we are talking about INR800 crores of additional cash. So will we be able to consume all of this in the expansion plan in the U.S. as well? Or there will still be cash...

Mukesh Shah: Yes. So yes, Dhruvesh bhai, what you think is correct because we are simultaneously looking at 2 different expansions. One it is SEZ and another is in U.S., which is also a manufacturing facility. So in both these facilities, almost it will be consumed, but we will still keep some money with us, some spare cash with us because we are likely to get some M&A opportunities. We are still working on that. So that -- we need to keep some cash for that.

Dhruvesh Sanghvi: Okay sir. Sir, and the last thing is that when we see this from a context of that our current gross block is INR650 crores. And then in the next 3 years, if we see Fine Organic after 3 years, we will probably have a gross block of maybe INR2,000 crores plus.

Mukesh Shah: I don't know. I'm not the expert on that. Let Sonali answer that -- Otherwise, I'll misguide you by telling yes or no. Let Sonali take...

Dhruvesh Sanghvi: No, no, no. Sir, I'm saying that the kind of expansion that we are doing, we will be able to absorb so much so fast? Or -- this will take a long time to get absorbed in terms of capacity utilization?

Mukesh Shah: Capacity can never happen overnight in U.S., but it will definitely happen. And see, when we are going for U.S. plant, we will go with a very conservative capacity to start with, because we already have a very good existing market over there. So for that, the filling up of the first phase capacity is not going to be any issue because we already have the ready customers there in North America, South America. So that first phase, I'm definitely -- will be very comfortable, very fast it will be, once the plant starts.

And secondly, when we are talking about JNPA, there also the first phase is going to be very quick because we already have sizable exports here. So that will be not everything, but most of that will be moved over a period of time to SEZ plant in the first phase.

Dhruvesh Sanghvi: Okay. Sir, I'm trying to get a sense of growth, if you can comment. Over the next 3, 5 years, let's say, 24 months, we complete all the expansion. And then another 2, 3 years, where do you see us -- I mean, I know you will not guide some number, but if you can give some bigger direction, it would be helpful, sir.

Mukesh Shah: See, I'm very confident -- I can't give you any numbers. But I'm very confident of U.S. Phase 1, Phase 2 and probably Phase 3 also.

And this one, SEZ, Phase 1 is definitely easy for us because we are just moving our existing exports to that SEZ unit, other than North America. There are so many other markets over there where we are working. And this will free up our existing capacities in the existing plants. So then we have a good opportunity to meet additional domestic growth.

Moderator: Our next question comes from Aatur from ICICI Prudential Mutual Funds.

Aatur: Sir, two questions. One, just on the balance sheet side, if you can just help us understand there's a increase in other financial assets by about INR200 crores. Where would that money be invested if you can -- in the noncurrent assets, if you can just highlight that? And second question is basically, sir, if you can -- generally, we have seen -- of course, there is no thumb rule. But whenever usually people expand or put up plants in U.S. or any other geographies outside, there are some of the other large issues which come up in terms of labor laws, etcetera.

While I understand you are confident in terms of your customer orders, etcetera. But any particular way where you are very conservative -- historically, you have been very conservative? So if you can just highlight like some areas where you would be very cautious and make sure that there have been a lot of mistakes in the past by other companies that may not be repeated with us?

Mukesh Shah: Yes. Look, this is our first plant coming up in U.S. So we are a little bit cautious because we don't have experience of running the plant in U.S. with U.S. regulations and U.S. systems and all that. And we need to appoint the right people to manage the plant, manage the company over there. The local people from India will not be helpful because the culture there is totally different.

Plus there are several other small challenges, which I'm confident that we will come through. We will learn something out of it. And that is why the first phase what we are putting up in U.S. is very conservative capacity, which we will put up. So in this first phase, we will learn how to manage the company in U.S. And then second and third phase could be significant because there are good business opportunities for us.

So I mean, we are quite cautious from management point of view, plant point of view, people point of view. All these necessary precautions we have taken. We know about the business very well, but there are -- other than business, there are a lot of other things where we know that we don't have the experience. But unless we go in, we will not be able to progress. So that is the necessity we have to go with that.

Aatur: No, that I understand, sir. Yes. No, that's fair. Like challenges, obviously -- the thing is that despite those challenges, of course, you are still planning to progress with various stages...?

