



FAIRCHEM ORGANICS LIMITED

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May 29, 2024

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

**Sub: - Submission of Transcript of audio recording of Earnings concall on financial
results for 4th Quarter/Year Ended March 31, 2024**

In furtherance to our letter dated May 24, 2024, we hereby submit, pursuant to Regulation 30 read with Schedule III, Part A, Para A Clause 15(b)(ii) of the SEBI (LODR) Regulations, 2015, a PDF file containing a transcript of audio recording of Earnings concall held on Friday, May 24, 2024 for the Audited Financial Results of the 4th Quarter/Year ended on March 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

Q4-FY24 Earnings Conference Call

May 24, 2024

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY24 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 touchtone phone.

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 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 4th Quarter of the Financial Year 2024.

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 risk 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 call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

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 and Mr. Rajen Jhaveri - Chief Financial Officer.

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:

Good afternoon, everyone, and welcome to our Earnings Call for the 4th Quarter of the Financial Year 2023-24.

Let me first start-off by giving you some of the key financial highlights after which our CMD Shri Nahooshbhai Jariwala will give you some of the operational highlights. For the 4th Quarter under review, the revenue from operations stood at Rs. 161 crores, which grew by around 6% on year-to-year basis.

EBITDA for the quarter declined by around 2% to Rs. 19 crores with EBITDA margins reported at 11.71% and the net profit was flat year-on-year at around 12 crores.

For the Financial Year ending 2024, the revenue from operations declined marginally by 4% to Rs. 622 crores, EBITDA was down by 7.5% to Rs. 67 crores with EBITDA margins reported at 10.78% and the net profit was down by 7% to approximately Rs. 41 crores.

Now I request our CMD Shri Nahooshbhai Jariwala to brief you on the operational highlight for the period under review i.e. Quarter-4.

Nahoosh Jariwala:

Good afternoon, everyone. As all of you know, Indian Specialty Chemical sector is passing through a rough time, but still in such tough conditions I am happy to say that on operational front, we have witnessed the growth of around 15% in volume on quarter-to-quarter basis across all products and while in value terms there was a decrease of approximately 8% which was mainly due to decrease in the raw material and finished product prices which are linked to the commodities.

There were initial losses incurred in form of loss of material and high utility cost while establishing and stabilizing the production of Isostearic Acid and the desired quality level within our facilities, which marginally impacted EBITDA margins.

We remain quite optimistic about our new high value product Isostearic Acid. We have done full container loads export of the Isostearic Acid to Europe in the month of March and have secured more export orders for this product from both existing and new customers and we are also actively pursuing approvals from new consumers and are anticipating a very positive response and we really expect / plan to go on full operation, capacity utilization by end of this year.

With that we can now start the question and answer session.

Moderator:

The first question is from the line of Mr. Ashish from InvestQ. Please go ahead.

Ashish: As you mentioned that the industry is going through challenges, so would you like to highlight something on how profitability is likely to shape up because we used to be (+15%) margin, now we are at around 10%-11% consistently. How do you see this, may be changing over the next 12 months?

And secondly, you've mentioned in your presentation also Isostearic Acid has been well accepted. So overall on a company basis, how does the volume growth trajectory look like from a 12 to 24 months basis?

Nahoosh Jariwala: I would like to say that, yes, last year the profitability margins did get impacted, but that was more associated with our trials which were going on for stabilizing Isostearic Acid on the plant level. And you must be aware, we are the only company making Isostearic Acid in India and no technology is available, so whatever product stabilization has to be done, which we had developed on the pilot plant had to be done on the plant itself and which translated in substantial amount of losses in form of loss of material and high utility cost.

And I'm happy to say that the quality what we have started manufacturing is of the acceptable standard and is matching with any of the products available in the market made by any of the European or U.S. based manufacturers, and we have started exporting our products to developed economies of Europe and U.S. and in future, whatever the growth is going to come is going to come because of the Isostearic Acid in short term and the margins also what we feel will again roll back to the level of around 15%-16% and that would be because of the high value forward integration project of Isostearic Acid.

