Operator: Good afternoon, everyone. This is the second day of the Bharat Connect Conference 2026 September Edition. I welcome you all to the call of Fineotex Chemical Limited. Today, from management, we have Mr. Yusuf, who is the Head of M&A and IR of the company, and Arti Jhunjhunwala, who is the Executive Director.

Before I hand over the call to management, I will lay out the flow of the event. We will start with opening remarks by management and then move on to the Q&A round. Any participant who would like to ask questions can raise their hand or put them in the chat box. First, we will take questions from the participants who have raised their hands and then move on to the chat box. If time permits, we will take the questions that I have received from clients who were unable to participate. I now hand over the call to management. Over to you, sir.

Yusuf Contractor – Head of M&A, Strategy and Investor Relationships: Good afternoon, everyone, and thank you for joining the call. My name is Yusuf Contractor. I head M&A, strategy, and investor relations for the Fineotex Group. I am happy to be on the call organized by Arihant Capital.

I can start with a brief overview of Fineotex, where we started and how we have reached this point. We can then have a broader discussion on the sectors in which we are present, after which I will take you through the flow of the entire presentation. We can then open the floor for questions. Could you please confirm whether you have our presentation, or should I share it?

Operator: You can share the presentation.

Yusuf Contractor – Head of M&A, Strategy and Investor Relationships: Thank you. Is my presentation visible?

Operator: Yes, it is.

Yusuf Contractor – Head of M&A, Strategy and Investor Relationships: Great. To give you a brief overview, Fineotex started 46 years ago. It was started by our Chairman and Managing Director, Mr. Surinder Tibrewala. Subsequently, it was listed on the stock exchange 11 years ago. It is now being run very efficiently by Mr. Sanjay Tibrewala, who is the Executive Director and the son of Surinder Tibrewala, and by Arti Jhunjhunwala, who is Mr. Surinder Tibrewala's daughter and looks after the international textile business.

Initially, we started with the manufacturing of textile chemicals and hygiene chemicals. These were the two main businesses in which we operated. We grew steadily in these businesses over the last four decades. However, there came a need and a point when we had to diversify from the existing businesses and build a larger, more robust portfolio on the overall specialty chemicals side.

Since the expertise and business acumen were already available, entering other sectors appeared to be a natural progression. The sectors identified by the organization were oil and gas and water treatment chemicals. The oil and gas and water treatment chemical businesses had started well before the acquisition of Crudechem in December 2025. Water treatment products and chemicals had already been introduced gradually to certain clients in Saudi Arabia, and the portfolio had already begun to be built accordingly.

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To give you a brief overview, we have manufacturing plants in several locations. We have one manufacturing plant in Malaysia. We have two manufacturing plants in the US, one in Malaysia, and three manufacturing plants here in India. Two of the Indian plants are currently in Ambernath. We have a total capacity of 260,000 metric tons, and that capacity is currently sufficient for our existing businesses.

These are the four large business divisions in which we operate: textile chemicals; hygiene and FMCG; oil and gas, which we entered and where we have been building the portfolio through the acquisition of Crudechem; and water treatment chemicals, which we will be entering more aggressively in the future.

To give you a brief overview of the management, this is the key management team and the Board of Directors. As I mentioned, Surinder Tibrewala is the Chairman and Managing Director, Sanjay Tibrewala is the Executive Director, and Arti Jhunjhunwala is the Executive Director. We have other prominent people on the Board, and this is the composition of our Board.

Among the key management personnel, we have Mr. Arindam Choudhury, who is the CEO for textiles. I look after M&A, investor relations, and strategy. Sachin Bandorkar is the Head of Oil and Gas Specialty Chemicals. He is formerly from Schlumberger and takes care of that business.

We have Mr. Noah, who is the CEO of Biotechs. This was one of the early acquisitions we made 15 years ago and resulted in the acquisition of Biotechs in Malaysia. He continues to be our partner and is the CEO of that business.

Then we have Crudechem, where we have Dr. Sushanta, who is formerly from IIT Mumbai, and Jose, who looks after operations in the US. We have Miles, who looks after production there, and Kaushal, who is the Chief Growth Officer and looks after sales.

