July 28, 2026

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 Q1 FY2026-27 Earnings Conference Call held on July 24, 2026

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 July 20, 2026, please find enclosed a copy of the transcript of the Investors/Analyst Concall held on Friday, July 24, 2026 at 5.00 PM on Q1 FY2026-27 financial results 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: 2026.07.28 18:09:37 +05'30'

FINEOTEX CHEMICAL LIMITED MUMBAI

Sunny Parmar
Company Secretary & Compliance Officer

Encl: As above

"Fineotex Chemical Limited
Q1 FY27 Earnings Conference Call"
July 24, 2026

MANAGEMENT: **MS. AARTI JHUNJHUNWALA – EXECUTIVE DIRECTOR - FINEOTEX CHEMICAL LIMITED**
MR. ARINDAM CHOUDHURI – CHIEF EXECUTIVE OFFICER – FINEOTEX CHEMICAL LIMITED
MR. YUSUF K CONTRACTOR – HEAD, MERGERS AND ACQUISITIONS AND INVESTOR RELATIONS – FINEOTEX CHEMICAL LIMITED
MR. SANJAY TIBREWALA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER – FINEOTEX CHEMICAL LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Fineotex Chemicals Limited Q1 FY27 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 touch-tone phone. Please note that this conference is being recorded.

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

Aarti Jhunjhunwala: Thank you so much. Good day, everyone. A very warm welcome to our investors, analysts, shareholders and members of the investment community. Thank you for joining us today for Fineotex Chemicals Limited's Earnings Conference Call to discuss our performance for the first quarter of FY27.

We sincerely appreciate your continued trust and support as we continue to build Fineotex into a diversified global specialty chemicals company that provides tailor-made solutions to its clients across the globe. Our key focus remains on innovation, operational excellence, sustainable growth and creating long-term value for all our stakeholders.

Over the last few years, Fineotex has evolved significantly. While textile Specialty Chemicals continue to remain the foundation of our business, we have successfully diversified into several high-growth segments, including oil and gas chemicals, water treatment, industrial and institutional cleaning, construction chemicals, paints and performance chemicals.

Today, our products serve customers across more than 70 countries, supported by a growing global manufacturing and distribution network. A key milestone in our international expansion has been the successful integration of our U.S.-based subsidiary, CrudeChem Technologies Group.

During this quarter, we commissioned a major expansion -- capacity expansion at our Texas manufacturing facility, increasing the total manufacturing capacity to approximately 148,000 metric tons per year. This strategic investment significantly enhances our ability to service larger customer contracts, improve execution capabilities, strengthen operational scalability and support the next phase of sustainable growth in the North American oilfield chemicals market.

Alongside this, our international expansion, we continue to invest in innovation and sustainable chemistry. Our R&D teams remain focused on developing high-performance, environmentally responsible solutions that help customers improve productivity while meeting increasing stringent environmental standards.

Looking ahead, we remain committed to expanding our global footprint, strengthening customer relations, investing in innovation and maintaining disciplined capital allocation as we continue building a resilient and diversified specialty chemicals business.

With this, I would like to invite Mr. Arindam Choudhuri to provide an update on our Textile Specialty Chemicals business. Thank you so much, and over to you, Arindamji.

Arindam Choudhuri Thank you, Aartiji. Very good evening, everyone, and thank you all for joining us today. As you know, our Textile Specialty Chemicals business delivered a resilient performance during the first quarter despite a dynamic global operating environment.

While geopolitical development and raw material volatility continue to create near-term uncertainties, the underlying demand environment remains encouraging, supported by improving exports, healthy domestic consumption and increasing demand for value-added textile solutions.

Our strategy continues to focus on high-performance specialty formulations that help customers improve fabric quality, enhance operational efficiency and meet evolving sustainability requirements of top brands of the world. During the quarter, we continued working closely with customers across key textile clusters in India and international market through application-specific solutions and strong technical support by all our stakeholders.

You all know innovation remains central to our growth strategy. Our R&D efforts are focused on developing next-generation specialty chemicals across all stages of textile processing, like pre-treatment, dyeing, finishing and functional textile applications.

At the same time, increasing emphasis on sustainable textile processing is creating a strong demand on sustainable textile processing environmentally responsible chemical solutions, an area where Fineotex is well-positioned.

We also remain optimistic about opportunities in technical textiles, while growing demand across automotive, medical, industrial and infrastructure application continues to create attractive long-term growth potential.

Overall, with a strong innovation pipeline, deeper customer engagement and continued focus on value-added products, we believe our Textile Specialty Chemical business remains well positioned for sustainable long-term growth.

With that, I would now like to invite Mr. Yusuf K Contractor to share an update on our oil and gas Specialty Chemical business and international growth initiatives. Thank you, and have a good day.

Yusuf K Contractor: Thank you, Arindamji, and good evening, everyone. Our Oil and Gas Specialty Chemicals business continued to make steady progress during the first quarter as we further strengthened our presence across key North American energy markets to our U.S.A. plant. Customer demand remain encouraging across our portfolio of production chemicals, water treatment solutions, flow assurance products and other specialty formulations.

Under Fineotex's management, the U.S.A. operations has achieved meaningful improvements in operational efficiency, capacity utilization, execution capabilities and other scalability, resulting in a significant expansion in EBITDA margin. These improvements have further strengthened our competitive positioning in the North American oilfield chemicals market.

A major achievement during the quarter was the expansion of our manufacturing facility in Texas, which significantly enhances our production capacity and ability to serve customers across major oil producing regions in the United States. Combined with our strategically located Midland facility, this expansion provides greater operational flexibility, faster deliveries and positions us to participate in larger commercial opportunities.

Another important area of focus is sustainable oilfield operations. As environmental standards continue to evolve, customers are increasingly seeking chemical solutions that improve operational efficiency and reducing environmental impact. This aligns well with our product development capabilities and long-term growth strategy.

Going forward, we remain focused on expanding our customer base, strengthening our product portfolio, enhancing technical capabilities, pursuing disciplined inorganic growth opportunities that complement our global specialty chemicals platform.

