



FAIRCHEM ORGANICS LIMITED

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Date: August 9, 2023

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

Ourselfes: BSE Scrip Code: 543252/NSE symbol: 'FAIRCHEMOR'
Ref.: Regulation 30 read with Schedule III Part A of SEBI (LODR) Regulations,
2015

Dear Sirs,

Sub: - Q1 Earnings Presentation for F.Y. 2023-24

Pursuant to Regulation 30 read with Schedule III Part A of SEBI (LODR) Regulations, 2015, we are uploading herewith a PDF file containing Q1 Earnings Presentation for F.Y. 2023-24. Please note that we did not have any analyst/institutional investors meet and so have not shared this presentation with any one.

Please find the above in order and take the same on your records.

Thanking you,
Yours faithfully,
For Fairchem Organics Limited


Rajen Jhaveri
Chief Financial Officer & Company Secretary

Encl: As above

Fairchem Organics Limited



Earnings Presentation

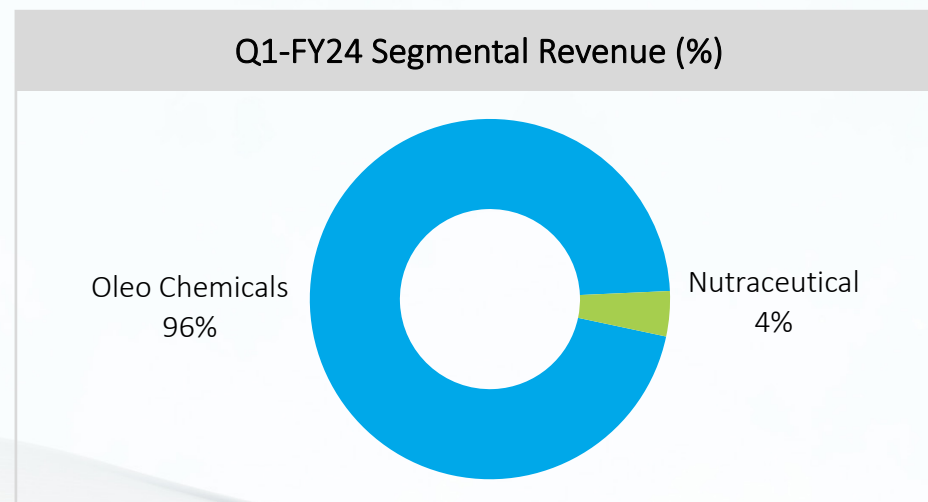
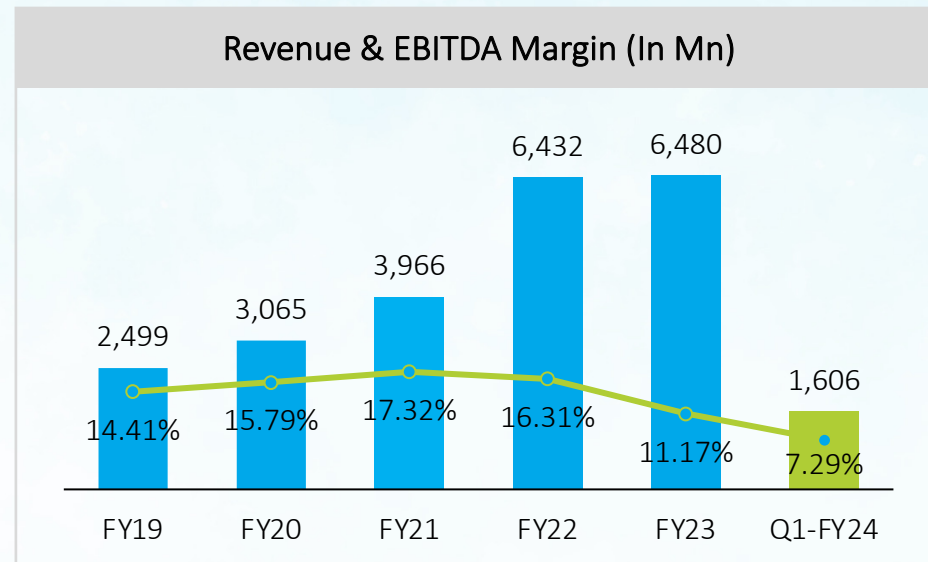
Q1-FY24

