Choice Institutional Equities

BUY

FTXC: Successful CCT Integration Improves Margin

July 25, 2026 | CMP: INR 39.6 | Target Price: INR 51.0

Expected Share Price Return: 28.8% I Dividend Yield: 0.2% I Potential Upside: 29.0%

Sector View: Positive

Change in Estimates	✓
Target Price Change	✗
Recommendation	✗

Company Info	
BB Code	FTXC
Face Value (INR)	1.0
52-w High/Low (INR)	47.2 / 19.0
Mkt Cap (INR Bn / USD Bn)	46.1 / 0.48
Shares o/s (Mn)	1,165
3M Avg. Daily Volume	24,003,304

Change in Estimates

	FY27E			FY28E		
INR Bn	**New**	**Old**	**Dev. (%)**	**New**	**Old**	**Dev. (%)**
Revenue	18.8	18.2	3.6	22.9	22.5	1.9
EBITDA	2.9	2.7	5.6	4.0	3.9	1.9
EBITDAM%	15.3	15.0	29 bps	17.4	17.4	0 bps
Att. PAT	1.8	1.7	4.1	2.5	2.4	1.7
Adj. EPS	1.5	1.5	4.1	2.1	2.1	1.7

Actual vs CIE Estimates

INR Mn	**Q1FY27A**	**CIE Est.**	**Dev.%**
Revenue	3,766	3,689	2.1
EBITDA	591	517	14.3
EBITDAM %	15.7	14.0	168 bps
Att. PAT	384	352	9.0

Key Financials

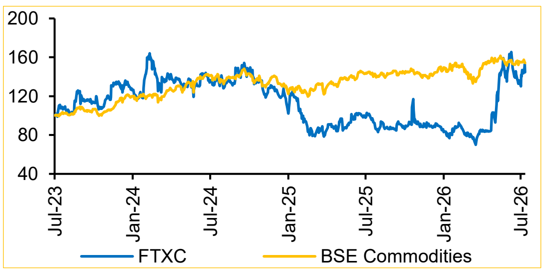
INR Mn	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	5,333	7,722	18,842	22,940	25,199
YoY (%)	(6.3)	44.8	144.0	21.7	9.9
EBITDA	1,272	1,347	2,886	3,990	4,574
EBITDAM %	23.9	17.4	15.3	17.4	18.2
Att. PAT	1,082	1,088	1,783	2,486	3,187
Adj. EPS (INR)	0.9	0.9	1.5	2.1	2.7
ROE %	18.4	13.5	18.5	21.5	22.6
ROCE %	19.7	14.4	25.6	29.7	28.2
PE (x)	24.7	20.6	25.9	18.6	14.5
EV/EBITDA (x)	18.3	14.3	15.1	10.9	9.5

Shareholding Pattern (%)

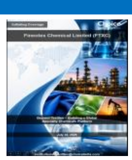
	Dec-25	**Mar-26**	**Jun-26**
Promoters	62.6	62.3	62.3
FII	2.5	2.9	3.2
DII	1.3	1.3	1.3
Public	33.6	33.5	33.2

Relative Performance (%)

YTD	**1Y**	**2Y**	**3Y**
BSE Commodities	7.8%	12.5%	52.6%
FTXC	46.8%	7.1%	31.7%



FTXC Coverage Initiation



Click Here to Read Initiating Coverage Report

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CCT Integration & Capacity Expansion Drive Next Phase of Growth

The **successful integration** of **CrudeChem Technologies (CCT)**, alongside manufacturing capacity expansion from **80K MTPA to ~148K MTPA**, strengthens FTXC's positioning in oilfield specialty chemicals. Operational improvements under FTXC's management have enhanced **execution capabilities, scalability and capacity utilisation**, contributing to **20% QoQ revenue growth**. The company also successfully passed through higher raw material cost, with **EBITDA margin improving 178 bps QoQ to 15.7%**. We believe **higher utilisation of the expanded CCT facility**, coupled with **operating efficiency**, is anticipated support **sustained margin expansion and earnings growth** over the medium term.