We continue to expand our green chemistry portfolio, increase wallet share with existing customers and strengthen our international presence. We believe the structural transformation of oil and gas business has established a stronger and more profitable operating platform with significant headroom for further revenue and profit growth.

With this, I would now request Mr. Sanjay Tibrewala, our Executive Director, who will now take this call -- take you through the financial performance of the quarter with greater detail. Thank you, everyone, and over to you, Sanjay Bhai

Sanjay Tibrewala: Thank you, Yusufji. Good evening, everyone. I'd like to walk you through our quarter 1 financial year '27 performance. The total income for the quarter stood at INR 386.72 crores compared with INR 146.62 crores in the quarter 1 financial year '26, registering a 165% year-on-year growth, driven by full quarter contribution from the U.S.A. operations together with healthy growth across domestic businesses.

The gross profit has increased to INR 133.4 crores compared to INR 45.96 crores in quarter 1 financial year '26, while the gross margins improved to 35.42%, reflecting the company's ability to successfully pass on higher raw material costs while maintaining healthy blended margins.

EBITDA stood at INR 59.14 crores for the quarter compared with INR 25.2 crores in quarter 1 financial year '26, registering 134.7% Y-o-Y growth while the EBITDA margin stood at 15.70%. Profit after tax stood at INR 48.21 crores compared with INR 25.03 crores in quarter 1 financial year '26, representing a 92.67% Y-o-Y growth.

The return on invested capital stood at 33.06%. The Return on Capital Employed (ROCE) at 25.56% and Return on Equity (ROE) at 20% of approximately. Our working capital cycle stood at 72 days, reflecting disciplined capital management while supporting the scale of our international operation.

During the quarter, despite the volatility in the global raw material prices arising from geopolitical developments in the Middle East, we successfully passed on the increased input cost to customers, thereby preserving healthy blended margins.

The successful integration of our U.S.A. business has strengthened our operational platform, while the recently commissioned capacity expansion in Texas enhances our ability to support larger customer contracts and drive sustainable long-term growth. We continue to remain and maintain a healthy balance sheet and providing us the flexibility to pursue growth organic expansions and selective inorganic expansions and opportunities going forward.

Going forward, we remain focused on scaling our global specialty chemical portfolio through our organic growth, strategic collaborations and disciplined mergers and acquisitions across high-growth specialty chemical segments. Thank you, and we will now be open and happy to answer and take all your questions.

Over to you, Manav, please.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have a first question from the line of Kriti Tripathi from NVS Brokerage. Please go ahead.

Kriti Tripathi: Sir the company has undertaken significant capex to add 69,000 MTPA of capacity at your Texas facility, increasing the plant capacity...

Sanjay Tibrewala: Kriti, actually you are not too clear. Can you speak slower, so that we can understand it better.

Kriti Tripathi: Okay. Hello.

Sanjay Tibrewala: Yes, better. Yes, go ahead please.

Kriti Tripathi: Sir, you've undertaken significant capex to add 69,000 MTPA of capacity at your Texas facility, increasing the total capacity to -- from 80,000 MTPA to 1,48,000 MTPA and consequently the company's total capacity has expanded to 2,68,000 MTPA. Sir given the sizable order book and apparent buoyant demand, what level of top line and bottom line growth can we expect as the benefits of this extended capacity begins to materialize? That's my first question.

Sir, my second question is on the -- as you are saying evaluating inorganic growth opportunity. So have you found any specific opportunities? Is there any -- in which particular segment is it, would it be on oil and gas segment? And by when we can see it materializing by the year-end or any time line if you can provide? Thank you, sir.

Sanjay Tibrewala: Okay, Kriti, thank you for your question. So let me start it in a way where as you can see, the Texas business operations has already expanded substantially over the period of few quarters. And also this quarter has been the remarkable success. We are quite confident of taking it at -- and this should be one of our base quarter going forward in terms of capacity utilizations and also the maximum revenue what we can get out of this.

So as you know, we have more than 100 product categories and pricing of the chemicals also are different based on the kind of orders and the trend of the wells and the activities which are ongoing there. So generally speaking, we have only been using only up to 63% of the U.S. Texas plant operations capacity still now. So we can easily add another 30%, 40% on that business itself.

I think one of your questions could also be like how much portion of this business is being contributed in the total revenue. So as such, almost 65% of the businesses are based out of -- in terms of revenue is contributed by the oil and gas and in terms of volume, it's almost 55%.

So coming to your next question, it's about the inorganic opportunities. So as you might be aware that this is our second acquisition. The first one was in August 2011, which was after 3 months of being listed when we came out with an IPO. So that proceeds were used to acquire a major stake in a European producing specialty chemical company located in Malaysia, where Fineotex owns 72%. So that was the first maiden acquisition.

The second one is the CrudeChem Group, which is done in 9th of December last year. As such, we are always looking for certain opportunities and we -- our parameters are quite certain, which is number one, synergy and number two is also on the value what we can bring out of the company which we acquired.

So as you can also see, we have been always cash disciplined. And so -- and we are very much careful in deployment of cash. So we would always like to make sure that we get a good value for all our shareholders on that. At the same time, there has to be a synergy between the businesses.

So CrudeChem was like it was a perfect synergy for us. And rather we would call it like we have given the growth capital to CrudeChem, that's why you can see flying colors from the time we have entered because it was requiring the capital to go to the next level. So yes, we are already looking at opportunities in and out. I mean that's something which we do.

And also after Mr. Yusuf Contractor, who was Heading our Mergers and Acquisitions in the past he has been working quite big specialty chemical company, global players and heading the mergers and acquisitions. So yes, there is a lot of opportunities going on and we are discussing. As soon as something comes on a very advanced level, we will be intimating the stock exchange as usual and that will be the message to all the participants and shareholders from there on. Thank you, Kriti.

Moderator: We have our next question from the line of Parth Modi from Equirus Securities.

Parth Modi: Congratulations firstly on a good set of numbers. So firstly, a clarification that you said 65% of the portfolio revenue of this quarter was from oil and gas, right? So roughly INR 250 crores?

