



FAIRCHEM ORGANICS LIMITED

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August 20, 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

Ourselfs: 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 Quarter Ended June 30, 2025**

In furtherance to our letter dated August 6, 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 concall held on Wednesday, August 13, 2025 for the Unaudited Financial Results for Quarter Ended June 30, 2025.

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
Q1 FY'26 Earnings Conference Call
August 13, 2025

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY'26 Earnings 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 "*", then "0" on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Miss. 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 1st Quarter of the financial year 2026.

Before we begin, a quick cautionary statement. Some of the statements made in today's con-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 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 and Chairman; Mr. Rajen Jhaveri, CFO of the Company.

Without any further delay, I request Mr. Rajen Jhaveri sir, to start with his opening remarks on the financial highlights. Thank you, and over to you, sir.

Rajen Jhaveri: Thank you, Ms. Nupur. And before I proceed, will you please tell how many participants have connected?

Nupur Jainkunia: We have almost 35 participants.

Rajen Jhaveri:

Okay. Thank you, Ms. Nupur, and good afternoon everyone. Welcome to our earnings call for the 1st Quarter of the financial year 2026.

Let me first start off by giving you some of the key financial highlights. After which, our CMD, Shri Nahooshbhai will give you some of the operational highlights. For the quarter under review, the revenue from operations stood at INR 131 crores, which increased by 8.5% quarter-on-quarter and decreased 21% year-on-year.

EBITDA for the quarter was approximately INR 5 crores with EBITDA margin improving slightly to 3.97% from 3.64% in previous quarter. We reported a net profit after tax of approximately INR 1.2 crores for the quarter which doubled sequentially. This revenue growth from previous quarter was primarily driven by 7.5% growth in volumes, while margin improvement was on the back of savings in power and fuel costs, which was partially offset by relatively higher raw material costs.

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

Nahoosh Jariwala:

Good afternoon, everyone. Let me walk you through our performance for the 1st Quarter of financial year 2026.

The improvement in financial performance this quarter vis-a-vis the previous quarter was driven by improved volumes. On the raw material front, even after a partial rollback of additional custom duties, raw material prices remain largely firm due to the elevated global vegetable oil prices.

Our Dimer Acid market segment continues to face pressure because of aggressive price competition from Chinese suppliers and low corresponding relief in raw material cost. The basic custom duty on imported dimer still remains at 7.5%. On a positive note, we remain confident about our value-added product, isostearic acid and expect export volumes to increase gradually over the coming quarters.

Our sales mix for the quarter was 92.5% towards domestic sales, while exports made up to around 7.5%. Operationally, we processed 11,699 metric tons and sold 13,662 metric tons of material during the quarter. In summary, we are seeing early signs of revival in the business, but due to higher raw material prices and continuous dumping of products by China, the business environment continues to remain challenging.

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

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Aashish from InvesQ PMS. Please go ahead.

Aashish: Yes. Sir, just wanted to understand, we have been struggling with this problem of dumping plus higher raw material cost because of several reasons for the last so many quarters now. So, is there any representation to the government? Or is there anything that is going on where I mean, some sort of respite can happen on the dumping side or maybe the raw material side anything that you would know, please share.

Rajen Jhaveri: Yes. The additional duty was levied in September, and we made the representation to government in November 2024

Nahoosh Jariwala: But I think as we are the only manufacturer of dimer fatty acids in India. Maybe being a single manufacturer, it might be for them also to take call would be a tough thing.

Aashish: Okay. So, as of now, there is no hope of anything like that basically.

Nahoosh Jariwala: No, not in short term

Rajen Jhaveri: In other words, we haven't heard anything in response to our November 2024 application.

Aashish: Okay. And on the raw material side, you said that the prices of raw materials were on the higher side. So, what is the outlook on that now?

Rajen Jhaveri: See, subsequently, end of May, government partially rolled back the duty which was levied in September '24. In May end government partly rolled back the duty. But during this intervening period of 6, 7 months, what had happened, the global vegetable oil prices had remained high and in India also the prices have remained high.

So, after this partial rollback also, unfortunately the prices of the raw material which we need did not decline. And the next season also is from November onwards only for this particular vegetable oil season in India. The year is considered to be November to October, you might be aware about that.

Aashish: Right. Okay. So, I mean, outlook remains similar. Is it what we are suffering right now in terms of margins

Nahoosh Jariwala: Yes.

