November 22, 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**

Subject: Transcript of Q2 FY 2024-2025 Earnings Conference Call held on November 14, 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 November 08, 2024, please find enclosed a copy of the transcript of the Investors/Analyst Concall held on Thursday, November 14, 2024 at 5.00 PM on Q2 FY 2024-25 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 BHARATBHAI PARMAR
Digitally signed by SUNNY BHARATBHAI PARMAR
Date: 2024.11.22 11:11:43 +05'30'

Sunny Parmar
Company Secretary & Compliance Officer

FINEOTEX CHEMICAL LIMITED MUMBAI

Encl: As above

Fineotex Chemical Limited

Earnings Conference Call

Q2 FY2025

November 14, 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 Chemicals Limited Q2 FY2025 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 call is being recorded.

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

Aarti Jhunjhunwala: Thank you very much and good afternoon, everyone. Welcome to Q2 FY2025 Earnings Conference Call of Fineotex Chemicals Limited. We have provided the financial statements and the earnings presentation on both the Stock Exchange and our website, which I trust you had an opportunity to review in detail.

Fineotex has maintained steady progress amidst the complex economic environment, staying focused on growth, innovation, and sustainable practices. Our position in the Specialty Chemical sector, driven by our dedication to delivering high-performance chemical solutions, enabled us to adapt to evolving client requirements, while strengthening our presence in both domestic and international markets.

This quarter, we achieved several important milestones in alignment with our strategic roadmap. Notably, Fineotex participated in the Abu Dhabi International Petroleum Exhibition and Conference, ADIPEC 2024. This event provided us with a valuable platform to showcase our extensive product portfolio, engage with industry leaders, and reinforce our commitment to expanding Fineotex's reach in the global market. The exposure gained through ADIPEC opens up business prospects and opportunities for collaboration in the international arena in the oil and gas industry.

Our dedication to ESG principles remains at the heart of our mission. We continue to set industry standards through ethical practices, transparency, and operational excellence, with our ESG initiatives driving sustainable long-term value creation and enhancing trust with our stakeholders. In addition to these advancements, we are committed to fostering an empowered and engaged workforce.

Recently, the Nomination and Remuneration Committee approved the allotment of 25,052 equity shares through the Fineotex Chemical Limited ESOP 2020, with 110 employees now included for ESOP as of September 30. This initiative underscores our focus on attracting, retaining, and rewarding talent, ensuring alignment with Fineotex's growth and organizational goals. As we move forward, Fineotex is well-positioned to leverage these strategic initiatives, driving our mission of value creation, sustainability, and industry leadership.

With this, I now invite Arindamji to provide a deeper insight into our operational performance for this quarter. Thank you so much.

Arindam Choudhuri: Thank you very much, Aartiji. Very warm welcome and good evening to all. We are at Fineotex Chemicals Q2 FY2025 Earnings call, Fineotex has continued to pursue a strategic path of diversification, expanding our product portfolio from our initial focus on specialty chemicals for the textile industry into complementary segments such as hygiene, oil and gas, among others. The expansion aligns with our objective to deliver high-value customized solutions that enhance our client operations, underpinned by the trust they place in our brand and product reliability.

Over the past few quarters, we have intensified our focus on operational agility, a cornerstone of our competitive advantage in today's fast-paced market. By enhancing efficiency across our production processes, we are able to respond to shifting market demands swiftly, ensuring minimum lead-time and optimized delivery for our esteemed clients. This operation resilience has allowed us to maintain our leadership in the specialty chemical industry.

In R&D, our team has made considerable advancement in eco-friendly and sustainable product portfolio in a direction that has not only reinforced our market position, but also facilitate our expansion into significant international textile hubs. We remain dedicated to meeting global standards of sustainability and innovation, a commitment that will continue to shape our growth initiatives.

As we move forward, we remain focused on leveraging our capabilities to explore emerging market opportunities, maintaining our commitment to quality, and providing unmatched solutions for our clients.