To give you a brief overview of the products we have on the water treatment side—on the textile side, we have products for all business categories, including weaving, pretreatment, dyeing, printing, and finishing. We are present across all these stages. We ensure that the bouquet of products we have addresses all the requirements of our clients. We provide tailor-made solutions to clients, and we have approximately 15% of the organized market share in textile chemistry in the Indian domestic market.

We have all the prominent clients in this business. We have Trident, Reliance, D'Decor, Aditya Birla, and Raymond, among others. All of these are currently our clients.

We have been growing the hygiene chemicals market quite aggressively, and we believe that we can do considerably more in this segment and grow it further. We recently added HUL to our approved client list and added PCG to our client list. We are also growing this business further by securing more contracts, more orders, and more government contracts. Some of the corporates marked here are also currently our clients.

I have mentioned our manufacturing capabilities. This shows where the plants are located. We have one plant in Mahape, two in Ambernath, one in Malaysia, and two in the US, in Texas—one in Brookshire and one in Midland.

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These are some of the important products and the innovations and sustainability credentials we currently have. HealthGuard is working with us, Eurodye is working with us, and SASMIRA has tied up with us. For the first time, SASMIRA has tied up with a corporate to run the R&D facility, and the R&D facility at SASMIRA is also being operated along with our teams here.

To give you a sense of our global presence and our internal revenue mix, approximately 77% of our revenue currently comes from international business and 23% comes from domestic business.

To give you a deeper understanding of our current trajectory, on the oil and gas side, we have already grown in the upstream and midstream segments through the acquisition of Crudechem. We are looking positively at the growth opportunities there. We have seen tailwinds since January–February, when the business picked up further, and that tailwind continues to provide us with the benefits of business growth.

Besides that, we have been focusing on entering water treatment chemicals and production chemicals. We are also actively looking and scouting for new acquisitions in that space.

This is a brief overview of Crudechem. I think you are all aware of Crudechem, but to give you a sense of where Crudechem stands and of the team, we have been growing the business quite aggressively. We believe that the volume growth in this business has been steady and stable over the last few quarters.

These are some of the clients we serve through CCT: Baker Hughes, Ovintiv, Halliburton, ExxonMobil, and Nesr. These are all our clients, and we have been able to acquire these prominent clients and consistently receive large orders from them.

A little bit about sustainability: approximately 50% of our current portfolio consists of sustainable products, whether in textile chemicals, hygiene, or water treatment chemicals, and moving forward, this will also include oil and gas.

To give you a brief overview of the current market, the oil and gas business has been growing, as I mentioned. I think everyone understands the geopolitical changes that have taken place and the way things are moving forward. We do not see any slowdown coming in the business, and we see significant opportunities for us to capture in the US markets as well.

There are also opportunities in the Saudi markets, where demand has increased further. We have been able to acquire some prominent clients in Saudi Arabia, and that business is also growing. In the future, we may even consider setting up a blending plant or a manufacturing plant in Saudi Arabia, if required.

This is a brief overview. I would also like to talk about the textile trade deals that have taken place recently. Some positive international trade deals have been concluded, and these should particularly help us grow the domestic textile business as well. We have seen some traction and some business build-up in India because of these developments, and I believe that textile volumes should grow further over the next few quarters.

This should be sufficient. I think everyone is aware of the financial numbers, so we can open the floor for questions.

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Operator: Thank you. We can move on to the Q&A round. The first question is from Pratik. Please go ahead.

Yusuf Contractor – Head of M&A, Strategy and Investor Relationships: Hi, Pratik. How are you doing?

Pratik: Hi, Yusuf. Hi, everyone. Thank you for the opportunity. Yusuf, it is good to meet you again.

We have been tracking the rig count in the US, which is published monthly, and fortunately, we are finding that the numbers are increasing month-on-month. Higher crude prices are probably motivating local players to drill more wells. I was wondering, following the capacity expansion at CCTL, how is utilization looking, and can this business absorb more capital? That is my first question.

Yusuf Contractor – Head of M&A, Strategy and Investor Relationships: I will take up the first two questions you had. One is on CCT growth and capacity, and the other is on the capital required.

