



5<sup>th</sup> September, 2020

To,

General Manager,  
Listing Department,  
**BSE 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**

Dear Sir/Madam,

**Subject :- Investor Presentation September 2020**

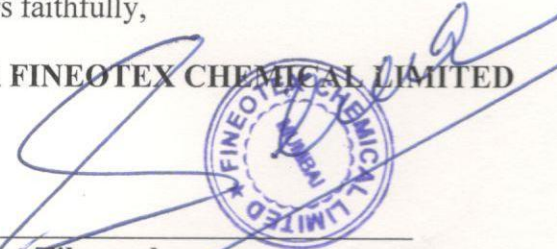

With reference to our letter dated 27th July 2020, we have informed the appointment of M/s Churchgate Advisory Private Limited as our Investors Relations Advisor. We hereby enclose the latest Investor Presentation updated as of September 2020.

Kindly acknowledge receipt of the same.

Thanking You.

Yours faithfully,

**FOR FINEOTEX CHEMICAL LIMITED**

  
  
Sanjay Tibrewala  
Whole Time Director & CFO  
DIN: 00218525

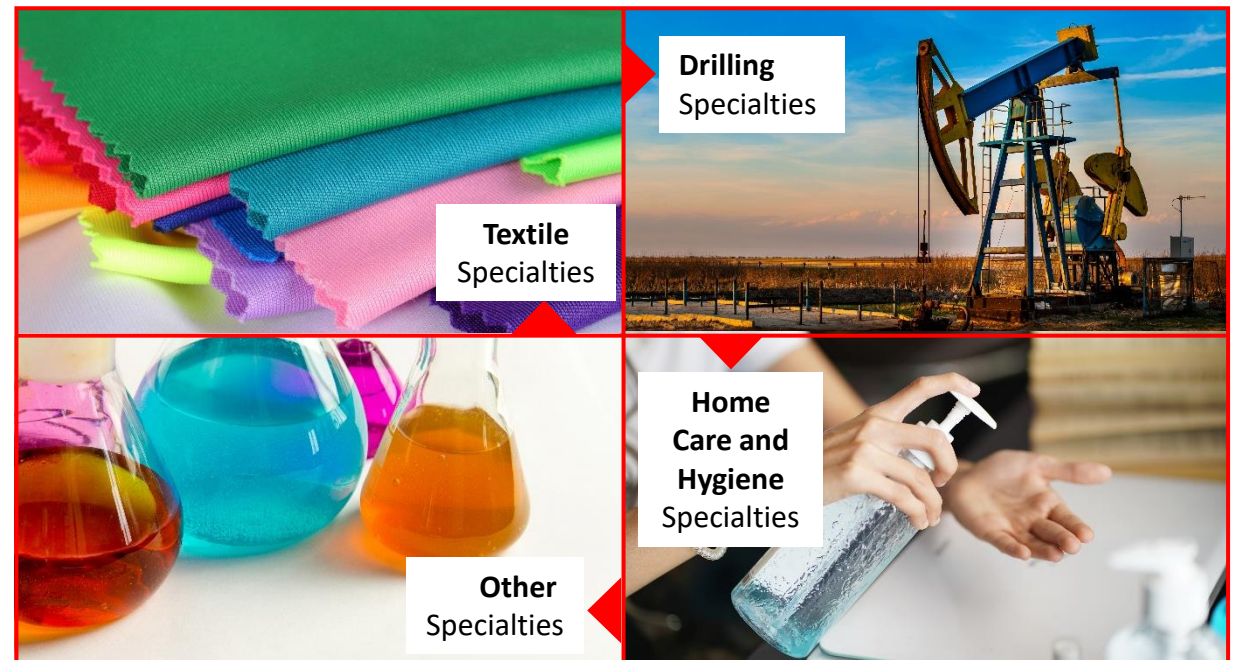


# Fineotex Chemical Limited

(BSE: 533333; NSE: FCL)

**Investor Presentation**

**September 2020**



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# Company Overview



Speciality chemicals producer for **4+ decades** with a market leading position in the international textiles industry



**450+**  
Product Categories



**60+**  
Countries Present

Successful entry into **home care and hygiene** and **drilling speciality chemicals**

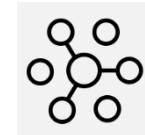


**Bluesign, ZDHC,  
Star Export House**  
Accreditations



**43,000+ MT p.a.**  
Installed Capacities

Biotex Malaysia spearheads the **R&D solutions, application research** and **product development**



**100+**  
Dealers in Indian and  
International Market



**Rs. 270 mn**  
Deployed for brownfield  
facility at Ambernath,  
Maharashtra

Attractive industry dynamics with **technical barriers to entry** and high levels of **development and product customisation**



**Rs. 590 mn**  
Liquid Investments as  
on 30<sup>th</sup> June 2020



**Rs. 3,539 mn**  
Market Capitalization as  
on 30<sup>th</sup> June 2020

## Business Dynamics

- Fineotex and Biotex associated with quality and innovation across industries globally
- Top 10 customers: 33% of sales
- Top 10 products: 18% of sales

## Acquisition Track Record

- Biotex (73% owned) net profit has grown by a factor of 4x since acquisition in 2011
- De-leveraged into a debt free Company

## Global Customer Reach

- International acceptance by high profile customers
- 50% of sales come from 60+ countries

## Promoter Commitment

- Promoter stake up from 62.5% to 71% over time
- Incremental shares purchased at market prices higher than IPO issue price

## 10 Year Financial CAGR

- Revenues 24.4%, EBITDA 21.7% , PAT 22.2%
- Cash Flow from Operations 22.0%
- Cash Flow from Operations to EBITDA at 83% in FY2020

## Robust Balance Sheet

- Net cash positive, well poised for growth
- Rs 590 mn of liquid investments: Rs. 270 mn allocated to upcoming brownfield facility
- Disciplined approach to acquisitions

1995



- ❖ Incorporation of Fineotex Chemical Industries (FCI)

2004



- ❖ Accredited with ISO 9001:2008
- ❖ Incorporation of Fineotex Chemical Private Limited (FCPL)

2007



- ❖ Acquisition of FCPL by Fineotex Chemical Limited

2011



- ❖ Listed on BSE
- ❖ Incorporated wholly owned subsidiary in Malaysia
- ❖ Acquired majority stake in Biotex Group

2014



- ❖ Bonus declared on 1:1 basis
- ❖ Accredited with ISO 4001:2004 & OHSAS 8001:2007 certifications

2015



- ❖ Listed on NSE
- ❖ Received Star Export House recognition

2017



- ❖ Fineotex Chemical Limited announced first buyback

2018



- ❖ Awarded as IPF fastest growing chemical manufacturing Company at BSE Limited on December 20, 2017

2019



- ❖ Biotex partnered with Bluesign
- ❖ Manufacturing capacity increased to 43,000 MTS annually and both facilities GMP certified