Rajen Jhaveri: For dimer acid, yes. not for the Company as a whole.

Aashish: Okay. So, what's the outlook for the Company? I mean volume growth, what was it this quarter? And then how are you looking at overall margins and profitability?

Rajen Jhaveri: Instead of volume growth, we are quite optimistic about this value growth by way of higher sales of isostearic acid. Of course, it will have some volume growth also, but value growth could be substantial if things fall in line for isostearic acid.

Aashish: So, what are we expecting, sir, FY '26 roughly, I mean, because so many things going on, isostearic acid being a new form for us and that probably does well and the current business is facing a problem. So, how do we read FY '26 to be overall

Nahoosh Jariwala: I mean this year, we expect it to remain competitive because like we are also selling our isostearic acid to U.S. So, again, in that there is some duty things are also coming. So, yes, it is going to be a challenging year. But long-term we are very confident about the business model. Long-term, this is not going to be a situation which is going to remain forever. Only thing is we have to wait for the time. We have to rather than taking any knee-jerk action, we have to remain calm and remain in the business.

Aashish: Right. Sir, and what's the kind of undercutting versus the earlier price now? Just to have a reference, what kind of dumping is going on in terms of pricing discounts that were there earlier and now what is the discount that is going on from the Chinese?

Rajen Jhaveri: See briefly, I can tell you before 24 months, the rolling dimer acid price was in the range of INR 180,000 per metric tons. And today, it is less than INR 145,000 per ton

Nahoosh Jariwala: You see a drop of around 20%.

Aashish: Okay. So, you would be, that's an assumption that they would be selling at maybe breakeven or some sort of margin.

Nahoosh Jariwala: Or some kind of export incentive they are getting. China is a closed economy, so we don't know. See, whatever all the chemical companies are facing, we are facing the same music. In API also the way pharma companies are facing. We are facing the same thing.

Aashish: Sir, just a small request. In case there is a change in any of these we would appreciate if you could inform investors maybe by a release on the exchange or maybe by a call?

Nahoosh Jariwala: Sure.

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

Chirag: Sir, you said partial rollback of duty. So, what is the duty right now?

Nahoosh Jariwala: It's 22.5%.

Rajen Jhaveri: See, before the additional levy of duty, basic duty was 5%. In September '24, government imposed additional 20% duty. So, basic duty became 25% and then there was a 10% surcharge. So, basic duty became 27.5%. Out of that, government has partially rolled back that is basic custom duty has been reduced by 10%. So, with surcharge, it is reduced by 11%. So, 27.5% has now become 16.5% vis-a-vis 5.5%, which was there. So, net impact of 11% still remains.

Chirag: Okay. And sir, the basic construct remains the same, DA is around 25% and linoleic acid is around 43%. That remains same or that also has changed the mix?

Rajen Jhaveri: No. Our product mix our sales in terms of value for our prime 3 products continues to be between 70% and 75%.

Chirag: Sorry, sir, I did not get that.

Rajen Jhaveri: Sales of our 3 prime products. Now 3 prime products are dimer acid, linoleic acid and isostearic acid. Out of the total sales, the share of these 3 products put together continues to be between 70% and 75% since last many quarters. See, internally, it may undergo change in particular quarter dimer acid may be slightly higher and another may be lower. But by and large, the ratio would be between 70% and 75%.

Chirag: So, sir, if I exclude the dimer acid, which is still seeing some issues, linoleic acid and isostearic acid will see what growth rate. Sir any sense can you give us?

Rajen Jhaveri: See, dimer acid continues to enjoy an important thing. It is close to 25%. So, we cannot exclude dimer acid out of 77%...

Nahoosh Jariwala: We would like to remain in business of dimer fatty acid.

Chirag: No, I get that. I am saying apart from dimer acid, sir, the 2 other chemicals are linoleic acid and isostearic acid. So, my question is, what is the growth outlook for those 2 segments?

Nahoosh Jariwala: Isostearic acid growth looks very, very promising, because we are the third Company now. In fact, there were 4 companies. Now we have heard that one of the companies has stopped manufacturing. So, now there are just 3 companies manufacturing isostearic in the world. So, we are very hopeful.

Chirag: Linoleic acid?

Rajen Jhaveri: Linoleic acid is presently around 40% of our total sales.

