

3rd November, 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 Sirs/Madam,

Subject :- Regulation 30, Schedule III Part A (15) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

With reference to the above caption subject, we enclose Earning Presentation for the quarter and year ended 30th September 2020, requesting you to kindly take this in your record.

Kindly acknowledge receipt of the same.

Thanking You,

Yours faithfully,

For **FINEOTEX CHEMICAL LIMITED**

Sanjay
Surendra
Tibrewala
Digitally signed
by Sanjay
Surendra
Tibrewala
Date: 2020.11.03
16:36:49 +05'30'

Sanjay Tibrewala
Director
DIN-00218525

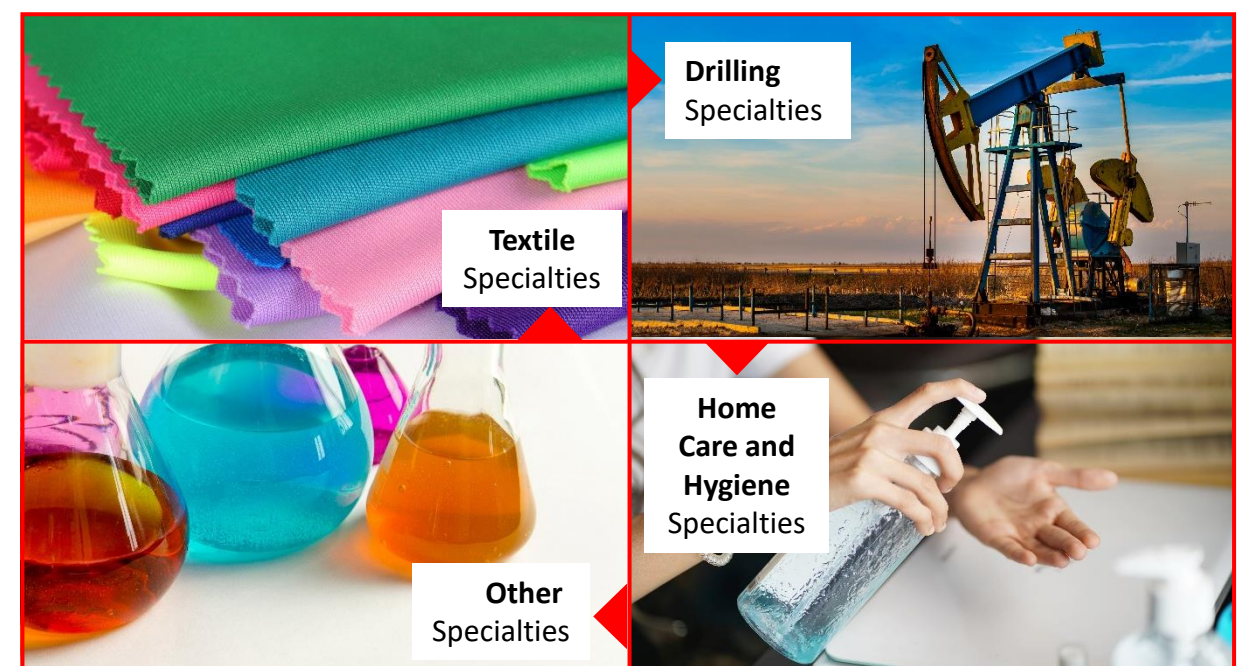


Fineotex Chemical Limited

(BSE: 533333; NSE: FCL)

Q2 and H1 FY2021

Earnings Presentation





Financial Performance

- Q2 FY21 consolidated profit after tax of Rs. 110.1 mn, up 66.9%
- H1 FY21 consolidated profit after tax of Rs. 192.1 mn, up 55.5%
- Fineotex continues to optimise operating costs and focus on profitable growth in a challenging business environment



Business Updates

- Successfully retained anchor customers and developed new customer relationships this quarter
- Gradual improvement in sales trajectory month on month and strong visibility on future growth
- Working towards improving systems and processes and growing team strength to cater to growing demand



New Manufacturing Facility

- Expect to commission first phase of the brownfield manufacturing facility at Ambarnath, Maharashtra in Q1 FY22. Proposed deployment of Rs. 270 million
- It will cater to customer demands in the existing Textile Specialities and fast growing Home Care and Hygiene and Drilling Specialities business



Appointment of Independent Directors

- The Company has appointed Dr. Anand Patwardhan and Dr. Sunil Waghmare as additional independent directors with effect from 31st October 2020 for a period of 5 years
- They come with multi decade experience in the chemical industry and will provide valuable inputs for the future phase of growth



Share Buy Back

- During the period 5th August to 30th September 2020, the Company bought back 5,51,580 shares (~50% of planned) by utilising Rs. 18.2 mn from cash reserves (excluding brokerage, transactions cost and taxes)

Q2 FY2021 Consolidated Financial Highlights

Rs 547.5 mn

Total Revenue

Rs 99.6 mn

EBITDA

Rs 110.1 mn

Net Profit

34.4%

Gross Margin

18.2%

EBITDA Margin

20.1%

PAT Margin

80.2%

Revenue Change
(Q-o-Q)

142.2%

EBITDA Change
(Q-o-Q)

34.3%

PAT Growth
(Q-o-Q)

