



FAIRCHEM ORGANICS LIMITED

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May 9, 2026

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 Audited
Financial Results for Quarter and Year Ended March 31, 2026**

In furtherance to our letter dated April 29, 2026, we hereby submit, pursuant to Regulation 30 read with Schedule III, Part A, Para A Clause 15(b) of the SEBI (LODR) Regulations, 2015, a PDF file containing a transcript of audio recording of Earnings con-call held on Thursday, May 7, 2026 for the Audited Financial Results for Quarter and Year Ended March 31, 2026.

We request you to take the same on your record.

Thanking you,

Yours faithfully,

For Fairchem Organics Limited

Jatin Jain
Company Secretary & Compliance Officer
ACS - 24293

Encl: As above

Fairchem Organics Limited
Q4 FY'26 Conference Call
May 07, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q4 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.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

Purvangi Jain: Thank you. 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 fourth quarter and financial year ended 2026.

Before we begin, a quick cautionary statement. Some of the statements made in today's conference 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.

I would now like to introduce you to the management team joining us on today's call. We have with us Mr. Nahoosh Jariwala – Managing Director and Chairman, and Mr. Bhavesh Shah – Chief Financial Officer.

Without any delay, I would like to hand over the call to Mr. Bhavesh Shah to begin with the financial highlights. Thank you and over to you, sir.

Bhavesh Shah: Thank you. Thanks and good afternoon, everyone. Welcome to the Earnings Call for Q4 and 12 months ended FY'26.

For the quarter under review, the revenue from the operation stood at Rs. 117 crores, reflecting a 3.2% year-on-year decline from the corresponding quarter. EBITDA for the quarter was Rs. 8 crores with EBITDA margin of 6.9%. The adjusted net profit after tax for the quarter stood at Rs. 3.7 crores.

For the year ended FY'26, the revenue from operations stood at Rs. 460 crores, a decline of 14.5% against the previous year. The EBITDA was Rs. 22 crores with EBITDA margin of Rs. 4.7 crores. The net profit after tax stood at Rs. 6.2 crores. The domestic sales contributed 91% of the total revenue. The total volume sold was 44,000 tonnes against 54,000 tonnes in the previous year. During Q4, we have successfully completed the buy-back of Rs. 4.25 lakh shares, which has increased the promoter holding from 61.2% to 63.2%.

With this, I will hand over the call to our CMD, Mr. Nahoosh Jariwala.

Nahoosh Jariwala:

Thank you Bhavesh.

As we close FY 26, I want to take a moment to share our operational perspective on the quarter and more importantly the road ahead. The Q4 FY'26 continued to present a mixed environment. Our revenue from operations saw a decline of 3% on a year-to-year basis, driven largely by softer outtakes from the paint industry, which, as you are aware, has been navigating its own structural adjustments over past several quarters.

That said, I am pleased to note that our EBITDA margins improved to 6.8% during the quarter. This improvement was primarily supported by better price realization in the domestic market, as the pressure from lower price imports moderated to quite an extent.

On the external environment, while we remain watchful of evolving macroeconomic situations, including the uncertainty arising from the ongoing Middle East crisis and its potential impact on global supply chains and commodity prices. We are aware at the same time, consciously optimistic about the trajectory ahead. The continued progress on the lower tariff framework with the US, the prospect of free trade agreement with the UK and EU, and the recent depreciation of rupee together has created a meaningful tailwind for our export competitiveness. Despite the near-term uncertainty, we remain quite confident and committed to navigate this environment with discipline and resilience. We are confident that steps we are taking today will position us well for the future.

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

Moderator:

Thank you very much. We will now begin the question-and-answer session. First question is from the line of Rakesh Jain, an individual investor. Please go ahead.

Rakesh Jain: The paint segment has faced some headwinds over the past few quarters. Do we see any recovery?

Nahoosh Jariwala: Yes, we have start seen recovery during the month of March and even during this quarter, we see a robust recovery happening.

Rakesh Jain: My second question is regarding the company's targeted revenue. We were targeting nearly Rs. 20,000 million. Any guidance regarding that?

Nahoosh Jariwala: That is a very long-term future. I mean that is something which is a vision which we are working on. It is after five years.

Rakesh Jain: Okay, that was it for now. Thank you.

Nahoosh Jariwala: Okay.

Moderator: Thank you. We will take our next question from the line of Danish Shah, an individual investor. Please go ahead.

Danish Shah: Hello. Sir, my first question is on the FTA with the EU and UK, what specific products stands to benefit the most? For example, like the isosteric acid or dimer acid or others. And what is the current duty differential that makes this market attractive once the FTA is in place?

