

**FINEOTEX®**

A Speciality Chemical Producing  
Public Listed Company



28<sup>th</sup> July, 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 ended 30<sup>th</sup> June, 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 Tibrewala  
Executive Director/CFO  
DIN: 00218525



**FINEOTEX CHEMICAL LIMITED**

42 & 43, Manorama Chambers, S.V. Road, Bandra (West), Mumbai - 400 050. India. **Phone :** (+91-22) 2655 9174/75/76/77  
**Fax :** (+91-22) 2655 9178 **E-mail :** info@fineotex.com **Website :** www.fineotex.com **CIN -** L24100MH2004PLC144295

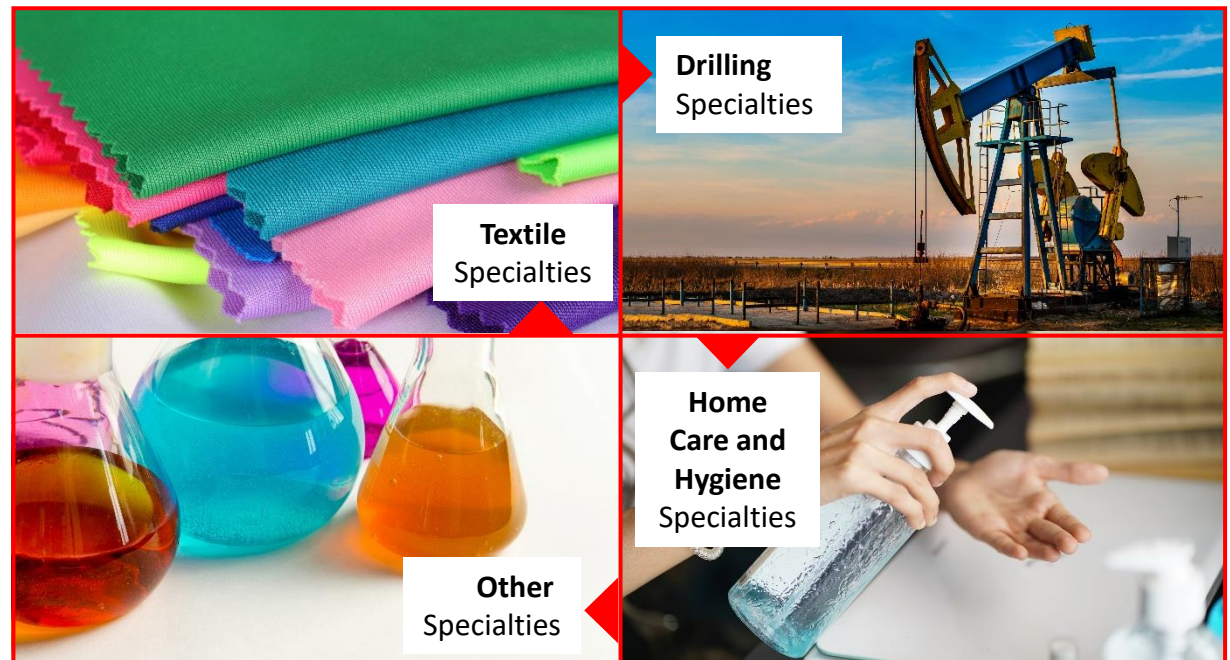


# Fineotex Chemical Limited

(BSE: 533333; NSE: FCL)

Q1 FY2021

Earnings Presentation



Textile  
Specialties

Drilling  
Specialties

Other  
Specialties

Home  
Care and  
Hygiene  
Specialties



- 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% to 72%** 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 25.0%, EBITDA 20.0%, 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. **Rs 590 million** of investments across liquid assets as on 30<sup>th</sup> June 2020 (**~30% of Total Equity**)



## Financial Performance

- **Consolidated profit after tax of Rs. 82.0 mn, up 42.5%**
- **Standalone profit after tax of Rs. 64.8 mn, up 38.6%**
- Fineotex continues to optimise operating costs in a challenging business environment



## Customer Developments

- Supplier to civic authorities and private hospitals in Mumbai for COVID-19 hygiene solutions
- During these times, continue to work closely with key textile customers in product development



## New Product Updates

- Added products within Home Care and Hygiene segment
- Early stage dialogue with select FMCG companies for chemical solutions for branded detergents
- Significant progress in Drilling Specialities for product development for an oil & gas company