7.3%

Revenue Change
(Y-o-Y)

(1.4)%

EBITDA Change
(Y-o-Y)

66.9%

PAT Growth
(Y-o-Y)

Performance Discussion:

- Q2 FY21 revenue growth was driven by gradual increase in order book from our leading customers. Expect sales trajectory to keep improving going forward
- Continue to maintain a strong EBITDA margin profile as per the industry benchmark led by our cost rationalisation efforts in a difficult business environment
- Q2 FY21 PAT was higher on account of gains in investments (including mark-to-market gain of Rs. 34.0 mn)



Surendrakumar Tibrewala
Chairman and Managing Director



“We are pleased to deliver a robust operational performance this quarter as business returned to normalcy post the outbreak of COVID-19. We witnessed a strong revival in our flagship textile speciality chemical business. We have successfully retained our anchor customers and also developed new relationships despite a tough business environment. We are gradually witnessing improvement in business operations across all our verticals and have strong visibility of growth. On that note, we are pleased to share that our new facility at Ambernath, Maharashtra will be commissioned in the first quarter of FY22 and will cater to customer needs across all our business verticals. We continue to collaborate and support all our stakeholders in these testing times to the extent possible to maintain highest standards of corporate governance. We have bought back close to 50% of equity shares as per the buyback plan announced last quarter as per regulatory guidelines. Also, I am delighted to announce the appointment of Dr. Anand Patwardhan and Dr. Sunil Waghmare as additional independent directors with immediate effect. Both these gentlemen are industry veterans and would add significant value to our business going forward.”

Cash Position

- Rs 600 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

| Name | Brief Profile |
|---|--|
|  <p data-bbox="229 713 677 753">Dr. Anand Patwardhan</p> | <ul data-bbox="798 368 2754 676" style="list-style-type: none">• Dr. Anand Patwardhan aged 57, is a Ph.D. (technology) in chemical engineering, from ICT Mumbai University. He has 33 years of experience in industry as well as in academics• Presently he is working as a professor in the chemical engineering department, ICT Mumbai since December, 2007• He has been a member of various expert panels and guide to several students at doctoral level |
|  <p data-bbox="260 1321 653 1361">Dr. Sunil Waghmare</p> | <ul data-bbox="798 954 2815 1202" style="list-style-type: none">• Dr. Sunil Waghmare aged 61, is a Ph.D. from University of Pune & post-doctoral researcher at various institutions and universities of repute• He possesses knowledge of QA/QC, analytical development, safety, legal, and quality compliances• He is a member of various societies connected with chemistry |