And secondly, as regards the volume growth, in last year also when the times were tough, we grew by 15% and we expect to maintain the momentum. And it looks like that current quarter also we feel that we might be able to maintain the momentum of growth which normally we have been doing every year.

Ashish: So it will be a fair assumption that given the capacity utilization that we are right now overall as a company, maybe around 15% to 20% bracket of volume growth is doable for the next may be 12 months and margins. Is there a picture of margin improving anywhere or is it a kind of an aspirational number for us right now in terms of inching it up?

Nahoosh Jariwala: Isostearic Acid is a forward integration project, so obviously the margins are going to improve. It's not going to impact the top line much; it's going to impact the bottom line.

Moderator: The next question is from the line of Prakash Kapadia from Spark PMS. Please go ahead.

Prakash Kapadia: Two - three questions from my end. If I were to look at the numbers post COVID and from '22 to '24, our top line is still lower, our margins are still lower. We were not trying to diversify and get into newer products, so from the existing end customer point of view is it there is down-trending in paints; is it inks which is not growing. If you could help us understand what is happening in 2-3 of our key segments, why is it that despite you know capacity expansion, despite we being competitively priced and having a good relationship with customers, we've not been able to grow? So is it volatility, is it you know, less orders from paint companies, if you could help us understand that. And once the forward integration, we were testing the products; we had dispatched some of the newer products which we had developed, so how is the response and next year what kind of a growth do we expect from the new product in terms of say contribution to sales? Those are my two questions.

Rajen Jhaveri: You are talking of last four years. So 2021 was the COVID year and I understand that the across the world, the performance was affected because from March 2020 onwards for at least the next six months the impact of COVID was so much in India, so except for Pharmaceutical Companies and to some extent Food Companies, all other companies were impacted. So 2021 is for that. From 2021-22 onwards, if you see our past presentations also there has been a continuous volume growth.

Now as far as value is concerned, the top line is concerned, it is dependent on the commodity pricing. If there is a surge in the commodity pricing, top line would be higher irrespective of the volume and if commodity pricing is lower than the top line could be lower. So as far as value is concerned, it is not entirely in our hand; what is in our hand is to achieve a continuous volume growth and that has been there since 2021-22, 2022-23 was higher than 2021-22 and 2023-24 was again higher than 2022-23 and 2024-25 we expect again volume to be higher than 2023-24.

And as far as improvement in EBITDA margin is concerned as our Shri Nahooshbhai responded to previous query that Isostearic Acid is a value-added product. So because the value added product; see our raw material cost would remain at that level only whatever product we were selling, earlier we were selling Monobasic Acid and for Monobasic Acid, whatever was the raw material cost would remain at that only. From Monobasic Acid, we are further making Isostearic Acid with some additional cost of chemicals or catalysts etc. But it is a very high value product.

So what we are expecting is that there would be marginal increase in the top line, but there should be a substantial increase in the bottom line and that is how we want to get back to an EBITDA level of 15% for the current Financial Year. I'm talking about Financial Year 2024-25, not talking specifically for this April-June Quarter. We are hoping to improve on a Quarter-to-Quarter basis; each quarter coming, 3-4 Quarters of this

Financial Year, to improve our EBITDA, and achieve rate of 15% for 2024-25.

Prakash Kapadia: But generally if I were to, take this discussion further and look at 2022-24 at a time when commodity prices have fluctuated, they've gone up, they've gone down. But despite that our margins have been very muted. So in case the end product prices have risen, top line should have risen here, here we are seeing a lesser sales growth or muted sales growth plus a margin compression, so it's neither showing in margins nor it's showing in top line, is what I'm trying to understand.

Rajen Jhaveri: For the top line, not achieving the growth in top line, so I have already explained the reason for that. What is in our hand is volume growth.

