

February 21, 2025

To,

The General Manager, Listing Department, <b>Bombay Stock Exchange Limited,</b> P.J. Towers, Dalal Street, Mumbai – 400 001 <b>Company code: 533333</b>	The Manager, Listing & Compliance Department <b>The National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400051 <b>Company code: FCL</b>
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**Subject: Transcript of Q3 FY 2024-2025 Earnings Conference Call held on February 17, 2025**

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 February 07, 2025, please find enclosed a copy of the transcript of the Investors/Analyst Concall held on Monday, February 17, 2025 at 10.00 AM on Q3 & 9M 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](http://www.fineotex.com)

This is for your information and records.

Thanking you,

**Yours faithfully,**  
**For FINEOTEX CHEMICAL LIMITED**

**Sanjay Tibrewala**  
**Executive Director & CFO**  
**DIN : 00218525**



Encl: As above



“Fineotex Chemical Limited  
Q3 & 9M FY‘25 Earnings Conference Call”

February 17, 2025



**MANAGEMENT: MS. AARTI JHUNJHUNWALA – EXECUTIVE DIRECTOR –  
FINEOTEX CHEMICAL LIMITED  
MR. ARINDAM CHOUDHURI – CHIEF EXECUTIVE  
OFFICER – FINEOTEX CHEMICAL LIMITED  
MR. SANJAY TIBREWALA – CHIEF FINANCIAL  
OFFICER & EXECUTIVE DIRECTOR– FINEOTEX  
CHEMICAL LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q3 and 9 Months FY '24 Earnings Conference Call of Fineotex Chemicals Limited. 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 is being recorded.

Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature. The actual results may vary as they are dependent on several external factors.

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

**Aarti Jhunjhunwala:** Thank you, Sejal, and a very good morning, everyone. It is always a pleasure to connect with our investors, analysts and stakeholders. We deeply appreciate your time and continued trust in Fineotex Chemicals Limited.

Let me begin by reiterating our core philosophy. Fineotex has been more than just a specialty chemicals company with innovation and sustainability at the heart of everything we do. We are a company driven by innovation, customer-centric solutions and sustainability while remaining cost-effective.

We are a single stop solution provider across business verticals, including textile chemicals, FMCG, cleaning and hygiene, oil and gas and water treatment. Our expertise in these areas, combined with our deep customer relations allow us to deliver high-quality and tailor-made solutions that meet the evolving needs of industries worldwide.

With a strong manufacturing base and a global footprint, we are well positioned to capitalize on future high-growth opportunities. We are currently witnessing strong growth in our new segments, oil and gas and water treatment. These segments are gaining traction, and we have a strong order pipeline that is expanding geographically.

In the water treatment industry, strong momentum through industrial expansion and affluent treatment and zero liquid discharge policies drive demand for coagulants, flocculants and biodegradable polymers. Increasing water pollution and scarcity have accelerated investments in desalination plants, boosting the needs for antiscalants and metal chelating agents.

A testament to our innovation and sustainability drive is the launch of our new product, AquaStrike Premium, a next-generation biotechnology-based mosquito control solution. This nontoxic and eco-friendly product, not only disrupts the mosquito life cycle more efficiently than conventional methods, but also contributes to water preservation.

AquaStrike Premium presents a strong market opportunity, driving impactful innovations in the global chemical industry. Simultaneously, the oil and gas sector is seeing increased upstream

activity from industry giants, driving the demand for oil drilling and function chemicals like corrosion inhibitors and paraffin dispersants.

The expansion of offshore and deepwater exploration requires high-performance drilling and cementing fluids, while the rise in shale gas and CBM exploration is boosting the market for fracturing and stimulation chemicals.

The move towards eco-friendly and water-based drilling fluid is to reduce environmental impact and the expansion of refineries and pipeline networks continue to support growth in cementing and production chemicals. This diversification strengthens our overall business and allows us to capture emerging opportunities in high-demand industries.

Driven by launch of innovative products through our cutting-edge R&D capabilities while maintaining a sharp focus on sustainability, we have developed 30 new products during this quarter, increasing our product offerings.

Now, I hand over the call to Mr. Arindam Choudhuri, who will take us through some of our key developments.

**Arindam Choudhuri:**

Thank you, Aartiji. A very good morning to all. I am happy to share that we inaugurated our new office in Andheri, Mumbai on Jan 22, 2025. The facility includes state-of-the-art training centres and recreation areas, ensuring an inspiring and dynamic environment for our employees.

We are also honored to share that our Executive Director, Mr. Sanjay Tibrewala was recognized with the Industry Leader Award at the Life Cycle Assessment Summit 2025. This prestigious award presented by Maharashtra Textile Minister and India's Textile Commissioner highlights not just his personal contribution, but also our company, Fineotex's unwavering commitment to sustainability and innovation in the specialty chemical sector.