2020



- ❖ NSE top 1,000 companies
- ❖ Buyback of 11 lacs shares up to a maximum price of Rs. 40
- ❖ Deployed Rs. 270 million for new brownfield facility at Ambarnath, Maharashtra



## Textile Specialities



## Home Care Specialities



## Hygiene Specialities



## Drilling Specialities

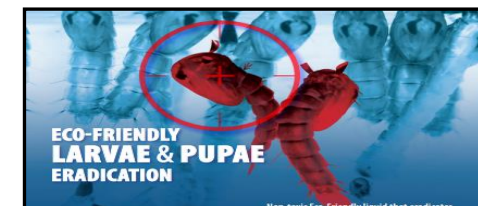


Leverage core manufacturing and development expertise into new high growth areas



 Home Care and Hygiene Chemicals	 Drilling Speciality Chemicals	 Other Speciality Chemicals
<ul style="list-style-type: none"> <li>Customised solutions for:               <ul style="list-style-type: none"> <li>FMCG - branded detergents</li> <li>Public Health and Hygiene</li> </ul> </li> <li>Significant opportunity to work with leading branded detergent manufacturers for their polymer requirements</li> <li>Post the outbreak of COVID-19, large addressable market for solutions used in disinfectants and sanitizers</li> </ul>	<ul style="list-style-type: none"> <li>Customised solutions for Oil and Gas</li> <li>Significant potential for offering effective products used for drilling in oil exploratory processes</li> <li>Sizable orders from a leading oil and gas company in India</li> </ul>	<ul style="list-style-type: none"> <li>A unique ‘Mosquito Life Cycle Controller’ product under development by Biotex</li> <li>Non toxic eco-friendly solution designed with European technology in Malaysia by Biotex</li> <li>Approved by Ministry of Health Malaysia, Singapore PUB, European Union, NSF and relevant authorities in Vietnam and Cambodia</li> </ul>

## Key Products



Home care and Hygiene Chemicals

‘Mosquito Life Cycle Controller’ under development

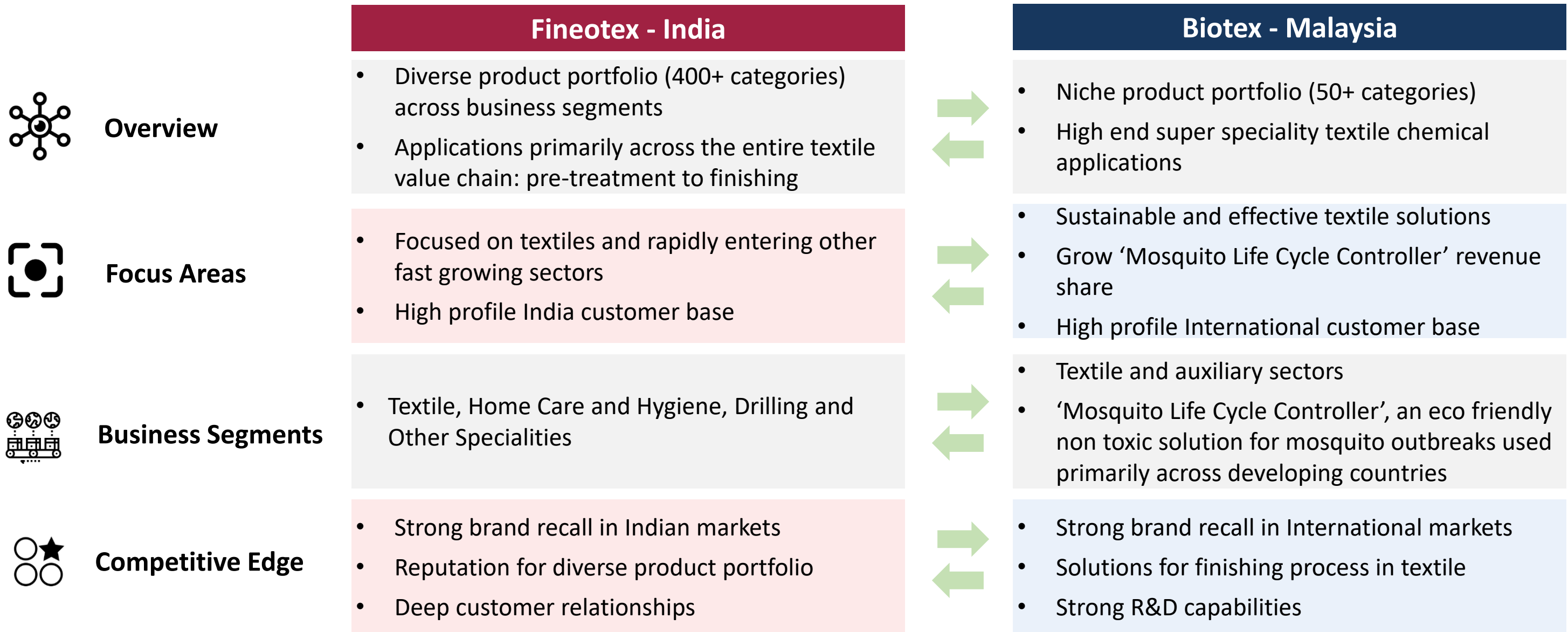
Non-textile segments will drive volume and value growth going forward

- Located on ~4 acres of land
- Expect to commission first phase of the brownfield manufacturing facility in Q1 FY2022
- Proposed deployment of Rs. 270 million
- Cater to customer demands in the existing Textile Specialities and fast growing Home Care and Hygiene and Drilling Specialities business

- State of the art automated unit which will be fully compliant with the highest standards of sustainability
- Located in close proximity to key port areas near Mumbai providing logistical and cost advantages



