Fineotex Chemical Limited

Earnings Conference Call
Q1 FY2024

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Management:

Sanjay Tibrewala	CFO and Executive Director
Arindam Choudhuri	Chief Executive Officer
Aarti Jhunjhunwala	Executive Director
Bharat Mody	Strategic Advisor, Investor Relations

Moderator: Ladies and gentlemen, good day and welcome to Fineotex Chemical Limited Q1 FY2024 Earnings Conference Call.

We have on the call with us today, Mr. Sanjay Tibrewala - Executive Director and CFO; Mr. Arindam Choudhuri – CEO; Ms. Aarti Jhunjhunwala - Executive Director; Mr. Bharat Mody - Strategic Advisors, Investor Relations.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Aarti Jhunjhunwala from Fineotex Chemical Limited. Thank you and over to you, ma'am.

Aarti Jhunjhunwala: Good afternoon, everyone. I am delighted to extend a warm welcome to each one of you for the Q1 FY2024 Earnings Conference Call of Fineotex Chemical Limited.

The financial Statements and earnings presentation have been duly provided on both the Stock Exchange and our official website. I trust that you had a chance to review them thoroughly.

In the face of challenges posed by the present macroeconomic landscape, Fineotex has started FY2024 on a strong note. As we specialize in the development of high-performance chemicals, our strategic measures are driven by the dual goals of both growth and sustainability. We believe that these strategic measures will not only contribute to substantial growth in the coming quarters but will also reinforce our position as a market leader in the chemical industry. With an ever-expanding range of offerings, we strive to provide value enhancing resolutions to our customers. Our journey in the chemical industry is defined by our commitment to excellence, innovation and the creation of sustainable future for generations to come.

We are also pleased to announce that this is our second consecutive year of being recognized as a great place to work. This achievement is a reflection of our consistent commitment to nurturing a workplace culture built on trust, transparency and collaboration.

Now, I would call upon Arindam ji to provide an overview of our operations.

Arindam Choudhuri: Thank you, Aarti ji and warm welcome to one and all. Fineotex is a well-diversified company with an extensive array of product portfolios. Our journey commenced with the production of specialty chemicals for the textile industry as you all aware and subsequently expanded substantially into related products for niche segment like cleaning and hygiene, FMCG products and oil and gases. As a part of our commitment to the value-added offering, we offer high end customized solution to our esteemed clients. This approach is underpinned by the trust our customers have in our product and the brand equity we command in the market.

Our expertise in research and development to our R&D facility, particularly in the manufacturing of ecofriendly and sustainable products at overseas facility has served as the driving force behind our expansion in numerous significant international textile hubs in recent past.

We are thrilled to announce that our product HG BK has received approval and recognition from the United States Environmental Protection Agency (EPA). This is a non-heavy metal based antimicrobial treatment has received EPA endorsement, a treatment to its excellence and adherence to stringent standards. This recognition opens doors for its application in various textiles and fibers across more than 70 sites, thereby broadening its scope and impact to the textile chemical industry, against competition of our fellow competitors.

Our timely exploration into engineering high growth products such as hygiene and drilling specialty has positioned us with a substantial potential to effectively engage with India's leading detergent manufacturers and premier oil and gas companies.

I now request our Executive Director, Sanjay Tibrewala to guide through the quarterly performance of our company. Thank you and good evening.

Sanjay Tibrewala: Thank you, Arindam ji. Our financial performance, Q1 FY2024 has been remarkable marked by strong growth, robust profitability and significant improvement in cash flows. We are pleased to mention that our operational revenue for Q1 reached Rs. 1,322 million. Our EBITDA saw improvements in Q1 FY2024. EBITDA was Rs. 315 million in Q1, representing a 20.1% year-on-year increase and a margin of 23.8%. Our profitability metrics also exhibited strong performance. In Q1 FY2024, our PAT was Rs. 261 million, a year-on-year increase of 28.7% and the PAT margins are at 19.8%. Our ROCE and ROE was 35.3% and 28.4% respectively, underscoring the success of our strategic initiatives and efficient capital allocation.