Sanjay Tibrewala: Yes.

Parth Modi: Okay. So my question would be, sir, you gave a guidance last quarter that of USD 100 million in FY27 and USD 200 million in FY28 from this segment. So I wanted to understand that what crude oil price are you building into that assumption? And is the guidance more of a function of order book or contracts already in hand? Or is it contingent on crude staying above a certain level?

Sanjay Tibrewala: No. Okay. So it's always on the order book and the kind of businesses and the kind of the expectations from the kind of businesses we are doing with the customers that is important. It is not related to the crude oil prices at all. Crude always, as we see, it has its own fluctuations. By and large, crude oil prices has nothing much to do until unless it's on a very different level of things.

Right now, it is looking like almost stable like almost like USD 90, USD 100, that's the rate. But in a way, you can say that the higher the crude oil prices, the activity in U.S. is always higher. And U.S. is and the surrounding countries are our major businesses for our U.S.A. operations. So looking at that, it looks like we can have some better -- further better days going forward.

Parth Modi: Okay. So just in case if crude falls below or near to USD60, so this USD 200 million in FY28 numbers still hold or it will get pushed back?

Sanjay Tibrewala: It's very hard to say. It doesn't matter actually because the activities, the cost of the crude oil basically is, if I'm not wrong, it's less than USD10 in the Middle East and it's less than USD30 or something like that more or less. So whether it's USD 60 or USD 90 or USD 100, it's not going to stop the activities rather they cannot stop because there is a lot of investments done in the extractions, upstream, downstream, midstream.

And most of the times when the production of the oil is done, it is not for that particular period, it's done for at least a couple of years ahead of it. So it's not exactly reflecting and not affecting the businesses. That's the way, you know, I will be able to, that's our viewpoint and that's the way it is.

Parth Modi: Okay. Thank you, sir. That's it from my side.

Sanjay Tibrewala: Thank you, Parth.

Moderator: Thank you. We have our next question from the line of Sunil Jain from Nirmal Bang Equities. Please go ahead.

Sunil Jain: Yes, congratulations on good number.

Moderator: Sorry to interrupt you Sunil. Can you please use your handset?

Sunil Jain: Yes. Just a second. Am I audible now?

Moderator: Yes.

Sanjay Tibrewala: Much better Sunil. Thanks.

Sunil Jain: Sir, my question related to more of a CrudeChem. So your existing capacity earlier was 80,000 which you increased to 4,80,000. And the capacity utilization is 63% of 1,48,000 or 80,000?

Sanjay Tibrewala: No, so I'm talking of 1,48,000, 60 -- Yes, so that's the capacity in the US.

Sunil Jain: Okay, 1,48,000 and 63% utilization.

Sanjay Tibrewala: Yes, perfect. Yes.

Sunil Jain: Okay. And what's the margin in CrudeChem? Is that has improved in this quarter?

Sanjay Tibrewala: Yes, so if you talk about the, you know, as we see in the gross margins, the blended gross margins on consol level is today at 35.42%, whereas it was last year 33%, last quarter it was almost 29%, 30%. Whereas the EBITDA margins has also gone positive. So I mean, it's like 15.7% now and the last quarter was 13.93%. So it has gone up by let's say almost 150 basis point on, on that levels.

Sunil Jain: No, but CrudeChem standalone if you can talk about any margin.

Sanjay Tibrewala: So as you can see, you know, the 65% of the revenue is contributed to CrudeChem. So for sure, you know, the EBITDA margins are the blended ones are also on these levels and it's going up. So the margins has to be much better than what it is before and that's the way it is. And we have been able to do a lot of synergies, the lot of, you know, technology transfers, making more cost reduction on those lines and this has really helped.

And further on, a lot of the sustainable products, the green chemistries are getting more and more in demand, which has a better profitability. So looking on that line, this all factors has helped us to have a better EBITDA margins in the US operations.

Sunil Jain: Okay. And sir, just a clarification, whether your products are used in even production of shale gas or no?

Sanjay Tibrewala: Yes, some of the products have application in those lines as well.

Sunil Jain: Yes, but not much dependent on shale gas?

Sanjay Tibrewala: No, no, no, no, not at all.

Sunil Jain: Okay. And just a last question related to if I see your standalone business, standalone revenue and EBITDA, it has shown some marginal decline. So any specific to read into that or it's more of a seasonal?

Sanjay Tibrewala: So, so what has also happened, thanks for asking this. So in the India, we already have another subsidiary, which is called FSPL Specialty Private Limited, which is 100% owned by FCL in India for our new plant. If as, you know, the participants and, you know, the shareholders know about that, we have a new plant which was commissioned last August. And that company is under the name of FSPL Specialties.

So that is under the 115BAB where we have a tax, we are also having a tax planning on that from the -- for 15% of instead of the 20% or 25% of it actually. So this is the new investments been done and some of the businesses and the new product lines are being manufactured in the new plant.

And so if you consider the Indian operation businesses, it has to be FCL standalone plus FSPL. Okay? So if you consider both of it, then you will not see the dip. Now what happens as per the, you know, as per the accounting norms, we have to only reflect the standalone of the particular entity.

That's why you can see some marginal dip, but overall, the dip is not seen once you combine the wholly-owned subsidiary list of India, which is FSPL, where the new plant is established under. So if you see that way, you will not see those kind of things. So it's a more on optical, you know, it's more on the optical part of it what you are being seeing. It's nothing to do exactly on that. Hope this answers to your query.

Sunil Jain: Yes, yes, yes, definitely very clear. Just congratulations again on maintaining the working capital or reducing the working capital cycle to 72 days. Great, sir.

Sanjay Tibrewala: Thank you, Sunil. Thank you so much.

Sunil Jain: That's all from me sir. Thank you.

Sanjay Tibrewala: Thank you.

Moderator: Thank you. We have our next question from the line of Utkarsh Somaiya from Eiko Quantum Solutions. Please go ahead.