Before that, to give you a brief view of the geopolitical scenario in the US, as you are aware, we are based in the Permian Basin. Approximately 65% of all crude production in the US takes place in the Permian Basin. We are well positioned by being present in Midland and Texas, and in Brookshire, close to Houston.

Therefore, the increase in oil and gas production has definitely helped and benefited us, and volumes have definitely grown. This has enabled us to increase our market share with our existing clients, and it has also enabled us to enter other new products because of the upside that has emerged.

In terms of capacity, we are currently at approximately 65% capacity utilization. We have started a night shift in Midland, not purely because of capacity utilization, but more because of client servicing.

As we mentioned earlier in our calls, we provide tailor-made solutions and last-mile delivery services to our clients. We also provide significant technical support. When we feel that clients need support from us, we ensure that we are ready to provide that support.

Therefore, it was important for us to start a night shift because clients were also requiring support at odd hours. They needed certain deliveries at 3 or 4 in the morning, and therefore we started a night shift there.

In terms of capacity, we are very comfortable. We have enough capacity to achieve the $200 million revenue target by 2028, FY 2028. In terms of capital requirements, we have already invested approximately $14-15 million in total working capital there from FCL. At present, we do not need to invest any more. However, if required, we may not need more than—

Vishu: An additional $4-5 million of working capital may be required there.

Pratik: Understood, Vishu. This is helpful.

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Secondly, since oil and gas was a relatively new segment for us, I was wondering how customer satisfaction has been operationally following the acquisition. Could you also share some anecdotes about our learning curve and how we are managing this business?

Vishu: There is always some skepticism when you enter new territories, geographies, and an entirely new business. That is always present, and we have to treat it as both an opportunity and a risk.

I think we have done fairly well for two reasons. First, when we came in, there were many things at CCT that were unorganized, and we were able to bring many of them back on track. We brought in a great deal of financial prudence. We have now appointed a CFO who runs the finance function there. Finance is completely under our control.

We were able to reduce operating costs, and therefore you saw EBITDA margins increase from 8-9% to approximately 13-14% at CCT.

We also wanted to ensure that clients appreciated our ability to deliver what we promised. By stepping in, we were able to prove to the clients over the last two quarters that we have delivered what we promised them. This has ensured that our traction with clients has increased.

Volumes have increased, and client stickiness has also increased. Clients now have greater confidence that when we say a product will be delivered on time, it will be delivered on time.

Therefore, in terms of how this has helped us, I think that by stepping in, we have ensured that the credibility of the overall business has increased. This is also a somewhat capital-intensive business, where we need to invest in working capital and ensure that clients do not leave us because our capacity expansion is insufficient.

Now, with the expansion of capacity at the plants, clients know that we can deliver what they need. They also know that if volumes increase further, we will be able to respond quickly and deliver to them.

Some of the clients we have acquired have come in specifically because they understood the value we brought to CCT. In fact, several clients have joined us purely because of the trust we have been able to build with them directly, and not merely because of CCT.

Pratik: Got it. This was helpful. Just as a closing comment, Vishu, you said that EBITDA margins at CCTL have improved from 9% to 13%. Since our costs are also in dollars, my understanding is that this is entirely an operational improvement rather than a result of currency adjustments, because the business is in the US.

Vishu: Yes, absolutely. You are correct. We do not consider currency something that we focus on day-to-day. Our outlook is more focused on improving and scaling the business operations rather than looking at currency movements.

Currency is a by-product of what is happening in the market and how things evolve. It can be positive or negative, and we do not know how it will move going forward. But at the end of the day, we did not acquire the business with the idea that we were going to become foreign-exchange

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traders.

As the business performs well, we are fortunate that we have received some tailwinds. Those tailwinds have helped us organize things more quickly and build the business faster than we expected.

Pratik: I am joining the queue again, Vishu. I have more questions. Thank you. This was helpful.

Vishu: Thank you very much.

Operator: Thank you. The next question is from Mohit. Please go ahead.

Vishu: Hi, Mohit.

Mohit: Hi, sir. I hope I am audible.

Vishu: There is a little echo, Mohit.

Mohit: Hello. Hi, sir.

Vishu: Yes, hi, Mohit. Please go ahead.