Nahoosh Jariwala: Both isosteric and dimer, the 10% duty will help both isosteric and dimer. That is more important. And as regards the duty differential between other countries and India, we are on par with all the countries. So, it is a healthy competition for us when we are quoting our price to US buyers.

Danish Shah: Okay, sir. Also, I have seen one more observation, like power and fuel cost has declined significantly in Q4 FY2026 to INR 60 million from INR 80 million in savings in Q5 FY'25. Is this a result of the energy audit?

Nahoosh Jariwala: Yes, we did for one year. I mean, during the preceding one year, we did the energy audit of the plant and based on that, looking at the payback, we invested in electrical equipment, pumps, motors. We invested in heat exchangers, etc. And based on that, this achievement has been there. And it is still ongoing. We expect further reduction in energy cost.

Danish Shah: Okay, thank you.

Moderator: Thank you. Next question is from the line of Dhvaneet from Savla Family Office. Please go ahead.

Dhvaneet: Hi, my first question is with regards to our margin. So, going forward, are we expected to go back to what was our FY'25 margin of EBIT margins of around 8% if the situation normalizes? Or are we going to see a further margin expansion also, considering the initiatives we have taken in the last year to improve the cost structure? And secondly, on the long-term revenue growth, we are saying that we are going to try to achieve 20,000 by FY'30. So, can you tell us where actually this expansion in revenue which we are planning to see is coming from?

Nahoosh Jariwala: Margins are going to be better this year. I mean, obviously, we are targeting to reach 8% margins. And we are fairly confident we will be able to reach that. That is one thing. And as regards the revenue thing, currently our plant is of 80,000 tonnes and we are working at around 65%, 66% capacity utilization. We are confident in next two years our plant would start working at more than 95% capacity utilization. And second thing is we will be adding one new raw material, which is based on a new novel process, which we have been seeing. And so, yes, based on that, this is the vision which we feel we might be able to reach.

Dhvaneet: At 95%, also the EBIT margin will remain around 8% or can it reach even further up, considering that

Nahoosh Jariwala: It can creep up.

Bhavesh Shah: Operating leverage will come.

Dhvaneet: Okay. And this additional product, is this also in the paint industry or is it more of a cosmetic product?

Nahoosh Jariwala: Basically, it is from the oleochemical basket only.

Dhvaneet: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Chirag Vekaria from Budhrani Finance Limited. Please go ahead.

Chirag Vekaria: Sir, I wanted to get a sense from you for financial year 2026. In terms of turnover, how much contribution is from dimer acid, linoleic acid and isosteric acid? If you can throw some light.

Bhavesh Shah: So, dimer acid has contributed close to around Rs. 140 crores and isosteric acid has contributed Rs. 26 crores.

Nahoosh Jariwala: 30% and around 5%, 6%.

Chirag Vekaria: I did not get it, sir.

Nahoosh Jariwala: Around 25%-30% and 5%.

Chirag Vekaria: And linoleic acid, sir?

Nahoosh Jariwala: Linoleic acid is also around 30%.

Chirag Vekaria: Okay. And in terms of volume, sir, I did not get. You are saying for FY'26, you did a volume of how much tonne?

Bhavesh Shah: So, Q4, we did 10,500 tonnes. And for the whole year, we have done 44,000.

Chirag Vekaria: And this for FY'27, how do you see, sir, this panning out?

Nahoosh Jariwala: We expect to reach around 80% capacity utilization.

Chirag Vekaria: Of the 120,000 tonnes? Or the 80,000, sir?

Nahoosh Jariwala: No, of 80,000.

Chirag Vekaria: Okay.

Moderator: Thank you. Next question is from the line of Keshav. Please go ahead.

Keshav: Yes. Sir, I wanted to ask you that our, this, what used to be Adani Wilmar, sir, now they are forward integrating into oleoresins. So, I understand that they are already into edible oil refining. So, whatever raw material we are probably buying from them. So, for them, it is a forward integration. So, sir, what kind of impact can it have on our business and our margins?

Nahoosh Jariwala: Adani Wilmar is already in oleochemicals since year 2010. They are already in the, basically they are on utilizing the palm-based products in their oleo. The products what we are using are all soft oil-based products and which are produced in a very small quantity to the tune of 1% of the crude oil. So, it is, I mean, the equipments and market and process, everything is different for both the products.

Keshav: Understood, sir. And, sir, also now recently we are hearing a lot about Chinese anti-involution and that they are basically, at least they are talking about stopping the aggressive dumping. So, are we seeing any kind of relief on that count?