Now coming to the margin, see, this COVID did not stop from March'20 to September'20. It was having the second phase from April'21 onwards also. And then, see we had the capacity in place. We had the ability to purchase the raw material, but suppose if for any reason we are in a B2B segment, suppose our customers, if they want to get rid of their inventory and they don't want to purchase for a particular quarter or a couple of months in a particular quarter then we have not lost the customer. Earlier also we have said that we have not lost the customer but that it is not in our hand and that is how, to address those things only the management went for this Isostearic thing the value-added product from Monobasic Acid, and now we are at a stage where we stand get the fruits of that development which we carried out during last 2-3 years.

Prakash Kapadia: Any comment you want to give from the demand from paints or inks, how is been last year? What are we seeing?

Nahoosh Jariwala: Yes, we grew by 10% to 15%, we are getting new customers and our old customers; we are retaining our old customers. We haven't lost a single customer, neither we have seen a drop in, I mean off-take from a single customer.

Rajen Jhaveri: And paint industry volume also, all companies put together paint industry volume would have been in the same region of around 10% only what we achieved;

Nahoosh Jariwala: we achieved in fact 15%.

Moderator: The next question is from the line of Nirag Shah from Exemplar Investment. Please go ahead.

Nirag Shah: Can we have the absolute total volume figure for Q4 as well as FY24?

Rajen Jhaveri: FY24 figures, I think we have already given in the presentation and the Q4 quantity processed was 19,000 tons raw material, Q4 figure.

Nirag Shah: And FY24 is around 62?

Rajen Jhaveri: 65000 M. Tons

Nirag Shah: And what is the revenue in value terms of our key products Linoleic and Dimer?

Rajen Jhaveri: Earlier we were having our revenue percentage from our prime products generally over around 75% or so. But after this Isostearic things started and we started the processing more and more of that on trial basis, realization from prime products has reached approximately 85%. So that is a very good sign and that should go a long way going-forward in improving our EBITDA margin. So our Linoleic Acid, Dimer Acid Toco and Isostearic Acid and other fatty acids which are all getting us a value, which is higher than the corresponding raw material cost is now close to 85% of our total sales in value terms.

Nirag Shah: What is a yearly particularly, still 45% contributing?

Rajen Jhaveri: Linoleic is still 46%.

Nirag Shah: And Dimer?

Rajen Jhaveri: Dimer is again 27%.

Nahoosh Jariwala: Which is expected to go up future.

Nirag Shah: What is the update on the new raw material project that we were planning?

Nahoosh Jariwala: That is going to take some time. We'll be able to talk in the last quarter, because again it's a very novel product and already R&D work is over and we have started work on pilot plant.

Nirag Shah: So commercialization is not expected this year?

Nahoosh Jariwala: It's going to take some time.

Nirag Shah: And what kind of volume sales we expect from Isostearic in FY25?

Nahoosh Jariwala: Fairly good volumes. Already, we have started shipping the material in container loads.

Rajen Jhaveri: So in pull and push theory of business, there is a pull for this Isostearic thing, we are not required to push, we are only required to make the Isostearic Acid.

Nahoosh Jariwala: In fact, we have currently more orders than what we can produce. Plant is stabilizing, so that is taking little time.

Nirag Shah: So it will take how much, one or two quarters it will take more for stabilization?

Nahoosh Jariwala: Maximum one or two quarters.

Nirag Shah: So by second half we should see good sales of Isostearic Acid?

Nahoosh Jariwala: Yes. Maximum outer limit should be September, by that time 100%, it will be stabilized. We're working at our full capacity.

Nirag Shah: When you talk regarding one time stabilization cost for Isostearic, so how much was that for FY24, and is it recurring in nature or are we through with it?

Nahoosh Jariwala: We are through with it.

Nirag Shah: And what was that one time cost, how much it impacted?

Nahoosh Jariwala: It's not a onetime cost; it cannot be put in exactly onetime cost pattern, we started running the material on the plant in month of July, then we see if there is a loss, we stabilize the product, again we go back to R&D and do something. So you cannot put it as a onetime loss: longer period. And we cannot put it in exactly rupee terms also, so much was lost, but we lost.