I now invite our Executive Director, Mr. Sanjay Tibrewala, to take us through the company's quarterly financial performance and other strategic updates. Over to you, Sanjayji. Thank you.

Sanjay Tibrewala: Thank you, Arindamji, and good evening, everyone. I am pleased to present the financial highlights of Q2 FY2025. For Q2 FY2025, Fineotex Chemicals Limited has reported consolidated revenue of INR 1,457 million, reflecting a growth of 3% approximately compared to the Q1 FY2025. This growth is driven by stable demand and improvement in operational efficiency across our key business divisions.

Our profit after tax for the quarter has increased to INR 321 million, a growth of 10% approximately compared to Q1 FY2025, maintaining a PAT margin of 22%, which demonstrates our continued focus on driving profitability and maintaining operational excellence.

For H1 FY2025, our consolidated revenue from operations stood at INR 2,876 million, reflecting a growth of almost 4% YoY basis. Our PAT for H1 FY2025 reached INR 612 million, marking a growth of 6.3% compared to H1 FY2024, with a PAT margin of 21.3%.

The Specialty Chemical industry in general remains strong with significant long-term potential. However, the current quarter has seen a slowdown in demand due to seasonal factors and certain market uncertainties over the raw materials. Despite this, we are optimistic about the sector's future.

We anticipate that the demand for Specialty Chemicals will pick up in the coming quarters as industry activity strengthens and supply chain stabilizes. The industrial fundamentals remain sound and we believe Fineotex is well-positioned to capitalize on future growth opportunities.

I would also like to share an exciting update regarding our expansion efforts. The construction activity at our new Ambernath plant is progressing at good speed. The new facility, once operational, will significantly enhance our manufacturing capabilities and allow us to serve better our growing customer base with the highest technological abilities.

We are on track and expect the plant to be operational in the coming year, which will further strengthen our position in the Specialty Chemical sector and enable us to meet the increasing demand of our products.

We are also pleased to share that ICRA on 11th November upgraded its credit rating for Fineotex. The long-term fund-based cash credit rating has been upgraded to ICRA A+, with a positive outlook, while the long-term and short-term unallocated rating has been reaffirmed at ICRA A+, and ICRA A1+, with a positive outlook. This is a clear indication of the market's confidence in our financial stability and growth trajectory.

Additionally, we have completed a successful fund-raise of INR 218 crores through preferential allotment of equity shares and commodity warrants, bringing our total fund-raise this year to INR 342.55 crores. These funds will be strategically deployed to support both organic and inorganic growth, enhancing our capabilities and market position.

Our continued focus on operational efficiency, prudent capital allocation, and value creation for stakeholders positions us well for sustained growth. With these accomplishments, we are optimistic about the future and look forward to the continued support of our investors and team.

With this, we conclude our opening remarks and we will now open the call for interactive question and answer session. Over to you, Siddhant.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. Our first question is from line of Kautuk Yemdey from Axanoun Investments. Please go ahead.

Kautuk Yemdey: Congratulations, sir, for the good set of numbers. I had a couple of questions. The question being if you could tell us about expenditure in current research and development, either in absolute terms or as a percentage of revenue from operations.

Sanjay Tibrewala: Yes, thank you so much for your message. So, as we have mentioned in the past, our lab has been accredited by NABL, and this is the second time renewal of NABL. Our lab is established in Sasmira, the application lab, which has been certified by NABL.

There are a lot many products which have been certified and a lot of ecological tests and analysis which our company has been doing. The percentage earlier, if you compare about two years before, it was a higher percentage. As and when the company has been growing in the last two years of almost 40% year-on-year growth, the last three years actually and so the percentage has been reducing from that point, but the absolute numbers have been increasing. As such, more or less, our outflow of R&D budget is almost INR 7 crores to INR 8 crores as we speak today.

Kautuk Yemdey: Okay, thank you, sir. Thank you so much.