Our cash from operations to EBITDA ratio stands strong at 79%, reflecting efficient cash management in relation to the earnings. This highlights our commitment to optimal financial performance and operational excellence. Overall, our strong financial performance in Q1 FY2024 reflects our commitment to delivering values to our stakeholders while maintaining robust operational efficiency. In the future, our focus continues to be on fostering both growth and expansion. This entails not only diversifying our customer portfolio, but also broadening our product range across business segments.

With this, we close our opening remarks and we will open the call for an interactive question and answer session. Thank you.

Moderator: Thank you very much. We take the first question from the line of Kush Tandon from Ananta Capital. Please go ahead, sir.

Kush Tandon: Sir quickly, just one question on the environment, I understand chemical prices and raw material prices have started to firm up a little bit also on a year-on-year basis, our revenue has been flat, but again the margin has increased, so I am assuming that we have gained benefit from the raw material pricing, so just, an overview on the overall landscape, how are you seeing things on the raw material and the environment in general, sir?

Sanjay Tibrewala: Yes, as such, basically there has been a decline in the prices of the raw materials and basic, mainly raw materials globally in the last quarter, in fact in the last 4-5 months and this is one of the reasons I can say that most of the chemical companies must be having difficult times compared to the China things. Luckily for us, the kind of business model we have is we are in our solution driven businesses wherein we buy commodity chemicals and we produce our own solutions for the specific performance for the customers. Let us say this has helped us in having a better EBITDA margins also and these things definitely happens, whenever there is the price reduction in the raw materials, we don't have to pass on that much decrease to the customers and we retain the cushion out there. So, this is what we have experienced in the last quarter. Having said that, in fact I can also say at the same time in the last 15-20 days, it seems that again the freight price, cost and other things are also, I can say that the bottoms of the raw material prices have been in the past now, I don't think that is happening anymore now because all these things are again rising up in the last 15 days or last 30 days as we are talking. So, I think going forward the prices of the raw materials should not be going below where it is today. This is the kind of environment we all are into right now.

Kush Tandon: Also, if you can just give us the volume mix for the quarter in between homecare and the textile business and also the revenue number if you can just share those mixes of volume and revenue that will be helpful, sir?

Sanjay Tibrewala: On the global, it happened in the last year also, almost major volumes were in the detergent, cleaning, FMCG businesses. This is the same kind of thing where we have almost 60% in the cleaning FMCG business, this is the volumes I am talking about and also if you calculate in the terms of revenue, this is almost touching to 42% at the moment in the FMCG sector. So, broadly speaking, that sector is also growing up quite rapidly for us and this is one of the reasons this business has been faring very well and the cash flows have also been quite healthier because of the FMCG businesses, which has grown up dramatically in the last 2 years.

Kush Tandon: And sir just one last question if I can just ask, have the two large orders that we had in the FMCG business, have this stabilized on a quarterly run rate basis because we understand that it takes a couple of quarters for numbers to stabilize, so I just wanted to check on that, sir?

Sanjay Tibrewala: Yes, these big orders have been stabilized now. At the same time, we have been adding too many more number of customers in that product segment and we are quite happy the way the kind of response has come from the customers and the industry as such. Going forward, I think that business is to grow more, the FMCG businesses. It is also because the kind of product customization we have understanding the needs of the customers and going forward for mediocre level customers as well as the big corporate customers. There is a lot of opportunities which we are excited about in that segment. I think going forward I can mention that this will become more than 50% of our businesses in the coming times. As such, the volumes in that business, I think you had asked this also, the volumes are already above 62% in terms of volumes, the FMCG businesses because the per kilo crisis are generally lower than the textile chemical businesses. So, from the volume point, it has already exceeded the textile business this way.