Nahoosh Jariwala: Yes, we have seen. We have already seen that since February end.

Keshav: Okay. Sir, so then how much further improvement can we expect for FY'27? If you could give us some broad outline, what kind of top line?

Nahoosh Jariwala: Well, it is not possible for me to really see. What we are saying is we will be, we are targeting to work at 75%, 80% capacity. Utilization and our margins obviously will improve because there is no major dumping happening from Chinese.

Keshav: And, sir, now, sir, what kind of improvement in realization have we seen in recent times?

Nahoosh Jariwala: Fairly good. Fairly good realization.

Bhavesh Shah: Yes, because Chinese dumping is not happening, so our realization, we are able to sell at a good rate.

Keshav: Sir, so at least in percentage terms, if you could shed some light or like per kg, how much have our major products increased?

Nahoosh Jariwala: No. It will not be possible for me to share that.

Keshav: Even percentage wise, like 10%, 5%, something like broad directional this thing?

Nahoosh Jariwala: Yes, around 8% to 10% improvement has happened.

Keshav: And, sir, also Rupee has fallen quite significantly.

Nahoosh Jariwala: That is also, yes, that is also.

Bhavesh Shah: That is increasing import cost. And once our export will improve, that will add to our bottom line.

Nahoosh Jariwala: It is helping us in our exports.

Keshav: Great, sir. Thanks a lot.

Bhavesh Shah: Thank you.

Moderator: Thank you. Next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Yes, a few questions on the exports. So, you mentioned a lot of tailwinds that are happening on the export side. So, any color on how the growth is going to be like? So, what is our current contribution from the exports and how we are going to scale that up going forward?

Bhavesh Shah: So, our exports is close to around 9%.

Nahoosh Jariwala: I mean, last year it was around 8% to 9%. We expect this to go by from 8% to 9% to around 20%.

Maitri Shah: So, there is going to be a major growth coming in on the export. How do you see the margins coming?

Nahoosh Jariwala: Yes, I mean, they will be as similar to what margins we are making in domestic market.

Maitri Shah: So, the margins are similar to the realizations?

Nahoosh Jariwala: Yes.

Maitri Shah: And also, the long-term target of Rs. 2,000 crores that you have, any new verticals you are entering in or are we even expanding the current market?

Nahoosh Jariwala: I mean, we will be adding 40,000 tonnes to our 80,000 tonnes capacity of a new product. So, I mean, it is going to take long. It is basically a five-year thing.

Maitri Shah: Yes, but that kind of requires a 40%, 45% growth run rate. So, are we like confident of doing that linearly over the next four, five years?

Nahoosh Jariwala: Yes, we feel that. I mean, we feel that we will be able to do that.

Bhavesh Shah: Yes, the efforts were on since last two, three years. In fact, last two years has been our washed out years. So, you have to see from the context of, so these activities are all started from FY'23 onwards. Unfortunately, because of macro environments, we underperformed in last two years. But yes, efforts were going on since FY'22 onwards. So, you have to see from the context of eight years.

Maitri Shah: Correct. And the new, you said the raw material that you are going to add with 40,000 metric tonnes. So, that kind of raw material has a higher, better margin, a better realization. What sort of product are we looking at?

Nahoosh Jariwala: No, it is a newer raw material. Obviously, part of the oleochemical stream. We will be following a novel process. And we will be doing it for the first time in India.

Maitri Shah: Okay. And similar kind of customers are we targeting for that? So, we will target the existing customers for the growth on that as well?

Nahoosh Jariwala: Yes.

Maitri Shah: Okay. That is it from my side. Thank you.

Bhavesh Shah: Thank you.

Moderator: Thank you. Next question is from the line of Chirag Vekaria from Budhrani Finance Limited. Please go ahead.

Chirag Vekaria: Sir, few updates. What is the custom duty right now, sir? Is it the same as 16.5?

Bhavesh Shah: Yes, it is 16.5 right now.

Chirag Vekaria: Okay. And sir, last time you highlighted that vegetable oil prices were up. So, how are they behaving now as they cool off?

Nahoosh Jariwala: They have remained stable.

Chirag Vekaria: And sir, on the import duty on the dimeracid, has that changed or is it the same?

Nahoosh Jariwala: No, no. It is the same. 7.5%.

Chirag Vekaria: 7.5%, okay. And sir, the new product that we are suggesting should come in FY'27 or FY'28?

Nahoosh Jariwala: It should be around 2027-28, somewhere that time and then slowly it will pick up.

Chirag Vekaria: Okay. And sir, you think the worst quarter for us is over now and we should bottom out now?

