

September 29, 2025

Fine Organic Industries Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term/Short term – Fund-based/Non-fund based limits	71.00	71.00	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed
Total	71.00	71.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation factors in Fine Organic Industries Limited's (FOIL/the company) established market position and the extensive experience of the promoters in the oleochemicals industry for more than five decades. FOIL is one of the leading manufacturers of oleochemical derivatives which act as specialty additives in various industries like food industry, polymers, cosmetic & pharmaceutical industry etc. The ratings also factor in its long-standing relationship with a diversified clientele which includes reputed players from the petrochemical, cosmetics and food industries. The company has a vast portfolio of 600+products with application in multiple industries. The ratings also factor in the company's strong product and process innovation capabilities, supported by a strong in-house research and development (R&D) facility. The ratings are further backed by FOIL's robust financial risk profile, characterised by healthy cash flow from operations, nil debt levels as on FY2025-end and large unencumbered cash balances. The company's TD/OPBDITA was 0.01x as on March 31, 2025 (including lease liabilities), as the company is debt free. The liquidity profile of the company remains strong with ~ Rs. 1,050.04 crores of free cash and cash equivalents as on March 31, 2025, and unutilised working capital facilities.

The ratings are constrained by the susceptibility of the company's profitability to volatility in raw material prices, evident from the variation in its operating margins over the last few years. However, ICRA notes that the company has been able to pass on the price impact with some lag and maintain average margins over a certain period. The ratings also factor in the exposure of FOIL's profitability to adverse exchange rate movements; however, the company undertakes hedging to mitigate the risk.

ICRA notes that the company has large capex plans to expand its capacity in the same line of business with capacity expansion plans in both domestic and overseas market. The company plans to setup a manufacturing facility in similar line of business under its wholly owned subsidiary, Fine Organic Industries (SEZ) Private Limited (FOIL SEZ) in India, with a capital outlay of around Rs. 700-750 crores over the course of FY2026 to FY2028. The subsidiary will be funding its entire capex through a mix of term debt and equity from the parent company. FOIL's strong liquidity and cash flows, backed by healthy demand, should comfortably support equity requirements. The company is also finalizing plans for a US manufacturing facility, with higher capex than its domestic expansion. This exposes FOIL to execution risks due to the new geography and stringent regulatory environment. The timely completion and efficient ramp-up will remain key monitorable. Additionally, FOIL's US exports may be impacted by the 50% tariffs imposed by the US administration on the Indian imports pending a trade deal and the impact of the same will remain a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from a favourable demand for its products which will support the current volume sales and cash generation from operations. The healthy cash flow from operations will keep the credit profile stable despite the planned capex.

Key rating drivers and their description

Credit strengths

Extensive track record of promoters in manufacturing additives - FOIL, a part of the Fine Organics Group founded in 1970, manufactures oleochemical derivatives for various end-user industries such as food, plastic, rubber, paint, ink, cosmetics, coatings, animal feed nutrition etc. The company manufactures more than 600 products and has various global certifications for them.

Strong in-house R&D facilities for process improvement and product innovation - FOIL has an in-house R&D facility with strong capabilities. The company's in-house product innovation, product application and engineering improvement help it cater to the market's needs and gain an edge over other global players.

Reputed customer profile with low customer concentration risk - The company has a well-diversified and reputed customer base in both the petrochemical and food sectors. As indicated by the management, the company's sales are diversified with no customers accounting for more than ~5% of the overall sales.

Long-term relationships with suppliers - About 65-70% of the company's raw material is procured from the domestic market. The company has healthy relationships with its suppliers, which ensure uninterrupted supply of raw materials and mitigate the impact of supply risks.

Strong financial profile - The company's overall financial risk profile remains strong, characterised by healthy cash flow from operations and company being debt free. The company's RoCE has remained robust over the last few years around 27.3% in FY2025 although moderating from 32.8% in FY2024. The liquidity position has remained strong with ~Rs. 1,050.04 crore of cash and liquid investment as on March 31, 2025. While the company's subsidiaries will be incurring a capex going forward for which they will be availing term debt, the overall net debt level on a consolidated basis is expected to remain negative given the healthy internal accruals which will support the equity funding requirement of the capex programs under its subsidiaries.

Credit challenges

Vulnerability to raw material price fluctuation - The company's key raw material is vegetable oil and its derivatives, whose prices keep fluctuating. The company has mix of short- and medium-term contracts with vendors. The company may face volatility in profitability on account of inability to pass on the raw material price fluctuations under certain orders.

Profitability exposed to adverse fluctuation in forex rates - The company's profitability is vulnerable to the adverse movements in foreign currency as ~55-60% of its sales come from exports, while it imports ~30-35% of its total raw material requirement. However, the risk is mitigated largely by the hedging undertaken by the company for its imports and exports.

Planned capex going forward exposes company to project execution risks: The company has large capex plans to expand its capacity in the same line of business with capacity expansion plans in the domestic market and the overseas market. The company plans to setup manufacturing facility for products in the similar line of business with a capital outlay of around Rs. Rs. 700 - 750 crores over the course of FY2026 and FY2028 under its wholly owned subsidiary, Fine Organic Industries (SEZ) Private Limited (FOIL SEZ) in India. The company is also in advanced stages of finalizing its plans for setting up a manufacturing facility in the United States of America (USA) wherein the capex is expected to be higher than the capex being incurred for setting up capacity in the domestic market. The company will be availing term debt for funding part of the capex plans, the sizeable liquidity on the books of the company and healthy cash flow from operations supported by healthy demand for FOIL's products will enable the company to comfortably meet the equity funding requirements for the upcoming capex. Despite the equity funding requirements for the capex plans, ICRA expects the net debt position for FOIL on a consolidated basis to remain

negative through the capex plan execution. Given the sizeable capital outlay and a part of the capex being executed in a new geography with stringent regulatory environment, the company will remain exposed to project execution risks. The experience of the management in executing similar capex in the past provides comfort. The timely completion of the capex within the envisaged capital outlay and optimal ramp up of the capacities thereafter will remain key monitorable going forward.