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



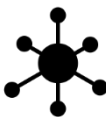
Greenfield Developments

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



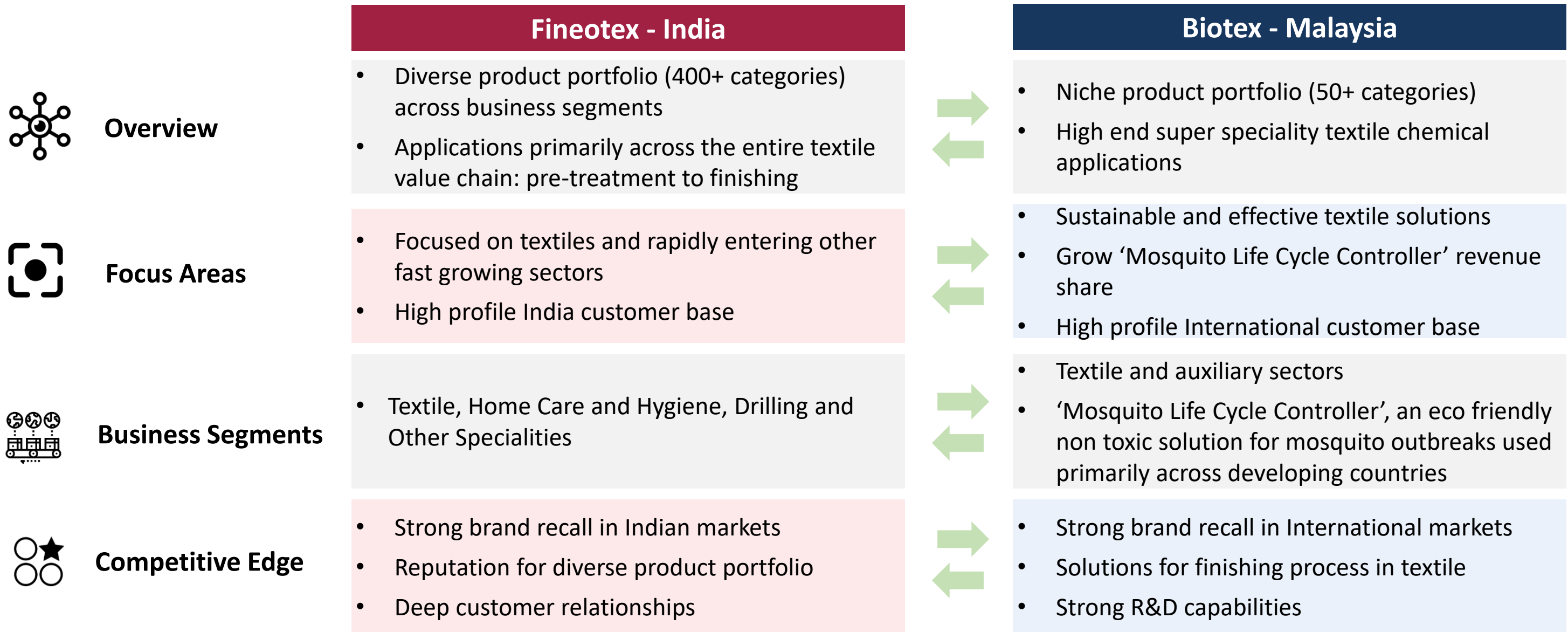
Grow Market Share

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



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

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

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

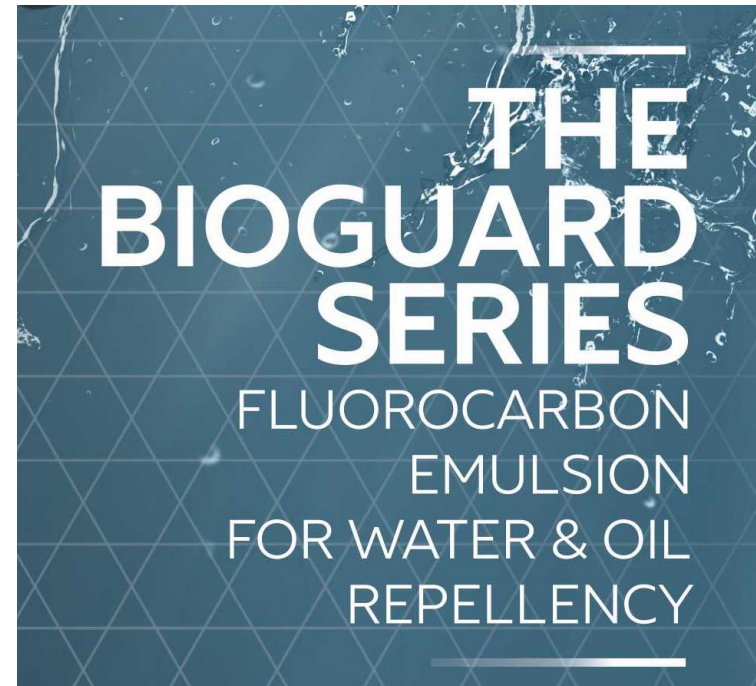
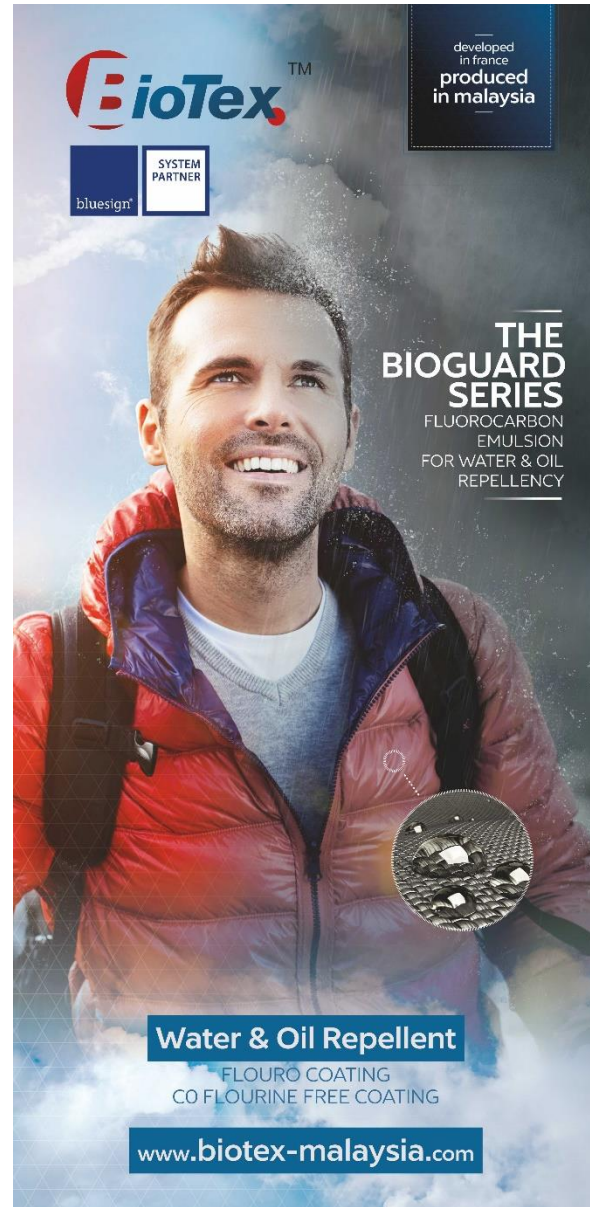


Upcoming facility provides additional manufacturing capacity for existing product lines and new growth areas