Rajen Jhaveri: And there are other related things also in terms of power and utilities also for that; material cost, what we mean is whatever we process and suppose that perhaps this not work out to our desired level then the material would get inferior and then we might be required to dispose of it at a lower value, so those kinds of loss also would be there. So there are multiple things when we say that there are start-up losses.

Moderator: The next question is from the line of Raj Shah from Statheros LLP. Please go ahead.

Raj Shah: So if I look at the other expenditure, I think this quarter there has been a substantial rise in the other expenditure, as you reckon that it is because of the stabilization cost. As I understand that it's very tough.

Rajen Jhaveri: If you have a volume growth of 15% then your other costs also to that extent would be higher.

Raj Shah: But would it be possible for you to, give us an idea of how much those stabilization cost would be for us to understand that what could have been the margin for this quarter, assuming that the stabilization cost would not have been there?

Rajen Jhaveri: No, it is not separately worked out there as well.

Raj Shah: And from what I understand, that the realizations for Isostearic, it is roughly about 1.2 million a ton. So is it fair to assume that as it's a forward integration for us, the gross margin should be roughly about 70% to 75%?

Nahoosh Jariwala: No.

Raj Shah: Because I think on the previous call, there are few participants who said that the Iso's realization could be in the vicinity of 1 million per ton.

Rajen Jhaveri: 1 million what? Dollars?

Raj Shah: Rs. 1 million.

Raj Shah: So could you just help us share the realizations for Iso's if it's possible for you?

Nahoosh Jariwala: No, it won't be. It won't be advisable for us to do that.

Nahoosh Jariwala: It is really good. By any standard it is good.

Raj Shah: Is it fair to assume it's double that of Dimer?

Rajen Jhaveri: We are exporting these things, so after the month is completed now the Government is coming out with an export-import data also, so you will get to know through that data also each month what is going to be our Isostearic price that would vary. As Nahooshbhai said that we are stabilizing and till the time we fully stabilize by September, this price would vary, so there is no point in communicating that what is the Isostearic price as of now.

Nahoosh Jariwala: And this is absolutely full volumes and everything we can talk while earning, I mean in Q2 Earnings call. 100%.

Moderator: The next question is from the line of Aditya Sen from RoboCapital. Please go ahead.

Aditya Sen: As we are diverting such large capacity to the new raw material, so do we have any plan on paper as to how much contribution will such diversion bring to the top line in FY26 because you said it will commission by the end of this year?

Rajen Jhaveri: You are talking about the new product, about which we are still working on?

Aditya Sen: Yes.

Nahoosh Jariwala: No. We haven't done any investment in the equipment on that plant.

Aditya Sen: So I'm specifically talking about the capacity that you have diverted to the new raw material.

Nahoosh Jariwala: Isostearic Acid?

Aditya Sen: No.

Rajen Sir: You are talking about the current Isostearic Acid export about which we have been talking since last few minutes?

Aditya Sen: Isostearic you have already guided us that it is for forward integration and all. I'm talking about the one that you said will commission around by the end of this year.

Nahoosh Jariwala: No, I think that project is, new raw material what we are working on, again the first time anyone will be making in India and one of the few in the world and it's taking its own time as already we have purchased the pilot plant and we are working on the pilot plant. So at this stage, I can say one thing that at the lab level we have seen the encouraging results and so that's the reason we have gone in for pilot plant. We will be able to say something on that by end of this year.

Raj Shah: All right. Just to confirm an answer to the previous participant. Because the Isostearic expenses will subside in Q1, the stabilization expenses, so that will lead to increase in margins. So you said that it will bring the EBITDA back to 15% in this quarter itself or by the end of this year?

Nahoosh Jariwala: End of this year.

Rajen Jhaveri: This will gradually reach to 15%. It will increase each quarter, the percent it would increase each quarter and when you see the 12 months results, you may perhaps find that it is 15% on a 12 months basis.

