

Fineotex Chemical Ltd – Management Meet Update

1. Core Business – Textile Chemicals (60-65% of revenue)

- The textile chemicals segment continues to be a mature and stable revenue generator.
- Fineotex remains a preferred vendor to major textile clients, ensuring consistent business flow.

2. FMCG & Cleaning / Hygiene Segment (20-25% of revenue)

- Performance was muted in H1 FY26, reflecting subdued demand.
- Management anticipates a pickup in H2 FY26, supported by seasonal and market-driven recovery.
- Company continues to add institutional clients in the cleaning and hygiene segment.

3. Capacity Expansion – New Ambernath Plant

- The company has commissioned Phase 1 of its new Ambernath plant, with a fungible capacity of 15,000 MTPA.
- The plant is expected to contribute meaningfully to revenues from 2026, as oil & gas chemical orders scale up.

4. Strategic Focus Areas

- The company is strategically shifting focus to high-growth specialty chemical segments of Oil & Gas Chemicals and Water Treatment Chemicals.

5. Oil & Gas Chemicals – Future Growth Engine

- Fineotex has received vendor approvals from several leading global and oilfield service and energy companies, including Schlumberger, Halliburton, Baker Hughes, Petroleum Development Oman.
- Initial order inflows from these customers are expected in the near term, positioning Fineotex for a strong foothold in the segment.

6. Inorganic Growth Plans

- Fineotex is actively pursuing an acquisition in the oil & gas chemical space to accelerate growth and expand capabilities.
- As per management, this acquisition is expected to be completed within FY26.

7. Long-Term Outlook

- Management remains optimistic about company's growth prospects over the next 5 years.
- The company is positioning itself as a diversified specialty chemical player, with a growing presence in high-margin, industrial end-markets beyond textiles.

8. Others Highlights

- Direct exports to the U.S. market account for less than 5% of Fineotex exports, indicating limited direct exposure.
- However, there remains an element of uncertainty regarding U.S. tariffs, as the company supplies textile chemicals to major textile manufacturers who, in turn, export their finished

products to the U.S. market.

9. Valuations and Outlook

FCL is a niche player in specialty chemicals with a focus on Textiles and has successfully diversified into Cleaning and Hygiene, Drilling, and Water Treatment chemicals. The company has a very strong EBITDA margin profile (10-year Avg 22%). With the commissioning of Phase-1 capex in H1FY26 at the new additional Ambarnath plant and inorganic expansion, through acquisition (in oil & gas space), FCL could deliver ~15-18% CAGR revenue growth over FY25-FY28e with >20% EBITDA margin. At CMP 236, stock is trading at 25x FY25 EPS of Rs 9.4.