View and Valuation

We **marginally raise** our **FY27E / FY28E revenue estimate by 3.6% / 1.9%, respectively,** and increase our **EBITDA margin assumption by 29 bps**, an 8,000 MTPA increase in CCT capacity announced in the quarter and a beat on our estimate for Q1FY27. Our revised estimate implies **Revenue / EBITDA / Attributable PAT CAGRs of 48.3 / 50.3% / 43.1% over FY26–FY29E**. Based on our DCF valuation, we therefore maintain our **'BUY' rating** and **target price of INR 51**. Our target price implies a **P/E multiple of 23.8x on FY28E EPS** and a **PEG** of **0.6x**, considering an **EPS CAGR** of **43.1%** over **FY26–FY29E**.

Key Risks to our Valuation

Probable slower-than-expected CCT ramp-up, a possible slowdown in US drilling and production activity and probably renewed escalation in West Asia tension.

Robust Operational Performance Supported by CCT Integration

- **Revenue** grew **174.8% YoY to INR 3.8 Bn** (in line with CIE estimate of INR 3.7 Bn), driven by the full-quarter consolidation of CCT
- **EBITDA** grew **134.7% YoY** to INR 591 Mn, with **EBITDA margin** at **15.7%,** beating CIE estimate by 168 bps
- **Attributable PAT grew 54.8% YoY** to INR 384 Mn (vs CIE estimate of INR 352 Mn), with **Att. PAT margin at 10.2%**, exceeding CIE estimate by 65 bps

Inorganic Opportunities Reinforce Long-term Growth Outlook

Since FTXC's acquisition of CCT in December 2025, it has delivered meaningful improvements in **operational efficiency, execution capabilities and manufacturing scale**. We believe this strengthens the management's credibility in pursuing future acquisition opportunities across **oil & gas and water treatment segments.** FTXC's **debt-free balance sheet**, supported by over **INR 3.6 Bn in cash and investments** and healthy cash generation capability, provides sufficient flexibility to fund inorganic growth without placing undue stress on the balance sheet.

FTXC (INR Mn)	**Q1FY27**	**Q1FY26**	**YoY (%)**	**Q4FY26**	**QoQ (%)**
Installed Capacity (MTPA)	267,000	104,000	156.7%	199,000	34.2%
Revenue	3,766	1,371	174.8%	3,137	**20.0%**
COGS	2,432	911		2,225	
Gross Profit	1,334	460	190.3%	912	**46.3%**
Operating Exp.	743	208		475	
EBITDA	591	252	134.7%	437	**35.4%**
EBITDAM %	15.7%	18.4%	(268 bps)	13.9%	**178 bps**
Att. PAT	384	248	54.8%	316	**21.5%**
Att. PAT Margin %	10.2%	18.1%	(791 bps)	10.1%	**12 bps**
Adj. EPS (INR)	0.33	0.21	54.8%	0.27	**21.5%**

Source: FTXC, Choice Institutional Equities

Management Commentary

Crude Chem Technologies (CCT):

CCT integration benefits accrue with efficient sourcing, operational enhancements and price pass-through supporting EBITDA margin expansion to 15.7%

- CCT contributed ~**65% of consolidated revenue**, Q1FY27 revenue of around **INR 2.5 Bn**
- Installed capacity increased from **80K MTPA to ~148K MTPA** and is operating at around **60–65% utilisation**, providing meaningful headroom for growth

CCT capacity expanded from 80K MTPA to ~148K MTPA

- Management retained its CCT revenue target of **USD 100 Mn in FY27E** and **USD 200 Mn in FY28E**, supported by customer addition and wallet-share gains rather than crude oil prices
- Operational efficiency, supplier negotiations, technology transfer and last-mile delivery capabilities have supported margin improvement; management expects current margin would be sustainable
- Existing infrastructure can support further growth through additional shifts, with limited incremental capex required

