

June 04, 2024

To,

The General Manager, Listing Department, Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai – 400 001 Company code: 533333	The Manager, Listing & Compliance Department The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400051 Company code: FCL
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Subject: Transcript of Q4 and FYE 2023-2024 Earnings Conference Call held on 30th May, 2024

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (LODR) Regulations 2015 and with reference to our letter dated 20th May, 2024, please find enclosed a copy of the transcript of the Investors/Analyst Concall held on Thursday, 30th May, 2024 at 04.00 PM on Q4 and FYE 2023-24 financial result of the company.

The above information is also available on the website of the company i.e. www.fineotex.com

This is for your information and records.

Thanking you,

Yours faithfully,
For FINEOTEX CHEMICAL LIMITED

Sunny Parmar
Company Secretary & Compliance Officer



Encl: As above



Fineotex Chemical Limited

Earnings Conference Call

Q4 FY2024

May 30, 2024

Management:

Sanjay Tibrewala	CFO and Executive Director
Aarti Jhunjhunwala	Executive Director
Arindam Choudhuri	Chief Executive Officer

Moderator: Ladies and gentlemen, good day and welcome to Fineotex Chemical's Limited Q4 FY2024 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

I now hand the conference over to Ms. Aarti Jhunjhunwala, Executive Director from Fineotex Chemical Limited. Thank you and over to you, ma'am.

Aarti Jhunjhunwala: Thank you so much. Good evening, everyone. We are delighted to welcome you to the Q4 and FY2024 Earnings Conference Call of Fineotex Chemical's Limited. The financial statements and presentation have been uploaded on the Stock Exchange and our website for your thorough review. As we conclude FY2024, I am pleased to reflect on the significant progress we have made despite the challenging macroeconomic landscape. Our focus on developing high-performance Chemical's has been crucial in the driving force and sustainability, reinforcing our position as one of the market leaders in the chemical industry.

Fineotex continues to be at the forefront of India's specialty chemical sector, recognized both domestically and internationally in the textile market. Our dedication to market expansion drives us to continuously introduce new products, explore untapped territories, and provide value-added services, including advanced technical solutions. Our strategic initiatives throughout FY2024 have not only promoted growth but have also reaffirmed our status as one of the industry leaders.

During this fiscal year, we successfully commissioned a solar power plant of 100-kilowatt peak at our Ambernath facility. This initiative enhances our long-term energy reliability and underscores our commitment to environmental stewardship by significantly reducing carbon emissions. This approach aligns us with our dedication to ethical practices and strengthens our competitive edge in the industry.

Furthermore, the global easing of chemical prices has provided us with the opportunity to expand our EBITDA margin. Leveraging this favourable market condition and a higher volume of operations, we have achieved our best-ever EBITDA margin this year. To meet the evolving needs of our customers, we acquired an additional seven acres of factory land at additional Ambernath MIDC Thane, Maharashtra, with an investment of INR 35 crores funded by internal accruals.

I am pleased to inform you that the site work has already begun. This is a new facility located near our existing Ambernath plant, and it will cater to the growing demands in our speciality performance chemical product lines, namely textile, home care, cleaning, hygiene, and drilling speciality Chemical's.

This strategic investment enhances our production capacity, enabling us to capitalize on future growth opportunities and respond swiftly to the changing market dimensions. We are also proud to receive the prestigious ESG badge from Dun & Bradstreet. This recognition highlights our proactive initiative and ongoing dedication to environmental, social and governance considerations, reflecting our commitment to sustainability.

This year marks our second consecutive recognition as a great place to work. This accolade is a testament to our unwavering commitment to fostering a workplace culture built on trust, transparency and collaboration. We

express our sincere gratitude for the continued support and active participation of our stakeholders as we collectively work towards a brighter and a more sustainable future together.

I would now request Arindam ji to provide his insights into our operations.

Arindam Choudhuri:

Thank you, Aarti ji, and a warm welcome to all. As FY2024 draws to a close, I would like to reflect on Fineotex Chemical's significant achievements and strategic advancements this year. Our company, initially focused on speciality chemicals for the textile industry, has successfully diversified into sectors such as health and hygiene, oil and gas and prioritizing high-end customized solutions for our clients.

