Sector: Specialty Chemicals **RESULT REVIEW Q2FY26** **Declared On: 14 Nov 2025**

Fineotex Chemical Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs24	27.77	Hold	Rs30	24%

**as on 19th Nov, 2025*

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 3 manufacturing facilities with current total capacity of 120,000MTPA located at Navi Mumbai and Ambernath (in Maharashtra) and Selangor (in Malaysia). 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 drop of 5.5% to Rs1377mn as compared to Rs1457mn in Q2FY25
- The Ebitda margins for the quarter under review stood at 22.5% as compared to 25.0% in Q2FY25
- The company reported profit of Rs261mn as compared to Rs321mn in the same quarter last year
- The EPS for the quarter stood at Rs2.27 as compared to Rs2.80 in the corresponding period of last year
- For H1FY26, the revenues came in at Rs2748mn as compared to Rs2876mn; drop of 4.5% while the PAT stood at Rs511mn as against Rs612mn. The EPS came in at Rs4.43 as against Rs5.34 in H1FY25

**Please note EPS not adjusted for stock split and bonus*

Conference Call Highlights:

- During the quarter under review, there was subdued demand in the textile segment due to the US tariff which was offset by an uptick in volume from the FMCG, cleaning and hygiene and the oil & gas segment. The gross margins saw significant improvement on a q-o-q basis from 33.53% to 38.45%, driven by disciplined cost management, improved raw material efficiencies and a favourable product mix. Revenue mix during the quarter under review stood at ~75% for textile, ~7% (earlier ~4%) for O&G and the rest for FMCG and water
- The **textile segment** saw an impact on the volumes however, the company has not lost any customers or orders; the orders have been postponed to further quarters as a result of uncertainty on tariffs. FCL is not directly impacted due to tariff as it doesn't export anything directly to the US but has been indirectly impacted as its customers have been impacted. The Management indicated that there is a gap in the supply chain as earlier Walmart was reducing its inventory but now as there is a shortage of inventory and uptick is anticipated. FCL is expecting large orders from the UK owing to the UK-FTA and related development in addition to the uptick for the technical textile for the defence segment in Brazil and Turkey. The Management is expecting the worst for textile sector to come to an end
- In the **FMCG, cleaning & hygiene segment**, there is an improvement seen in volumes as the FMCG players have completed their portfolio revamp. There was also a volume uptick due to the GST cut and festive season which has benefitted the FMCG players who are buying more of the performance boosters to improve the product quality. The branded detergents provide a better gross margin to FCL than the detergents given to the FMCG companies
- In the **Oil & gas segment**, the company has a strong pipeline and the share in revenue is gradually increasing every quarter, the same was ~4% and has increased to ~7% for the quarter under review. There is a major shift seen in the segment as the USD20-25bn giants have a mandate to shift from China to India, which will benefit FCL
- In the **water segment**, Aquastrike Premium has received government approval and the company expects to receive orders in H2FY26 from government authorities. FCL is planning to shift the production to India. It's a biotechnology based mosquito control solution developed using Azadirachtin. FCL has received approval from CIB and Hopkins for the product
- **Exports** contribute ~25% of the total turnover. The company has a **healthy order book** which gives visibility of growth in the upcoming quarters. The Management is consistently working to find the best fit for the business for an **inorganic growth** opportunity

Financials:

Performance (Q2FY26)									
Q2FY26 Result (Rs mn)	**Sept-25**	**Sept-24**	**y-o-y**	**Jun-25**	**q-o-q**	**H1FY26**	**H1FY25**	**y-o-y**	**FY26E**
Total Revenue	1377	1457	(5.5%)	1371	0.5%	2748	2876	(4.5%)	5706
EBITDA	310	364	(14.7%)	252	23.1%	562	716	(21.5%)	1312
Other Income	77	69	11.9%	91	(15.6%)	169	118	43.2%	318
Interest	3	2	59.9%	2	-	5	5	8.5%	11
Depreciation	30	24	26.8%	27	11.8%	57	46	23.3%	109
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	93	86	7.9%	65	44.1%	158	171	(7.7%)	355
Net Profit	**261**	**321**	**(18.7%)**	**250**	**4.2%**	**511**	**612**	**(16.6%)**	**1156**

Outlook and Recommendations:

During the quarter under review, the overall revenue declined which was mainly driven by lower volume in the textile segment which was offset by the FMCG and oil & gas segment. FCL has maintained a well-diversified revenue mix across clients, products and geographies, backed by strong technical expertise. In the textile segment, FCL is actively engaging with customers to navigate the evolving US tariff related issue. The Management is focused on maintaining margin levels through disciplined cost controls, deeper customer engagement, and ongoing process improvements. The Management expressed confidence that FCL will perform better in H2FY26 as compared to H1FY26, compensating for any potential shortfalls in annual targets. The fresh capital via warrants, combined with an expanding international footprint and a diverse product portfolio, places FCL in a strong position to execute its growth strategy. The company is actively expanding its operational capacity by adding significant manpower to meet the rising demand, signaling a confident outlook for delivering long-term value to stakeholders. FCL is planning for an inorganic acquisition in the oil & gas segment in H2FY26 as there is softness in the global market and estimate that it's the right time to acquire. The company has maintained its debt-free status with healthy liquid investments with good cash flow. FCL is a single stop solution in textile, FMCG, cleaning & hygiene, which has fungible production capacities, high customer retention, and strong R&D where the recent diversifications can further bolster the company's growth with stable margins and return ratios. All the factors mentioned above will need some time to convert into better revenue growth going forward and thus, we cautiously maintain our target price to Rs30 (adjusted for stock split and bonus).

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