Nahoosh Jariwala: And it will remain like that only...We will maintain at that level

Moderator: Thank you. The next question is from the line of Madhur Rath from Counter Cyclic Investments.

Madhur Rath: Sir, how much is our current capacity of this isostearic acid? And what is the global demand currently for this product?

Nahoosh Jariwala: There is no data available about the exact demand but one can say easily that based on the tentative information we have collected from the companies with whom we are negotiating or where our material is under approval, our capacity would be hardly 10% or 15% of total demand.

Madhur Rath: Got it. And sir, who would be the other 3 companies that are manufacturing this product globally?

Nahoosh Jariwala: One is Cargill, and a Company called Olean. Cargill is based in U.S.A. and Olean is based in Europe.

Madhur Rath: Got it. Sir, we were also planning to like use some alternative raw material other than the vegetable oil byproduct for us to have better spreads going forward. So, any progress on that?

Nahoosh Jariwala: Yes. Positive progress is happening on that. Maybe we might if everything goes well, initial trial runs have been successful. Initial trial runs have been fairly successful, but we will take some time. Afterwards, if we decide, we'll decide to change after due consideration.

Madhur Rath: Got it. Sir, based on our current volumes that we did, I think we are operating sir, what would be our capacity utilization? And what would be the revenue potential at the current prices for our current capacity?

Rajen Jhaveri: At this revenue level, we are operating at around 70% capacity, and we achieved this revenue. So, there is a further upside of reaching up to 100%.

Madhur Rath: Got it. 70% capacity utilization INR 100 crores levels?

Rajen Jhaveri: Yes.

Madhur Rath: okay, got it.

Moderator: Thank you. The next question is from the line of Nirag Shah from Exemplar Investments. Please proceed.

Nirag J. Shah: Can I have separate value-wise figure of linoleic, dimer and isostearic for the quarter?

Rajen Jhaveri: I told you linoleic acid is approximately 40% of our total sales. Dimer is nearly 25%, isostearic acid is approximately 7% or so. Linoleic acid is approximately 40% of our total sales, dimer acid is around 24%, 25% and isostearic acid is around 6%, 7%.

Nirag J. Shah: My next question was strategic one. Since last more than almost 2.5 years we are facing difficult time in our core business. The working of industry material which is progressing with a very slow pace, vis-a-vis the pace of margin pressure and slowdown which we are facing in our core business. So, my question was, as a key promoter isn't it the right time to help from inorganic and accelerate our pace of growth and ease our margin pressure and you can clearly see our products like linoleic and dimer are becoming more of commoditized products?

Rajen Jhaveri: Mr. Shah your voice was breaking, so we are not able to hear you perfectly. But what we have understood and on the basis of that, what clarification we want to make is that at even a 70% capacity since isostearic acid is a value-added product, if we can sell more isostearic acid by operating the same level of raw material processing, our top line can still increase at 70% only. But if we can reach 100%, it will have a further potential of increasing the top line.

Nirag J. Shah: Is the production of dimer also, right? And in that you are facing margin pressure?

Rajen Jhaveri: Yes. dimer acid, we will continue to face the pressure, pricing pressure. But simultaneously, if our isostearic acid sale improves, we will be able to take that challenge.

Nirag J. Shah: Okay. Got it. And this you said regarding new raw material. So, by when can we expect some concrete clarity regarding that, whether it is successful or not?

Nahoosh Jariwala: November, maybe November.

Nirag J. Shah: By November. Okay. And regarding that separate tocopherol and sterol stream, which was talked about before 3 years. So, is that project now completely off?

Nahoosh Jariwala: Yes. At this stage, completely off because we were supplying it to U.S.

Nirag J. Shah: Okay. Got it. And right now, what is our exposure to U.S.?

Rajen Jhaveri: For this quarter, it was less than 2% in terms of value.

Nirag J. Shah: And last year?

Rajen Jhaveri: Last year was also around 3%.

Nahoosh Jariwala: Because we just started isostearic export.

Nirag J. Shah: So, we are not that much affected by the tariffs and all, right?

Nahoosh Jariwala: Yes, future business would have got a...

Rajen Jhaveri: Future business can get affected. As far as the past is concerned, we would not have been affected because of our volumes. But what we were exploring, what we are planning, what we had already planned, that may get impacted.

Nirag J. Shah: For isostearic, right?