Sanjay Tibrewala: Thank you so much.

Kautuk Yemdey: Second question.

Sanjay Tibrewala: Yes, please go ahead.

Kautuk Yemdey: The price trend of silicone oil and other major raw materials. What according to you, is the trend we are seeing in silicone oil and other raw materials used for specialty chemicals?

Sanjay Tibrewala: See, as such we have like more than 1,400 SKUs and we are into 450 product categories. The total top 10 products for us is not even contributing more than 28% of our revenue. And similarly, the top 10 raw materials don't contribute more than 20% of our purchases.

So, I would say, the significance of any raw material on us is not high as such. Now coming to silicone oil and other chemicals, I just can give you a general trend about it. What is happening in the last three months or last two months especially, there has been a lot of fluctuations in the prices of freight coming from China and other countries.

And also there has been pricing variations in the crude oil, which also leads to ups and downs in the market. Which also is not, it's so much fluctuating that it's not easy for any manufacturer to determine the right time to purchase the raw material. So we have seen certain ups in the prices in August, then again little downs and again going up and things like that.

Again speaking so, now the dollar is also picked up by 2% more or less. And also, the freight cost, as you know, from China and other countries has increased. There is in fact shortage of the containers also. So trend is going up as such at the moment. So I would not be able to comment on specifically silicone oils or anything like that, but it is very subjective. There are many kinds of silicone oils.

Some are based on block, some are based on D4, some are based on other PDMS and other things. So it also depends on the supply demand of that chemistry and also the kind of maintenance things going on in the big manufacturers in China and other countries. So I would not be able to give you a pinpoint answer to that, but generally speaking, the trend of rising has gone up in the last two, three months.

Kautuk Yemdey: Right, sir. And the last question being, if time permits, if you could show some light more specifically on the funds raised to preferential allotment and equity warrants?

Sanjay Tibrewala: Yes, absolutely. As we have also announced in the past, we have gone for the fundraise and even now, like we have discussed, so we have raised almost INR 342 crores as such. Out of this, some more in the warrants. And the promoter, myself, I've also participated up to a tune of INR 45 crores, out of which INR 12 crores – INR 11.5 crores or something approximately has already been paid to the company. The remaining will be done in the next 18 months from the date, let's say another 12 months from now. So out of this INR 342 crores the promoter has contributed INR 45 crores. And so yes, this has been done with view for the organic and inorganic opportunities, which you are very excited about.

Kautuk Yemdey: Okay, sir. That will be all from my side. Thank you.

Moderator: Thank you. Our next question is from line of Kriti Tripathi from NVS Brokerage. Please go ahead.

Kriti Tripathi: Thanks for the opportunity.

Moderator: Sorry to interrupt, Mr. Kriti. Can you please switch to handset mode? We are not able to hear you.

Kriti Tripathi: Hello.

Moderator: Yes, yes. Please go ahead.

Kriti Tripathi: Yes, yes. Thanks for the opportunity. So based on our Q2 and H1 FY25 results, can we generally expect H2 FY25 to pan out on similar lines or better? So this is the first question. And second question is any development on the oil and gases segment?

Sanjay Tibrewala: So yes, as such, historically, always the H2s has been better than the H1s. H1 typically also has a monsoon season in which there is a little bit lack in demand for the textile chemicals, also for the detergent chemicals. And that trend we have always been seeing. H2 has always been better in general purpose.

At the same time, to come to your next question, the sector in oil and gas, yes, we have great interesting developments been done on that. In April, we were in OTC, Houston, where we had exhibited. Last week, we were in ADIPEC also. This was the first time we have been participating in ADIPEC. This is the biggest exhibition and show, it happens in Abu Dhabi every year for the Middle East and other markets.

Interestingly, we were quite excited to know that the demand is going to flow from other countries to India for those products, which goes more for the oil and gas. Also, the Russian demand is looking at India as a supplier. At the same time, there are a lot of opportunities coming in. So, we are very excited with the kind of developments we have done. Recently, we are under NDA with certain big oil companies as well, with whom we are announcing our product lines and developing certain tie-ups.

