

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs25	28.6	BUY	Rs30	22%

\*as on 17th Feb, 2026

### About the Company:

Fineotex Chemical Limited (FCL) was incorporated as a public limited company in 2004. FCL is a part of the Fineotex Group which was established in 1979 by Mr. Surendra Tibrewala. FCL is a leading manufacturer of specialty and performance chemicals for textiles. The company manufactures more than 450 specialty chemicals and enzymes for the textile, garment, water treatment, and oil & gas industries. FCL is among the leading producers of tailor made specialty performance chemicals offering technical services and sustainable solutions. The company has 5 manufacturing facilities with current total capacity of ~200,000MTPA located at Navi Mumbai and Ambarnath (in Maharashtra), Selangor (in Malaysia) and the US. FCL has a technically skilled team who are dedicated to supplying, servicing, and enhancing customer experience. FCL has a good Management team with more than 4 decades of experience. Mr. Surendra Tibrewala (Chairman and MD) supervises the overall affairs and is also involved in strategic decision making, Mr. Sanjay Tibrewala (Executive Director and son of Mr. Surendra Tibrewala) looks after the daily operations, while Mrs. Aarti Jhunjunwala (Executive Director and daughter of Mr. Surendra Tibrewala) looks after the overall international affairs of FCL.

### Results: Quick Glance:

- The net sales for the quarter reported a growth of 45.9% to Rs1837mn as compared to Rs1259mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 19.0% as compared to 27.2% in the comparative quarter last year
- The company reported profit of Rs301mn as compared to Rs278mn in the same quarter last year
- The EPS for the quarter stood at Rs0.26 as compared to Rs0.24 in the corresponding period of last year
- For 9MFY26, the revenues came in at Rs4585mn as compared to Rs4135mn; growth of 10.9% while the PAT stood at Rs812mn as against Rs891mn. The EPS came in at Rs0.70 as against Rs0.77 in 9MFY25

### Conference Call Highlights:

- During the quarter under review, FCL continued to strengthen its position as a diversified specialty performance chemical manufacturer in the textile, FMCG, cleaning hygiene, oil and gas and water treatment verticals. This was further enhanced by the recent diversification through a strategic acquisition of Crude Chem Technologies (CCT) Group in the US. This acquisition strengthens the global positioning of FCL in the oil and gas segment and enhances its ability to deliver high-performance customized solutions to international clients
- The company continues to maintain a good balance and synergy between Textile, FMCG, Cleaning & Hygiene chemical segments. FCL has been gradually expanding its global footprint with a diversified product portfolio enhancing export presence which can cater to the international demand and provide better opportunities in contract manufacturing and specialty formulations. In Q3FY26 the revenue mix consisted of ~52% domestic sales. The volume of the consolidated business for the quarter increased by ~39 % on a y-o-y basis
- The company has an integrated product range, strong global presence and deep industry relationships which helps to cater to the evolving needs of a wide spectrum of industries
- The domestic market has not been growing because the clients of FCL are mostly working for the US markets. There was some pricing pressure in Q3FY26. The overall capacity utilization of the entire company stood at ~64%. The company is looking at good growth anticipated in the cleaning and hygiene segment owing to seasonality. Regarding the mix, ~55% is textiles, ~15% is cleaning and hygiene and the remaining ~30% is specialty oil and chemicals
- Removal of tariff ranging from 8-12% and in some cases upto 16% can significantly improve price competitiveness of Indian manufacturers in the textile segment
- The highlight of the quarter was the developments with CrudeChem Technologies Group which is a well-established US based specialty chemical manufacturer of advanced chemical fluid additives and comprehensive oilfield chemicals solutions for the global oil and gas sector. The total manufacturing capacity stands at ~80,000MTPA. The facilities are equipped with a cutting-edge technical lab at its primary manufacturing facility. The total group revenue (including FrackMex Equipment and Services LLC, CrudeChem Technology LLC, Oil Pro Advantage INC and Lonestar Technoboost LLC) in FY25 stood at ~USD67.4mn. This venture can help scale the operational platforms with ESG/proprietary portfolio, expand the distribution channels and also grow the customer base/wallet share