We are also pleased to report that ICRA has upgraded our credit rating outlook from stable to positive, reflecting our strong financial position, higher cash accruals and robust business expansions. The reaffirmation of our rating across long-term and short-term facilities underscore our financial stability and strategic direction.

Nevertheless, sustainability is a key focus, and we have successfully transitioned to renewable energy with the installation of 100-kilowatt solar power plant at our Ambernath facility. And our manufacturing processes have been also optimized to achieve 0 discharge of hazardous chemicals that is ZDHC certification.

Another exciting upgrade is in progress of our new manufacturing plant, which remains on track and is expected to become operational in next 6 months by Q2FY '26. This facility will further strengthen our production capacity and support our growing demand across various segments.

Now, I hand over the call to Mr. Sanjay Tibrewala, who will take us through the financial performance of our company. Thank you.

**Sanjay Tibrewala:**

Thank you, Arindamji, and good morning, everyone. I would like to start by highlighting to you that our consolidated revenue has grown at a CAGR of 30.5% since 2020, while our profits have grown by 70.5% CAGR over the same period.

Now, coming to the performance of the company for the first 9 months of financial year '25. Our performance remains stable despite a challenging atmosphere environment with muted demand in the FMCG space, one of the key sectors we have been catering to. Our export share has decreased to 19% from 24% in the same period due to political and social turmoil in Bangladesh.

With the development post and new leadership in the U.S. and the recent Summit label discussions in the U.S., we are hopeful that the political uncertainty is likely to fade away soon, and the export will pick up to Bangladesh very soon. Despite these short-term challenges, we remain confident in achieving our growth targets in the coming times.

Our quarterly total income stood at INR 131 crores, reflecting a modest decline of 8.5% compared to the same period last year due to order postponements by a few customers and Bangladesh conditions for the issuing of the letter of credit by the banks. However, customer retention remains intact.

Demand fundamentals are strong. While the FMCG segment showed a muted growth, the textile segment continued to expand and more than -- maybe at a pace more than anticipated. In fact, we have added 30 new customers in the quarter 3 in the textile business itself. Our EBITDA margins remain healthy, strong at 27.2%, underscoring strong operational efficiencies despite external pressures.

Our long-term growth trajectory remains robust, supported by strategic diversification into new segments such as oil and gas and water treatment with a growing order pipeline across geographies. The upcoming plant is set to be operational in quarter 2 financial year '26, will further bolster our manufacturing capacities, capabilities. Innovation continues to drive our business forward and with the new solutions like AquaStrike Premium demonstrating our commitment to sustainability and global market expansion.

We have also developed new 15 products during this quarter. The new -- the inorganic strategy initiatives well underway with the backing of a robust earmarked fund of over INR 300 crores, we are strongly positioned to drive sustainable and profitable growth in the coming times. Our disciplined financial management enables us to seize both organic and inorganic growth opportunities, including strategic investments in new technologies, market expansion and potential acquisition that aligns with our long-term vision.

The financial strength empowers to weather market fluctuations, invest in innovation and enhance our operational capabilities. Furthermore, our continued focus on operational excellence and customer-centric solutions will allow us to unlock new revenue streams and expand our footprint across key and emerging markets.

With a clear road map, a strong order pipeline and ongoing diversification in high potential sectors, we are confident in delivering value to stakeholders and achieving our ambitious growth

targets. The outlook remains highly optimistic as we continue to build momentum for the long-term success of the company.

With this, I now open the floor for questions. Thank you. Over to you, Sejal.

**Moderator:** The first question is from the line of Karan Kamdar from DRChoksey Finserv Private Limited.

**Karan Kamdar:** Congrats on launching the new product, AquaStrike and also 30 other products. Could you throw some color on what could be the market size and the potential impact of these products?

**Sanjay Tibrewala:** Thank you, Mr. Karan. So with reference to the new products, it is mainly connected to the textile industry, which has been launched. And there is a lot of new trends picking up in the textile segment itself. So those are the kind of product lines which we have been launching even regularly actually.

Coming to the AquaStrike, we would like to mention that right now, there are a lot of conventional methods being used for the mosquito control breeding by the authorities, which includes conventional methods, which are based on oil -- crude oil-based things like BTI and other MLO kind of oil, which are being used to control the mosquito breeding.

This is one of the product which was developed in Biotex Malaysia, and they have been also marketing this product to a few countries around Malaysia. In India, we were always trying to convince the authorities and there were a lot of -- they took a lot of time to get into these approvals.