Mohit: I have two questions. My first question is about the new subsidiary we recently formed, which is focused on water chemicals for data centers and semiconductors. Could you give us some initial details about this? Are we looking at an acquisition, and how will this differ from the existing water chemical technology that we have?

Vishu: Water treatment chemicals are a large segment, and there are multiple sub-segments within water treatment. There is water treatment for oil and gas, water treatment for semiconductors and data centers, water treatment for effluent plants, and water treatment for pure water. There are different sub-segments across the overall value chain.

We were very clear that we wanted to focus on a few of these sectors, or sub-sectors, and build those sub-sectors. Accordingly, we identified data centers. The requirements of data centers have increased tremendously. Texas is a hub where data centers have been coming up.

We also believe that many new developments are coming up in India, and these data centers will require water treatment chemicals. We believe that this business can grow quite rapidly over the coming years, and we wanted to ensure that we establish a foothold in this space.

Just as we are present in textile chemistries and hygiene chemical chemistries, we are already manufacturing water treatment chemicals in India. It is not that we were not manufacturing them earlier. However, having a manufacturing base in the US also gives us the ability to become more of a global player and ensures that our supply chain does not get disrupted.

We also have Malaysia, through which we can supply. I will take a step back because it is important for everyone to understand that we do not have continuous processes in our manufacturing plants. We have completely fungible production capacities. Our capacities can be used for any of the chemicals we are discussing, whether in textile, hygiene, water treatment, or even oil and gas

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chemicals.

This also ensures that our plants can be utilized fully and more productively, depending on how geopolitical conditions change. The best example is that if something needs to be supplied to Saudi Arabia, it is better to supply it from India if there is a supply chain disruption.

We currently have a couple of contracts for Saudi Arabia. Some are supplied from the US and some from India. This gives us the flexibility that if something untoward happens and there is a change or disruption in the supply chain, we can supply our clients more efficiently.

On the water treatment side, demand is emerging, and we are seeing significant traction in the business.

We have already started looking at certain acquisition targets, and this is something we continue to evaluate. So, in terms of acquisitions, yes, we are looking very aggressively at opportunities in the water treatment space.

Mohit: Understood, sir. It was very clear.

My second question is about the traditional business. Q1 was relatively muted for the textile business, but crude prices have remained elevated in this quarter. Could you provide some guidance on realizations and demand? How has H1 been compared with H1 of last year?

Vishu: First, I will clear up the doubt and misconception that everyone has—that an increase or decrease in crude prices changes our production output.

We need to understand clearly that whether crude is at $45-50 per barrel, $100 per barrel, or $120 per barrel, once production begins, and since we operate in the upstream and midstream segments of oil and gas, our production does not stop. We continue producing.

For us, pricing is not directly related to crude prices going up. It is more related to the volume of production and the scale of production.

Over the last 6-8 months, a couple of things have changed significantly. First, production from existing wells has increased. We are also seeing many new wells being explored. Therefore, the increase in production levels affects our volumes. It is not the price of crude that affects us.

That said, we do have crude-based derivatives as raw materials in our products. We saw a couple of raw material price hikes when the war began, and those price hikes were absorbed by clients at that time. Since then, we have not seen any further raw material price hikes, and prices have remained fairly stable.

With crude prices currently reaching the levels they have, there could be future price increases. These could occur on the raw material side and may not be significant in amount, but they will definitely be discussed with clients for absorption. That aspect is being managed.

Mohit: Sir, I apologize for pressing this again, but my question was more about the textile business. In Q1, demand was muted. How has demand been in Q2?

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Vishu: Demand in Q1 was muted. Textile is somewhat cyclical, and Q1 is typically a slower quarter in the textile chemical business.

In Q2, we have definitely seen some volume growth. As I mentioned, with all the new trade developments taking place, you should see some volume growth over the next couple of quarters.

Mohit: Those were my questions. I am joining the queue again. Thank you.

Operator: Thank you. The next question is from Manu. Please go ahead.

Vishu: Hi, Manu.

Manu: Hello?

Vishu: Yes, hi, Manu.

Manu: Hi. Am I audible?

Vishu: Yes, you are very clear. Thank you.