Nahoosh Jariwala: Yes.

Nirag J. Shah: But for isostearic, Europe market is larger or U.S. market as per the way your clientele are?

Nahoosh Jariwala: You need to remember one thing that for any product; U.S.A. is one of the largest market. Any product you take in the world.

Rajen Jhaveri: By virtue of that sheer population.

Nahoosh Jariwala: And they are buying for any and every product. So, we cannot just depend on European market alone.

Nirag J. Shah: So, vis-a-vis our capacity which is there. So, are we prepared to sell our capacity, say, 70%, 80% isostearic to Europe if U.S. tariffs don't change or anything?

Nahoosh Jariwala: No. It cannot happen.

Nirag J. Shah: Okay. Got it. All the best.

Moderator: Thank you. The next question is from the line of Nikhil from Perpetual Capital. Please proceed.

Nikhil: I am new to the Company, so pardon me for some basic questions. Can you mention your capacity for each of these 3 main products, dimer acid, linoleic acid and isostearic acid?

Rajen Jhaveri: See, in our case is like that of a petroleum refinery. So, our capacity is measured in terms of throughput of raw material because from a single raw material, we are deriving multiple finished products. And there too, because it's a natural product, that ratio may slightly differ also. So, based on that, our raw material throughput capacity, installed capacity as of now is 120,000 metric tons per annum, out of which 40,000 metric tons per annum we have earmarked for a new set of raw material and new set of finished products for which developmental work is going on. For the balance, 80,000 metric tons of raw material throughput from that, we can derive multiple products. And out of that, we can derive dimer acid also, we can derive linoleic acid also. And from a value-added product, we can make isostearic acid also.

Nikhil: Okay. And is the manufacturing of isostearic acid linked to the making of linoleic acid in some way? I mean is this a byproduct of linoleic acid?

Rajen Jhaveri: Isostearic acid is not the byproduct of linoleic acid. Isostearic acid is made from monobasic acid. monobasic acid and dimer acid, we are simultaneously getting if we further process only for linoleic acid.

Nikhil: Okay. So, basically, to get more of isostearic acid, you will also have to manufacture more of dimer acid because it is really part of the process.

Rajen Jhaveri: Yes. Yes. More of dimer acid would accompany that.

Nikhil: Okay.

Rajen Jhaveri: So, we want to remain in the business of dimer acid also.

Nikhil: Okay. And anything particularly on isostearic acid, what is the current capacity that you've set up?

Rajen Jhaveri: Capacity, as Shri Nahooshbhai said that we will be approximately 10% to 15% of our total world estimated demand.

Nikhil: Okay. And at what tariff rate does it make sense for you to target that market?

Rajen Jhaveri: What direct?

Nikhil: At what tariff rate for U.S. that still makes sense.

Rajen Jhaveri: Anyone would love 0 tariff.

Nikhil: I mean what I meant is...

Nahoosh Jariwala: Tariff from Europe to U.S.A. is 15%. Yes. And for India, it's 50%.

Rajen Jhaveri: India is now 51%...

Nahoosh Jariwala: So, it's 36% difference. It's too big a difference.

Nikhil: So, like you mentioned, so Cargill is an American Company. I'm assuming they have some plants in USA

Nahoosh Jariwala: No, both the plants are in Europe. In U.S., no, none of the isostearic plants are there. Cargill plant in Europe. And Oleon also is in Europe.

Nikhil: Okay. And in terms of cost advantage, anything on that.

Nahoosh Jariwala: Obviously, our manufacturing cost is low.

Rajen Jhaveri: 36% is too big a difference...

Nikhil: Right.

Nahoosh Jariwala: 35% is too big a difference.

Nikhil: Got it. And any other large project or product in the pipeline that can be a larger part of the...

Nahoosh Jariwala: We are working on the new product for which we have earmarked 40,000 tons capacity, but that will take some time.

Rajen Jhaveri: I mentioned about that earmarking of 40,000 tons of capacity for new raw material and new set of new products.

Nikhil: Right.

Rajen Jhaveri: We are working on that.

Nikhil: Okay. Okay. Got it.

Rajen Jhaveri: It is again export market potential only

Nahoosh Jariwala: It would make more sense for us to stabilize the current production and current issues, that would make more sense.

Moderator: Thank you. The next question is from the line of Madhur Rath from Counter Cyclic Investments. Please proceed.

