



FAIRCHEM ORGANICS LIMITED

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November 14, 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 and Six Ended September 30, 2025**

In furtherance to our letter dated November 4, 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 Tuesday, November 11, 2025 for the Unaudited Financial Results for Quarter and Six Ended September 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
Q2 and H1 FY'26 Earnings Conference Call
November 11, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '26 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

Purvangi Jain: Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain 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 2nd Quarter and the First Half 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 belief 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 the company's fundamental business and financial quarter under review.

Now let me 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. Rajen Jhaveri, CFO of the company.

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

Rajen Jhaveri:

Thank you, Ms. Purvangi. Thank you, Ms. Purvangi, and good afternoon, everyone. Welcome to our earnings call for the 2nd Quarter and First Half of Financial Year 2026. Let me first start off by giving you some of the key financial highlights.

For the quarter under review, the revenue from operations stood at INR 112 crores, which declined by 20% year-on-year. EBITDA for the quarter was INR 4 crores, which declined by 52% year-on-year with an EBITDA margin of 3.77%. The net profit after tax for the quarter stood at approximately INR 80 lakhs, translating into a PAT margin of 0.72%. For the first half of the Financial Year 2026, the revenue from operations stood at INR 243 crores, a decline of around 20% year-on-year. EBITDA for the period was INR 9 crores, reflecting a decline of around 69% year-on-year with EBITDA margins at 3.87%. The net profit after tax for the first half stood at INR 2 crores, which declined by around 89% year-on-year with PAT margin at 0.78% for the period. During the quarter, domestic sales accounted for 91.22% of total revenue, while exports contributed 8.78%. Operationally, we processed 11,492 metric tons and sold 10,062 metric tons of material during the quarter.

Now the operational highlights, the quarter under review continued to be challenging due to global trade disruptions, raw material cost pressure and competitive intensity in the market. Our performance was directly affected by the imposition of a 50% U.S. tariff on certain Indian chemical products, which includes some of our key offerings. This development has temporarily impacted our export business to the U.S. and created near-term uncertainty in international trade flows

At the same time, the domestic paint sector witnessed weaker demand, leading to lower off-take from one of our major customers. On the raw material front, even after the partial rollback of the additional custom duty imposed earlier, prices remained largely firm due to elevated global vegetable oil market. Consequently, our Dimer Acid segment continued to experience margin pressure due to aggressive price competition from Chinese suppliers and no corresponding relief in raw material costs. The basic custom duty on imported Dimer Acid continues to remain at 7.5%. On the strategic front, our value-added product Isostearic Acid remains a key area of focus. The expected ramp-up in exports to non-U.S. market has been delayed as we work through Regulatory compliance processes mandated by 2 major European producers. Once these registrations are completed, we expect export volumes of Isostearic Acid to grow steadily in a phased manner. While the operating environment remains challenging due to external headwinds and continued dumping by Chinese players, we remain focused on improving operational efficiency, optimizing cost structures and strengthening our value-added product portfolio. We believe that once the trade and pricing environment stabilizes, our consistent efforts in value creation will help restore growth momentum.

Now before I put this floor open for a question-and-answer session, I would like to make one announcement. Some of you might have read the board meeting outcome after our meeting

of November 7. And accordingly, I will be relinquishing this position of CFO and Company Secretary with effect from closing hours of Friday, 14th of November.

And in my place, Mr. Bhavesh Shah, who is a chartered accountant and cost accountant and who comes from Arvind Limited, will be taking over as Chief Financial Officer from November 15, 2025. Similarly, Mr. Jatin Jain, who has been working with us as Deputy Company Secretary since last more than 2.5 years, will be elevated to the position of Company Secretary to fill both the KMP positions. Both of them are present in this room as of now. With this, I now open the floor for a question-and-answer session.

Moderator: Thank you very much sir. The first question is from the line of Nirag Shah from Exemplar Investment. Please go ahead.