Utkarsh Somaiya: Thank you for the opportunity. I just wanted to ask you about your USD 100 million and USD 200 million guidance for CrudeChem. So since you own 53% of the entity in FY27, so of this 100 million approximately 50 million will reflect in your Fineotex consol revenue, right?

Sanjay Tibrewala: No, it doesn't work like that as per the accountancy Ind AS systems. As we own the major controlling stake, the entire business has to be, you know, consolidated has to be consolidated with the parent company. So as you can see, more or less 250 crores is already coming in this quarter from the USA operations. You analyse it, it's like 1,000 crores. It's almost like USD 100 million. If that's helps you to analyse the things better, yes.

Utkarsh Somaiya: So the ownership, the non-controlling interest number is what is the latter 47% you don't own right?

Sanjay Tibrewala: You can, I think you can refer, yes, you can refer to our, you know, the, you know, the results which has been published yesterday. So you will find all those data over there. So yes, so that is the way it will be taking it up as per the Ind AS system.

Utkarsh Somaiya: The thing is, okay, I'll take this up offline. And one more question on margins. You had indicated that you intend to take your consolidated margins to 18% and I guess you already reached 16 from 14 last quarter. After the acquisition, you dipped to 14 and now you're already at 16. So can you just kind of tell us how we should look at this journey from 16 to 18? And is, are you still saying that it will be 18 or you think you can do better than that given that you've already reached 16 in one quarter?

Sanjay Tibrewala: See, actually, you know, honestly, our focus is anything, you know, we cannot have any fixed blended margins ever because the kind of businesses where we are, what is important for us is to, to have more customer engagements and contracts and businesses which helps us a lot on the long run. So if we have a basket of products and they have a blended margins of whatever it is, we, we are not supposed to say no to the customer because it depends on the volumes and other things also.

So we do not go for, you know, a clear-cut guidance that this was the EBITDA percentage, otherwise we are not taking the business ahead. What is more important is in the long term, how do you shape up and be the leader of the industry. So and that's the flexibility we all have to be doing. It's because this is not one product business.

This is like a, like it is, you know, depending on almost basket of almost 100 plus products even there. And so that's the way it works. And sometimes there are trends and systems where the well qualities and other things and the pad and the crude, a lot of things keep, become a factor to choose the kind of product which is fitting for that particular well.

So accordingly, we have to offer the product and that is the way this, this business will be looking, we will be looking at it. So if we can also expect to maintain these kinds of EBITDA, at the same time do organic growth and also do a lot of more R&D activities and all these things, I think it is a remarkable and I will be very proud of and about our team and which is already doing an excellent job. So that's what we are looking at. However, we will always aspire to have, I mean, anyone will always aspire to have better EBITDA margins. So, so that's about it.

Utkarsh Somaiya: Okay. And when do you intend to, can I go for one more question if you don't mind?

Sanjay Tibrewala: Yes, go ahead. I mean, yes.

Utkarsh Somaiya: When do you think you'll be able to fully utilize your 350 million CrudeChem capacity at peak? When can you reach peak?

Sanjay Tibrewala: Well, I mean, there is a strong order book going forward. I think already we have expanded, it's not even four months that we have expanded this capacities. We already started using it and reached almost 63%. So I mean, we are trying our best to use it as soon as possible. There is a good traction coming up. There is a good tailwind also coming up in the industry. So we, we think in the coming few quarters, we should be utilizing all of them. Let's see how it goes on.

Utkarsh Somaiya: Okay, that's aggressive. Perfect. Thank you so much and best of luck.

Sanjay Tibrewala: Thank you.

Moderator: Thank you. We have our next question from the line of Prateek Giri from Subhlabh Research. Please go ahead.

Prateek Giri: Hi, Sanjay. Hi, Yusuf. I hope I'm audible.

Sanjay Tibrewala: Hi, you're audible.

Prateek Giri: Sanjay. Yes, thank you. Sanjay my first question is on the textile business. So if from the consol top-line of 377 crores, if we subtract 245 crores, which is CCTL, I reach at a number of 132 crores. Now if I compare this 132 crores with 137 crores reported in Q1 of ‘26, I think there is still a dip, whereas we were anticipating better numbers in textile business. So if you can help us understand that, Sanjay?

Sanjay Tibrewala: So you're almost there. So that dip what you see is, is not technically a big dip. It's a minor, you know, just a 1% or 2% plus-minus thing. And it's always, you know, when sometime in the quarter ones because of the monsoon and things like that, you know, it is, we won't take it as a, as a dip. And we have been able to pass on the, the prices also. And also there are certain products which was of the competition in the textile industry.

Some of the expensive performance chemicals, the demand, it's also depends on the trend, like we have been telling always. So sometimes the trend is for expensive products more, sustainable products more. So once you sell that, your revenues are because the average registration price for that's are always much higher. So yes, if you consider this, it's almost flattish. And yes, but that's also good right now because there has been a lot of, you know, competition in Indian textile. And the trend was not favouring a lot of chemicals in that.

So this is very normal, you know, normal kind of things which always is, you know, we experience about it. So and especially the quarter ones are always on that lines because of the rainy monsoons, that's the season where things are not in the great demand, especially the expensive product. So that's about it. Nothing to, to look at it.

Prateek Giri: Understood. So you were expecting this to improve going further in incoming quarters.

Sanjay Tibrewala: Yes, we are expecting a lot now. We have increased our team in marketing and technical services in Bangladesh as well. We have been participating in many trade fairs. We have coming up in this year also a couple of more international exhibitions in textile. Plus last month, two weeks back, we were in Bharat Tex also, where we have got a lot of important opportunities. So lot of things are ongoing.

Prateek Giri: Got it. Now, Sanjay, my second question is on 65% capacity utilization in CCTL. So it's, you know, hardly six months since we have acquired this capacity, rather this business. And we have doubled the capacity and we are already sitting at, we are already operating it at 65% capacity utilization.

So I was just wondering, you know, the, the targets which we have set, which is like USD 200 million from this business, will we, will we be requiring to invest substantial amount of capital to grow the capacity again? Because we are already at 65%. And just one corollary to that question is since you are operating it for now six months, what is the ROCE profile you're looking in that business, Sanjay?