Madhur Rath: Sir, what is the current price of linoleic acid and what it was like you mentioned that 1.8 lakh was for dimer acid 2 years back. So, at a similar time line, what it was?

Nahoosh Jariwala: Certain things we won't like to...

Rajen Jhaveri: Certain things are business secret and as far as dimer acid is concerned, we are the only manufacturer. You have to understand one thing. And as far as linoleic acid is concerned, we are not the only manufacturer. There are other manufacturers...

Nahoosh Jariwala: Who are making product which is inferior to our linoleic...

Rajen Jhaveri: And some of them may be already on these earnings call line also.

Nahoosh Jariwala: We won't like to share.

Rajen Jhaveri: So, it is in the interest of the shareholders only that we do not disclose all the information.

Madhur Rathi: Got it, sir. No problem. Sir, next question was, I'm just like doing a back of the envelope calculation. Sir, with our current capacity and the current product mix not changing to higher isostearic or any value-added products, sir, is it just fair to assume that we could easily do INR 1,200 crores to INR 1,300 crores revenue from just processing the 1.2 lakh metric ton of capacity that we have?

Rajen Jhaveri: At 1.2 lakh tons of capacity, what could be our possible top line? Is that what you are trying to ask.

Madhur Rathi: Yes, sir.

Rajen Jhaveri: Possible. Whatever figure you said is theoretical, it is possible.

Madhur Rathi: Got it. And sir, a sub question, sir, since our capacity should be more thought like a crude oil refining. So, should we think from an EBITDA margin perspective or EBITDA per ton perspective for our business?

Rajen Jhaveri: See, things will keep on changing.

Nahoosh Jariwala: See, all these discussions is happening because the government of India increased duty on vegetable oil from 5.5% to 27.5% and import duty on dimer was 7.5%. So, there is a differential on raw material, what we are procuring 22.5%. So, I mean, we are working on it. It was something that came from short from, sudden impact that came to us. So, for any Company to take a sudden impact of 22.5% hike in raw material.

Rajen Jhaveri: Overnight.

Nahoosh Jariwala: Overnight. It is going to take some time for it to recover and stabilize things.

Madhur Rathi: Got it. Sir, I understand where like the government impact. I'm just trying to understand for a business perspective, is EBITDA per ton a correct way to think based on the raw material we process or EBITDA margin would be a fair way to think about our business?

Rajen Jhaveri: EBITDA margin as a percentage to sales would be the fair thing.

Madhur Rathi: Got it. So, on a steady-state basis, what kind of EBITDA margins we should expect based on the current product mix and like going over the next 2 to 3 years?

Nahoosh Jariwala: It depends on what is the duty government of India keeps on vegetable oils. Before we were operating when duty wasn't there, our EBITDA margins were in range of 15% to 17%. It has come to around 4%. So, I mean, how can we predict? How can we predict when something which the government of India is taking decision for the betterment of Indian farmers. So, they are increasing duty.

Madhur Rathi: Got it.

Nahoosh Jariwala: Yes so these are things it won't be possible for me to answer at this stage. I would love 5.5% and start making money like before and have a peace of mind.

Madhur Rathi: Sir, we would love that kind of duty. Sir, just a final question from my end. Sir, like considering there is a similar 5.5% duty and the 15% to 17% EBITDA margin with isostearic acid portion increasing in our revenue. Sir, can we expect this margin to move towards 20% plus just by increasing isostearic acid share?

Rajen Jhaveri: No. isostearic acid cannot take the margin from 4% to 20% at a Company level.

Madhur Rathi: No, sir, not at Company level. I'm just trying to understand on a steady-state basis, can it additionally add 3, 4 %

Rajen Jhaveri: See, it has to be a gradual thing.

Nahoosh Jariwala: Or let's wait for result, duty to come down, then we'll look at all those things.

Moderator: Thank you. The next question is from the line of Chirag Vakharia from Budhrani Finance. Please proceed.

Chirag Vakharia: Sir, in line with the previous question, sir, this 10% rollback you are saying, maintaining the status quo. Sir, this 3.97% EBITDA margin that is there, which you have clocked in current quarter, this can improve to what level, sir?

Rajen Jhaveri: No, this had already come into impact in the end of May. We say that it has not resulted into any decline in the raw material price. So, it has not affected anything positively.

