



FAIRCHEM ORGANICS LIMITED

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Date: February 14, 2022

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block, Bandra-kurla Complex
Bandra (E)
Mumbai – 400 051.

To,
**Department of Corporate Services,
BSE Limited.**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

BSE Code: 543252 and NSE Symbol: 'FAIRCHEMOR'

Dear Sirs,

Sub.: Investor Presentation.

Pursuant to Regulation 30 and other applicable regulations of SEBI (LODR) Regulations, 2015 we are uploading herewith a PDF file containing Earning presentation prepared post third quarter financial results of the Company. 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 record.

Thanking you,

Yours faithfully,
For Fairchem Organics Limited,


Rajen Jhaveri
Chief Financial Officer & Company Secretary
Encl: as above

Fairchem Organics Limited



Earnings Presentation

9M / Q3-FY22

Company at a Glance

25 years of legacy

Long lasting Pan India Raw Material sourcing capabilities with diversified vegetable oil refineries

Well entrenched Customer Relationships in high growth industries like Paint, Inks, Printing

Promoted by Fairfax India Holdings and backed by experienced Management team

Forward integration to achieve value addition and to manufacture bio-fuel in phased manner by March 2022

Leading manufacturer in India for substantial part of the overall revenue

High emphasis on Business Sustainability and Corporate Governance standards

Ongoing Capacity expansion to increase capacity by more than 2.5x by end of FY22 with minimal CAPEX

Company to increase its top line by 2.5 times of FY21 in 3 years and intends to maintain EBITDA growth .

One of a kind manufacturing process using by-products of vegetable oils to create value added products hence creating Wealth from Waste

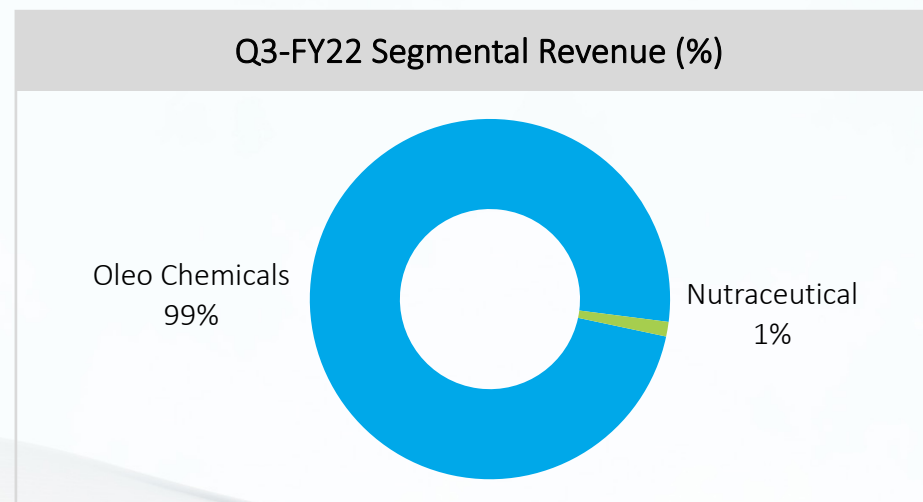
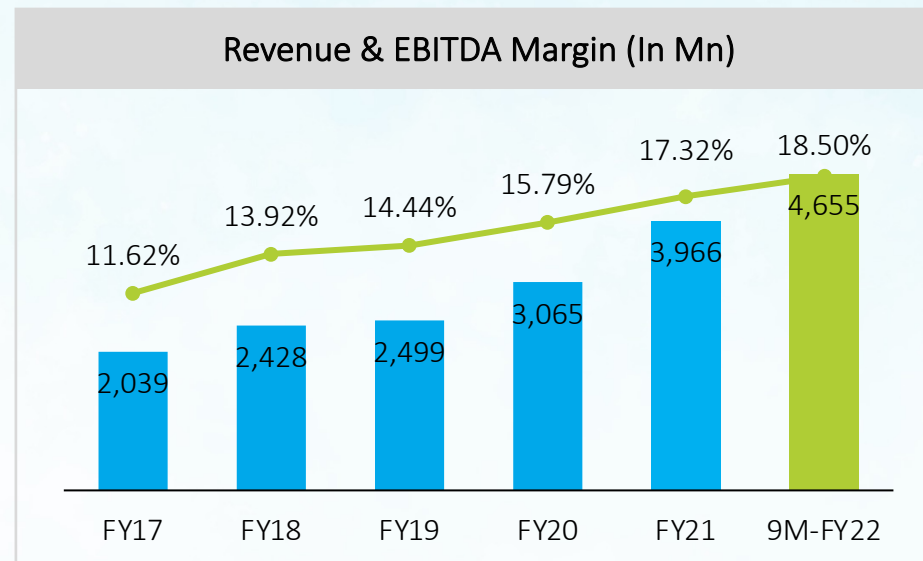
State-of-the-art manufacturing unit with critical equipment/design from Germany & Switzerland