Textile

Textile chemicals remained broadly stable

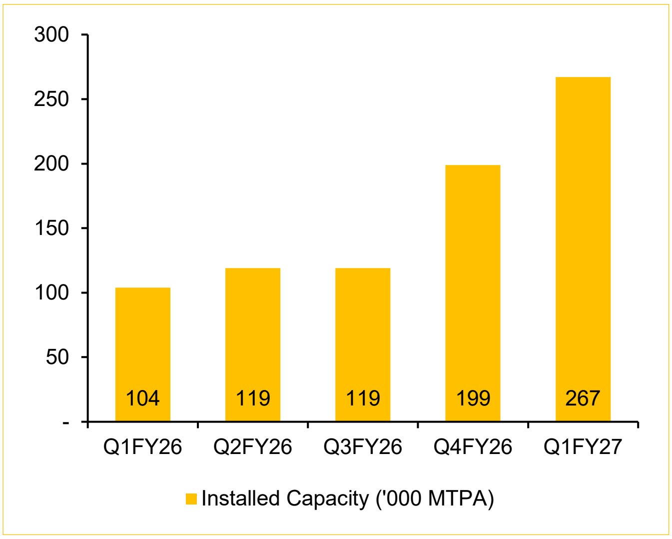
- Textile revenue remained broadly **flattish YoY**, impacted by monsoon seasonality and softer demand for premium performance chemicals
- Stronger customer engagement, expansion in Bangladesh and improved export opportunities will drive revenue over the next few quarters

Inorganic Opportunities and Growth Outlook

A strong balance sheet and a healthy cash generation provide flexibility to pursue further inorganic opportunities

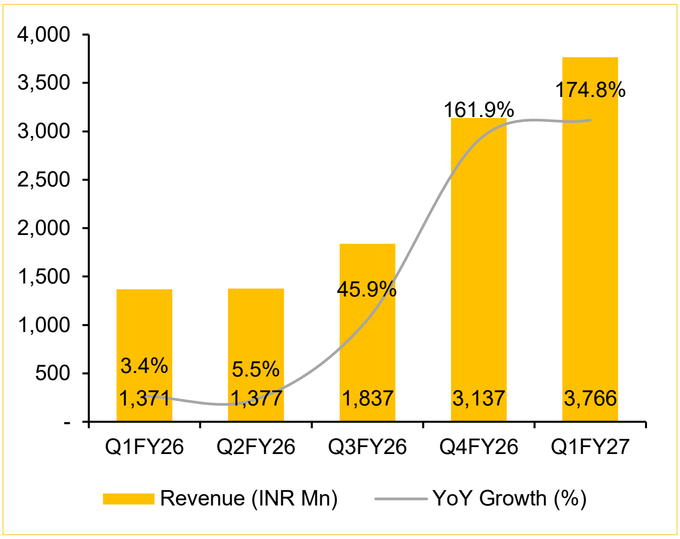
- The company remains debt-free with a strong cash position, providing flexibility to fund organic and inorganic growth
- Management is actively evaluating acquisitions across specialty chemicals, with **business synergy, scalability and disciplined cash deployment** remaining key criteria
- CCT remains the primary growth engine, with opportunities emerging across **Canada, Saudi Arabia, Guyana and Suriname**
- Cross-selling CCT products through FTXC's Asian network and offering India- and Malaysia-manufactured products to global oilfield customers could further expand customer wallet share

CCT Capacity Expands by ~85% to 148K MTPA



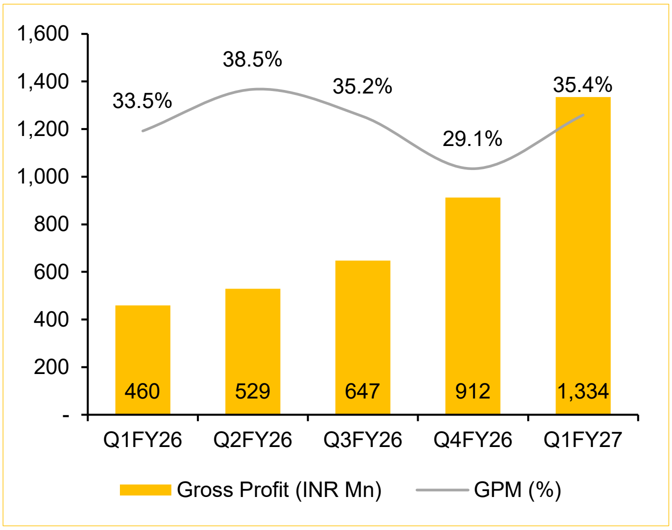
Source: FTXC, Choice Institutional Equities