We will eventually be able to share more details as we go ahead. But this segment is looking very exciting. And the growth in this segment, we have already started doing a lot of exports for this sector, which was never done in the past. So, in this quarter, this was the first quarter that we were able to export our oil and gas specialty chemicals to various countries. And – yes, so, that is the answer to your question, Kriti.

Kriti Tripathi: Yes, thank you, sir. Thanks a lot.

Sanjay Tibrewala: Yes, Thank you.

Moderator: Thank you. Our next question is from the line of Karan Kamdar from DR Choksey Finserv. Please go ahead.

Karan Kamdar: Hello. Good afternoon, sir. Congrats on a good set of numbers. So, I understand it has been a tough market. Can you just help me understand how has the market been like? How has the macro been like for the chemical industry?

Sanjay Tibrewala: Thank you very much, Mr. Kamdar. So, like I was also mentioning to the other participants, there has been unprecedented fluctuation in the prices of freight and basic chemicals also and also US dollars in the last quarter. Generally, we don't see so much fluctuation. Generally, what happens is there is a trend which continues for six months. If it's going down, it's going down for six months.

If it's going up, it's going up for six months minimum. However, this was the time when we are seeing fluctuations, like, one week, you start booking your products and raw materials. By the next week, you will see that it's gone up or it's gone down. So, it's very hard to predict the right time to do that. And obviously, the customers in most any markets will always be not ready to accept your -- the new prices or higher prices or whatever it is.

Luckily, as you know, we are into speciality chemicals. And for the last 54 quarters of being listed, you might have seen our EBITDA have always been at least 18% for any of the quarters from 2011 from the time we have got listed. And in the last six years there has been enough ups and downs in the market. And even after that, we have been able to have a gross margins of at least 35% to 40% in this range. So, this also depicts what kind of speciality chemicals which we are producing, which has a very high entry and exit barriers.

So, as such, it doesn't affect our profitability that these kinds of jumps in the prices to a massive extent. But obviously, it can always be better to have a 100 basis point additional EBITDA or 200 basis point additional EBITDA. But if you also see, we have been able to maintain our EBITDA margins, which is almost 25% even in this quarter. So, as such, we have been able to have more better product mix of speciality chemicals, sustainable product lines, which is helping us to add and deliver more value to the customer at the same time helping us to have healthy EBITDAs. So, this is the trend actually.

From the demand point of view, we have done very well in textiles. There has been growth in the volume in textiles by almost 14% to 15% Q-o-Q basis. And in fact, Y-o-Y basis, there has been in fact, further growth of almost, I can say 17% to 18% in the textile division.

In health and hygiene, there has been slightly downfall on that lines about almost 10% to 15% lower volumes and lower realization also because of this trend, which is happening in the FMCG. A lot of our customers are rebuilding their portfolios and the new products have been launched. And then always when there is a change in the product, there is always a period of slackness or changeover of the brands or changeover of the recipes and things like that.

So, it's readjustment of product line, which is happening at the customer's end. And also, generally, monsoons are not a great season for the detergent business as such, because generally the rural markets and the markets at large are not using the detergents a lot. So, this is something which will cover it up. So, we are not having any kinds of pessimism on that at all. It will be reviving very quickly. And what is happening is there are a lot many new products, which we have launched, which have great sustainability portion of it, which will be going to the detergents and the textile as well.

At the same time, in this quarter, we are pleased to inform that we have started exporting our water treatment chemicals also, which is similar to the oil and gas industry as such, but it is going for water applications. We have been able to export it. This is also some breakthrough which we have got in the Middle East. So, as such, this was one of the quarters where many things started shaping up. And obviously, once it gets matured, we'll be able to see that in good numbers.

