



FAIRCHEM ORGANICS LIMITED

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November 11, 2023

**To,
National Stock Exchange of India
Limited**

Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai 400051

**To,
Department of Corporate Services
BSE Limited**

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

Ourselves: BSE Scrip Code: 543252/NSE symbol: 'FAIRCHEMOR'

Dear Sirs,

**Ref: - Regulation 30 read with Schedule III – Part A, Para A – Clause 15(b)(ii) of
SEBI (LODR) Regulations, 2015**

**Sub: - Submission of Transcript of audio recording of Earnings concall on financial
results for 2nd Quarter/Six months Ended September 30, 2023**

In furtherance to our letter dated November 8, 2023, we hereby submit, pursuant to Regulation 30 read with Schedule III, Part A, Para A Clause 15(b)(ii) of the SEBI (LODR) Regulations, 2015, a PDF file containing a transcript of audio recording of Earnings on con-call held on Wednesday, November 8, 2023 for the Unaudited Financial Results of the 2nd Quarter/Six months ended on September 30, 2023.

We request you to take the same on your record.

Thanking you,

Yours faithfully,

For Fairchem Organics Limited

Rajen Jhaveri
Chief Financial Officer & Company Secretary
ACS - 6615

Encl: As above

Fairchem Organics Ltd
Q2-FY24 Earnings Conference Call
November 8th 2023

Moderator: Ladies and gentlemen, good day and welcome to Fairchem Organics Limited FYQ224 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 touch tone phone.

I now hand the conference over to Mr. Amit Thakkar from Valorem Advisors. Thank you and over to you, sir.

Amit Thakkar: : Thank you. Good afternoon, everyone and a very warm welcome to you all. My name is Amit Thakkar from Valorem Advisors. We represent the investor relations of Fairchem Organics Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the second quarter and the first half of the financial year 2024.

Before we begin, a quick cautionary statement. Some of the statements made in today's call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about company's fundamental business and financial quarter on review.

Now, I would like to introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Nahoosh Jariwala, MD and Chairman, and Mr. Rajen Jhaveri, CFO. Without any further delay, I would request Mr. Rajen Jhaveri to start with his opening remarks on the financial highlights. Thank you.

Rajen Jhaveri Thank you, Mr. Amit, and good afternoon, everyone. And welcome to our earnings call for the second quarter and first half of the financial year 2024. Let me first start off by giving you some of the key financial highlights, after which our CMD, Shri. Nahoosh Jariwala will give you some of the operational highlights.

For the second quarter of the financial year 2024, the revenue from operations stood at Rs.152 crores which declined by around 10% year-on-year basis, EBITDA for the quarter was Rs.17 crores representing a growth of 81% on year-on-year basis with EBITDA margin at 11.04%. Net

profit was Rs.10 crores, which has substantially rebounded on both year-on-year basis and quarter on quarter basis and PAT margin were at 6.77%. For first half of financial year 2024, the revenue from operations stood at Rs.313 crores, EBITDA was Rs.29 crores with EBITDA margin on six month basis at 9.11% and net profit was reported at Rs.16 crores with PAT margin of 5.24%.

Now I request our CMD, Shri. Nahoosh Jariwala to brief you on the operational highlights for the period under review.

Nahoosh Jariwala:

Good afternoon, everyone, and thank you for joining us today. The sales of finished goods considering all the products combined decreased by approximately 8% in terms of volumes and about 5% in terms of value on quarter-to-quarter basis. Despite the decline in sales, the EBITDA percentage nearly doubled primarily due to two reasons. Firstly, a lower percentage of material consumption relative to sales and second is due to the reduction in power and fuel cost, even though the quantity processed on quarter over quarter basis increased by approximately 9%. The decrease in terms of sale quantity of around 8% to 9% is only because July, August, September is the lean period for the paint industry. That is the period when normally no painting is being done, and so that is the reason that a little bit decrease in volume has been there.