CCT Consolidation Drives 174.8% YoY Revenue Growth



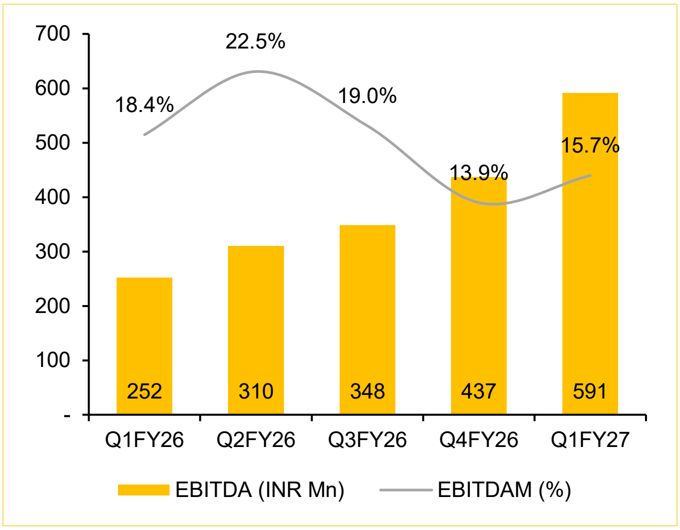
Source: FTXC, Choice Institutional Equities

Margin Expands 190 bps YoY on Effective Price Pass-through



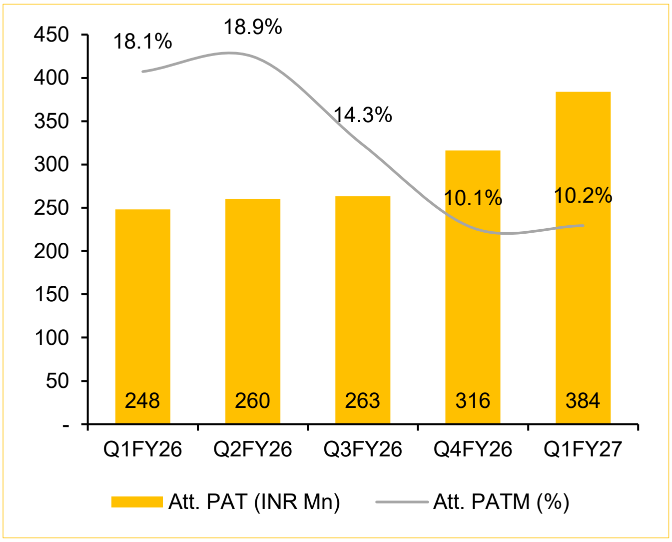
Source: FTXC, Choice Institutional Equities

Operational Efficiency Improves EBITDA Margin by 178 bps QoQ



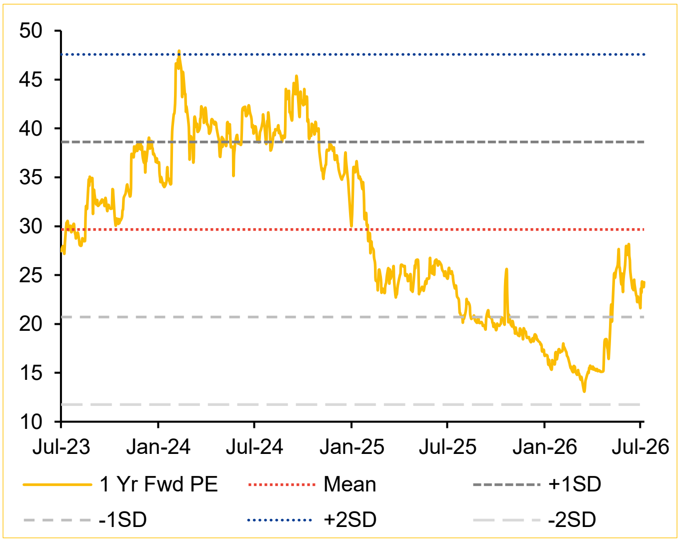
Source: FTXC, Choice Institutional Equities