### Conference Call Highlights (contd.):

- The deal is EPS accretive and expected to contribute meaningfully to both revenue growth and margin expansion going forward. Some of the key advantages of the acquisition include, (a) innovative product portfolio: of more than 90 chemicals designed to optimize oilfield and water treatment performance, (b) product strategy: with a leading presence in the friction reducer market, (c) comprehensive service offerings: via in-house specialties like product design and testing, manufacturing, last-mile delivery and field engineering support, (d) strong customer base: that serves customers across the globe and (e) scalable platform: with high visibility to grow its ESG/proprietary portfolio, expand distribution and grow wallet share
- The recent trade developments related to the US and the European nations can create a favorable global trade environment while improving the overall supply chain fluidity and sourcing of specialty chemicals
- There is a structural shift in the businesses with focus increasing on the export markets, increasing demand for eco-friendly, low emission and high-performance formulation which drives the transition from commodity to premium performance chemicals
- In Q3FY26, the company received the subscription amount of ~Rs356.8mn which is pursuant to the conversion of 75% of the outstanding warrants. Out of which the Promoters have exercised 5,00,000 warrants at an aggregate consideration of ~Rs173mn at an issue price Rs346 per share (i.e. Rs34.60 per share post bonus and sub-division)
- The company maintains a strong and healthy cash position of ~Rs3400mn. The company is still a debt free entity and has sufficient financial flexibility to pursue additional inorganic growth opportunities

### Financials:

Performance (Q3FY26)									
Q3FY26 Result (Rs mn)	Dec-25	Dec-24	y-o-y	Sept-25	q-o-q	9MFY26	9MFY25	y-o-y	FY26E
<b>Total Revenue</b>	1837	1259	45.9%	1377	33.4%	4585	4135	10.9%	6291
<b>EBITDA</b>	348	343	1.6%	310	12.3%	911	1059	(14.0%)	1353
<b>Other Income</b>	67	50	35.4%	77	(12.6%)	236	168	40.9%	304
<b>Interest</b>	2	2	14.1%	3	(32.1%)	7	7	10.2%	11
<b>Depreciation</b>	33	26	28.6%	30	10.7%	90	72	25.2%	122
<b>Tax</b>	79	87	(8.6%)	93	(15.1%)	237	257	(8.0%)	350
<b>Net Profit</b>	<b>301</b>	<b>278</b>	<b>8.2%</b>	<b>261</b>	<b>15.5%</b>	<b>812</b>	<b>891</b>	<b>(8.8%)</b>	<b>1173</b>

**Outlook and Recommendations:** The company has reported good growth on the topline, however with lower margins; the reported revenues have helped the company absorb the fixed costs and be able to report profits better than the same period of last year. FCL is not just a specialty chemical company, but is a chemicals solutions provider driven by innovation, customer centrality and sustainable value creation. The company continues to maintain a well-diversified revenue mix across clients, products and geographies, backed by strong technical expertise. The acquisition of the CCT operations can help expand the green chemistry portfolio, help grow with the new and existing customers, expand field service offerings and invest in innovative products via new projects. With this acquisition, the company has added two new manufacturing plants, and increased overall capacity by ~80,000MTPA. This acquisition can help FCL with its global expansion strategy with deeper access to advanced technologies, established customer relationships, and a stronger presence in high value international markets. The acquisition will enhance product innovation capabilities and can also support cross selling opportunities across multiple industry segments. The timely acquisition of a critical business at the right juncture along with relief in the tariff situation is bound to benefit FCL in the long run. The combined impact of the uptick in the textiles market as well as the traction in the oil & gas segment is a good trigger for the growth in the topline of FCL. The Management aims to maintain the growth momentum as well as the return ratios with the help of the recent investment made in the domestic as well as the international markets. In the previous interactions, the Management had expressed confidence to perform better in H2FY26 as compared to H1FY26 and also compensate for the shortfalls in annual targets which have currently been delivered. FCL has maintained its debt-free status with healthy liquid investments with good cash flow while being a single stop solution provider in the textile, FMCG, cleaning & hygiene, oil & gas segments. All the factors mentioned above will need some time to convert into better revenue growth going forward while the company will also be busy with the integration process; we maintain our target price to Rs30.

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### Registered Office Address:

Progressive Share Brokers Pvt. Ltd,  
122-124, Laxmi Plaza, Laxmi Indl Estate,  
New Link Rd, Andheri West,  
Mumbai-400053, Maharashtra  
www.progressiveshares.com | Contact No.:022-40777500

### Compliance Officer:

Ms. Mamatha Poojari,  
Email: compliance@progressiveshares.com,  
Contact No.:022-40777500

### Grievance Officer:

Email: grievancecell@progressiveshares.com