Company at a Glance



Company Overview

- Fairchem Organics Ltd. (Fairchem) is engaged in the business of manufacturing of Oleo Chemicals and Nutraceuticals, since the last 27 years.
- It has a state -of-the-art Manufacturing unit which was set up in 1995 and has over the years gone through various stages of expansion, backward integration, debottlenecking and technological advancements to create a one of its kind world class facility.
- Fairchem has a permanent employee base of 215 along with few contract workers, company enjoys a very low employee attrition across various levels.
- The company’s key oleo chemical products include Dimer Acid, Linoleic Acid, Palmitic Acid, Monomer Acid, and nutraceutical products include Mixed Tocopherols and Sterol concentrate.
- Fairchem is the one of the only / leading manufacturers of Linoleic Acid and Dimer Acid in India, which are the major part of the overall revenues and having a large addressable market size in India.
- Mixed Tocopherol concentrate and Sterols concentrate are nutraceutical products having usage in FMCG and food additives.
- Its customers include marquee names like Asian Paints, Huber, Arkema, Kensing, ADM, Cargill etc.
- The company increased the raw material throughput capacity of its plant to 120,000 MTPA in Q1-FY23.



Fairchem's Competitive Advantage

Major Player in the Indian Oleo Chemical Market Using Renewable Resources

- Processing waste from edible oil refining process to produce high value oleo chemicals giving it price advantage
- Enjoy Leadership Position in the industry due to barriers to entry
- Focus on green manufacturing processes which reduces effluents to ensure sustainability

Strong Customer and Supplier Relationships

- Well entrenched Customer Relationships in high growth industries like Paint, Inks, FMCG
- Long lasting customer relationships of more than 15 years with various customers
- More than 20 years relationship with key raw material suppliers.

Competitive Position

- Low cost of raw material and efficient manufacturing process enables it to be highly cost competitive vis a vis global peers
- Leading manufacturer in India for substantial part of the overall revenue
- Position to sell most that it produces

Experienced senior management

- Fairchem is well supported by an esteemed Promoter Institution – Fairfax India Holdings
- Strong and experienced management team that have positioned business well for continued growth and development
- Strong R&D team focusing on integration and green chemistry

Capital Efficiency

- Majority of the capacity expansion has been undertaken primarily through internal accruals.
- Judicious strategy on capacity expansion by evaluating market demand-supply scenario and working very closely with its customer base

ESG Initiatives



ENVIRONMENT



SOCIAL



GOVERNANCE

Effluent	Method of Disposal
Water Discharge	Zero Liquid Discharge by Multi Effect Evaporator and Agitated Thin Film Dryer
Air Emission	Currently, bag filters are there. We will have Scrubber System in place in near future.
Non-hazardous waste	We are sending the same to GPCB approved Solid Waste Disposable site for doing the needful there.
Hazardous waste	We are sending the same to GPCB approved registered Recycler / Co-processor.

CSR Activites

- Dr. Jivraj Mehta Smarak Health Foundation - Purchase of Ventilator Machine
- Contribution towards ‘Project Dialysis’
- Infrastructure Facility at Primary Health Centre at Village Chekhala
- Plastic Waste Management as per G.P.C.B. Circular
- Products are manufactured using natural source raw materials

- Always be adequately capitalized
- Not overleverage the balance sheet
- Secure sources of sustainable raw material supply
- Invest in backward and forward integration
- Transparent communications with all the stakeholders
- Low volatility in the cash flow generation
- Employees are given training on fire safety, first aid, housekeeping and cleanliness practices
- Production equipment tested every three years by external firm
- Near-zero factory accidents since inception⁽¹⁾

⁽¹⁾ Fire in November 2012 (with no casualties or injuries) was the only major incident since inception



