

February 26, 2026

## Fineotex Chemical Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Cash credit	22.00	22.00	[ICRA]A+(Positive); reaffirmed
Short-term - Fund-based - Others	3.00	3.00	[ICRA]A1+; reaffirmed
Short-term - Fund-based - Overdraft	8.00	8.00	[ICRA]A1+; reaffirmed
Short-term - Non-fund based - Letter of credit	8.00	8.00	[ICRA]A1+; reaffirmed
Short-term - Non-fund based - Others	2.00	2.00	[ICRA]A1+; reaffirmed
Unallocated limits	57.00	57.00	[ICRA]A+(Positive) /[ICRA]A1+; reaffirmed
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The reaffirmation of the ratings and continuation of a Positive outlook on the long-term rating factors in the recent acquisition announced by Fineotex Chemical Limited (FCL) on December 05, 2025. FCL has acquired a 53.33% controlling stake in the CrudeChem Technologies (CCT) Group, a US-based specialty oilfield chemicals conglomerate. The acquisition involves four US entities operating under the CCT umbrella, together generating ~USD 65 million in annual revenue. The acquisition will enable a faster ramp-up in the company's scale of operations while maintaining a healthy credit profile. ICRA will continue to monitor the integration of the new acquisitions in FCL's ecosystem and the impact of the same on the credit profile. The acquisition has been funded through internal accruals as the company had sizeable cash balances from the recent equity raises and healthy cash accruals.

ICRA notes that Fineotex raised approximately Rs. 192.6 crore in FY2025 through two preferential issues comprising equity shares and warrants. An additional ~Rs. 50.21 crore has been raised in FY2026 through the issuance of shares in lieu of the warrants (some warrants were not exercised by the investors). These funds are earmarked for both organic expansion — including capacity addition and inorganic growth.

The ratings continue to factor in the established track record of the company in textile chemicals, the experience of the promoters and a diversified customer base comprising reputed companies in the domestic and export markets. The ratings also factor in the company's strong credit profile, marked by minimal debt levels, significant free cash and cash equivalents and healthy cash flow from operations.

The ratings are constrained by the high competitive intensity with the presence of several domestic and international players in the industry. The company is also exposed to the volatility in raw material prices and forex risks. However, it has been able to pass on the price fluctuations due to its focus on specialty chemicals and customised value-added solutions. As a result, the company has been able to maintain healthy gross margins over FY2020 to FY2025. The company's volumes declined ~10% YoY in FY2025 owing to the headwinds faced in the health/hygiene segment. As a result, the operating margin moderated to ~24%, although higher than historical levels. During 9M FY2026, the company witnessed a further moderation in the operating margins due to increased spends on business development. The operating margins improved sequentially in Q3 & Q2 FY2026 from Q1 FY2026. With the margin profile of the newly acquired entities being lower than FCL's current business, the overall consolidated margins are expected to moderate in FY2026, although the OPBDITA is expected to witness growth in FY2026 over FY2025. While the company does not have a defined forex hedging policy, it

has not witnessed significant foreign exchange losses in the past.

ICRA also takes note of the accreditations/certifications received by the Group for its manufacturing facilities in India and Malaysia (under subsidiary), its R&D efforts for developing new products and the JVs with reputed international entities, helping it to acquire new customers and diversify its products and geographic presence.

The Positive outlook on FCL's rating reflects ICRA's expectation that the company will benefit from the recent acquisitions which will support the growth in the scale of operations and earnings going forward while maintaining healthy credit metrics.

## Key rating drivers and their description

### Credit strengths

**Established position in specialty textile chemicals and a reputed clientele** – FCL has a long track record in textile chemicals, with experienced promoters and established relationships with reputed customers in the domestic and international markets. FCL is focused on specialty chemicals and customised solutions, which has helped the company add new customers over the years as well as increasing the sales to existing customers. This has also helped it maintain healthy profit margins over the years. The company is present in ~70 countries and exports formed ~22% of the total revenue in FY2025.

