

August 21, 2025

To,

The General Manager, Listing Department, Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai – 400 001 Company code: 533333	The Manager, Listing & Compliance Department The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400051 Company code: FCL
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Subject: Transcript of Q1 FY2025-26 Earnings Conference Call held on August 13, 2025

Dear Sir/Madam,

Pursuant to regulation 30 read with Para A of Part A of Schedule III of the SEBI (LODR) Regulations 2015 and with reference to our letter dated August 05, 2025, please find enclosed a copy of the transcript of the Investors/Analyst Concall held on Wednesday, August 13, 2025 at 05.00 PM on Q1 FY2025-26 financial result of the Company.

The above information is also available on the website of the company i.e. www.fineotex.com

This is for your information and records.

Thanking you,

Yours faithfully,
For FINEOTEX CHEMICAL LIMITED

Sunny Parmar
Company Secretary & Compliance Officer



Encl: As above



“Fineotex Chemical Limited
Q1 FY‘26 Earnings Conference Call”
August 13, 2025



**MANAGEMENT: MS. AARTI JHUNJHUNWALA – EXECUTIVE DIRECTOR –
FINEOTEX CHEMICAL LIMITED
MR. ARINDAM CHOUDHURI – CHIEF EXECUTIVE
OFFICER – FINEOTEX CHEMICAL LIMITED
MR. SANJAY TIBREWALA – CHIEF FINANCIAL
OFFICER & EXECUTIVE DIRECTOR– FINEOTEX
CHEMICAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Conference Call of Fineotex Chemicals Limited. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Aarti Jhunjhunwala from Fineotex Chemicals Limited. Thank you, and over to you, Ms. Aarti.

Aarti Jhunjhunwala: Thank you very much, and good evening, everyone. Let me start by extending a warm welcome to everyone who has joined us on call today. It is always a pleasure to connect with our investors, analysts, and stakeholders.

We deeply appreciate your time and continued trust in Fineotex Chemicals Limited. Before delving into the operational performance, I would like to give a brief overview of the company. Commenced as a specialty chemical company, we have evolved into a one-stop solutions provider offering specialty performance chemicals across diverse business lines, including textile chemicals, FMCG, cleaning and hygiene, oil and gas and water treatment.

Our domain expertise, combined with deep customer relationships enables us to deliver high-quality tailor-made solutions that address the evolving needs of the industries worldwide. Backed by a strong manufacturing base and a growing global footprint, we are well positioned to capture the immense global opportunities ahead.

Operationally, our consolidated sales volume increased by 14.73% on a quarter-on-quarter basis, reflecting healthy performance across key geographies and product categories. I'm pleased to share that we recently commenced commercial operations at our new plant, which spreads across 3 lakh square feet. This greenfield facility adds 15,000 metrics ton per annum of capacity, taking our total installed capacity to approx 120,000 metric tons per annum.

Designed with a state-of-the-art manufacturing technology and a strong focus on environmental sustainability, this plant will enhance our ability to beat the rising global demand while adhering to highest ESG standards. This said, the expansion has been successfully executed within the planned timeline and budget funded through internal accruals and fund raise.

During this quarter, the company has approved the grant of an additional INR58,797 stock option at a face value of INR2 to the eligible employees of the company pursuant to exercise of vested employee stock options. This reinforces our commitment to recognizing and rewarding the contributions of our talent pool, which remains integral to driving our growth.

With regards to our expansion into water treatment and oil and gas, it is strongly progressing with a growing pipeline of orders in both domestic and export markets. We are leveraging our expertise to tap into significant growth potential in these sectors and already engaging with leading oil and gas companies as potential customers. This is all from my end.

I would now like to ask Arindam ji to take us through our key developments. Thank you.

Arindam Choudhuri:

Thank you, Aarti Ji. With focus on ESG and sustainability, we have forayed into oil and gas and water treatment verticals. In particularly oil and gas, higher upstream activity and refinery expansions are boosting demand for demulsifiers, corrosion innovators and stimulation chemicals.

With a clear market shift towards eco-friendly and water-based formulation, we are in water treatment. The demand is being driven by industrial expansion, stricter environmental regulation by local and Zero Liquid Discharge that is ZLD mandates. This diversification reinforces our business resilience and position us to capture opportunities in high-growth and high-demand industries.

On the industry front, the approved free trade agreement that is FTA between India and the U.K. is set to further strengthen our foothold in the U.K. and broader European markets, especially in the textile and specialty chemicals as explained by Aarti Ji. Lastly, we are proud to have been certified as a Great Place to Work for the fourth consecutive year, a testament to our strong workplace culture and employee-centric approach.

So with this, I would like to hand over the call to Sanjay Ji, who will take us through the financial performance of our company. Thank you.

