



# FAIRCHEM ORGANICS LIMITED

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February 24, 2025

**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) of SEBI  
(LODR) Regulations, 2015**

**Sub: - Submission of Transcript of audio recording of Earnings concall on  
Unaudited Financial Results for 3<sup>rd</sup> Quarter Ended December 31, 2024**

In furtherance to our letter dated February 19, 2025, we hereby submit, pursuant to Regulation 30 read with Schedule III, Part A, Para A Clause 15(b) of the SEBI (LODR) Regulations, 2015, a PDF file containing a transcript of audio recording of Earnings con-call held on Wednesday, February 19, 2025 for the Unaudited Financial Results of the 3<sup>rd</sup> Quarter ended on December 31, 2024.

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 Limited**  
**Q3 & 9M FY25 Earnings Conference Call**  
**February 19, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 and 9 months FY25 Conference Call of Fairchem Organics Limited.

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 the '\*' then '0' on your touchtone phone.

I now hand the conference over to Ms. Nupur Jainkunia from Valorem Advisors. Thank you and over to you, ma'am.

**Nupur Jainkunia:** Thank you. Good afternoon everyone and a warm welcome to you all. My name is Nupur Jainkunia 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 third quarter and nine months ended of the financial year 2025.

Before we begin, a quick cautionary statement. Some of the statements made in today's earning conference call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. The statements are based on management's belief as well as assumptions made by and information currently available to them. 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 the company's fundamental business and financial quarter under 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 their opening remarks. We have with us Mr. Nahoosh Jariwala, MD & Chairman and Mr. Rajen Jhaveri, CFO of the company. Without any further delay, I request Mr. Rajen Jhaveri to start with his opening remarks on the financial highlights. Thank you and over to you, sir.

**Rajen Jhaveri:**

Thank you, Ms. Nupur and good afternoon everyone. Welcome to our earnings call for the third quarter and nine months ended financial year 2025. Let me first start off by giving you some of the key financial highlights. After this our CMD Shri Nahooshbhai will give you some of the operational highlights.

For the third quarter under review, the revenue from operations stood at Rs. 114 crores which declined by 23% on year-on-year basis. EBITDA for the quarter was INR 8 crore, which declined by 61%. EBITDA margins reported at 6.87%. Net profit was 3.54 Crores. For the nine months ended, the revenue from operations stood at Rs. 417 crores, which declined by 10%. EBITDA was 38 crores, a decline of 20%. EBITDA margins reported at 9.21% and net profit was approximately 21 crores.

I now request our CMD Shri Nahooshbhai to brief you on the operational highlights for the period under review.

**Nahoosh Jariwala:**

Good afternoon everyone. In the third quarter, our sales of finished goods declined by 23% in terms of volume and around 18% in terms of value, vis-à-vis the previous quarter. We witnessed a marginal improvement in our EBITDA margins as compared to the previous quarter. However, it remains below normal due to the continued pressure on the raw material cost as well as the fall in the sales due to lower demand and lower realization. We have encountered lower demand from the paint sector for linoleic acid/ soya fatty acid, which impacted both our topline and bottom-line. In September 2024, as we had discussed earlier also, the Indian government had raised custom duty on crude vegetable oils from 5.5% to 27.5%, sharply increasing our dimer acid production cost as regards to its raw material. In order to compete with

the Chinese suppliers, we had to absorb most of the hike to retain our two-thirds domestic market share, which has impacted our bottom-line in a substantial manner. With no import duty change for the fatty acids, we had to cut our raw material purchase and can only hope and wait for a policy reversal which would take us back to the good old days. The silver lining, however, is that company continues to be upbeat on its value-added high value product isostearic acid which has more and more companies have started giving us approval for the said product. The company expects to achieve high volumes of the export of this product in continuously quarter-to-quarter basis. With that I open the floor for question-and-answer session. Thank you very much.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '\*' and '1' on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press \* and 2. Participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment for the question queue to assemble.

The first question is from the line of Nirag Shah from Exemplar Investment. Please go ahead.

**Nirag Shah:**

Thanks for the opportunity. Can we have the Q3 as well as the nine-month figure of contribution of each of our major product, linoleic soya fatty acid, Dimer and Isostearic individually towards revenue?