Nirag Shah: In presentation, it is mentioned that demand for our products is suffering because of entry of new player affecting our largest customer, that is, I think Asian Paints market share. So, my question was, are we having any restriction from Asian Paints side that we can't sell our products to rival company Opus and if there is no such restriction, then why are we getting affected as overall paints market has not shrunk and only market share has changed?

Rajen Jhaveri: No. But then the pricing offered by this competitor also has to match with our costing, etc. If the pricing offered by them is not attractive enough for us, then we will not go for that.

Nirag Shah: Sir, the pricing which are given by them is not lucrative for us to supply to them?

Rajen Jhaveri: Yes. Lucrative it's a super word, but it is not competitive for us.

Nirag Shah: Sir, got it. And what is the status of our project with respect to that new raw material and new products that we were talking about?

Rajen Jhaveri: In particular the new product that we have been talking about since last about 1 year, is progressing well and you will see some light during the quarter of may be by March, 2026 or latest during the quarter of April to June 2026. In the meantime, we are trying for something else also about which also we are working and may be during December 2025 or January 2026, we may be taking some trial runs, but it is again for animal feed. And again meant for exports to Europe and USA. So, may be it may take further some time to get the approval being the animal feed.

Nirag Shah: So, but the commercial quantities of whatever that new product that is going to start from April, June or December, January, the commercial quantities, when they are expected to start?

Rajen Jhaveri: All commercial quantities can go, but then further commercial quantity can go only after receiving the approval. The couple of months they may take.

Nirag Shah: So, approximate by what time it is expected such approvals as per your experience?

Rajen Jhaveri: See, we as per our experience only, we are not trying to make any solid commitment on that because in case of Isostearic Acid also, we were hoping that we will have. By this time, we would have been in place with substantial quantity of Isostearic Acid export, but it has not happened that way because the regulatory compliance and product approval at several stages because our product is used by someone else for making esters and it again goes to cosmetic manufacturers, then from cosmetic manufacturer, it goes to shops or malls and then the customers use that, then they receive the customer feedback, etc. So, that is taking too long a time. So, in case of this animal feed product also, it is difficult for us to predict as of now that within 3 months only, it will get the approval, etc. We are hoping that it should take maximum 1 quarter once we give them the supply, either during January 2026 or somewhere in that quarter.

By April 2026 quarter onwards, we should start supplying regularly exporting this product. But as I said earlier, since it is Europe and USA, we are keeping our fingers partly crossed on that.

Nirag Shah: And the margin profile for such products will be same to as Isostearic or it will be lower?

Rajen Jhaveri: No, not as good as Isostearic Acid because it is a commodity and the demand is in several thousands of tons, but it is a commodity and Isostearic Acid is a specialized product and only 2 European companies manufacture this product. So, margin in Isostearic Acid is comparatively higher compared to this animal feed product.

Nirag Shah: Got it and what is the breakup of contribution from each of our major products, Linoleic, Soya Fatty Acid, Dimer Acid and Isostearic for the quarter?

Rajen Jhaveri: Yes. For the quarter, see, between Linoleic Acid and Dimer Acid, if you have been the regular participant in this, you know that generally 65% has been the aggregate contribution of Linoleic Acid and Dimer Acid put together. During Q1 also, this percentages was 65% only between Linoleic Acid and Dimer Acid. But the only change in Q2 is the total aggregate percent has remained 65% only, but the share of Linoleic has decreased from 40% to 33% and share of Dimer Acid has increased from 27% to 33%. So, total has remained 65%, 66%, but there is a internal swap between Dimer Acid and Linoleic Acid because as we said earlier and as is mentioned in the presentation, this demand from paint sector is somewhat weaker and that is why this Linoleic sale was somewhat weaker.

Nirag Shah: Got it. Got it. And just last question. As per your experience, still, how much more time such uncertainty can last? And each quarter, we are hopeful of recovery. But in actual terms, it is not happening and for the year, the revenue side, but even margin, it is not getting back to double digits. So, what steps we are taking to improve our margins at this?