Right now, we are also going to target certain NGOs, certain authorities who are interested and to control the mosquito breeding and mosquito diseases. So the size right now will be -- I mean, it's quite a bigger number. And we are starting to expect things to move on from the next financial year from April onwards. And we will be targeting in a substantial way on these businesses going forward.

**Karan Kamdar:** Okay. Got it, sir. Sir, my next question is on volumes and how has the quarter been? Do you think the order that was postponed will lead to buoyancy in the March numbers? And how do you see the upcoming quarters?

**Sanjay Tibrewala:** See, I would like to refrain from giving any much forward-looking statements. What I could share is -- as we all are aware about the political situations in Bangladesh, due to which a lot of orders and banking systems have been affected in Bangladesh in the last quarter. So there has been a drop in our businesses out there. However, speaking about textile, textile has grown by -- it has grown substantially, I can say, by -- the volumes has gone up by 20% for us in this quarter itself, and the textile revenue has also gone up by 12% broadly. This could have been enhanced more if the Bangladesh business was intact, and we could have seen much better performances in the quarter 3. However, the situation now looks to be controlled also with the recent visit of our Prime Minister to U.S., it looks like Bangladesh will be much in favor with India. And a lot of things are getting sorted out from the financial banking perspective in Bangladesh.

Bangladesh is one of the biggest textile processing and garment processing countries in the world. So that is a very important area of business, not only for us, but all our co-producers as well. So going forward, we are quite optimistic that already we are seeing better performances now as we speak during this quarter. I think it should be getting much better in the coming times.

**Karan Kamdar:**

Got it, sir. Got it. One last question, if I can squeeze in, sir. Any update on the M&A that was announced? Where are we on that? And when can we expect something concrete on that end?

**Sanjay Tibrewala:**

Well, yes, absolutely, we are on top of it. And as soon as we have certain further advancements on that, we will be updating all the shareholders and stakeholders via the stock exchange as we always do.

Right now, as you have seen us in the last 13 years of being listed, already we had done an international first inorganic acquisition in 2011 by acquiring stake in Biotex in 2011 post the IPO within 3 months of the fundraising, we had acquired the stake in Biotex in 2011. So we are very confident on the management ability to handle international and domestic acquisitions. However, at the same time, we are very cash disciplined. We are looking for great synergies. We are very sure about the kind of valuations we are focusing upon.

One thing we can only mention here that any acquisition will be EPS accredited, and that goes without saying. And we will not be looking at any kind of acquisitions which are expensive for sure.

Right now, with the so-called slackness or muted demand in the chemical industry for the last 2, 3 quarters, there are a lot of further opportunities which are coming to us. And I would rather say, thanks to the right timing of our fundraising activity, which we had done this calendar or this financial year itself, I think that is going to help us to capture such kind of opportunities because in the past, we have seen many a times that the opportunities come at a time where there are the funds are not being raised.

And this is the time where we have sufficient funds. We have already allocated, as we mentioned now, almost INR 300 crores for the inorganic acquisition. And so, we are looking at a lot of many further options as well as we speak. So as soon as we have something concrete, we will be updating the stock exchange.

**Moderator:**

The next question is from the line of Ganesh Nagarsekar from Bharat Bet Research.

**Ganesh Nagarsekar:**

My first question is regarding the FMCG business. So over here, you said that our volumes and value -- overall sales were a bit affected because of muted volumes. But in terms of broader wallet share that we have with customers, is that broadly intact or growing? Or are we losing share with the customers as well? I mean, in terms of new FMCG customers, are we gaining anyone or any major FMCG clients in the pipeline?

**Sanjay Tibrewala:**

I would like to mention everyone, in the last 9 months or especially the last 3 months also, the company has not lost a single customer and not a single product. Yes, there has been degrowth

in the demand due to various factors, which keeps happening due to the, let's say, the rural demands were not intact as we all experienced even for the most of the FMCG companies.

I'm talking about up to December. So yes, the 9 months or maybe the last quarter 3 was not great for the rural demand and also for the urban demand. However, as in the recent budget, we understand that the taxation policies by the Finance Ministry will help us to push up the demand in urban and the rural market itself. And so, basically, we have not lost any customer and none of the product at all.

Whereas we have added sufficient number of customers, this is an ongoing process because our focus is on sustainable solutions. Sustainability will be the key for any manufacturing specialty chemical companies going forward. Everything is beginning and ending with sustainability because we have to make sure that the consumers are getting the most sustainable product.

And this is not -- it's almost a pledge by most of the biggest FMCG companies like Levers and P&G as we read in many of the articles, the global articles and things. They have been deciding to go totally sustainable within 2027 or '28. So there is a lot of action being done on the back front, backside. And we are one of the early movers in sustainability and providing sustainable solutions, not only for textiles, but also for the FMCG, also for the oil drilling and other ideas, vertical.