Moderator: Thank you. We will take the next question from the line of Mr. Anirudh from AV Securities. Please go ahead, sir.

Anirudh: Sir, my first question is, we just got a circular about the QIP that you are planning to raise or basically the equity dilution, so that is to the amount of Rs. 300 crores, sir my first question is, the last time you spoke, we had around Rs. 120 crores of cash on a consolidated level on the books and plus this quarter again, so approximately Rs. 150 crores of cash and then still needing to raise funds, why is that?

Sanjay Tibrewala: I just would like to mention this resolution is a blanket resolution which we have been covering always before the AGM and that you can check in the last 3 years, 4 years also. So, let me also mention it is nowhere mentioned about QIP or anything as such and basically this is something which we can call it as a yearly, I would not say routine, but this is a yearly proposed thing which the Board does to the shareholders before the AGM and as such let me be clear about like we have done international acquisitions in 2011 post our IPO as soon as the IPO had happened in the 3 months' time we had deployed that funds to buy Biotex, which is the European founded company producing specialty high end chemicals in Malaysia which we have been able to have great synergy about and the kind of performance and the kind of confidence the management has in digesting international acquisitions has led us to believe that there can be a lot of more inorganic acquisitions, which the company should be looking at in future. However, having said that, as such we are very cash disciplined and we are very much conscious about the deployment of our cash flows and we are very much efficient about the allocation we do. So, if at all we find any such interesting company which can give a great synergy to the overall Fineotex growth story and that can also be in the businesses of cleaning, hygiene, FMCG, specialty chemicals and also the kind of valuations which are, if it is attractive enough, we are very much conservative in that terms also in giving a particular value to these companies inorganic targets. So, by and large, we keep an eye on that kind of opportunities always, but I would also like to mention that any kind of such acquisition, if at all we do or anything like that, it will be EPS accretive from the first year itself. So, there will not be any kind of EPS getting down on that basis of new addition of shares or anything if at all this happens and if at all it is approved by the shareholders and things like that. So, this is a question which I am just trying to circulate on that and just mentioning all the ideologies which the management has on the acquisition inorganic front as such.

Anirudh: Sir, so from what I understand is that as of now it is just a blanket resolution where you have just taken the approval and there are no immediate plans to raise any funds as such.

Sanjay Tibrewala: Perfect. This is perfectly well understood.

Anirudh: My second question, sir is regarding the Ambernath facility, in the previous call also you mentioned that there is ample of space in Ambernath facility for expansion, right, so my question is could you just help us out with translating into per tonnage, so for example, our total capacity now is 1,04,000 tons, right?

Sanjay Tibrewala: Yes.

Anirudh: So, how much of capacity expansion could we get into Ambernath facility in terms of per tonnage before we go to expand to someplace else approximately?

Sanjay Tibrewala: You must be knowing our capacities are fungible in the same kind of capacities, we can produce all the kinds of specialty products, whether it is going for FMCG, cleaning, hygiene or textiles, or oil and gas, things like that. However, we would always like to have some more space and expansions going forward.

At the same time the current location of Ambernath, the new one which we have just started 16-18 months back, we are proud to tell you that we are quite satisfied in informing that we have already touched more than 70% to 75% utilization in that place already. At the same time, yes, there is space for capacity expansion that has been looked into already, but as such, it is not only the productive capacity expansion, there is always a lot of utilities and other storage and other areas which has to also been taken care of and there can be also opportunities which will also be shaping up for some extra joint ventures, opportunities from foreign companies and as you can see the kind of Make in India concepts, the entire world is looking at another venue other than China to produce their specialty chemicals or source or do a joint venture about, we have some exciting things also being worked on those lines as such. So, we would also like to have, we have to be ready for that. When we started the Ambernath project that was in the first part of the COVID 2020 first quarter that was the time which was the most unpredictable quarter for any company in the world, right, and that was the right decision, which we have done in the month of August 2020 and we acquired the MIDC plot by November 2020 and in one year we started by November 21. That is only almost 16 months or let's say 18 months by now. So, as such, that was also a right decision, which we did at that time. So, in chemicals, one more thing we need to keep in mind, there is a lot of time which goes for the government approval, systems, this and that. So, we always have to work, not for the current year, we have to look what is the picture of 2026-27.