Sanjay Tibrewala: So actually, you know, Prateek, I mean, how the business we look at it, see our businesses are very high-end specialty gross margin businesses. So ROCE as well as ROEs will be always one of the best of the industries. That's the way it works because it's not a capex-driven businesses, it's not a basic commodity where we are where we have to be bothered or considering ROIs, ROCEs. It's always been nice and the best of the industry.

Even if we consider like, you know, we have been listed for last 15 years, let's say 60 quarters, you'll always see our ROIs, ROCEs always being healthy because we prefer to work in such kind of product lines where there is a lot of margins, which in turn is reflected and which also means that the products are special because you have a higher ROCEs and things.

So basically, the volumes which you're talking about is all based on one shift till now. Okay. There is always a scope to have to double the shift and we can always do that as per the need. What was also important in this expansion is that there were certain new kind of machineries which were installed, which gives a better high-performance product lines and qualities.

So it's not having the same kind of vessels or something or reactors or production capacities. These are certain products which has to be done in a particular condition and which gives the, which gives the customer a better performance. So we have been, let's put it like this, enhancing the customers -- the requirement and that's the way we would like to answer to your question.

Pratik Giri: Understood. So you're saying this is, this 65% is on one shift basis. So if we run the capacity probably in two shift, even the existing equipment base can give us incremental top-lines. We won't need to put more capital.

Sanjay Tibrewala: So, I mean, I will tell you what, Pratik, let's assume even if we need to put -- so it's not going to be more than USD 2 million or USD 1 million, which is not even as of now also we are like very high cash on book as you can see. And the working capital is controlled, everything is going fantastic. So even if it is USD 1 million or USD 2 million, I mean, it's not going to be a topic of discussion on or something which is taken as a -- one of the important topics of discussion.

What would be what we are excited and enthusiastic about is what kind of businesses we are getting with the Shell, Exxons of the world -- the top four, five the biggest service operators of the world. So how quickly we can grab our attention and how quickly we can grab the businesses from them. That's the key and that's what is our focus. USD 1 million or USD 2 million investment here and there is not going to change the world for Fineotex at all at the moment.

So I mean, that's not the concern and that's not the, that's not going to be a game changer. So we are looking at game changer and we already as you can see, we could, we were looking at this acquisition for a very long time. We were already working with them. We understand their need. They could see the synergy.

They knew the quality of Fineotex, the way we have efficiently operated, the technology we have, the kind of performance we have delivered in the last 60 quarters, which made them compelled to do business with us. In fact, some of the customers also advised them to do this tie-up with Fineotex and take the growth capital from Fineotex and, and here you can see what, I mean, the numbers and the results speaks for itself.

So, and I mean, so what you were asking is something which is of course can be answered, but it's not a concern or a challenge or -- it's not a focus area for us right now.

Pratik Giri: Fair point, Sanjay bhai. Fair point. Thank you. Sanjay bhai, just last, one last thing, Sanjay bhai. So, with now with the backing of Fineotex, I am sure CCTL's customers, I think they are not many, but whoever they are, they are very big. So are you sensing some change in their behavior towards CCT given the fact that now CCT is backed by Fineotex? And can you share some anecdotal example in terms of wallet share gain which we are enjoying because of our support to CCT?

Sanjay Tibrewala: I mean, it's a very, it's a very long story and topic. It will take hours for us to explain to you and give you case studies. So away, I mean, yes, once the -- it's powered by Fineotex concept -- they are so I mean, the service operators know that the volumes can be given to Crude Chem and Fineotex is able to digest those kinds of investments what we have already done.

There is a lot of investment Fineotex already done in, in the US operations, extending the working capital, extending the -- getting the raw materials at the right price. So there is a lot of things. It's not one factor. The results what you see cannot be based on one point, it's a mixture of so many points.

It's like investment in production, investment in R&D, the -- so many more doctorates have joined the group in USA, so many quicker executions are going on. I mean, stuff like that. This is an ongoing process and we have been -- all the customers and the suppliers are very happy with the way we have been doing businesses now.

And yes, and also there has been a lot of cross-selling and some of the customers were common and it helps us to build a further reputation. We are also looking at offering those customers goods in Asia made in India or in Malaysia. And there is a lot more things. I mean, this, this call will not be enough for me to express to you. You can take it up on a later date. Yes. So I mean, it's like we are going in detailed engineering now, something like that. So yes.

Pratik Giri: No, very helpful. I joined the queue back, Sanjay bhai. Very helpful. Good luck

Sanjay Tibrewala: Thank you, Pratik. Thank you.

Moderator: Thank you. We have our next question from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Hello, sir. Thank you for the opportunity. So my two questions from my side. First question is, sir, earlier in our management commentary part, I heard that you were referring to the numbers that we have achieved in the quarter one as a base number. So, should we look it from CCT point of view or on a consolidated point of view if we have to understand this as a base that we have set?

Sanjay Tibrewala: Generally, whenever we discuss on these things, it's always on the consol levels and that's the way it's, it's been looked at right now.

Vignesh Iyer: Right. Yes. Perfect, perfect. Also, I heard that almost 65% of our revenue is coming from CCT, which is so just wanted to understand on how we account for the forex gains or loss that we make. Is it primarily the part of other income that we have been recognizing for past few quarters?

Sanjay Tibrewala: No, these are not exactly other income. If at all there is classified, it can be a foreign exchange gain or a loss. That's the way the accounting policies define as such. And also we have a natural hedging also. So we import a lot of raw materials, that's also in dollars then so that's the way it is being hedged. Is I think that was your question, right?

Vignesh Iyer: Yes. So my question was more like if, if there is a foreign exchange gain or loss, is it accounted as part of other income or is it part of the EBITDA?

Sanjay Tibrewala: It's declared separately and it's always I think has to be declared as a foreign exchange item separately.

Vignesh Iyer: Okay. Okay. So what, what is primarily where -- which part of -- is it a treasury income and what, what do we generate as part of the other income?