Karan Kamdar: Okay, got it, sir. Sir, I would like to ask the next question. If possible, could you share how has been the update like on the acquisition? By when could we see a more detailed update and further guidance?

Sanjay Tibrewala: See, as such, what's the maximum information I can give on this platform, It's something which we have already mentioned on the stock exchange also, that we are on an advanced stage of discussion with certain company and a lot of documentations and exchanges and due diligence and legal and finance, as you know, these things have to be well done.

And knowing our management by now, we are very much disciplined in deployment of cash, as you have seen. And so, we are very much, let's say, cautious in our approach and we prefer to go step by step and being very sure about the actions which our company will be taking.

And as we are also in the year-end now, and as soon as it touches November, most of the European and American companies are on a little lower level of approaches. So, we are hoping to keep things up. And as soon as we do it, we'll be coming up to the investors via the stock exchange medium to update them.

Karan Kamdar: Got it, sir. Thank you. That’s it from side.

Sanjay Tibrewala: Right now, the best thing I can say is that the funds are ready and there is a great amount of internal accruals with the company. This is the strongest quarter financially, I would say, where the company has super strong war chest funds available for any kind of organic and inorganic expansion. By the way, our organic expansion, we have already been deploying the funds in the new Ambernath plant and the new office also which has been set up.

So, going forward, I think, and also there is a good accumulation which we will be seeing of cash generated from operations in the coming quarters. By and large, we are very hopeful about the position where we are today. And this is the right time when we are looking at more acquisitions right now and which can be immediately grabbed. Rather than we get the opportunity and then we go for the fundraising. Now, the situation is that we have the funds and we are just trying to get on to that acquisition opportunities quicker.

Karan Kamdar: Got it, sir. Thank you. That's it from my side.

Sanjay Tibrewala: Thank you, Karanji.

Moderator: Thank you. Next is a follow-up question from the line of Kautuk Yemdey from Axanoun Investment. Please go ahead.

Kautuk Yemdey: Thank you for the opportunity, sir. One last question from my side. If you could tell us about the situation from international markets, like in previous earnings calls, you have mentioned that the biggest competitor you have are foreign companies. So, what is the current outlook of those companies?

Sanjay Tibrewala: Well, I mean, everyone will have the same external factors. Everyone will have the pain of the Chinese prices, Chinese shortages, container shortages and the global geopolitical situation, which we all are watching very much and getting affected in all the industries, not only chemicals as such. So, everyone is in the same boat as such.

And coming to the point is that we are more stronger at the moment than where we were before, which gives us the confidence. The customers are also increasing the number of products with us. We have developed a lot many new solutions and products, which are shaping up rapidly. That is the reason you can see a good growth in our textile core speciality businesses.

As this has been going forward, we are very confident that the coming quarters will be much better than where we are. The competitors from European companies in the detergent and cleaning hygiene businesses and in textiles, if you talk about the biggest companies like Archroma and others, these companies, they are also being in the same thing like Bangladesh issues and other things.

But as such, like Bangladesh, we had some issues for some couple of weeks, which has got totally resolved. In fact, we are increasing our team members more in Bangladesh right now. And we are very excited with the kind of opportunities we are getting. So, these things are shaping up. It is getting better and better as we are going ahead. And I mean, that's all about it. There is nothing greatly changed in the last three months in external companies or us.

Kautuk Yemdey: Okay, fair enough. Thank you very much.

Sanjay Tibrewala: Thank you.

Moderator: Thank you. Our next question is from the line of Anupam Agarwal from Lucky Investment. Please go ahead.

Anupam Agarwal: Hi, Sanjay. Good evening and congratulations on good numbers. My first question is on your volume. We have done about 33,000, 34,000 tons, which is largely flattish on the half H1 over H1. What is your sense, if I see the entire FY25, you mentioned in one of your comments that the second half is largely better and higher than H1? What exactly are we looking at in terms of volume given this year?

