

August 16, 2024

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 Q1 FY 2024-2025 Earnings Conference Call held on 12<sup>th</sup> August, 2024**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (LODR) Regulations 2015 and with reference to our letter dated August 03, 2024, please find enclosed a copy of the transcript of the Investors/Analyst Concall held on Monday, 12<sup>th</sup> August, 2024 at 4.00 PM on Q1 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**

**Sunny Parmar**  
**Company Secretary & Compliance Officer**



Encl: As above



Fineotex Chemical Limited

Earnings Conference Call

Q1 FY2025

August 12, 2024

**Management:**

<b>Sanjay Tibrewala</b>	CFO and Executive Director
<b>Aarti Jhunjhunwala</b>	Executive Director
<b>Arindam Choudhuri</b>	Chief Executive Officer

**Moderator:** Ladies and gentlemen, good day and welcome to the Fineotex Chemicals Limited Q1 FY2025 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 “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Aarti Jhunjhunwala. Thank you and over to you, ma’am.

**Aarti Jhunjhunwala:** Good evening, everyone. We are delighted to welcome you to the Q1 FY2025 Earnings Conference Call of Fineotex Chemical Limited. The “Financial Statements” and the “Presentation” have been uploaded on the Stock Exchange and our Website for your thorough review.

As we navigate the current economic and geopolitical environment, I am pleased to report that Fineotex Chemical Limited has continued to progress building on the strong foundation laid in the previous quarters. Our focus remains on advancing our capabilities in the Specialty Chemical sector while adhering to our commitment to innovation and sustainability.

I am pleased to share that Fineotex has been certified as a great place to work in the mid-size organizations category for the 3rd consecutive year. This recognition is a testament to our consistent efforts in cultivating a work environment that fosters strategic advantages, recognizes outstanding performance and nurtures leadership potential across the organization. It underscores our dedication to maintaining high environmental, social and governance standards and creating a workplace where innovation thrives.

In addition to this achievement, we are excited to welcome Dr. Amit Prabhakar Pratap – Ph.D. Technology as our Additional Director. Dr. Pratap is the Head of the Department at the Institute of Chemical Technology, Mumbai (formerly known as UDCT) and has covered over 20 years of expertise in oil, oleochemicals and Surfactants. His distinguished career and international research engagements along with the fellowships from the Indian Chemical Society and the Maharashtra Academy of Science highlight his dedication to advancing Chemical Sciences. We look forward to leveraging his extensive knowledge and strategic insights as we continue to drive innovation and uphold our position as a leader in the Specialty Chemical Sector.

Fineotex’s journey is defined by our unwavering commitment to excellence, innovation, and the creation of sustainable solutions. As we move forward, we remain focused on delivering value to our customers and stakeholders while expanding our portfolio and enhancing our market presence.

With this, I would like to request Arindam Ji to provide us insights into our operations.

**Arindam Choudhuri:** Thank you, Aarti ji and a warm welcome to all.

As you know over the years, Fineotex Chemicals has strategically diverse its product offerings. What began as a focus on Specialty Chemicals for the Textile Industry has expanded to include complementary products for sectors such as Hygiene, Oil & Gases, among others. This diversification has allowed us to better serve our customers by providing high-end customized solutions that add significant value to their businesses. Our dedication to customer satisfaction is reinforced by the trust our clients have in our products and the strength of our brand reputation.

As you know, in today's fast-paced market environment, agility and responsiveness are the key. Our streamlined operations enabled us to adapt quickly to changing market dynamics ensuring that we meet customer demands with very short lead times and increase volumes. This operational efficiency is the cornerstone of our strategy, allowing us to maintain our very competitive edge.

Reflecting on our journey, Fineotex Chemical has made significant strides in research and development, particularly in the creation of an eco-friendly and sustainable product line. This innovation manufactured at our overseas facilities, has been instrumental in our expansion into key international textile hubs over the past 3 years. As we look ahead, our commitment to quality, innovation and customer satisfaction remains very strong. These principles will continue to guide us as we explore new opportunities and navigate the challenges of the market.

I now request Sanjay Ji to present our “Quarterly Performance” and other recent strategic developments. Over to you, Sanjay Ji.

**Sanjay Tibrewala:**

Thank you, Arindam Ji and good evening, everyone. I am pleased to present the “Financial Highlights” for Q1 FY2025.

Fineotex Chemicals has reported a consolidated revenue of INR 1,419 million for Q1 FY2025, reflecting a growth of 7.3% Y-o-Y basis. This increase was driven primarily by a higher share of business from our core clients across key divisions.