So I think we are in the best situation, and we will be one of the takers of this kind of growth once it gets more and more in the market. So with this, I would like to mention that we have been doing quite well from the point of view of adding more products, adding more customers in all the segments where we are.

**Ganesh Nagarsekar:** Understood. Got it, sir. And sir, in terms of the new segments that we are venturing in, which includes the drilling and water treatment segment. So for the water treatment segment, if my understanding is correct, a bulk of our clients will be government sort of entities. So do you see a receivable risk kind of element appearing there? And how are we broadly planning to deal with that sort of risk as and when it appears?

**Sanjay Tibrewala:** I would like to mention the water -- you mean only for the water treatment, right?

**Ganesh Nagarsekar:** Right, right, right.

**Sanjay Tibrewala:** Okay. So for the water treatment, government is not our end user customer. It's the private sector, number one. And there are a lot of important products being demanded by the customers for getting better kind of BOD, COD, better kind of TDS going forward.

Apart from this, we have been also getting our product approved and started our exports to Middle East countries who have been using these products as scale -- and the scale lines for desalination of water by the MSF plants. So those are the angles and areas where we are focusing a lot.

**Ganesh Nagarsekar:** Got it. And in terms of receivables, et cetera, you're not seeing any major issues there, right? So broadly cash coming back in time?



**Sanjay Tibrewala:** Yes, yes, yes. So these businesses are quite great enough. In fact, if I could share certain -- I would take this question. I'd also like to mention to all the participants that let's put it on the point of drilling and the oil and gas specialty chemicals. We have been tying up with certain biggest customers of the world, and they are all \$20 billion companies.

And as we are aware about the kind of the political -- geopolitical situation that China will not be much preferred by the U.S. as such. We are talking to and speaking to all these big U.S. companies, they have a simple mandate that they have to expand their purchases and sourcing from India by 5x.

So -- and these 7 has to be replaced by China, replaced from China and everything has to be purchased from India. So there is going to be quite a big jump in the quantum purchase in the oil and gas chemicals from India by these big companies. And there are not many companies who are lined up with their capacities and product lines and things like that.

So this is a very exciting thing. We have already got certain excellent orders as we speak in, the from the Eastern Europe countries and the Middle East countries as -- African countries as well for the oil and drilling. We have participated last year in OTC Houston, in ADIPEC in November in Abu Dhabi, in WETEX, which is water treatment exhibition in Dubai. This year, again, we are going to participate in Russia in the month of April.

In fact, from tomorrow, our top management like me and our business head for the oil and gas, who is also from ex-M-I SWACO, Schlumberger, they will be also visiting the Middle East countries to do certain kind of tie-ups in Kuwait, Saudi Arabia and various countries. So there is a lot of excitement coming in this line. And talking about the receivables, it is definitely better than the other industries.

**Moderator:** The next question is from the line of Ankit Bansal from Kusum India.

**Ankit Bansal:** Sir, my first question is, sir, your new product AquaStrike Premium, are you going for WHO approval? Like you have said, Indian Board has given you the approval. Are you targeting poor countries like Africa where you will get multibillion-dollar revenues?

**Sanjay Tibrewala:** Well, thank you so much for that. As such, African countries are also run by a lot many NGOs. And what our targets will be like we'll be approaching the certain foundations, for example, Bill Gates Foundations and other foundations, where they finance such kind of products and then we have to distribute it to their -- the logistic companies for the use in Africa, wherever there is an epidemic or malaria or dengue or something like this.

So there is a lot of such plans of action which we have, which we'll be taking one by one. We'll be starting from the domestic market first, and then we'll be taking over eventually.

**Moderator:** The next question is from the line of Parag Thakkar from Fort Capital.

**Parag Thakkar:** So I would just like to ask that whether we are seeing green shoots in textiles because we have been hearing that there is some pickup in textiles, at least from the funds or in accounts of the

world, and there is some pickup in this quarter. And as you rightly said that Bangladesh thing as it settles down, you see a better demand, right?

**Sanjay Tibrewala:** Yes, absolutely.

**Parag Thakkar:** So is it a fair thing to assume that worst is behind for us?

**Sanjay Tibrewala:** Definitely. In textiles, the worst is already behind for us. I would rather say not only for textiles, I think even for the FMCG with the new the taxation norms, which is helping the demand of urban and also rural demands to go up. I think the worst should be -- has to be behind us as such. In fact, our textile has done well, although the worst is behind us.