## COVID-19 Impact

- Operations impacted in March and April due to the enforced lockdown in India and Malaysia
- Activity has picked up in Q1 FY2021 but remains subdued relative to the prior year quarter



## Share Buy Back

- Board of Directors have approved a share buyback of 11 lacs shares up to a maximum price of Rs. 40 through a market scheme in which promoters will not participate
- Tax efficient method of distribution of profits to shareholders

# 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)



**Surendrakumar Tibrewala**  
Chairman and Managing Director

*“ During testing times post the outbreak of COVID-19, we delivered resilient operating performance in Q1 FY2021. Operations were impacted across our facilities in India and Malaysia since the government authorities announced stringent lockdown measures in March and April. Our operations started to normalise in June as business activity picked up across core geographies we operate in. We continue to focus on consolidating our leadership position in textile specialty chemicals and grow in new fast growing segments such as home care and hygiene and drilling specialities. We have announced a share buy back for 11 lac shares up to a maximum of Rs. 40 per share to reward our minority shareholders”*

## 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

## Fineotex + Biotex Synergies

Continue to leverage Fineotex's industry insights and long standing customer relationships with Biotex's high end product expertise and regional positioning. An integrated compelling value proposition for all global customers

## Enter 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

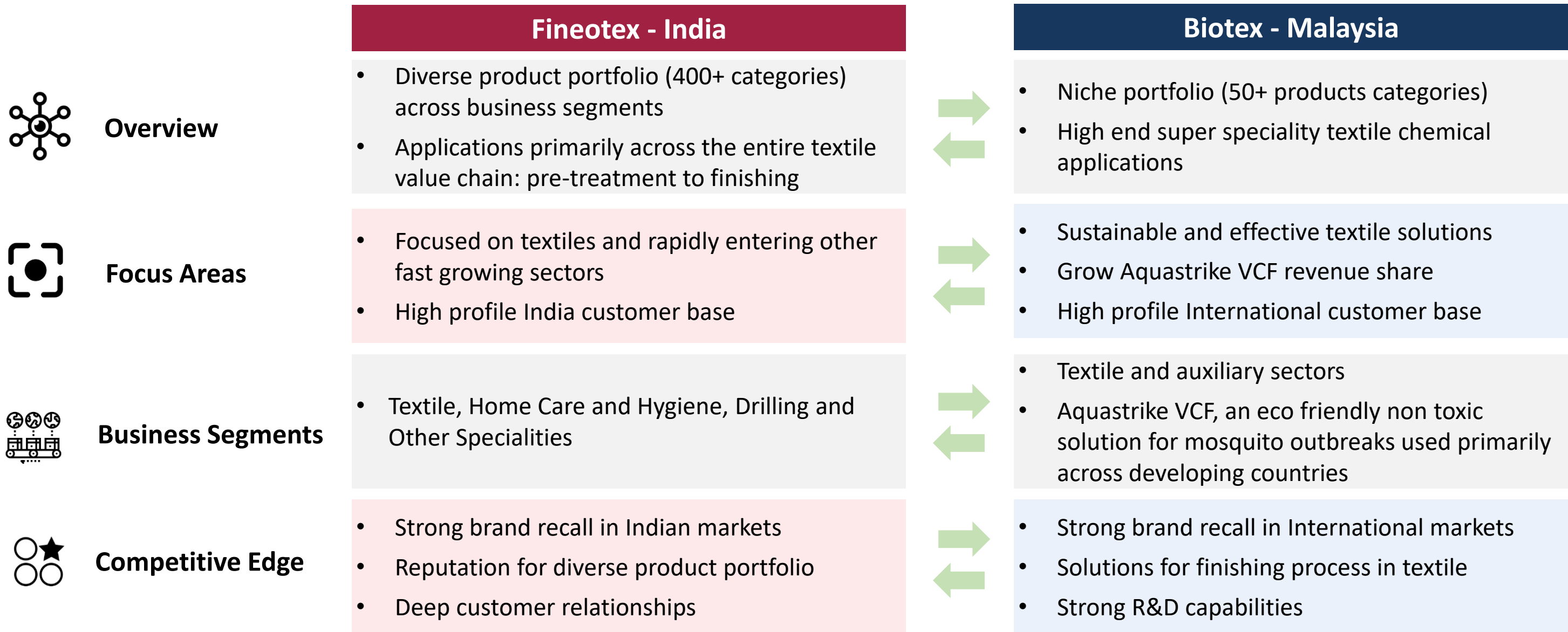
## Disciplined Capital Allocation

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

## Greenfield Developments




Acquired land parcels in Wada and Ambernath, Maharashtra to be future ready for next phase of growth. Partnerships with International companies to establish manufacturing facilities in India