Mukesh Shah: See, one of the challenges is availability of the people in U.S., the right people, I would say. So similarly, there are other small, small challenges are there, which we are quite aware of because our teams have been traveling to U.S. for the last 6 months to understand all these requirements, what we need to do. We have prepared ourselves very well.

Aatur: No, no. Yes. That's what I...

Mukesh Shah: And ultimately, we have prepared for -- very well for the examination. But finally, we have to pass the examination.

Aatur: Correct. No, no, challenges, we all understand because various companies have done it and got stuck. All I'm saying is, is there a need to go in U.S.? Like what -- any particular...

Mukesh Shah: Definitely. You see, I will tell you that we -- as early as in 1987, we put up the plant in Thailand, Malaysia, all those places. There also we did not have any experience. We could slowly learn and make the plant successful over there. So Thailand plant was now, 1992, 1993. So at that time it was new for us. But now we are very comfortable. We initially took 2 years, we could have faced some problems, but not much.

Aatur: Okay. And any indication that you can give how much is the initial max risk that you are ready to take at this point?

Mukesh Shah: We have all the information, but I can't disclose you everything now. We will announce it at an appropriate time.

Aatur: Okay. Done. And second, just that on balance sheet, if you can just help us understand the other financial assets, INR200 crores, where is that...

Sonali Bhadani: Yes. So, Aatur, we have invested in long-term fixed deposits, and that is why it's showing under noncurrent assets.

Moderator: Our next question comes from the line of Ankur from Axis.

Ankur: Good to see the aggressive expansion plans there. First question on our Thailand expansion. You had last time indicated we are getting into super specialty products there. And basis upon the response we'll decide on the expansion plans. So any thoughts that you could share there?

Mukesh Shah: So Ankur bhai, as I told you earlier that we were waiting for some Thai FDA approval and all that. Finally, we got everything done, and we also started the trial production of that product. And then many several more commercial lots are also made. So now it is picking up, and we are trying to run it continuous basis.

First, we started running on first shift and all that. But now I think our people are very confident. Our production team is over there from India. So we are keeping in touch with our people here in day-to-day operations. And it is getting smoother and smoother. And very soon, we will be able to understand what we need to do next.

Ankur: Great, sir. Any thoughts -- last time you had highlighted there will be a expansion subject to the ramp-up. Any thoughts you can share what could be the size, scale of these operations in terms of revenue or in terms of capex?

Mukesh Shah: In Thailand, you mean?

Ankur: Yes, in Thailand.

Mukesh Shah: In Thailand, this trial production, as I told you earlier, it is going to be very small because these are the trials and the first time we are making. So it's not a very big something that it will make a big difference on balance sheet. But important is to establish this product technically and then go for expansion because that not many people have this kind of a product.

So it is not an easy product to make. So first, we need to get ourselves technically fully satisfied by all the parameters, processing conditions, everything, and then we will plan. We will definitely announce officially before we take any such step.

Ankur: Sure, sir. Second bit on the U.S. and the UAE expansion, the subsidiaries that you highlighted. The capex, as I understand, is only in the U.S. In UAE also, we plan to have a manufacturing plant?

Mukesh Shah: You are right. You see, in U.S., we have the sales office in U.S. since 12 years almost. And we established our business very well in U.S. through the sales office. And so now the next step we are going ahead is the manufacturing over there. Same way in UAE, up till now we did not have anything. So we are doing the same route, first to put up the sales offices in Middle East. And then we will see at the right time, not as of now.

Ankur: Sure. And just a follow-up on the U.S. expansion. The nature of the products that we'll be making there, how different it will be versus what we are making in India? And a second related...

Mukesh Shah: Till now...

Ankur: Go ahead.

Mukesh Shah: I understood. So initially, the first phase is making the same products which we are currently exporting from Indian plant. So those products which we are regularly exporting for U.S. -- from Indian plants to U.S., those will be first made over in the Phase 1. And in the meantime, we are looking at many other approvals and many other opportunities there. So second, we'll have a mix of existing and new products, second phase.

Ankur: Sure, sir. And just lastly, from a margin profile that we will make in U.S., given the manufacturing cost over there will be higher, will it be largely similar to the India operations? Or how should one look at that?

Mukesh Shah: I have no idea as of now because it is too early to tell you anything on that.

Ankur: Okay. Sir, on the timeline...