Sanjay Tibrewala:

Thank you, Arindam Ji, and good evening, everyone. Thanks for joining in once again. As you know, since our listing, Fineotex has delivered a strong growth trajectory with our top line expanding at a CAGR of 28%, our revenues growing at 22% CAGR and PAT registering over 50% CAGR over the last 5 years, underscoring the sustained demand for our products and performance.

For the financial performance for the first quarter, our total income was INR146.22 crores, witnessing an increase of approximately 15% Q-o-Q basis. The gross profit for the quarter stood at INR45.96 crores, showing a growth of almost 6% and margins being healthy at 34% approximately.

The EBITDA for the quarter was INR25.20 crores, growing at 18.34% sequentially, while the EBITDA margin showed an increase of 61 basis points, standing at 18.3%. The PAT witnessed an increase of 25% Q-o-Q basis approximately and is now at INR25.03 crores vis-a-vis INR20.13 crores in the last quarter. The PAT margin stood at 18.26%, witnessing an impressive growth of 145 basis points.

The ROCI of the business stood at impressive 30.72% on a consol basis. The shares of exports in total income came to 24% during this quarter. The company has a healthy order book, reflecting its underlying business performance and customer trust. Our long-term strategy remains focused on developing our core businesses while diversifying in our new verticals as well.

We have recently commenced the commercial operations of our new plant in Ambarnath this month itself, increasing our capacity to approximately 120,000 tons, further strengthening our position in the market. Our disciplined financial management provides a solid foundation to

capitalize on the opportunities, both organic and inorganic, including strategic investments in R&D, market expansion and selective acquisitions aligned with our long-term vision.

By maintaining a strong focus on operational excellence and a customer-centric solution, we aim to unlock new revenue streams and extend our presence across free and emerging markets. Backed by a clear road map and a healthy order pipeline and ongoing diversification into high potential sectors, we are well positioned to deliver value to our stakeholders and achieve our ambitious growth targets. With that, I now open the floor for questions. Over to you, Shruti.

Moderator: Thank you very much. The first question is from the line of Aryan Kumar from AB Capital. Please go ahead.

Aryan Kumar: Sir, my question is, sir, with the addition of the new facility, are you getting new orders, strong demand pipeline, as you have mentioned in the presentation?

Sanjay Tibrewala: Yes. I mean, is that the question?

Aryan Kumar: Yes... This is the question.

Sanjay Tibrewala: So yes, that's right. And as such, we had acquired the premises last year January, and it took us almost, as per the plan, it took us almost 18 months to, within 18 months, we have initiated and commissioned the plant. So by and large, this adds to our production capacities by the Phase 1 is 15,000 tons, so totaling to 120,000 tons right now. And these capacities are fungible. So, these can, the products which we supply to all the industries like FMCG, textile specialties, drillings, etcetera, all of these products can be made in the same facility.

Aryan Kumar: Sir, my next question is any order flow for AquaStrike or it is delayed to next summer?

Sanjay Tibrewala: So basically, as you might have got our updates, we have got the approval from CIB. And thereafter, we have got the approval from Haffkine Institute also. Right now, we are in touch with NGOs and the government. There are certain registration process which are on. So most likely, we should be expecting some revenues in the coming times, in the near future.

Aryan Kumar: Yes, means late next summer.

Sanjay Tibrewala: Right now, as we are in August, there is a lot of, we have just completed quarter 1. We are very hopeful in the near future, we should have some right news on that.

Moderator: Aryan sir, I request you to rejoin the queue. Our next question is from the line of Devendra Kumar from EV Investments.

Devendra Kumar: Congratulations for good quarter. Any guidance for the coming quarter, any uptick you are seeing in the FMCG, like you have mentioned in the previous con call or in the technical textile

Sanjay Tibrewala: Yes, Devendra ji. I mean we got your question. So regarding the technical textiles and regarding the FMCG, the business flow is looking good enough. Technical textile has always been our intrinsic part of our textile specialty chemical offerings. There is a huge demand coming up

because the technical textiles is mainly applicable more on the defense areas where they need specialty chemicals for giving water repellency, claim retardancy, blood repellent for the defense and other kind of fabrics.

So that is, the demand is growing actually, globally, it is growing not only in India. So that's also helping us to produce more such kind of products. That's one. At the same time, giving a guidance in the last, like I also mentioned in today's introductory commentary, where we have mentioned that in the last 5 years, the company has almost performed to 45% to 50% CAGR.

And if you see since the listing, in the last 56 quarters of the company being listed, there has been a significant, let's say, 28% to 30% growth in the last 14 years CAGR as well. So we can see that in going forward, we can expect certain kind of growth rates. It depends on what kind of the external factors happening, and that is the way we are very much optimistic with the opportunities which are coming to us now.