This approach has strengthened customer trust in our products and enhanced our brand equity. Our commitment to research and development has been pivotal. We have focused on eco-friendly and sustainable products manufactured at our overseas facilities, driving expansion into key international textile hubs in the last three years.

Strategic exploration in emerging high-growth products, particularly in hygiene and drilling specialties, has positioned us to engage effectively with India's leading detergent manufacturers and premier oil and gas companies. Our dedication to quality and regulatory standards was further validated by accreditation from NABL, India's premier accreditation body for laboratory assessment and pharmaceutical FDA approval. Reflecting on the year, I am pleased to report that ICRA upgraded our ratings, reflecting our financial strength and robust performance.

These achievements affirm our strategic direction and commitment to delivering value and driving sustainable growth. Now I request Sanjay ji to present our quarterly and full-year financial performance and other recent strategic developments. Thank you.

Sanjay Tibrewala:

Thank you, Arindam ji, and good evening everyone. I am pleased to present the financial highlights for Q4 and FY2024. During Q4, our operations revenue was INR 1,530 million with significant growth attributed to increased sales volume across all key segments and strong customer demand.

Our EBITDA rose to INR 383 million, marking a 17.1% Y-o-Y increase, with margins reaching 25%. Meanwhile, our profit after tax reached INR 305 million, reflecting a 17.2% Y-o-Y growth with margins at 19.9%. Moving forward to FY2024, our operations revenue escalated to INR 5,690 million, showing an impressive increase. Our EBITDA surged to INR 1,484 million, marking an impressive 31.8% Y-o-Y growth with margins at 26.1%. We recorded our historic highest PAT till now, which is INR 1,210 million, up by 35.1% Y-o-Y basis, with PAT margins at 21.3%.

Our return on capital employed and return on equity were 34.3% and 29.9% respectively, highlighting effective capital utilization and operational efficiency. In line with our commitment to enhancing shareholders' value, we are pleased to announce our final dividend, subject to members' approval at the ensuing AGM, amounting to INR 0.40 per equity share.

This, coupled with the interim dividend paid during FY2023-24, brings the total dividend to INR 1.60 per share for the fiscal year underlining our dedication to rewarding shareholders. In conclusion, our strong financial performance in FY2024 positions us well for the sustained growth in value creation for our shareholders.

With this, we close our opening remarks, and we'll open the call for a quick interactive question-and-answer session. Over to you, Zico.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anupam Agrawal from Lucky Investments. Please go ahead.

Anupam Agrwal: Yes, hi Sanjay and team. Good afternoon and congratulations on good numbers. My first question is if you could break up the volume for the quarter and for the year between the textile and the FMCG business.

Sanjay Tibrewala: Thank you, Anupam ji. Yes, there has been a remarkable growth in the Q4 volumes for textiles. As we speak, in the Q4, the volume contribution by textile and health and hygiene for Q4 is almost equal right now. Whereas if I talk about the entire year, let's say 45% is textiles and 55% is cleaning and hygiene specialties.

Anupam Agrwal: Understood, that helps. Secondly, Aarti ji mentioned in opening remarks that the INR 35 crores payment for the land, the work has started and also mentioned about the product category. I just wanted to dive a little deeper into what kind of products is this? Are we getting contracted volumes already from our customers? Is this some sort of business that is an existing business with a higher volume, or is it a new business, new wallet share? If you can get some colour there.

Sanjay Tibrewala: Okay. So, as we have been informing all our investors always, our model and our business is more on a fungible capacity and the specialty Chemical's which we produce for textiles, for cleaning, hygiene, FMCG and oil drilling, oil field production specialties are being produced in the similar setup and these are fungible. So whatever capacities we are adding upon can be used for either of the verticals where we already present about.

This facility is an add-on reason to have a better kind of technology which you might have also seen in the Ambernath first plant, which is already there for the last two, three years. Along with that, I would like to mention the new Ambernath plant we have started the last three years back. We are already using almost 75% of it today.

As you can see the volume growth and it is already 25% and the overall capacity utilization is almost 72% as of now, as of Q4. So, there was definitely a need of expansion and any chemical expansion in India, there are a lot of rules, regulations, systems, processes and approvals. So, basically everything takes time.