**Rajen Jhaveri:**

We cannot have separate contributions for each of the four main products, but I can tell you one thing. The share of these four main products in terms of as a percentage in terms of value during the quarter was nearly 78%. That includes our Mixed Tocopherol business, Linoleic business, Dimer business and the latest one to be added is Isostearic acid. So out of our total sales, share of these four products, prime products was 78%. Because from a single raw material or a couple of raw materials we are making multiple products there is no separate contribution of each product.

**Nirag Shah:** Okay, so for Q3 you are talking about 78%, right?

**Rajen Jhaveri:** And the figures just now I gave you is for October-December quarter.

**Nirag Shah:** Okay, and for 9 months?

**Rajen Jhaveri:** See, the figures more like for the previous quarter the same figures were 76%. And for the first quarter the figures were 75%. So it is averaging around 76% only for 9 months also.

**Nirag Shah:** Okay, and now since we are just one and a half month away, to close in this fiscal, so can we have the exact status of the new product and the new raw material that we were talking about since last 1.5 years, for which we have dedicated 1,000 metric tons per year capacity I think. And when are we expected to commercialize the sales project?

**Nahoosh Jariwala:** Already the pilot plant samples we have started sending for pre-approvals to the potential buyers but it will take its own time. Because again as I explained earlier, this is a product which we are going to make for the first time in India and hardly 3 or 4 companies are making in the world. So we will have to move cautiously, keeping in mind its manufacturing cost and yields. Till we get those things absolutely in line, we won't be able to move forward. We are working on it.

**Nirag Shah:** But then there is no approximate timeline? Means by FY26 in FY26, will we see the light?

**Nahoosh Jariwala:** Yes, it should be. The way it is going, I feel that it should be.

**Nirag Shah:** And lastly, I would like to draw attention of the management to page number 30 of the company presentation, released on 14<sup>th</sup> December 2024. In that, we had projected a revenue of Rs. 735 crore for FY25 and Rs. 979 crore for FY26. So current FY25 target seems to be impossible now. So as far as FY26 projection is concerned, is the management still hopeful that by any chance Company can achieve even close to say the FY25...?

**Nahoosh Jariwala:** The duty dreary is what we came up. It was something which is not under our control. We didn't visualize that situation. Whatever the thing what we projected was based on normal market situation. Right now, in fact if you will see that our raw materials what we buy attract 27.5% duty and against that if I want to import the finished product, the import duty is 7.5%. So we are fighting a losing battle.

**Rajen Jhaveri** That also we had already mentioned that this was the internal projection made by the company and it doesn't hold good. At the bottom of that we have already mentioned that it requires entire reworking kind of a thing. So it doesn't hold good that that is what was mentioned in the presentation itself.

**Nirag Shah:** No, but internally are we hopeful?

**Rajen Jhaveri:** Internally it was made long back, internally it was made long back before all these duty changes and lack of demand from paint sector etc. came in. So it was made long back.

**Nirag Shah:** But it was disclosed only last month, I think December.

**Rajen Jhaveri:** No, because we made that presentation, we disclosed it.

**Nirag Shah:** Okay, got it. I will get back in the queue.

**Moderator:** Thank you. The next question is from the line of Ritesh Poladia from Girik Capital. Please go ahead.

**Ritesh Poladia:** Yes, thanks for the opportunity. Just to continue on previous question on this internal projection. So about the FY26 of 23.8% EBITDA margin, if duty is normalized then with the isostearic and this new product, are we expecting the substantial jump in the margin and does that hold true?

**Nahoosh Jariwala:** Everything depends on two things; one is that the duty thing with the differential is there, it becomes as before that is one thing and second thing is the paint industry revives.

**Ritesh Poladia:** So from last year the demand from the paint industry would be how much it would be down?

**Rajen Jhaveri:** It is down substantially. It's really down substantially.

**Ritesh Poladia:** In terms of volume as well as in realization also or realization is holding on?

**Nahoosh Jariwala:** From volumes only. See, value we don't talk much because it is a relative.

**Rajen Jhaveri:** 30% was drop in volume from Q2 to Q3 only. And Q2 again itself was a further drop from Q1. So there was a 30% volume drop between October-December quarter and the previous quarter only.