Raj Shah: And so ultimately 15% EBITDA when Isostearic will kick-in properly? Fair to assume?

Nahoosh Jariwala: Yes.

Moderator: The next question is from the line of Yagnam from Amsec. Please go ahead.

Yagnam: What would be the export mix in FY24?

Rajen Jhaveri: Export as mentioned in the presentation, for Q4 it was around 5% of our total sales. But going forward, our export will increase because as Shri Nahoosh bhai already said gradually we are going to increase our Isostearic Acid export to U.S. and Europe and it is a high value product, so

that export percent would gradually increase. Hitherto for many years we were focused more on the domestic sales because we were in Fatty Acid business like Dimer Acid and Linoleic Acid etc., which had a huge market in India, and so we were focused on Indian market. But now with this Isostearic Acid, which is the product meant for; the end users for these products are in Europe and U.S. mainly, in Japan also, they are there. So that is how our export would gradually increase from this 5%, you may find that in 2024-25 our export would be exceeding 10% or may even reach 12% to 15% also.

Yagnam: And with regards to Dimer, so in the last concall, we were discussing that dumping from China has been on the downturn. So how is the situation now and has our Asia business grown?

Nahoosh Jariwala: No, we are not seeing any dumping from China anymore.

Moderator: The next follow up question is from the line of Aditya Sen from RoboCapital. Please go ahead.

Aditya Sen: So as of now, we know that Grasim is entering into the paint business. So is it going to be beneficial for us or will it affect our demand in any sense, any updates on that?

Nahoosh Sir: Already our product has been approved by Grasim. We are absolutely safe. We have been supplying material to all five big paint customers. So if whoever market share goes up, we are fine with it. We won't lose any. For example, Asian paints market share goes down and Grasim share goes up then we'll be selling more to Grasim because our products are approved at the R&D and production level, so we are comfortable.

Moderator: The next question is from the line of Manoj from Kivah Advisors. Please go ahead.

Manoj: Just couple of questions, you said on a 12-month basis, we could be 15% EBITDA margin because of Isostearic Acid. So does that mean as we go forward in the end of the quarters the margin can be higher than 15% EBITDA?

Rajen Jhaveri: Yes. In the 4th quarter the margin would certainly be higher than 15% then only the year's average would be 15%.

Manoj: I just want to ask some basic question on the Dimer Acid to the paint companies, the branded companies that we sell to, how much of their requirement comes from us, and how much do they?

Nahoosh Jariwala: We have around greater than two 2/3rd market share, may be around 70% of total India's market share, balance comes from import.

Manoj: So yet when the Dimer Acid, China pricing was coming off, we had to re-price based on that as well?

Nahoosh Jariwala: Yes. We have to match import prices.

Manoj: Got it. And I think because we use the raw material, if it was an old thing that our cost is lower than China syndicate because we make from waste material. So therefore our cost would be lower than China, so China would be selling at a loss when they were selling to India?

Nahoosh Jariwala: Everyone knows that why the Chemical sector in India is suffering. You can see a number of chemical, Specialty Chemical companies' results and you'll find the same story. In fact, I'm happy to say that we have been, over the period, we have become one of the most competitive manufacturers whereby in the worst market scenario also we have been able to maintain our volume growth and haven't seen major erosion of EBITDA margins.

Manoj: And sir when has the price from China stop falling like in which quarter?

Rajen Jhaveri: Last call also we had said that it is already stopped. So It was the first quarter and second quarter long back.

Nahoosh Jariwala: First or second quarter it has happened.

Manoj: Right, so from now from this revenue base we should see the volume growth convert in the sales growth.

Nahoosh Jariwala: Yes. Exactly.

Moderator: The next question is from the line of Nirag Shah from Exemplar Investments. Please go ahead.

Nirag Shah: Just I wanted to understand on our capacity; we have dedicated around 40,000 metric ton capacity out of total 120,000 for our new raw material project, right?

