



January 27, 2023

To,

General Manager, Listing Department, Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai – 400 001 Company code: 533333	The Manager, Listing & Compliance Department The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400051 Company code: FCL
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Subject: Press Release – Upgrade CRISIL Credit Ratings

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of press release issued by the Company.

This is for your information and records.

Thanking you.

Yours faithfully,

For FINEOTEX CHEMICAL LIMITED

Sanjay Tibrewala
Executive Director
DIN: 00218525



FINEOTEX CHEMICAL LIMITED

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Fineotex Chemical Limited

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Head Office: Manorama Chambers, S. V. Road Bandra (West), Mumbai - 400 050, India

Fineotex is proud to announce its upgraded CRISIL rating

January 27th 2023: Fineotex Chemical Limited (BSE: 533333, NSE: FCL), a leader of speciality chemicals headquartered in Mumbai, India, is proud to announce its upgraded CRISIL ratings as below:

Long Term Rating	CRISIL A/Stable (Upgraded from 'CRISIL A-/ Stable)
Short Term Rating	CRISIL A1 (Upgraded from 'CRISIL A2+')

In its report dated 27 January 2023, CRISIL while giving the rating rationale, stated that: "The upgrade takes into account the improved business risk profile of Fineotex Chemical Limited's (FCL) as sales towards customers in home and hygiene category are expected to significantly reduce its working capital cycle over the medium term. The financial risk profile remains strong with low dependence on debt and minimal use of bank facilities. The rating reflects the company's established position in the specialty chemicals segment with reputable clients, strong operating efficiency, financial risk profile, and experienced promoters. These strengths are offset by exposure to raw material price volatility, competition from multinational companies and moderate scale of operations, which is however improving."

For arriving at the ratings, CRISIL Ratings has combined the business and financial risk profiles of FCL and its subsidiaries to the extent of its shareholding as they have significant managerial, operational, and financial linkages.

On a cautionary note, the report said that "Raw materials derived from petrochemical products are exposed to volatility in crude oil and other raw material prices. Volatility in prices of the imports, is largely mitigated by formula-based pricing and a favorable product mix. The exchange fluctuation is also offset by export earnings. Intense competition in the high-end performance chemicals segment from large European players, who are well established with high capital base and dominate the market, is a key concern."

CRISIL has conducted a thorough analysis of the company's performance on various key rating drivers and has provided the following clarifications in regard to the detailed parameter analysis:

Strengths:

While commenting on company's strengths, the report states that:

- a) The company has a strong reputation, with more than four decades of industry experience by the promoters, a healthy relationship with customers and suppliers, a diversified product line, customer base, favorable exports, and prestigious accreditations .and this will continue to support its established market position. The

acquisition of Biotex group in 2011 will also drive export growth through overseas expansion and complementary product portfolio

- b) The company is moving away from a textile-concentrated approach with a broad product profile catering to multiple industries and. The company aims to continuously monitor and maintain a well-balanced revenue ratio for textile vs non-textile segments. The company's debtors' days have also improved to an average of 90 days, resulting in better accruals. The low investment required for additional capacities has supported strong returns on capital employed (RoCE) and asset turnover in fiscal 2022. Operating efficiency is expected to remain healthy with no major capacity expansion planned in the medium term, with healthy operating margin and RoCE
- c) The company has, over the past few years retained a debt-free capital structure and strong debt protection metrics which have kept its financial risk profile low. The company is term-debt free with gearing remaining below 0.1 times and expected to stay below 0.5 times in the future. Cash accrual, expected at Rs 80-100 crore per annum over the medium term, will be sufficient to take care of incremental working capital requirements. Any large debt funded capex or acquisition will remain a key monitorable in the company

Liquidity position: Strong

“The company has no debt repayment obligation and cash accrual will support liquidity in the medium term. The company has low dependence on external funding for working capital due to high accruals earned, and cash accrual & unutilized bank lines will be sufficient to meet incremental working capital requirements.”

Outlook: Stable

“CRISIL Ratings believes the business risk profile of FCL will benefit from ramping up of new capacities and improving performance of end-user segments. The financial risk profile will continue to be healthy, supported by steady cash accrual, and low debt.”

About Fineotex Chemical Limited:

Founded in 1979, Fineotex Chemical (BSE: 533333 | NSE: FCL) is leading specialty chemical producer and a solution provider, having a market leading position in the specialty chemicals, in the international business as well as the domestic textile industry. Company manufactures chemicals for the entire value chain for the textile industry including pre-treatment, dyeing, printing and finishing process. The Company has successfully expanded into home care, hygiene and drilling speciality chemicals sector and manufactures over 475 products exporting to over 69 countries.

The Company has manufacturing facilities in Mumbai and Ambernath, India and Selagor, Malaysia with combined capacity of 104,000 MT.

The subsidiary in Malaysia, Biotex Malaysia drives all the R&D initiatives of the Company and overall new product development.