So, we are looking at already at 2026 time, you know, what are we planning for. So, this investment has been done for increasing our volumes and catering to all the three streams, the three main verticals which we are catering to, which is fungible. So, we are always able to grab the opportunities wherever it comes from.

Anupam Agrwal: So, I understand that it's fungible. I'm just trying to understand whether this is existing product, which is leading to higher capacity expansion or is this some sort of new product grade, new categories?

Sanjay Tibrewala: So, as such, the businesses where we are, it's quite dynamic and there are always new things coming up, new trends coming up, and there are a lot of more products to be added upon. At the same time, there is also the demands are going up and we will require to produce more products, more quantities of the products which we are producing right now as well. At the same time, as you can see that India is going to become one of the very important speciality chemical hubs in the world.

Most of the companies in the West are already eyeing at India for joint venture partnership and things like that. We want to be quite ahead of -- like always, we want to be quite ahead in that and in order to have those kinds of opportunities coming to us more rapidly, we need to be ready with our structures and infrastructure. And this is exactly what we have been going forward for. So, it will be dual, it will be for new products as well as the existing product lines, what we have been doing.

Anupam Agrwal: So, this INR 35 crores capex is just for the land, or it includes some building, utility blocks, or anything like that?

Sanjay Tibrewala: So basically, this is for the fixed assets and for the land and building only, but of course the plant and machinery and the permissions and the other things are separate and we will be on top of it.

Anupam Agrwal: What will be the total capex for the plant?

Sanjay Tibrewala: Till now, we have planned for almost, let's, INR 50 crores in that. Out of that, 35 will be for the first phase, let's put it like this.

Anupam Agrwal: I couldn't really catch the number. Can you call again?

Sanjay Tibrewala: It's INR 50 crores altogether. So, 35 is already deployed for the land and building.

Anupam Agrwal: My question on other expenses, this quarter has jumped from about INR 12 crores to INR 14 crores. It has been the highest in the last seven, eight quarters. What is the reason behind that?

Sanjay Tibrewala: So, as such, generally, Q4, you have a lot of new additional expenses in general, as we speak. However, going forward, we have been doing a lot of sales promotional expenses. We have been exhibiting -- in fact, in the last 30 days, we have exhibited, if you have checked on LinkedIn also, on our post, you will be seeing us in Bangladesh, in China, in Frankfurt, in USA for the oil and gas show. So, there is a lot of traveling and exhibitions and things going on and we are laying a lot of seeds and investments on those lines. This is already something which we had already planned for, and the results will generally be seen in the coming couple of years on those lines.

Anupam Agrwal: How much volume this new capex is going to add? You haven't given out that number yet. Any broad sense how much volume is it going to add on that 104,000 tons capacity we have already?

Sanjay Tibrewala: Yes, so basically as of today we have 104,000 tons which was 3 years before it was like 43,000 tons broadly. And as we speak on Q4 we have already touched annualized production capacity by almost like 72% let us say 76,000 tons has almost been utilized as of now and the optimum capacity utilization is not more than 80% or 85% broadly. So, looking at that, we are already looking at least 20,000 tons expansion in the first phase and the work is on for that.

Anupam Agarwal: In Phase 1 and what will be the Phase 2?

Sanjay Tibrewala: Well, another 20,000 tons, but we generally go by phases only and the Phase 2 generally speaking like also in the current capacity where we are today in Ambarnath the first phase takes a lot of time and cost inventory because setting up this infrastructure and things like that the Phase 2 doesn't require too much of a time and it's not too expensive also from that part.