Devendra Kumar:

Next question is, in the presentation, I have read your market share in detergent market has increased. Can you please explain? Are you, have you acquired new customers or with the current customers, your order inflow has increased?

Sanjay Tibrewala:

So this is a continuous ongoing process, and we are proud to tell you that we have been focusing more on sustainable solutions. As you know, that detergent is a \$50 billion market. And even, and most of the chemicals which are used in detergent making is all not so eco-friendly and sustainability is coming up very strongly in that. If you see the updates from Procter & Gamble and Godrej, etc, most of them have decided to go for lapsa-free, acid-free, soda ash-free, and a lot of more product lines, considering the initiatives also from the government and also as a corporate, they have also taken the initiative to reduce the carbon footprint, etc.

So in that lines, we are one of the early movers in this sector. Let's assume that even 10% of this market gets sustainable in the next 5 years. We are talking of almost 10% of a \$50 billion market, which is like \$5 billion market. And the offerings of the products which we have in this sector is almost 8% to 10%, so which also leaves us a very big room going forward.

The takers of these sustainable solutions right now, more, or less is like BASFs of the world, BASF, Dow, Nowylen. So all of these companies are almost like \$60 billion to \$70 billion companies, and this is just one of the areas where they are present. So going forward, we are very excited. The faster the sustainability drive takes place in FMCG cleaning detergents, I think that will be a great move for us. So right now, that is happening.

Many companies have gone forward and started working on sustainable solutions to replace their basic chemistry, basic chemicals. We have also increased a lot many products on those lines and many more customers are adding on day by day. Further, there is a shift of the market in detergents from earlier like it was mainly cake market, then it became powder market.

Now more or less, everything is turning into liquids, detergent liquids. I mean internationally, so already people have started using the pods, which gets auto dissolving in the washing machine itself. India is a little bit late on that. But eventually, that would also happen. So yes, there is a

shift in the product mix, and we are also being making sure that we grab the new range of product lines also to make sure that we keep bidding the orders. So that's about it.

Devendra Kumar:

Okay. Sir, there is any cancellation of orders like from the textile side, we are hearing a lot. Any point of view from you?

Sanjay Tibrewala:

So actually speaking, let's put it on a way, like, let's say, 10 days before, like 10 days prior to today, there was almost equal taxations by U.S.A. right from like Bangladesh is 20%, India is 25%, Pakistan is 19%. India has its own segment like bed sheets, home textile and Bangladesh has its mode in the garments, but the kind of quality of Bangladesh and India is a little different on those lines.

So that was the way it was going on. In fact, till now, these garment companies or the textile companies are only paying 6% duty. So in fact, the new rise of 25% is still, I mean, even the previous rise of 25% has not been affected till now. So there is no question about further 25% happening immediately.

Having said that, India has opened up with U.K. U.K. is it still 40% of the textile demand of U.S.A. And it looks like already the companies of, like the garment companies of India and others have started taking substantial orders in U.K. So by and large, we don't see it's easy. So firstly, U.S. they can never produce the fabrics, okay?

They are like the marketplace. They are not the factories of the production because the labor is very high. It's a polluting line as well. So basically, they have to turn to Bangladesh, India, Pakistan, or countries like them. So this is the place where we are. As such, our direct exposure to U.S. is negligible.

However, if Indian textile companies who are exporting to U.S.A., if their orders gets postponed, then in that way, we can also have slight modifications in the order dispatches. But till now, there is no news at all. Everybody is having their own set of dispatches and everything is going quite normal and smooth even as we speak. So it's a very long story to predict what is going to happen, but I think India is in the right shape from all angles.

And we don't see it as a threat right now. We, in fact, are looking at opportunities where this is the time where we are able to go to the customers and show them some more sustainable solutions or price-sensitive product lines and to replace our European co-producers who are already having a major share in these textile corporates. So we are using an opportunity from that angle.

Moderator:

Our next question is from the line of Vinay Nadkarni from Hathway.

Vinay Nadkarni:

Yes. Sanjay Ji, just one question on this mosquito repellent thing that you had mentioned Aquastrike, any business flowing in from there?

Sanjay Tibrewala:

So actually, this product is made in Malaysia. We have sales, very low level of sales in certain countries over there, which is not going for government applications. However, in India, the plan is a little different because in India, it's more controlled by government and others. And in fact,

every country, this is the way it works. Right now, there is a process which we have cleared. We have cleared a major hurdle of it, which was CIB, then we have an approval report from Haffkine Institute and which is really very encouraging reports actually.

Now we are tying up on certain grounds. There is some factory verification process and approvals also, which is ongoing. We feel that in a month or 2 months' time maximum, we should be in a position to start beginning to see certain kind of progress on that numerical progress, commercial progress.