Mukesh Shah: But Ankur bhai, irrespective of whatever the figures come -- and we are going ahead with the manufacturing there.

Ankur: Yes. Great. Great. Just on the timelines, when can we see U.S., let's say, Phase 1 of the plant getting commissioned?

Mukesh Shah: So that you have to wait. We will announce first stage-wise, and then you will come to know everything officially, we will announce at the appropriate time.

Moderator: Next question comes from Nitesh Dhoot from Anand Rathi.

Nitesh Dhoot: So, sir, my first question is, I mean, so the focus clearly is much higher on the international market as it appears, given that you're doing a focused expansion in JNPA that's export-oriented. Then there is this U.S. expansion coming up and you've also spoken about an inorganic opportunity. So is it like having a local capacity in U.S. opens up more opportunities for us in the longer run? Or how should one see it?

And also on this inorganic opportunity, maybe if you can just give some more color as to which areas possibly are you exploring? Is it in the same line of products? Or is there some addition, something incremental on the product side?

Mukesh Shah: Naturally, there is going to be the benefit by putting up the plant in U.S. because all our major customers in U.S., they want the local production there. Today, they are buying from me, but they cannot buy the major share from me because my manufacturing is from India, and it takes at least 2 to 3 months to reach the product over there.

This cannot continue forever. I'm keeping the stock over there and all that. But still the manufacturing has to be there if you want to really have a big share in the U.S. market. So it is an absolute necessity to have the plant there according to me. So that is why we have to go there.

Secondly, when we transfer our existing exports from existing plants to SEZ, we will be able to free significant capacities in our existing plants to meet the growing domestic market. Domestic demand is also good. So it is not that we are focused only on the international market. We are equally focused on the domestic market also.

Nitesh Dhoot: All right, which is what my next question was that, since you are seeing a lot of capacity on the domestic side, how do we see this getting absorbed? So, I think that fairly answers the question.

And just one more question, sir, for Sonali ma'am. So there is a inventory days increase that you have seen of around 13-odd days. If you can maybe just give some color there?

Sonali Bhadani: So yes, we have little elevated the inventories both on raw material and certain on finished goods side at a consolidated level, looking at the supply chain disruptions which are posing and certain geopolitical conditions which were arising. So it is always in our interest to keep certain higher inventory levels at these point in time so that we don't miss out on any opportunity which arises.

Nitesh Dhoot: Right. Right. And just one last thing, ma'am. So you said that INR200-odd crores was for some long-term investments that we have done. So that put together with the short-term cash around INR950-odd crores. So total is like INR1,150 crores, INR1,200 crores cash that we have on books?

Sonali Bhadani: Yes. Yes, around that amount only, yes. So that has been invested in various periods, 3, 6, 9 and 12 months. That has been divided into different, different buckets to invest in.

Nitesh Dhoot: Sure. And we are open to any fundraise -- or any debt also that might be required to fund all these expansions that we are planning?

Sonali Bhadani: We are open, and we will be taking certain debt. So our project will be funded both with a good amount of mix of internal accruals and the debt financing.

Moderator: Our next question comes from Jasdeep from Clockvine Capital.

Jasdeep: Sir, at what stage are you as far as your plans for creating manufacturing facility in U.S. are concerned? So have you already got the land in your possession or that is pending?

Mukesh Shah: We are in the process of getting it.

Jasdeep: By when would you get the land at least?

Mukesh Shah: We will announce it. Within a couple of months we should be able to announce, because there are some procedures yet to be followed, which we are doing it on priority. And as soon as we get it, we will announce it.

Jasdeep: Got it sir. Sir, in fiscal year '25, we see that the company has done INR125 crores of capex on a consol basis. So does it lead to a creation of some extra capacity in the business or that is purely maintenance?

Mukesh Shah: Which capacity?

Sonali Bhadani: So on a consol basis, it has come because it includes also on the SEZ some maintenance capex, something on the R&D side. So it includes everything.

Jasdeep: So does it lead to Capacity creation as well in the...?

Sonali Bhadani: Yes. It will lead because, see,what you are speaking, out of which the main portion belongs to our JNPA, the land procurement, around INR110 crores.

Jasdeep: INR110 crores is only for land procurement. Okay.

Sonali Bhadani: Yes. Yes. Yes.

Jasdeep: So then there's very minimal capex aside from that?