ESG Risks

Given the nature of the product manufactured by FOIL, the company is not exposed to environmental risk. Majority of the products are bio-based and bio-degradable. However, as some of the end-user industries e.g. polymers may remain exposed to environmental risks. However, given a diversified customer profile, FOIL is not expected to witness a significant impact on its operations.

In terms of social consideration, the product demand as well as operations for the company are unlikely to be significantly impacted. Further, operating responsibly for chemical players is an imperative and instances of non-compliance with environmental, health and safety norms could have an adverse impact on the local community which could manifest in the form of protests, constraining the ability to operate or expand the capacity. However, given the strong compliance followed by FOIL in its operations as indicated by Zero Liquid Discharge (ZLD) plants, the company has ability to maintain the manufacturing controls.

Liquidity position: Strong

FOIL's liquidity position, on a consolidated basis, is expected to remain strong going forward with expectation of healthy net cash accruals on an ongoing basis, ~Rs. 1,050.04 crore of free cash and cash equivalents/fixed deposits as on March 31, 2025, and unutilised fund-based limits of Rs. 71 crores. While FOIL has plans to undertake large capacity expansion, ICRA expects the company's liquidity position to remain comfortable considering current free cash balance and expected cash flow from operations will be more than adequate to fund the equity for expected capex plan.

Rating sensitivities

Positive factors – ICRA could upgrade FOIL's ratings if the company demonstrates a substantial increase in its scale of operations while maintaining healthy operating margins, working capital intensity and capital structure on a sustained basis.

Negative factors – The ratings could be downgraded in a scenario of sustained moderation in the revenue and profits of the company and/or sizeable debt funded capex resulting in a significant moderation in the credit metrics and moderation in liquidity position. Any significant elongation of the working capital cycle resulting in sustained moderation in the liquidity position may also result in a rating downgrade. A specific credit metric that could lead to a rating downgrade is Total Debt/OPBDITA remaining above 1.0x on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology - Chemicals Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Fine Organic Industries Limited. As on March 31, 2025, the company had four Wholly owned subsidiaries and two JVs, which are enlisted in Annexure II

About the company

Fine Organic Industries Limited (FOIL) is the flagship company of the Fine Organic Group, founded in 1970 by (Late) Mr. Ramesh Shah, a Mumbai-based businessman with experience in chemical trading, and (Late) Mr. Prakash Kamat, a skilled

chemical technocrat. The Group is engaged in the manufacturing of oleochemical additives for various end-user industries such as foods, plastics, rubbers, paints, inks, cosmetics, coatings, feed nutrition etc. FOIL, incorporated in 2002, began operations in 2006 by setting up a manufacturing facility in Ambernath (near Mumbai). In FY2017, FOIL merged with Fine Research and Development Centre Private Limited (FRDCPL) and Fine Speciality Surfactants Private Limited (FSSPL). Previously a private limited company, FOIL was registered as a public limited company in November 2017 and subsequently got listed in July 2018. Currently, FOIL has manufacturing facilities at four locations in Maharashtra – Ambernath, Badlapur, Dombivli and Patalganga.

Key financial indicators (audited)

FOIL Consolidated	FY2024	FY2025
Operating income	2123.03	2269.80
PAT	414.53	411.32
OPBDIT/OI	25.18%	22.62%
PAT/OI	19.53%	18.12%
Total outside liabilities/Tangible net worth (times)	0.09	0.09
Total debt/OPBDIT (times)	0.01	0.01
Interest coverage (times)	219.71	233.83

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. Crore, All the financial metrics and ratios presented in this document are as per ICRA's methodology

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2026)		Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				Sep 29, 2025	Jul 16, 2024	Jun 20, 2023	Apr 18, 2022
1	Long-term – Fund-based – Cash credit	Long term	-	-	-	-	[ICRA]AA-(Stable)
2	Long-term/Short-term – Fund based/Non-fund based limits	Long term and short term	71.00	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+
3	Long term/Short term – Unallocated	Long term and short term	-	-	-	-	[ICRA]AA-(Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/Short-term – Fund based/Non-fund based limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based/Non-fund based limits	NA	NA	NA	71.00	[ICRA]AA (Stable)/[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	FOIL Ownership	Consolidation Approach
Fine Organics (USA), Inc.	100.00%	Full consolidation
Fine Organic Industries (SEZ) Private Limited	100.00%	Full Consolidation
Fine Organics Europe BV	100.00%	Full consolidation
Fine Zeelandia Private Limited	50.00%	Equity Method
Fine Organics Americas LLC	100.00%	Full consolidation
Fine Organic Industries (Thailand) Co., Limited	45.00%	Equity Method

Source: Company

ANALYST CONTACTS

Girish Kumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545322

prashant.vasisht@icraindia.com

Varun Gogia

+91 987 115 6542

varun.gogia1@icraindia.com

Mohika Kundara

+91 95991 33619

mohika.kundara@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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