Chirag Vakharia: Okay. And sir, how do you see the global vegetable prices? What's your outlook on it? Do you think that this should still firm up or this should remain here?

Nahoosh Jariwala: They should remain like this

Rajen Jhaveri: Remain as it is. in oil producing countries, etc., etc., this Ukraine, Russia war since last more than 3.5 years, etc., etc. So, these things are going to weigh in on oil prices. And India is predominantly dependent on imported. I think even in today's date also, India imports for us 40% to 50% of its vegetable oil requirement through palm, soya and sunflower.

Chirag Vakharia: Okay and sir, procuring it from, say, Indonesia or Malaysia or Brazil or Argentina.

Nahoosh Jariwala: No, it won't be viable.

Chirag Vakharia: Viable option or you think that sunflower oil is still required and so your dependence.

Nahoosh Jariwala: No. No. Because of the freight component, it's not viable to import byproduct.

Rajen Jhaveri: We are taking byproduct of these refineries. So, freight will be the prohibiting factor for direct import. Our byproduct cannot be imported also and whatever byproduct we generated in India, those refineries cannot export it also on the same consideration of freight prohibiting factor. So, whatever is produced in India is to be sold in India and whatever is produced abroad cannot be brought into India as far as the byproducts are concerned.

Moderator: Thank you. The next question is from the line of Mirav, an individual investor. Please proceed.

Mirav: In the previous con call, you had mentioned that you are working on a new raw material, which would help us reduce the dependence on imports. So, have we got any update from that side?

Nahoosh Jariwala: Yes. We have. Initial trial runs have been positive. And after some more runs, we will decide to go on commercial or not. So, maybe by November, we'll be through with the whole thing.

Mirav: Okay. So, that can help us like get back on track, right? So, to get the margins and earning...?

Nahoosh Jariwala: Yes.

Rajen Jhaveri: Yes.

Mirav: Okay. So, we are like fully confident we will be able to do that by November, right, like which is Q3 something?

Nahoosh Jariwala: Based on the initial trial runs...

Rajen Jhaveri: Entire Q3 might not be having that positive because it could be somewhere in November, but the initial results are encouraging. So, we are quite optimistic about that.

Mirav: Okay. Great. So, will we be able to like fully source it from domestic sources?

Nahoosh Jariwala: Yes.

Rajen Jhaveri: Yes.

Mirav: Okay. That would be really good. And so just wanted to know that in the previous concall, you had mentioned that you got some 16 approvals from the customer side for isostearic acid, right? So, have we got some new approvals in this quarter and...

Nahoosh Jariwala: Yes. Couple of more have been added. A couple of more have been added.

Rajen Jhaveri: But those also, what will happen, they will take the first shipment and then again, wait.

Nahoosh Jariwala: Because that basically, it goes in cosmetics. So, their application taste and everything.

Rajen Jhaveri: The cycle is only like that.

Nahoosh Jariwala: It's taking pretty long, much more than what we initially expected or much more than what initially they had suggested that they will take 3 to 6 months. Maybe they are taking a little bit long. And the chances are that we being an Indian Company coming for the first time in the market and only 2 other companies doing, it takes time for them to build a trust in us.

Mirav: Yes. Okay. Sure and we are exporting isostearic acid to like which countries, in which regions? Is it only Western?

Nahoosh Jariwala: Many more than, already shipments have happened to more than 7,8 countries.

Mirav: 7, 8. Okay. And can you tell us the volume for isostearic acid in the past 3 quarters like this quarter, previous quarter and the one before

Nahoosh Jariwala: It is still picking up. It's slowly picking up. It's going to take some time. But once it picks up approvals, it's going to happen in such a way that simultaneously, approvals are going to be there from all the buyers.

Mirav: Okay. And these products are going to like all the large cosmetic companies or like you just started with smaller companies first and then we'll move on.

Nahoosh Jariwala: No. It is not direct any large companies don't buy directly. It's one of the ingredients to make cosmetics. It's one of the ingredients. So, it is being supplied to ingredient manufacturers.

Mirav: Okay. And also, we had like filed with the government for that custom duty thing to reduce it. So, have we got any update from that side something?

Rajen Jhaveri: No.

Nahoosh Jariwala: No.

Mirav: Okay. All the best.

Moderator: Thank you. The next question is from the line of Nishant Bhat from Equity Works Limited. Please proceed.