Manu: You mentioned that you have recently added new clients such as HUL and P&G to your portfolio. Could you give us some view on the type of orders you are receiving and the order size these clients may give you in the future? Could you please explain this?

Vishu: Getting into a client involves a long and extensive gestation period. Entering these clients has required significant hard work and time. It would be difficult to provide any volume projections at this stage.

Obtaining approvals from these clients is not easy. Client stickiness and the gestation period for client acquisition in our business always take time, whether in textile, oil and gas, or water treatment chemicals.

Once we are established with a client, I am sure production and volumes will start coming in. We may be able to provide some guidance in the coming quarters, but at present, the key point is that these clients have entered our portfolio. As we move forward and make progress, volumes should also increase.

Manu: My second question is about Aqua Strike. Sanjay has mentioned it several times in his conference calls since last year. Is there any order related to Aqua Strike? He had said that we received approval from the Central Board of India, and approval from Hopkins also happened. However, nothing has been heard for 1.5 years and there have been no orders. Could you provide some view on this?

Vishu: Thank you for the question, Manu. Aqua Strike was a product that everyone had forgotten about. Fortunately, we have not forgotten about it, and we are fully aware that it remains in our portfolio.

Manu: We have not forgotten about it either.

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Vishu: The potential of the product is quite significant. However, the reason we slowed down discussions about the product was that we were waiting for certain approvals.

Over the last 1–1.5 years, we have developed the product considerably and reached a very mature stage. We are hopeful that we may be able to share some good news in the coming quarters.

Manu: Is that for the domestic or international market?

Vishu: For the domestic market at present.

Manu: Does this product also require approval from the WHO, as Sanjay mentioned last quarter?

Vishu: Our team has worked very hard over the last 1.5 years to obtain approvals. As I mentioned, Manu, certain things were discussed somewhat prematurely last time. We do not want to repeat the same mistakes.

We want to wait patiently until all the approvals are in place and then announce the development accordingly. We are working very hard to ensure that this also gets back on track.

Manu: Are you referring to WHO approval?

Vishu: Not only WHO approval. We have also been working on local approvals and everything else that is required.

Manu: Sanjay had said that local approvals from CSIR and the Indian board had been obtained.

Vishu: Yes, those approvals have been received.

Manu: And approval from Hopkins as well?

Vishu: Yes, that has also been received. Plant approvals have also been received.

Manu: What other approvals are you waiting for?

Vishu: There are certain approvals required before production can begin, as well as certain tendering requirements. We are waiting for those to come through. If you can wait, Manu, perhaps for this quarter, we should have some news by next quarter.

Manu: It would be great, sir, because this product is the reason I invested in FCL. I am being honest about that.

Utsav Baijal: Thank you for your honesty. We will not disappoint you either. Thank you.

Manu: Thank you very much, sir.

Utsav Baijal: Thank you, Raj.

Operator: Thank you. The next question is from Darshil. Please go ahead.

Darshil: Hello. Good afternoon, sir. Thank you very much for allowing me to ask questions.

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Utsav Baijal: Hi, Darshil.

Darshil: I have a few questions on the CCT side of the business. I wanted to know about the current run rate. I think we had reached the {? 25 million ?}—sorry, 25 million run rate. How is that progressing currently? Is it increasing in terms of volume? Could you help us understand that?

Is there any seasonality? As you said, more drilling is taking place, so volumes are increasing. Could you help us understand this?

Utsav Baijal: Darshil, at present, we have not seen any change in the projections or the trajectory that we had envisaged and that we have been communicating to everyone on a quarter-on-quarter basis.

We had given guidance that we would achieve $200 million of revenue by 2030, but then we changed that to 2028. At present, we are on track to achieve that target. I think that is the better way to put it.

We are seeing steady volume growth.

Darshil: That is the only part I wanted to understand. Will this be a linear curve, with steady growth, or will there be a sudden jump toward the end? That is what I was trying to understand.

Utsav Baijal: Our guidance was based on the understanding that this is the level we will achieve. With a target of $200 million by 2028, there may be a quarter here or there that is higher or lower, but we should achieve that number.

We are currently on track to achieve that number. If volumes increase further, and considering the way things are developing in the US, that number is always subject to change.

