Sector: Specialty Chemicals **RESULT REVIEW Q1FY27** **Declared On: 23 July 2026**

Fineotex Chemical Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs39	45.82	Buy	Rs55	40%

**as on 29th July, 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 reported a growth of 174% to Rs3766mn as compared to Rs1371mn in the same quarter last year. The benefits of the acquisition are included in Q1FY27
- The Ebitda margins for the quarter under review stood at 15.7% as compared to 18.4% in the comparative quarter last year
- The company reported profit of Rs482mn as compared to Rs250mn in the same quarter last year
- The EPS for the quarter stood at Rs0.41 as against Rs1.09 in Q1FY26

Conference Call Highlights:

- The company has reported **good growth** in the international business coupled with a decent growth in the domestic market. The company has built **strong capabilities** across the textile specialty, FMCG and hygiene chemicals, and are now expanding in the **oil and gas** and water treatment chemicals domain
- FCL has been successful in passing on the higher raw-material costs to its clients, which has also translated into better gross margins of ~35.42% during the quarter under review
- The Management has attributed the **improving profitability** to technology transfers, procurement efficiencies, better supplier negotiations, cross-selling, green chemistry products and improved operational execution. They also believe, the Ebitda improvement is operational rather than merely cyclical
- For the **textile segment**, FCL has expanded the technical team in Bangladesh, participated in multiple international trade fairs, looking for opportunities through Bharat Tex and is also planning additional international exhibitions. The **marketing investments** at FCL are seen increasing and the company is constantly trying to invest in customer acquisition despite the short-term softness. The **supportive tailwinds** in the textiles business including the rising India textile export, improving China+1 opportunity, upcoming FTA benefits which could arise from UK, EU, US trade deals and the expansion of the textiles business can continue to be beneficial for FCL
- As the company **continues to transform** with the addition of revenues from Crude Chem Technologies (CCT), the newly commissioned expansion has helped the O&G contribution to move to ~65% of revenue and ~55% of the total volumes served
- **CCT expansion** was commissioned during the quarter under review which has scaled up the site capacity to ~148,000MTPA (from ~80,000), while the overall group capacity has increased to ~268,000MTPA. The plant is running at ~63% utilization on a single shift. At CCT, the businesses which the company is involved in are not related to the crude oil prices. The Management expects the overall utilization to increase substantially in the upcoming quarters due to healthy customer traction and industry tailwinds
- FCL continues to remain confident in trying to achieve its **aggressive revenue targets**. The Management is projecting revenue of ~USD100mn in FY27E and ~USD200mn revenue in FY28E from the oil & gas business. These projections are based on the customer relationships and business visibility rather than crude oil prices

Conference Call Highlights (contd.):

- The CCT group business has an entity which provides **last-mile logistics** and also has some proprietary telematics software which are strategic in nature as the US customers are very much service-oriented and can pay well for door to door delivery. This business also helps in controlling logistics costs, helps in capturing better blended margins and also drives customer preference
- The Management is looking **confident in achieving** the ambitious revenue targets while also indicating that the existing capacity, healthy utilization and operational improvements can provide meaningful room for expansion without any significant incremental capex
- The current and diversified product portfolio is helping **reduce the customer concentration** risk. The US business has more than 100 product categories where different chemicals are used depending on the production stage and customer requirements. This diversified portfolio reduces dependence on any single product. The customer confidence seems to have improved after FCL acquired CCT. Some of these **large global customers** are helping improve the quality of business
- FCL has been focusing on trying to grow the customer preference for environmentally friendly oilfield chemicals, expand the green chemistry portfolio where ESG credentials and sustainability are becoming an **important purchasing criterion** for large customers helping win new businesses
- The company is also **expanding its geographic reach** via customer additions in Canada, Middle east (Saudi/Aramco) and Guyana. FCL has been winning deals while competing with some of the top global specialty players. In addition to this, the company is also becoming **highly export oriented** with the export mix increasing from ~70% in Q4FY26 to ~77% in Q1FY27
- The company has been able to maintain the working capital discipline with a cycle of ~72 days and a healthy balance sheet which has the ability to fund both organic and inorganic growth. The company has delivered ROIC of ~33.06%, ROCE of ~25.56% and ROE of ~20%. The Management expects Q1FY27 to **serve as the base quarter** going forward rather than an exceptional quarter. This clearly indicates that the reported numbers are not a one-off spike in the operations and the future quarters can at least sustain this level of business
- FCL believes that the growth is **not constrained by manufacturing assets** but by customer acquisition and execution. In addition to this new customer engagement, technical services offered, faster execution and continuous R&D for product customization will continue to be the **primary growth levers** in the upcoming quarters as well

Financials:

Performance (Q1FY27)							
Q1FY27 Result (Rs mn)	**Jun-26**	**Jun-25**	**y-o-y**	**Mar-26**	**q-o-q**	**FY26**	**FY27E**
Total Revenue	3766	1371	-	3137	20.0%	7722	12371
EBITDA	591	252	-	437	35.4%	1347	2134
Other Income	101	91	10.3%	95	6.7%	331	347
Interest	1	2	(35.5%)	6	(83.9%)	14	8
Depreciation	44	27	63.2%	44	(0.2%)	134	173
Tax	165	65	-	43	-	280	589
Net Profit	**482**	**250**	**92.6%**	**438**	**10.1%**	**1250**	**1712**

Outlook and Recommendations:

All the segments related to all the domestic and global businesses (including subsidiaries) of FCL have added to the overall topline as well the bottomline growth. The company is diligently working on improving the current operations which is more or less **without any major capex** and expanding geographies with keen focus on green chemistries. The Management has been more or less successful in **repositioning the entire identity** of Fineotex where the oil and gas segment is becoming a major structural growth engine.

The Management is also looking at the emerging **cross selling opportunities** as the existing customers overlap with CCT customers and as a result, the products manufactured in India and Malaysia can be sold through the US platform. The company continues to try and sustain margin expansion, with strong return ratios and disciplined working capital.

Outlook and Recommendations (contd.):

FCL has been having a strong cash position for many years which provides **strategic flexibility**. The Management has been successfully maintaining cash discipline via controlled working capital with a healthy balance sheet. The **financial flexibility** enables the company to look at more acquisitions targets, capacity additions, customer support as well as working capital funding without stressing the balance sheet. This is sustained despite the constant capex and capacity additions at the Indian and US operations. FCL **continues to evaluate opportunities** that can enhance the product basket, strengthen its presence across niche and high margin chemistries, access newer geographies and further deepen its technical capabilities.

FCL continues to remain confident in trying to achieve its **aggressive revenue targets**. As per the Management commentary, the business model of FCL is drifting more towards **solutions oriented** rather than commodity oriented. The customized formulations, technical services, application support, sustainability solutions and logistics support validate the same. This positioning also reinforces the pricing power and customer retention at FCL. The recent progress by the Management Team at FCL is translating into **stronger triggers for growth** which is also clearly obvious from the anticipated guidance provided to the shareholders. We have revised our estimates and projections post the successful integration of CCT business while scaling up the topline and giving a modest blended Ebitda margin. In addition to this, the stock has recently breached our target price of Rs42 and we upgrade the same to Rs55.

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