**Revenue diversification in health & hygiene and oil & gas segment to aid revenue diversification** – FCL has over the years diversified its revenue base from the textile segment by venturing into the health & hygiene segment which enabled reduced cyclicity and was synergistic with the textile chemicals business. With the recent acquisition of the entities acquired in the US, company's revenue sources will further diversify with a sizeable revenue emanating from the oil & gas segment. Thus the dependence of FCL on a particular industry will moderate and provide cushion in industry downturns.

**Strong financial risk profile** – Fineotex Chemical Limited maintains a strong financial risk profile, supported by healthy profit margins, a comfortable capital structure, and strong coverage indicators. Between FY2022 and FY2024, the company's consolidated operating income grew by 54%, with operating and net profit margins consistently ranging between 20–25% and 15–20%, respectively. In FY2025, while revenue moderated to Rs. 533.33 crore, the company sustained profitability with an OPM of 23.98% and NPM of 20.48%. The capital structure and coverage indicators have also remained healthy with low gearing in the last five years. The financial profile is further strengthened by the Rs. 192.6 crore equity fund-raise and warrants issued in FY2025 and Rs. 50.21 crore in FY2026 from warrant conversions, supporting both organic and inorganic growth.

### Credit challenges

**High competitive intensity** – The company faces competition from domestic as well as multinational companies, with established brands and a larger capital base. This necessitates a focus on customised solutions and new product development and diversification into new segments.

**Exposure to volatility in raw material prices and foreign exchange rates** – The company uses a wide variety of raw materials, which are imported as well as procured from domestic suppliers. The prices of these raw materials are volatile, depending on factors such as the demand-supply trends and crude oil price volatility. The company has, however, demonstrated an ability to pass on the cost fluctuations, resulting in the OPM being in a healthy range of 20-25% in the last five years. The company also does not have a firm hedging policy and uses only natural hedging, exposing the company to the volatility in forex rates.

## Environment and social risks

FCL, being present in the chemical industry, is exposed to the risk of tightening regulations on environment and safety and potential penalties in case of any non-compliance. However, the company adheres to various industry standards and is also Zero Discharge Hazardous Chemicals (ZDHC) Gateway certified. The company is also compliant with environmental law/regulations pertaining to water and air pollution. Further, with growing focus on sustainability in the textile production process, the company's efforts to develop sustainable products/solutions and the certifications/accreditations which include ZDHC, Bluesign and REACH, should be favourable in the medium to long term from a credit perspective.

The company's exposure to social risks mainly pertain to safe operations and remaining compliant with all environmental regulations to ensure the safety of employees and the community in the vicinity of its manufacturing units. As per the disclosures, the company has safety equipment in place at its units.

### Liquidity position: Strong

FCL's liquidity position remains strong, supported by a robust cash flow from operations of Rs. 70.0 crore in FY2025 and expectation of healthy cash flow from operations, going forward. The liquidity position is further strengthened by the healthy cash and liquid investments of Rs. 374 crore on March 31, 2025 and availability of unutilised working capital limits. The recent fund-raise by the company through a preferential allotment of equity shares and warrants will further improve the overall liquidity position of the company.

### Rating sensitivities

**Positive factors** – ICRA could upgrade FCL's ratings if the company is able to achieve a significant growth in the scale of operations and maintain healthy profitability on a sustained basis while maintaining a strong credit profile.

**Negative factors** – The outlook could be revised to stable and/or the ratings could be downgraded if there is a sustained decline in the scale of operations or profitability, or if there is a significantly large debt-funded capex and/or acquisition or a stretch in the working capital cycle that will weaken the liquidity position and credit metrics of the company.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Chemicals</a> <a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Fineotex Chemical Limited (FCL).