Key Financial Highlights

Q1-FY24 Financial & Operational Highlights

Q1-FY24 Financial Performance

INR 1,606 Mn
Revenue from
Operations

INR 117 Mn
EBITDA

7.29%
EBITDA Margins

INR 61 Mn
PAT

3.80%
PAT Margins

INR 4.70/Share
Diluted EPS

- Revenue was impacted due to possible de-stocking by few of our customers mainly triggered by continuous fluctuation in commodity prices coupled with dumping by China.
- The company suffered a loss of some materials that were used in the testing of Isostearic Acid (new product under development)
- Job work charges were incurred for trials of intermediate stages in making Isostearic Acid and also utility costs were incurred for settling the new product viz. Isostearic Acid.
- One-time cost incurred for REACH compliance registration etc. for export of newly developed product viz. Isostearic Acid.
- Company has neither lost any of its customers nor has any new competitor emerged.

Quarterly Financial Performance

PARTICULARS (INR Mn)	Q1-FY24	Q1-FY23	Y-O-Y	Q4-FY23	Q-O-Q
Revenue from Operations	1,606	2,251	(28.7)%	1,519	5.7%
Total Expenses	1,489	1,851	(19.6)%	1,327	12.2%
EBITDA	117	400	(70.8)%	192	(39.1)%
<i>EBITDA Margins (%)</i>	<i>7.29%</i>	<i>17.77%</i>	<i>NA</i>	<i>12.64%</i>	<i>(535) Bps</i>
Other Income	2	3	(33.3)%	2	NA
Depreciation	22	19	15.8%	21	4.8%
Finance Cost	14	24	(41.7)%	13	7.7%
PBT	83	360	(76.9)%	160	(48.1)%
Tax	22	90	(75.6)%	41	(46.3)%
Profit After Tax	61	270	(77.4)%	119	(48.7)%
<i>PAT Margins (%)</i>	<i>3.80%</i>	<i>12.00%</i>	<i>(820) Bps</i>	<i>7.83%</i>	<i>(403) Bps</i>
Other Comprehensive Income	(1)	1	NA	5	NA
Total Comprehensive Income	60	271	(77.9)%	124	(51.6)%
Basic/Diluted EPS (INR per share)	4.70	20.76	(77.4)%	9.11	(48.4)%

Historical Income Statement

PARTICULARS (INR Mn)	FY21	FY22	FY23	Q1-FY24
Revenue from Operations	3,966	6,432	6,480	1,606
Total Expenses	3,279	5,383	5,756	1,489
EBITDA	687	1,049	724	117
<i>EBITDA Margins (%)</i>	<i>17.32%</i>	<i>16.31%</i>	<i>11.17%</i>	<i>7.29%</i>
Other Income	3	3	7	2
Depreciation	66	71	82	22
Finance Cost	68	69	63	14
PBT	556	912	586	83
Tax	131	233	151	22
Profit After Tax	425	679	435	61
<i>PAT Margins (%)</i>	<i>10.72%</i>	<i>10.56%</i>	<i>6.71%</i>	<i>3.80%</i>
Other Comprehensive Income	(5)	1	5	(1)
Total Comprehensive Income	420	680	440	60
Basic/Diluted EPS (INR per share)	32.63	52.15	33.41	4.70