As previously mentioned in last quarter again reiterating that company has retained all its customers. The company also received a very positive response from its participation in Lubricant Expo, which was held in Germany in last week of September 2023. During the event, Company showcased its newly developed high value product namely isosteric acid. USA and European specialty companies were pleasantly surprised by the fact that an Indian company is venturing in the global market of isosteric acid, which hitherto has been the domain of European and U.S. companies only. The company is now taking further steps to obtain the necessary approvals from new consumers as they require to undertake stability test which entails around 90 days to 120 days QC related work. We are quite optimistic about commencing commercial shipments in the coming quarter.

With that, I open the floor for a question-and-answer session.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session. We take the first question from the line of Dhruv Bajaj, from Smartsync Investment Advisory Services. Please go ahead, sir.

Dhruv Bajaj:

Congratulations on an improved operating performance. So, my first question is, can you please give the revenue mix from different end user industries?

Rajen Jhaveri : Revenue mix during the quarter, for the print, printing and adhesive segment, which are our two main products, dimer linoleic acid, that is Rs.117.30 crores, nutraceutical is Rs.8.4 crores and the other, the soap, fuel, etc., that segment is Rs.22.9 crores.

Dhruv Bajaj: So, is that sales to paint segment mainly concentrated only on one customer or have we made any new addition in the last few quarters given the entry of several newer players in the paints industry?

Rajen Jhaveri: No. This paint, printing and adhesives comprises of two product dimer acid and linoleic acid. And in linoleic acid also we have now more than one customer. Historically also we have, but now we have a very good another customer also.

Nahoosh Jariwala: And as far this dimer acid is concerned, the entire set of customers is different for dimer acid. As a result, linoleic acid in paint we are supplying to all big four,

Dhruv Bajaj: That is very helpful, sir. And, my second follow-up question is, hypothetically if our operating margin is destined to go back to the 15% levels that we made earlier, then what will be the primary reason behind the same? Like will it be due to operating leverage, reduction in raw material cost, change in product mix or what will be the key driver of that?

Nahoosh Jariwala: It's a combined effect, new product isosteric acid, improvement in capacity utilization and raw material prices remaining under control. It is a commodity. So, I mean it's the combined effect of three things together, we'll be able to hit 15% - 16%.

Dhruv Bajaj: Sure, sir. So, what is the current capacity utilization levels?

Rajen Jhaveri It is around 65% as of now, but going forward we expect the same to increase.

Dhruv Bajaj: Okay, And sir, my last question is, how long can it take for us to achieve those type of margins again since it is less likely that we will achieve this guidance number in FY24 that we took about earlier for 15%?

Rajen Jhaveri: Timeline to, because see raw material is a commodity.

Nahoosh Jariwala: We are striving like isosteric we expect from January-March to start moving and April-June quarter onwards further increase in quantity. So, I mean by that period and if things go well, yes, we should be back to that 15% - 16%.

Dhruv Bajaj: Got it, that helps. If I can squeeze in another question, then I would just like to confirm that since our key competitive advantage is supposed to be our ability to source waste generated from edible oil, which leads to our cost advantages. So, that is still true, right, or because?

Nahoosh Jariwala: It's still true.

Dhruv Bajaj: Okay, Thank you, sir. That's it from my side.

Moderator: Thank you. We take the next question from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead, sir.

Sanjay Kumar Damani: Thank you for the opportunity. Namaskar. Sir, I am attending this for the first time and I looked at the company and its business very recently. So, my predecessor had asked about the raw material that is edible only oil. So, I had a question that all our raw materials are from India or we have to import certain raw material? That is my first question, sir.

Nahoosh Jariwala: I mean we are naturally using the raw materials which are waste products of vegetable oil refinery, and we source majority of it from India. If we get an opportunity from abroad where the material is available, and the landed cost is less than the domestic material we do import but it is not on regular basis. At the same time, it's not in a huge quantity.

Rajen Jhaveri: It is subject to affordability.