**Ritesh Poladia:** Are you losing the market share in paints with the new players coming in?

**Nahoosh Jariwala:** We haven't lost any of our buyers. Any of the big companies whom we are supplying, we have not lost. Similarly the product what we are making people don't make a product which is nearing our specifications. They make inferior grade of products.

**Ritesh Poladia:** And for this new product also this custom duty of vegetable oil even that is applicable over there also or is it different?

**Nahoosh Jariwala:** It is domestic raw material, we are talking about the new product.

**Rajen Jhaveri:** Which is under development?

**Ritesh Poladia:** Yes sir.

**Nahoosh Jariwala:** In that it's 100% domestic material and so it won't affect it in any way.

**Ritesh Poladia:** And the commercialization can we expect in H1 or H2?

**Nahoosh Jariwala:** Basically what I am always explaining we are the first company in India doing it, third or fourth company in the world doing it. It's an R&D work, it's a basically an R&D work. It's not an easy thing really to work on. We have been working on this since last more than 3-3.5 years. So yes, challenges do come often during R&D; you feel like you've achieved certain milestones.. But then

when you try to scale it up, certain issues do crop up. So those are there, because there is no technology available of this product. Otherwise I can buy the after sales technology and start doing it. But we are very hopeful that we will be able to do it in 26.

**Ritesh Poladia:** Sir, on the new product itself, whatever samples you have sent, according to you, they match the competitor profile or?

**Nahoosh Jariwala:** Quality wise we are able to match. At the same time, we have to keep two things in mind, what yields we get and what is our manufacturing cost. So, we are working on it. From pilot scale we are working on it. We feel that it will be on par. We will be able to manufacture it at a competitive price.

**Ritesh Poladia:** Okay. That's all from my side. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Chirag from Budhrani Finance. Please go ahead.

**Chirag:** Good afternoon, sir. Sir, in terms of this custom duties, how is the process? Do we make any representation to the government or we will just have to...?

**Rajen Jhaveri:** We have already made the representation. But you know, isolated representation from one company.

**Nahoosh Jariwala:** Because we are the only manufacturer of Dimer fatty acid. So in that case, it becomes very tough. If there is a, like for example, it's a steel I mean which is a commodity that association goes for the representation. In our case, it is not possible. But I mean we have a feeling that at some stage things would change. Government won't be able to continue like this forever.

**Chirag:** Second thing is, sir, in the paint sector, new players are coming in. So...

**Nahoosh Jariwala:** Already our material is approved at Grasim also and we are selling material to them.



**Chirag:** Sir, since you said that the volumes are falling, so I'm trying to understand that even from the new players and the old players put together, even yet the volumes are falling.

**Nahoosh Jariwala:** Yes.

**Chirag:** Last questions, what is the debt and cash on books?

**Rajen Jhaveri:** There is no long term debt. There is a working capital against our receivables and inventory. As of now, the outstanding is against our inventory and receivables of say about Rs. 130 crores plus. Our actual drawal is less than 50 crores as on date.

**Chirag:** In cash on book sir?

**Rajen Jhaveri:** There is no liquid cash on book. The undrawn drawing power is approximately Rs. 60 crores-Rs. 65 crores that is the amount which we can spend. We don't have any liquid surplus cash which we are investing somewhere, no.

**Chirag:** Okay, sir. Thank you.

**Moderator:** Thank you. Before we take the next question, we would like to remind participants that you may press '\*' and '1' to ask a question. Next question is from the line of Siddharth Purohit from InvesQ Investments. Please go ahead.

**Siddharth Purohit:** Sir now that the entire quarter has already gone and we know the impact of the import duty on the raw material and can we say that this is the level of gross margin that is what we'll probably be comfortable with or there is more to see on the volatility front?