Nahoosh Jariwala: Yes. Sure. For sure.

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

Moderator: Thank you. Next question is from the line of Sanjay Shah, an individual investor. Please go ahead.

Sanjay Shah: Hello, sir. Am I audible?

Nahoosh Jariwala: Yes, please.

Sanjay Shah: Yes. Sir, my first question was about your margins. So, for Q4 FY'26, the revenue declined 3.2% Y-O-Y, but EBITDA improved sharply to 6.84% from 3.64% in Q4 FY'25. So, I wanted to ask, was this margin recovery driven more by lower raw material cost, reduced China import pressure or a better product mix? And also, how sustainable is this improvement heading into the next quarter?

Nahoosh Jariwala: It is based on better price realization because of less dumping happening from China. That is one thing. And secondly, we see the same thing continuing even during this year.

Sanjay Shah: Okay, sir. Thank you. That helps a lot. My second question was that the bypass fat product from PFAD and the new raw material for any specialty chemicals, as both mentioned, are your new product initiatives. So, what is the current stage for these? Are they in lab trials or commercial?

Nahoosh Jariwala: Bypass fat will be putting that plant in operation next month. And as regards the new product, by end of Q2, we should start the plant.

Sanjay Shah: Sir, by when should investors expect revenue contribution from Q2 only?

Nahoosh Jariwala: For bypass fat, it can start from Q3 onwards slowly. But for the new product, it will take minimum two, two and a half years because of validation and everything, which is a long process.

Sanjay Shah: Okay, sir. Got it. Thank you. And my last question was regarding your dividends. So, for this year, you have recommended a dividend of Rs.1 per share, which is down sharply from Rs.7.5 per share last year. So, is this reduction primarily a function of the temporary earnings drop or more of a conservative long-term dividend policy?

Nahoosh Jariwala: No. It is basically because of temporary earnings loss.

Sanjay Shah: Okay, sir. Got it. Thank you so much.

Moderator: Thank you very much. Next question is from the line of Keval Shah from Jeetay Investments. Please go ahead.

Keval Shah: Hi, sir. Thank you for the opportunity. Sir, my first question was regarding, you mentioned that FY'26, the production was around 45,000 tonnes. And next year, we expect to do 75% to 80% utilization on a total capacity of 80,000 tonnes. Is that understanding right?

Nahoosh Jariwala: Yes.

Keval Shah: Okay, so the top line basically now should go back to where we were in 2022 and let us say FY'24, FY'25 kind of a thing.

Nahoosh Jariwala: Yes, yes.

Keval Shah: And sir, is this majorly because of linoleic demand, linoleic acid demand coming back in the paints industry? Is it predominantly because of that?

Nahoosh Jariwala: No. It is basically less dumping happening from China. So, we will be able to sell more of material at a profitable price. That is the only thing.

Keval Shah: Okay. So, we were restraining from selling and utilizing our capacity because of extremely adverse pricing and now we are able to do that.

Nahoosh Jariwala: Yes, exactly.

Keval Shah: Okay, understood. And also on the top of this, you said that paint sector has also kind of recovered a bit.

Nahoosh Jariwala: Yes, somehow, I mean, we have a feeling that since last two months, paint sector has started looking up.

Keval Shah: Okay, and while it is doing a bit better, do we also see linoleic also realizations are getting better?

Nahoosh Jariwala: Yes, a little bit better,. So overall, we feel confident that we will be able to reach 8% margin.

Keval Shah: But sir, with no Chinese, much lesser Chinese dumping and better capacity utilization, should not the margins actually go back to what we used to do, like 12% to 15% range?

Nahoosh Jariwala: Yes, that is our dream. Obviously, we will work hard to achieve that. We will try our best.

Keval Shah: Okay, okay. And sir, how is our progress on isosteric acid?

Nahoosh Jariwala: Fairly good. But what happened was because of the 50% duty thing, our US marketing was on hold, which has now started again. And as this is going in cosmetics, the timeline is very long. I mean, because they need to study lots of things. So, approvals take, once the sample goes and approvals take minimum six, eight months a year, and then the first commercial shipment happens. That also, after first shipment, another six, eight months is taken. So, it is a long-drawn thing. It is, I mean, that is absolutely fine with us because, I mean, it creates entry barriers for others in future. So, I mean, that is absolutely fine. As our product, I mean, product quality is fine. We are comfortable. Maybe if not today, tomorrow it will pick up.

Keval Shah: Okay, so any early signs that we see because of tariffs coming off and the FTAs?

Nahoosh Jariwala: Yes, obviously. People have started asking for samples. Now they are interested.