And most of the companies have been getting good orders, maybe you must be looking at Gokaldas and other the likes of them. And everyone is into a good shape. In fact, we were exhibiting last -- till yesterday in Bharat Tex in Delhi. And there has been a massive inflow of foreign buyers, and it's huge. I mean, it's unbelievable, in fact, to the level where it has reached.

And so, I think India is going to be definitely shining in textiles going forward. And these short-term Bangladesh things do come and go. And, of course, our company is well -- strong enough to bear such kind of fluctuations in the demand and getting postponed, et cetera, et cetera. So I think things have to be on-line.

There is no doubt rather, I would like to mention we are going to increase our manpower in our Bangladesh office for the technical marketing. We already have an office in Bangladesh. And we are going to increase looking at the kind of the growth of prospects which we are looking at the easily, we are going to increase the manpower now there.

**Parag Thakkar:** And FMCG also, we are hearing that rural has already started picking up and urban will gradually pick up after 1 or 2 quarters because of the tax benefits given in budget plus RBI policy. So from FMCG perspective, also you will get some rural boost at least in near term. In long term, of course, urban will also come back, but...

**Sanjay Tibrewala:** Yes. No, absolutely. I mean, this is going to help. There is no doubt about it. And generally, during the summer season, the business of FMCG is higher because companies -- the consumers use a lot of cleaning products in the summer season. So I think that also helps going forward. And yes, that has been already much better than what we have seen in the quarter 3. I think going forward, things are getting better, yes.

**Parag Thakkar:** And sir, this INR 300 crores of cash which you are holding, which is a great use at this current time. So whatever inorganic plans we have will be EPS accretive, as you said, right?

**Sanjay Tibrewala:** Yes, absolutely. That will be EPS accretive for sure.

**Parag Thakkar:** Because currently, things are not in great shape globally. So you will be able to find acquisitions at right price.

**Sanjay Tibrewala:** Yes. As you know, our company's policy is very clear for synergy and also to make sure that we are not valuing it at the right price for EPS accreditation. And we are very disciplined in deployment of our funds-- that's the reason we are quite disciplined in our fund and cash flow management. So out of -- in fact the cash on books today is almost INR 350 crores, out of which INR 300 crores has been earmarked for the acquisition agenda.

**Moderator:** The next question is from the line of Sahendra Parmar, who is an individual investor.

**Sahendra Parmar:** One thing I want to ask you, what is the potential of this AquaStrike chemical over the period of 3 to 4 years?

**Sanjay Tibrewala:** Okay. going forward, this is a huge market for which -- the government has to do a lot of investment -- . So coming to your question, we are very hopeful that in the coming times, this business will be one of our important divisions for sure.

Also, the kind of demand and need, which we see in the Indian society and the Indian masses for controlling such epidemics of malaria and dengue, I think these are the solutions which should have been used much before. Right now, what has been used by the authorities is mainly based on crude oil, oil-based things, which is not only affecting the human system, but also the aquatic life.

Interestingly, this product is not only for the mosquito, but it is also for water evaporation preservation process. So once this is used on the rivers and the lakes, it helps also to avoid the water evaporation, which will help to have a water preservation policy as well.

So there are multifunctional things, and it is totally safe for drinking. It's bio-based, totally, it's unlike any insecticide or pesticide as such. It's totally bio. And so, this is the chemistry, which is based on mean as such, if you can go through our -- the press release, which we have recently shared on the stock exchange. And this is something which we were always looking at. Already this -- we have certain business of this product. It's not big enough because the market for these products are mainly the developing countries like India, Bangladesh, Africa, where the pollution or the water pollution is still there, where the water quality is not good, where there are certain mosquito issues.

Right now, we also do sell to certain close by countries around Malaysia, let's say, Singapore, but the mosquito problems are not there as such in those countries. And this business is not run by privates. We are not -- we cannot go to the consumers for this. It is all under the authorities, the government authorities, which is the responsibility -- who are responsible for supporting such kind of initiatives.

So going forward, we are very excited with this. We have been waiting and working on this topic and product since a very, very long time to get into Indian market. But due to the COVID effect, there was not much focus on this.

At the same time, our company has -- was very busy in the last 5 years, as you can see, to have a 70% CAGR growth into the various verticals which we were. So we were not focused also, in

fact, in the last 3, 4 years on this product line. So right now, we are also adding it up, and I think it will be one of the very important divisions of the company. I would like to refrain from sharing numbers, but the market size can be about thousands of crores. There is no doubt about it going forward. That's all I would like to be able to share right now.

**Sahendra Parmar:** One more question I want to ask you. Anybody -- any one player who are making these products compared to you?