Attributable PAT Grows 54.8% YoY



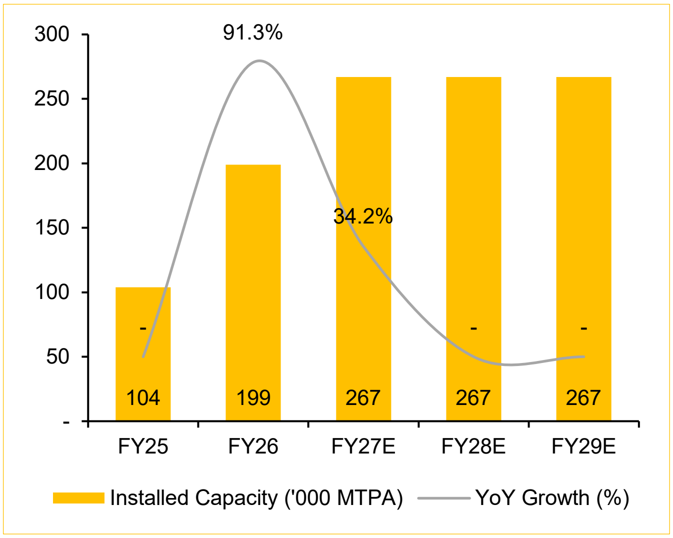
Source: FTXC, Choice Institutional Equities

1-year Forward PE Chart



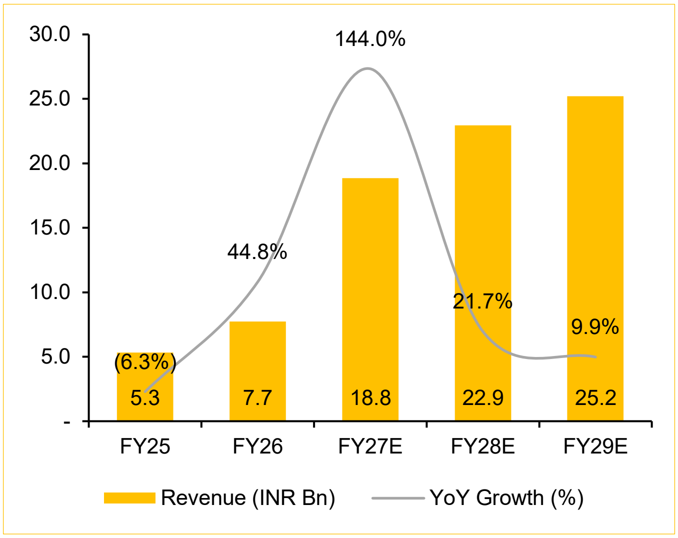
Source: FTXC, Choice Institutional Equities

CCT Capacity Rises from 80K to 148K MTPA in FY27 (till date)



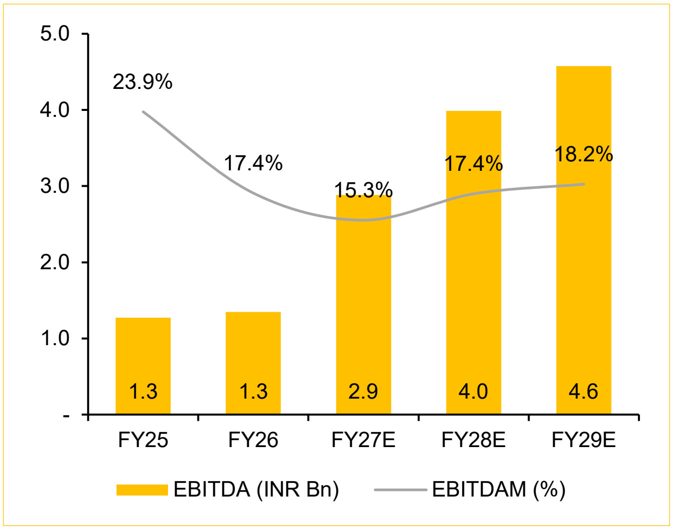
Source: FTXC, Choice Institutional Equities