**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"> <li>Customised solutions for:               <ul style="list-style-type: none"> <li>FMCG - branded detergents</li> <li>Public Health and Hygiene</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Customised solutions for:               <ul style="list-style-type: none"> <li>Oil and Gas</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Aquastrike VCF</li> <li>Customised solutions for:               <ul style="list-style-type: none"> <li>Agrochemicals and Fertilisers</li> <li>Adhesives</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <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, sanitizers and pharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <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>Aquastrike VCF is a unique product offering developed by Biotex with potential orders from developing countries where it can be used effectively to control outbreak of mosquitos</li> </ul>

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

# Specialty Textile Chemicals Overview



**Steps**

**Weaving**

**Pre-treatment**

**Dyeing**

**Printing**

**Finishing**

**Process**

Sizing

De-sizing,  
Scouring,  
Bleach

Dyeing,  
Washing,  
Fixing

Rotary  
Printing,  
Table Printing

Exhaust  
Padding

**Product Categories**

Polymers,  
Softeners

Enzymes,  
Wetting &  
Detergent,  
Sequestering  
Additives

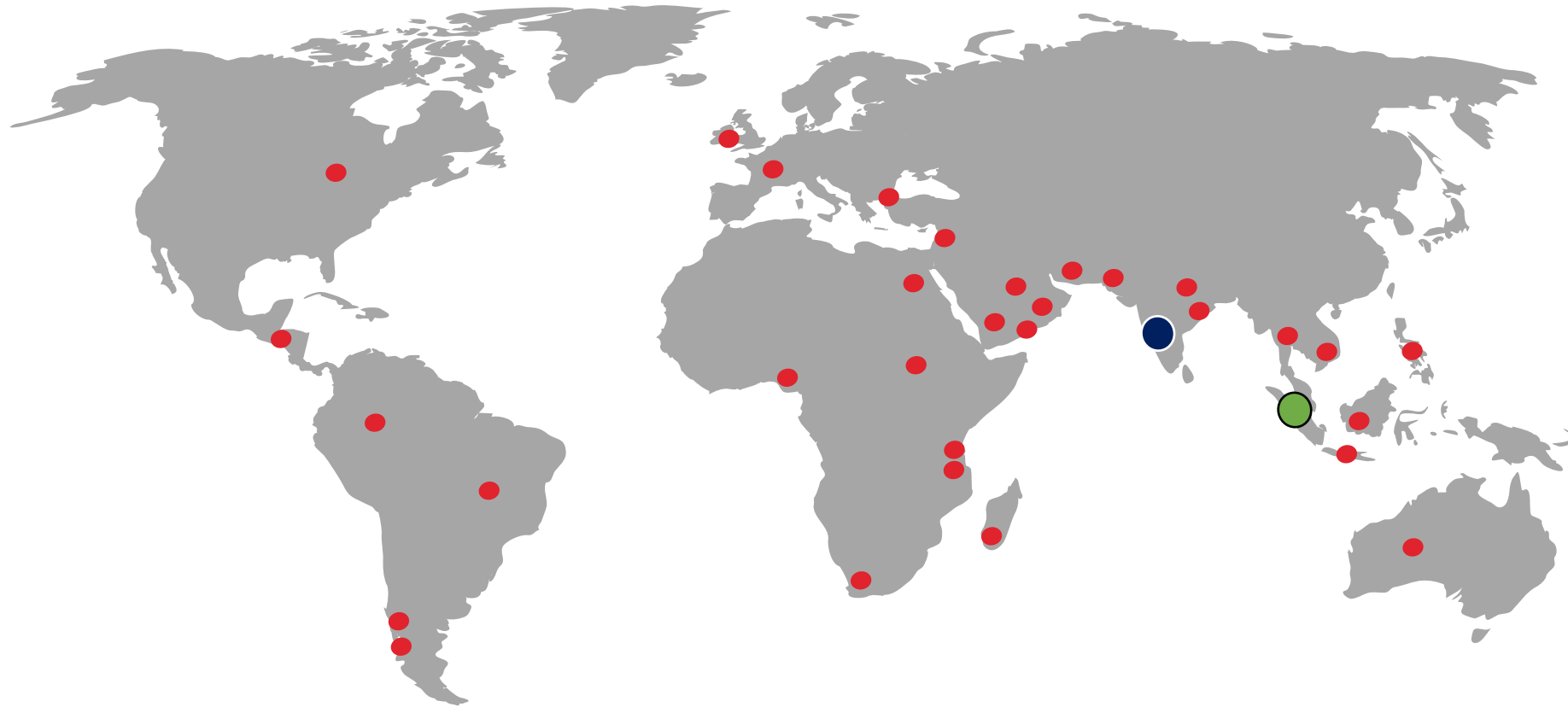
Dyes, Acids,  
Alkali  
Levelling,  
Detergent  
Fixer