**Upcoming facility provides additional manufacturing capacity for existing product lines and new growth areas**

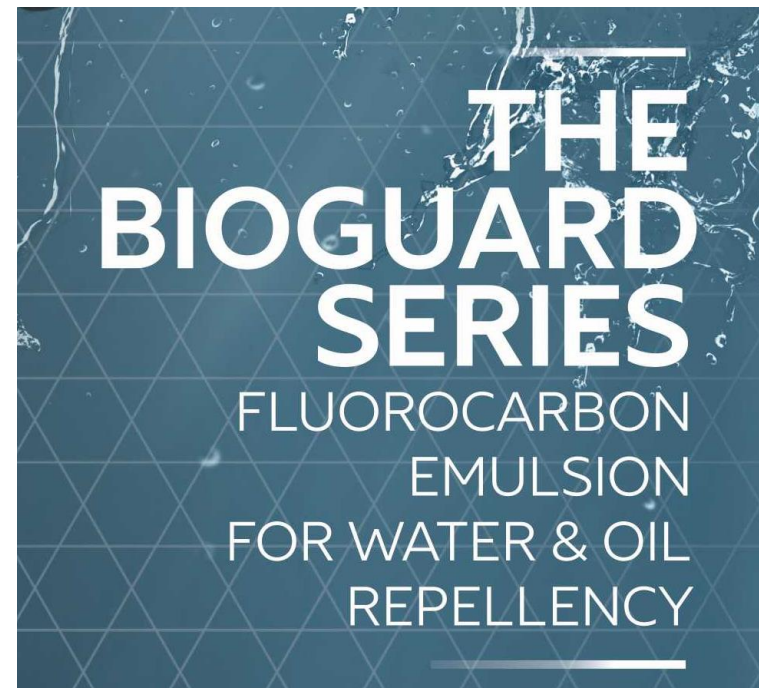
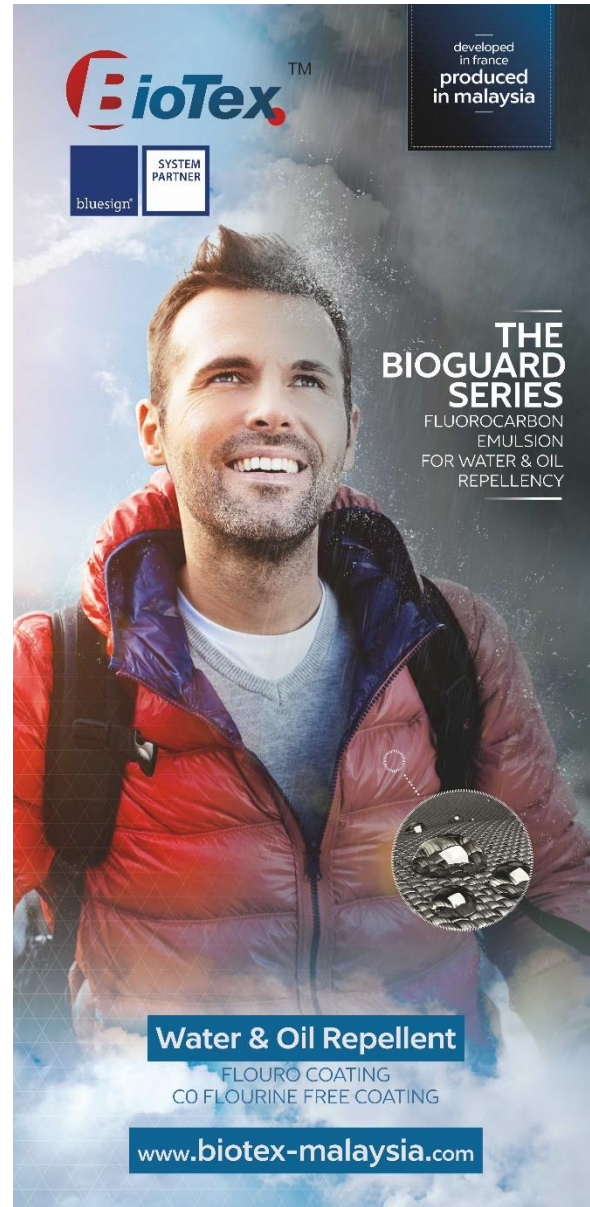


**Fineotex and Biotex complement each others strengths and offer distinguished speciality chemical solutions globally**

# Specialty Textile Chemicals Overview



**Fineotex + Biotex together offer tailored solutions across the textile value chain with a focus on higher realisations**

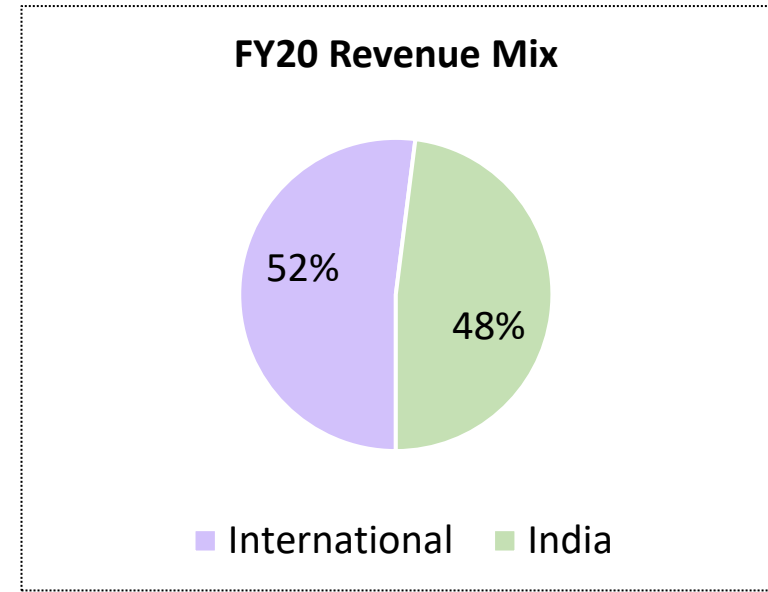


**'The Bioguard Series' of products from Biotex with water and oil repellent features in great demand post outbreak of COVID-19**



- Sales in **60+** countries including Brazil, Bangladesh, Germany, Indonesia, Malaysia, Singapore, Thailand, USA and Vietnam
- **30+** technical marketing experts
- **100+** dealers in Indian and International markets

● Facilities at Mahape and Ambernath (upcoming), Mumbai, India   ● Facility at Bangi, Malaysia   ● Sales



**Diversified revenue mix across clients, products and geographies coupled with technical expertise**



## Fineotex+ Biotex Synergies

Leverage Fineotex's industry insights and long standing customer relationships with Biotex's high end product expertise and regional positioning to serve global customers



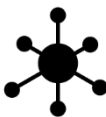
## Greenfield Developments

Upcoming brownfield facility at Ambernath, Maharashtra to be future ready for next phase of growth. Partnerships with International companies to establish manufacturing facilities in India



## New Product Categories

Enter fast growing synergistic segments such as Home Care and Hygiene and Drilling Specialties while continuing to focus on the core Textile Chemicals business



## Grow Market Share

Strong in-house development capabilities to grow market share across existing and new customers in both Indian and International markets. Continue to develop direct customer relationships and expand distribution network



## Disciplined Capital Allocation

Fineotex has a conservative approach to funding acquisitions, capacity expansions and greenfield/brownfield developments through internal accruals. Capital structure targeted to be net debt neutral



# Sustainability Approach







**Surendrakumar Tibrewala**  
Chairman and Managing Director



**Sanjay Tibrewala**  
Executive Director



**Aarti Jhunjunwala**  
Executive Director



**Navin Mittal**  
Independent Director



**Manmohan Mehta**  
Independent Director



**Alok Dhanuka**  
Independent Director



**Bindu Shah**  
Independent Director

- Audit Committee
- Nomination and Remuneration Committee
- Anti sexual Harassment Committee
- CSR Committee
- Stakeholder Relationship Committee
- Administrative Committee
- Whistle-blower Committee