Vinay Nadkarni: Okay. And secondly, on this U.S. tariffs, Malaysia has 19%. So are you exporting from Malaysia to U.S. or there is no exports going on from there?

Sanjay Tibrewala: Actually, I would like to mention to all the participants, and I mean, U.S.A. doesn't produce or process the textiles of garments. They are more like a marketplace like the Walmart, Turner Bianca, Target, Dunham's brand stop.

Vinay Nadkarni: So that doesn't work. It doesn't matter.

Sanjay Tibrewala: It doesn't matter. I mean directly, it doesn't matter,

Vinay Nadkarni: Yes. Correct, correct. Secondly, on this new plant that you have commissioned, 15,000 MTPA what is the order book there?

Sanjay Tibrewala: I mean the idea here is not about exactly having the order books in hand. The idea here is to start off because like when we started this, the previous plant 4 years back in 2021 November. That time also, it took almost 2 years to begin the plant and then we commissioned it, and then we could scale up from 20,000 to 40,000 to 61,000. The plan and the time involvement is mainly in the initial days and later, you can always have a staggering growth on it.

At the same time, there are a lot of new technologies and processing and scale of operations, which we are going to bring about, which is going to help the company in reducing, have better storage, better kind of quality, better kind of processing. So all in all, there are a lot of many advantages, not only from the production capacity point of view. And as I said, already all these products are fungible. The capacities are totally fungible. These products can be produced in our existing facilities as well as the new facilities. It's not added only for a particular segment.

Vinay Nadkarni: So in quarter 1, what would be the capacity utilization of our, because that was not the time when your new plant was commissioned, right? So out of 105, -- what was the capacity utilization for Q1?

Sanjay Tibrewala: So it's almost 59%.

Vinay Nadkarni: Okay. So this, the cost would go up, but your Q2 margins will get impacted because of this new plant commissioning?

Sanjay Tibrewala: See, actually, before the plant gets commissioned 6 months before itself, there will be a lot of other kind of cost, revenue expenses, etc. And for the sake of getting the credit of the GST, we

would always like to go for the revenue not for the capex kind of things. At the same time, so the expenses have already been levied since almost 6 months or something like that, the revenue expense, and other things to bring in it the prelim costs, etcetera.

So overall, if you see, yes, so I mean, that is not a significant cost actually. It's not, our businesses are not driven on low margins or like production capacity utilizations. We have to be ready, we have more than 1,500 SKUs. There are certain products like, and we are adding more and more chemistries as well. Certain products are made after 1 day or 2 days of batches. Certain products are made in 2, 3 hours.

So in case we get orders and we do get orders of products which have a longer production cycle. Now for that, we will always have to have that much room in production utilization. Also keep in mind, the production capex required and the cost per ton is not significant for the company. And all of them is done, it's a debt-free company. There is no loans on it for the expansion as well.

And the optimum capacity utilization generally is not above 75% in the practical way because there is a lot of SOPs involved for the cleaning, and we have to make sure there is no contamination because there are a lot of reactions which happen before in the same because the capacities are fungible. So there are products which are made before the batches, which has to be well cleaned with the SOPs. So it consumes a lot of time.

So practically, this is the right solution, and this is the way we have. In fact, when we started the Ambernath I in 2021, that time the capacity utilization of the Mahape plants and the Malaysia plant was below 52%, something like that. But gradually, we could scale it up. And then there are a lot of new big customers and corporate global companies, which visit us, they see the facility, they see the kind of infrastructure you have and then only they like to do the tie-up.

So, all in all, there is a lot of importance to get the customer approvals, plant approvals, which also gets endorsed along with and then we get the businesses. So, it's a long process. This has been done at the right time at the, within the cost limits and within the expected timeline. So, the team has done a good job on this.

Vinay Nadkarni: Okay. Can I ask one last question?

Sanjay Tibrewala: Yes, Vinay, please.

Vinay Nadkarni: Yes. So, can I get the revenue breakup for this quarter between textile chemicals, FMCG, water treatment and oil and gas?

Sanjay Tibrewala: Yes, surely, you would be, I can, you want it right now. Okay.

Vinay Nadkarni: So, I can just, you can mail it whichever way.

Sanjay Tibrewala: Right now, okay, I mean from the volume point of view, 70%, I think this question will arise again in a few minutes. So rather I share with all participants now. So, in a nutshell, the volume basis, textile is almost 70% in the quarter 1. Health and hygiene, FMCG is almost 25% and the

remaining drilling is almost 5%. I mean, drilling is oil and gas, others. And in terms of the revenue mix, 80% is textile.