Sanjay Kumar Damani: Okay, I think our raw material is quite easily available. The pricing may vary from here and there, but our raw materials are always available indigenously and abundantly from all sources.

Rajen Jhaveri: Yes, it is a waste product of vegetable oil refinery, soft oil vegetable refinery.

Nahoosh Jariwala: So, I mean, we are buying from 100 refineries, so it's not one....

Sanjay Kumar Damani: Right. And there are so many in Gujarat itself, so that supports.

Rajen Jhaveri: Yes.

Sanjay Kumar Damani: Thank you very much. The second question is regarding the prices of the finished product. In your last con call, I read that there was pressure of imports, so the prices were required to be revised lower. So, what is the current status?

Nahoosh Jariwala: Now there is no more pressure. So, that was one product only, dimer acid, I mean, Chinese did dumping for that particular quarter, that's all.

Sanjay Kumar Damani: Is it because of higher import duty imports there or their dumping has been stopped by them because they have their own requirement?

Nahoosh Jariwala: They have only stopped because I mean one cannot do business for loss. It was very clear.

Sanjay Kumar Damani: Okay. And Sir, you have also said that some new product is going for trial abroad. So, that product has no demand within India, sir?

Nahoosh Jariwala: Very low demand. It is basically used more in the developing countries like US and Europe because it finds application in cosmetics and biodegradable lubricants.

Sanjay Kumar Damani: Okay. Thank you very much, sir. That helps. Thank you very much for clarification. Wish you all the best. Happy Diwali and good wishes for next quarter. Thank you.

Nahoosh Jariwala: Thank you. Same to you.

Moderator: Thank you. The next question is from the line of Preet Nagerseeth from Wealth Investor. Please go ahead.

Preet Nagerseeth: My question is, can you tell us the exact volume that was there for Q2?

Rajen Jhaveri: It was 16,070. Actually, the volume process was higher by 9% on q-to-q basis. Quantity processed was higher. The only thing quantity sold was lesser as mentioned by Nahoosh bhai in his operating highlight remark.

Preet Nagerseeth: The other thing I wanted to understand is that, are we seeing commoditization of the linoleic and dimer assets product line?

Nahoosh Jariwala: No, not as yet.

Preet Nagerseeth: So, the impact in this quarter and the prior quarters was primarily due to China dumping and not related to.

Nahoosh Jariwala: China dumping and abnormal increase in vegetable oil prices., I mean abnormal increase / decrease happening in vegetable oil prices.

Preet Nagerseeth: Nahoosh bhai, do you see that has stabilized going ahead?

Nahoosh Jariwala: Now they have, for the last 2-3 months. Now, since last 2-3 months, I mean variation is there but it is not there to the extent it used to be. Like initially in those particular months, it was variation was happening to the tune of around 10% between the starting of the month and end of the month either on downside either on the upside which was little bit affecting availability or ability to purchase at the same time our buyers ability to purchase. So, that was creating issues. Now they have stabilized.

Rajen Jhaveri: If we check edible oil manufacturers, you will come to know how they are also impacted because of this substantial variation, large edible listed vegetable oil manufacturers in India?

Preethi Nagerseeth: Sure, Sir. So, can we say that from Q3 onwards we should see a lot more standardized performance in terms of margin?

Rajen Jhaveri: If situation remains like this.

Preeth Nagerseeth: Then we should go back to say about 12% - 13% EBITDA margin and then maybe subsequently 15%.

Nahoosh Jariwala: Yes, because I mean to be frank, our internal goal always has been to remain in 14% to 16% EBITDA range. We strive to reach there only, but many times the external factors are such that we are beyond our control, and we cannot do anything about it. It is not under threat in any way.

Preethi Nagerseeth: I wanted to understand the business model in terms of market size. So, what is the kind of revenue that we should see from these products, both isosteric and stearic?

Nahoosh Jariwala: At peak capacity, it should be anywhere between 100 and 125 crores per annum.