Dyes, Binder  
Thickener, Fixer  
Detergent,  
Loop  
accelerator

Softeners,  
Silicones,  
Polymers,  
Resins

**Key Customers**

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

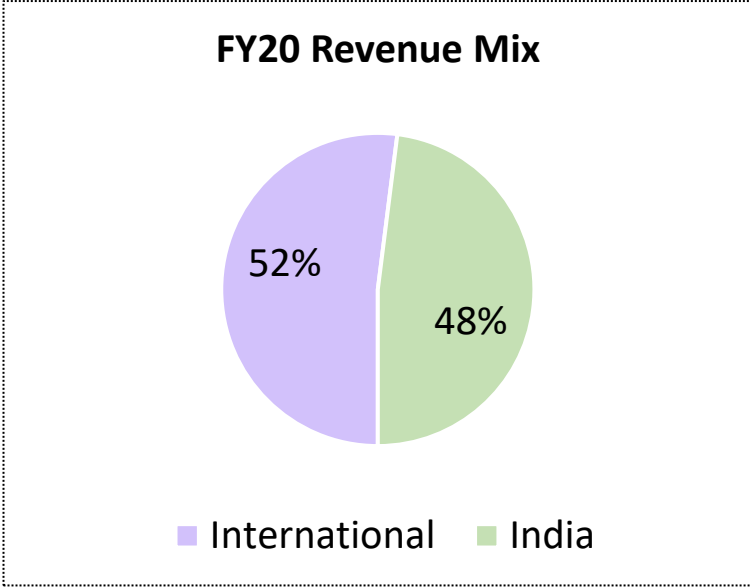


- Facility at Mahape, Mumbai, India
- Facility at Bangi, Malaysia
- Sales

Fineotex **Top 10 clients: 33%** of FY20 Revenues




Fineotex **Top 10 products: 18%** of FY20 Revenues

- 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



**Diversified revenue mix across clients, products and geographies**

# Manufacturing Platforms (GMP\* Certified)

Location	Operating Facts	Strategic Advantages	Manufacturing Excellence
 <p>Navi Mumbai, India</p>	<ul style="list-style-type: none"> <li>Production Capacity: 36,500 MT p.a.</li> <li>Utilisation: 56%</li> </ul>	<ul style="list-style-type: none"> <li>Centrally located plant with logistical advantage to key textile hubs across North, West, South and Central India</li> </ul>	
 <p>Selangor, Malaysia</p>	<ul style="list-style-type: none"> <li>Production Capacity: 6,500 MT p.a.</li> <li>Utilisation: 70%</li> </ul>	<ul 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>	