Sonali Bhadani: Yes, because maintenance capex is not that high year-on-year.

Jasdeep: Got it. I believe the management was looking for further land parcels in India apart from the JNPT land parcel that you acquired. So what is the status on that front?

Mukesh Shah: – You are talking about the Gujarat land, that we have already said that we are not going to get it. Government has told us clearly. We got the refund of that earnest money deposit also. So as of now, I don't think there are any proposal for buying a land in India. The only land what we have is this SEZ as of now.

Jasdeep: Got it sir. Got it. Sir, my last question. Sir, your clients would be growing at 5%, 6% CAGR as far as their volumes are concerned, but you don't have...

Mukesh Shah: Yes. Globally -- you can say that all products together average 5% to 6% is okay globally. But in India it is a little bit higher, maybe 8% to 10%.

Jasdeep: Correct. So -- but you don't have capacity. So are you refusing business from your clients for next 2 years?

Mukesh Shah: No, we are not losing any business as of now. We are trying to manage and balance -- meet the existing customers' need. But yes, you are right, I cannot take any big account, new account till we have additional capacity. So till we will have to continue meeting the demands of the existing customers first. And new customers, we have to go through the approval and all other processes regulatory, whatever. And then maybe we should be ready when the new plant start.

Jasdeep: So then would it be right to assume that next 2 years the business volumes will grow at 5%, 6% CAGR?

Mukesh Shah: More or less -- I don't know exactly because right now, all our plants, except E-73 are running almost full. So the only growth may come mainly from E-73, which is Patalganga plant. Other plants -- there will be some small additions here and there, but not much, honestly.

Jasdeep: Got it. So can you generate 5%, 6% volume growth for next 2 years before your JNPA plant?

Mukesh Shah: I don't know exact percentage, but there will be some little growth, not very high.

Moderator: Our next question comes from Arun Prasath from Avendus Spark.

Arun Prasath: Sir, the last 2 quarters our raw material price was going up drastically. Have we completely passed on those prices to our customers, sir? Or how we should think about it?

Mukesh Shah: Yes. Wherever there were no long-term contracts, we passed on. But wherever there were long-term contracts, we had to bear that additional cost. So some contracts were long-term contracts which were there, and nobody was expecting this step from government that they will increase the import duty and all that. But it has happened. So wherever we had the contracts, we had to absorb that. Wherever we did not have the contracts, we could pass on.

Arun Prasath: Sir, when we say long-term contracts, it is mostly 1 year, right? Or it will be longer than that?

Mukesh Shah: Mostly 1 year. Sometimes 6 months, but mostly 1 year.

Arun Prasath: So that means in another 6 months if the price continues to be like this, in those contracts also we should pass on the...

Mukesh Shah: As of now the prices have not come down, but it has stabilized. So I don't know whether the prices will come down because it totally depends upon government -- what the government is -- whether the import duty continues, other situations. There are a lot of uncertainties going on. So we are also quite cautious in making new contracts. But whatever were made earlier are made. So right now it is not going up. At least it is stable, but we don't know about the future.

Arun Prasath: Sir, in these uncertain times, our customers will also prefer short-term contracts, sir, or they are still continuing to go with the long-term contracts?

Mukesh Shah: See, there are customers, the large customers, irrespective of the situation, they will go for long-term contracts only. Arun bhai, you are aware that our products are used 0.1%, 0.2%. So these are small raw materials for them. So they don't want to talk about these products every 3 months and all that. So they prefer only annual contract, and they don't want 6 months contracts also. So we have to go -- with the very large customers, we have to go for 12 months contract.

And they said that you average out whatever because otherwise, these changes are happening every day. Freight costs are changing every day. Raw material costs are changing every day. Everything is changing. So those large companies, they don't want to go through all these headache. They don't have time to look for this kind of raw materials, which are very, very, very small raw material for them. They will rather focus on their bigger raw materials.

Arun Prasath: Understood sir. Sir, secondly, in our unit which we started after the fire, I mean, in our neighboring unit, have we ascertained what is the revenue loss in FY '25? And are we going to get some kind of insurance claim for this?

Sonali Bhadani: Yes, we estimated that, and we have lodged our final claim also for that unit with the insurance company, which we are expecting to conclude soon.

Arun Prasath: Sonali, any ballpark what is the revenue loss that we are claiming?