Strong Return Ratios
ROE: 25%
ROCE: 30%

Strong Long Term Financial Track Record
5 year CAGR:
Revenue: 14%
EBITDA: 24%
PAT: 36%

Company Overview

- Fairchem Organics Ltd. (Fairchem) is engaged in the business of manufacturing of Oleo Chemicals and Nutraceuticals, since the last 25 years.
- 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.
- 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.
- The plant raw material capacity has been expanded from 45,000 MTPA to 72,000 MTPA in FY21, and is being expanded further to 1,20,000 MTPA by end of FY22 with minimal capex spends. Achieving operational utilisation of more than 90 % of installed capacity is considered to be good in view of the fact that the company’s raw materials are by-products of vegetable oil refineries processing soya, sunflower, rape seed, groundnut, rice bran, corn etc. which are purchased on `as is where is basis’ without any technical specifications.
- Fairchem is the one of the only 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.
- Fairchem supplies to various marquee customers like Asian Paints, Huber (erstwhile Micro Inks), Arkema, BASF, ADM, Cargill etc.



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
- Fair pricing from customers due to quality of products
- 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

Financial Governance Standards

Invest for long term growth value creation

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



Key Financial Highlights

9M/Q3-FY22 Financial & Operational Highlights

Q3-FY22 Financial Performance

INR 1,584 Mn
Revenue from
Operations

INR 213 Mn
EBITDA

13.45%
EBITDA Margins

INR 135 Mn
PAT

8.52%
PAT Margins

INR 10.33/Share
Diluted EPS

9M-FY22 Financial Performance

INR 4,655 Mn
Revenue from
Operations

INR 861 Mn
EBITDA

18.50%
EBITDA Margins

INR 567 Mn
PAT

12.18%
PAT Margins

INR 43.52/Share
Diluted EPS

- The fall in revenue on a QoQ basis was mainly due to lower lifting of one of the prime products by the customers in anticipation of some correction in relevant commodity prices from the then existing level. The customers reduced fresh buying. The Omicron variant of Covid-19 also played some role in impacting sales.
- Prices of raw materials remained quite volatile and the price of coal also ruled high during the quarter. The increase in cost of raw materials and fuel accounted for nearly 80 % of the decline in net profit on a QoQ basis.
- The Company was generally able to pass on the rise in RM cost to its customers. The Company, however, is in the B2B segment and enjoys long term relationships with most of its customers. So when there was a sudden hike in raw material prices, the Company had to absorb some part of it for future sustainability.