- Anupam Agarwal:** Phase 1 of 20,000 tons would get commissioned which quarter, 50%?
- Sanjay Tibrewala:** We are trying to do it by the year end we are positive at least by, let us say, the financial year end we should be up.
- Anupam Agarwal:** I couldn't really catch there was a breakage if you can repeat, Sanjay sir?
- Sanjay Tibrewala:** Okay I just mentioned that it will be at the end of the financial year we can expect, but we'll keep informing the investors by the stock exchange as usual by about the developments going forward.
- Anupam Agarwal:** Last question from my end can you give the update on the fundraise?
- Sanjay Tibrewala:** Well yes as you might also know about that we are, let's say, we had an inorganic acquisition after the IPO 10 years, 15 years back and this was the first international acquisition we had. The synergy has helped us a lot in Malaysia and as such we have been always cash rich as such and we keep looking at a lot of opportunities making sense for synergy, similar chemistry, similar markets.
- So, as we have got across certain companies and we are working on the process for the same. On the fundraise of it we have already got the confirmations and funds for the first fundraise which is of INR 120 crores broadly. Out of that already INR 55 crores has been raised also from the promoter's family as well. The stake has increased by 1.2% on that line and so that's one part of it.
- And yes we have got a lot of demand from marquee investors right now and we would like to bring them on board as well for the preferential. So, we are discussing with them and by the coming couple of days in the next board meeting on Saturday we'll be able to have more insight on it.
- Anupam Agarwal:** This acquisition is going to be a domestic acquisition or an international acquisition?
- Sanjay Tibrewala:** It will be an international one. It's something which we are already working very closely on the product line synergies, and we are quite disciplined as you can see on our ROCE and ROE. So, we'll be looking at companies from that angle as well.
- Anupam Agarwal:** I'll get back in the queue if I have further questions.
- Sanjay Tibrewala:** Thank you so much. Thank you Anupam ji.
- Moderator:** Thank you. The next question is from the line of Karan Kaamdar from DR Choksey Finserv Private Limited. Please go ahead.
- Karan Kamdar:** Hello, sir. Hope I'm audible.
- Sanjay Tibrewala:** Yes, Karan ji. Yes, sir.
- Karan Kamdar:** Yes, sir. Congrats on a great set of numbers. What I wanted to know is can you tell me about a little bit about volume growth by segments? How has the volume grown across the segments all the three segments that we have?

- Sanjay Tibrewala:** So broadly let's put it like that. There has been a 25% volume growth totality. And I would like to strongly emphasize which I have been talking about that there have been good times for the textile industries already and we have seen at least 20% growth in the Q-o-Q basis itself in the textile itself. And it's still picking up and let's say cleaning and hygiene relatively it's less than 5% growth if you compare Q-o-Q basis, but overall, we talk about this 25% growth.
- Karan Kamdar:** Okay, got it. So, the 25% is also a Y-o-Y growth number also Y-o-Y on a full year basis?
- Sanjay Tibrewala:** Yes exactly. Yes, it's Y-o-Y basis.
- Karan Kamdar:** On a full year basis how is the cleaning and hygiene segment expanded?
- Sanjay Tibrewala:** Well, it has also seen a good growth. As such if you want a number, it was, let's say, it's 22%, 23%. Let's say yes you can broadly convey 25% more or less.
- Karan Kamdar:** Okay, got it sir. Sir, my next question is on how do you see demand and price trends for us? Do you see realizations dropping here from here on further because our volumes are growing, and I think the growth will come from realizations where do you see the trend growing for us?
- Sanjay Tibrewala:** No, I would like to mention see I would like to mention we are a solution chemical provider. So, for us turnover is one part of the story, but what makes us is our core focus on the EBITDA margins and EBITDA absolute number growth and that's what our company is focused upon. And there has been a lot of changes in the trends of the textiles.
- So, there is a lot of modification in the textile Chemical's offering product mix is changing which is also helping us as such. So not only our EBITDA margins are getting healthier, but our EBITDA absolute numbers are also getting better. Yes, as you have seen this last financial year was a remarkably price correction year for the chemical industries broadly whether it's agrochemical or industrial chemicals or whatever we can talk about.
- In spite of that I think our team has done a superb job of having a better EBITDA growth on that line. What I can see is as you must also be knowing about in the last two weeks there has been big changes happening in the freight cost, containers not getting available, geopolitical situation changing up and freight prices going up rapidly and again shortages are being created.
- I wouldn't say that the times of 2021 of shortages to that level will go, but you never know. So, average realisation price has to go higher that's for sure, from this I would say from the current month. So, let's say from the month April or May month or something like that. Eventually you will see not only I'm talking about our industry, I'm talking in the chemical industry at large. So, this is the place what we are looking at right now.
- Karan Kamdar:** Got it sir. Sir one last question on our cleaning and hygiene segment. I understand some part of it is B2C and some part of it is B2B. So, can we get a split or some colour on that segment?
- Sanjay Tibrewala:** It's very tough to give it, but broadly let me tell you about our model again. So, basically we are not into the retail segments because the cost that's not our forte area. Our forte area is just institutional and B2B businesses and our

plants are like FDA certified and we have all the licenses to do all these product productions. As such, our majors will always be the B2B businesses like that.