Sanjay Tibrewala: I mean, as such, it's like this, like in, in USA operations, we buy in US dollars, we sell in US dollars. So it's always the -- whatever we make the profits and that has to be converted at the, at the average weighted price of the dollar exchange currency. That's the way I recall it.

That's defined by the Ind AS format and that's the way, I mean, it's not our option. It's not an option. It's a process which is a protocol which has to be followed. I mean, there is no, it's not that from Indian rupees we are exporting. I think your question is more relevant if we are buying certain raw materials in India and exporting in dollars and then you earn a foreign currency and then you have a benefit out of it. But here in Crude Chem, everything is bought in dollars, sold in dollars, so it's just dollars.

Vignesh Iyer: Yes, just, just on the last day, it gets converted for the purpose of the presentation is what I understand is what you are trying to say, right?

Sanjay Tibrewala: I mean, maybe we can get into that answer and give you but I mean, I don't know how important is this question. This can be a gap of INR 1 crores or INR 2 crores, I don't know whatever it is. So okay, we, we will, if you have something more, you can always get back to us and we will. These are like minor fine, yes, so okay. We can take it in a separate call or whatever it is.

Vignesh Iyer: Yes. Thank you. That's all from my side. Thank you.

Sanjay Tibrewala: Thank you.

Moderator: Thank you. We have our next question from the line of Samarth Goel from Choice Institutional Equities. Please go ahead.

Samarth Goel: Hello, sir. Congratulations on a great set of results. Sir, my first question to you is, sir, especially for the CCT business, can you explain us more on what are in factual terms, maybe in numbers, what were the operational efficiencies or synergies you were able to generate? Like cross businesses or maybe doing oil and gas business from India or any other segment or any other points to it. and second question is that follow-on question on this only is that what is the order book at CCT right now and any average order values?

Sanjay Tibrewala: Yes, Samarth. Yes, thanks for asking us. The point here I would like to mention, there are a lot of synergies and like I was also mentioning now, it's like synergy in technology, synergy in handling customers, cross-selling. There are some of the products which can be modified here, which have been started doing there.

There is a lot of green portfolio product lines which is also helping the businesses. And these are the kind of synergies which we have been experiencing and that's helping us to get more operational efficiency. And going forward -- also one more important thing is because of the further investment and capital infusion, we were able to have a better pricing model from the suppliers and that also helps us to have a better negotiation and better EBITDA margins.

So I think that's what has been majorly contributing to what you were asking for. And so and the second, I mean, I just missed your second question. Could you repeat that, please?

Samarth Goel: Sir, the order book at CCT and your average order values generally.

Sanjay Tibrewala: Oh Yes. I mean, it's a very, it's a very difficult question actually. And so what also happens is, the wells are -- sometimes they come in bunches. Sometimes there can be in oil and gas, it's not we cannot be, it has its own cycles also in a way, small cycles in the sense if there is a storm or a lightning or a rainfall, so things get off or there is a snowfall in US.

So they get off for one week or two weeks, again they get up and ramp up the things and get it up. So these things do happen a lot. So in terms of general order book, there is nothing as such like order book, order book kind of concept. There is, it's not a government order or tender which we have won and that is applicable for the entire year and we keep making that.

What is important here is whatever value we can bring to the customers and this is a lot of changes happening. In fact, sustainability is playing a good game in the oil and gas industry. Most of the companies are -- all the biggest oil companies and the service operators are looking to become more sustainable.

As you know that Fineotex is also having a great investments and lot of attention on ESG profile. We have the Dun & Bradstreet badge for ESG profile and lot of actions has been done on those lines. So this is also helping us to grow the businesses, get more attention. At the same time, we kind of businesses once the well has started the production cannot be stopped.

So this is also something -- it's not exactly where we can pinpoint saying that -- this is the order book or not, but it's, it's generally assumed that it is perennial. So that's the way it is.

Samarth Goel: Okay, sir. Sir, next question would be more on the volume side. Can you give us...

Moderator: Sorry to interrupt you, Samarth. May we please request you to rejoin the queue as there are several participants waiting for their turn?

Samarth Goel: Sure, sure. Thank you.

Moderator: Thank you. We have our next question from the line of Rushil Shah from Molecule Ventures. Please go ahead.

Rushil Shah: Sir, we did around on a annual run rate around INR 1,000 crores in CCT this year and we are guiding for around INR 2,000 crores in FY'28. Sir, our end product market is increasing at around 5% to 7% CAGR. So what differently we will do that we will be able to achieve the guided number of around USD 200 million under CCT?

Sanjay Tibrewala: So you know, Rushil, the way to look at it is even if you see the history, it was half of what it is today. And even if the industry has grown at what number you are talking about, we have still done a quite good job and doubled that thing. And the kind of trend which is playing a good game here is sustainability. We are poised and we are well-positioned with the product lines.

We have good references. We are working with the biggest service provider companies. They have been appreciating the quality and lot of replications are being happening in the industry. It's like a me-too snowball effect which is also helping us. Now these are the areas which we were always active in.

However, the tailwind has come now and in and that's what this has been the right timing, I think, where we could invest in the production, R&D, -- we invested in getting more better suppliers associations and tie-ups at a better price and competitive pricing. So it's a factor of everything because of which we reached here and because of which we are -- we aspire to reach to the number what we have been talking about. So, we still have two years to that. I think it should not be a challenge going forward.

And yes, so let's that's the plan right now. So, I think by 2028 December, you will be happy similar kind of what you mentioned. I think we should be achieving it. That's what we are -- our team is trying our best for that, which is reflecting in the numbers as well now.

Rushil Shah: And sir, you mentioned that our margins are increasing under CCT, but can you specify how much margin we made in CCT in 1Q FY'27, specifically to the number?

Sanjay Tibrewala: In a way, if you see our overall margin is now at, like I said, it is almost 15.7 something like this, 15.70. So now if you see the average blended margins one year back was also similar to 18%, but that was on lower base. Now this base has come up where the Texas operations, USA operations has gone, and being contributing to major part of it. And the average blended is coming to 15.7, which also reflects that the margins have to be minimum 13% there, 13% to 14%, which is very good in terms of these volumes and the value revenue.