Oilfield Chemicals Forecast to be the Primary Growth Driver



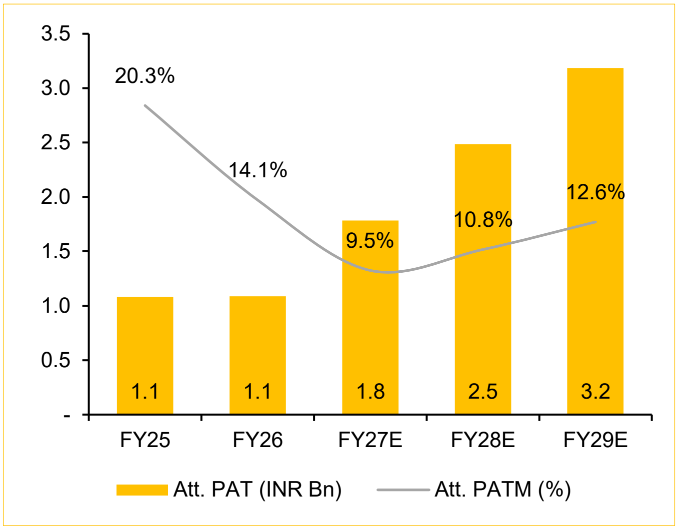
Source: FTXC, Choice Institutional Equities

Scale Efficiency Likely to Drive Upside on Margin



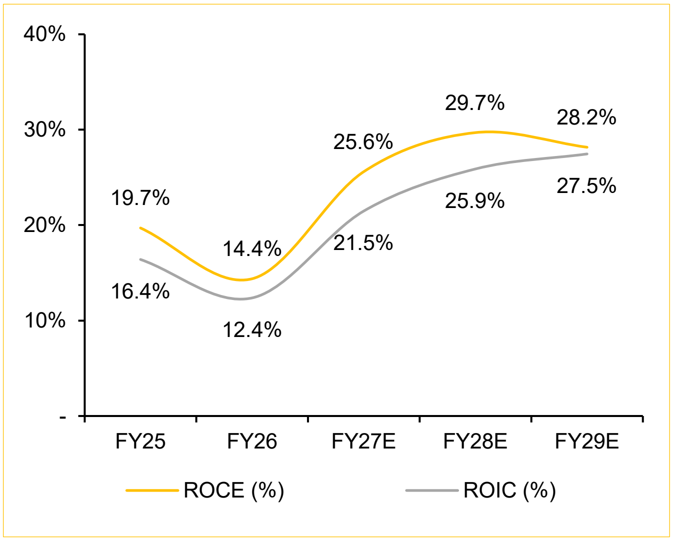
Source: FTXC, Choice Institutional Equities

Proposed CCT Stake Increase in Jan '28E to Lift Att. PAT Margin



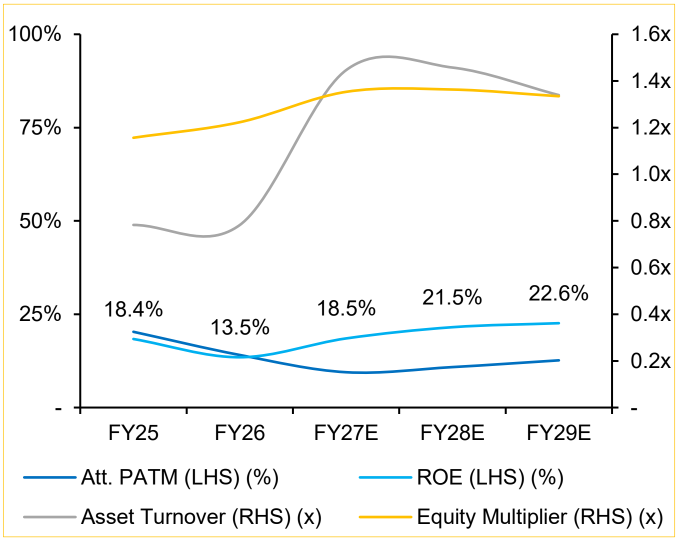
Source: FTXC, Choice Institutional Equities