Keval Shah: So, FY'27-28 could be years where we could see meaningful ramp up for isosteric as well?

Nahoosh Jariwala: Yes, yes.

Keval Shah: And that would be, that is very high margin product as you had mentioned. So that remains the same. So that would be an additional lever for our margin improvement.

Nahoosh Jariwala: Yes.

Keval Shah: Okay, understood. That is about it. Thank you for answering my question.

Moderator: Thank you. Next question is from the line of Sanjana Kamath, an individual investor. Please go ahead. Sanjana, your line is unmuted. Please proceed with your question.

Sanjana Kamath: Hello?

Moderator: Yes, you are audible.

Sanjana Kamath: Yes, hi. I had a few questions. So, the US level playing field tariffs which are cited as a positive for the exports. So, have you already commenced or have you started receiving enquiries for restarting the US exports specifically on the dimer acid side?

Nahoosh Jariwala: We have started exports in fact. Commercial exports have started since two months. Though on a small scale, but they have started.

Sanjana Kamath: Okay, so what would be the realistic timeline for let us say meaningful export volumes to resume back?

Nahoosh Jariwala: Around six months max.

Sanjana Kamath: Okay, and also you had set a target for exports to reach almost 50% of the sales eventually. So currently the exports, they still appear to be very small part of the revenue.

Nahoosh Jariwala: When we said 50%, it was based on the current, I mean products getting exported from current 80,000 tonnes capacity and 40,000 of new upcoming capacity. So based on that, we had recommended. So major is going to come from the new 40,000 tonnes capacity.

Sanjana Kamath: Okay, got that. So, what would be the current export percentage and what would they look like in like let us say 12 to 14 months? What would the export roadmap look like?

Nahoosh Jariwala: Currently it is around 8% to 10%. We expect to reach anything about 20%.

Sanjana Kamath: Okay, and if possible, could you share like you mentioned the rupee depreciation as a tailwind for our export competitiveness, right? So, like how much does 1% move in your rupee impact or export realization? Do we have any data on it?

Nahoosh Jariwala: No. Because see, I mean it is not only one way because if the rupee depreciates, our raw material also goes up a little bit. Our energy cost also would in form of coal also would go up a little bit. But the export realization is much higher than these two things. So, we feel it is, I mean devaluation helps us. No, we do not have exactly any figures.

Sanjana Kamath: Okay, thank you so much, sir.

Moderator: Thank you. Next question is from the line of Ketan R. Chheda, an individual investor. Please go ahead.

Ketan R. Chheda: Hi, thank you for the opportunity. Sir, can you tell us in FY'26, what was the concentration in terms of the industry where we supplied our products? Like you know paints being the highest and what was the next highest industry and so on and so forth? At least top two, three.

Nahoosh Jariwala: See, basically our product goes in making of, both the prized products go in making of inks, paints, polyamides which are parts of epoxy hardener and drilling fluids. So, I mean everything is fairly equal ratio for all the market is there. So, I mean that is not been any major concentration on a particular market or anything. Basically, our capacity utilization is going to be better because we are now finding it, the selling of material is viable. Formerly it was because of Chinese competition it was not viable. So, we were deliberately producing less and selling less.

Ketan R. Chheda: Okay. And in terms of exports, so what industries we would be exporting to in terms of applications?

Nahoosh Jariwala: Same industry. Yes, epoxy hardener and drilling fluids.

Ketan R. Chheda: Okay. And in terms of these nutraceutical or the tocopherols, where are we currently, what was our contribution from this product?

Nahoosh Jariwala: No, right now, we are not doing much on that business. That plant is, I mean not being utilized right now because the Vitamin E market is very, I mean it is not doing that great. So, we are not doing business currently. So, once demand reach up, we will start that plant again.

Ketan R. Chheda: Okay. Thank you so much. Those were my questions. Wish you all the best.

Nahoosh Jariwala: Thank you.

Moderator: Thank you. Next question is from the line of Amit from Robo Capital. Please go ahead.

Amit: Thank you. Sir, my first question is on the 40,000 new capacity. So, my understanding is that revenue from that will come after two years, right?

Nahoosh Jariwala: They will start coming after two years.

Amit: Yes, correct. And what can be ballpark revenue, any directional number on what can be revenue?

Nahoosh Jariwala: It is a high value, it is a fairly high value product. So, I mean theoretically speaking, yes, Rs. 800 to 1000 crores.

Amit: Right, and also I think the margins will be better than our traditional.

Nahoosh Jariwala: Much better.

Amit: Yes, it should be closer to 15% to 18% type of margins, right?