Q3-FY22 Profit & Loss Statement

PARTICULARS (INR Mn)	Q3-FY22	Q3-FY21	Y-O-Y	Q2-FY22	Q-O-Q
Revenue from Operations	1,584	1,072	47.8%	1,680	(5.7)%
Total Expenses	1,371	859	59.6%	1,362	0.7%
EBITDA	213	213	NA	318	(33.0)%
<i>EBITDA Margin</i>	<i>13.45%</i>	<i>19.87%</i>	<i>(642) Bps</i>	<i>18.93%</i>	<i>(548) Bps</i>
Other Income	1	-	NA	-	NA
Depreciation	18	17	5.9%	18	NA
Finance Cost	15	16	(6.2)%	20	(25.0)%
PBT	181	180	0.6%	280	(35.4)%
Tax	46	46	NA	71	(35.2)%
Profit After Tax	135	134	0.7%	209	(35.4)%
<i>PAT Margin</i>	<i>8.52%</i>	<i>12.50%</i>	<i>(398) Bps</i>	<i>12.44%</i>	<i>(392) Bps</i>
Other Comprehensive Income	1	-	NA	-	NA
Total Comprehensive Income	136	134	1.5%	209	(34.9)%
Basic/Diluted EPS (INR per share)	10.33	10.29	0.4%	16.05	(35.6)%

9M-FY22 Profit & Loss Statement

PARTICULARS (INR Mn)	9M-FY22	9M-FY21	Y-O-Y
Revenue from Operations	4,655	2,372	96.2%
Total Expenses	3,794	1,961	93.5%
EBITDA	861	411	109.5%
<i>EBITDA Margin</i>	<i>18.50%</i>	<i>17.33%</i>	<i>117 Bps</i>
Other Income	3	-	NA
Depreciation	52	49	6.1%
Finance Cost	52	47	10.6%
PBT	760	315	141.3%
Tax	193	79	144.3%
Profit After Tax	567	236	140.3%
<i>PAT Margin</i>	<i>12.18%</i>	<i>9.95%</i>	<i>223 Bps</i>
Other Comprehensive Income	(1)	(1)	NA
Total Comprehensive Income	566	235	140.9%
Basic/Diluted EPS (INR per share)	43.52	18.17	139.5%

Historical Profit & Loss Statement

PARTICULARS (INR Mn)	FY19	FY20	FY21	9M-FY22
Revenue from Operations	2,499	3,065	3,966	4,655
Total Expenses	2,138	2,581	3,279	3,794
EBITDA	361	484	687	861
<i>EBITDA Margin</i>	<i>14.44%</i>	<i>15.79%</i>	<i>17.32%</i>	<i>18.50%</i>
Other Income	43	66	3	3
Depreciation	55	60	66	52
Finance Cost	57	66	68	52
PBT	292	424	556	760
Tax	77	77	131	193
Profit After Tax	215	347	425	567
<i>PAT Margin</i>	<i>8.60%</i>	<i>11.32%</i>	<i>10.72%</i>	<i>12.18%</i>
Other Comprehensive Income	(2)	(1)	(5)	(1)
Total Comprehensive Income	213	346	420	566
Basic/Diluted EPS (INR per share)	5.51	26.65	32.63	43.52

