Sector: Specialty Chemicals | **RESULT REVIEW Q2FY27** | **Declared On: 13 Nov 2026**

Fineotex Chemical Limited

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs45	Rs55	23%	52.05	Buy

**as on 18th Nov, 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 ~268,000MTPA located at Navi Mumbai and Ambernath (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 Jhunjhunwala (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 stood at Rs3877mn as compared to Rs1377mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 15.4% as compared to 22.5% in Q2FY26
- The company reported profit of Rs445mn as compared to Rs261mn in the same quarter last year
- The EPS for the quarter stood at Rs0.38 as against Rs0.23 in Q2FY26
- For H1FY27, the revenues came in at Rs7643mn as compared to Rs2748mn while the PAT stood at Rs928mn as against Rs511mn. The EPS came in at Rs0.80 as against Rs0.45 in H1FY26

Conference Call Highlights:

- During the quarter under review, the consolidated income, Ebitda and PAT all reported a strong growth on a y-o-y basis as the CrudeChem acquisition doubled its business to ~USD100mn annualized run-rate and reached double-digit Ebitda margins within the first year, beating the two-year target. ~44% of CrudeChem's products are sustainable. The earlier estimates given by the Management to achieve a revenue target of ~USD200mn from CrudeChem in CY28E continues to remain intact
- The **segmental mix** in Q2FY27 stood as textile speciality at ~25% as oil & gas and the emerging hygiene/cleaning and water treatment verticals have scaled faster, though textile has still grown in absolute terms. The hygiene/cleaning and others contributed ~7-8% of the overall sales
- The Indian textile companies including bed sheet manufacturers who are top customers of FCL are faring better as India now benefits from zero or near-zero tariffs with the UK and EU and US tariffs have returned to original or lower levels
- The company is witnessing immense traction under the **cleaning & hygiene** portfolio. The plant is already FDA certified and this vertical is expected to pick up in coming quarters led by sustainable needs and cost reduction trends
- For the next phase of growth, the 2 primary drivers would be **oil & gas specialty chemicals** via the CrudeChem Technologies Group in addition to the advanced **water and wastewater solutions** via Fineotex America. Recently, Fineotex Biotex HealthGuard FZE (WoS) incorporated a new wholly-owned step-down subsidiary; Fineotex America Inc. to provide advanced water treatment chemicals and solutions primarily **data centers and semiconductor** manufacturing
- For the oil and gas business, the overall revenue must be judged annually and not quarterly. The sequential revenue may appear flattish or declined as oil & gas is not a daily-consumption business; sometimes the orders get postponed or pulled forward based on well requirements, weather and customer instructions
- For **oil & gas** as its growth engine, the company is observing positive industry tailwinds wherein companies in the Middle East intend to buy more products from the Indian market as against China or the US. FCL has already begun its supplies to Aramco alongwith other large customers ~1-2 months prior. Under oil & gas-based contracts the price pass through is relatively swift; the contracts are generally tied-up for only 1-2 months. Even for its client Aramco, they have moved towards spot purchases and war surcharges, thus price pass through is generally possible within a couple of months. FCL is already a **vendor** to ONGC since a fairly long time and has also has received orders from Oil India

Conference Call Highlights (contd.):