Historical Balance Sheet

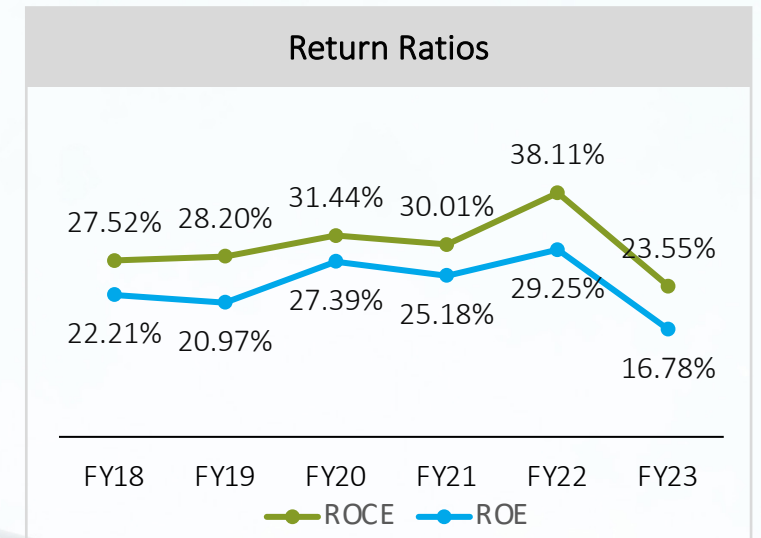
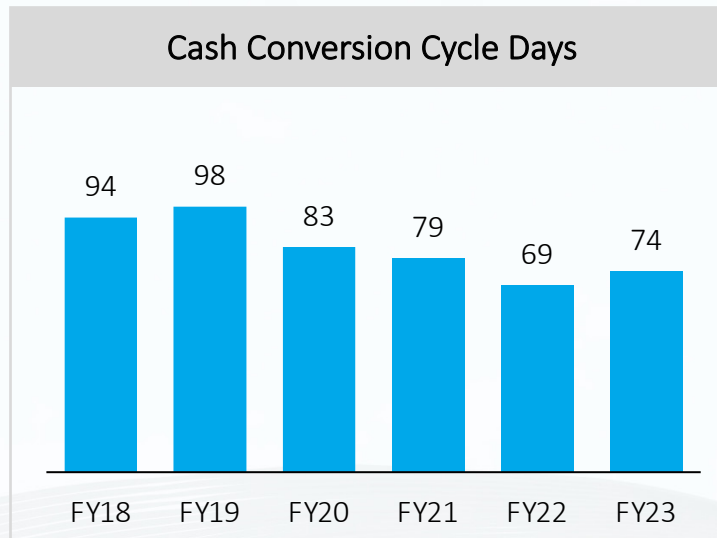
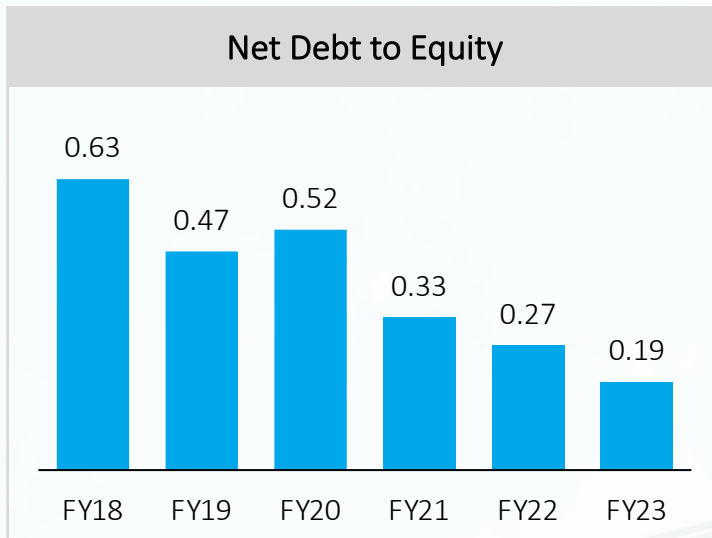
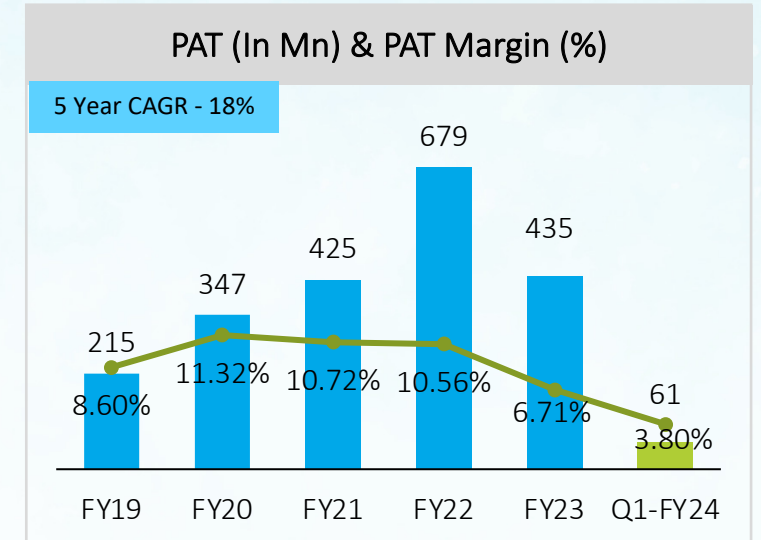
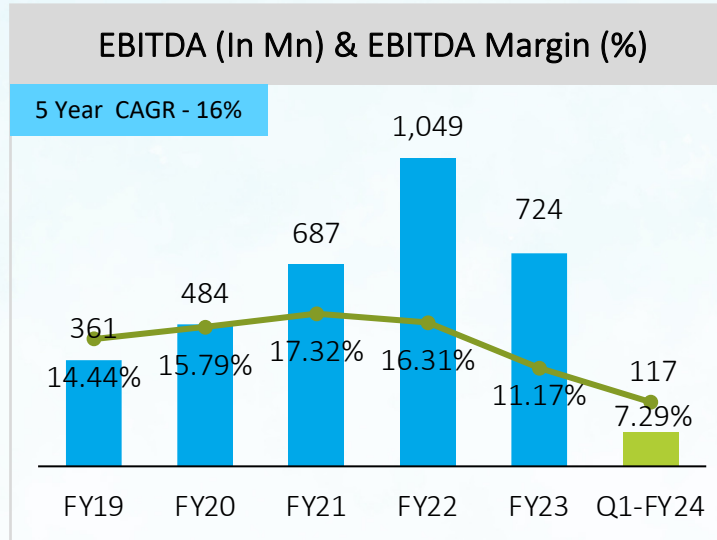
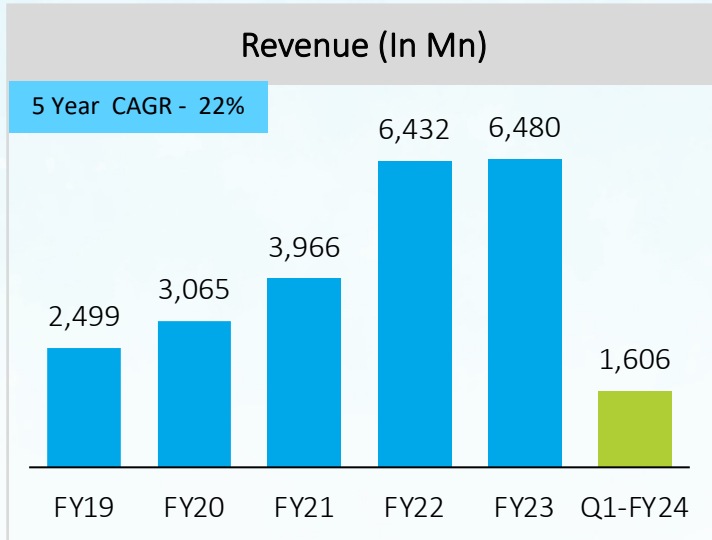
ASSETS	FY21	FY22	FY23
Non-Current Assets			
Property, Plant and Equipment	1,220	1,363	1,514
Capital work-in-progress	295	420	349
Right of use assets	43	42	42
Intangible Assets	-	-	5
Intangible Assets Under Development	-	2	-
Financial Assets			
(i) Other Financial Assets	-	2	2
Non-current Tax Assets (Net)	18	19	18
Other Non-current Assets	30	20	8
	1,606	1,868	1,938
Current Assets			
Inventories	453	700	800
Financial Assets			
(i) Trade receivables	468	622	626
(ii) Cash and Bank Balance	4	2	1
Other current assets	55	49	59
	980	1,373	1,486
TOTAL ASSETS	2,586	3,241	3,424