Nahoosh Jariwala: Yes, I mean the margins look at this stage and we did the project and we have done the calculation. The margins look fairly robust.

Amit: Right, sir. And I mean there was some delay on this. I mean we have not been tracking the company for last few quarters and have just joined back after a few quarters. So, there was some delay on this, right? And could you throw some light on the delay?

Nahoosh Jariwala: No. Yes, basically if you really see our last two years have been bad years because of major changes happening in the raw material prices whereby the duties went up from 5.5% to as high as 27.5% on our raw materials and dumping happening on our finished products from China. So combined effect was that and so we were not going very aggressively on expansion by taking debt. So now once things have stabilized, we have started doing it.

Amit: Right, so that, you know, the macro situation has now improved to your favor, I mean to your advantage now. It has become more neutral now. Is that what you are saying?

Nahoosh Jariwala: Yes, yes.

Amit: Right, and it requires some product development, I think if my memory serves me right.

Nahoosh Jariwala: That work has already been done. We have lab unit, we have pilot plant unit and now we have the plant which we will be commissioning in Q2.

Amit: Right, and after that we will then be in touch with customers to get the products approved, right? It probably has a longer cycle.

Nahoosh Jariwala: First step is to stabilize the plant. Second step is to validate our process. Third step is to send out samples for approval. So, I mean that is the reason we are saying that it is going to be two, two and a half year cycle.

Amit: Perfect sir, that is it from my end. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: So, sir, just wanted a confirmation, you mentioned 16.5% custom duties is on United States for export from India?

Nahoosh Jariwala: No, that was on raw material import. Vegetable oil imports have 16.5% duty in India.

Keshav Garg: Okay, got it. And sir, you mentioned 8% operating margin is something that we can expect for this financial year?

Bhavesh Shah: Yes. Yes, this should continue.

Keshav Garg: Understood sir. And sir, what has to happen for our margins to increase to the erstwhile levels of let us say 11%? I am not going to 16%, 17% that we did in 2020 to 2022. But what has to happen for our margins to at least go into double digits?

Nahoosh Jariwala: I mean, if things continue like this, volume growth happening and devaluation happening on rupees side and our energy saving initiative working, we can enter double digit.

Keshav Garg: Understood sir. And sir, exports you mentioned in FY'27 itself, we are expecting 20% of sales?

Nahoosh Jariwala: Yes.

Keshav Garg: Okay sir. Understood sir. Thank you very much.

Moderator: Thank you. Next question is from the line of Dhiral Shah from Phillip Capital. Please go ahead.

Dhiral Shah: Yes, good afternoon sir. Thanks for the opportunity. What was the volume that we did in FY'25? So, this year we did 44,000 what was it?

Bhavesh Shah: 54,000.

Dhiral Shah: So, in FY'25 we did 54,000?

Bhavesh Shah: Yes, 54,000.

Dhiral Shah: Yes, 54,000 to this year 44,000 sir.

Bhavesh Shah: Yes, this year 44,000.

Dhiral Shah: Okay. And sir, as you mentioned the Chinese dumping has started coming down or it has almost been negligible. Sir, what was the Chinese dumping used to be earlier?

Nahoosh Jariwala: Chinese?

Dhiral Shah: Dumping sir, dumping.

Nahoosh Jariwala: I mean no, basically they were selling at a lower price, dimer.

Dhiral Shah: Yes, exactly. So my point is that only. Sir, so what was the import that was coming from China?

Nahoosh Jariwala: Oh, it is around, it was coming around equal to what we were selling in domestic market. 800 tonnes to 1000 tonnes per month.

Dhiral Shah: Okay, and this is only for the one product, dimer? Or there were also other products which we are dealing with and there the China import was also there?

Nahoosh Jariwala: No, this is the only product.

Dhiral Shah: Okay, and you mentioned dimer has contributed Rs. 140 crores to the total revenue in FY'26.

Nahoosh Jariwala: Yes.

Dhiral Shah: Okay. And sir, my second question as you mentioned export contribution to rise to 20%. So which geographies we are more focused towards?

Nahoosh Jariwala: US, Europe, Japan.

Dhiral Shah: Okay, so even currently the US, Europe and Japan is contributing 8%, 10% and going ahead these three geographies will contribute to the higher revenue.

Nahoosh Jariwala: Yes.

Dhiral Shah: Okay, and sir, this 40,000 capacity for the new product that you are talking about that you are going to commission in Q2, what is the CAPEX that we have incurred for that?

Nahoosh Jariwala: I mean, in the first phase CAPEX around Rs. 20 crores or Rs. 25 crores what we have done.