Anirudh: Exactly, that is why I asked, because the last time you had mentioned that if we have to expand Ambernath facility, it is going to be relatively easier for us because we do not have to take fresh approvals as most of the approvals are in place, right?

Sanjay Tibrewala: Correct.

Anirudh: That is exactly why I was asking that what is the capacity in terms of per metric ton that we could achieve inside the Ambernath facility?

Sanjay Tibrewala: See, around 61,000 tons capacity is already engaged in Ambernath right now and we can also expand at least 20%-30% in that area itself in the same premises as such.

Anirudh: So, roughly around 20,000 tons?

Sanjay Tibrewala: Yes.

Moderator: Thank you. We take the next question from the line of Mr. Aditya Mehta from GK Capital. Please go ahead, sir.

Aditya Mehta: Sir, just want to know what was the volume number for the current quarter?

Sanjay Tibrewala: The volume number for the current quarter was 16,200 tons roughly, which is almost 63% of the capacity.

Aditya Mehta: So, it was lower than the Q4?

Sanjay Tibrewala: Yes, on some grounds, yes.

Aditya Mehta: Where do we see our volumes and revenue number by the end of FY24?

Sanjay Tibrewala: As such, I would like to mention here that in the last, almost 8 or 10 quarters, we have been growing our volumes and the profitability by minimum 25% broadly, and this is something which we have been looking at the way we move forward. There have been certain quarters in which we have gone to a level of almost 40%-50% growth increase also in terms of volume, but I think now things are getting very well stabilized and in control. We are looking at almost 20%-25% growth every quarter-on-quarter basis also.

Aditya Mehta: So, the current environment if you see the demand is there a slowdown in the textile segment or hygiene segment because we have got orders also from FMCG for our FMCG business?

Sanjay Tibrewala: See what happens generally speaking, in the entire business chain, whenever there is a drip in the price and such kind of prices where caustic of Rs. 70 is becoming Rs. 33 or something like that the flip side here happens is that everybody starts reducing the inventory and this happens globally. Everyone in the world will do that even for us. So, what happens is instead of keeping two months volume, every two months requirements everyone will start storing 15 days or 20 days requirements. So, I wouldn't say that is a realistic demand shortage or something like that. The consumers are buying as much as they want. It is more about inventory control and reducing and also if you notice in the last six months, there was ample amount of the shipping, bookings and other things easily available. So, that has also made the companies reduce their inventory flow. This is something which happens sometimes, again it picks up and April, May, June is one of the comparatively slower months of the year and this is nothing big. As such, we have increased our PAT by 28%, the volume has gone up by 20% broadly if you compare year-on-year basis for the same quarter, so I think this is something which is quite good enough what we are looking at. So, the volumes have gone up by 20% year-on-year basis.

Aditya Mehta: And any guidance towards the EBITDA margin number?

Sanjay Tibrewala: I have been also mentioning we were always expecting to maintain the EBITDA margins close to 24%-25% and this is what is exactly reflecting even in this quarter also would like to mention that a lot of cost and other new business development cost and explorations and sales promotion are expensed out in the books already. So, I think, yes, this is some EBITDA levels which will be quite comfortable to generate always which is 23% to 25% broadly.

Moderator: Thank you, sir. We take the next question from the line of Mr. Anupam Agarwal from Lucky Investment Managers. Please go ahead, sir.

Anupam Agarwal: My first question is on the utilization, we have touched about 62% this quarter, what are we looking at in terms of ramping up utilization this fiscal year 2024 given the demand situation we see in domestic and export market?