**Surendra Kumar Tibrewala**  
Education: B.Com and LLB

**Managing Director**



**Sanjay Tibrewala**  
Education: B.Com and P.G. in Textile  
Chemicals and Processing

**Chief Financial Officer**



**Aarti Tibrewala**  
Education: B.Com and M.Com

**Head - International Marketing**



**Noa N. Ouakass**  
Education: M. Sc., MBA

**Chief Executive Officer - Biotex**



**Kedar Sankar Sonai**  
Education: M.Tech, MBA

**Executive Director - Biotex**



**Raman Perumal**  
Education: Diploma in Boiler Engineering

**Production Director - Biotex**



**Wong Lai Yoon**  
Education: BBA

**Operations Manager - Biotex**



**Tang Chai Yean**  
Education: Diploma in Chemistry

**Senior R&D Manager - Biotex**



**Jeetendra Adhav**  
Education: BE Industrial Engineering &  
Diploma in Chemical Engineering

**Plant Manager - Fineotex**



**Ramesh Gupta**  
Education: MSc, MBA B. Ed.

**Production Manager - Fineotex**



**Manoj Sharma**  
Education: B.Tech  
Responsible for: Plant and Projects

**Senior Manager - Fineotex**





**Purva Rane**  
Education: MSc in Analytical Chemistry  
Responsible for: Technical Service Lab and  
Product Compliances

**Assistant Manager - Fineotex**







**Experienced management team with multi decade expertise in speciality chemicals industry**









Location	Operating Facts	Strategic Advantages
 <p data-bbox="435 731 743 770"><b>Navi Mumbai, India</b></p>	<ul data-bbox="1031 394 1808 582" style="list-style-type: none"> <li>• FY20 Production Volume: 20,440 MT</li> <li>• Current Utilisation: 56%</li> <li>• Peak Utilisation: 75%</li> </ul>	<ul data-bbox="1920 394 2851 608" style="list-style-type: none"> <li>• Strategically located plant near key port close to Mumbai with logistical advantage to textile hubs across North, West, South and Central India</li> </ul>
 <p data-bbox="444 1231 734 1270"><b>Selangor, Malaysia</b></p>	<ul data-bbox="1031 867 1784 1055" style="list-style-type: none"> <li>• FY20 Production Volume: 4,550 MT</li> <li>• Current Utilisation: 70%</li> <li>• Peak Utilisation: 75%</li> </ul>	<ul data-bbox="1920 867 2836 1231" style="list-style-type: none"> <li>• Easy access to high quality raw materials in the region</li> <li>• Backward integration into key raw materials</li> <li>• Cost benefits due to Free Trade Agreements (FTAs) with important regional markets like Vietnam, China and India</li> </ul>

**Strong focus on R&D for high level of product customization**

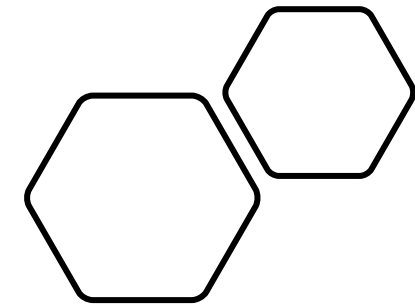
\* GMP stands for Good Manufacturing Practice Certification

Certificate	Value Proposition
	<ul style="list-style-type: none"> <li>Bluesign is recognized as a leading certification for sustainability in the global textile industry. As a partner, Biotex is committed to applying the bluesign system to meet the highest level of safety for both people and environment, to use resources responsibly, and to continuously improve environmental performance</li> </ul>
	<ul style="list-style-type: none"> <li>The Global Organic Textile Standard (GOTS) is recognised as the world's leading processing standard for textiles made from organic fibres. It defines high-level environmental criteria along the entire organic textiles supply chain and requires compliance with social criteria as well</li> </ul>
	<ul style="list-style-type: none"> <li>European certification which validates raw materials used for Bioguard C6 repellent (manufactured by Biotex) from a sustainability stand point</li> </ul>
	<ul style="list-style-type: none"> <li>BHive is a platform that promotes transparency and the use of more sustainable chemistry for textile and apparel manufacturers, brands, and retail organizations</li> <li>BHive membership demonstrates commitment to chemical sustainability and transparency</li> </ul>
	<ul style="list-style-type: none"> <li>ISO 9001:2015 defines the guiding principles to create efficiencies by aligning and streamlining processes throughout the organization, create new opportunities, meet regulatory requirements, and help organizations expand into new markets in which clients demand ISO 9001 certification</li> </ul>
	<ul style="list-style-type: none"> <li>Part of a global multi stakeholder initiative within the fashion and footwear industry working towards reducing chemical footprint</li> <li>Aim is to accelerate progress towards ultimate goals of cleaner water, cleaner air, and safer production</li> </ul>

**Leading the transition from synthetic to lower carbon footprint products**

Certificate	Value Proposition
	<ul style="list-style-type: none"> <li>ISO 9001:2015 defines the guiding principles to create efficiencies by aligning and streamlining processes throughout the organization, create new opportunities, meet regulatory requirements, and help organizations expand into new markets in which clients demand ISO 9001 certification</li> </ul>
	<ul style="list-style-type: none"> <li>ISO 14001: 2015 has standardized and proven framework that help organizations to develop an effective environmental management strategy;</li> <li>Global recognition for organizations' efforts to improve their environmental strategies</li> </ul>
	<ul style="list-style-type: none"> <li>OHSAS 1800:2007 is an international standard which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace. Implementing the standard signals stakeholders that employee's health and safety as a priority within the organisation</li> </ul>
	<ul style="list-style-type: none"> <li>The SA 8000 Standard is the world's leading social certification program. It provides a holistic framework allowing organizations of all types, in any industry, and in any country to demonstrate their dedication to the fair treatment of workers</li> </ul>
	<ul style="list-style-type: none"> <li>Star export house is an Indian exporter who has excelled in international trade and successfully achieved certain minimum amount of export performance in two out of three financial years</li> <li>This certification provides significant competitive advantages in international trade</li> </ul>
	<ul style="list-style-type: none"> <li>ZDHC is a part of a global multi stakeholder initiative within the fashion and footwear industry working towards reducing chemical footprint</li> <li>Aim is to accelerate progress towards ultimate goals of cleaner water, cleaner air, and safer production</li> </ul>

**Fineotex and Biotex play a critical role in sustainable chemistry and drive efforts towards social responsibility**



Financial  
Performance

## Profit and Loss

- ❖ Revenue from Operations up from Rs. 221 mn in FY10 to Rs. 1,963 mn in FY20 at a CAGR of 24.4%
- ❖ EBITDA has grown from Rs. 48 mn in FY10 to Rs. 342 mn in FY20 at a CAGR of 21.7%
- ❖ PBT has grown from Rs. 54 mn in FY10 to Rs. 346 mn in FY20 at a CAGR of 20.5%
- ❖ PAT has grown from Rs. 36 mn in FY10 to Rs. 269 mn in FY20 at a CAGR of 22.2%