Rajen Jhaveri: For isosteric, 100 crores plus captive capacity.

Preethi Nagerseeth: Okay. Isosteric. And for stearic is it combined?

Nahoosh Jariwala: No, stearic is separate. Isosteric is separate.

Rajen Jhaveri: There is a vast difference between isosteric and stearic, price difference itself is nearly 1 to 10 between isosteric and stearic.

Preethi Nagerseeth: So, what should be the expected revenues from stearic acid from next year?

Rajen Jhaveri: Stearic acid is a value added product. Earlier we were selling palmitic acid and now we are selling stearic acid. So, it is a kind of value-added product. With normal margin.

Nahoosh Jariwala: It won't impact topline much, but it will improve the bottom line. So, it's a forward integration whereby we'll be doing some value addition in it. And already stearic acid we have started selling in full capacity we have started selling. What we are making we are able to sell 100%.

Preethi Nagerseeth: Wonderful. Great. Wish you guys all the best. Thank you.

Nahoosh Jariwala: Thank you.

Moderator: Thank you. The next question is from the line of Mr. Ashish from Invesco Investment Advisors. Please go ahead, sir.

Ashish: Sir, since we are saying that our margins should come back to kind of 14% - 15% now and the dumping is over. So, we had, before all this started the last four quarters back, I think 20% - 25% annualized growth and our plan was there on the revenue and volume side both. So, I

think we in FY22 did around 100 crores of EBITDA. And thereafter we've seen a fall in margins and hence the EBITDA also. So, should we assume that 100 crores can be taken as a basic 14% kind of marketing comes in because of top line has not grown for last one and half years overall, 650 crores then. So, with the growth, I think we should expect 150 crores odd of EBITDA to be done within the next couple of years, assuming that this margin and the problem that we faced are gone now.

Rajen Jhaveri: Two years down the line we certainly hope to achieve those kinds of things.

Nahoosh Jariwala: Sure hope to achieve that, because already all investments have been done, product development is over, only now it's improvement, higher quantities we sell. That's the only thing.

Rajen Jhaveri: As far as top line is concerned there is only one thing which we have to keep in mind, and it is difficult to quantify because see our top line and accordingly raw material price also is partly linked with this refined oil price. Now refined oil price at one point of time was 140 then it fell to 105 and I think today it is even less than 100, it is 90. The volume wise we are certain we will achieve the growth in terms of quantity process and quantity sold. But as far as top line is concerned, it will substantially depend on this thing also.

Ashish: So, that's why I mentioned EBITDA because you are supplying raw material cost, it's kind of a spread that plays out there with the prices. So, that's why I said 100 crore EBITDA can we expect it to go to 150 because the plans that were there, the expansion and product addition, those have been continuing. So, I think that should be the expectation, right?

Rajen Jhaveri: We would be constantly working on improving the absolute amount of our EBITDA, as far as top line is concerned, as we said it is not entirely in our control.

Ashish: Then this China dumping, I mean, it came and went off. Is it likely that something might come up again or? Do you think that there's one off and that's not?

Nahoosh Jariwala: It happened for the first time and then it stopped. I don't think it's going to happen time and again, maybe. I mean once in a while it might happen. I would say no. I mean because it happened once. So, I cannot say that it will never happen again, but I mean continuously I don't think it's going to happen.

Ashish: So, basically that's bad economics on the business profitability front I mean whoever dumping that was in the lost sale.

Nahoosh Jariwala: Yes, exactly.

Ashish: Because in other companies, in other chemical companies, this dumping issue is still playing out. So, I mean for us you're saying that it's a clear thing that for the foreseeable future, only two – three quarters we're not seeing anything like that?

Nahoosh Jariwala: No, we are not seeing it, this quarter we haven't seen anything. Last quarter also we didn't see much and so I don't think it could happen, unlike other specialty companies. It's not. At least we are lucky. It's not happening. It has not continued happening.

Ashish: Okay. So, basically Q3 onwards, we are expecting that the numbers to be like what used to be in terms of profitability?