Sanjay Tibrewala: As such, our volume has gone up by 20% year-on-year basis and also like I have mentioned in some of our con-calls, these volumes sometimes takes some time to stabilize around. This is something which has been stabilized by now. Effectively there has been also like I also mentioned in the last reply that there has been a price drop in the raw material prices and this generally has a trend of lower inventory levels and things and now, in the last 15-20 days already we can witness that the prices of basic chemicals, also crude in that sense is starting to pick up and whenever there is something getting up higher, the volumes and other things also does increase. So, I think generally speaking, it won't be difficult for us ever to do a

25% year-on-year growth going forward and our company is mainly driven on solution basis businesses and the more and more FMCG businesses we attract to this is more like a COVID proof businesses and these are the things which generally doesn't have too much effect of the global slowdown or anything whatever we call as. So, I think conservatively 20% to 25% PAT growth and volume growth, this is something which we are doing also and always looking forward to performing.

Anupam Agarwal: So, FY23, we closed at about 55,000 tons, so 20% is above 65, are we on track to do that?

Sanjay Tibrewala: Now let us say looking at this quarter, there was slightly not in that exact line as such, but if you also notice we have been able to have almost the same kind of revenue generation in spite of some raw material price reduction and things and also our EBITDA has been much better than 4% wise and also the PAT. I think going forward if not 25% increase, but at least we can expect 20% to 25% increase on that line.

Anupam Agarwal: Coming to this raw material situation, last 6 months we have seen some sort of inflationary pressure, have we also taken price hikes and if yes, to what extent?

Sanjay Tibrewala: No, actually there has not been any price hike. There has been price reduction in all these chemical products by and large, but you are referring about last quarter, right?

Anupam Agarwal: Yes, last quarter?

Sanjay Tibrewala: No, there has not been any price hike because see as such generally all the chemical prices have gone down whether it is caustic or acetic acid or acrylic or whatever ways we talk about. So, as such there has been no price hike happening in that sense.

Anupam Agarwal: So, the price reduction that in your opening remarks you mentioned that we have not passed on completely the reduction in raw material to customers, retained some part of it, ideally what percentage drop have we seen in raw material and how much have we retained from that?

Sanjay Tibrewala: As such we are depending on so many product lines and so many kind of raw materials, so it is very difficult to pinpoint, but if you talk about the average general way, so our realization, if you compare from Q4 and Q1 has fared almost similar in volumes, almost similar in realization, almost similar in the turnovers and almost similar in the percentage of the FMCG and textiles, it is just a matter of 2% to 3% plus, minus. So, this is something which I can say has been well done considering the low demands and things like that which we have been experiencing in textiles over the period of 6 months, but going forward, I think the prices will go back upwards. This is what is the trend happening now in the chemical industry as such.

Anupam Agarwal: Lastly, on the capacity, so I remember for the 21,000 tons in Ambernath we spent about Rs. 27 crores CAPEX, incrementally for the 20,000 tons, what will be the CAPEX per ton roughly?

Sanjay Tibrewala: It will be around, Rs. 20 to Rs. 25 crores on the higher side and of course we have lot of internal accruals and cash on books, so we will be taking care of from that itself.

Anupam Agarwal: And beyond this, we will have to then look out for a future expansion or a new land and all?

Sanjay Tibrewala: Well, this is something which we would like to do it always. We would always look at such kind of opportunities wherever it comes because these opportunities do come for chemical space you have to be quite looking forward for such things and also planning for 3-4 years down the line, so I think if something attractive comes, we will definitely look for it.

Anupam Agarwal: Lastly if I may, how many new customers have you added in the FMCG business last quarter?