Vinay Nadkarni: And FMCG would be balance...

Sanjay Tibrewala: No, no, no. I mean, no, drilling has picked up actually. Drilling has picked up to 4% already. Yes. And there is a significant value growth in our oils areas also. We have, in fact, gone 2.5x compared to our last quarter, and if you compare furthermore, it is almost like 10x plus. So that is something growing. So, I mean that ratio will not help you because that's just coming up. So, every time you'll see... A much larger one. 10x, 20x growth every time.

Moderator: Our next question is from the line of Anupam Agarwal from Lucky Investment.

Anupam Agarwal: Sanjay, my first question is again extending to the last participant's question, not financially, but more directionally, last year, we had seen a bit of a challenge and a pain point in the FMCG business, both on volume and in value. What is happening this year? Are we seeing some sort of turnaround? Some color on that aspect?

Sanjay Tibrewala: So to give you some more color, what has recently happened in this quarter itself, we have initiated successful orders, trial orders for big corporates and those are trial orders. I mean trial orders are also like tanker load orders for a couple of product lines, which is going in the liquids.

So, this is something which has triggered a new era of the new businesses, new kind of development. At the same time, there has been further changes in the product mix, and we are quite confident that the coming times are going to be much better in the FMCG area, where companies have started understanding the importance of sustainability once again.

At the same time, there has been also a softening of certain chemical prices and so that there is a room for them to use certain solution-driven performance boosters where we are. So, in the last 6 months or I mean, last 3, 4 quarters, if you see 3 quarters, there has been a drop also because the companies were not able to sell their premium range of products. However, the more, I mean, as we are proceeding ahead, it looks like the premium range has started picking up again, and you can see certain improvements coming up.

Anupam Agarwal: Understood. So, by the end of this year, we should be on volume terms, be able to do what we did last year at peak?

Sanjay Tibrewala: I am quite positive about that personally. By the end of the financial year, surely, we should be back on that track.

Anupam Agarwal: Understood... Understood. My second question is on the water treatment. What sort of engagement and dialogue is happening with the customers on that front, water treatment or oil and gas, particularly in the Middle East markets is where we were looking into. What's happening there? Any update?

Sanjay Tibrewala: Well, I mean, the drilling, oil and specialty chemicals are like, that's the area which we are very much positive. There is a shift of demand happening. So, most of the biggest corporate customers

of the world who are about \$20 billion, \$25 billion company, most of them have been mandated to shift things from China to India. And there are very less number of takers in Indian chemical, specialty chemicals to supply to this sector.

So, we are very much hopeful on this sector. We have been getting great response on those lines. We have been growing our businesses very well on those things. And at the same time, we have been discussing, and we are already on NDA with a lot of these big giant companies and a lot of things are under progress. So, we are very helpful, very much confident that this division will be very helpful and contributing to a much bigger pie in the total revenues of the company and the profitability as well.

Anupam Agarwal: So to get a sense, I mean, what sort of sales cycle are we witnessing in the water treatment business? Is it that once from sampling to PO, is it a long process of 3 to 8 months or what?

Sanjay Tibrewala: No. Actually, I'll tell you like in the oil specialty field, there is the process, the gestation periods are very long. This is because these are like massive companies, they take a very long time to change the chemicals. There are a lot of protocols, processes, things like that. However, there are many orders which we have cleared. I mean there is a lot of huge orders which we have got even in this current the quarters where we are now. And all of them are on a very, I mean, decent EBITDA levels, etcetera.

So step-by-step, we are progressing very strongly. We have started taking participations with most of the global exhibitions like in NEFTEGAZ in Russia, in ADIPEC in UAE, I mean, in Abu Dhabi. Again, we are participating there. So, there is a lot of traction coming up, not only from the product range where we have evolved ourselves. At the same time, there's a big demand coming to India from all the Middle East countries, Russia, particularly as well. And we are working very aggressively on those lines.

Anupam Agarwal: And last question, any update on the inorganic side?

Sanjay Tibrewala: Well, there are, I mean, like there are a lot of opportunities which have recently come furthermore, and we have been advancing certain discussions. We are under NDA for sure. As soon as we have certain more clarity on further advancements like before, we will always be updating all the investors through the stock exchange medium. And we expect that this financial year, definitely, there has to be some positive news on that.

Anupam Agarwal: That would be all, wishing you all the best

Sanjay Tibrewala: To add to that, as you already know, perhaps that the company has a healthy cash, cash on bank balance, which is more than INR360 crores right now after the capex of INR117 crores in the last 16 months, the company has already done that much of investments. So after that, this is the cash on bank, which the company is available for any such of inorganic opportunities.

Moderator: Our next question is from the line of Parth Patel from Patel Investments.