As I mentioned, crude pricing does not affect us. Volumes definitely will, and there will be considerably higher volumes coming in.

Darshil: Understood, sir. In terms of CCT margins, what is the optimal level? I think you said we are currently at approximately 65% utilization, so we should move toward optimal margins. In this type of business, what average margin can we expect at peak or near-optimal utilization?

Utsav Baijal: There are also many costs involved. One point to highlight about what we have done at CCT is that we have increased our R&D costs further. We are developing new products beyond what we had in the past.

The collaboration between FCL and CCT is working well. We are developing new ideas and products for upstream and midstream oil and gas. On the water treatment side, we also have our own products that we have been developing at FCL.

All of this has increased the portfolio basket that we can provide to our clients.

We have also increased the number of people involved in production, and we have increased the number of client touchpoints on the sales side.

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Our product sampling is also not in the range of $5,000 or $10,000. The samples we send to clients are typically in the range of a quarter-million, half a million, or $1 million for testing.

Therefore, there are many other costs involved in the business that are not visible upfront.

We are very confident that maintaining a {? 13 to 15% ?} EBITDA margin should not be a challenge going forward. Whether margins will improve further or not, we aspire to improve them. However, we also have to ensure that we cover these costs and that client acquisition does not slow down.

In this type of market, where we are seeing substantial volume growth and have an opportunity to participate and capture market share, we do not want to lose that opportunity.

Darshil: I was coming to that question as well.

Operator: Sir, we request you to return to the queue, as there are other participants.

Utsav Baijal: Please let him finish. It should be fine. You can finish your question. Sorry.

Darshil: Thank you very much. As we continue to grow, is the overall market also expanding, or are we primarily taking market share from other players? Is that the correct way to look at it?

As a final suggestion, if we could include more volume details about CCT in the presentation, that would be more helpful, if possible.

Utsav Baijal: I will keep your suggestion in mind. We are planning to redraft our quarterly reports. It may not happen this quarter, but perhaps in the next quarter you will see some changes.

To answer your question about volume growth, we have very efficient products that we have been supplying. As I mentioned, client stickiness is important, and entering new clients is not easy. We have done a good job of entering new clients and acquiring new customers. That comes through innovation.

We have been able to offer a better product at a lower price than the competition while ensuring that the product's efficacy is maintained.

This achieves two things. When market volumes are growing, it is beneficial for us to capture market share. However, when volumes begin to decline—or, more precisely, when crude prices ease and come down—we have a product that is more efficient and more competitively priced than the competition.

Therefore, we believe that once clients have added our products to their portfolios, it will not be easy for them to leave us. They will want to remain with us and do more business with us.

Consequently, we do not expect our volumes to be affected if crude prices continue to fluctuate.

Darshil: Thank you. That is all from my side. All the best.

Utsav Baijal: Thank you.

Operator: Thank you. The next question is from Dhaval. Please go ahead.

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Utsav Baijal: Hi, Dhaval.

Utsav Baijal: Hi, Dhaval. You are on mute.

Utsav Baijal: Hi, Dhaval. Can you hear us?

Operator: We can move on to the next participant. The next question is from Sparsh. Please go ahead.

Sparsh – Orinco: Hello. Hi, Utsav. Sparsh here from Orinco.

Utsav Baijal: Hi, Sparsh.

Sparsh – Orinco: I have two or three questions. The first is regarding blended realization per metric ton. Currently, we have {? 96,000 to 98,000 ?}; it was 96,000 last year. What future realization can we expect?

We acquired a new business last year, and going forward, we are also entering water specialty chemicals. What future blended realization can we expect?

Utsav Baijal: Are you referring to the production-level realization?

Sparsh – Orinco: Yes, I am referring to the production-level realization.

Utsav Baijal: Sparsh, one point I must clarify, as I mentioned earlier, is that we are not a continuous-process manufacturer.

You cannot look at us by saying that we have a certain amount of capacity, produced a certain number of tons of chemicals, and therefore this was the price of the chemical, this was our raw material cost, this was our cost of sales, and this was the profit.

We are batch producers. We have some complicated reactions in our production processes, while others involve simpler reactions.