Nahoosh Jariwala: Yes.

Ashish: So, can we expect 14% odd to come back in Q3 itself?

Nahoosh Jariwala: No, not that much improvement. But it will be a gradual sequential. I can say one thing. It will go up than what it is today.

Ashish: Okay. We are I think 11% quarter, So, the FY25 should be much better, probably we reach there 15%.

Nahoosh Jariwala: Yes, at that time isosteric also would start moving and it's really picking up. By that time it will be picking up also.

Ashish: Okay. And the cost of all the R&D plus the new product development and all that is....

Nahoosh Jariwala: Yes, everything is over in all trial run cost, plan and everything happened in Q1 and Q2, substantially In Q1 which was the reason that the performance was not that good. But I mean in Q2, now nothing like that sort is happening, everything is now process wise we have settled.

Ashish: Thank you so much. All the best.

Nahoosh Jariwala: Thank you.

Moderator: Thank you, Sir. The next question is from the line of Dhruv Bajaj from Smartsync Investments. Please go ahead, Sir.

Dhruv Bajaj: Thanks again for giving me this opportunity to ask another question. So, I just wanted one clarification. So, earlier in our DRH plan as well as investor presentations, we said that since the raw material availability is very less given it's a waste of edible oil, so we being the largest player and having longer tenure relationships with the customers helped us to basically source raw material. And given the raw material availability is very little so the market is quite niche and not many newer players are entering the market. So, however, earlier in the call you said that

the raw material availability is quite easy and you're able to procure that very easily. So, can you please clarify? So, has the supply situation changed in the market?

Nahoosh Jariwala: See, as initially we have explained our raw material is a waste product of vegetable oil refineries and that also soft oils like soya, sun corn, rape, canola, cotton, etc, we are not buying anything of palm which is considered a hard one and so whatever reason, if the palm oil prices are low and more processing of palm oil is happening then there will be less processing of soft oil and less ability of the waste. So, I mean, those things go hand in hand. I mean these are the part of overall business risk what we have taken by remaining in waste oil processing industry. I mean once in a while a particular month or maybe it might go down also, I mean that do happen and I guess that we have enough storage capacity also. So, I mean because of the lack of availability of raw material, we have never kept our plant shut. That much I can say.

Dhruv Bajaj: Got it, Sir.

Rajen Jhaveri: We are able to manage whatever is our requirement.

Dhruv Bajaj: Got it, sir. But what about other players in the market? So, are they able to procure the raw material easily because earlier we used to say that the availability in the market is very less so because of that they don't procure easily?

Nahoosh Jariwala: How would we know? They are not listed companies and they are small players and I mean we are not aware about and at the same time our ability to purchase at higher price is there because we are making value added products, they are not.

Dhruv Bajaj: Got it, sir, that helps, And, one last clarification. So, basically, if the palm oil production is higher in the market, so then the availability of the soft oil will be less which will impact us negatively.

Nahoosh Jariwala: Yes, theoretically.

Dhruv Bajaj: Got it, sir. Thank you so much, sir.

Moderator: Thank you, sir. The next question is from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead, sir.

Sanjeev Kumar Damani: Sir, I am here again. One thing which emerged from the discussion is, I'm concluding that palm oil waste when palm oil is refined here in India and waste is created, that material cannot be used by us. Can you kindly confirm?

Nahoosh Jariwala: Yes, palm oil materials we don't use.

Sanjeev Kumar Damani: And we cannot use also, sir, do you mean to say?

Nahoosh Jariwala: And we cannot give the product lines what we are making we cannot make from palm based....

Sanjeev Kumar Damani: Not suitable for us, okay, got it. Second is this castor oil residue, etc is also processed by us?

Nahoosh Jariwala: No, not at this stage. Maybe in the future.

Sanjeev Kumar Damani: And third is who are our nearest competitors? If you can kindly name them.

Nahoosh Jariwala: There is nobody in India.