Parth Patel: Sir, I just had a couple of questions. First one is on the gross margin part. So we can see that quarter-on-quarter and year-on-year, we have seen a decline in the gross margins. And second

is following up with Vinay sir's question. I just wanted to know what is the total utilization. Even if you can give it in a percentage manner for this quarter, that would be helpful.

Sanjay Tibrewala:

Okay. So to take the last question first, the production utilization is 59% right now, okay? I'm talking about the, see, basically, see, I mean, the kind of product lines we have is like we have more than 1,500 SKUs -- now this is, there are certain product lines and there are a lot of changes in the industry, which keeps happening.

Sometimes there are more orders for polyester products, sometimes there are more order for cotton fabrics, sometimes for cotton towels, etcetera. All the products will not have the same kind of margins broadly. There are certain areas where there are sporadic demands coming up and sometimes the trend also changes. So right now, this is the place where we have reached.

And we have also made sure that we have been gaining more visibility, getting more customer reach everywhere and making sure that we keep adding on more and more customers. Even this quarter, we have added a lot many more customers in spite of, let's say, supposedly to be having a little more softer quarter because of the U.S. tariffs stories and people started reducing their inventory. So this is what happened generally.

Even in the COVID one, we could, we have all experienced that the quarter 1 and quarter 2 were significantly poor in 2021, in the year '20. And then you see in the next half year, which looks like to be repeating again that the next H2 will take care of not only the H1, but in fact, it will add to the entire businesses with some great growth.

So this is what we had experienced in 2020 when all the buying houses reduced their inventory and purchases. And this is similar to what has happened. In spite of that, our company has, our team has been able to grow the businesses across the sector in the specialty oil as well as the textile specialty. Hygiene has grown from the previous quarter itself, but not to the quarter 1 level of last year.

That's okay. That's fine. But actually, the most important thing is that we have not lost any customer, any important customer we have never lost nor we have lost any important product of the customer. There has been change in the product mix. And sometimes what happens when there is a product mix changes, it takes a little bit of time to get into that kind of a product combinational play.

At the same time, sometimes there is some ratio changes in the industry, which keeps happening. So we always need to be taking those things into account. But this is not the first time that we are experiencing in the last 56 quarters of being listed, the company has, I mean, everyone has seen ups and downs in chemical markets of supply shortages, China Plus One, COVID, etcetera.

But the company has always been able to navigate strongly and proven its credibility for the customers, etcetera. And I think that's something which we take it up as a challenge and keep growing and keep going out.

Parth Patel:

Understood, sir. And if you could just give some more light on the gross margin part.

Sanjay Tibrewala: Yes. So that answer was regarding the gross margins that there are always such fluctuation of the kind of businesses, like say, let's say, polyester started growing more. And whenever polyester grows more, the consumption of the chemicals is slightly lower as well as it is not as profitable as in cotton. This is just one of the examples just to explain you, there is always a fluctuation in the trend.

It's not that we have reduced our prices at all. It's not that we had to rush for getting the businesses, etcetera. And when the markets are slightly slower, we also like to gain more attention and we try to get more businesses from the customers. That's fine. But that doesn't mean that we have been intentionally reducing our selling prices.

That's not the way this industry works. Our line is more of a work it in solution businesses. It's not a kind of a product where if, let's say, Gujarat Narmada is reducing the price, then Luxi Korea also has to reduce the price. This doesn't work like this. It's more of a specialty solution-driven business. Exactly.

Parth Patel: Can I just ask one more question?

Sanjay Tibrewala: Yes, yes, please, please.

Parth Patel: Yes. So I know that since the past couple of quarters, we have been doing a lot of marketing spend, which has resulted into a lower EBITDA. So just wanted to know that for how many quarters it is going to continue? And if it's an ongoing process, what would be the stabilized EBITDA margin that...

Sanjay Tibrewala: So actually, there are certain number of, I mean, certain periods in our previous history also, let's say, if you consider 2019 and '18, where the company has added a lot many sales force, technical experts, pan-India in Bangladesh, etcetera, at the same time, done a lot of geographical presence globally, exhibiting all over.

So the result generally comes in a couple of years, surely. There is also a brand building process which the company keeps doing. And this is something which we have again done. So I think in the coming times, we can go back to the original EBITDA margin level, which we have seen in the last 4, 5 years.

Parth Patel: Got it. So let's say, for the next couple of years, we can keep it at around 18% to 20%. And then after that, we can continue with the 24%, 25% that we have been doing.

Sanjay Tibrewala: We'll try to bring it up as soon as possible. It all depends on the external factors also. So sometimes, so basically, we are, even if the businesses what we have acquired now is also based on our internal performances. It's not that the customers' demand have gone up actually, okay? So, once the external factors are also helping and supporting the industry in a general way, we are very sure the consumption pattern per customer is going to go up.

