Fineotex Chemical: Not Just Textile Chemicals, Transformation Underway

The CrudeChem acquisition has changed Fineotex's size, geography and growth runway. Q1 FY27 shows the opportunity and the execution test that comes with it.

INSIGHTS BY PULSE OF PROFIT
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A year ago, Fineotex Chemical was mainly seen as a textile chemicals company with a strong balance sheet and high margins. That description is now incomplete.

The **acquisition of a 53.33% controlling stake in US-based CrudeChem Technologies** has pushed Fineotex into oilfield specialty chemicals. It has also changed the company's scale almost overnight.

In Q1 FY27, **revenue from operations rose to ₹376.6 crore from ₹137.1 crore. EBITDA more than doubled** to ₹59.1 crore, while profit after tax reached ₹48.2 crore.

But the real story is not the growth rate. It is the change in the business mix.

> **Scale:** US manufacturing is now the largest part of Fineotex's capacity.
>
> **Mix:** International business contributed 77% of Q1 FY27 revenue.
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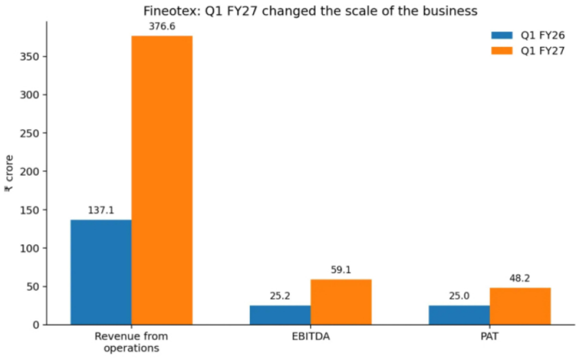
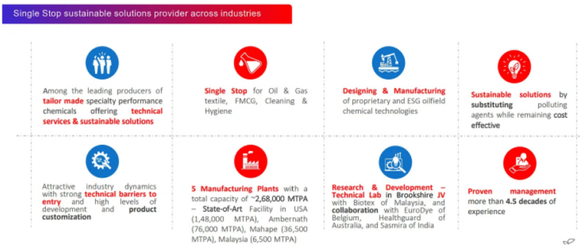
> **Execution:** The next phase depends on filling the new capacity without losing margin discipline.



What Exactly Changed?

Fineotex's older business was built around textile processing chemicals. These products are used during pre-treatment, dyeing, printing and finishing. The chemical cost is usually small for the customer, but a product failure can damage an entire batch of fabric. That makes performance, technical support and consistency more important than price alone.



Over time, Fineotex added cleaning and hygiene products, FMCG chemicals and water-treatment solutions. The **company now offers more than 1,600 SKUs** across over **470 product categories**, sells in roughly **70 countries** and works with more than **115 dealers** in India and overseas.

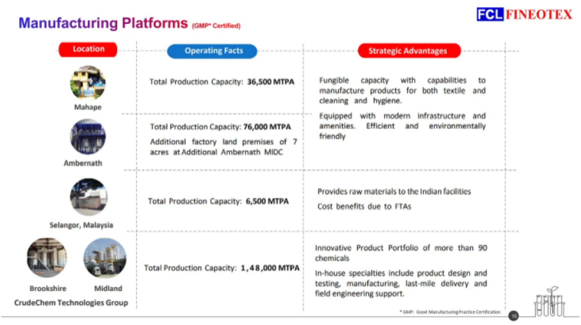
CrudeChem adds a very different vertical. It makes oilfield chemicals such as friction reducers, surfactants, biocides and inhibitors. It also offers product testing, manufacturing, last-mile delivery and field support.

That integrated model matters because downtime at an oil well is expensive. A supplier that can solve a problem quickly can become difficult to replace.

> **Fineotex is moving from a niche product supplier to a broader specialty chemicals platform.**

The Capacity Jump

US capacity at about 148,000 MTPA. Add Ambernath, Mahape and Malaysia, and **total group capacity is roughly 267,000 MTPA**, rounded by the company to about 268,000 MTPA.



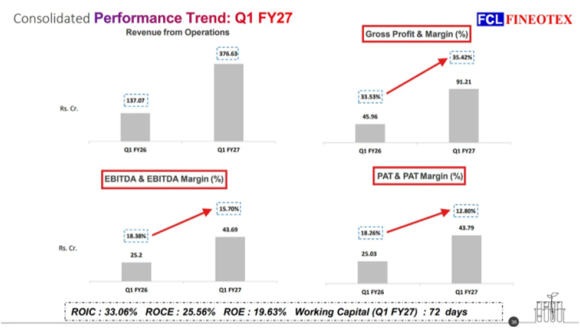
Capacity, however, is not the same as revenue. Oilfield customers need product qualification, trials and proof of performance. **New customer qualification can take 12–18 months** and orders are generally not backed by long-term contracts.