## Balance Sheet and Cash Flows

- ❖ Net Cash Position of Rs. 151 mn in FY20
- ❖ Cash Flow from Operations at Rs. 284 mn in FY20
- ❖ Free Cash Flow at Rs. 273 mn in FY20
- ❖ Cash Flow from Operations to EBITDA increased from 35% in FY19 to 83% in FY20



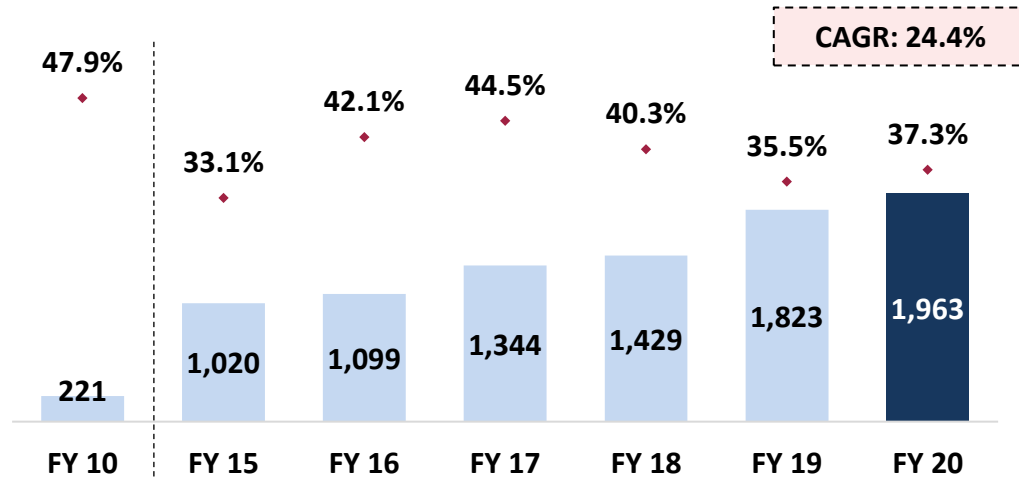
## Return Ratios

- ❖ Adj. ROE and ROCE at 17.5% and 19.1% respectively in FY20

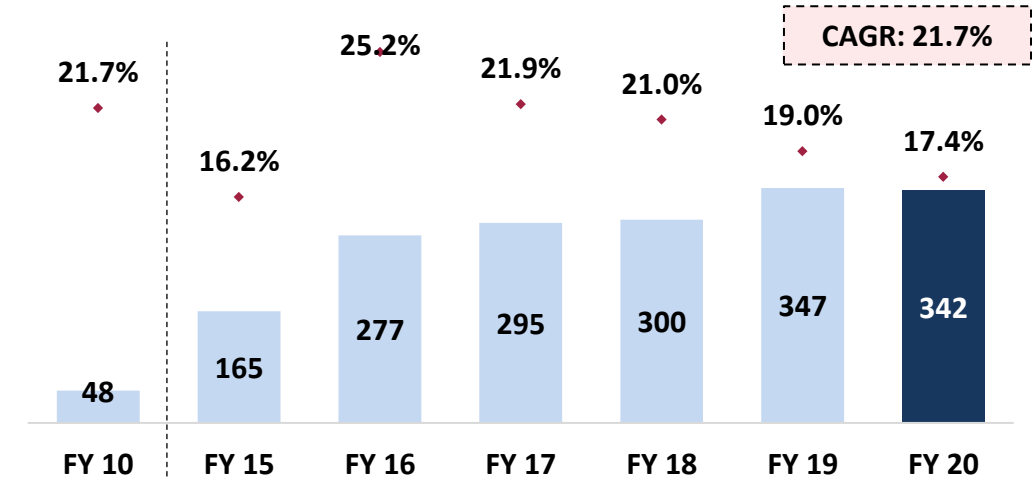
# Consolidated Annual Performance Trend

Figures in Rs. Mn.

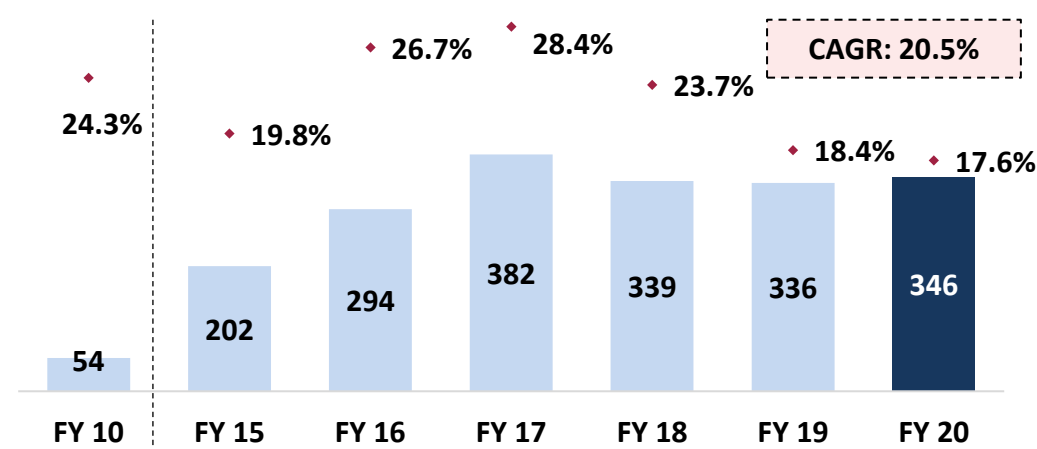
## Revenue from Operations and Gross Margin