**Nahoosh Jariwala:** As we will sell more and more of our isostearic acid our EBITDA margins would go up.

**Rajen Jhaveri:** So Mr. Siddharth there are three points in this. One is the adverse impact of the duty. Another is the paint demand. So all these factors put together resulted into this kind of thing. So these two negative factors one by one is reversed according to that improvement would be there. And what

Nahooshbhai is talking about the positive from the isosteric acid that we put up, we have launched about 12 months back and that is going reasonably well and we hope further improvement from April 2025 - next financial year. So that would be, if we assume that there are no changes in these two basic assumptions which have negatively impacted this quarter, that positive impact of isostearic acid would be felt particularly from April 2025 onwards.

**Siddharth Purohit:** And in previous call for you we had mentioned in the isostearic acid business, the peak review potential at the current capacity is something around Rs. 150 crores, is it correct? Or I mean it is depending upon the scalability that we will revise it accordingly.

**Nahoosh Jariwala:** It depends upon what is the value of raw material. It should be, yes.

**Siddharth Purohit:** Who are the other people who are probably supplying in India?

**Nahoosh Jariwala:** The peak capacity as it stands.

**Siddharth Purohit:** Okay. And who would be the other people who are supplying to similar product or same product in India? And who are we...?

**Nahoosh Jariwala:** For isostearic acid, we are the fourth player in the world.

**Siddharth Purohit:** Okay.

**Rajen Jhaveri:** The remaining are in Europe and USA only.

**Nahoosh Jariwala:** Two in Europe.

**Siddharth Purohit:** Their amount is kind of imported as of now in India?

**Nahoosh Jariwala:** Yes, 100%. And India is a very small market. 90% of our production will go as exports.

**Rajen Jhaveri:** Utilization in India is very limited. It is mainly for export market in developed countries.

**Siddharth Purohit:** One clarification. What would be the landed cost of Dimer and Linoleic acid as of now?

**Nahoosh Jariwala:** Linoleic acid doesn't get imported. Dimer gets imported.

**Siddharth Purohit:** That's imported. So vis-à-vis our cost, what is the imported cost? What is the pricing gap as of now?

**Nahoosh Jariwala:** See, whatever the imported price, we have to match the price for selling. Otherwise, no one would buy from us. These people would import. That's exactly what we have been saying, because imports are coming under 7.5% duty. And we have to match those and our raw material comes at 27.5% duty.

**Siddharth Purohit:** So assuming there is a kind of further slowdown in, let's say, other economies and there is more dumping happening here, we'll have to probably take some price cut also?

**Nahoosh Jariwala:** Yes, it is happening from China.

**Siddharth Purohit:** So that's what I'm trying to understand, that if, say, there is further dumping in our market and there is further pricing pressure on that, we'll have to take a price cut on that front also?

**Nahoosh Jariwala:** Yes, obviously. What can I do? Otherwise I'll lose the market. No one is going to buy at a higher price from me. If they are able to get it at a lower price.

**Rajen Jhaveri:** We are into B2B segment. So the price has to be competitive in business to business deal, the price has to be competitive only. And our government has increased the duty, that doesn't impact the Chinese cost of production.

**Siddharth Purohit:** Absolutely. So the current variables that probably will depend or probably improve for the company is a change in duty structure and probably the demand growth in the paint sector. These are the two things that is going to probably change?

**Rajen Jhaveri:** Yes, these two are the main things.

**Siddharth Purohit:** Sir, one more clarification. In previous call, we had mentioned that out of the 120,000 tons capacity, we have kept 40,000 aside for the new products and all. So when we talk about new products, it is including isostearic acid and other new products, right?

**Rajen Jhaveri:** Excluding, isostearic acid is covered in this 80,000. 40,000 M. Tonnes exclusively, is the new product, market share of that new product.

**Siddharth Purohit:** So, can you give a ballpark figure, what will be the potential market size for the new product that you're talking about that can be addressed. I am talking about revenue that you can do, but the potential market share that you will be addressing?

**Rajen Jhaveri:** See, we will be gradually reaching there.

**Nahoosh Jariwala:** Initially we will put up a plant which might be hardly 10% or 15% of world's market.

**Siddharth Purohit:** No, the market size that you can cater in India or maybe from your plant?

**Nahoosh Jariwala:** That also would be both for exports. See, we are gradually shifting from low value products to high value products.