Sonali Bhadani: I think it would not be right to say those things, but...

Arun Prasath: Okay. So basically, that amount we can expect as a growth in '26 over '25? Not the claim part, but at least now that the plant is running, so we should be expecting some kind of a volume and revenue for 6, 7 months, which we lost during '25?

Sonali Bhadani: Yes, yes, that will be coming. But it was a smaller unit. It was very small unit. And once we conclude the claim, the figures will be there in the P&L, I mean, on the receipt. Yes.

Arun Prasath: Understood. Secondly, on the U.S. expansion, Mukesh bhai, for the same amount of capex, what is the kind of a capacity difference in India and U.S., sir?

Mukesh Shah: As of now I mean, not very clear, but it will be higher compared to India. So right now, our people are working on that because we don't have any experience of that. So we are negotiating with the U.S. suppliers. We are negotiating with the Indian suppliers. A lot of changes may happen.

Something will be done from India, something will be done from U.S. So we will announce once the right time -- at an appropriate time. Once we are ready with the figures, we will definitely tell you. And today if I tell you any figure, it won't be right. But definitely, it will be higher than India.

Arun Prasath: Understood, sir. Sir this INR45 crores that we have disclosed, that is only the land cost or it is for the entire capex for the Phase 1?

Sonali Bhadani: It is only for the initial equity to start with the procedures and to do certain things.

Arun Prasath: Okay. So this is not the Phase 1 capex. Phase 1 capex we will announce…?

Sonali Bhadani: No, no. It is not a capex amount. It is an initial estimated amount which we may require in coming next 6 months or so, which we will infuse as equity to cater to certain expenses or certain land part of it. But not the entire capex for sure because we are yet to conclude on those numbers. Once we are concluded, at the right time it will be disclosed.

Moderator: Our next question comes from Arya Shah from Prospero Tree.

Arya Shah: U.S. authorities are talking about avoiding the food dye in the processed food. So is this any big opportunity for us in any form?

Mukesh Shah: No, no. Arya, we are not in the food dye or food color business. So it has nothing to do with us. Ours are food additives, not the food colors or food dyes.

Moderator: Our next follow-up question comes from the line of Aatur from ICICI Prudential Mutual Funds.

Aatur: Sir just -- like on the inorganic acquisition if you can just give some range that -- is there a particular range between which you are looking at this inorganic or...

Mukesh Shah: No, no, no, Aatur, it is not like that. We don't look at the range and all that. We are looking at the products and the -- what type of products are there. Mostly it will be complementary products, not the same products as what we make, because whatever the type of products which we make, there are very, very large brands (Kindly read it as "they are very, very Complex").

So it is -- these are not in the line. But at least we see that if there are complementary products or in the desirable markets, in the geographies where we want. And third is what type of manufacturing infrastructure they have. So these 3 things are important for us, not the ticket size and all that. Those are secondary. Of course, those are important, but those are not the first thing to look at.

Moderator: The next question comes from Dhruvesh Sanghvi from Prospero Tree Asset Management LLP.

Dhruvesh Sanghvi: Most of my questions are answered. Sir, just one query around the topic of U.S. So, you said that the wallet share increases will potentially be much larger if we have our plant in those territories itself. And therefore, a lot of our current capacities in India due to JNPTA and maybe U.S. will start to become free. So if that is the case, can we see very -- like is there such a high demand that we can refill those capacities in India also very fast?

Mukesh Shah: We aware because we are not talking about one or 2 products. We are talking about a very wide range of products, not just for food additives, but also for feeds additives, cosmetic, a lot of other things, coatings. So we have a lot of opportunities, a lot of approvals in place. So I think this is the time to expand and take the advantage of these existing markets and the existing approvals, which are already there. So I think this is a good opportunity.

We will carefully -- we have planned to -- the production -- kind of products, what will be produced in U.S. plant, what will be produced in SEZ plant and what will be produced in our existing plants for domestic requirements. So we are quite aware of this. We are talking about a wide range of products. So it's not just one or 2 products. It's overall -- because all the industries are growing in India, as I told you earlier, foods, polymer, packaging, rubbers, coatings, feeds, cosmetics, everything is growing in India.

And it is going to continue. This growth is going to continue. And same way, we already have the other opportunities in North America, South America, other parts of the world. So all this -- I think we are quite positive on this future growth. And that's why we are investing in both the plants simultaneously.