Our EBITDA for the quarter amounted to INR 353 million demonstrating a Y-o-Y growth of 11.8% and yielding a margin of 24.8%. Our PAT has reached INR 292 million, an increase of 11.7% Y-o-Y basis with the PAT margin standing at 20.6%.

In Q1 FY2025, Fineotex successfully raised a total of INR 3,425 million through preferential allotment. The funds raised will be utilized strategically to support both organic and inorganic growth opportunities, including expansion initiatives and operation needs as outlined in our offer document.

The fundraising was executed in 2 phases:

Phase-1 was involved by the allotment of equity and convertible warrants totaling to INR 124.4 crores with upfront of INR 22.72 crores. Phase-2 involved further equity and convertible warrants totaling INR 218 crores with upfront payment of INR 27.26 crores. To date, the total

fund raised by the Company is amounting to INR 342.6 crores with INR 192 crores received through equity allotment and warrant subscription.

In conclusion, Q1 FY2025 has been a period of strong performance and strategic advancement for Fineotex Chemical. Our revenue growth improved profitability and successful fund raising, positions as well for the continuous progress and value creation in the coming quarters.

With this, we close our opening remarks, and we will open the call for interactive question and answer session. Thanks. Over to you, Sagar.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Kush Tandon from Ananta Capital. Please go ahead.

**Kush Tandon:** It is good to see the performance of the Company continuously improving on a quarter-on-quarter basis. Sir, just to understand a few bookkeeping questions to start with, what is the volume mix between textile and home care in this quarter?

**Sanjay Tibrewala:** For the volume mix, textile has been 46% and the cleaning and hygiene division has been 54% broadly. So, it is in the similar lines of the previous quarters more or less.

**Kush Tandon:** Okay and sir what is the total volume that we achieved in this quarter?

**Sanjay Tibrewala:** The total volume which we have achieved in this quarter is around 16,700 approximately.

**Kush Tandon:** Okay. Sir, this quarter, was there a slowdown in the market or the industry in general sir, any views on that?

**Sanjay Tibrewala:** See as such, the textile has picked up. Actually, it could have picked up more. This was the first quarter where you had internationally. Like, there were two Eid's in this same quarter, the Ramadan Eid and Bakri Eid both and in those times, most of the countries which are highly depending on textiles like Bangladesh, Turkey and other things they are all on holiday. So, production generally dips whenever these things happen. This is the first time that both the Eid happened in the same quarter. So, the impact was slightly higher.

**Kush Tandon:** Okay, and sir these recent events in Bangladesh will have any impact on our operations in terms of inconsistency of sales..?

**Sanjay Tibrewala:** Actually Bangladesh, we have an office also. We have a Company in Bangladesh. We have our team also. As such, Bangladesh is back to normal in terms of the production I am talking about. In terms of the factory running and other things and it is not right to assume that Bangladesh will be left behind because of these kinds of incidences which has happened. Of course it can take a little bit time to recover. Time in the sense a couple of weeks or 1 month to get back to things to normally see, but that is a part of the thing. It does not matter a lot. On the long-term basis, Bangladesh will not lose its shine.

- Kush Tandon:** Okay, understood. So, no impact on our sales or operation, sir?
- Sanjay Tibrewala:** No, these things, see what happens at the most is that, it takes a long time to really get the LC and things like that. But that is already sorted out. It is now already we have started beginning the business very well there in the last 5-6 days itself.
- Kush Tandon:** Okay. My last question is on the raw material prices, sir. What is the trend that you are seeing?
- Sanjay Tibrewala:** See what is again happening is there is a big shortage of the containers, freight charges. Again, the geopolitical situations are not okay. So, the shipping liners take a longer route. Longer route means less availability of the containers. At the same time, the cost is going up for that. So, these are the kinds of again, unpredictability, nobody will know how much inventory to keep in the pipeline to cater to a particular volume. So, again, yes, it has its challenges. But let us see it settles down going ahead. It is not anything which is a significant point to mention about.
- Moderator:** Thank you. We will take the next question from the line of Karan Kamdar from DR Choksey Finserv Private Limited. Please go ahead.
- Karan Kamdar:** So, a great set of numbers on the margin front, we have been able to maintain our margins. Can you guide us on some realization and what kind of volume growth has been like?
- Sanjay Tibrewala:** As such, there has been a volume growth of around, let us say 4-5%, let us say from Y-o-Y basis and in terms of the turnover also it is reflecting almost the same. However, our focus on textiles, our core business is also going higher, and textile has been doing much better than it was in the last calendar year. So, this is the position where we are today.
- Karan Kamdar:** Okay sir. Sir, can you give us an update on the acquisition which you announced a couple of months ago, where that is and where can we have more details about it?
- Sanjay Tibrewala:** We did mention that we are in the discussion stage. The status is still the same and as and when we have something informative to share, we will be sharing with everyone with the help of the Stock Exchanges and yes things are going still on the same direction.
- Karan Kamdar:** Okay, sir. Last question on the Oil & Gas side, where are we on that? I think last we were doing some trial orders, so any progress in that segment?
- Sanjay Tibrewala:** There are a lot of actions which are going on those directions and in this industry, the decision period is very-very long because when we are talking about the other big names, it takes many-many years for people to get into. So, the actions are on, and we are expecting some nice developments to happen in the coming current financial year.
- Moderator:** Thank you. Our next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.