\* GMP stands for Good Manufacturing Practice Certification





**Surendrakumar Tibrewala**  
Chairman and Managing Director



**Sanjay Tibrewala**  
Executive Director and CFO



**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



# 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>

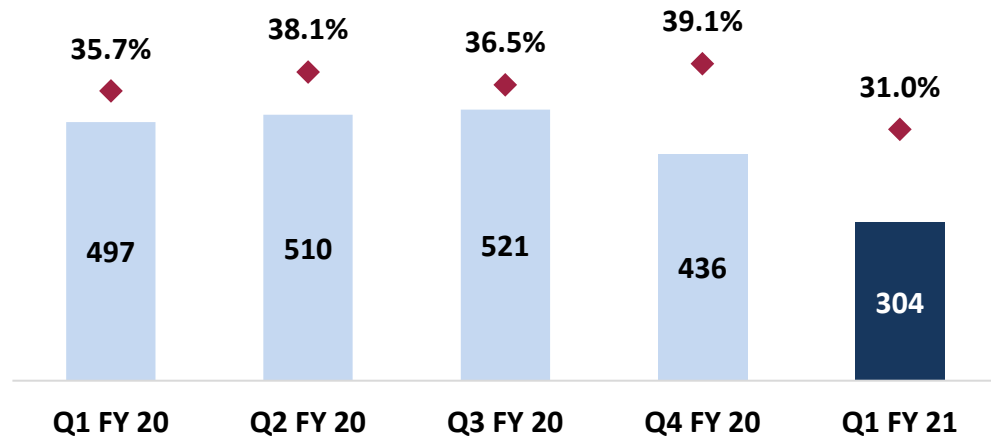
\* Excluded non cash impact recognized on financial assets in FY20



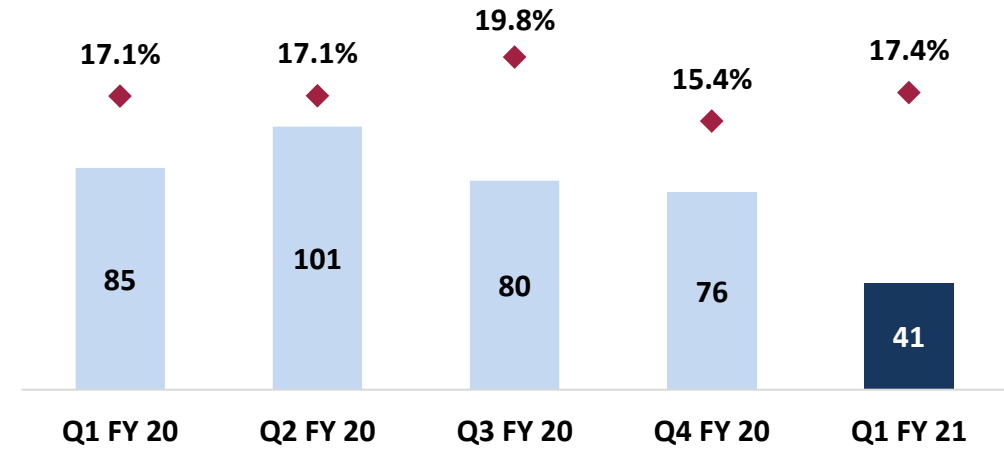
# Consolidated Quarterly Performance Trend

Figures in Rs. Mn.

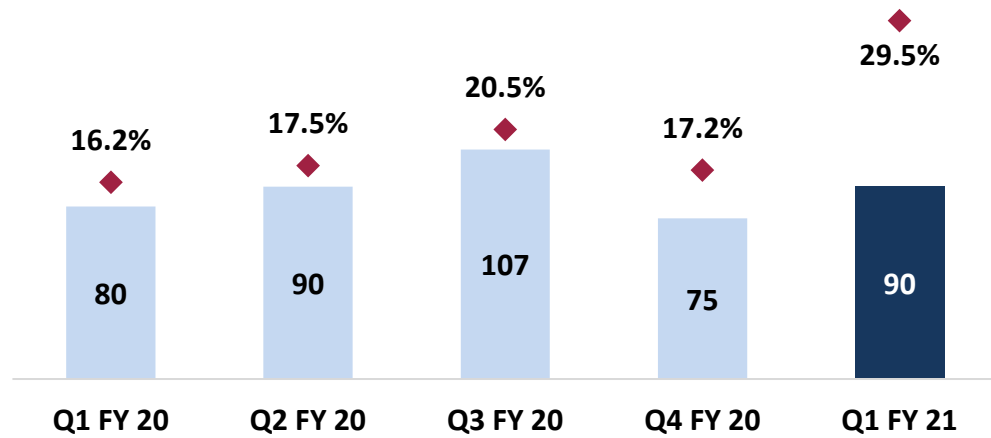
## Revenue from Operations and Gross Margin