Rajen Jhaveri: Yes.

Nirag Shah: So if we assume or say 15% volume growth for FY25 for our old product, then we are expecting for the year around 74,000 – 75,000 metric tons for the year.

Rajen Jhaveri: We will have 90% utilization of our existing capacity, (+90%) utilization of our existing capacity during 2024-25.

Nirag Shah: Okay. Then we won't have much leg room for further volume growth from our old products unless we expand capacities for old products, right?

Nahoosh Jariwala: We can. We have enough money on hand. If the market is there, we have the knowledge about the raw material, finished product, equipment, we can expand.

Nirag Shah: Normally, if we reach at 85% capacity utilization, then we plan further expansion, right? So is there any plan for further CAPEX in this year for old products capacity expansion?

Nahoosh Jariwala: No, not in this year. There are multiple options we can look at. Rather than going in for capacity expansions only, we can further upgrade our products. Only volume is not the answer. There are multiple ways to look at it.

Nirag Shah: So you mean forward integration and all?

Nahoosh Jariwala: Yes, exactly. We are actually encouraged; our Isostearic thing is an encouraging thing. Whatever investments we have done in our R&D has now started paying-off.

Nirag Shah: So if I understand in short, then we have multiyear those strategies in place for the company as far as scalability is concerned?

Nahoosh Jariwala: Yes. It's already in place.

Moderator: The next question is from the line of Keval Shah from Jeetay Investments Private Limited. Please go ahead.

Keval Shah: In line with the previous question that you answered, do you think there is a potential for a forward integration of Linoleic Acid as well, and you see a market for that as well?

Nahoosh Jariwala: Yes, it is there.

Keval Shah: So we are potentially looking for that like in terms of our R&D and the resources being put to use, we are looking for any such products as well like an Isostearic Acid?

Nahoosh Jariwala: Yes, already working on.

Keval Shah: And this would obviously be different from the earmarked capacity on the new raw material that we are working on right?

Nahoosh Jariwala: Yes.

Keval Shah: Would you be able to give some understanding on the end application industry for the new raw material that we're working on?

Nahoosh Jariwala: Basically, it's oleo chemical only. And I can say one thing that no one in India is making it and in world also there are three or four players.

Keval Shah: And the end applications are of that would be in paints, cosmetics, or any of these industry?

Nahoosh Jariwala: High value applications, in lubricants and all number of high value applications. It's a biodegradable product.

Keval Shah: If we are to, sort of, expand going forward, may be one or two years from now, would it be a Brownfield expansion or a Greenfield with our current land and capacity?

Nahoosh Jariwala: Greenfield.

Keval Shah: So for this, for the coming year, we don't really have any plan for any capital expenditure, right, any substantial CAPEX in terms of...?

Nahoosh Jariwala: Except for forward integration CAPEX, that's all.

Keval Shah: How much could that be amount wise approximately?

Nahoosh Jariwala: That it won't be much, we will be using our internal accruals only. We are not going for any long term loan for that.

Keval Shah: It'll not be a substantial amount in that.

Nahoosh Jariwala: Yes, exactly. See let me tell you one thing, any forward integration projects are not going to be that capital intensive neither at the same time they won't add too much of top line, but they'll add the bottom line. That would insulate the company for future.

Moderator: The next follow up question is from the line of Ashish from InvestQ. Please go ahead.

Ashish: You mentioned that the dumping from China that stopped I think after the first half, so second-half we have not seen anything like that, so just a query that before I think FY23, three years, I think we were making 16% plus margins and if the situation was like to like: even without our forward integration, we should be able to make that kind of margins probably.

Rajen Jhaveri: Gentleman, Dimer is not the only product in our basket. Dimer is contributing around 25% of the value, balance 75% comes from other things also, and for achieving the margin of 15% or 17% or 13% the pricing of Dimer Acid and dumping from China for Dimer Acid is not the only criteria. What is the raw material cost? What are the demand for other Fatty Acids kind of thing, all those factors put together used to complete overall performance.