When that happens, you will, of course, see a better, the same kind of expenses, you will see a better kind of gross margins in absolute numbers, EBITDA numbers, absolute numbers. So

automatically, the EBITDA margins, etcetera, will also be much better, the cost of the company will be fixed going forward.

Parth Patel:

Got it. And just for the sake of repeating, can you just let me know what the plan is on the inorganic part?

Sanjay Tibrewala:

I mean there are 2 things I would like to mention. The company has already done an inorganic acquisition in 2011. So after listing on 11th March 2011, within 3 months of the listing, we have used the IPO proceeds to acquire a stake in a European specialty chemical company producing the same range of chemicals, which has synergy with Fineotex, and it's been produced in Malaysia. The concept was to have the Asian cost and the European technology. That's what everyone is looking at right now.

Nobody wants the European cost. Everyone wants the European quality, but they want the Asian cost. So Biotech has been one of those, it's founded by Europeans. It is still co-owned by Europeans and Germans who are holding 28% stake in the company, living in Dusseldorf in Germany and shuttling around and taking care of Biotech as the CEO as well. So that was our first international made in acquisitions and the company has scaled very well.

There has been a lot of synergies. So what we look in an inorganic acquisition opportunity is, firstly, as you see, we are very cash disciplined and we are not so gracious enough in giving very high valuations to the target. So we would love to, we look at companies which has synergy in our businesses, either in the target markets, verticals or in the similar kind of chemistries, which we are already doing.

And after that, there has to be a certain value which can justify in case a company borrows the money from the bank and pays, let's say, 9% interest. So there has to be and definitely an EBITDA accredited from day 1 of the acquisition. That's what we look at.

Of course, the other hygiene checks and the debt, etcetera, book values, of course, the other ratios and things should be very healthy, and it should be sustainable. And most important, it should be a business which we can drive it, and there has to be a good synergy amongst it. So I can only tell you about these kinds, what are we looking at? This is what we are looking at.

In the last 2, 3 years, we have used to very advanced level of discussions with certain companies. Plus in the last quarter also, we have reached to advanced level of discussions. It's still under NDA. A lot of due diligence has been happened in the past. There are a lot of negotiations going on, things like that.

In fact, I, this is, in fact, the right time to look at companies because due to this global, let's say, not so great scenario, most of the companies might not be doing so well. And maybe that has also reduced the target expectations. We are, I mean, this is just a general discussion. I'm not, so I think this is the right time for companies like us to go for the acquisition because this is a good time to buy.

And as you can also see that we have already raised the finance last year, where the promoter has also contributed almost INR44 crores. And going forward, I think that's the right way to look at the company in the coming times. So we are in the right direction, and we are just looking to find the right match for the company and going forward.

Moderator: Our next question is from the line of Bhavin Soni from B&K Securities.

Bhavin Soni: Sir, can you help me the revenue mix for the quarter and FY '25 between Textile and FMCG and oil and drilling, if any, last year and this quarter?

Sanjay Tibrewala: So basically, like the revenue mix is almost 80% is textile. And yes, the remaining is hygiene, FMCG drilling, all put together is almost like 20%.

Moderator: Our next question is from the line of Ravi, an individual investor.

Ravi: Sir, I wanted to know the market size of the mosquito product that we are targeting. What is the potential market size?

Sanjay Tibrewala: Well, it's a very difficult point to mention right now. I can only mention to you the products which it replaces is like BTI and Abate and MLO, which is also known as AMO, antimalarial oil in many countries, it is known as this. So basically, if you just consider the kind of subsidies, not even subsidies, I can say, the NGO markets for this, which are financed by big foundations, the data which we had as per the Google was it's, I think \$2 billion was the kind of given by the NGOs for the distribution of these product lines. So these businesses are very big. I'm talking of global demand.

However, this has, this is a lot of steps. It's a big thing. And this is the first time like it's very ecologically proven. It is proven by Haffkine Institute also. Haffkine Institute is one of the oldest institutes, which had also detected or bone solutions for plague 120, 30 years back. So we have very strong approvals from them, and they are also very much charged that these kinds of businesses should be approved by the government very soon, and there has to be distribution. So we are in the process of that now. Let's see how it goes, yes.

Ravi: And sir, your product is eco-friendly. So I think no other product is there in the market. I think your product is more superior and eco-friendly products. So are there other products that are eco-friendly in the market?

Sanjay Tibrewala: So right now, what is happening is Abate, BTI and AMO, MLO, all are these products which are based on basically crude oil derivatives. So these are not only harmful for, I mean, the same water comes in for the human consumption also, but at the same time, it damages -- affects a lot of aquatic life. Further this, there is a very short life of these products. It doesn't work in brackish water. So this is one step advancement.