- Vinay Nadkarni:** Sanjay Ji, good numbers. Just wanted to know a couple of things. In terms of this growth of 7.6% that we have seen, how much of it is because of volume and is there any price changes during this quarter?
- Sanjay Tibrewala:** As such, everything has been almost the same. In fact, if you have noticed that way, textile realization has come slightly lower compared to the last quarter Y-o-Y basis. So, it is about the volume has gone up, the product mix has changed. We are getting into more profitable product lines about sustainability, which we always mention to all our participants and the trend is towards sustainability and which has also helped us to gain the volumes substantially in textiles also.
- Vinay Nadkarni:** Okay, so basically the difference between 7.5% and 4-5% growth in volume is because of the product mix, is what you are saying.
- Sanjay Tibrewala:** Yes, because the product mix is correct. Finishing is still our major focus area, which is the most sustainable business line for the textile chemical company to be in. Because ultimately their fabrics have been bought on the basis of the finishes and there is a lot of technical value addition, which we keep adding on, to the fabrics. That is still our major areas of development.
- Vinay Nadkarni:** Any new customers added during this quarter, sir?
- Sanjay Tibrewala:** Actually, we keep adding a lot of customers day in-day out. But also see, actually, as such, you must be aware about we are present in almost all the substrates, all the kinds of machinery everywhere. We have 100 distributors. We have 36 technologists who are servicing the customers. As such we are working with almost all the biggest textile Corporates of India. Now, the trick here is that our focus is to win the wallet shares. Now, that is what we have been doing and that is the place which will be helping us to grow our businesses more like that.
- Vinay Nadkarni:** Okay and even in the cleaning and hygiene, there is no new customer of any big name that has gotten added, right?
- Sanjay Tibrewala:** Not exactly a very big name to be mentioned here. But then on and off, there are a lot of semi-corporate customers which keep adding on and a lot of sustainable solutions have been demanded by that industry as well and we being quite early movers in this business line for sustainability, I think we have a fair chance of being more successful going forward and excite the customers with these solutions.
- Vinay Nadkarni:** Yes. One thing is on this contribution from the strategic partnerships with Eurodye and HealthGuard, how much of our revenues come from this partnership?
- Sanjay Tibrewala:** So, it is not yet substantial at all. In fact, we are discussing with them to make it in a much better way, where we can really make the use of this tie up in a better way. As such, as you know, there has been again a problem with Europe because of the Red Sea issues and this and that and the Eurodye being located in Belgium, they are facing a hard time to make their products in Belgium

and firstly, they bring the raw materials from Asia then to Belgium and then back to Asia. So, we are discussing with them in certain ways of doing certain associations which can be more rewarding to both sides. So, those things are under progress.

**Vinay Nadkarni:** That would include manufacturing for them here.

**Sanjay Tibrewala:** Yes, absolutely.

**Vinay Nadkarni:** Okay. Lastly, on this raw material prices, were there any changes in raw material prices during this quarter because you had a good run because of lower raw material prices for the last years, right?

**Sanjay Tibrewala:** Yes, you can say so, but if you notice, even in this year, in the first quarter, we had a great increase in the freight cost and things like container shortages, inventory controls and other things, but still we are able to maintain a GP of almost 38.58%, which is in fact, as I see, it is higher than the average maybe last quarter also higher than the Y-o-Y, also higher than the last year's weighted average also maybe. So, things are in line.

**Vinay Nadkarni:** So, can I assume that the raw material prices have dropped further this quarter?

**Sanjay Tibrewala:** Not at all. Nothing has dropped. There is nothing which has dropped now in this quarter, also, not because the freight cost has gone up and the currency is also not supporting anything. It is in fact going ahead only, but in spite of that, we are able to do it because we have been able to focus more on sustainable solutions and the more sustainable solutions we offer to the customers, those will have more returns as such. EBITDA margins are more and hence we are able to cover it up from that end.

**Moderator:** Thank you. Our next question is from the line of Abhijeet from Pi Asset Management. Please go ahead.

**Abhijeet:** I just wanted to know how the demand is shaping up because it would seem that there are a lot of headwinds.