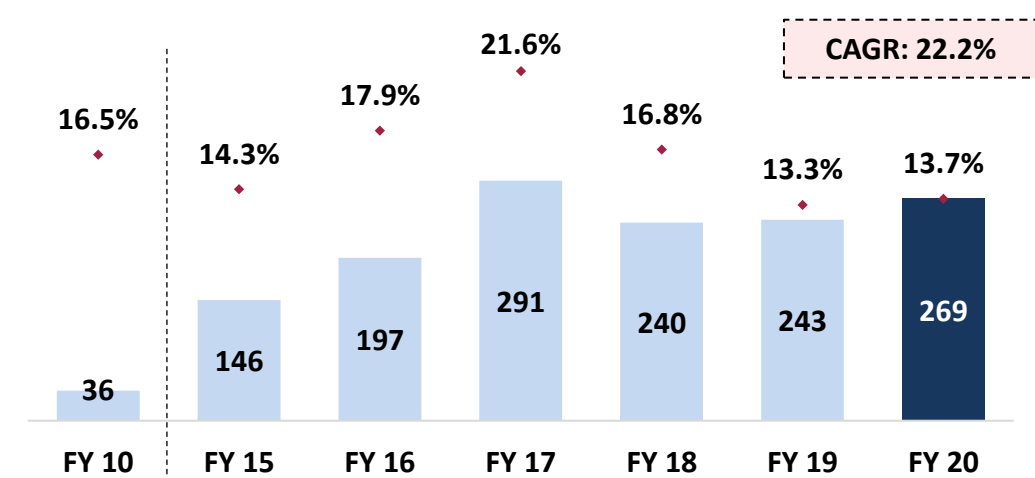
## EBITDA and EBITDA Margin



## PBT and PBT Margin\*



## PAT and PAT Margin\*



\* Excluded non cash impact recognized on financial assets in FY20





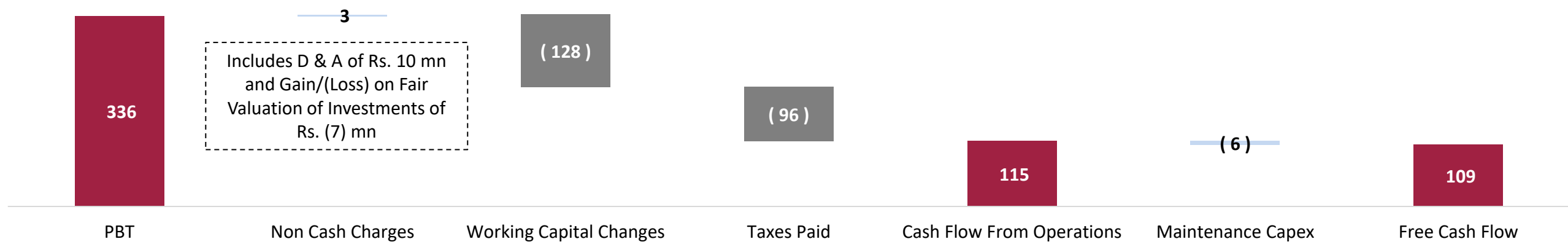
# Consolidated Cash Flow Trend

Figures in Rs. Mn.

## Fineotex generated a free cash flow of Rs. 273 mn in FY2020



## Fineotex generated a free cash flow of Rs. 109 mn in FY2019

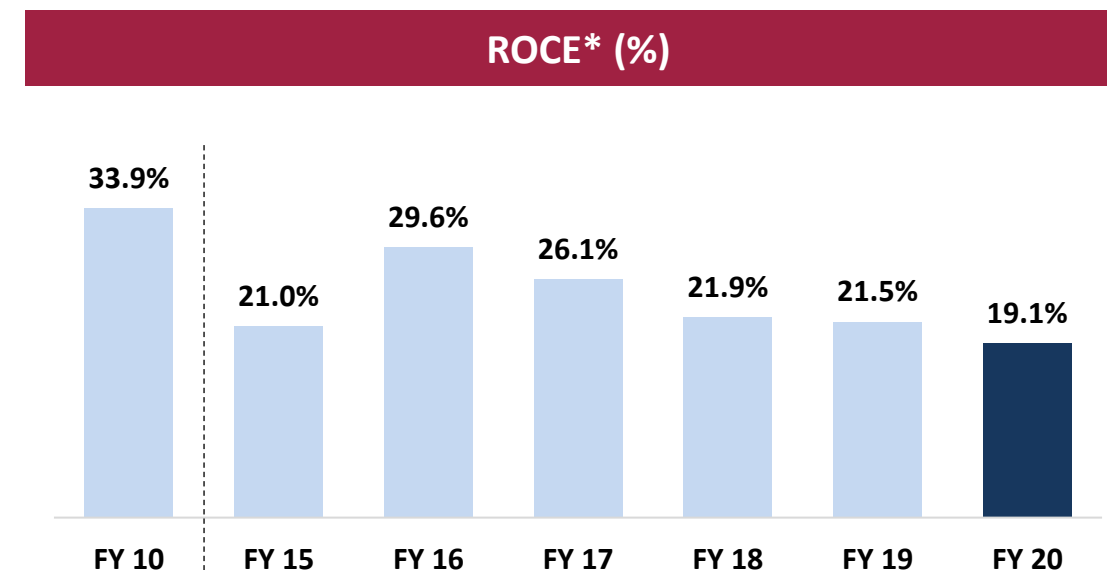
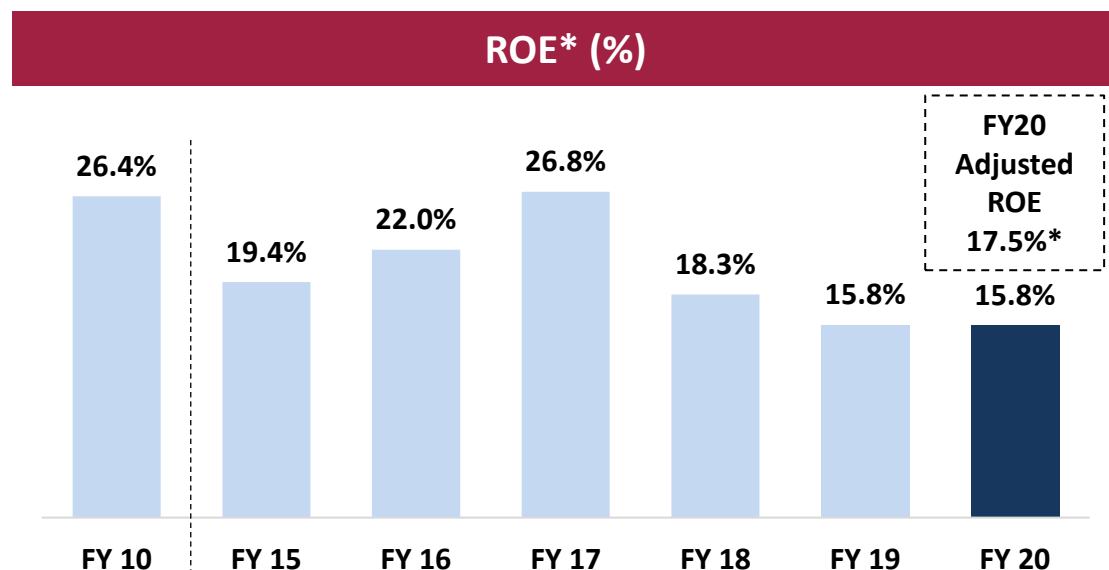
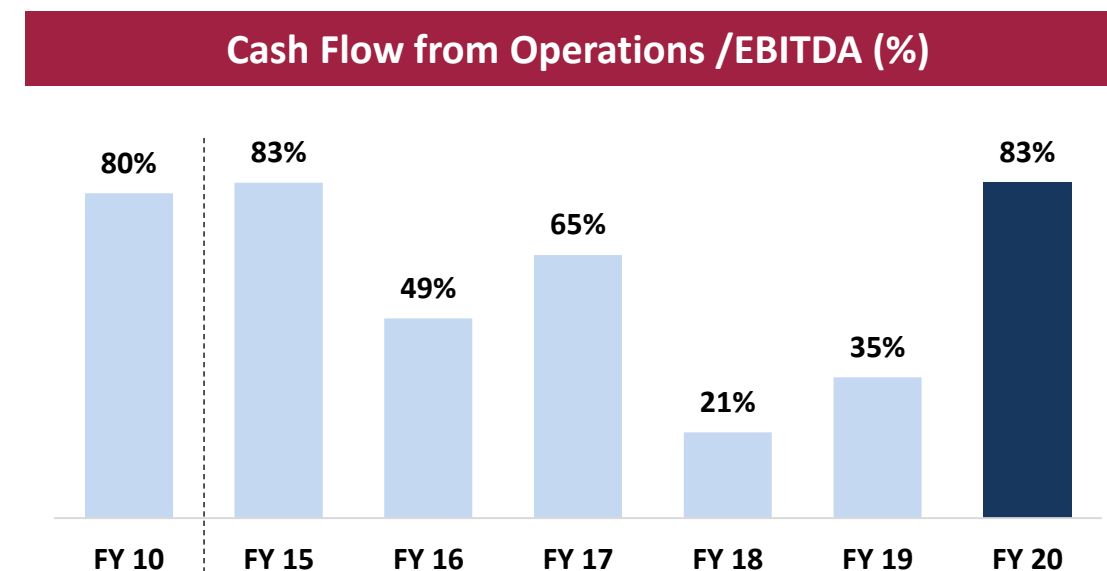