EQUITY AND LIABILITIES	FY21	FY22	FY23
EQUITY			
Equity Share Capital	130	130	130
Instruments entirely equity in nature			
Other Equity	1,557	2,191	2,462
	1,687	2,321	2,592
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	260	100	-
Provisions	18	17	18
Deferred Tax Liabilities (Net)	113	128	146
	391	245	164
Current Liabilities			
Financial Liabilities			
(i) Borrowings	308	520	502
(ii) Trade Payables	109	91	105
(iii) Other financial liabilities	21	8	11
Other current liabilities	46	36	36
Provisions	10	10	9
Current Tax Liabilities (Net)	14	10	5
	508	675	668
TOTAL EQUITY AND LIABILITIES	2,586	3,241	3,424

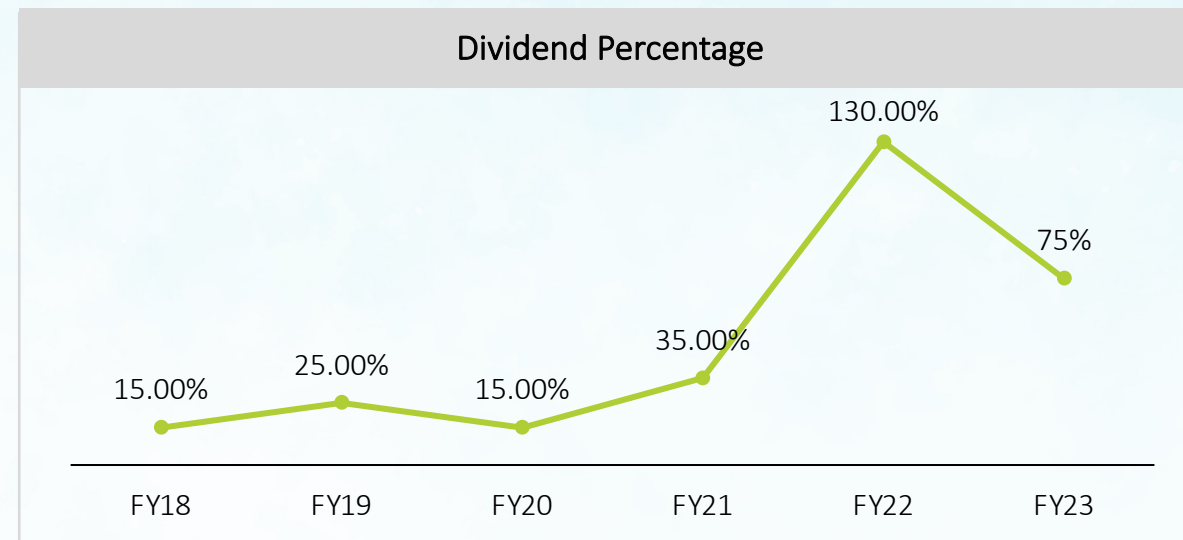
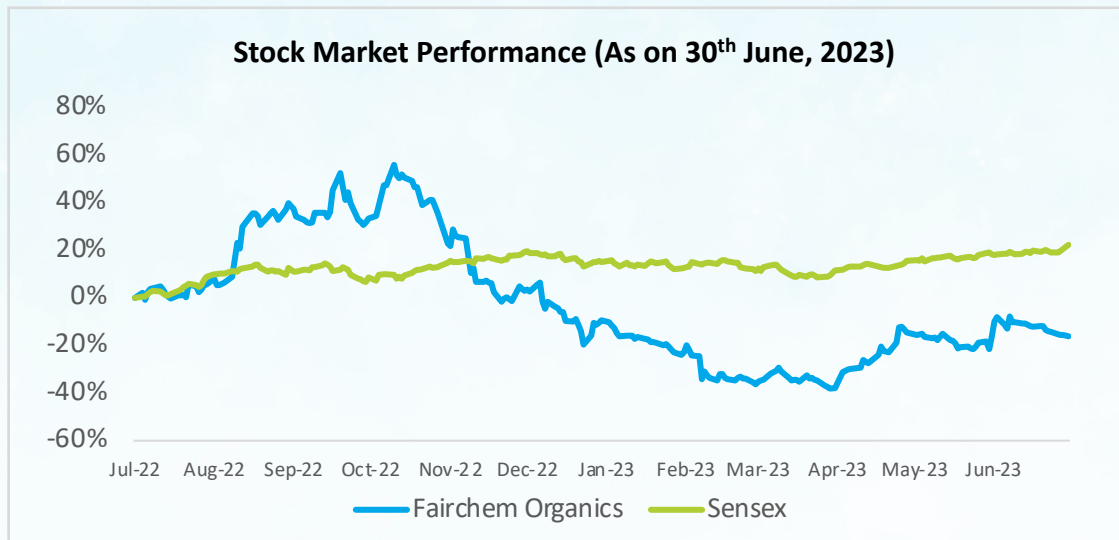
Historical Cash Flow Statement