You also have to understand that our capacity is fungible, and it is laid out in such a way that we can expand into newer products.

We are currently at approximately 65% capacity utilization, and next year we should be at approximately 75%, depending on the volumes we produce. We have sufficient capacity to sustain and grow the business and achieve the targets we have discussed.

Sparsh – Orinco: Understood.

Utsav Baijal: There may be some additions to reactors and related equipment, but the capex involved should not be significant.

Sparsh – Orinco: You mentioned the fungible technology we currently have. Approximately {? 95% ?} of the plants are fungible?

Utsav Baijal: 100% are fungible.

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Sparsh – Orinco: 100%. Let me correct that—100%. In terms of shifting from one product to another, how much time does production usually take, and how much production loss occurs during that process?

Utsav Baijal: We do not look at it in that manner. It depends more on which product we are producing, the quantity, and the specific process.

For example, certain reactors are dedicated to certain products because the production volume of those products is very large and production is continuous. Therefore, we do not need to change, clean, or shut down those reactors, and there is no downtime on them.

Other reactors are used to produce batch products. We can change products in those reactors, and the available downtime is sufficient to complete the entire process.

Overall, based on the capacity we currently have, we can always reach approximately {? 90% ?} capacity utilization or full utilization, depending on the circumstances. Our downtime is not very long on that basis.

Sparsh – Orinco: So it could take a couple of hours, or 1-2 days?

Utsav Baijal: It depends, as I mentioned, on the reactions, the chemicals involved, and how difficult the cleaning process is.

We are very careful to ensure that there is no contamination in these products.

Sparsh – Orinco: What is the current percentage share of finished goods in your textile business?

Utsav Baijal: Looking at our overall revenue portfolio, textile accounts for approximately 35% and oil and gas accounts for 65%.

As we move forward, textile and hygiene will continue to grow—

Sparsh – Orinco: We have received an order or some empanelment with HUL and other clients in the FMCG space as well, correct?

Utsav Baijal: Correct. Even though volumes will grow, going forward, specialty chemicals and hygiene chemicals should not account for more than 30% of the overall portfolio.

The remaining 70% should consist of oil and gas and water treatment chemicals as we move forward, because volumes will be larger in those businesses in any case.

Sparsh – Orinco: I will join the queue. I have two or three more questions. Thank you.

Utsav Baijal: Thank you.

Operator: Thank you. The next question is from Hemkesh. Please go ahead.

Hemkesh: Hello.

Utsav Baijal: Hi, Hemkesh.

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Hemkesh: Hi, sir. Thank you for taking our question.

My first question is regarding the standalone numbers. I see a year-on-year decline for approximately 3-4 quarters. Textile is our core business, and you mentioned that volumes are expected to grow in the near future. You have provided clear guidance for the oil and chemical business. Is there any guidance or target number for textiles as well, considering the tailwinds from the FTAs?

Utsav Baijal: Hemkesh, thank you for the question. It is very important for people to understand this point.

I have been trying, particularly over the last couple of quarters, to explain that you cannot look at FCL only through the standalone balance sheet numbers anymore.

There are a couple of reasons for this. One is that only our Ambernath Plant 1 is included in the standalone balance sheet. Ambernath Plant 2 is included under the subsidiary balance sheet.

When you look at the textile numbers, this creates an incorrect impression that textile volumes are declining. It depends on what we have allocated each plant to manufacture and the volumes generated by that specific plant.

If you look at the new Ambernath plant, it has larger reactors, and production volumes there are much higher. As a result, larger-volume operations have moved there. Since larger-volume operations were associated with reactors of 30,000 liters and larger sizes, we moved most of those businesses to the new plant.

The other reactions being carried out at Ambernath Plant 1, which is part of the standalone entity, have therefore changed in nature.

This is the reason for the mismatch and why people believe that our textile numbers have declined to that extent.

We have seen volume growth over the last couple of quarters. It has not been exceptionally high, but it has been encouraging. Going forward, we expect this to be reflected further in the business.

If you look at our overall business mix, we have moved toward more international business, and we are producing more for international markets, not just in oil and gas but also in textiles.

We have operations in Bangladesh to which we supply. We also supply many clients through Malaysia, and not only from India.