ROCE / ROIC to Expand ~1,378 / 1,509 bps over FY26–FY29E



Source: FTXC, Choice Institutional Equities

Margin Expansion and Efficient Asset Utilisation Expected to Improve ROE



Source: FTXC, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Profit & Loss (INR Mn)	FY26	FY27E	FY28E	FY29E
Net Revenue	**7,722**	**18,842**	**22,940**	**25,199**
COGS	5,174	13,023	15,856	17,287
Gross Profit	**2,549**	**5,819**	**7,084**	**7,912**
Operating Expenses	1,201	2,934	3,094	3,338
EBITDA	**1,347**	**2,886**	**3,990**	**4,574**
Depreciation	134	176	214	232
EBIT	1,213	2,709	3,775	4,342
Other Income	331	321	254	186
Interest Expense	14	7	7	7
PBT	1,530	3,023	4,022	4,521
PAT	**1,250**	**2,382**	**3,238**	**3,662**
Minority Interest	**163**	**599**	**752**	**475**
Att. PAT	**1,088**	**1,783**	**2,486**	**3,187**
EPS (fully diluted) [INR]	**0.9**	**1.5**	**2.1**	**2.7**

Balance Sheet (Consolidated in INR Mn)

Balance Sheet (INR Mn)	FY26	FY27E	FY28E	FY29E
Net Worth	9,397	11,601	13,662	17,006
Borrowings	82	82	82	82
Trade Payables	1,609	2,276	2,771	3,021
Other Non-current Liabilities	104	104	104	104
Other Current Liabilities	400	400	400	400
Total Net Worth & Liabilities	**11,592**	**14,462**	**17,019**	**20,612**
Net Block	2,029	2,820	2,908	2,977
Non-current Investments	2,904	2,904	1,404	1,404
Inventories	1,546	2,222	2,706	2,950
Trade Receivables	2,903	4,181	5,090	5,591
Cash & Cash Equivalents	462	590	1,082	3,862
Other Non-current Assets	907	905	2,989	2,987
Other Current Assets	840	840	840	840
Total Assets	**11,592**	**14,462**	**17,019**	**20,612**

Ratio Analysis	FY26	FY27E	FY28E	FY29E
Growth Ratios				
Revenue (%)	44.8%	144.0%	21.7%	9.9%
Gross Profit (%)	23.9%	128.3%	21.7%	11.7%
EBITDA (%)	5.9%	114.2%	38.3%	14.6%
Att. PAT (%)	0.5%	63.9%	39.4%	28.2%
Margin Ratios				
Gross Profit Margin (%)	33.0%	30.9%	30.9%	31.4%
EBITDA Margin (%)	17.4%	15.3%	17.4%	18.2%
EBIT Margin (%)	15.7%	14.4%	16.5%	17.2%
Att. PAT Margin (%)	14.1%	9.5%	10.8%	12.6%
Profitability				
ROE (%)	13.5%	18.5%	21.5%	22.6%
ROCE (%)	14.4%	25.6%	29.7%	28.2%
ROIC (%)	12.4%	21.5%	25.9%	27.5%
Working Capital				
Inventory Days	77	62	62	62
Receivable Days	96	81	81	81
Payable Days	77	64	64	64
Cash Conversion Cycle	96	79	79	79
Valuation				
P/B (x)	2.5x	4.4x	3.6x	3.0x
P/E (x)	20.6x	25.9x	18.6x	14.5x
EV/Sales (x)	2.5x	2.3x	1.9x	1.7x
EV/EBITDA (x)	14.3x	15.1x	10.9x	9.5x

Cash Flows (INR Mn)	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	(238)	960	2,311	3,223
Cash Flows from Investing	1,052	(647)	(1,563)	(117)
Cash Flows from Financing	(625)	(185)	(256)	(326)

DuPont Analysis	FY26	FY27E	FY28E	FY29E
NCI Burden	87.0%	74.8%	76.8%	87.0%
Tax Burden	81.7%	78.8%	80.5%	81.0%
Interest Burden	126.1%	111.6%	106.5%	104.1%
EBIT Margin	15.7%	14.4%	16.5%	17.2%
Asset Turnover	0.78x	1.45x	1.46x	1.34x
Equity Multiplier	1.22x	1.35x	1.36x	1.33x
ROE (%)	13.5%	18.5%	21.5%	22.6%

Source: FTXC, Choice Institutional Equities

Historical share price chart: FTXC

Date	Rating	Target Price
July 22, 2026	BUY	51
July 25, 2026	BUY	51

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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