Nishant Bhat: See, I just wanted to ask the management that if the custom duty, let's assume that there is no change happens in this custom duty. If that is the scenario, what can be the future margin profile of the Company based on the current situation and the incremental revenues that will come from the isostearic acid?

Rajen Jhaveri: Mr. Bhat, in the previous speakers' response only, as Shri Nahooshbhai said that we are working on the alternative raw material, and it is likely to be initial results are encouraging. And by November, we may perhaps partly switch over to that. So, that is the positive sign to address this duty issue.

Nishant Bhat: Okay. Sorry about that. Actually, I joined quite late. And regarding this isostearic acid, when can we expect a revenue bump up because I think you mentioned that gradually that revenue should start to scale up, right?

Rajen Jhaveri: We expected yesterday only that to happen. But unfortunately, as Shri Nahooshbhai said that either because it is an Indian Company because see presently, only European Company or an American Company are making these and they have in the world that kind of reputation. So, for the first time when these people, these users of isostearic acid, when they came to know that an Indian Company has made this isostearic acid, they were quite surprised and they came to check that whether you have really made the isostearic acid and that too in-house. So, that perhaps is maybe taking a little longer and they are completing that process of our isostearic acid going into ingredient manufacturing...

Nahoosh Jariwala: Validation process is taking a little bit longer.

Nishant Bhat: Got it.

Nahoosh Jariwala: We cannot pressurize and I mean, whenever we ask that, yes, it will come, maybe give us a month or 2. I mean, based on that, we also think and speak like that. But actually, yes, see, as I said, whenever it is going to happen, it could happen, a complete team is working 24/7 on it because it's

our Star product, I mean, for us Star product, and our team is absolutely working on it. We are trying our best.

Nishant Bhat:

No, I understand that. And congratulation for developing such a product in India and that tells a lot about your R&D team and I wish that you come up with such new products and make India proud as well and the investors,

So, getting the validation part, usually this for example, if you are sending this isostearic acid to some Company for that validation, let us assume like a conservative scenario. Usually how much time does it take for this validation to complete? Is it 6 months, 9 months, 1 year, what is the time frame usually when you are sending such batches to a Company which wants to test your products first?

Nahoosh Jariwala:

When we talk to them from there to they are doing search about us on the Internet, they are coming and visiting us or having a couple of Zoom meetings, then the sample permission is given to send the samples, then the sample approval, then lots of other paper works are required to be done, then sending a bulk supply, then the validation happening with the product and stability, then it's going to the actual consumers. And then finally, it is coming.

So, I mean, for every Company, it is a different thing. So, I mean, it is taking its own time. One has to take it in a positive way because then once this thing happens, some other Company when it comes, then it will also require this long time. Yes. We are lucky that when there are very few manufacturers are there, we are taking an entry. So, it is going to be a good thing for us for long-term. It is going to be a long-term business.

Nishant Bhat:

So, clearly, there is a very high entry barrier.

Nahoosh Jariwala:

Yes. And if entry would have been easy, then any Tom, Dick and Harry could have come.

Moderator:

Thank you. The next question is from the line of Mirav, an individual investor. Please proceed.

Mirav:

So, as you mentioned like in the previous question that the new raw material, which we are able to source from the domestic sources would be ready by around November. So, the range for that raw material is at par with the previous cost level? Or would it be higher or lower?

Nahoosh Jariwala:

Lower.

Mirav:

Okay. So, if isostearic acid also picks up the pace and we get like lower cost level from the new raw material domestic source. So, can we like expect 8% to 10% EBITDA margins for the next year, like FY '27?

Rajen Jhaveri: I mean, see, this U.S. duty issue has to settle first of all.

Nahoosh Jariwala: Sir lots of factors are going on right now, really giving at 51% duty. So, many things are going right now to...

Rajen Jhaveri: It is difficult to predict anything.

Mirav: Okay. Okay, sir. No problem.

Nahoosh Jariwala: You ask any chemical industry, I mean they are going to say the same thing.

Moderator: Due to time constraints, that was the last question. I now hand the conference over to the management for the closing comments. Thank you, and over to you, sir.

Rajen Jhaveri: Thank you all for participating in this earnings conference call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the Company, please reach out to our IR managers at Valorem Advisors, Mumbai. Thank you.

Nahoosh Jariwala: Thank you.

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