## Cash Flow from Operations to EBITDA increased from 35% in FY2019 to 83% in FY2020



# Consolidated Balance Sheet and Return Ratios Trend

Figures (in Rs Mn)	Mar-19	Mar-20
ST Debt	20	28
LT Debt	1	-
<b>Total Debt</b>	<b>21</b>	<b>28</b>
Cash & Cash Equivalent	147	179
<b>Net Cash</b>	<b>127</b>	<b>151</b>
Equity	1,652	1,760
Total debt/Equity	0.01x	0.02x



\*FY20 ROE and ROCE adjusted for non cash impact recognized on financial assets in PAT, FY20 Adjusted ROE excludes cash and bank balance of Rs. 179 mn  
 ROE= PAT/Average Equity, ROCE = EBIT/Average Capital Employed (Capital Employed = Total Equity + Short Term Borrowings + Long Term Borrowings)



# Consolidated Financial Highlights: Q1 FY2021 (Y-o-Y)

**Rs 303.9 mn**

Total Revenue

**Rs 41.1 mn**

EBITDA

**Rs 82.0 mn**

Net Profit

**(38.8)%**

Revenue Change

**(51.7)%**

EBITDA Change

**42.5%**

PAT Growth

**31.0%**

Gross Margin

**13.5%**

EBITDA Margin

**27.0%**

PAT Margin

## Performance Discussion:

- Q1 FY2021 Revenue was as expected impacted by the outbreak of COVID-19, resulting in lower business activity
- Our factories resumed business operations at a lower capacity following the government guidelines in India and Malaysia
- During the quarter, the company was focused on implementing cost rationalisation measures resulting in lower operating costs
- Q1 FY2021 PAT was higher on account of gains in investments (including mark-to-market gain of Rs. 49.4 mn)

## Cash Position

- Rs 590 million of investments across fixed deposits, debt markets and mutual funds
- Aim to re-allocate capital from liquid investments towards capacity expansion and green field projects going forward

## Approach to Acquisitions

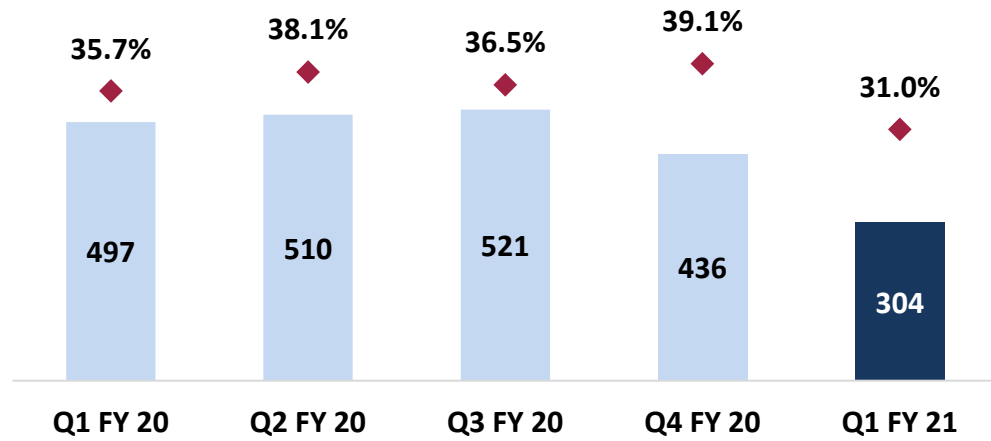
- Opportunity to drive growth through the addition of synergistic manufacturing platforms
- Continue to evaluate acquisitions and collaborate with international companies to establish operations in India



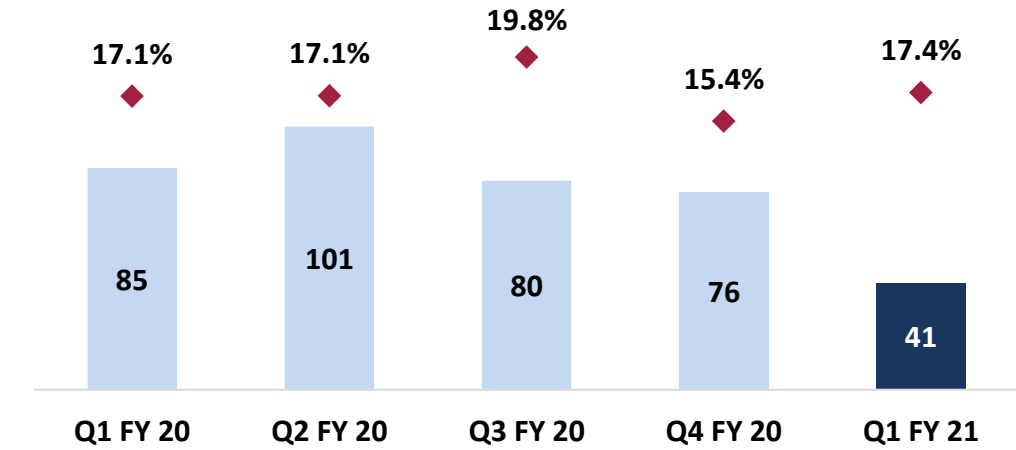
# Consolidated Quarterly Performance Trend

Figures in Rs. Mn.