**Siddharth Purohit:** What basically I was trying to understand is that, if we use the entire 40,000 tons that is available with us and meet 100% utilization, hypothetically, what could be the revenue that we can generate from that? That's what I'm trying to just, you know...

**Nahoosh Jariwala:** It will be substantial, double. Sales would be doubled.

**Rajen Jhaveri:** It is again a high value product.

**Nahoosh Jariwala:** High value product, the sales would be double, practically double.

**Rajen Jhaveri:** But those we will be gradually reaching that optimum capacity, not in the first year itself.

**Siddharth Purohit:** So probably FY 27-28 is what...

**Nahoosh Jariwala:** See, creating a capacity, making a product which is of acceptable quality, but then people also don't, the other three manufacturers are there in market. So buyers don't dump those guys. I mean, to enter the market, this is going to be a gradual feature. Overnight, I cannot start functioning at 100% capacity utilization.

**Rajen Jhaveri:** Like it is a simple assumption that you have to give 1000 days for any new product to be stabilized in the market.

**Siddharth Purohit:** Will it take another 2-3 years to see a material impact from that segment? Is that a fair assumption?

**Nahoosh Jariwala:** Yes, for sure.

**Siddharth Purohit:** Okay, sir. I'll come back in the queue.

**Moderator:** Thank you. Ladies and gentlemen, if you wish to ask a question to the management, you may press '\*' and '1' at this time. The next question is from the line of Riya Mehta from Equitas Investments. Please go ahead.

**Riya Mehta:** Thank you so much for the opportunity. I just wanted to know how is the demand from cosmetic and other sectors going?

**Nahoosh Jariwala:** Cosmetic sector is doing fine. Our isostearic acid is finding application in cosmetic. We have started exporting to Europe, US, I mean the two world's largest cosmetic market. We have started exporting that.

**Riya Mehta:** We have 90% export in isostearic, right?

**Nahoosh Jariwala:** You can say practically 100%. There are one or two small buyers in India.

**Riya Mehta:** And what will be the application for this apart from cosmetic?

**Nahoosh Jariwala:** It goes in to manufacture lubricants, biodegradable lubricants. Not the regular lubricant, only biodegradable lubricants.

**Riya Mehta:** Biodegradable, sure. And in linoleic acid, how is the demand there? And could you help me with this?

**Nahoosh Jariwala:** It goes in making of paints and demand is not that good.

**Rajen Jhaveri:** We already said that there was a, on a quarter-to-quarter basis, there was a 30% drop in volume.

**Riya Mehta:** That is the paints, right?

**Rajen Jhaveri:** Yes, so linoleic goes in mainly paint only.

**Riya Mehta:** And dimer goes in, where does dimer go

**Nahoosh Jariwala:** It goes in epoxy hardeners. Anything you need to stick, it's the main raw material to manufacture araldite. In Dimer, we don't see any drop. We are not seeing. We are able to maintain the market share. In Dimer, we are not making money because there is a dumping happening from China.

**Riya Mehta:** Right. How much market share you would have in dimer?

**Nahoosh Jariwala:** Around two third.

**Riya Mehta:** Two third market share. And who would be our competitor?

**Nahoosh Jariwala:** China. Chinese suppliers.

**Riya Mehta:** And who would be our customers for Dimer?

**Nahoosh Jariwala:** There will be quite a few customer. We have 20-25.

**Riya Mehta:** Help me with the first top two sectors or top two...

**Nahoosh Jariwala:** It won't be fair for me to do that.

**Riya Mehta:** Okay. But majorly paint companies only?

**Nahoosh Jariwala:** Dimer has a lot of application. It goes in inks, it goes in paint, it goes in epoxy hardeners, it goes in glue, anything you need to stick, it goes.

**Riya Mehta:** Okay, thank you for your time. I'll get back in queue for any follow up questions.

**Moderator:** Thank you. Participants who wish to ask a question may press '\*' and '1' at this time. The next question is from the line of Chirag from Budhrani Finance. Please go ahead.

**Chirag:** One thing I wanted to understand, this 22% duty that we are talking about, that is on the raw material that is required to produce the linoleic and dimer acid, right?