Specialty Textile Chemicals Overview



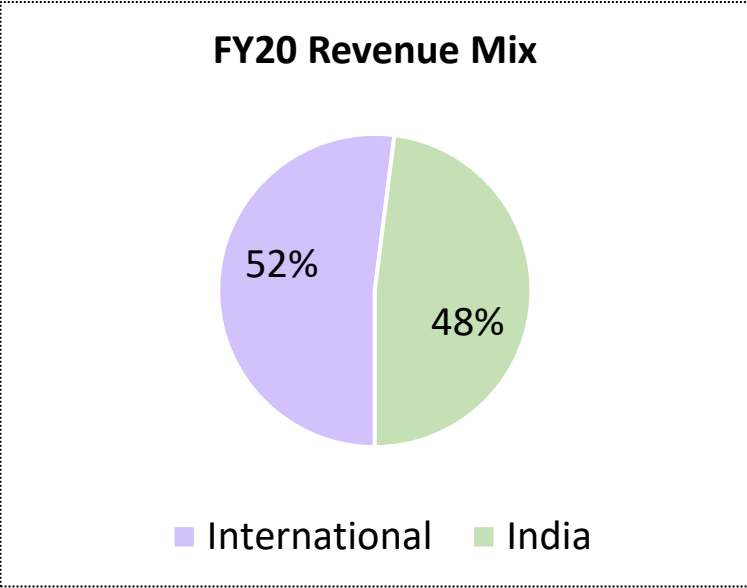
Fineotex + Biotex together offer tailored solutions across the textile value chain with a focus on higher realisations



‘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 Ambarnath (upcoming), Mumbai, India ● Facility at Bangi, Malaysia ● Sales

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

Manufacturing Platforms (GMP* Certified)

| Location | Operating Facts | Strategic Advantages | Manufacturing Excellence |
|---|--|---|--|
|  <p>Navi Mumbai, India</p> | <ul style="list-style-type: none"> FY20 Production Volume: 20,440 MT Current Utilisation: 56% Peak Utilisation: 75% | <ul style="list-style-type: none"> Strategically located plant near key port close to Mumbai with logistical advantage to textile hubs across North, West, South and Central India |  |
|  <p>Selangor, Malaysia</p> | <ul style="list-style-type: none"> FY20 Production Volume: 4,550 MT Current Utilisation: 70% Peak Utilisation: 75% | <ul style="list-style-type: none"> Easy access to high quality raw materials in the region Backward integration into key raw materials Cost benefits due to Free Trade Agreements (FTAs) with important regional markets like Vietnam, China and India |  |

* GMP stands for Good Manufacturing Practice Certification



Surendrakumar Tibrewala
Chairman and Managing Director



Sanjay Tibrewala
Executive Director



Aarti Jhunjunwala
Executive Director



Navin Mittal
Independent Director



Alok Dhanuka
Independent Director



CS Bindu Shah
Independent Director



Dr. Anand Patwardhan
Independent Director



Dr. Sunil Waghmare
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 Jhunjhunwala

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



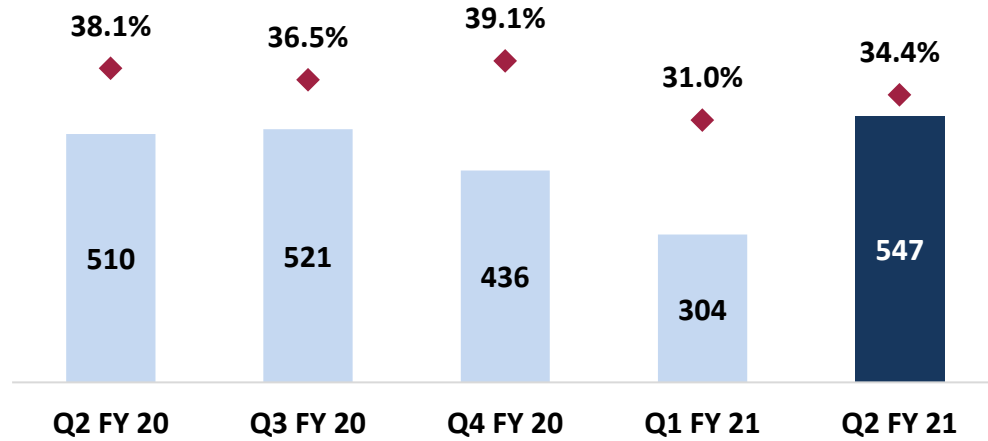
Consolidated P&L Summary: Q2 and H1 FY2021