### About the company

The Fineotex Group was established in 1979 by Mr. Surendra Tibrewala. Fineotex Chemical Limited (FCL) is a part of the Group and was incorporated as a public limited company in 2004. The company got listed on the Bombay Stock Exchange in March 2011 and the National Stock Exchange in January 2015. At present, Mr. Sanjay Tibrewala, son of Mr. Surendra Tibrewala, looks after the day-to-day operations and Mr. Surendra Tibrewala supervises the overall affairs and is involved in the strategic decisions. The company has three manufacturing facilities at Navi Mumbai (Maharashtra), Selangor (Malaysia) and Ambarnath (Maharashtra).

The company manufactures over 470 specialty chemicals and enzymes for the textile, garment, construction, leather, water treatment, agrochemical, adhesive and other industries and is present in ~70 countries. It is a leading manufacturer of specialty and performance chemicals for textiles. FCL manufactures and provides the entire range of products for pre-treatment, dyeing, printing and finishing for textile processing to customers across the globe. The company has also entered the health/hygiene (detergent/handwash) segment and has witnessed a healthy scale-up of operations.

### Key financial indicators (audited)

FCL Consolidated	FY2024	FY2025	9M FY2026*
Operating income	569.0	533.3	458.5
PAT	121.0	109.2	81.2
OPBDIT/OI	26.1%	24.0%	19.9%

FCL Consolidated	FY2024	FY2025	9M FY2026*
<b>PAT/OI</b>	21.3%	20.5%	17.7%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.2	0.1	-
<b>Total debt/OPBDIT (times)</b>	0.0	0.0	-
<b>Interest coverage (times)</b>	111.5	119.6	-

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	February 26, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based - Cash credit</b>	Long-term	22.00	[ICRA]A+(Positive);	November 11, 2024	[ICRA]A+ (Positive)	November 02, 2023	[ICRA]A+ (Stable)	November 01, 2022	[ICRA]A (Stable)
<b>Fund-based - Others</b>	Short-term	3.00	[ICRA]A1+ ;	November 11, 2024	[ICRA]A1+	November 02, 2023	[ICRA]A1+	November 01, 2022	[ICRA]A1
<b>Unallocated limits</b>	Long-term/Short-term	57.00	[ICRA]A+(Positive) / [ICRA]A1+;	November 11, 2024	[ICRA]A+ (Positive)/[ICRA]A1+	November 02, 2023	[ICRA]A+ (Stable)/[ICRA]A1+	November 01, 2022	[ICRA]A (Stable)/[ICRA]A1
<b>Non-fund based - Letter of credit</b>	Short-term	8.00	[ICRA]A1+ ;	November 11, 2024	[ICRA]A1+	November 02, 2023	[ICRA]A1+	November 01, 2022	[ICRA]A1
<b>Non-fund based - Others</b>	Short-term	2.00	[ICRA]A1+ ;	November 11, 2024	[ICRA]A1+	November 02, 2023	[ICRA]A1+	November 01, 2022	[ICRA]A1
<b>Fund-based - Overdraft</b>	Short-term	8.00	[ICRA]A1+ ;	November 11, 2024	[ICRA]A1+	November 02, 2023	[ICRA]A1+	November 01, 2022	[ICRA]A1

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Cash credit	Simple
Short-term - Fund-based - Others	Simple
Short-term - Fund-based - Overdraft	Simple
Short-term - Non-fund based - Letter of credit	Simple
Short-term - Non-fund based - Others	Simple
Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

## Annexure I: Instrument details

ISIN	Instrument name	Date of issuance / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	-	-	-	22.00	[ICRA]A+ (Positive)
NA	Overdraft	-	-	-	8.00	[ICRA]A1+
NA	Fund-based limits – Others	-	-	-	3.00	[ICRA]A1+
NA	Letter of credit	-	-	-	8.00	[ICRA]A1+
NA	Non-fund based limits – Others	-	-	-	2.00	[ICRA]A1+
NA	Unallocated limits	-	-	-	57.00	[ICRA]A+ (Positive)/ [ICRA]A1+