**Sanjay Tibrewala:** Well, nothing of our knowledge at all. And this is something which is replacing the conventional method. So there are products, like I said, like BPI-based, abate-based, crude oil-based, MLO, they call it malarian oil. But these are the products which are coming from oil refineries. If I'm not wrong, it comes from HPCL or BPCL or some companies like this, which has been played on the water by the authorities. And this is not only -- this is not also quite good enough for the aquatic life. It's the life of the product and the performance is not as good as our product also.

So right now, there is nothing much to our knowledge, which has been offered in this line. But -- so that's also why we have a lot of substance. We have a lot of tests. We have also discussed with the Haffkine's Research Institute, which is the best for all the vector borne diseases, et cetera, for the last 125 years, they have been well rated. They were the institute which had detected solution for plague 100 years back or something like this. The Haffkine's is also working on it, and we are aggressively taking it up in the coming times.

**Moderator:** The next question is from the line of Niraj from CompoundingAI.

**Niraj:** I just wanted to understand on the product mix side, we have different segments like FMCG and drilling oil and water. So which of these is like from a margin standpoint, more accretive and which of these would be like taking much more part of our product mix going forward? And on last piece, do we have any plans to like share by these segments revenue and margins by these segments?

**Sanjay Tibrewala:** So till now I would like to mention that -- our major focus has always been into specialty chemicals for textiles. Now, textile itself is a huge subject because let me mention here to the participants that we have to be very sure on the product and the appropriation of it because cotton, polyester, acrylic, wool, nylon all have different kind of chemicals.

Again, it has to be bifurcated on the basis of the application, the process being carried out and also on the make of the machines. Everything leads to customized tailor-made solution. So we have the entire range for all the substrates from pre-treatment, which is the cleaning process, then the dyeing, then the printing and the finishing process, which is giving the final touch to the fabric. So all these 4 processes, we are present totally. So we have been able to give end-to-end packages to the customers.

Along with that, we are the company which has the highest number of product certification. More than 300 products of Fineotex has been into the DST Level 3 layer approvals, which helps a lot for the buyers to have the ecological approvals for their customers. And also, we have the best technical team pan India, also in Bangladesh, who have been continuously supplying and

servicing the companies and also offering the products from our joint venture tie-ups in Belgium and in the Australian tie-ups which we have.

So going forward, textile has been one of the areas where there is a lot of new news trends, which have been coming up. By talking about the future about it, I think still textile is going very well.

Like I said, although it's #1 for us, it still has grown up by 20% in terms of revenue -- 20% in terms of volume in the last quarter itself, and it is getting more and more sustainable. And going forward, I think all these -- the EBITDA margins of these -- all the divisions are almost similar.

Let's put it like that, maybe in textiles, we have a better gross margins because there is a lot of technical manpower, services, certifications, factory audits. Our plants are audited by German certification bodies. And there is a certain level of sustainability and systems, which we have to adhere to, which also cost a lot of revenue expenditures as such. If we talk on that level, the EBITDA margins for all are almost the same. The gross margins in textile is more than the other.

**Moderator:** The next question is from the line of Supan Parekh, who is an individual investor.

**Supan Parekh:** Sir, I just want to have 3, 4 questions. The first one is, what is the reason for the flattish sale on the 9 months basis?

**Sanjay Tibrewala:** Okay. So I just covered this question in the beginning also. So there has been -- and also in our opening remarks, which will also be there on the transcript going forward. So as such, what we have already informed the participants about the demand in the 9 months and also in the 3 months that there has been a little bit effect on the FMCG businesses due to the slowness in the urban and the rural demand in the last quarter, which is again on some -- getting back on track already due to the new budget taxation norms and also the stimulus, which has come back on that.

And also the textiles, the Bangladesh orders and the LC systems were not in place, as we all know about. And that is also getting better with the new U.S., the rules and also the kind of banking facility, which Bangladesh is coming up again with. So I think those things are also much better than where it was before.

**Supan Parekh:** Okay. So do you see any development in Bangladesh going forward after our sales?

**Sanjay Tibrewala:** We already have an office there. Our team is there. In fact, we are going to hire more people there, more technical team and sales team there because of the opportunities, which we are able to easily spot out. And I think going forward, these are small terms ups and downs, which does happen sometimes. So this is nothing new for Bangladesh market and things like that.

**Supan Parekh:** Okay. Sir, any particular reason for decline in our margins for Q3?

**Sanjay Tibrewala:** Actually, I would not say it is a decline. If you see our gross margins, our gross margins are still at 41%. So I won't call it decline at all. In fact, it is slightly higher, if I can put it like that. And so, as we have been also -- in fact, the EBITDA margins are also better than the quarter-on-quarter basis. EBITDA margins are 27-odd percent. I won't call it at all as decline in the margins.