Rajen Jhaveri: That is what we have been planning. We are switching over to the animal feed product because of this only because Linoleic Acid since last couple of quarters, we have been saying that even though we can sell, the margin is under pressure. So, we are trying to reduce our dependence on Linoleic Acid to some extent.

As far as Dimer Acid is concerned, we are quite hopeful once this U.S. tariff issue settles, we are quite hopeful that we will be substantially exporting Dimer Acid to USA. So, that we are, as of now, dependent on U.S. tariff issue and as far as animal feed is concerned, I already briefed as to what is the status as far as that is concerned.

Nirag Shah: Got it. Got it. And all the best. It was great time interacting with you for so many quarters.

Moderator: Thank you. The next question is from the line of Madhur Rath from Counter Cyclical Investments. Please go ahead.

Madhur Rath: Sir, I wanted to understand the raw material that is waste generated for us. Sir, are we currently only using for the ones that is a byproduct of vegetable oil refining or even soya and other products we are currently using?

Rajen Jhaveri: They are also vegetable oil by-products only. See acid oil from soya or from rice, both are from vegetable oil source only. We are using both raw materials. We are using byproduct of or waste product generated from soya, sunflower also and we are using this rice-based raw material also. Since last 6 years or so, we have been using both. Earlier, we were using soya, sunflower-based byproduct only. But since 2020, we have been using both.

Madhur Rath: Sir, no, when we say that we are using soya and sunflower, sir, soya prices are at a all-time low. They're trading at below MSP. And sir, why aren't we able to get raw materials at a favorable rates?

Rajen Jhaveri: See, we are taking or using the byproduct generated from the soya vegetable oil refinery. So, soya prime product pricing is not necessarily related and will behave in the same manner as the soya because, see, soya oil, vegetable oil price would behave or will vary depending upon the international prices. But as far as this byproduct is concerned, it will have its own demand-supply economics rule because this being a cheaper thing, it cannot be exported also and we cannot import also from other countries because of freight considerations. So, these manufacturers, these refineries also know that the soya acid oil, if there is more than one buyer, they can always keep the prices at an artificially elevated level compared to what was prevailing in earlier years or earlier quarters.

Madhur Rath: Sir, I am trying to understand, sir, this oil refining industry is so fragmented, and we are the only manufacturer of Dimer Acid in India. So, I am just trying to understand then 30 lakh metric tons of byproduct waste is generated in India, and our processing capacity is only 1.2 lakhs. So,

sir, that is less than 10%. So, then why R&D sir, it seems that even though we are the only one of the only buyers for this product, then still we are facing raw material pricing issue. I am not trying to understand the link between of these 2.

Rajen Jhaveri: Yes, there are 2 things in this. 30 lakhs which talked about that is for all oils put together. And we are not touching the byproduct generated from palm, mainly palm. And palm is having a substantial share of that. So, that is ruled out. Second thing is you said what you said that, what was the second one?

Madhur Rath: Sir, we are the only manufacturer of Dimer Acid and so only the off-taker of these byproducts. So, then why are we facing pressure when the oil industry is so fragmented?

Rajen Jhaveri: See, we are the only manufacturer of Dimer Acid, but we are not the only manufacturer of a Linoleic Acid kind of a thing. We are the only manufacturer of the Linoleic Acid of the kind we make, but there is an inferior product, slightly inferior product, not an inferior product per se, slightly inferior product Soya Fatty Acid and there are already 3, 4 other manufacturers of the Soya Fatty Acid. So, they also compete in taking the acid oil from the market along with us.

So, as far as sunflower, soya acid oil byproduct is concerned, they are competing with us in both, in taking the raw material also and in supplying to paint company also. As far as Dimer Acid is concerned, you are right, we are the only manufacturer, but we are facing direct competition from China because the basic custom duty remains at 7.5% only and we do not know how much export rebate, etc., these Chinese suppliers are getting from their government and how they are in a position to sell at this price, even after bearing the ocean freight cost.