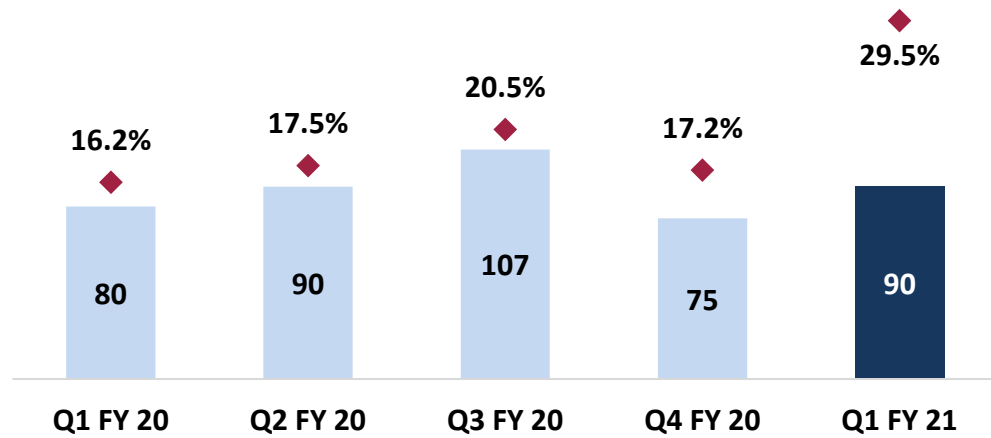
## Revenue from Operations and Gross Margin



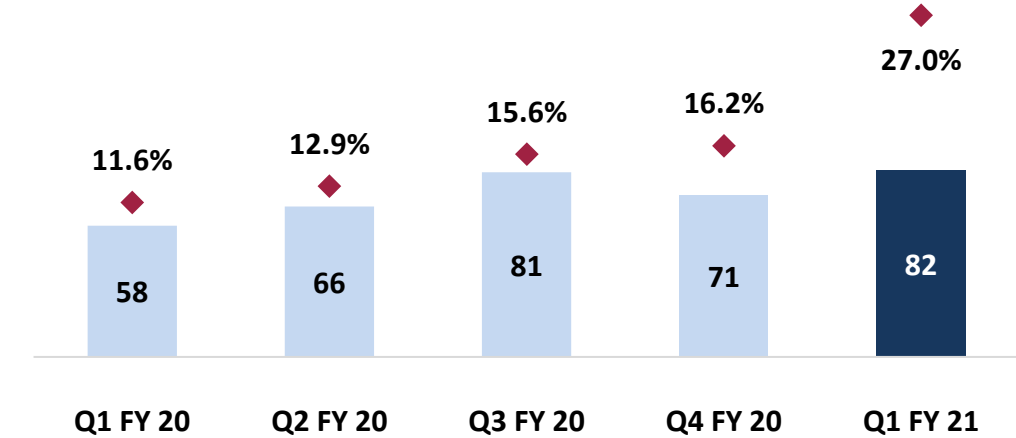
## EBITDA and EBITDA Margin



## PBT and PBT Margin\*



## PAT and PAT Margin\*



\* Excluded non cash impact recognized on financial assets in Q4FY20



# Consolidated P&L Summary: Q1 FY2021

(Rs. Million)	Q1 FY21	Q1 FY20	YoY%	Q4 FY 20	QoQ%	FY 20*	FY 19	YoY%
<b>Revenue from Operations</b>	<b>303.9</b>	<b>496.5</b>	<b>(38.8%)</b>	<b>435.8</b>	<b>(30.3%)</b>	<b>1,963.4</b>	<b>1,823.3</b>	<b>7.7%</b>
COGS	209.7	319.2	(34.3%)	265.5	(21.0%)	1,231.4	1,175.9	4.7%
<b>Gross Profit</b>	<b>94.2</b>	<b>177.4</b>	<b>(46.9%)</b>	<b>170.3</b>	<b>(44.7%)</b>	<b>731.9</b>	<b>647.3</b>	<b>13.1%</b>
<b>Gross Profit Margin</b>	<b>31.0%</b>	<b>35.7%</b>		<b>39.1%</b>		<b>37.3%</b>	<b>35.5%</b>	
Employee Benefit Expenses	15.6	19.9	(21.4%)	25.5	(38.8%)	87.3	75.3	16.0%
Other Expenses	37.4	72.4	(48.3%)	69.2	(45.9%)	302.6	225.5	34.2%
<b>EBITDA</b>	<b>41.1</b>	<b>85.1</b>	<b>(51.7%)</b>	<b>75.6</b>		<b>342.0</b>	<b>346.6</b>	<b>(1.3%)</b>
<b>EBITDA Margin</b>	<b>13.5%</b>	<b>17.1%</b>		<b>17.4%</b>		<b>17.4%</b>	<b>19.0%</b>	
Depreciation Expense	3.3	2.7	25.6%	3.3	1.5%	11.7	10.0	16.7%
<b>EBIT</b>	<b>37.8</b>	<b>82.5</b>	<b>(54.2%)</b>	<b>72.3</b>	<b>(47.8%)</b>	<b>330.3</b>	<b>336.6</b>	<b>(1.9%)</b>
<b>EBIT Margin</b>	<b>12.4%</b>	<b>16.6%</b>		<b>16.6%</b>		<b>16.8%</b>	<b>18.5%</b>	
Finance Cost	1.3	1.5	(13.7%)	1.6	(22.7%)	6.3	9.7	(35.3%)
Other Income	53.1	(0.6)	-	4.1	1,190.1%	21.8	7.8	179.0%
<b>PBT</b>	<b>89.6</b>	<b>80.4</b>	<b>11.4%</b>	<b>(57)</b>		<b>219.6</b>	<b>336.3</b>	<b>(34.7%)</b>
Total Tax	7.6	22.9	(66.9%)	4.0	87.7%	76.5	93.0	(17.7%)
<b>PAT*</b>	<b>82.0</b>	<b>57.5</b>	<b>42.5%</b>	<b>70.8</b>	<b>15.8%</b>	<b>269.3*</b>	<b>241.7</b>	<b>11.4%</b>
<b>PAT Margin</b>	<b>27.0%</b>	<b>11.6%</b>		<b>16.2%</b>		<b>13.7%</b>	<b>13.3%</b>	
<b>Adjusted EPS*</b>	<b>0.74</b>	<b>0.50</b>	<b>47.3%</b>	<b>0.64</b>	<b>15.8%</b>	<b>2.42*</b>	<b>2.02</b>	<b>19.8%</b>

\* Excluded non cash impact recognized on financial assets in FY20



This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Fineotex Chemical Limited (“Fineotex Chemical” or the Company) future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Fineotex Chemical undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

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