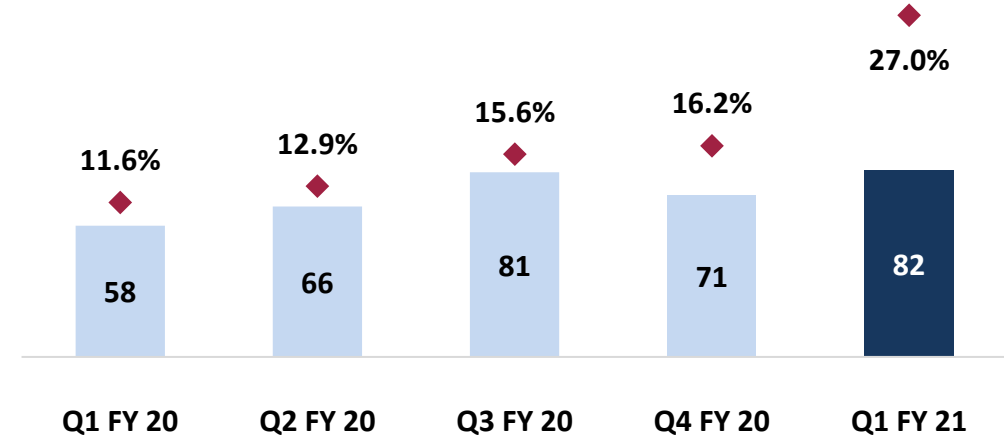
## EBITDA and EBITDA Margin



## PBT and PBT Margin\*



## PAT and PAT Margin\*



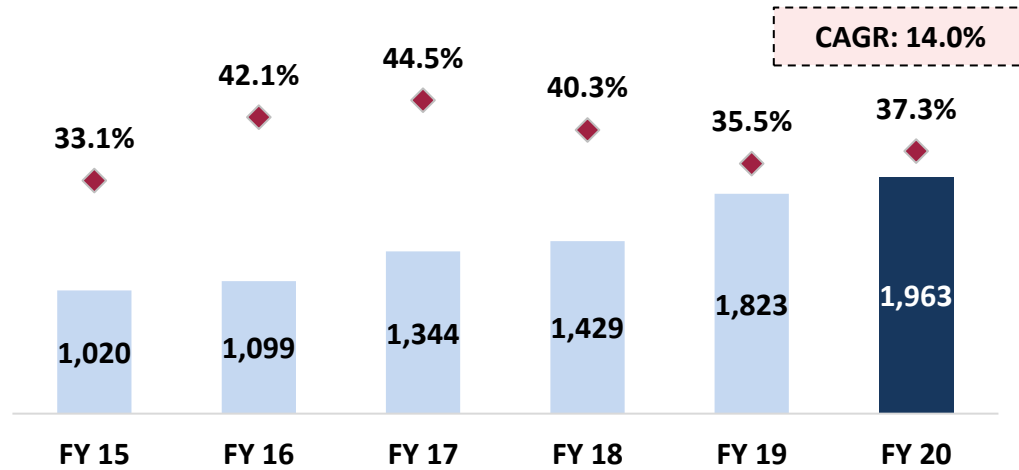
\* Excluded non cash impact recognized on financial assets in Q4FY20



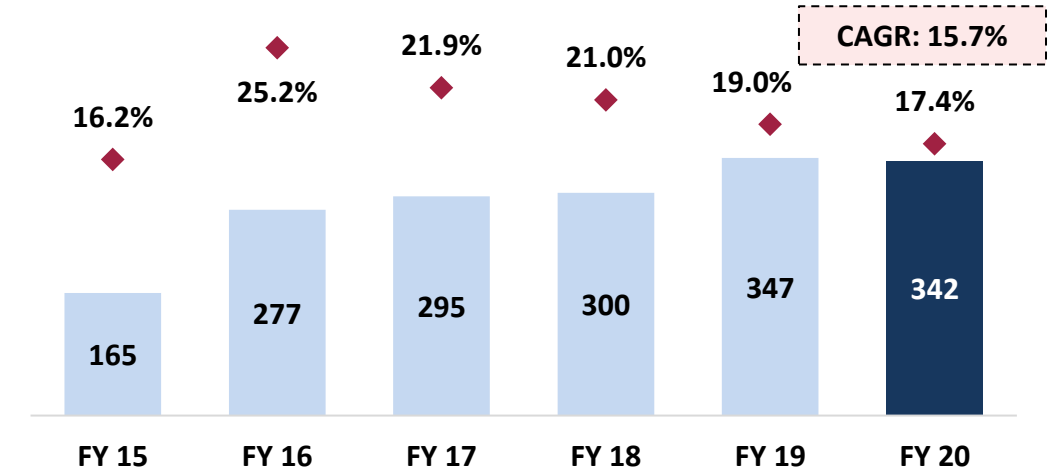
# Consolidated Annual Performance Trend

Figures in Rs. Mn.