**Nahoosh Jariwala:** Yes.

**Chirag:** So there we have an impact of the duty and on the product side, in the dimer acid, we have the impact of Chinese imports, right?

**Nahoosh Jariwala:** Plus it has 7.5% import duty only.

**Rajen Jhaveri:** No, what we are trying to say is while import raw material attracts 27.5% duty, after this increase, before that it was 5.5% only. The dimer acid import continues to attract the same duty of 7.5% only.

**Chirag:** So this import was there previously also, right?

**Rajen Jhaveri:** Yes, but previously raw material was not this costly.

**Nahoosh Jariwala:** Raw material was carrying import duty of 5.5%. Then it became 27.5%. So difference of 22% happened.

**Chirag:** Okay. And on the other product, which is the linoleic acid, there we are seeing demand issues. So that is how...

**Nahoosh Jariwala:** Yes.

**Chirag:** Okay sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Keval Shah from Jeetay Investments. Please go ahead.

**Keval Shah:** Thank you for the opportunity. In our presentation, you mentioned that with no import duty change for fatty acids, we had to cut purchases of one of the raw materials. So that, I mean the purchases that you have cut, that you are trying to source it locally now or how are we going about it?

**Rajen Jhaveri:** No, we are sourcing it locally only, but they in turn have to import. The duties that it is paid by them and then it is passed on to us. We are sourcing locally only.

**Keval Shah:** Okay, so that is how it is going. Okay. Understood. And is there any price renegotiation that is possible or it's just not possible because we are operating at China landed cost...?

**Nahoosh Jariwala:** I mean, renegotiations of 20% who is going to do? Everything is B2B, nothing more negotiation is possible. It is running. You try to sell it at the highest possible price. Everyone will do that.

**Keval Shah:** Right. And the second question was that from April onwards we see meaningful ramp up in isostearic acids capacity...

**Nahoosh Jariwala:** See, every quarter we expect increase in sales. More and more approvals are coming from different companies. So I mean quality wise, everything wise we are stable, we are settled, we have started, in fact last week only we had lots of foreign visitors, we had visitors from five different countries. So things are going on very smoothly in that, we are not worried. As regards isostearic we are not worried.

**Keval Shah:** Okay and sir the gross margins profile for isostearic would be more than double of what we do for dimer and linoleic?

**Rajen Jhaveri:** it is a value-added product. From one raw material we are making multiple products, prime products, other products and from one of the co-products



we are making the further value added product that again it results into multiple products.

**Keval Shah:** So right, so naturally the margins would be much higher given the higher realization?

**Nahoosh Jariwala:** Obviously, we are the fourth manufacturer in the world. so obviously, the margins are higher.

**Keval Shah:** Should the situation be the same, there is no revision in the duty and plus let's say linoleic acid demand gets better maybe during the course of the year and with the with the scale up of isosteric should margin get back to 12%-13% levels for next year?

**Nahoosh Jariwala:** Yes, easily.

**Rajen Jhaveri:** That is what Nahooshji said in the beginning only. That with isostearic acid we are quite hopeful of increasing the margin.

**Keval Shah:** And that that should reflect in next year itself, from April onwards where I think margins can meaningfully go up even if the revision doesn't happen, still we can like around 12% to 15% EBITDA margin, right?

**Nahoosh Jariwala:** Yes, exactly.

**Rajen Jhaveri:** You have got it right.

**Keval Shah:** Okay, sir. Thank you.

**Moderator:** Thank you. A reminder to all participants that you may press '\*' and '1' to ask a question. Next question is from the line of Riya Mehta from Equitas Investments. Please go ahead.

**Riya Mehta:** Thank you so much. How much will be our forex gain for this quarter?

**Rajen Jhaveri:** Forex gain, see there is no question of any forex gain or loss. It is a hypothetical thing. See I will tell you in case if you happen to know that is okay

otherwise. Government is fixing the rates as far as shipping bill is to be prepared. What rate shipping bill is to be prepared? And whatever is the prevailing rate, the government is fixing the rate well below that prevailing rate because they are periodically revising it. So generally, suppose, assuming that we have made the shipping bill at Rs.85, the current rate at that point of time could be Rs.85.60 or whatever. And then we are selling on credit terms. So by the time if rupee continues to depreciate, there will always be a forex gain. If the rupee continues to appreciate against the US order there could be a potential forex loss. So in our case, since the rupee is gradually depreciating only, there will be every quarter there would be a case of some forex gain only.