That makes utilisation the most important number to watch. The earlier US capacity of roughly **80,000 MTPA** was **operating at 70% to 80% utilisation** before the expansion. Fineotex now needs to repeat that ramp-up on a much larger base.

Growth with Margin Dilution?

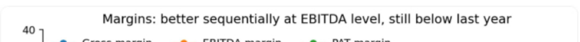
Q1 FY27 was not a clean margin-expansion quarter.

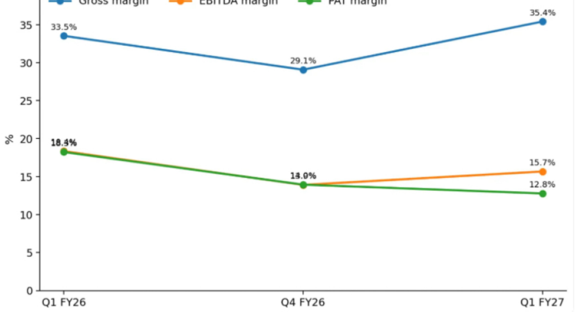
Gross margin improved to 35.4%, helped by pricing actions and the pass-through of higher raw-material costs. EBITDA margin, however, was 15.7% versus 18.4% a year ago. **PAT margin fell** to 12.8% from 18.3%.



The reason is **business mix**. Fineotex's core portfolio has historically carried higher margins. **CrudeChem was acquired with a lower margin profile.** CCT's EBITDA margin at roughly 8% to 10% at acquisition, compared with about 22% to 23% for the core portfolio.

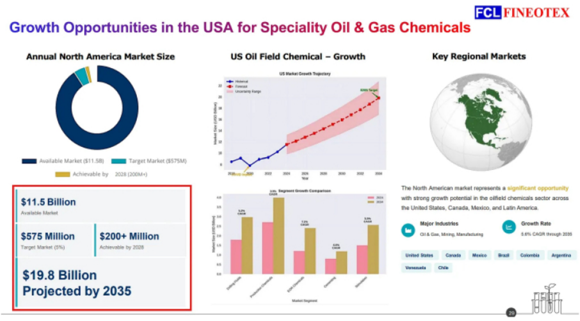
There is one encouraging sign: **EBITDA margin improved from 13.9% in Q4 FY26 to 15.7% in Q1 FY27**. This suggests the **integration work better production planning, larger batches, tighter billing and lower-cost working-capital funding** is beginning to show.





The Oilfield Opportunity

The North American oilfield chemicals market is estimated at around US$11.5 billion and is expected to move closer to US$20 billion over the next decade. Fineotex does not need a large market share for the US business to become meaningful.



The opportunity is also broader than selling chemicals by the drum. CrudeChem can design formulations, test them in its lab, manufacture them, deliver them to the site and provide field support. This gives it more ways to increase wallet share with the same customer.

The company says it has **improved operating efficiency, capacity utilisation and execution at CrudeChem**. It has also doubled down on the US facility to serve larger customer requirements.

The risk is that oilfield demand moves with crude oil and natural-gas economics. A slowdown in drilling, severe weather, logistics issues or delayed customer approvals can quickly affect volumes and fixed-cost absorption.

Core Business

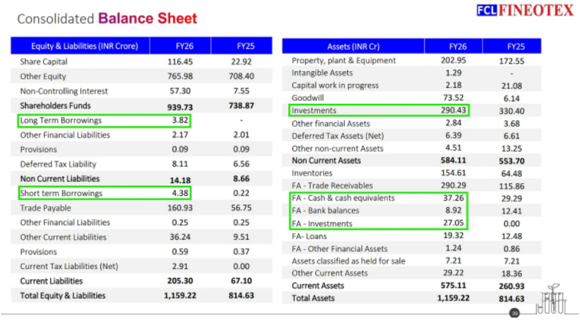
It would be a mistake to treat Fineotex as only an oil-and-gas story.

The textile, cleaning and hygiene businesses remain the **higher-margin anchor**. Fineotex uses a common set of chemistries including polymerisation, esterification, sulfonation and phosphonation across multiple industries. This makes parts of its capacity fungible and allows the same R&D base to serve more than one market.

The core also provides customer relationships, technical teams and cash generation while the US business scales. If textile exports improve through better market access in the UK, US and Europe, demand for specialised processing chemicals could also recover.