- Supan Parekh:** Okay. Okay. And sir, one more question is that, what is the sales split between our textile business and Cleaning and Hygiene segment?
- Sanjay Tibrewala:** So actually, you mean about the quarter 3 or you mean about how -- what's the...
- Supan Parekh:** Quarter 3.
- Sanjay Tibrewala:** Let me give you a broader analysis about it. Let's say, the quarter 3, I think 78% was textile almost and 23% was FMCG and others. And yes, so something like that and the ratio about it. However, in the -- if you talk about 9 months, the 9 months was, I think 70% was textile and almost 30% was there or something like that.
- Supan Parekh:** Okay. So going forward...
- Sanjay Tibrewala:** The total volume of the company for the quarter has gone down by almost 4% to 5%, almost 5%. So that's something about it. There was slight pricing pressure, but I will not say pressure only. It was also because some of the orders have been postponed. So those products orders has not been reflected till now.
- Supan Parekh:** Okay. And also, sir, like going forward in like next 2, 3 quarters, like even say, a year or so, do we see an improvement in like split-wise, like the textile would decline or the cleaning and hygiene would go ahead or something like that?
- Sanjay Tibrewala:** See, I can tell you that the worst is behind us. And that I would like to mention for all the verticals actually. And so, sometimes what happens, there are trends in textiles and certain markets, certain product lines, certain times the cotton prices goes up, so there is more demand for polyester chemicals. Certain times, the cotton prices goes down. So a lot of companies are using more of cotton in the product mix. So the cotton sales increases, the cotton chemical sales increases. So these fluctuations are always there.
- How I would like you to look at us is not -- see, our company's vision is very clear. We are not working for quarter-on-quarter basis. If you see our growth for the last 13 years of being listed or 14 years of being listed, we have a CAGR of 28%. In any of the quarter, you will not find our EBITDA below 17% over the 54 quarters of being listed. That is number one.
- Number two, in the last 4 years, 5 years, our company has done almost a growth of 70% CAGR. And, I mean, we are very sure about what is the way we are looking at a directional even when it was 2020, the first COVID, the most unbearable quarter, we were on the on-look to buy a new factory land in Ambernath, which we did already and where we had started in '21, and that capacity went up from 20,000 to 61,000 in the next 1 or 2, 3 years.
- So I would like that we cannot look at things in a very narrow style of looking at because our company is not those companies which are -- we have a great history along with us. And we have out par always the expectations and the kind of businesses of our co-producers and the other chemical companies in the industry.

Our focus is on product diversification and technology advancements. And this has been well received by our customers. We are gaining significant market opportunities. We are gaining a lot of interest by most of our customers for new product lines. So there is definitely a great demand coming up. We are here not for only the short-term basis, we are here for a very long vision. And that is all Fineotex is all about.

**Supan Parekh:** Okay, sir. My last question would be, sir, we have mentioned like stated in the IP that oil and gas and water treatment vertical will be a growth driver. Can you elaborate on the same a bit?

**Sanjay Tibrewala:** Well, these are the areas which we were already having certain kind of product lines. As such, we are doing a lot of chemistries, which goes for textiles and similar kind of chemistries are used in the drilling and water treatment. And we have already have a great team now for the development of this business.

We are, in fact, quite happy to mention also that in the quarter 3, our businesses has gone up by almost 30x quarter year-on-year basis in the drilling. And so, this is the kind of growth which we have already seen. Of course, when the numbers are smaller, the times growth is always higher.

What I'm trying to mention is, there are a lot of things and which we have already mentioned to the participants in this call right now. A lot of actions are going on. Things do take time in oil and gas also because these are \$20 billion, \$18 billion companies, and we are trying to develop a lot of businesses through them with them. And once done, these are sustainable businesses and very high entry, exit barrier businesses. It's not in and out kind of businesses.

**Moderator:** The next question is from the line of Anirudh Daga from AV Securities.

**Anirudh Daga:** Sir, just a couple of questions, sir. Regarding the capacity expansion, sir, you said they're going to be starting off in the next quarter, is it?

**Sanjay Tibrewala:** No. We mentioned quarter 2, I mean, so by June -- by July to September, yes.

**Anirudh Daga:** Okay. Sir, what is the expansion size as we are like at 104,000 tonnes as of now, something like that? So where will we get that?

**Sanjay Tibrewala:** So actually, the plan has been on Phase 1, we will have another 15,000 tonnes of additional capacity there in the new plant and which is under commission now.

**Anirudh Daga:** Okay. And sir, you had also mentioned you're going to be shifting some of the lines from the Mahape plant to the Ambernath plant. So is that going to affect the capacity utilization as such?