Sanjay Tibrewala: Thanks, Anupamji, for your kind words. So, as such, as you have pointed it out, we have already done almost 33,000, 34,000 tons this H1. And as you also know about the product mix, there are a lot of products which keeps changing. Like if you are doing more of exports, the point is that we have to give products which have more purity. More purity means the volumes are the same, but we will have to increase the pricing of it to give them and to save their freight cost.

Now, this is again picking up. So, volumes are one side. Yes, it's increasing. It will keep on increasing, but there is a product mix which also keeps fluctuating at the same time. So, nonetheless, what is more important for us has been our PAT growth and EBITDA growth in absolute numbers. This is the way we have been always looking at things. The H2 will be definitely much better than the H1.

And we are also seeing a lot of positivity in all the kinds of businesses which we are, whether it's textile, cleaning and hygiene, detergents, oil and gas, and water treatment. This is really looking much excited than the last quarter, actually. So, the excitement which comes now will be reflected in the coming H2.

We would be able to feel that, if you see in the last three years, we might have done more than 40% CAGR Y-o-Y basis. In the last five, six, or let's say in the last 54 quarters, or let's say in the last 13 years of being listed, our CAGR has been 28% broadly. So, I would say that we will be at least be able to have in the coming couple of years, you know, having at least 28 to 30% Y-o-Y growth. This is what we are looking at.

Anupam Agarwal: Understood. My second question is, if you can broadly give a sense of how the export volume growth has been and how the domestic volume growth has been.

Sanjay Tibrewala: So, as such, our exports have slightly increased. It is now almost 30% from our earlier was I think 25% to 24% or something like that.

Anupam Agarwal: Okay.

Sanjay Tibrewala: This has increased definitely. This is also because of the increase in the textile chemical exports, Bangladesh picking up. We had also participated in Vietnam. In fact, we have been participating every month in some or the other international shows, which you can see on our LinkedIn profile and via various social media things. And like Vietnam was one. Last week, we had also in Bangladesh, the biotechs, the European company, which is our subsidiary, they had also participated in Bangladesh, while we were in ADIPEC in Abu Dhabi.

So, these things are going on. We are getting very popular. The brand value is well recognized and respected. At the same time, the customers are appreciating the kind of R&D investments we have done. I would like to probably also say, we have the highest number of products under ZDHC and ecological approved product lines under GOTS and ZDHC amongst any other company.

Almost, I think we have crossed 250 products in that category itself, whereas, even if we compare to the likes of the European multinationals, they will not have more than 150 or 200. So, this also reinforced in the minds of the customers how technical company we are and how we are focused on our R&D and getting better than others, much ahead than others. So, this is shaping up very well. We have increased a lot in geographies, a lot in distributors. Our numbers have been increased in marketing. There are a lot of actions which have been done on the ground. And yes, these things are going to surely be seen in the coming times.

Anupam Agarwal: Right. So, just an extension of this. So, coming to Eurodye and Healthguard, so what traction are we seeing in terms of global inquiries with regards to this tie-up that we have?

Sanjay Tibrewala: See, what happens in textiles as we know that there are always trends coming up. Now, the new trend which has come up due to the geopolitical situation is that there is a big requirement of the technical textiles because of the defense. Now, India is trying to be a good player in the world for technical textile and defense. The biggest players in the world is Turkey, Pakistan and Brazil as such. And as the more and more geopolitical situations and unrest and war situations are ongoing, this means more demand for such kind of fabrics.

Now, companies are not asking for antimicrobial much. People are appreciating, yes, you have the right product and the right quality, but this is not picking up because this is not in the trend. There is no COVID now. And in fact, I think even if COVID comes back, the demand for these chemicals will be coming back surely, but we are not sure how much, up to what level it can reach.

It all depends on the brand. What does Walmart and Target and Turner Bianca think about it? How would they like to position their brands in the market if there is, again, the beginning of COVID or something which realize. Right now, the quality is more on the technical textiles, water repellent, blood repellent, moisture management and things like that, where we are very strong in. And this is also going to help us a lot. At the same time, we have been increasing our approach to lot many customers across Bangladesh, Vietnam, India. So that's helping us.