Balance Sheet gives Management Room

Fineotex ended FY26 with about **₹46.18 crore in cash and bank balances** and **₹317.48 crore** in **investments**. Together, these stood at **₹363.66 crore**, against total borrowings of **₹8.20 crore.**



Consolidated **Balance Sheet**

FCL FINEOTEX

Equity & Liabilities (INR Crore)	FY26	FY25
Share Capital	116.45	22.92
Other Equity	765.98	708.40
Non-Controlling Interest	57.30	7.55
Shareholders Funds	**939.73**	**738.87**
Long Term Borrowings	3.82	-
Other Financial Liabilities	2.17	2.01
Provisions	0.09	0.09
Deferred Tax Liability	8.11	6.56
Non Current Liabilities	**14.18**	**8.66**
Short term Borrowings	4.38	0.22
Trade Payable	160.93	56.75
Other Financial Liabilities	0.25	0.25
Other Current Liabilities	36.24	9.51
Provisions	0.59	0.37
Current Tax Liabilities (Net)	2.91	0.00
Current Liabilities	**205.30**	**67.10**
Total Equity & Liabilities	**1,159.22**	**814.63**

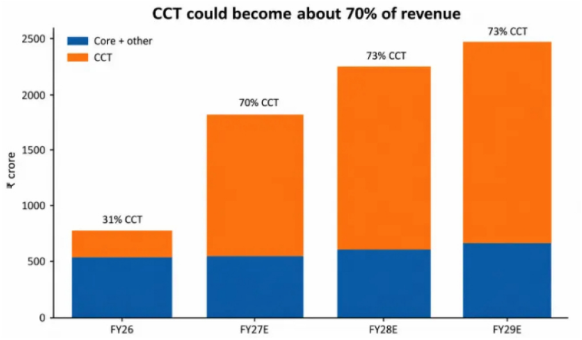
Assets (INR Cr)	FY26	FY25
Property, plant & Equipment	202.95	172.55
Intangible Assets	1.29	-
Capital work in progress	2.18	21.08
Goodwill	73.52	6.14
Investments	290.43	330.40
Other financial Assets	2.84	3.68
Deferred Tax Assets (Net)	6.39	6.61
Other non-current Assets	4.51	13.25
Non Current Assets	**584.11**	**553.70**
Inventories	154.61	64.48
FA - Trade Receivables	290.29	115.86
FA - Cash & cash equivalents	37.26	29.29
FA - Bank balances	8.92	12.41
FA - Investments	27.05	0.00
FA- Loans	19.32	12.48
FA - Other Financial Assets	1.24	0.86
Assets classified as held for sale	7.21	7.21
Other Current Assets	29.22	18.36
Current Assets	**575.11**	**260.93**
Total Assets	**1,159.22**	**814.63**

This matters because the growth plan is not finished. **Management continues to** evaluate inorganic opportunities, especially in water-treatment chemicals. A strong balance sheet allows Fineotex to fund working capital, expand capacity and pursue acquisitions without immediately stretching leverage.

The other side of this advantage is capital-allocation risk. A poor acquisition price or weak integration can destroy the benefit of a clean balance sheet. The market will need to judge each new deal on strategic fit, not only on headline revenue.

Future Outlook

Fineotex's revenue is expected to rise from ₹772 crore in FY26 to about ₹2,470 crore by FY29E. Assume CrudeChem contributes around **70% or more of consolidated revenue from FY27E onwards.**



This is a useful way to understand the scale of the bet. It is not company guidance.

Blended EBITDA margin at 15.0% in FY27E, improving to 17.4% in FY28E and 18.2% in FY29E. In simple terms, **revenue scales first and margins recover later**.

₹ CRORE	FY26	FY27E	FY28E	FY29E
Revenue	772	1,819	2,251	2,470
EBITDA	135	273	392	448
Attributable PAT	109	171	244	313
EBITDA margin	17.4%	15.0%	17.4%	18.2%

The Bottomline

Fineotex has already crossed the first hurdle: it has acquired a sizeable US platform and delivered a sharp jump in revenue and profit.

The second hurdle is harder. It must fill the expanded capacity, protect cash flows and rebuild margins as CrudeChem becomes the largest part of the group.

That is why Fineotex is now a more interesting company but also a more execution-heavy one.

The old story was simple: a high-margin textile chemicals business with a clean balance sheet.

The new story is bigger: a global specialty chemicals platform, with oilfield chemicals at the centre and water treatment potentially next.

The next few quarters will show whether Fineotex has merely bought scale, or built a platform that can compound.

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