**Sanjay Tibrewala:** Well, not exactly. Rather, it will help us to have more economies of scale. We can expect the operating cost to go lower because the kind of technology in the new plant, the kind of movement, the kind of -- because in the Mahape plants and other things, there are bottlenecks of logistics also. So that will also ease the movement and better higher production batches can be conducted, which will help to reduce the cost also to some extent.

**Anirudh Daga:** Okay, sir. Sir, just another question. I know you answered this a couple of times already. Sir, there was one particular company that you are looking at for the acquisition, right, some foreign company. So now is that deal not going to happen and you're looking at other opportunities or that particular company is still under consideration and it's not finalized as well?

**Sanjay Tibrewala:** So, I mean, as we have already disclosed on the stock exchange, we have already under advanced level of discussion that is well mentioned about it. These things do take a lot of time as such, and there is a lot of work being done on that angle, a lot of things to check and things to verify diligences this and that.

So a lot of things are on way. Apart from that, we are always open, and that's what is happening in the last 2, 3 quarters as we have experienced that the chem spec industry and the chemical industry in general has not been the best years for them. And that has also, in fact, helped us to bring a lot many more opportunities.

Now, like everyone is aware about the kind of fundraising we have and the cash on books we have. So the targets, the potential targets are also very comfortable to open up with us and have a kind of association and explore this kind of M&A opportunities. And this has also been under consideration.

**Anirudh Daga:** Sir, I asked the question because it's been around 3, 9-odd months already since we are getting the due diligence done. Now, because the preference shares that we allotted, the money is going to come back into the company, say, like what now and 9, 10-odd months, the balance 75%?

**Sanjay Tibrewala:** Actually, out of the preferential raised, the promoters have contributed INR 44 crores, and which is -- yes, so by November, the remaining -- by October or November is the other remaining 75% of that has to come in. But this is a mix of equity and warrants. So it's not 100% warrant at all. So there is another expectation, if I'm not wrong, of INR 150 crores, which has to yet come by November. So that is fine that way. Was that your question?

**Anirudh Daga:** Yes. So that is what I'm asking, sir. We have, I don't know, plus north of what, INR 600 crores on the book by then if we do not acquire something. So that is what I was asking that. Do you have planning like acquisition?

**Sanjay Tibrewala:** How we look at the company, see, I would like to mention in a different way. As you have seen, we have already done the acquisition in 2011 immediately in 3 months after the fund raise, okay? Now this kind of acquisition, which was done within 3 months of fundraise, there were a lot of -- you could see the results, but the seeds were saw at least 1 or 2 years before that.

It is very important to be -- to make sure that the best value for the investors and stakeholders and, of course, the promoters and everyone who are together in this thing to get it at the best offer, best deal, best kind of synergy and et cetera. This money is lying. It's not a liability. It's an asset. It has to be used very prudentially.

We will not be doing anything for the heck of like other chemical companies, most of us know examples, which a lot of funds have been raised, certain chemical companies have been bought



and not faring well. We do not want to have a sorry figure at the end of it. We have to be very sure about the kind of company we are buying. We have patience. We are disciplined.

We want to make sure the EPS accredited. We want to make sure there is a synergy in the businesses. We will not be any kind of impatient hurriedly risk or anything like that. And so, yes, this is what I would like to mention, not only to you to all the participants for that point.

**Moderator:** The next question is from the line of Bhavin Soni from Anand Rathi Shares and Stock Brokers Limited.

**Bhavin Soni:** I just needed a volume pickup for 9 months and Q3 if available.

**Sanjay Tibrewala:** Okay. So basically, the volume in quarter -- let's say, in the 9 months, the volumes are almost flat and let's say, it's 1% down or something like that. And in the quarter 3, the volumes are down by 4%, more or less, 4-point-something.

**Bhavin Soni:** Okay. And the mix would be broadly 70%, 30% or between FMCG and textile?

**Sanjay Tibrewala:** But there are other businesses also. As such, you mean for the quarter -- I mean, you mean for the value terms or you mean for the...

**Bhavin Soni:** Volume mix.

**Sanjay Tibrewala:** For the volume mix, yes. For the volume mix, if you talk about quarter, let's say, out of this, I think almost 56% is textiles, 57% in the volume terms.

**Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to Mr. Sanjay for closing comments.

**Sanjay Tibrewala:** Thank you very much. I would like to mention, our company is totally focused on product diversification and has a great vision for the coming years. There are a lot of technological advancement done by all the company's team members.

I would like to thank all the employees, customers, investors, stakeholders for their continued support and trust in Fineotex. Our journey so far has been one of the resilience, adaptability and innovation. We remain committed to creating a long-term value for all of you. Thank you so much. Have a great day ahead.

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