Anupam Agarwal: So because of the exhibition that we take part in and the tie-ups that we have, are we getting inbound interest from global customers with respect to the new category of products we are entering into?

Sanjay Tibrewala: Definitely. This helps a lot. There is no doubt about it. So we have many kinds of models. One is -- we keep increasing our wallet share with the existing customers. That is one, which helps us a lot with the new product, which we are launching always. And also, we keep increasing our geographies and distributor network, which helps us to increase the customers and their attention towards it. So this is what we have been doing and also helping us a lot.

At the same time, we have been giving a lot of accountability and responsibility on our shoulders, which is helping the customers to be more satisfied with us. Like I can give you an example where we have started doing entire package offers. So what we have started doing in the recent past also, I mean, we were doing it in the earlier days in a couple of quarters before, we initiated those time, but now things are picking up where we go and do the entire guarantee of the fabric for the customer from unfinished to finished, in which we can give a basket of a product, we give our own recipes.

What helps us is that we get the orders of the basket of the products rather than a couple of products. What helps the customer by that is they are satisfied with the accountability.

Otherwise, what used to happen in the market like if one of the raw materials in the fabric is not working well, the blame will not be taken by the supplier and one will push it to the other shoulders and this and that. But here, we will be more accountable, which helps the customers.

And also importantly, the costing is controlled for the customer. So we fix the price for them. Like, this is the price per kilo, rupees per kilo, rupees per meter for them, which helps them to be satisfied that they don't need to worry on the costing, whether the dose goes higher or lower, they only have to pay as much as what we have promised for. It's like a fixed fare kind of approach. Instead of, like the taxi meter, we are doing a fixed fare approach in which they are more satisfied about their cost. This is something which I can give an analogy to you about. This has helped us.

At the same time, we have also convinced the customers' customers, like we have approached the brands who are giving their fabrics on job works to many textile companies in India. And now as we have got approvals from them, they are insisting their suppliers that is our customers to use Fineotex products only so that they can get consistency in their output of the fabric which we are doing in numerous places in India.

So their qualities are more consistent when they export their fabric. So these are the things which we have been doing a lot. And in fact, I would say, which we are doing a lot and our European co-producers are not able to do or are not interested to do whatever we could say so. So this gives us an edge over there.

Anupam Agarwal: My third question is on the expansion of our Ambernath facility. By when are we looking to commission the plant and what is the ideal volume that we can get so from the plant?

Sanjay Tibrewala: So the first step would be to have the Phase 1, which will be around 18,000 to 20,000 tons. That is number one. And we are hopeful that by the beginning of the next financial year, it should be up. And as you know when the plants have been commissioned, there are so many kinds of approvals being taken from the central, from the state, from the local authorities and everything has to be done in the perfect way.

So the initial commissioning does take time. However, once the Phase 1 is done, after that, the incremental increase in the production will not take so much cost or time. As you have also seen in our Ambernath 1 plant, which was started 3 years back, we have started with 20,000 tons and now it's 61,000 tons. And it is done beautifully within time, within cost parameters, and it has been done in a way where the expenses are very much controlled. So this is what ideally we are looking at to be done.

Anupam Agarwal: So on the 20,000…

Sanjay Tibrewala: Also, we'll be shifting some of the product lines and machines from the Mahape, Navi Mumbai plants over there, which will help us to also have a better cost of production in the new facility where we'll be having a faster reaction machining, faster technology to move in and move out the raw materials and the finished goods.

Anupam Agarwal: So Q1 of '26, we will have 124,000 tons in the Phase 1 of Ambernath facility?

Sanjay Tibrewala: Or maybe 122,000…

Anupam Agarwal: So that's Q1 of FY26. And by when we are looking to even maybe announce the acquisition, either Q4 of FY25 or Q1 FY26?