Karan Kamdar: Got it. Thank you so much sir.

Moderator: Thank you. The next question is from the line of Kush Tandon from Ananta Capital. Please go ahead.

Kush Tandon: Yes. Hi, Sanjay ji. Congratulations on a consistent quarter again. It's commendable to see last 12 quarters of consistent cash flows, EBITDA growth, profit growth, and good ROCEs and ROEs. Just wanted to understand, I think textile has grown quite well last year for us. Do you see the same trend going ahead this year in textile, especially when last one and a half years were tough for the textile sector as a whole?

Sanjay Tibrewala: Thanks, Kush ji. Yes. Coming to your answer, yes, definitely. So, I can also put it in a way that in the last one and a half year, the textile was not growing at large. However, our company has been growing the businesses on textile chemicals, offering more product lines, getting more geographies, participating in most of the exhibitions and things like that. But in the last one quarter and even in the current quarters and going forward, I think the times for textile is coming back.

And if this thing really happens, I think the better days for us, for textile specialty Chemical's is around the corner now. So, we are very positive and excited with the opportunities coming in. At the same time, there is a great requirement coming up for technical textiles. As you know, the government of India has also been promoting the technical textile aspects. And I would like to mention all participants that the technical aspects of the textiles cannot be done mechanically. It has to be done chemically.

And that means there is more usage and consumption of our specialty Chemical's. And not only that apart, from this being very expensive per kilo average realization price. And also, this is a very sticky business. And Biotex Malaysia, which is our international arm and also developing and leading the R&D developments, is pioneering developing such product lines. And they are already too much into the textile finishing and technical textile offerings.

So, this is something which we are quite excited about as of now.

Kush Tandon: Okay. And the other question is on the FMCG detergent business. So, I know there's one big customer of ours. And, sir, has the product been consistently delivered to this one customer? And we were also attempting to get some other multinational customers also in this detergent business. Where are we on that journey?

Sanjay Tibrewala: So, let me tell you, we have expanded too many more product lines in this segment. Let me touch upon this question first, and then I'll give you an overview of what's happening in this business also. Let's put it in a way, yes, we're already getting into many, many more customers. And some of the customers, we are doing some joint developments on an NDA basis, which I would not be able to name right now, internationally big ones. At the same time, there is a great demand coming up for products which are coming out from India.

And we have been well accepted by most of the biggest companies, even Patanjali is our customer for a couple of years. We have increased many more products and solutions. Now, let me tell you what's happening in detergents and cleaning hygiene business and where we are. So, basically, most of these FMCG companies, we are supplying

our specialty products to them, which is as in raw material doing a performance to make and enhance the performance of their detergents and cleaning products.

Now, our product is a small cost for them. And this is going to the entire masses and retail businesses. In detergents, the cleaning hygiene, this business is almost \$50 billion globally. And there is a big demand coming up for sustainability going forward. I mean, all the industries are doing it. In textiles, let me put it like that. In the last four years, the textile sustainability is the main key area which has driven our businesses.

What I mean by sustainability in textiles is we have reduced the TOD, TDS, BOD, COD, water consumption, power consumption, and reduce the timing used by the customers and then promoted our products. And this is something which we are an early mover in sustainability from 2011. However, that time it was too early, and the textile was not able to digest the sustainability drive.

If you look at current point, most of the textile corporate companies are always talking about sustainability. And now, coming to detergents, this is something which is coming up now. Let's believe 10% of this market gets sustainable in the next 10 years. So, we are talking about 10% of \$50 billion market means \$5 billion market per year. If this gets sustainable, and who are the takers for this actually?