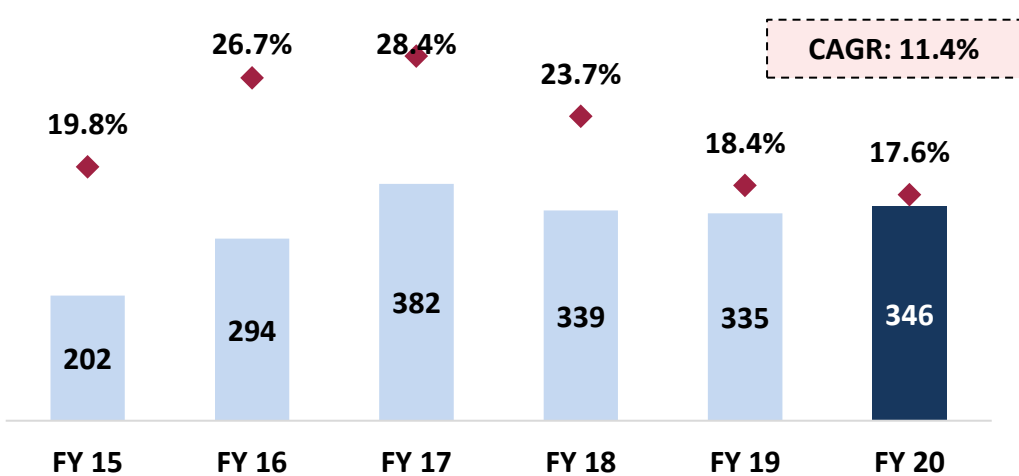
## Revenue from Operations and Gross Margin