Sanjay Tibrewala: We have added a lot and also we have the business head coming down from European Companies like DowChemical itself where joined the last quarter only and it was the business had there for last 13-14 years. Dow is one of the global biggest specialty chemicals as we all know and they are one of our key co-producers in the FMCG product line. Interestingly, they do not have a plant also in India, so they are importing all the goods from, earlier it was Europe, I think now they are bringing from Southeast Asia and things like that. So, there is a lot of additions happening on that line and this is a constant process, in fact, not only adding customers but adding product is also happening, a greater number of solution driven products have been introduced. I think this is something exciting where we are going ahead for.

Moderator: Thank you. We take the next question from the line of Mr. Nirav Jimudia from Anvil Research. Please go ahead, sir.

Nirav Jimudia: Sir, I have two questions. One is sir, you mentioned in the earlier remarks that European Companies like DowChemical has been joined us for the FMCG business and our exports are also in a way currently at a lower level compared to what we sell in the domestic market, so, my question is that our capacity utilization currently in the FMCG business is close to 70%-75%, so is there a further scope of innovation within our product portfolio where probably we can retain or increase the margins or increase our realizations from the current levels, so that it helps us improve the per kg margin, so one is the operating leverage benefit, which we will get once we ramp up the plant, but one is the product innovation within the product basket which could help us improve the margins and second is there a scope for setting up or putting up a dedicated line for some of the export customers which could give us some high value margin products which could ultimately take our average realizations up and hence the margin?

Sanjay Tibrewala: I would like to mention to you one important thing. There are definitely additions on product development in the FMCG sector, which we are already doing. Now, these are more solution based driven product lines in which, let me tell you like textile, for so many years for last 10 years we have been talking about sustainability, we went with Biotex because of sustainability in 2011. We were one of the earlier movers of those days and that was the time when we were going and explaining all the biggest textile companies of India that you will have to get sustainable and water saving, cost saving, number of part-time labors and other utility costs, but they were not ready to get into all these things, but this happened this in the last 5 years where all, if you hear the speeches or anything of the biggest customers, the directors and the top management of the companies, most of them are only talking of sustainability in textiles. This is because eventually the situation has come now where sustainability is the only way to grow for textiles and textile chemicals. Now, we were the earlier movers, we have been talking to them, so it takes time for the industry to change over. Now, in detergents, it is of $50 billion market as such. Now, in this market at the moment there is hardly any company still looking at sustainability. Now, as you must be knowing also that Procter & Gamble have also claimed that they are going to reduce or stop fossil fuel-driven crude oil based ingredients in their product line from the year 2025-26 and also Godrej and other companies already

working towards developing certain products which are already having a soft trials going on in the markets by the name of Mr. Green, Mr. Blue or something like that. So, ultimately, there is going to be a huge new market for companies like us to provide solutions to this $50 billion market of detergents to make them more sustainable. Right now, Unilever has also started working on product lines in which they are not using sulfonated products coming from PK oil things which are coming out from the deep forestation area of Malaysia and Indonesia. So, this is also initiative which HUL has started doing. P&G has made a rule that they will not use any kind of such products from 2026. Now to get the right efficiency and also to fit in the right pricing for the consumers costs because all these sustainable products should be cost neutral to the end users basically that is the aim. Now, just imagine if even 10% of this business line starts diverting into sustainability the way textile has diverted. Textile today, I can tell you almost 60% market in the world or maybe not 60, it should be 70% is totally sustainability. In that sense if you don't have the right certification, European factory product audits, product certifications all the ecological product lines, they will not even try the product even if it is performing better. If supposing this thing happens, may not happen now, but maybe happening after 10 years or 8 years, this opens even 10% market will be $5 billion market where we will be addressing to. Now, going forward what is happening, the population in India is like such a huge mass here, it will take time for Indian markets to absorb those kinds of strategic ideas or sustainability and things like that. Let HUL and P&G gone up and so we are working towards those kind of product lines which can help them to give them some solutions reducing their exposure to basic things, reducing their soda ash in the product, reducing their time taking for this. In the cake bar if they want something which is more free flowing we can give some kind of ingredients. So, these are the kind of businesses which we are looking at already and this is something which is helping our company to have such kind of opportunities and we are extremely excited by the way on this business line, not from today's point of view or the last year, but if we talk about 2025, 2027, I think this will be the new era for the FMCG businesses, which has to be quite sustainable from where it is today. I am just trying to give a detailed explanation to all the participants today on this line. It is not only addressing to you actually, but this is the kind of direction we have found out and this is the kind of state which has been we are working on those lines.