Madhur Rath: Got it. Sir, last quarter, you mentioned that we are trying some new raw material for us as a feedstock. Sir, so any update on that?

Rajen Jhaveri: That is this animal feed about which I talked to, just now I talked for this previous speaker.

Madhur Rath: Sir, this would be the final product, right? I was asking regarding we were trying some different raw material for our...

Rajen Jhaveri: That is still in pipeline. That one more thing is still in pipeline. That I said it should be in place, the first commercial production trial should be in place by March 2026 or at the most during April-June 2026 quarter.

Madhur Rath: Got it. Sir, so is it fair to assume that till the time raw material issues don't subside, the 30%, 35% gross margins we used to do earlier will stay in the 20% range for the period going forward?

Rajen Jhaveri: No, that will not be the only issue. That is not the only issue. Raw material price is not the only issue for the reduction in margins. This U.S. tariff is also an important issue along with that and

this competition from China in Dimer Acid is also important because we are forced to sell Dimer Acid at somewhat reduced prices, which naturally on a pro rata basis will increase our raw material cost as a percentage to sales.

Moderator: Thank you. We'll take the next question from the line of Aashish Upganlawar from InvesQ PMS. Please go ahead.

Aashish Upganlawar: Sir, what is the differential in the pricing of ours and the Chinese that are dumping? Are we less or more, I mean, obviously, we will be more. So, what is the differential? And how much have we suffered in terms of contraction of margin because of this realization? How much are they down in the last maybe 2 years that we are suffering?

Rajen Jhaveri: I will explain. Historically only, ever since Chinese started exporting the Dimer Acid to India more than 10 years back, historically, what we have been doing is we have been pricing our Dimer Acid at marginally lower price than what is the landed cost of Chinese Dimer Acid plus the non-cenvatable custom duty. So, if that works out to say X rupees, our price would be X minus INR 2 or something like that. So, that is because we have to sell like that only. Otherwise, there is enough quantity in the entire Indian demand can be met by Chinese supplier. That is the kind of Dimer Acid they are producing. So, if we want to sell our Dimer Acid and retain our market share of about 65%, we have to necessarily motivate these Indian manufacturers by telling them that our prices would be INR 2 or 1% or 2% lesser than whatever they are directly importing from China. So, that is our pricing.

Aashish Upganlawar: Okay. Okay. And the overall pricing from the Chinese has come down by how much in terms of percentage?

Rajen Jhaveri: If you say over a period of last 24 months, it has come down substantially. According to me, it has come down by more than 25%. If you compare...

Aashish Upganlawar: Yes, sir. So, that is a major challenge that our company has been facing.

Rajen Jhaveri: Yes, yes.

Aashish Upganlawar: So, sir, any sort of representation to the government?

Rajen Jhaveri: We had made the representation to the government when they levied this additional import duty on vegetable oils and partial rollback also. But being the only manufacturer, we haven't heard from the government, and we are unlikely to get any because we are the only manufacturer of Dimer Acid in India. But to prevent this only because we have been experiencing these now for almost close to 2 years. So, prevent this only, we gradually develop the U.S. market and last year, during this quarter of July-September 2024, we made substantial exports of Dimer Acid to USA also. But because of this tariff thing, this quarter we could not.

That is where the thing that stopped. So, once if India closes the deal with U.S., closes the deal in the sense, closes with a minimum possible tariff only, closes not with 40% or 50% tariff, closes the deal with, say, rational tariff of, say, 10% or 15% with the U.S. government, then we are again back in game as far as Dimer Acid is concerned.

Aashish Upganlawar: Okay. Okay. But that market we have already developed and we expect that once this tariff issue is sorted, our P&L can recover, which is redemption for you?