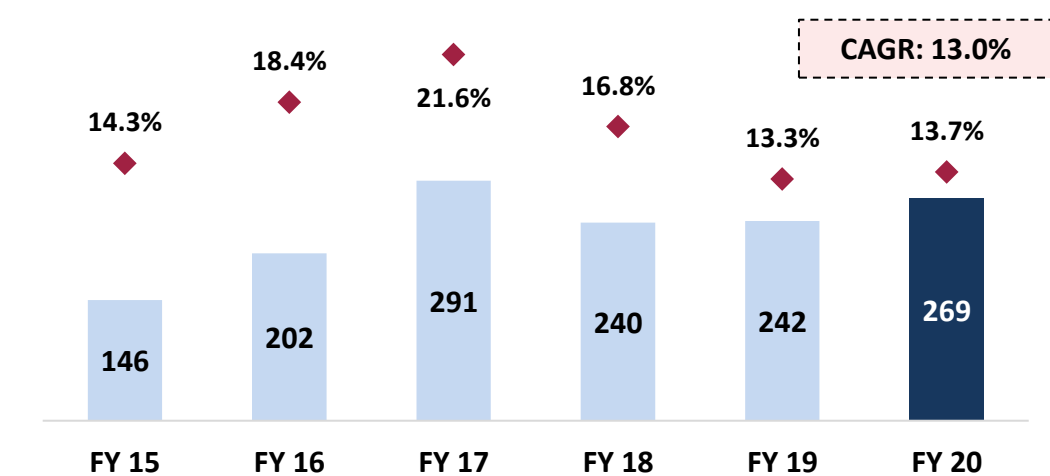
## EBITDA and EBITDA Margin



## PBT and PBT Margin\*



## PAT and PAT Margin\*



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

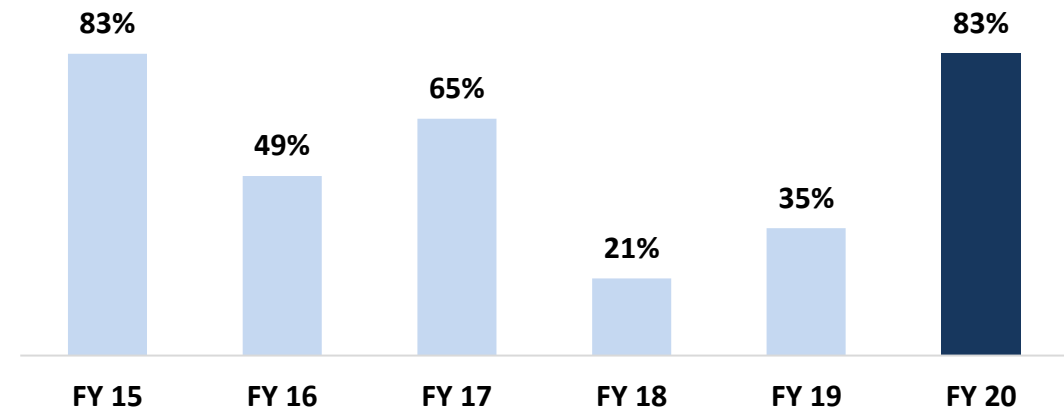




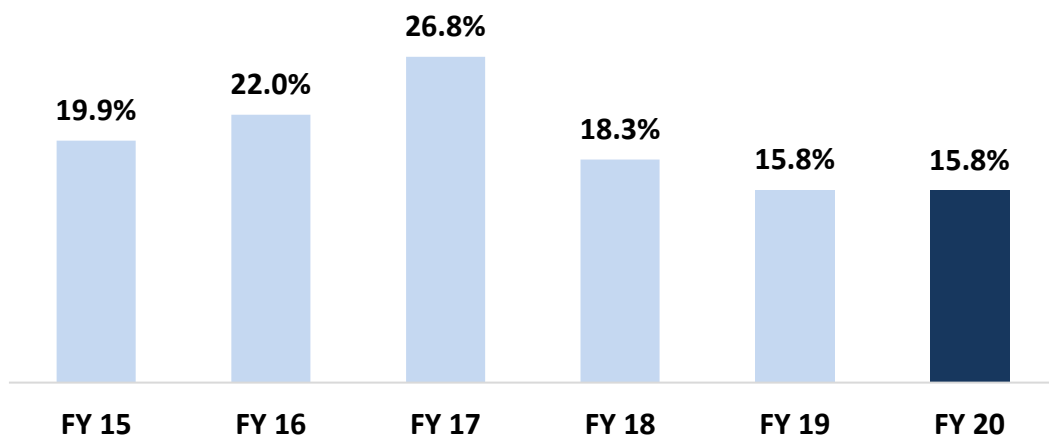
# Consolidated Balance Sheet and Return Ratios Trend

Figures (in Rs Mn)	Mar-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

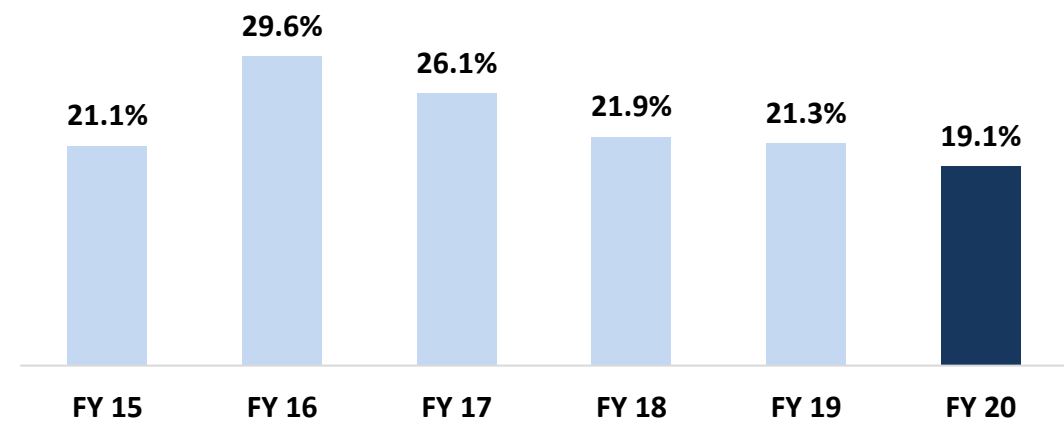
## Cash Flow from Operations / EBITDA (%)



## ROE\* (%)



## ROCE\* (%)



\*FY20 ROE and ROCE adjusted for non cash impact recognized on financial assets in PAT

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



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:

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**Company Secretary**  
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**Fineotex Chemical Limited**

**FINEOTEX CHEMICAL LIMITED**

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