In fact, this has been proven by Institute of Medical Research in Malaysia. In 2008 onwards, Biotech Malaysia was developing this one. When we entered this company in 2011, it was not yet commercialized. And there was a lot of trials and discussions going on with the government there, vector bones, etcetera. finally, in 2015, they had given us the approval of that product.

Then it took more years, a number of years to get this kind of approval, that kind of approval. So there was a lot of time which has gone into that business.

So, and India is not, it's not so easy to do in the terms of government approvals and government. There's a big process and protocols, which we have to progress. We have to focus. So that's all we are doing right now. I think, I think a major work has been done. There is a lot of work still left out, but I think it's in the right direction.

Moderator: I request you to rejoin the queue for more questions. Our next question is from the line of Kautuk Yemdey from Axanoun Investments.

Kautuk Yemdey: Most of my questions have been answered. I just wanted to know one thing. I think in one of your answers, you replied that the prices have come down. So did we take any inventory write-down in this quarter?

Sanjay Tibrewala: Could you repeat, sorry, what has come down?

Kautuk Yemdey: You mentioned that chemical prices have come down in this quarter.

Sanjay Tibrewala: No, what I mentioned is -- no, no, no, no. What I mentioned is that in the detergent businesses, the prices of basic chemicals have slightly gone down, which allows these companies, the detergent FMCG companies to use premium performance boosters and such solutions, which can enhance their product line more because ultimately, they cannot pass the increase to the consumers, the FMCG companies. So right now, there is a scope of adding more of our performance boosters, which will automatically increase our output. So that's the way it is.

Kautuk Yemdey: Okay. So we did not take any inventory write-downs.

Sanjay Tibrewala: No, no, no, no, not that way. No, no. That was not what I meant, yes.

Moderator: Ladies and gentlemen, the next question is from the line of Vinay Nadkarni from Hathway.

Vinay Nadkarni: Yes. Sanjay Ji, one last question. Since we are so heavily dependent on textile chemicals, if this U.S. tariff doesn't really go away and really impacts, you see a major problem coming in Q3, Q4?

Sanjay Tibrewala: So basically, I would like to mention like India is the biggest market right now with 1.5 billion people, and this is totally taken care by domestic, I mean, domestic production only, number one. Number two, U.K. has opened up, which is 30% of U.S. And the third thing is the quality of India is totally different compared to Pakistan or Bangladesh. In fact, the product mix are also not exactly overlapping when you talk about GSMs and other things. And number three, U.S. can never make these kinds of products. It's impossible. I mean it doesn't fit to the, they are more of consumption-based business. They are not a production houses.

So I, in fact, we don't foresee such things happening, number one. Even if it so happens, we are already very strongly present in Bangladesh. We have an office. We are adding more and more team members also. So the market doesn't come here, it goes there. So that doesn't change our

focus areas. At the same time, we are working with almost 70 countries right now, and we have our distributor customers everywhere. The market, even if it moves from one shop to another shop, we are already available every place. So it doesn't mean a great problem to us right now.

Moderator: Our next question is from the line of Parth Patel from Patel Investments.

Parth Patel: I just had one last question. So if you see historically, our FMCG used to be the dominant part of the revenue mix, around 60% or so, if I remember correctly, and now it has come down to about 20%, 25%. So I just wanted to know that why has this changed happened over the last few years? Was it COVID? Or was there some other factors that come in play?

Sanjay Tibrewala: No. Actually, what has happened is we had a new subsidiary in Fineotex itself, and we have the 115 BB the tax benefits also for the new investments in the company. So a lot of our businesses has also been started in the new, this thing, new entity, which is under India itself. So there has been a modification, let's say, there has been a reduction in the stand-alone. But in the India consol or maybe the entire consol, you will see that much, that business has been shifted around there also.

Moderator: Thank you. Ladies and gentlemen, due to time concerns, I now hand the conference over to Mr. Sanjay Tibrewala for closing comments. Thank you, sir. Thank you, and over to you, sir.

Sanjay Tibrewala: Thank you, everyone. Thank you, participants, for joining in. I would like to thank our employees, customers, investors and all the stakeholders for their continued support and trust in Fineotex. Our journey so far has been one of the most resilient, adaptable, innovative, and we are doing our level best as always, and we are very much committed to create a long-term value for all of the investors.

And if, we are very much open. If you have any more further questions, kindly let us know, you can write to us or our Investor Relations company Adfactors. And we, our team will be very much excited to answer with all your questions with the maximum information we can do. Thank you everyone.

Moderator: Thank you. Good evening once again. Bye-bye. Thank you. On behalf of Fineotex Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.