And so basically, it's getting mandatory by -- I mean, I read certain articles, and we take participations and a part of conferences in most of the Indian soaps and detergents associations where we understand that the foreign multinationals, they have already laid norms that from 2026-2027, we have to restrict or stop using crude oil-based, fossil fuel-based derivatives in detergents, which is LABSA, acid slurry, soda ash also to be reduced because the carbon footprints is getting also affected by that.

So, it's easy to say to replace, but then you need something to perform and clean the clothes in the washing machines, and then we come in between. So, we have the solutions and we're already selling it very well, and the demand for this is increasing and growing. So, there are certain statements made by Procter & Gamble and other big companies like this that they will stop using these fossil fuel-based product line in detergents.

And we are the early movers in that. And I think if these things happen, there's a whole lot of new business which will be coming to us. Apart from this, we have increased a lot many more product offerings to this sector where we are able to give them certain product performance in the liquid that can get better performance stability-wise, getting it thicker. There are many, many more additive products which we have been supplying to this cleaning and hygiene sectors.

So, we are looking, and we are quite early in this. We have big names already in our customer profile. We are also excited on this line at the moment. So, this is the way the cleaning and hygiene sector will be shaping up in future.

Kush Tandon:

Okay. Thank you for that. Also, one question on the raw material pricing, which had seen a downward trajectory in the last one and a half years. And where our realizations may have also come down, but the fall in raw material is more than the realizations. So, the margin in percentage terms has gone up. What are the trends that are happening in the raw material space, Sanjay Ji right now?

Sanjay Tibrewala:

So yes, as you rightly said, there has been offshoot already there, effectively, in the raw material pricing. Everything is going up. Okay, so in textile, we do not have long-term annual contracts with the customers. We have contracts,

purchase orders are generally given for two-month period and dispatches are on intermission. So, whenever there's a certain kind of price increase, which is we are facing now, and so we only pass it on to the customers and we give them a one-month or 45-day window in which we can always align our pricing and things like that.

And then we can take it up to that level. So yes, this happens all the time. But generally speaking, there is never, I can say, if you ask about the frequency in the last 10 years, the number of price increases are definitely much, much more than the number of price decrease. So, I think price increase is always good for the long-term perspective of the company.

Kush Tandon: Okay. So, my final question is on the fundraise and the inorganic acquisition that we may look at. So, any timelines on that acquisition or let's say this fundraise closes, there is a board meeting that you've called for again. So, any timelines that you can give us an indication by when can you conclude an acquisition in the next quarter or any such guidance?

Sanjay Tibrewala: So as already been mentioned on the stock exchange, we are in the process of diligence and on advanced stages of discussions. As you know, these things do take time and we are already, I can say we are quite excited with the opportunity. And as soon as we have some updates, we will be informing all the investors and participants via the stock exchange on that line. As you also mentioned, we have a board meeting on Saturday. Yes, day after tomorrow, we'll be having to board on certain more investors probably. And we are looking at all on those lines on Saturday.

Kush Tandon: Sure, Sanjay ji. All the best. Wish you the very best for the future.

Sanjay Tibrewala: Thank you, Mr. Kush. Thank you. Thank you very much.

Moderator: The next question is from the line of Nalin Shah from NVS Brokerage Pvt. Ltd. Please go ahead.

Nalin Shah: Congratulations, Sanjay ji and the team for an excellent performance which you have turned out for March 24. Sanjay ji, my question is very little broad. You've described I think major items of your growth and strategy for organic, inorganic growth. When I analysed your company, I find that in last five years, astonishing performance from 2020 you had about INR 14 crores PAT if I am right. It has grown to now 121 in five years' time. And so is your top line has also grown.

So, if I see that you know almost about from 2020 till now in five years, your PAT has grown by almost 800%, eight times or so. My question is that with whatever you describe in terms of you know your organic, inorganic strategy, can we expect a similar strategy of growth for the next five years and say that within five years we will be somewhere at around say INR 2,000-INR 2,500 crores in top line and some INR 500-INR 600 crores on PAT? Just general indication of your strategy.

Sanjay Tibrewala: Well, as you have rightly gone through the numbers, you are very right in your figures, and this has been the performance by the team and the company as which you have mentioned. I would like to mention that we are quite confident on accelerated growth in the next three to five years. And coming to one more point is as you can also notice that we also focus on efficient capital deployment.