Rajen Jhaveri: Yes, yes. Because U.S. manufacturers, they do need Dimer Acid. So, they have to take either from us or from China because we are the only 2 major economies who are making Dimer Acid. In U.S., there was one plant making Dimer Acid. We understand is already closed. So, they will now be dependent on India and China.

Aashish Upganlawar: Okay.

Rajen Jhaveri: As of now we have completed...

Aashish Upganlawar: At may be sir, say 15% tariff, how does the economics work for our business then?

Rajen Jhaveri: 15%...

Aashish Upganlawar: We will be back to double digit margin because of that EBITDA or maybe gross margin...

Rajen Jhaveri: As I said earlier, with only one thing, our margin will not be back to double digit. All those things will have to fall in place simultaneously.

Aashish Upganlawar: Raw material side, realization side, both?

Rajen Jhaveri: Yes, easing of some raw material prices, U.S. export revival of both Dimer Acid and Isostearic Acid and this our animal feed thing, which we are planning. All these things should fall in line. And that would surely then be our EBITDA margin would be in double digits, 100%. If these things fall in line, it will be in double digits, surely.

Aashish Upganlawar: So, sir, animal feed thing, you are saying that at base by Q1 of FY '27, we are going to...

Rajen Jhaveri: Yes. The animal feed things should fall in place. The commercial things should fall in place. Trial products can go, but then commercial things should fall in place during April-June 2026 quarter.

Aashish Upganlawar: Okay. But that would be the start. So, the entire next year is going to be...

Rajen Jhaveri: Yes. And gradually it can ramp up. Gradually it can ramp up because it is a commodity. So, gradually we will ramp up it.

Aashish Upganlawar: Because of the supply chain you are saying or the adjustment to the plants that you need to do, what is the...

Rajen Jhaveri: No, no, no. Because this animal feed, this compliance part I talked about earlier being an animal feed. Yes.

Aashish Upganlawar: Okay. So, any light of the day all these 2, 3 things, probably we have some good news maybe coming in the next 6 months from here?

Rajen Jhaveri: Yes, yes. Next financial year onwards, we still remain optimistic on our...

Aashish Upganlawar: It's been really a torturous kind of thing for the last 2 years with our company's financial. We have expanded capacity and from then after expanded capacity, we have seen all the negatives that have come in. So, the double whammy has happened for us.

Rajen Jhaveri: Yes, yes. It is unfortunate. It is more torturous for us than for you. We understand that it is torturous for all the investors, but you will also appreciate that it will be double the thing for us because we remain committed on that and we need to deliver on this. So, the onus is more on us as of now.

Moderator: Thank you. The next question is from the line of Nishita Shanklesha from Sapphire Capital. Please go ahead.

Nishita Shanklesha: So, I just wanted to understand the total export contribution is 9% of the revenue. So, you mentioned that the USA tariff situation is hampering our margins, but the exports overall is 9% only. So, ideally, the impact shouldn't be a lot, right?

Rajen Jhaveri: No, this 9% export share is mainly Isostearic export to countries other than USA, mainly Europe. Apart from Europe, the Isostearic export happened to some other countries also, but main was to Europe. And U.S., we could not make any Isostearic Acid export or Dimer Acid as good as nil during this quarter to U.S.

Nishita Shanklesha: Okay. Okay. So, once the tariff situation settles down, what will be the revenue contribution from U.S. that you are expecting?

Rajen Jhaveri: U.S. contribution could be substantial for Dimer Acid exports. For Isostearic export, it would gradually increase, but Isostearic, we are exporting to the entire world.

Nishita Shanklesha: Okay. Understood. And Dimer Acid we are only exporting to U.S., right?

Rajen Jhaveri: Pardon?

Nishita Shanklesha: We are exporting the Dimer Acid only to the U.S.?

Rajen Jhaveri: U.S. and to some extent to Gulf, but the main customer would be India and USA. Main customers will be India and USA.