Dhiral Shah: So, this will add to the 40,000 tonnes capacity or maybe much lesser?

Nahoosh Jariwala: No. It will be lesser. It will add up as the demand grows.

Dhiral Shah: So initially we will start with lesser capacity as you have mentioned?

Nahoosh Jariwala: Yes, exactly.

Dhiral Shah: So, this will be how much then?

Nahoosh Jariwala: It should be around 8,000 tonne.

Dhiral Shah: Okay, so maybe within next two years once we get our approval and customer side, we will be touching almost 40,000 tonne capacity.

Nahoosh Jariwala: Yes, because overnight you cannot expect to penetrate the market. There is no way you can dismantle the competitors. So, we expect that within five years we will be able to reach 40,000 utilization.

Dhiral Shah: You are mentioning sir, five years?

Nahoosh Jariwala: Yes.

Dhiral Shah: Okay, so within next five years maybe 40,000 tonne will give us Rs. 800 crores to Rs. 1,000 crore revenues?

Nahoosh Jariwala: Yes.

Dhiral Shah: Okay, and sir in the paint side since we have a larger user industry, particularly paint and paint there are also new players which have emerged. So, are we also supplying to those players?

Nahoosh Jariwala: Yes. We are supplying to all.

Dhiral Shah: Okay, even JSW sir?

Nahoosh Jariwala: JSW is in water-based paints, which is different segment.

Dhiral Shah: Okay. And sir lastly, on the working capital side, if I look at last two years, our inventory days have gone up, you know, maybe substantially. So, is there any chance of improving our working capital cycle going ahead?

Bhavesh Shah: No, working capital is expected to remain at around between 100 to 120 days.

Dhiral Shah: Okay, so inventory days will also remain at the higher level, because it used to be around 50, 60 days, now it has gone to even 90, 95 days, sir.

Bhavesh Shah: Yes. If the volume increases, it will, I mean, since the denominator will improve, it will improve a bit from the current level of 120 days.

Dhiral Shah: Okay. Thank you so much sir, that is it from my side.

Moderator: Thank you. Next question is from the line of Chirag from Budhrani Finance Limited, please go ahead.

Chirag Vekaria: Sir, wanted to understand on this, you said that the pressure from the Chinese import has come down. Sir, have you been able to figure out why has it happened so?

Nahoosh Jariwala: No, that is something, I mean, it is not possible, but overall Chinese companies in all, practically all the products have reduced, I mean, something has happened whereby, I mean, all the products what they were dumping is somehow going down.

Chirag Vekaria: So, has there been any export restriction on their dumping being put there? Any idea, sir?

Nahoosh Jariwala: No, but quite a few products, whatever the export incentives Chinese government was giving has been removed, which was as high as 15%, in lots of cases. So, I mean, obviously, it is because of that only the Chinese would have done, and they were selling at a price which was, I mean, too low for, I mean, so they must be making losses.

Chirag Vekaria: Okay, and sir, when we supply to all the paint, so we do not have restrictions to supply the material to any paint company, right? We are not bound by that?

Nahoosh Jariwala: No.

Chirag Vekaria: Okay, and sir, the last thing is, sir, what is the capex for 2027 and 2028?

Nahoosh Jariwala: This year there will not be any CAPEX except for anything related to energy savings.

Chirag Vekaria: Okay, and that would be how much, sir?

Nahoosh Jariwala: No, I mean, that is whenever things come up, because we have just finished one energy audit, second energy audit is happening, if the payback is less than four years, we will go for it.

Chirag Vekaria: Okay, and sir, for 2028, what would be the number?

Nahoosh Jariwala: I mean, that, everything depends on 2028 for what happens to our new product. If that picks up, we will go for investment, otherwise not. Current business does not require any CAPEX.

Chirag Vekaria: Right, so now we are just focused on improving the top line, right?

Nahoosh Jariwala: Yes, exactly.

Chirag Vekaria: Okay, sir. Okay, thank you.

Moderator: Thank you. Next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, so I am trying to understand that when we did our peak revenue in, let us say, FY'23 of roughly Rs. 650 crores, so that time what was the sales volume that we did roughly?

Bhavesh Shah: 54,000.

Keshav Garg: No, sir, 54 was for FY'25 or FY'23 also it was 54,000 only?

Bhavesh Shah: So which year you are asking?

Keshav Garg: Sir, I am asking for FY'23 when we did peak revenue.

Nahoosh Jariwala: 54,000. FY'23.

Keshav Garg: Okay, so it was, so basically our volume was flat at around 54,000 till FY'25 and only last year it fell to 44,000.