| (Rs. Million) | Q2 FY21 | Q2 FY20 | YoY% | Q1 FY 21 | QoQ% | H1 FY 21 | H1 FY 20 | YoY% |
|--------------------------------|--------------|--------------|---------------|--------------|---------------|--------------|----------------|----------------|
| Revenue from Operations | 547.5 | 510.4 | 7.3% | 303.9 | 80.2% | 851.3 | 1,007.0 | (15.5%) |
| COGS | 359.0 | 316.1 | 13.6% | 209.7 | 71.2% | 568.7 | 635.3 | (10.5%) |
| Gross Profit | 188.5 | 194.3 | (3.0%) | 94.2 | 100.1% | 282.6 | 371.7 | (24.0%) |
| Gross Profit Margin | 34.4% | 38.1% | | 31.0% | | 33.2% | 36.9% | |
| Employee Benefit Expenses | 19.7 | 21.0 | (6.6%) | 15.6 | 26.0% | 35.3 | 40.9 | (13.8%) |
| Other Expenses | 69.2 | 72.3 | (4.2%) | 37.4 | 84.8% | 106.7 | 144.7 | (26.3%) |
| EBITDA | 99.6 | 101.0 | (1.4%) | 41.1 | | 140.7 | 186.2 | (24.4%) |
| EBITDA Margin | 18.2% | 19.8% | | 13.5% | | 16.5% | 18.5% | |
| Depreciation Expense | 3.4 | 2.7 | 25.5% | 3.3 | 1.9% | 67.6 | 53.9 | 25.5% |
| EBIT | 96.2 | 98.3 | (2.2%) | 37.8 | 154.7% | 133.9 | 180.8 | (25.9%) |
| EBIT Margin | 17.6% | 19.3% | | 12.4% | | 15.7% | 18.0% | |
| Finance Cost | 1.4 | 1.6 | (12.1%) | 1.3 | 15.6% | 2.7 | 3.1 | (12.8%) |
| Other Income | 38.1 | (7.1) | - | 53.1 | (28.2%) | 91.1 | (7.7) | - |
| PBT | 132.8 | 89.6 | 48.3% | 89.6 | | 222.4 | 170.0 | 30.8% |
| Total Tax | 22.8 | 23.6 | (3.7%) | 7.6 | 199.8% | 30.3 | 46.5 | (34.8%) |
| PAT | 110.1 | 65.9 | 66.9% | 82.0 | 34.3% | 192.1 | 123.5 | 55.5% |
| PAT Margin | 20.1% | 12.9% | | 27.0% | | 22.6% | 12.3% | |
| Basic EPS (Rs.) | 0.95 | 0.56 | 69.6% | 0.70 | 35.7% | 1.65 | 1.05 | 57.1% |

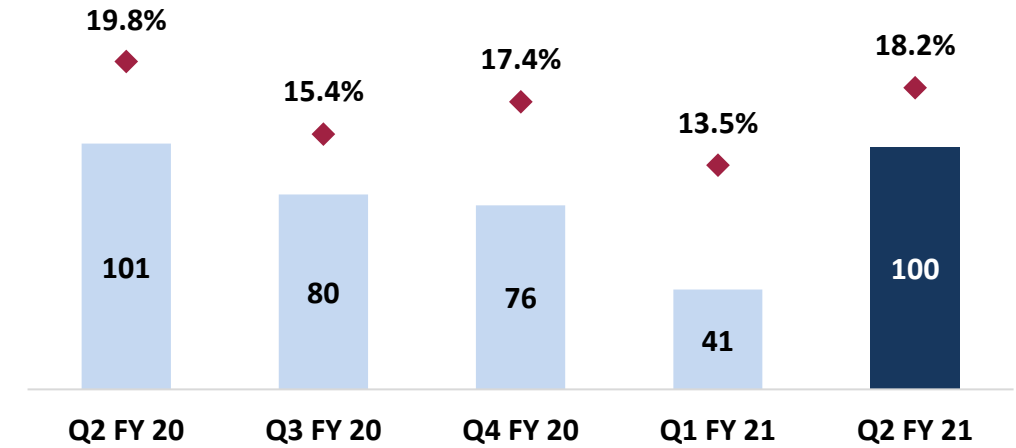
Consolidated Quarterly Performance Trend

Figures in Rs. Mn.

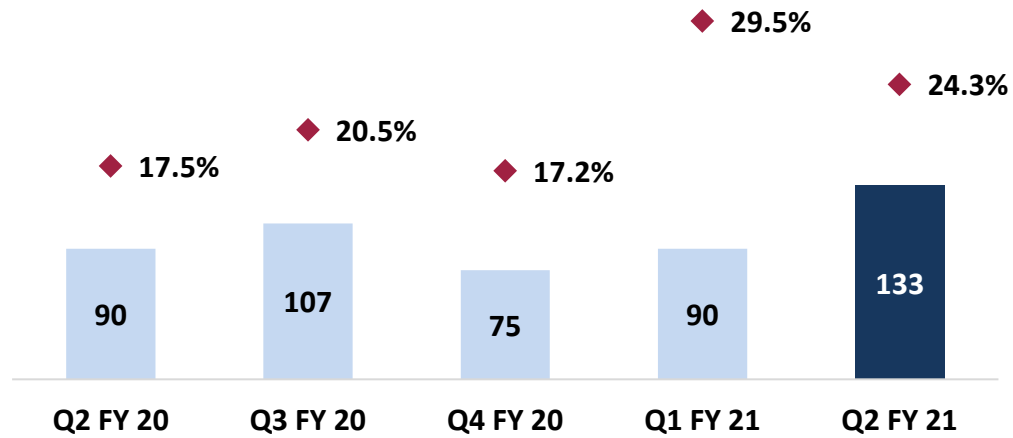
Revenue from Operations and Gross Margin