Nishita Shanklesha: Okay. Okay. Understood. Sir, my next question is that currently, our margins are around 4% to 3.8% range. Going forward, like till things doesn't fall in place, do we see the margins sustain at this level? Or like can they fall more?

Rajen Jhaveri: Further fall is highly unlikely, highly unlikely. Further fall than this is highly unlikely. But as I said to the previous speaker, once these 2, 3 things fall in line, we will surely be in double digit margin.

Nishita Shanklesha: Okay. Understood. So, I just wanted to understand that can we see some release in the pressure on top line and margin level in H2? Or is it going to be the same as H1 only?

Rajen Jhaveri: As I said earlier, we are hoping something during January-March '26 quarter. In case if it doesn't materialize during January-March '26 quarter, it should certainly be in place by April '26.

Moderator: Thank you. The next question is from the line of Nitya Shah from KamayaKya Wealth Management. Please go ahead.

Nitya Shah: Yes. First of all, thank you, sir, for taking these calls even when the numbers are not the best. So, appreciate the transparency.

Rajen Jhaveri: We cannot avoid if the numbers are bad. You also know this.

Nitya Shah: Yes, sir, we've noticed many companies don't end up interacting. But I wanted to ask there was a PPT in December 2024, which had given guidance for FY '25 and '26. Looking at the tariff situation and all these other headwinds that are there, is it fair to assume that the guidance you had given of, I think, close to around about INR 1,000 crores top line and 23% EBITDA margin, do you think that could be achieved to an extent by next financial year?

Rajen Jhaveri: In case if you again see that you are referring to the presentation, at the bottom of that on that page only, I don't exactly remember the exact word, but we had very clearly mentioned that these assumptions which we had made at the beginning of that calendar year, they no more hold good because of the reasons already mentioned there. So, at that time only, we had clarified that this guidance, which we had prepared somewhere in April '24, if I'm not mistaken, did not hold good when we reached December '24. So, there is no point in further discussing that. It doesn't hold good.

Nitya Shah: Got it. So, basically, had these issues not have been there, then it would have been possible is what you are trying to say? And sir, any guidance you would give for next year, considering that this year is going to be affected by the tariffs? Any guidance you would give for next year's margins and top line?

Rajen Jhaveri: Generally, sir, we don't give any guidance only. And particularly during this period when this tariff issue is yet to settle and we are in the midst of regulatory compliance as far as our Isostearic Acid is concerned and we are in the midst of putting up our this project for animal feed, etc. So, a lot of things are going on and they are all dependent on when will -- what will happen when. So, it is difficult to prepare or announce any guidance as far as future is concerned. But as I said, once these things fall in line, we surely will be in double digit margins.

Nitya Shah: Understood, sir. Okay. I just wanted to clarify the guidance.

Moderator: Thank you. The next question is from the line of Madhur Rath from Counter Cyclical Investments. Please go ahead.

Madhur Rath: Sir, what are imports of INR 31 crores and INR 59 crores that we did for the past 2 years?

Rajen Jhaveri: Import?

Madhur Rath: Yes, sir.

Rajen Jhaveri: That is mainly catalysts. We are importing catalysts. Once in a while, we import very minor capital goods also. And previously, we used to import one of our raw materials also from an Asian country also. But I understand since last 6 to 9 months, it is stopped, we are not importing that raw material because it is not available there. But the main is import of catalysts from USA.

Madhur Rath: Got it. Sir, just a final question, sir. With so much banking on the raw material, sir, are there any plans for backward integration by acquiring a distressed refining mill where we can source our raw material in any way?

Rajen Jhaveri: No, we cannot do that. Our raw material is generated in this refinery 1.25% only. For 1.25% raw material, we cannot take the refinery and where do we sell balance 98% edible oil, which Adani and Patanjali, etc., are selling in a consumer market? We see our expertise is in selling industry to industry sales, not the commodity sales. And for 1.25% of raw material, we cannot take a refinery with balance 98% where to sell.