**Riya Mehta:** Yes, so how much is the Forex gain? I just wanted to know the quantum.

**Rajen Jhaveri:** It will be very insignificant. Out of whatever we have in the result, whatever we have disclosed, whatever amount is in the other income, some part of that is forex gain.

**Riya Mehta:** Okay, and this will be majorly isostearic acid which we are exporting, right?

**Rajen Jhaveri:** See earlier, our export was less than 10%. For the first time this quarter again our export has risen to 14% or 14% plus. And going forward it will further improve. So the share of export itself as a percentage to sales was quite minimal earlier till the September quarter. All the previous quarters till September.

**Riya Mehta:** I was just saying that in the export it is majorly isostearic acid or is there something else also which we are exporting?

**Rajen Jhaveri:** Majorly isostearic acid. There are other products also but majorly isostearic acid.

**Riya Mehta:** So almost 10% odd of revenue?

**Rajen Jhaveri:** Out of 14% of our total sale which is export, nearly 8% to 10% would be isostearic acid.

**Rajen Jhaveri:** For this quarter, we are saying just 14% is the exports sale and balance 86% is the domestic sale. I am telling rounded figures. Against this 14% export figure, 8%-10% would be from isostearic acid and the balance would be from two other products.

**Riya Mehta:** Got it. And for the next year, how much do we expect isostearic to become?

**Rajen Jhaveri:** Isostearic next year would be naturally substantially higher than 10%.

**Riya Mehta:** Okay, expecting higher than 10%. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, if you wish to ask a question, you may press '\*' and '1'. The question is from the line of Nitin Gandhi from InoQuest Advisors. Please go ahead.

**Nitin Gandhi:** Can you share some thoughts on this isostearic acid? How do we plan to ramp it up? And next year, what will be the utilization?

**Nahoosh Jariwala:** It's only we have to work on our marketing and getting product approval. Our capacity has already been installed. We have capacity, which is already installed. So that is only marketing. Now it is how fast we get the product approvals from foreign buyers and you need to understand it goes in making of cosmetics where people take lots of trials. It is similar about what people do clinical trials.

**Rajen Jhaveri:** In pharmaceuticals

**Nahoosh Jariwala:** In pharmaceuticals.

**Rajen Jhaveri:** It is applied on skin

**Nahoosh Jariwala:** Skin. So they take enough care. So that's the reason it depends on the company. Yes, they are excited to find a new supplier that also from India. That's where they are really excited and they are working with us aggressively but then whatever the pattern they need to follow, they need to follow. Like Japanese buyers we have been working since one year. And still we expect a

six-month period. It takes long to, but once the beauty of this thing is, once you get your approval, then it goes on for long.

**Nitin Gandhi:** That's correct. But when they buy also, how much normally? Are they big enough to take away almost 40%-50% of our capacity? What are their requirements?

**Nahoosh Jariwala:** It would be hardly 10% or 15% of world's market.

**Nitin Gandhi:** Right. But the buyer whom we are approaching...

**Nahoosh Jariwala:** It is no big deal. We are working with more than 50 buyers.

**Rajen Jhaveri:** We are not going to sell it to one or two.

**Nitin Gandhi:** Okay. And so far we have started with how many actual commercial suppliers?

**Nahoosh Jariwala:** Right now we are working with 50.

**Rajen Jhaveri:** We are working with 50.

**Nahoosh Jariwala:** The product is another different approval stages with around 50 buyers. After which around 7-8 we have started supplying regularly.

**Nitin Gandhi:** So even if we say out of 50, even if 25-30 comes, is it good enough for our full capacity?

**Nahoosh Jariwala:** Very good enough. More than good enough. Much more. Much more than what we need.

**Nitin Gandhi:** Right. And are there any plans to take it up, expand further after 2 years?

**Nahoosh Jariwala:** No, first to reach full capacity utilization.

**Nitin Gandhi:** Yes, after 2 or 3 years.

**Nahoosh Jariwala:** And similarly we are working on a new product. We do that and afterwards we'll think. Not before that. So nothing right now.