We have been adjusting our operations and determining how to move them in a way that makes the process more efficient.

Another point I would like to highlight is our working capital cycle, which we have—

Yusuf: Our working capital cycle should be viewed on a quarter-to-quarter basis. On a quarter-to-quarter basis, our working capital cycle is between 70 and 80 days.

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When you look only at the standalone figures and everything else, it becomes confusing and appears to be 120 days or 100 days. That is not a true picture or reflection of the current business. I hope this answers your question.

Hemkesh: Understood, sir. Regarding the overall outlook for the company, you have given clear guidance of a $200 million target for the oil and chemical business. At the consolidated level, when I consider water chemicals and textiles as well, is there a number the company is targeting for perhaps {? FY25, FY26 ?}?

Yusuf: Internally, we do have a target and a number that we have in mind to achieve. However, at present, we want to be somewhat cautious about providing projections in this regard.

We have been discussing improvement in the domestic textile business for the last two quarters. If you look at our last two quarterly calls, we have consistently said that it would improve.

The catch-up related to all these treaties and trade developments is now taking place, and we have seen volume growth and an increase in demand. However, we do not yet want to commit to a specific number because we need to observe the numbers for at least another quarter and understand how they develop.

We definitely have plans to ensure that those numbers grow and that the business also grows.

Hemkesh: Is the company planning any future fund-raising through debt or equity to fund its capex plans going forward?

Yusuf: We were recently upgraded to an AA- rating by ICRA, with a stable outlook. We have very little debt. The debt we do have primarily consists of small letters of credit and working capital.

We have sufficient room to raise funds, if required, either through debt or equity.

We recently stated in our Board meeting and at our AGM that we would raise capital of up to 800 crores. This is more of a blanket approval that we have taken because we are evaluating acquisitions and may require funds for that purpose.

At present, we have only obtained a blanket approval. There is no fixed plan for fund-raising currently. We are exploring opportunities, and when we finalize an acquisition opportunity or another requirement for which funds are needed, we will first announce it to the stock exchange.

Hemkesh: Thank you. I have one last question. When the hygiene business was scaling along with the textile business, we saw very good growth in revenue and margins, with EBITDA margins consistently above 20%.

Now that the oil and chemical business has been added, and it has slightly lower EBITDA margins, where do you see blended EBITDA margins going from here?

Yusuf: In hygiene and textile chemicals, we will continue to maintain EBITDA margins above 20%. We have been operating in these businesses for a long time, and we will consistently maintain those margins.

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At the blended level, we currently expect overall EBITDA margins of 14–15%.

As I mentioned earlier, there are costs associated with growth, including acquisition costs and client acquisition costs. We can improve margins as we move forward, and we aspire to increase them.

However, at present, the fair range to indicate is approximately 14–15% EBITDA margins at the overall blended level.

Hemkesh: Last quarter, we reported margins of approximately 16%. Do you therefore expect margins to be lower?

Yusuf: As our business volumes grow, we need to focus on the larger volume of business being generated.

This is only a range, and we have consistently been conservative in the numbers we communicate. You can take 14–15% as our guidance. We want to remain somewhat conservative in stating this range.

If margins improve, that improvement will be reflected in the numbers reported in the balance sheet.

Hemkesh: Understood, sir. Thank you very much.

Operator: Thank you. Due to time constraints, we will have to close the call. I request Yusuf to give the closing remarks.

Yusuf: Thank you very much for organizing this call.

As a closing remark, FCL has not merely changed the cover or turned a page; we have changed the book. We have moved toward becoming a specialty chemical platform, and we now operate across the four sectors I mentioned: textiles, hygiene, water treatment chemicals, and oil and gas.

There is significant room for growth in these sectors. The future of our business looks promising, and we will continue trying to communicate this to our investors and shareholders.

We will also continue trying to live up to the expectations and standards that we need to meet. Thank you very much, and thank you, everyone, for being on the call.

Operator: Thank you. On behalf of Arihant Capital, I would like to thank management and the participants for taking the time to join the call and share insights about the company.

If participants have any further questions, they can get in touch with the Arihant Capital team. Thank you.

Yusuf: Thank you very much. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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