- Under the **water treatment** vertical, earlier the estimates for receiving orders were Q1FY28 but now the Management expects the orders to start from Q4FY27 as a lot of approval systems has been completed (the company already has NDAs signed by Fortune top 10 companies). As per the Management estimates, the asset T/O for this vertical is expected to be atleast 5-6x. At the industry level, the company is witnessing good demand specifically in the **US data center and semiconductor** space as investments are expected to reach at ~USD1.5trn over the next 2 years; all of this give signs of water recycling requirements creating sustained demand for treatment chemicals as well as integrated solutions
- In August 2026, the company has received **CIB & RC registration** to manufacture Aqua Strike Premium at the Ambernath plant, along with Haffkine Institute Efficacy Test Reports for Larvicidal and Pupacidal activity
- The **US facility** (inclusive of Brookshire and Midland operations) has an annual capacity of ~148,000MTPA. The Management also intends to invest in differentiated and proprietary formulations, technical capabilities, and customized field services, including opportunities in friction reducers and liquid additive applications. The Management foresees significant opportunities amongst its existing as well as new customers across key markets. The US operators are increasingly asking for services and specialty products as CrudeChem provides last-mile delivery through its logistics arm and integrated support. The Management also notes the US companies are ready to pay the price as long as you give them the services
- In the last two months, 2 new wholly-owned subsidiaries, i.e. Fineotex Holdings Inc. and Fineotex America Inc., were incorporated. Fineotex America is being built to serve data centers, semiconductors and advanced industrial facilities with integrated solutions spanning chemistry, engineering equipment, operational support and service partnerships across the water life cycle. Going forward all the new opportunities will be invested through these entities where FCL has 100% ownership
- ICRA has upgraded the long-term credit rating of FCL to ICRA AA- Stable, with the ICRA A1+ short-term rating reaffirmed
- During the quarter under review, the effective tax rate declined to ~21% in Q2FY27 as against ~25% in Q1FY27 primarily because the new Indian plant under FSPL Specialties (100% of FCL) benefits from the 15% concessional tax rate under section 115BAB and the US tax rate is far lower than India; going forward the Management expects the ETR to be at ~17-20%. The Management has an ambitious target of achieving sales of ~Rs30bn by FY29E; if there are no one-offs on the external factors. The Management indicated that they are open to both equity and debt funding depending on acquisition type and fund needs

Financials:

Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	**Sept-26**	**Sept-25**	**y-o-y**	**Jun-26**	**q-o-q**	**H1FY27**	**H1FY26**	**y-o-y**	**FY27E**
Total Revenue	3877	1377	-	3766	2.9%	7643	2748	-	13505
EBITDA	596	310	92.1%	591	0.8%	1187	562	-	2330
Other Income	38	77	(51.3%)	101	(62.7%)	139	169	(17.9%)	279
Interest	17	3	-	1	-	18	5	-	35
Depreciation	47	30	54.7%	44	6.0%	90	57	58.7%	180
Tax	125	93	33.9%	165	(24.6%)	290	158	83.8%	493
Net Profit	**445**	**261**	**70.8%**	**482**	**(7.6%)**	**928**	**511**	**81.5%**	**1901**

Outlook and Recommendations:

FCL has consistently maintained an overall positive performance which is reflected in Q2FY27 as well as H1FY27 numbers. The momentum is sustained by the significant scale-up in the consolidated business operations and contribution from the extended international business. The CrudeChem acquisition is reaping benefits and has strengthened the company's position in the US oilfield specialty chemicals market; the company is on track to achieve the stated revenue guidance. The consolidated business volume surged by ~132% in H1FY27 as compared to H1FY26. During the quarter under review as well as sequentially there has been a reduction in other income due to lower treasury investment, dividend income and forex earnings. The oil and gas is a lumpy business but accelerating well for FCL.

Outlook and Recommendations (contd.):

The Middle East customers are seen shifting sourcing from China/US to India, the US rig counts are seen rising and the company has already begun supplying to players like Aramco. Under such circumstances, the quarterly revenue can appear flattish as orders are not daily-consumption and get pulled forward or postponed according to client requests and requirements. The company is shifting focus towards sustainable products and emerging markets like the Middle East and US; positioning itself for sustained momentum without needing a traditional recovery phase. In addition to this, advanced water and wastewater solutions for data center and semiconductor facilities serve as an important upcoming vertical for the recently incorporated subsidiary and the Management would continue to lay its efforts in a keen manner for the same from a long-term perspective. FCL envisions immense opportunities from chemical companies for M&A, inorganic JVs, but the same would be evaluated by the Management only if those acquisitions are Ebitda accretive providing long-term returns to the business. FCL continues to remain confident in trying to achieve its aggressive revenue targets; we continue to maintain our target price of Rs55.

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