Nirav Jimudia: And sir, if we see even our R&D spend like before 3-4 years, we used to spend close to Re. 1 crore, now spending close to Rs. 3 crores – Rs. 3.5 crores on an annual basis, so just wanted to now here like is our R&D more focused towards the process innovation or we spend more towards the product side of the business because I think what I could understand from this is process innovation takes a center stage while developing the products and then the capacities come because our capacities are fungible in that way, so how is our R&D skewed towards?

Sanjay Tibrewala: Our first R&D is based on customer's requirement to achieve; we make their challenges as our goals. Now after that, how do we improvise on their efficiency and product lines, most of the times it is more application driven things also and in applications it is also important that we do a lot of trials and errors, not only at our end, but also at the customer's end, because that is the way the companies are running and functioning and that is what we have to prove ultimately to the customers. Developing product lines and making modification is the next step to it and it goes concurrence actually as such, but it is not either and or, it has to move together. That is the way this achievement can be done on the targets.

Nirav Jimudia: And sir, last question from my side is like, is it possible to share for a customer if the total value of this product is let us say, X, how much is our wallet share for each of the business and how much it has gone

up over last 4-5 years, so before 4-5 years as a solution provider and as a product supplier we may be at let us say, X level, so where we are at currently for both the business, if you can share some qualitative feedback?

Sanjay Tibrewala: See, I can just give you a business model type, on how do we function I can give you a broader idea about it. Let us say textile as I have been talking many times. There are 4 processes, 25 different specialty chemicals required, but keep in mind none of the customers will give you all the 25 product lines and what is our strength is today's finishing is almost 60%. I would like to mention that also it has increased from the previous quarters. Our volumes of finishing has gone to 60% at the moment, I am talking of textiles right now and that directly means that this is the most prestigious, important critical and sustainable business for the company and also obviously profitable also from that point of view. So, this is something which we have been focused upon. So, we love to prove the customers the finishes, try to match what they are trying to achieve and then this is the kind of solutions we provide. So, if we get that opportunity, it is the finishing first, then we can spread to the dying and other areas. However, keeping in mind that the customers are not going to use all the 4, they are not going to use all the 25 products from us and that is the point actually, but we are in the most critical product lines and we are happy to be there in terms of textiles and that wallet share does increase step by step and this is something which we have been also able to achieve. Another question you had asked was about the export dedicated industry and line for having a separate line for exports and things like that.

Nirav Jimudia: Yes.

Sanjay Tibrewala: I would like to mention these capacities are fungible, even for domestic, even for exports, even for making FMCG kind of polymeric products or any kind of esterification, polymerization and sulfonation. So, these product lines are already our capacities are well fungible enough to have any kind of reactions for any kind of industry. So, that we have been doing, we don't need a special rate export line or anything like that for that matter.

Moderator: Thank you very much, ladies and gentlemen. That was the last question for the day. I would now like to hand the conference over to the management for closing comments.

Sanjay Tibrewala: Thank you, everyone and if there are some more questions which are not yet answered or any more queries you have, we are quite open to answer all these questions. You can contact our Investor Relations or our team. We will be happy to give all the information whatever we could and we will be having our AGM in the next month, 15th of September, hope to see you there. Thank you so much for your time.

Moderator: Thank you. On behalf of Fineotex Chemical Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

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Note: This transcript has been edited to improve readability

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