So, this is the way it is right now. And we are -- and this is despite the fact of new plant coming up, and I mean, new capacities coming up and things like that, new manpower, R&D activities increasing. Lot of things going on. So yes, that's the way we have been targeting the things.

Rushil Shah: And sir, how you seeing growth in our base textile business? Like do you, will you guide any specific growth number for next two, three years, specific to our base textile business?

Sanjay Tibrewala: Look, I mean, textile is on auto run. We have come a long way. We are one of the brand leaders in this. As you know, in the last 18 months, or let's say 16 months from the time the tariff story has come in and hit India textiles, every textile company was, was not in a good shape. I mean, was not in the best of its times. Step-by-step, UK has come in with India, EU has come in, US also has now started coming in and a lot of things are getting better than before.

However, of course then you have the geopolitical situations where the freight cost, this, that, everything keeps coming in, going out. So by and large, textile is always -- we have been always faring very well. In fact, if you see from 2011 to 2022 or 2023, our textile was contributing to 95% of our business, and in this period, we have already done a CAGR of more than 30% more or less. So basically, what I'm trying to say is that this is, this is a business which is, we are one of the oldest players in that. We understand this very well.

We are diversified in all the substrates and all the customers globally in terms, and also in India all the biggest companies are using our product lines in textile. So, this is something which has been always there. it will always be growing at its own pace. So, that's about it. So, we are totally contented with the way it has been going on even now, despite the problems the what India has faced in the past.

Rushil Shah: Thank you, sir.

Moderator: Thank you, sir. The last participant got disconnected. We have our next question from the line of Rohit Ohri from Progressive Shares. Please go ahead.

Rohit Ohri: Hi. Couple of questions. First one, we see that the dealers, they have increased from 103 to 115. So how much of these are contributed or maybe moved towards the legacy FCL business versus the CCT platforms?

Sanjay Tibrewala: So, in CCT, generally we do not have too many dealers or anything that concept. It's more about giving to the end users and the users directly, the service operators directly. So most of this what you have seen is contributed by Fineotex standalone, Fineotex India Group.

Rohit Ohri: In terms of repositioning the entire identity of Fineotex, and this oil and gas playing a major structural growth engine for us currently, you are also becoming little bit of export-oriented because as we see in the presentation, the export mix is moved from 70% to 77% this time around. So, is this because of CrudeChem or is it because of cross-selling or is it because of some one-off which is there in some shipment or something of that sort?

Sanjay Tibrewala: So generally, the way we present it is that, the product if it's going for the domestic Indian market and so we classify under domestic, and everything else what has been used in the international, whether in from our Malaysia plants or from the USA plants are classified under the international. So that's the way it is always been looked at.

Rohit Ohri: So, you try to indicate that the Malaysian plant is also improving along with the other two entities that we have?

Sanjay Tibrewala: Oh yes, yes, right. Perfect, Rohit ji.

Rohit Ohri: Okay. Last question would be on CCT business, the entire group coming up. There was a small entity which was having some last-mile logistics with them and they had some proprietary telematics systems also. So, do you think that makes sense keeping this business or do you think you should be hiving it off or what is the significance of this business?

Sanjay Tibrewala: Oh, this is a very good question actually. So, I'll tell you what happens in USA. The psyche of the customer is they need the delivery on their doors. It's very much service-oriented businesses also. Now if we outsource to Uber, a transport or this or that, this is not going to make sense to them because once we have these things under our control, this is -- how do you meet the customer sudden demand. In oil and gas, there is a lot of such kind of things we need to do it.

This is one of the important reasons and factor why CrudeChem also makes a good margin plus why we have been more preferred by the customers because we not only produce it, we go and deliver it up to their door. In USA, the concept is actually the customers are ready to pay you more price as long as you do the services. It's totally service-oriented the model. It's unlike Indian model where if Indian customer is saving 10 paisa per kilo, they are going to go to another transport and find another reason and this and that. In USA, it doesn't work like this.

And especially with these halves a trillion-dollar companies or USD100 billion companies, these companies, they are very clear, they need last-mile delivery, which is very, very important. There is a lot of insurance play also, and everything has to be well done, and every -- there cannot be -- it has to be very much particular about it. They are ready to pay a higher price for all these things, also because this, these products are not having a great cost to them. So, it's a no point of breaking a system where they can go and find another transporter to do it.

And firstly, we are more competitive by using our own transport. So, it's making sense for everyone. And this, in fact, gives more attention. Once you say that we have the last-mile delivery, it adds a lot of value. So, this is a add-on services which helps us to sell more and it gives us a very sustainable business. So, this is what we will always love to do, by the way, and this is an intrinsic part of it. For the point, why we have classified and kept this business in a different name is because most of the times there are a lot of insurances, auto insurances, workmen insurances, driver insurances, etcetera and this has to be done on a different company. And as you know, in US, it's very common to sue each other and things like that. So, we have to have the at a low risk. We do not want the CCT to do all these things. So, the company name is Trackmax, which is doing this kind of services, last-mile deliveries. And it's pretty best combination going on. It's done separately from a great logic about it.

Rohit Ohri: So, is this just restricted to roadways or is it combining railways as well?

Sanjay Tibrewala: In US, there is a lot of railway businesses also. And, and after railway also then there is again road transport as well, we have to do. So pretty much you can say it's more on the road.

Rohit Ohri: Okay, Sanjay. Thank you for answering my question. Thanks a lot.

Sanjay Tibrewala: Oh, thank you, Mr. Rohit. Thank you for that.

Moderator: Thank you. We have our next question from the line of Hardik from Lark. Please go ahead.

Hardik: Yes Sir, because of the war, there was abnormal fluctuation in across chemical prices. So, I would like to know that the good margins that are come in the last two quarters, is it attributed because of the movement in chemical prices because of the war or is it sustainable? Those margins are sustainable even now and because of that, we can expect the same margins to grow even in future as well. Is it a one-off or is it sustainable? That's my question.