- Ashish:** So there was still pressure on the margins versus what it used to be historically on the other products?
- Rajen Jhaveri:** COVID period was entirely different for couple of years 2020-21, 2021-22 where entirely impact; in fact certain months of those years were impacted by COVID.
- Ashish:** So now the situation is normalized for the other products or is it still not as of now?
- Nahoosh Jariwala:** It is normalized. That's the reason we were able to achieve 15% growth in volume terms.
- Ashish:** So the margins on those products still would be lower than what it used to be there.
- Nahoosh Jariwala:** Margins have started stabilizing and with Isostearic Acid as we are saying that we will able to improve our margins.
- Moderator:** The next question is from the line of Ashok Shah from LFC Securities. Please go ahead.
- Ashok Shah:** Sir, can you throw some light on the capacity utilization on various products?
- Rajen Jhaveri:** Capacity utilization in our case is measured in terms of throughput of raw material, because from a single raw material we are deriving multiple products. So like a petroleum refinery, how many barrels they have consumed, in our case also how much of raw material we have processed that is the capacity utilization. During 2023-24 based on our 80,000 earmarked capacity for Fatty Acid business, our capacity utilization was more than 80% and in 2024-25, we are targeting a capacity utilization of 90%.
- Ashok Shah:** So our sales increase by at least 20%, because we are targeting a 90% of capacity utilization, then our sales should be increased by 20%?
- Rajen Jhaveri:** From 80% to 90% if we are increasing the capacity utilization; on a pro rata basis it will not, the sales would not increase by 20%, but yes, because our Isostearic Acid is a high value product on a pro rata basis, these sales would increase by somewhat higher amount than the quantity.
- Nahoosh Jariwala:** So what we are saying is, we will be getting a 10 to 15 %; I mean we are working on 10% to 15% quantity growth. So yeah, sales would go up by whatever the quantity growth plus something.
- Moderator:** The next question is from the line of Hitanahu Shukla an Individual Investor. Please go ahead.

Hitanahu Shukla: Any revenue guidance for the coming year?

Rajen Jhaveri: No, we are not giving any revenue guidance historically also.

Hitanahu Shukla: And you told that you will be having operating margin of 15%.

Rajen Jhaveri: Yeah, that we are saying that we hope to achieve on an entire yearly basis of 15% EBITDA margin, yes.

Hitanahu Shukla: So first two quarters the margin will be low and after the next two quarters we will catch up, right?

Nahoosh Jariwala: It will start going up quarter-to-quarter.

Moderator: The next follow up question is from the line of Manoj from Kivah Advisors. Please go ahead.

Manoj: As you said that it is not only Dimer Acid that caused the problem, but other Linoleic Acid as well. And you said there were RM issues and kind of client...?

Rajen Jhaveri: I'm not saying RM issues, what I was trying to say was that there are other factors also which affect the performance. You were trying to make out a case that only because a dumping from China has stopped the company's EBITDA margins should inch back to whatever it was. So what I was trying to say is that EBITDA margin of the company is not fully dependent on Dimer Acid; it is only contributing 25% in terms of value.

Manoj: So if you can help us; I think others also want to know that if you can help other issues if you can just be more granular if it's possible, what were those issues and which other products hurt us and...?

Rajen Jhaveri: We have already communicated these that in a particular case, October - December Quarter, there was an issue of lack of demand. If you see our past presentations, this quarterly presentation which is available on our website also for the entire previous year and all the four earning calls you will come to know that what were the reasons for each quarter.

Moderator: As there are no further questions I now hand the conference over to the management of Fairchem Organics Limited for closing comments.

Rajen Jhaveri: We thank you all the participant for participating in this Earnings Call.

Rajen Jhaveri: Thank you everyone.

Moderator: Thank you. On behalf of Fairchem Organics Limited let's concludes this conference. Thank you for joining us and you may now disconnect your line. Thank you.