Dhruvesh Sanghvi: Sure. Sir, and one more. When we -- like when we try to search about the oleochemicals industry, its origins, we always run up to some websites related to Europe. Over the last many years it has been there and so many companies are doing phenomenal work in Europe. But how is the competitive landscape changing now?

I mean, in India, do we feel that companies like Fine Organics are way more competitive, not just by cost, but by capability also now? Or how should we see -- because so many companies like Corbion, Emery, Cargill, it can -- I mean, so many companies' websites, they claim that they are way superior in 50 years and...

Mukesh Shah: See, these companies, Dhruvesh bhai, they are very good companies, Cargill and whatever other, Emery and all those, people are -- very nice companies, very old companies. We are comparatively much smaller and much younger compared to them. These companies have a history of more than 100 years.

So -- but there are certain technical products where we have an edge over them. So slowly, we are getting into that. Slowly, the customers are also understanding the superiority of the technology, superiority of the product properties and the performance. And we are quite capable -- we are very confident that we will get what we want in international markets also because we are in international market for the last 25 years now almost.

So we know these markets very, very well. And we know which products where to focus and which markets to be focused and which product to be focused. So I think they have their own strength, but we also have our own strength.

Dhruvesh Sanghvi: Right. If I may, sir, one more. So when we hear that plastic additives as a market in India is, let's say, $1 billion and, let's say, globally $25 billion. But when we see within the plastic additives, there are just so many oleochemical products and some are very commodity products and some are more specialized. We are definitely not in as much commodity. So how do we assess that out of 100 -- theoretically, 100 products are there, Fine Organics is catering 5, 2, or 25 products within that range?

Mukesh Shah: We might be catering to one or 2 products or 5 products because where the value is given -- You see, you are comparing so many products. I mean everything is not used in all the plastics, all the polymers. There are very different chemistries and all that. But you have to use the chemistry in such a way to get -- give them the molecule to give them the certain properties they want.

So many of these products are not existing as of now. Many of the markets are also not existing for some of the products. So you have to not only create the additive, develop the additive and create the market also for that. So it's not so simple that there is a market of product A, which is 10,000 tons and you target to take 2,000 tons. It is not like that. The market as of now is zero. And then you develop the product for that which will -- which can replace other products more effectively, more efficiently and then you take that market from you. So something like that.

Moderator: Our next question comes from Nilesh Ghuge from HDFC Securities.

Nilesh Ghuge: Sir, you mentioned that domestic demand is growing, and that is the reason to put up a plant in SEZ unit. And on the one side, you are saying that domestic demand is growing. And on the other side, while answering one question that you mentioned that your Patalganga unit is still underutilized. Just -- I'm just wondering why it is underutilized? Can we not make those products…?

Mukesh Shah: Yes. I will tell you. NileshI mean, what you said was right, but it's not -- I will tell you. This plant started only in March '22 some time. So it is just 2 years or something. And this plant is exclusively for food additives. It is not for any other additives. And that plant is also now getting full. And I think by March FY '26 or latest by first half of '27, this is also going to get full.

So whatever there is some capacity which we can add over there. I don't know how much, but some capacity we'll be able to add over there. And we will do it within the next 6 months, 8 months, we will take up that, and we'll try to see what additional capacity we can put up over there. But it is exclusively for food additives. I can't manufacture any other products over there. So as far as some food additives what we are manufacturing, we are continuing to get the market from domestic as well as export market. And it will get full very soon, maybe next year, most likely.

Nilesh Ghuge: Okay. So in next, let's say, 2 years from now or maybe 2, 3 years when the JNPA will be commissioned and you get the approval and you actually discuss that, till that time we have only Patalganga facility to ramp up or any other -- some kind of a debottlenecking you can do and ramp up capacity or go in terms of...

Mukesh Shah: No, no, we cannot do any debottlenecking. We can't do any debottlenecking because it will straight away hamper the safety parameters. So whenever you try to do debottlenecking in any chemical plant, you are sacrificing the safety, which we don't like to do. We will never do that.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Mukesh Shah: So thank you very much, everybody. I hope we have been able to answer all your questions satisfactorily. However, if you need any further clarification or want to know more about the company, please contact SGA team, our Investor Relations advisors. Thank you very much. Thank you.

Sonali Bhadani: Thank you.

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