Madhur Rath: Sir, so I am trying to understand that like you said that only 1.5% of the byproduct is what we require for our consumption. Sir, so this is across all kinds of edible oil, soya, sunflower, groundnut oil or any specific edible oil you are talking about?

Rajen Jhaveri: Soft oil, soft oil is mainly soya, sunflower, cotton seed, etc. Not the hard one, which is the palm, etc., is a hard one, not there. This reflects...

Madhur Rath: So, except for palm oil, all other edible oils in the refining process, roughly 1.5% of the residue by volume is what we require for our capital consumption?

Rajen Jhaveri: That is our raw material.

Madhur Rath: Yes, for our raw material, I understand corrected.

Rajen Jhaveri: That is our raw material, yes.

Madhur Rath: Sir, so in which case, sir, whether government of India increases import duty on palm oil, it should not matter to us at all. And in any case, if it's a byproduct for the refinery, so if import duty is increasing or decreasing, then why should that translate into any pricing for us? And moreover, if we are the only player, then either these refineries sell it to us or then they dispose it as waste. So, in which case, the bargaining power should be with us.

Rajen Jhaveri: Earlier already, I said that we are not the only buyer of this. There are 3, 4 others also. Another thing is, see, even if the government increases this duty only on palm, this is a contagious thing. See, entire oil basket as far as India is concerned is common only. If the prices of palm increases, it will have a contagious effect on others also. And as far as the byproduct price is concerned, since there are others also who are competing in buying raw material from us and since these refineries also know that we cannot import because of ocean freight considerations, we necessarily, we and the other 3, 4 also, we have to buy this raw material from them only.

Madhur Rath: Sir, considering that there would be thousands of edible oil refineries in India and only 3, 4 buyers of this residue, sir, so don't you think that the pricing should be with the buyers and not with the sellers?

Rajen Jhaveri: There is one more feature to this particular thing. These refineries have to maintain certain processing standards to ensure that the kind of quality which we need is there in the raw material. If these smaller refineries or medium-sized refineries, if they don't maintain their processing standards, even if they will be counted as far as total aggregate quantities, which you talked about would be there. But their raw material, this acid oil generated by them would not be of any value to us because it will not have the kind of content which we need in that particular context, particular raw material. So, there are many things to this, it is not that easy. There are about 80, 90 or 100 refineries who are processing this soft oils and we are purchasing from all of them.

Madhur Rath: Sir, so basically, what would be our market share in the purchase of these soft oils?

Rajen Jhaveri: There is no organized data available for that.

Madhur Rath: Sir, but in the end product, if whatever our market share in the end product, should that, by and large, not be our market share in the purchase of soft oil also?

Rajen Jhaveri: No. There is no market data of the end product also because many years the government discontinued this disclosure of quantity details. So, all the companies since last about one

decade are not required to disclose the quantity details in their annual report and this is only for listed companies. Other than listed companies who were earlier also not or public was not having the access to the quantity data of those companies, which are not listed on the stock exchanges.

Madhur Rathi: Sir, so which are our major competitors in the domestic market?

Rajen Jhaveri: There are a couple of them. There are 3, 4 mainly in MP and other states comparatively smaller one.

Madhur Rathi: Sir, but can you name a few of them?

Rajen Jhaveri: They are quite disorganized.

Madhur Rathi: Sir, so basically among the 3, 4 purchasers, there is a kind of a bidding this thing, a competitive bidding and the price gets jacked up by the edible oil, basically the refiners?

Rajen Jhaveri: Yes.

Madhur Rathi: Right, sir. Sir, so now that our margins are under such severe pressure, sir, so I'm assuming the same would be true for our other small-disorganized competitors also?

Rajen Jhaveri: But how would you know? And what are they doing? We are the...

Madhur Rathi: We are the largest.

Rajen Jhaveri: Yes.