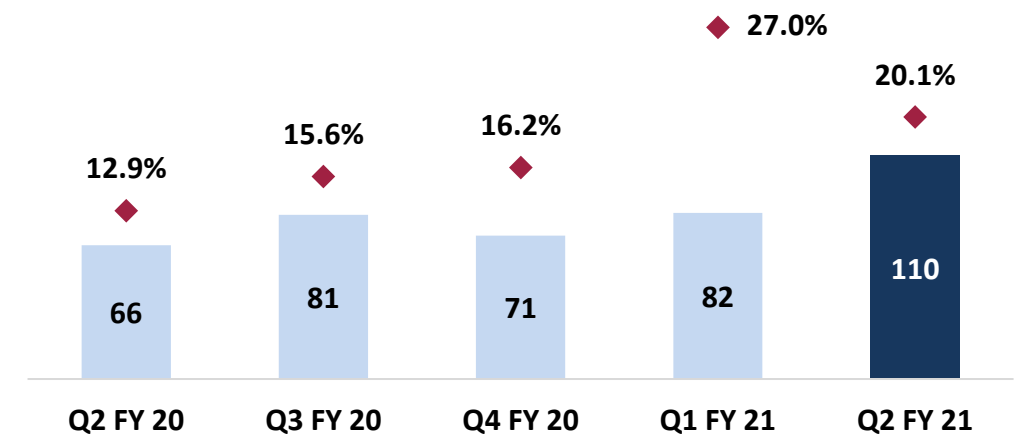
EBITDA and EBITDA Margin



PBT and PBT Margin



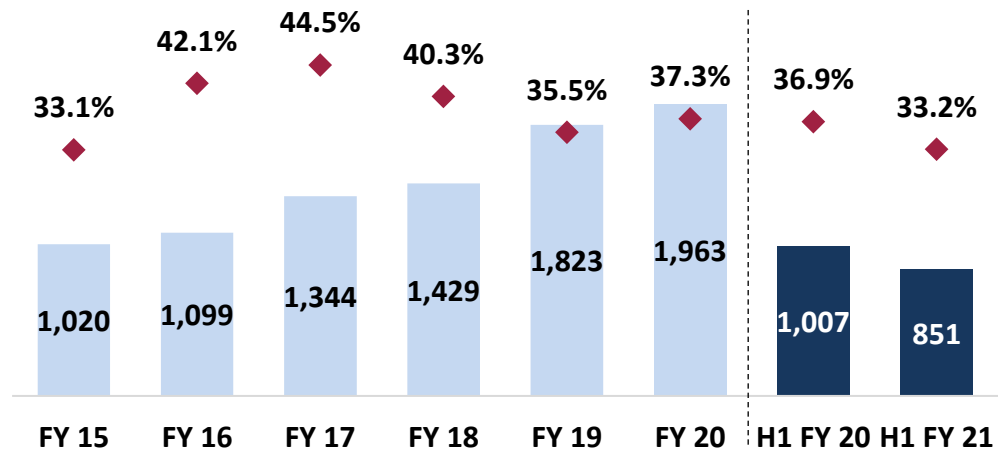
PAT and PAT Margin



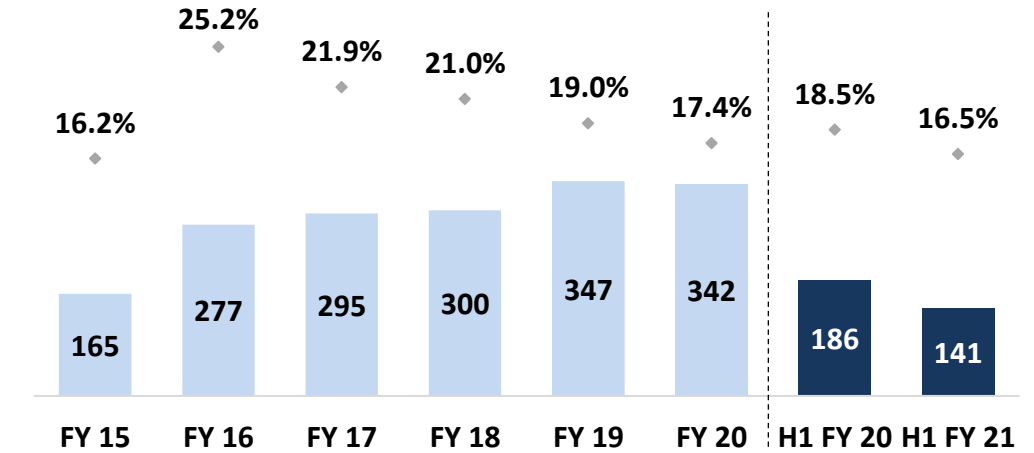
Consolidated Annual Performance Trend

Figures in Rs. Mn.