**Nitin Gandhi:** Right. And can you name the three other competitors?

**Rajen Jhaveri:** Isostearic acid, manufacturers globally?

**Nitin Gandhi:** Yes.

**Nahoosh Jariwala:** It's Cargil, Oelon.

**Nitin Gandhi:** One more?

**Nahoosh Jariwala:** They are all multinationals. Jarchem is the third one.

**Nitin Gandhi:** And their plant size is much bigger than ours, right?

**Nahoosh Jariwala:** Obviously.

**Nitin Gandhi:** Okay. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Rohit from ithought PMS. Please go ahead.

**Rohit:** Good afternoon sir. Just a few questions, sorry if these questions are very basic in nature, I'm just looking at the company after a long time. So, sir, of course this raw material issue is a big issue for you and you, as you said, these are things that will take its own sweet course of time. But is it fair to say that from this base, your margins will improve as your isostearic acid contribution goes up? Is that a fair understanding?

**Nahoosh Jariwala:** Yes. Absolutely.

**Rohit:** Understood. And sir, the other new product which you've been talking about, which you said there is 40,000 capacity that you have, that you will eventually have and where your revenues will be twice as what it is right now. So when do you start commercializing it and where are you in that process of...

**Nahoosh Jariwala:** I explained earlier also we are again the fourth company in the world doing it. Breaking in such a new technology where none of the Indian companies are doing and hardly another three companies in the world are doing, it is not a easy thing. Please understand it is not an easy thing at all. Yes, I am dreaming I can do it tomorrow or me just saying a timeline that I'll do it by so and so date or so and so date, it's not really possible.

**Rohit:** No, of course sir. I totally understand it, sir.

**Nahoosh Jariwala:** In that case, I'm just lying. We have already made the product, the quality is on par with whatever is available in the world. But in that process, I have made the product, but then I have to make it at the right price. In that case, my manufacturing cost has to remain as one part and second is my yields of that particular thing. Those two things are there, we are working on it. I won't rush in. Because if I rush in and if I have a wrong yield on anything, there will be such a massive cash loss that ratifying that would take time.

**Rajen Jhaveri:** Manufacturing efficiency is the key. We are working on that.

**Nahoosh Jariwala:** See, money is not a problem for us. As he rightly said, there is a zero long-term debt. Today I can, from working capital, I can withdraw 60 crores-70 crores-75 crores, and raise another 175 crores, put up to 250 crores. That is not an issue.

**Rohit:** No, sir. I understand. I mean, I appreciate your candidness and honesty. Very few managements actually say it for what it is. Let me ask it in a different way. So once you let's say once you are confident of the product, as you explained, I think there is still some time for you, you having confidence in terms of the yield and the cost, etc. So let's say once you are confident and once you are ready to take it to the customers, what is the process then? I mean, how much time does it take?

**Nahoosh Jariwala:** No, then the first thing is we have to put up the plant. Plant has been designed.

**Rohit:** Right.

**Nahoosh Jariwala:** What we need to do is place the orders of the equipment. So designing and everything is over, permissions are over. Everything is there. Money is there. Everything is there. We are waiting for the right thing, once we are absolutely confident about our manufacturing cost, then we'll go about it and then putting up the project is 1-1.5-2 years, 1.5 years and product up to one cycle and everything another 1.5 years. I mean, by that time, within three years, once we decide to go ahead, within three years we will be fully, we'll be working at full capacity.

**Rohit:** Understood. Okay. Got it. That is it for my side. Thank you.

**Moderator:** Thank you. A reminder to all participants that you may press '\*' and '1' to ask a question. As there no further questions from the participants, I now hand the conference over to the management for their closing comments.

**Rajen Jhaveri:** Thank you all for participating in this Earnings Conference Call. I hope we were able to answer your questions satisfactorily and at the same time offer insight into our business. If you have any further questions or would like to know more about the company, please reach out to our investor relation managers at Valorem Advisors, Mumbai. Thank you.

**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.