Sanjay Tibrewala: See, I mean, the most important thing for an acquisition is that to be very sure about the kind of pricing we are paying, the kind of asset we are getting and to be very sure about the customers' engagement with them and things like that. And most important thing, the funds to be in place. Because we cannot have the acquisition first being fixed and then we go to get the funds.

I think that's not the right approach because once the deal is on the table, you cannot go to the bank or the market or whatever it is to line up your funds. It has to be lined up first and then you look for it because then the probabilities of it falling off is much higher.

Anupam Agarwal: Yes. What sort of plants are we looking at either it is water chemical or oil and gas or what exactly are we looking at

Sanjay Tibrewala: We are looking at companies which are fungible. It's not necessary to be only one sector, something like us, something similar to our ROCs and ROEs, something similar to our EBITDA margins, something similar to the fungibility which we have, where we can produce in the same facilities, various kinds of chemical specialties depending on the kind of the industry we want to cater to. So this is what ideally we would love to do.

Anupam Agarwal: These would be plants which are already up and running and doing good enough margins and profits or these are slightly distressed plants which are not able to run properly or what?

Sanjay Tibrewala: No, no, not at all. Good question. Thanks for asking this because I never thought that this could also be one of the point to be clarified. So we would never like to buy distressed assets or anything like that because we believe that we are not those, with experience of that. We have done our first mid end acquisition in 2011, as you know. So in March 2011, when we came up with an IPO, we raised the funds and we deployed the funds within 4 months of raising, and we invested in this company, which is founded by Europeans, producing specialty chemicals in Malaysia called Biotech.

Now the Europeans and the Germans are still 28% shareholder even now of this company and are running it very well. At the same time, our team and directors are well placed there, and they are taking care of the top management activities as well. So we are very sure that we will not be able to accept any distressed assets or something which we have to start from scratch. We– don't believe in that thing much. Rather, we want something which is running, up and running where they may have a succession issue in the company. And in chemicals, we do often see a succession issue because the new generation generally are not too inclined to have businesses in specialty chemicals or chemicals for whatever reason.

So that is also helping us to give certain opportunities. And also, we are looking at what kind of cross-selling we can do. Now this is very interesting for us because, as you know, we are in India, we have a lot many chemistries. We are handling a lot many product lines. Now these products can be accepted in their existing customers, which can take us to a different level. So we are considering a lot of things before we make any kind of decisions on it. That's why it takes time. And we are very much disciplined in our deployment of funds. We have always been cash rich, as you might have seen in the last 13 years of being listed.

So we would like to go step by step. We are not in a hurry, and it's better to have the best deal because if some deal in inorganic acquisition doesn't go well, it's not only you lose money, but you use lose your important 5 years of the -- how do I say, the specialty chemical cycle, I would say. Time is also very much important than money.

So it's better to be more careful rather getting quickly into something which we regret like some of the other co-producers of our industry, most of them have repented after doing an acquisition because it was done in a hurry. And then at the end of the day, these guys put in a lot of extra valuation to it and then their customers are not going to pay extra value for any extra cost of the company which they have purchased. So anyway, this is the thought process the management has.

Anupam Agarwal: Perfect. Thank you so much Sanjay for answering all the questions and wish you all the best and talk to you next quarter.

Sanjay Tibrewala: Thank you so much Mr. Agarwalji. Thank you.

Moderator: Thank you. Ladies and gentlemen, we'll take that as our last question. I would now like to hand the conference over to Mr. Sanjay Tibrewala for closing comments.

Sanjay Tibrewala: Thank you very much all the participants for hearing us and being together with the company. There is a lot of more information which we are happy to share, you can connect our Investor Relations Churchgate Partners or you can access and visit our portals also to get all the transcripts. We'll be happy to share maximum information and see you soon. Good evening, and have a good weekend. Thank you.

Moderator: Thank you, sir. On behalf of Fineotex Chemical Limited, that concludes this conference. We 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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