**Sanjay Tibrewala:** The demand in textiles has been increasing. I can say the worst is behind us, like 2023 was one of the bottom years for the textiles. I think going forward things are going to be much better, whether it is in India or Bangladesh or wherever. Because there has been a lot of inventory unlocking, which has happened already last year or maybe this year beginning from the Walmarts of the world, the buying houses. So, I think now is the time to refill the stocks, inventories and other things. Things are going well in terms of textiles.

**Abhijeet:** Okay. Since there is a container shortage and cost is going up, will it be fair to assume that we can expect the raw material prices to increase in the coming quarters?



- Sanjay Tibrewala:** The prices of the raw materials will be at least the level where it was in quarter one. It will not go down and because the heat is still being felt now more like we discussed about all these points of the geopolitical situations and all. So, I do not think there has to be there, the situation will not become much better in the raw material pricing.
- Abhijeet:** So, if the raw material prices are increasing, so how fast we can pass on that to our customers?
- Sanjay Tibrewala:** See, actually we are not into, we are like, as you can see, like for the last 54 quarters of being listed, our EBITDAs have always been minimum 17%. I am talking of the last 13 years of being listed. Because in a true sense, our Company is into totally solution-driven technical services and we not only produce performance, Specialty Chemicals, but we provide a lot of solutions and services. Now, along with this, what happens is we are able to give products to the customers which really excites them and these businesses are not like commodity businesses. It is not like a soda ash or acetic acid businesses. These are all solutions where the customer is bothered about the performance which they get. So, going forward, I can tell you that we are always being, having comfortable EBITDA margins and gross margins, minor plus minus of half percent here and there in raw material does not really have any significant effect on our performance.
- Moderator:** Thank you. The next question is from the line of Vinay Nadkarni from Hathway Investments. Private Limited. Please go ahead.
- Vinay Nadkarni:** What is the target you have set for yourself of Fineotex in the next 2-3 years in terms of topline and EBITDA?
- Sanjay Tibrewala:** Actually, Vinay Ji, I can just share with you how we look at our Company is that and what we have done in the last, let us say, 3-4 years. We are looking to repeat the same thing in the coming couple of years and the times to come. So, this is the broad answer I can give you and we are very hopeful about the kind of opportunities which are coming to us in all the fields. I think we will be in a good position to deliver what we are expecting.
- Vinay Nadkarni:** Any new products in the pipeline which you would like to introduce?
- Sanjay Tibrewala:** There are so many products going on day in and day out. Because in this business where we are, there is always a new trend coming up. There is always a new demand from the end user. Let us say Walmarts of the world. They will always keep sharing their challenges or something which they want us to achieve for. So, we always keep getting our challenges and we keep working towards it in order to get them the right results and that translates into the business. So, it is a totally ongoing process. In fact, every month there has to be something added on not even every quarter.
- Moderator:** Thank you. The next follow up question is from the line of Kush Tandon from Ananta Capital. Please go ahead.

- Kush Tandon:** Just a follow up on our completion of preference issue. Sir, any timelines on the utilization of the funds in terms of any expansion plans or any inorganic activities, any timelines that you can give us.
- Sanjay Tibrewala:** As such, the official document which we had submitted, we have taken a sufficient timeline of around 3-4 years for that. However, that is not what we meant, but we will try to utilize and channelize these funds for the growth of the Company, and we are working towards it.
- Kush Tandon:** Okay and sir, how is the CAPEX at the new facility coming on sir? When can we expect that to be online? Is it on track?
- Sanjay Tibrewala:** It is on track, but, in any chemical plant to be commissioned in India, it is a very long process, as you know, and we had just started this action from April month only from the current Financial Year. So, it is only 4-5 months yet and yes, we acquired it in January, but then the 2-3 months will go for the planning and other things. So, ground action started in April only and we are trying to rush it up and as you know the monsoons are also there and things go very slow. So, anyhow, we aim that by the end of this Financial Year, we should be up more or less.
- Moderator:** Thank you. Ladies and gentlemen, we would take that as the last question for today. I would now like to hand the conference over to Mr. Sanjay Tibrewala for closing comments.
- Sanjay Tibrewala:** Thank you participants for joining in and if you have any further questions, we are always delighted to reply to all your questions. You can contact our Churchgate Partners, Investor Relations, or you can write to us as well on the Company's designated Email-ID. Thank you very much. See you soon. Thank you. Have a good evening.
- Moderator:** Thank you. On behalf of Finotex Chemicals Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

For further information, please contact:

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*Note: This transcript has been edited to improve readability*

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