Rajen Jhaveri: The kind of range of products we are making like linoleic acid, dimer, acid nutraceuticals, stearic acid, and now isosteric, there is no direct competition for all products put together. Someone might be making inferior kind of linoleic acid, something like that.

Nahoosh Jariwala: There is no one making dimer acid. Grade 2 materials can be made not exactly the product what we are making, which the big four paint industries would require.

Sanjeev Kumar Damani: Okay, So, are we monopoly supplier to all the paint industries?

Nahoosh Jariwala: Near about you can say that.

Sanjeev Kumar Damani: Okay. And does our product have any competition with another product to be replaced? Suppose our prices go high, can they use some other material?

Nahoosh Jariwala: Linoleic acid has a competition from vegetable oil. Oil itself, And dimer acid there's no competition.

Sanjeev Kumar Damani: Okay. Thank you very much, Sir. I'm satisfied. Thank you.

Moderator: Thank you, Sir. We take the next question from the line of Mr. Rohan Advant from Brad Capital. Please go ahead.

Rohan Advant: Yes. Thanks for the opportunity, Sir, one, I had a fundamental question on our two key products, linoleic acid and dimer acid. With our capabilities on sourcing and the cost structure, why are we not able to export it materially? Is there anything in this product that is not amenable to exports from India?

Nahoosh Jariwala: So, we are exporting it to Middle East, we are exporting but at the same time you need to understand that if we try to export it to US or Europe, the freight component would become substantial of overall cost.

Rohan Advant: And given the credit component, this is not amenable?

Nahoosh Jariwala: This is one of the reason world over fatty acid is not moved between different countries.

Rohan Advant: Okay, got it. So, in that context, our growth in these two products will be linked to the growth in the paint industry largely in India?

Nahoosh Jariwala: One is paint and dimer has number of applications. It goes as corrosion inhibitor. It goes in drilling fluid, it goes in any form of sticking that is araldite type material, it goes in paints, it goes in inks. It has a very wide application.

Rohan Advant: Okay. So, the growth in dimer could be higher than in linoleic?

Nahoosh Jariwala: Yes.

Rohan Advant: Okay. And so secondly, on isosteric acid, that is largely exported, right? And is it a higher margin product,

Nahoosh Jariwala: 100% export

Rohan Advant: And that is a higher margin product for us.

Nahoosh Jariwala: Yes. We are the only manufacturer in India and the 5th manufacturer in the world.

Rohan Advant: Okay, so that should be our EBITDA tailwind, you know that 100 crores of revenue.

Nahoosh Jariwala: Yes.

Rohan Advant: And just lastly on the China dumping for the quarter that went by which is July, August, September, did we not see any dumping for the entire quarter or for part of the quarter?

Nahoosh Jariwala: Yes, part of the quarter, because whatever they did in April, May, June, some residuals would be left more so I mean little bit came in July but.

Rajen Jhaveri: During that quarter, which ultimately got unloaded in the initial month of this quarter, something like that.

Rohan Advant: So, October, November, December will be the first, you know after some time clean quarter where there is no China dump.

Nahoosh Jariwala: Yes.

Rajen Jhaveri: Provided there is no further dumping from now onwards.

Nahoosh Jariwala: Looks like that.

Rohan Advant: Yes. And how is the pricing of the finished product shaping up because our revenues still are down?

Nahoosh Jariwala: They are stable, we are happy with it.

Rohan Advant: Okay. But on a YOY basis, they are still lower, right?

Nahoosh Jariwala: Yes, they are obviously lower because vegetable oil prices came down. So, that is something which is not under our control.

Rohan Advant: So, your spreads today in this quarter will be you know what they were say in good times.

Nahoosh Jariwala: They'll be better. They'll be better than Q2. Q3 will be 100% better.

Rajen Jhaveri: Sequentially the next couple of quarters would give a better result.

Rohan Advant: Got it. Sir. Thank you for taking my question. And all the best.