Sanjay Tibrewala: See, generally speaking, the profit margins are sustainable, okay. And if there is a further rise in the price of the basic chemicals, we'll pass it on. If there is a dip in the chemical prices, we will have to reduce the prices but keep the same margins or some same absolute number per gallon or per pound kind of margins going forward. So, these things do happen because of the freight component. So, we also there is a good concept in US, which is called the war surcharge. So, what happens is that is our prices are fixed and then we have a separate war surcharge which we levy on the customer.

And our suppliers also levy on us, let's say in fuel or fuel surcharge or war surcharge or something like this. But that also is a well-defined factor in US, and it's also changing more or less with the situations of shortages and things like that. So, this is something which the customers appreciate, and it's a system in USA to have these kinds of small surcharge concepts. So that's going quite a helpful for us also. And apart from that, even if it's not happening, it's okay because that's something which is almost like reimbursements or something like that, we can call it.

Hardik: Could you just quantify, sir, basically, because of the war, how much the prices have gone up and presently are the prices down or are they where, means, last quarter the prices were roughly it is there or down substantially presently? Just a rough ballpark idea.

Sanjay Tibrewala: I mean, if you ask me this question last week, I will give you a different answer. If you ask me today, there is a different answer. And next week, I, we don't know where it's heading to. So actually, what we were talking about there was a concept two weeks back in US and everywhere, pre-war prices. Now from last one week, like today's Friday, from this week especially, the new story is that, there was no pre-war prices, war is still going on, it just took an interval, by the way.

So, this is new way of looking at the same story, and this is something which is now embedded in the normal way of working now. So even if it is here or there, it's not changing -- the customers have digested this part. It's the new normal, we can call it. And we have been navigating it, in spite, whether there is a war or not a war or it's going down, up, up. It's very difficult because see, we are not a product-wise plant. We are a solution product company and we are providing sustainable solutions, giving the last-mile deliveries, giving technical services, a lot of things, okay.

So, we cannot have one product where we can give you an exact answer. There are certain products where the price goes up and certain products the price goes down. So, if there is a change in tariff, even if the price goes up, the drive goes down and then the effective price is down or maybe equal. So there's a lot of factors and combinations. I have no perfect single line answer to it. It's a totality of factors. It varies from situation to situation.

Hardik: Got it, sir. So, my main concern was that the margins will be sustainable. It's the war has nothing to do with the margin trajectory that you have predicted to 18%.

Sanjay Tibrewala: Yes, yes. We are not in the basic commodity marketing where we are having some stocks and now the price went up, so we are making -- we are not a trader kind of concept where we had the stocks and we sold at a higher price. It doesn't work like this. So yes, by and large, this is the way it is.

Hardik: Thanks a lot, sir. Thanks a lot. Thank you so much.

Moderator: Thank you. We have our next question from the line of Akhilesh Pathak from Smart Sync Services. Please go ahead.

Akhilesh Pathak: Thanks a lot. First of all, many congratulations for the great set of number to entire team. Sanjay, great turnaround on the numbers and the operations of the company after CCT acquisition. My question is on are we trying to capture a big market in terms of Canada, Venezuela, USA, in terms of customers which are closer to Texas only like Chevron and ConocoPhillips and many other customers in Gulf also, apart from the big ones that we already have, ExxonMobil and Halliburton?

Sanjay Tibrewala: No, I mean, these were just examples. So don't go on only those names. There are so many names to the likes of that. These are names given to you because these are more famous. So yes, as you rightly said, this is also important thing. We have already started selling to Canada from last month and also things are going very well. And that's number one.

I don't know whether you have heard of such countries like Suriname and Guyana. So now these are like small African, very well, excellent. So, these are like the countries which are controlled by US and these are like hardcore oil-producing countries. There is a lot of action going on. Most of the service operators are looking at companies like us and asking us to set up some activities and production plant there and they can give us more businesses there.

This is also going on. And so that is one. And we recently got a good business order from Saudi, and we have performed very well. It took us a couple of years for CrudeChem and there was a lot of R&D expenses done on those lines for two years, which got fruitful now. In fact, last month only we were able to prove the packages and the customer of ours has got a USD 8 billion order from Aramco and where they have to use our specialty package.

So, it's not product selling, it's at least a combination of five, six product lines and we are competing and with the USA top specialty chemical companies and because of we being more leaner, we have an edge on pricing and the performance is equivalent. So, there is a lot of action going on everywhere. We are looking at a lot of things.

Of course, everything has been changing a lot, the freight cost and this and that, but I think navigating it further. So basically, whatever target we are planning to, it is bound to -- we are aiming to achieve it as soon as possible. If it is not achieved on as soon as possible, it will be achieved in a little bit more extra time, but things are going in the right direction.

I mean, I think this would probably be our last question as per the message which I'm getting. And so, I mean, this is what we would like to tell all the participants and shareholders, stakeholders that things are going very well. We are enthusiastic and excited about the opportunities which are coming in. We are performing very well. There is a lot of synergies we have done and many things to happen in the coming quarters as expected. And so, I would like to, if I can give my closing remarks, Manav, or you have something more to add, Manav?

Moderator: Thank you, sir. Before we conclude the conference, if anyone has any further questions, you can get in touch with Saloni Nagvekar from Adfactors or Investor Relations on behalf of Fineotex Chemical Limited. That concludes.

Sanjay Tibrewala: No, no, so Manav, I would like to mention that please be also our company team are also proactive in answering all the information and explanation required by the stakeholders. Mr. Yusuf Contractor is already on top of it, and he has been taking leading this thing very well and answering the all the investors up to the -- all the inputs and information they have given on time.

So, I think we are open for all the participants. Please send in your points to either our Adfactors IR team or Mr. Yusuf. The email IDs are already mentioned in our investor presentation. And with this, thank you, everyone. Keep in touch. See you soon with some, some better days going forward. Thank you so much. Have a good day. Good evening.

Moderator: Thank you so much, sir. On behalf of Fineotex Chemical Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.