PARTICULARS (INR Mn)	FY21	FY22	FY23
Cash and Cash Equivalents at Beginning of the year	0.3	0.3	0.1
Cash Flow From Operating Activities	394	405	496
Cash Flow from Investing Activities	(228)	(342)	(145)
Cash Flow From Financing Activities	(166)	(63)	(351)
Net Inc./ (Dec.) in Cash and Cash Equivalent	-	(0.2)	-
Cash and Cash Equivalents at End of the year	0.3	0.1	0.1
Operating Cash Inflow	394	405	496
Capital Expenditure	(231)	(342)	(145)
FCF	163	63	351

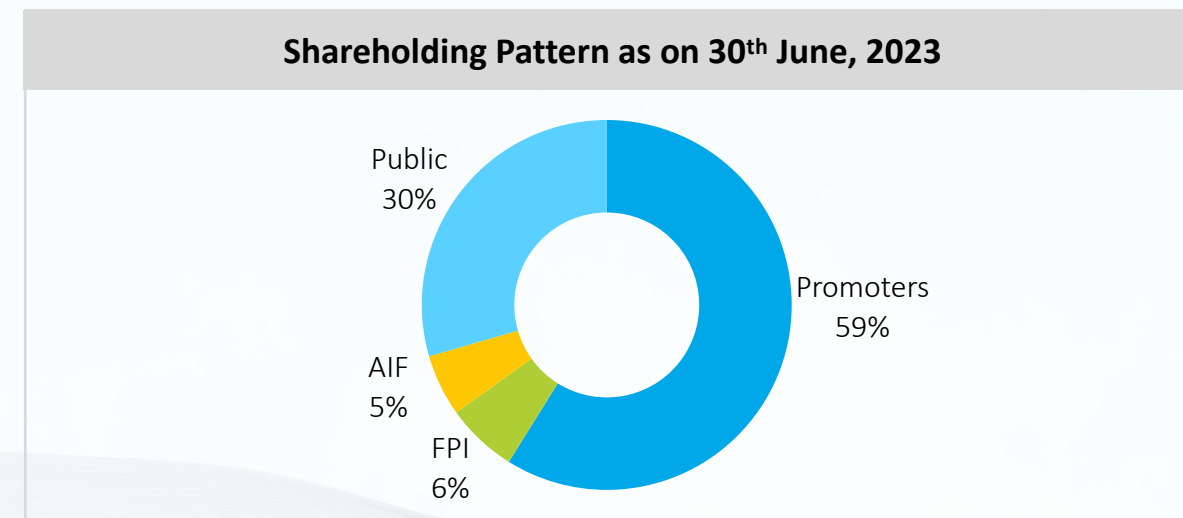
Key Financial Highlights



Capital Market Data



Price Data as at 30 th June, 2023	INR
Face Value	10.0
Market Price	1,232.95
52 Week H/L	2,448.9/ 905.0
Market Cap (Mn)	16,028.35
Equity Shares Outstanding (Mn)	13.0
1 Year Avg Trading Volume ('000)	36.4



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