Madhur Rathi: Sir, so if we are the largest and we have a very de-levered balance sheet, so safe to assume that we must be enjoying economies of scale and we might be even having a diversified portfolio as compared to those companies. Some of them might neither have economies of scale, might be a single product company. Sir, so in which case, how long can the industry sustain with these low single digit margins?

Rajen Jhaveri: But how do we know that that is the only product they are manufacturing? They may be producing a basket of products. Their cost must be getting shared. We do not know. They are unorganized relatively smaller units and not with the corporate structure. There could be a partnership firm or there could be a proprietorship firm. We do not know how they are doing, what they are doing. They might not be even paying minimum wages. I'm just giving you an example. I'm not having any authentic proof for that. I'm just quoting a thing particular that how they are operating, we will not know. So, we...

Madhur Rath: I get your point. Sir, I understand that we don't have data because they are neither listed nor organized. Sir, my question is very simple. Sir, now, for example, when steel prices go down, all the small steel plants, they are the first to shut down and all the giant plants like JSW, Tata Steel, they are the last man standing. Sir, does that not hold true for every commodity that when the prices go down, the small players, the high-cost producers, they basically ultimately shut down and supply goes out of the market and that is when the prices shoot up? Sir, so does that not play in our industry?

Rajen Jhaveri: It is not an apple-to-apple comparison. See, steel companies are capital-intensive companies and our this business of this fatty acid manufacturing, it is not a capital-intensive thing. So, the comparison with steel is not relevant.

Madhur Rath: Right, sir. And sir, as far as our buyers are concerned, sir, I mean, do we have any information with the buyers that are we the single source supplier to them or they might be buying from a few of the customers? So, from the buyer, can't we understand that who all are the suppliers?

Rajen Jhaveri: Buyers are generally for our prime products. We are making other products also. But as far as prime products are concerned, all the buyers are large companies or companies of multinational companies, etc. Why would they disclose these details to us?

Madhur Rath: No, sir. So, sir, these multinational companies are even happy buying with partnership firms and so on, which are like unorganized sector. Are they comfortable buying from them?

Rajen Jhaveri: We have to ask them only. See, ultimately, end of the day, their cost has to be low. There is nothing wrong per se in buying from a partnership firm. It is not required that from a listed company only one has to buy.

Madhur Rath: So, sir, what I'm trying to understand that whether the standards are being maintained with the unorganized sector?

Rajen Jhaveri: See, this is where you have to understand the standard as far as this is concerned, what they can do, what this paint companies can do. If they want to reduce their cost, what they can do. They can buy some quantity from us, some quantity from them blend it come to a desired their required thing and that is how they can go. They can save some cost. See, this again is our assumption. But we would not know all these things, no, because we cannot ask the big paint manufacturing companies or polyamide manufacturing companies that how you are buying and what you are doing, whether you are buying from a partnership firm or you are buying from a listed company, etc.

Madhur Rath: Sir, anyway, market intelligence is available from retired employees and so on, sir. But in any case, sir, so what I am trying to understand that is this route that we are following the soft oil

residue from edible oil refineries, sir, are the imported, let's say, Chinese manufacturers, are they also following the same route? Or do they have some alternative process?

Rajen Jhaveri: Chinese manufacturers?

Madhur Rathi: Yes, sir. Sir, the dumping that is happening in the Indian market due to imports, I am asking about that.

Rajen Jhaveri: More or less same thing only they are doing.

Madhur Rathi: So, sir, they are also buying from Chinese edible oil refiners and then dumping in the Indian market?

Rajen Jhaveri: What initially only I said that we are not aware as to how much Chinese government might be giving them by way of export rebate or whatever. What you can do is you can subsequently come back if the time permits because there could be many others in the pipeline and only 15 minutes are left for end of this call.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to the management from Fairchem Organics Limited for 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.

Moderator: Thank you. Thank you, members of the management. Ladies and gentlemen, on behalf of Fairchem Organics Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.