And this has been the DNA of our story since, so basically, we are listed for last 52 quarters by now. I think 54 quarters by now. And if you can check any of our quarter, you will see our EBITDA margins has never dropped by 17%.

I only would like all the participants to keep this noted because this is the, in true sense, we believe that any specialty chemical company by virtue of the definition, it means that there has to be a baseline of EBITDA margins and that's what we have been doing. From 17% to let's say up to 29-30% also sometimes. So, I think in true sense, this is the true specialty chemical business where we are. We want to remain like this.

So let me also put it like this. This is all done organically, number one. Now there have been times where a lot of nice companies and their shareholders would like us to be on the top of their company and run it and drive it in a more efficient way so that they also understand the, let's say, the passion our team has for excelling in our businesses.

And we are very, let's say, disciplined in Cap deployment. So, we would like to go for inorganic opportunities, which is definitely in line with the product businesses, which we are doing chemistry-wise or the markets. And we got certain nice opportunities, which is making us excited.

So let me also put and come to your question that I would not say by number, I don't want to give a commitment on the number, but I can say what we have done in the last four, five years in terms of percentage can be surely done in the next four, five years. So, without giving any forward-looking statements on that line, I can say that the times are right. And if our team can perform in the ups and downs in the last four years, let me put it like this.

The world has seen all the ups and downs, everything in the chemical industry we have seen. There were quarters where there were no businesses and there were certain quarters there was no raw materials, there is no trade, there is no shipments and China stories and all and so everything. And then again, there is a drop in the raw material price.

So, every cycle our company has sailed through, I cannot imagine anything more happening to this world because everything what could have happened externally has already been passed through by us. And I think now is the right time for all the investors and participants to understand what commodity chemicals and specialty chemicals is. And I mean, I think we are in the right spot, and I don't see any reason why things cannot happen in the next three, four years as you have mentioned about.

Nalin Shah: Thank you. We wanted only to just have a distinct idea that the five years what you have already achieved, similar kind of journey going forward next four, five years one can estimate. Ups and downs are the part of the business, but yes, the journey is towards that, and you are also envisaging the same kind of a journey for the next five years now.

Sanjay Tibrewala: Surely, we are already on the mark of it, and this is something we would rather be very happy to do it as soon as possible.

Nalin Shah: Yes, my best wishes. Thank you very much. Thank you.

Sanjay Tibrewala: Thank you, sir. Thank you very much.

- Moderator:** Thank you. The next question is from the line of Smita Mohta from Kredent InfoEdge. Please go ahead.
- Smita Mohta:** Yes. So basically, I wanted to know, sir, earlier also I had asked on your portal, the Ambernath facility that we had done, specifically we had done it for import substitute Chemical's in the speciality chemical segment, right? So now, I would like to ask the management in the same that the Ambernath facility Chemical's that we are doing right now, what makes it us the main people for this kind of chemical and going forward under the textile segment and cleaning and hygiene segment in this import substitute chemical space, where do you see yourself going forward as you were talking about organic and inorganic acquisition?
- Sanjay Tibrewala:** See, I would like to mention that there is a big heads up going on in the speciality chemical sector for especially in India in the last few years. So, our business is not only as import substitution but it's also we are determined to also do a lot of exports from India and that's what we have been doing. Let's put it in a way that there is, we have been able to grow our product lines for textile specialities, for oil drillings, for FMCG areas and these are fungible capacities.
- We are geared up to take most of the opportunity which comes in our way. And so, this organic expansion which we have been doing is based for all the industries, it's not only for a particular one and not only for import substitution. But yes, till now what was happening, the competition we had in FMCG was by Europe companies. .
- I mean, these are two main global world leaders and ironically, they do not have their plant in India and most of the goods coming for the cleaning and hygiene FMCG is either in Belgium or from Indonesia or certain different countries. And yes, so that has also helped us a lot to make in India and with the new concept of the government and the pricings which is available, the raw material availability indigenously is also helping us to have a better edge and become more sustainable because now we are supplying to our customers in tanker loads without the drums and whereas if you have to import from Europe companies, you have to wait for three months and get the goods in drums which most of the detergent companies are not happy about. So yes, that gives us an edge to produce in India and grow in India itself. I hope this answers your question. Over to you, Zico, please.
- Moderator:** Miss Smitha, please go ahead. I think Ms. Smitha has dropped from the queue, sir. The next question is from the line of Anirudh Baga from AV Securities. Please go ahead.
- Anirudh Baga:** Yes. So, congratulations. It's absolutely commendable with what you're doing with the company. Congratulations again. So, I have two questions. One is regarding the fundraise. So, is it a conscious decision on the part of the management not to take on debt because we've already been a zero-debt company or are you planning to take on debt with equity dilution? That's my first question.
- Sanjay Tibrewala:** Okay. So basically, as you can see, we are already a quite growing company and we have this organic expansion, which we are already doing. At the same time, there has been a good dividend also, which has been done in this year almost, let's say about INR 17 crores or INR 18 crores together for this financial year. I would like to mention we are not sceptical about taking debt or anything like that.
- And that's something which we are always open for. That's not a point. And even in this, we already factored that component also. So yes. So maybe in the coming times, we'll be much clearer in the coming next few months or