Bhavesh Shah: No, in between FY'24 it has gone up to 63,000 also.

Keshav Garg: Okay, 63,000. Okay, sir, but it does not reflect in the revenue number, so I am assuming the prices must have gone down and that is why despite the volumes having gone up in FY'24, the revenue has actually come down year-on-year.

Nahoosh Jariwala: Yes.

Keshav Garg: Now, sir, what I am trying to understand is that since you mentioned that Chinese government must be giving them some incentive, that is why they were selling at the price which apparently looks as a loss-making prices, but now that the dumping has stopped and prices have gone up by 8%, 10%, so don't you think that now basically even if that export incentive from 15%, we do not know if it has become zero or maybe something like 5% or something in that vicinity. So, the point is that cannot that dumping restart because after all they must be having capacity, so now where is that capacity going?

Nahoosh Jariwala: Maybe the sense would have prevailed that it does not make any sense to lose money. Absolutely. I mean, that is all possibility. I mean, Chinese government can reintroduce that 15% incentive. I mean, that is not in our hand. But I mean, I do not think so. I mean, for two years they played that game. I do not think they will be able to do more. And that also during this current geopolitical situation.

Keshav Garg: Yes, sir. I am absolutely with you on this matter. But my only point is that now that prices themselves have bounced back, so now even without additional Chinese government support,

can't the Chinese exporters in light of the increased prices, can't they restart dumping at the current price?

Nahoosh Jariwala: That is not a problem. That is not a problem for us because at this price we are happy.

Keshav Garg: Understood, sir. And sir, now the thing is that whatever refinery by-product we require, can't we import that by-product from other geographies?

Nahoosh Jariwala: No, historically because of the freight component, these by-products historically nowhere in the world are being traded, exported. This is normally used wherever it is generated. It is consumed domestically only.

Keshav Garg: Sir, and what is the pricing arrangement that we have with the refineries for their by-products which is our raw materials?

Nahoosh Jariwala: It is a buy-sell. Basically, it is driven by market. It is a commodity.

Keshav Garg: Okay, so is it a monthly revision or quarterly?

Nahoosh Jariwala: Daily revision. They do not have to enter in any long-term contracts. It is just like a commodity.

Keshav Garg: Sir, so now if let us say these seed oil prices come down, then the raw material prices will also come down?

Nahoosh Jariwala: Yes.

Keshav Garg: Okay, understood, sir. And sir, what about the end product prices that we have with our customers like let us say paint industry and so on?

Nahoosh Jariwala: It is a buy-sell again. Maximum it is one month.

Keshav Garg: Okay, understood, sir.

Moderator: I am sorry to interrupt, Keshav. Please rejoin the queue for more questions. Thank you. Next question is from the line of Ketan R. Chheda, an individual investor. Please go ahead.

Ketan R. Chheda: Hi, thanks for the follow-up. Sir, correct me if I am wrong. I heard that we also import some raw materials. Is that correct?

Bhavesh Shah: No.

Nahoosh Jariwala: We have options, but right now we are not importing. Right now, we are not importing.

Ketan R. Chheda: We are not importing.

Nahoosh Jariwala: Yes, against export we can import, but we are not importing because it is not viable compared to the material what we are getting domestically.

Ketan R. Chheda: Right. So, I think this has been a conversation with one of the earlier participants where he was mentioning that the devaluation of rupee should actually be benefited because then we earn more in INR terms when we export. And I thought you said that because we also import so that benefit is not there.

Nahoosh Jariwala: No, no. I did not say import. I said raw material. My words were raw material, not imports.

Ketan R. Chheda: But raw material we buy domestically only, right?

Nahoosh Jariwala: Yes.

Ketan R. Chheda: Okay. So still if the INR is getting more devalued, we are not benefited so much. Is that understanding correct or no?

Nahoosh Jariwala: Obviously we are not getting, to the extent of 100% of devaluation. Partially we will be 100% getting, I mean partially we will be getting benefited in our exports.

Bhavesh Shah: But in a way our raw material will also increase since the crude oil

Nahoosh Jariwala: I mean devaluation is, I mean in both ways, no? India imports vegetable oil. So, the price of vegetable oil to that extent is going to increase. To that extent our raw material cost would go up. not just for us, for any company.

Ketan R. Chheda: Okay, understood. Sure. Thank you so much. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question. I now hand the conference over to the management from Fairchem Organics Limited for closing comments.

Bhavesh Shah: Yes. Thank you very much for attending the conference. We will meet in the next quarter. Thank you.

Nahoosh Jariwala: Thank you.

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