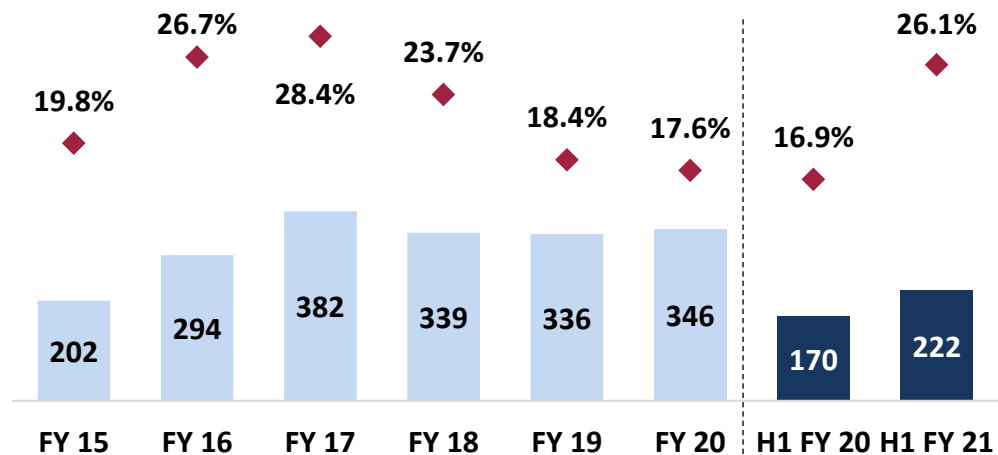
Revenue from Operations and Gross Margin



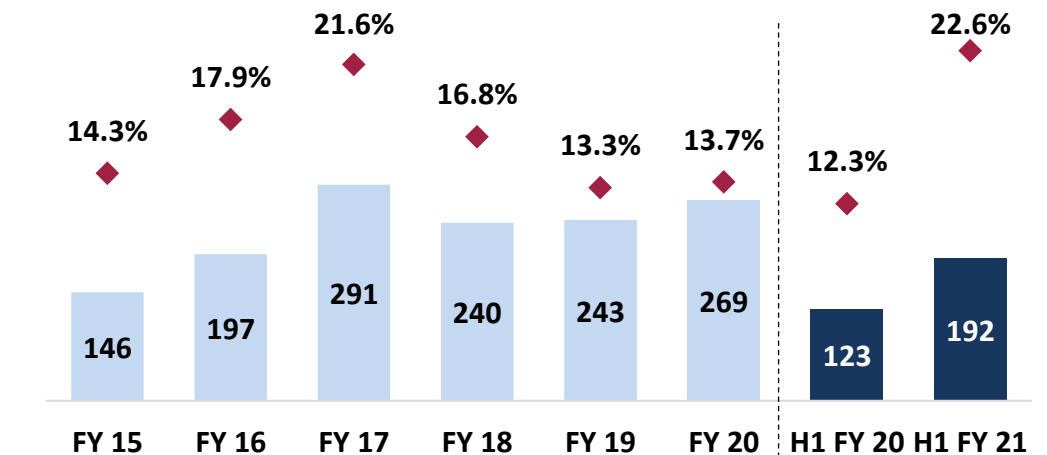
EBITDA and EBITDA Margin



PBT and PBT Margin*



PAT and PAT Margin*



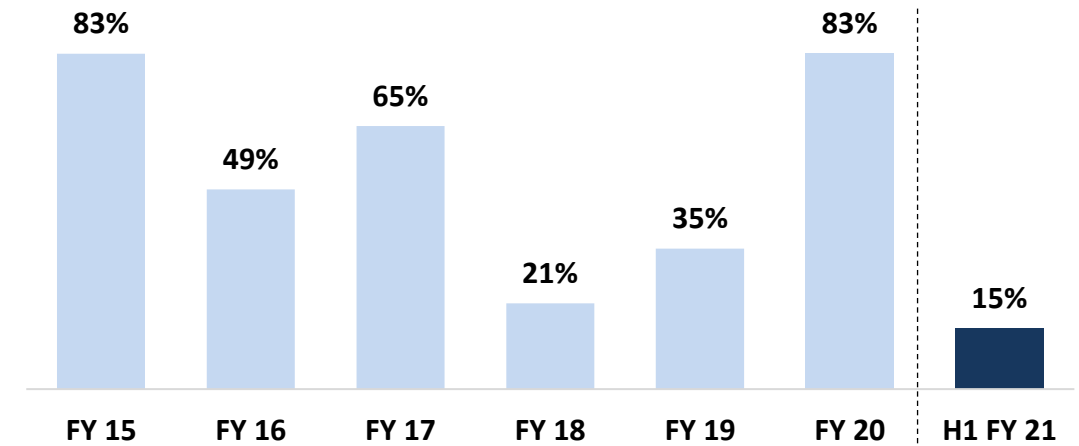
* Excluded non cash impact recognized on financial assets in FY20



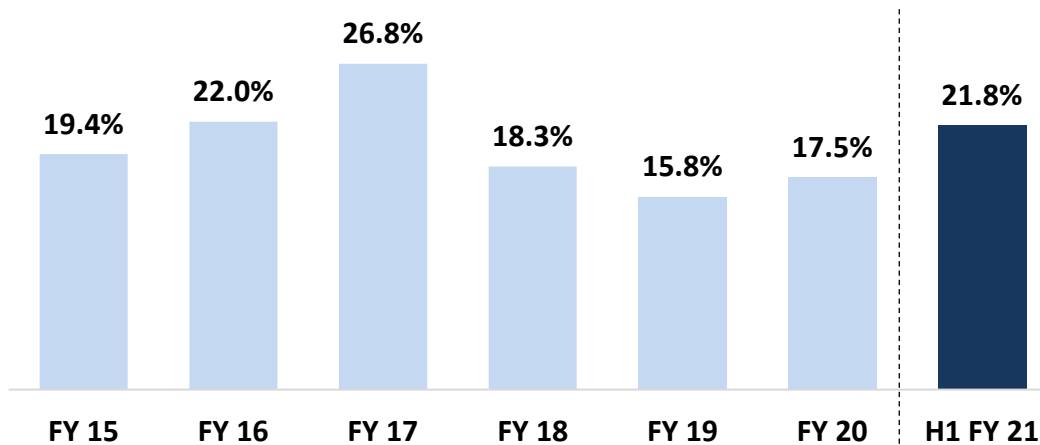
Consolidated Balance Sheet and Return Ratios Trend