Moderator: Thank you, sir. The next question is from the line of Mr. Sahil Sanghvi from Monarch Networks Capital. Please go ahead.

Sahil Sanghvi: Thank you for the opportunity. Just to carry it forward from the last participant, what kind of margins can we expect for the isosteric acid product?

Nahoosh Jariwala: No, basically product wise you cannot have individual margins. It is a value-added product, and we would also not like to share. Hope you'll understand.

Sahil Sanghvi: Sure. No worries, Sir. My second question is in the export market, what kind of competition do we have for this product? I'm just trying to understand from the point of...

Nahoosh Jariwala: There are two players in US and two players in Europe who are making this product.

Sahil Sanghvi: So, still we'll be able to get inroads?

Nahoosh Jariwala: Yes, very easily. Because there is a demand supply mismatch.

Sahil Sanghvi: Okay. And pricing wise, I mean, even after considering freight, are we on par with them.

Nahoosh Jariwala: Absolutely. Because overall the value of the product is very high. The percentage is not going to impact in any way.

Rajen Jhaveri: For linoleic it is a different thing. And for isosteric it is different, freight would depend on the volume, one ton of linoleic will have same freight and one ton of isosteric will have same freight.

Sahil Sanghvi: Right. And my third question is for isosteric only. What kind of issues could lead to the rejections? If I heard it right, you said there is a last stage of some quality tests which are going on for isosteric?

Nahoosh Jariwala: Yes, It's called stability test. See, it is a three-stage process. First stage is you get approvals of your lab sample. Second stage is you get approvals of your pilot plant samples. Third stage is you get your approvals of your plant samples right now we are in the third stage of getting approval of the plant sample. I mean, we don't foresee any issues because before sending samples, we also have undertaken couple of tests at our end because we also know how to do all those stability tests. But all these big companies are there. I mean they are multinational, so they ought to do at their own end and obviously the multinational companies don't move as fast as any company like us would move. So, obviously what we feel is they will take around 90 days, to 120 days to really come up with the final results which we are....And we get regular feedback from them on fortnightly basis and feel that nothing negative has come up.

Sahil Sanghvi: Right, Sir. And my last question would be, is it too early or do we already have any kind of orders for this?

Nahoosh Jariwala: We have orders. We have substantial orders.

Sahil Sanghvi: And delivery would be first quarter next year?

Nahoosh Jariwala: Once the approval is there then the immediate supplies would start.

Sahil Sanghvi: Okay. Thank you so much. And all the best.

Nahoosh Jariwala: Thank you.

Moderator: Thank you, Sir. The next question is from the line of Mr. Manoj Doshi from BSL. Please go ahead, sir.

Manoj Doshi: Good afternoon, sir. Just want to understand your traction with the newer players in the paint industry, how are we interacting with them? What are the chances of our product getting approved by them?

Nahoosh Jariwala: Already approved.

Manoj Doshi: Like all the players like Grasim and JSW.

Nahoosh Jariwala: Yes, it's already approved.

Moderator: Mr. Manoj, are you done with your question, sir?

Manoj Doshi: Yes. Thank you.

Moderator: We take the next question from the line of Sanjeev Kumar Damani from SKD Consulting. Please go ahead.

Sanjeev Kumar Damani: One more question that our products are used by all kinds of paint that is low cost paint, high cost paint, decorative and industrial.

Nahoosh Jariwala: Basically, it is used in decorative paint and we are not dabbling much in the low value unorganized paint sector. We are more with the organized paint industry.

Sanjeev Kumar Damani: Okay, I'm very happy and I really congratulate you that the new upcoming paint plants have also tied up with you. So, things will improve in the coming days.

Nahoosh Jariwala: Yes.

Sanjeev Kumar Damani: Thank you, Sir.

Moderator: Thank you, sir. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Rajen Jhaveri: We thank everybody for taking out time and participating in this earnings call, which now has become routine thing every three months for the company. Thank you everybody.

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