fortnight. Maybe we'll be able to decide on the final strategy on how much component of the debt we will be taking and how much equity.

Anirudh Baga: Okay. Understood, sir.

Sanjay Tibrewala: Also, I would like to touch on that part that the promoters have also participated in the last preference, and we have increased 1.1% in the total equity of the company. I mean, increased the stake by that.

Anirudh Baga: And so, my second question is the land that we've acquired at Ambernath. So, we've got the calculations in terms of the amount that the land is worth and everything else. So, what does it transpire into the tonnage once the land is fully utilized?

Sanjay Tibrewala: Well, this is a big space, and we can always in our business, it's a very fungible capacity as well as we can always increase the capacities on staggering basis. So, it's not the way that we have to put all the money first inside and then only the production will happen. So, the ideal way for us is to have certain quantity production force and then have room for increasing phase-wise. That's what we had done even in the current Ambernath plant which we started two, three years back. So, we keep doing on the same strategy.

Anirudh Baga: Okay. And one final question, the container costs, which you mentioned, it's gone through the roof. Anybody who's stacking the market would know that the container costs have gone through. So, is it going to actually impact the bottom line as such in a major way?

Sanjay Tibrewala: Well, we are working on a gross margin of almost 39%, 40% and this is not of one quarter. This is the average for last, I think at least six, seven, eight quarters. So, let's put it in a way that these things, we have enough of reserves and room to always face these challenges. Number one. Number two, as you can see our model, we are more on a let me put an analogy that we are a fine dining restaurant. Okay.

And so basically, even if the price of the basic potatoes and onions goes a little bit up, we don't need to rush around and we'll get into the lost territory. Nothing happens like that. On the contrary, these are the ways when we provide the prices with our customers and when the price of the trade gets normal and things and that's when we don't need to go and revise downwards. So, then you'll get a better jump on that time. So, this is the model where we are.

Anirudh Baga: So, from what I understand is, it's going to be neutral as such.

Sanjay Tibrewala: This is on and off. I mean, this is nothing new. So, we do not need to worry on these things. Like I said, now in the last four years the entire world especially the chemical world has seen the unbelievable downs and ups, and then again, the corrections. So, if we are still able to do what we are doing, I think it the results speaks for itself. I mean, I didn't need to mention too much on this, but yes, if we have sailed through till now very well, I think our team will be doing much better than where we are today.

Anirudh Baga: Okay. That's all for me. Thank you so much, wishing you all the best.

Sanjay Tibrewala: Thank you very much. Over to you, Zico. Thank you.

- Moderator:** Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Sanjay for closing comments.
- Sanjay Tibrewala:** Thank you everyone for hearing us out. We are very accessible. If you need any more information, you can contact our investor relations. It's already there in the invitations and our earnings presentation details. We are here and we are open and we are very excited for the coming opportunities. We'll keep updating everyone through the stock exchange medium and we'll keep doing our best. Thank you very much. Have a lovely week ahead. Thank you.
- Moderator:** Thank you. On behalf of Fineotex Chemical's Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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Note: This transcript has been edited to improve readability

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CIN: L24100MH2004PLC144295

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