| Figures (in Rs Mn) | Mar-20 | Sep-20 |
|------------------------|------------|------------|
| ST Debt | 28 | 30 |
| LT Debt | - | - |
| Total Debt | 28 | 30 |
| Cash & Cash Equivalent | 179 | 314 |
| Net Cash | 151 | 284 |
| Equity | 1,760 | 1,939 |
| Total debt/Equity | 0.02x | 0.02x |

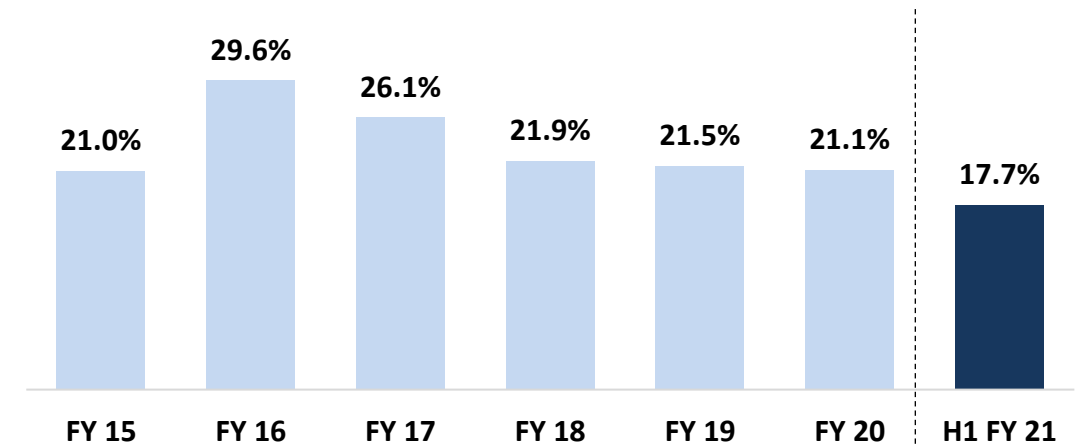
Cash Flow from Operations /EBITDA (%)*



Adjusted ROE* (%)



Adjusted ROCE* (%)



* Cash Flow from Operations/ EBITDA (%) lowers in H1 FY21 on account of expediting payments to creditors to support them in challenging business environment

*FY20 ROE and ROCE adjusted for non cash impact recognized on financial assets in PAT, FY20 and H1 FY21 ROE and ROCE excludes cash and bank balance of Rs. 179 mn and Rs 314 mn respectively

ROE= PAT/Average Equity, ROCE = EBIT/Average Capital Employed (Capital Employed = Total Equity + Short Term Borrowings + Long Term Borrowings)



- 1** Diversified business – **top 10 customers** contribute to **33% of sales** and **top 10 products** contribute to **18% of sales**
- 2** **Management proven acquisition track record:** Biotex (73% owned) **net profit has grown by a factor of 4x** since acquisition in 2011 and **de-leveraged into a debt free Company**
- 3** Biotex Malaysia spearheads the **R&D solutions, application research** and **product development** and is **approved as a Bluesign partner** – the highest sustainability certificate in textile chemistry globally
- 4** International acceptance by marquee customers: **50%** of sales come from **60+** countries
- 5** Successful entry into the **Home Care and Hygiene chemicals** and **Drilling Speciality chemicals** segments to drive future growth and leverage core technical expertise
- 6** Promoter stake has increased from **62.5% to 71.8%** over time and incremental share purchase by Promoters has been at market prices higher than IPO issue price
- 7** Track record of creating value for shareholders, **10-year CAGR: Revenues 24.4%, EBITDA 21.7%, and PAT 22.2%**
- 8** High cash flow conversions of **83% in FY20** with cash flow from operations **10-year CAGR: 22.0%**
- 9** Effectively paid **30% of profits in taxes** over the past 5 years
- 10** Well capitalised balance sheet, **net cash positive**, to allow for future capacity expansion and acquisitions through internal accruals

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.

For further information, please contact:

Hemant Auti
Company Secretary
Fineotex Chemical Limited

+91-22-26559174-75-76-77
cs@fineotex.com

Rohan Rege
Churchgate Partners

+91 22 6169 5988
fcl@churchgatepartners.com



Fineotex Chemical Limited

FINEOTEX CHEMICAL LIMITED

(CIN Number: L24100MH2004PLC144295)

42-43, Manorama Chambers,

S. V. Road Bandra (West),

Mumbai - 400 050, India

Phone: (+91 - 22) 26559174 / 75, (+91 - 22) 26559176 / 77

Email: info@fineotex.com

www.fineotex.com