Source: Company

[Please Click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Fineotex Chemical Limited	Ownership	Consolidation approach
Fineotex Malaysia Limited	100.00%	Full Consolidation
BT Chemicals SDN BHD	71.92%	Proportionate
BT Biotex SDN BHD	72.38%	Proportionate
Rovatex SDN BHD	74.76%	Proportionate
BT Biotex Limited	100.00%	Full Consolidation
Fineotex Biotex Healthguard FZE (formerly known as Fineotex Specialities FZE)	100.00%	Full Consolidation
Manya Manufacturing India Private Limited (formerly known as Manya Steel Private Limited)	100.00%	Full Consolidation
FSPL Specialities Private Limited (Formerly known as Fineotex Specialities Private Limited)	100.00%	Full Consolidation
Fineoclean Specialities Private Limited	100.00%	Full Consolidation

<b>Fineotex Chemical Limited</b>	<b>Ownership</b>	<b>Consolidation approach</b>
<b>Frackmex Equipment and Services LLC</b>	53.33%	Full Consolidation
<b>CrudeChem Technology LLC</b>	53.33%	Full Consolidation
<b>Oil Pro Advantage INC</b>	53.33%	Full Consolidation
<b>Lonestar Technoboost LLC</b>	53.33%	Full Consolidation

Source: Company

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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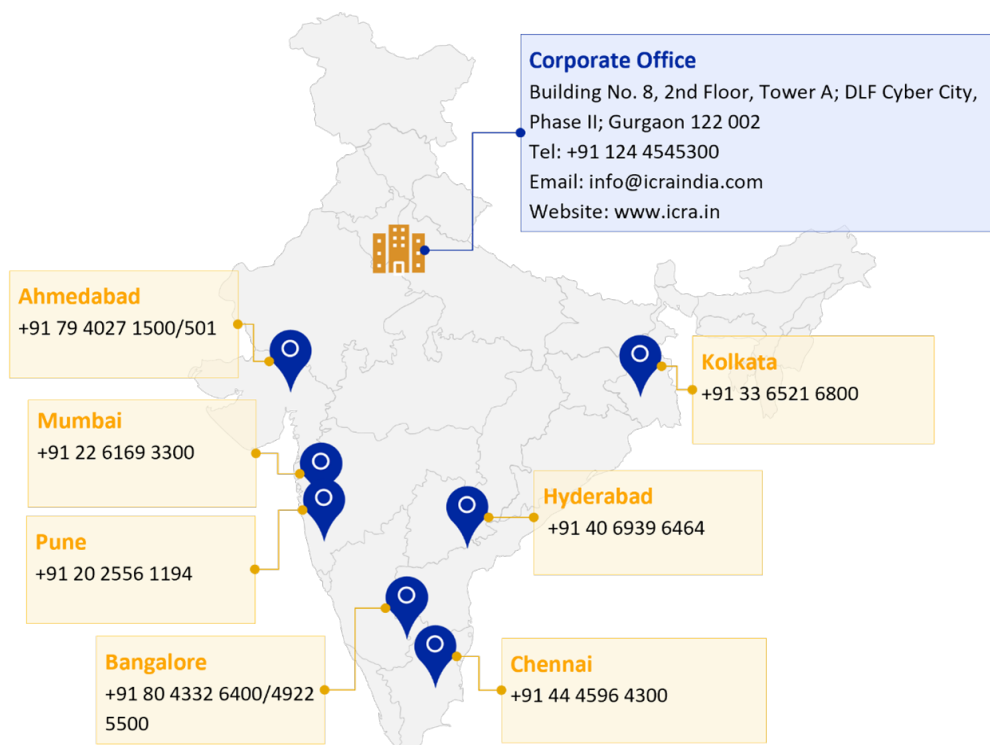


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