Historical Balance Sheet

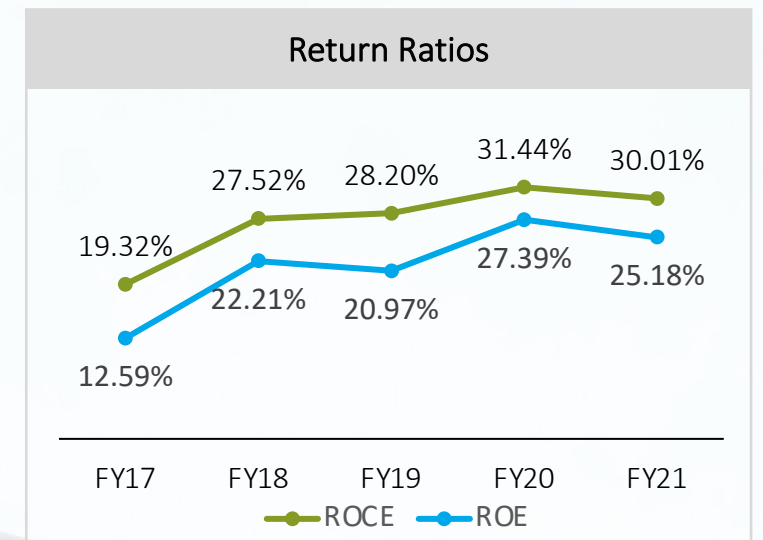
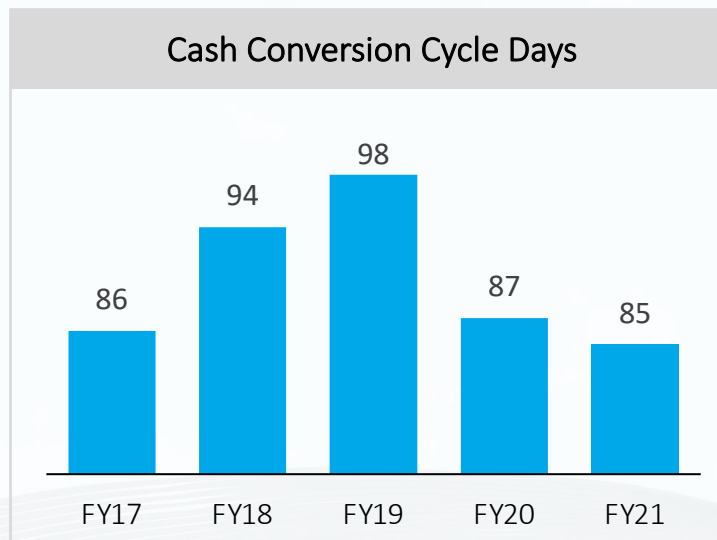
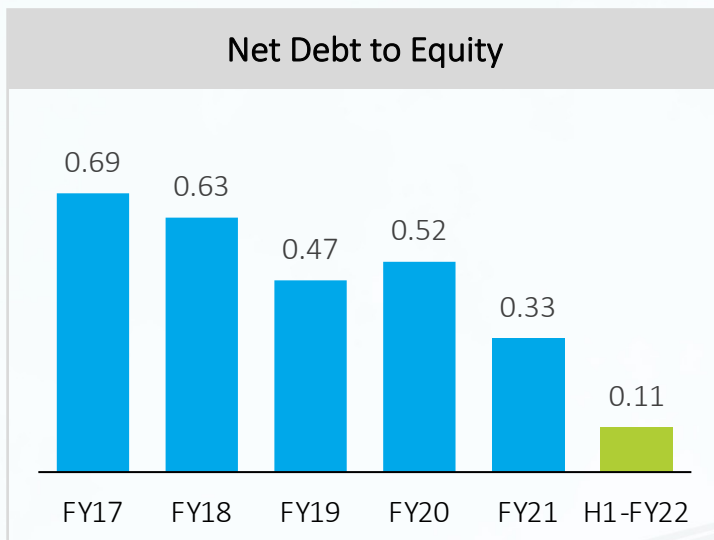
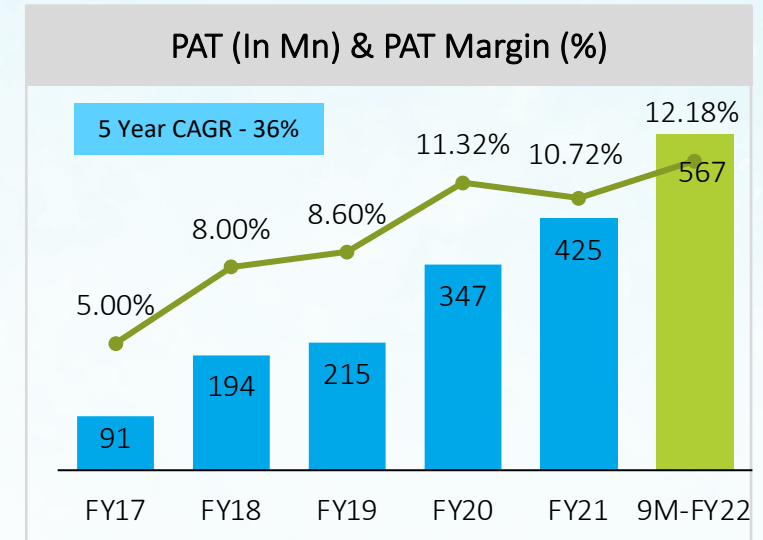
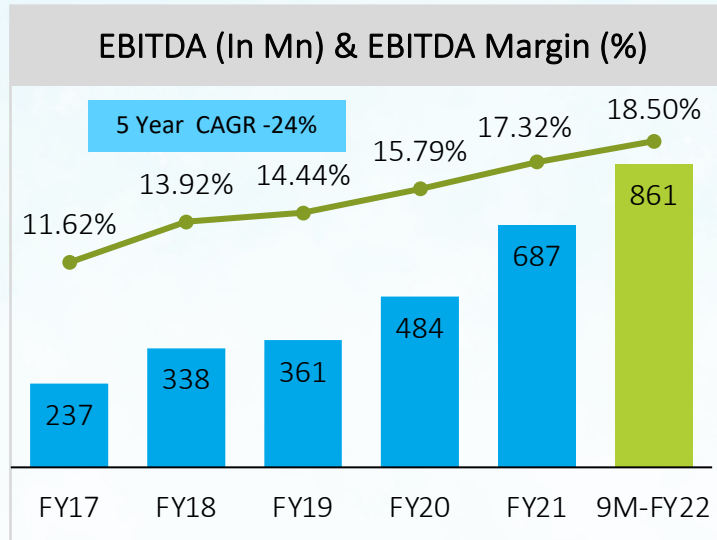
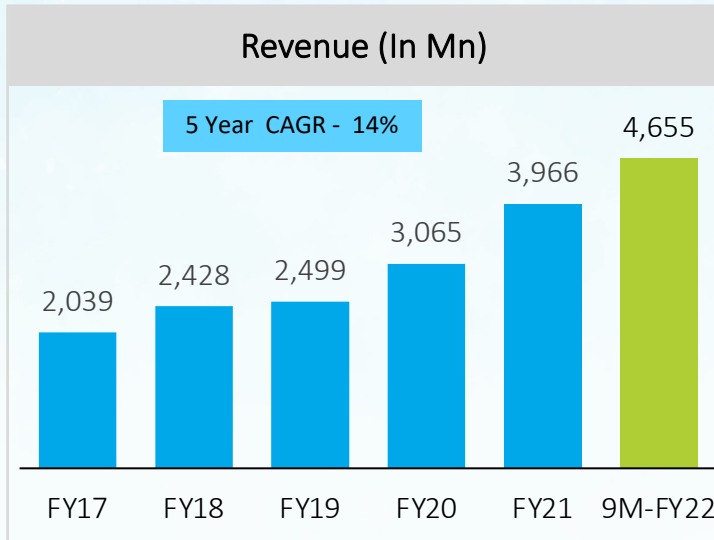
ASSETS	FY20	FY21	H1-FY22
Non-Current Assets			
Property, Plant and Equipment	1,219	1,220	1,252
Capital work-in-progress	94	295	393
Right of use assets	43	43	42
Intangible Assets	1	-	-
Intangible Assests Under Development	-	-	1
Financial Assets			
(i) Other Financial Assets	3	-	2
Non-current Tax Assets (Net)	14	18	18
Other Non-current Assets	66	30	58
	1,440	1606	1,766
Current Assets			
Inventories	353	453	356
Financial Assets			
(i) Trade receivables	379	468	469
(ii) Cash and Bank Balance	2	4	46
Other current assets	15	55	81
	749	980	952
TOTAL ASSETS	2,189	2,586	2,718

EQUITY AND LIABILITIES	FY20	FY21	H1-FY22
EQUITY			
Equity Share Capital	130	130	130
Instruments entirely equity in nature			
Other Equity	1,137	1,557	1,942
	1,267	1,687	2,072
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	163	260	115
Provisions	12	18	24
Deferred Tax Liabilities (Net)	116	113	121
	291	391	260
Current Liabilities			
Financial Liabilities			
(i) Borrowings	504	308	174
(ii) Trade Payables	64	109	110
(iii) Other financial liabilities	21	21	19
Other current liabilities	29	46	59
Provisions	3	10	11
Current Tax Liabilities (Net)	10	14	13
	631	508	386
TOTAL EQUITY AND LIABILITIES	2,189	2,586	2,718

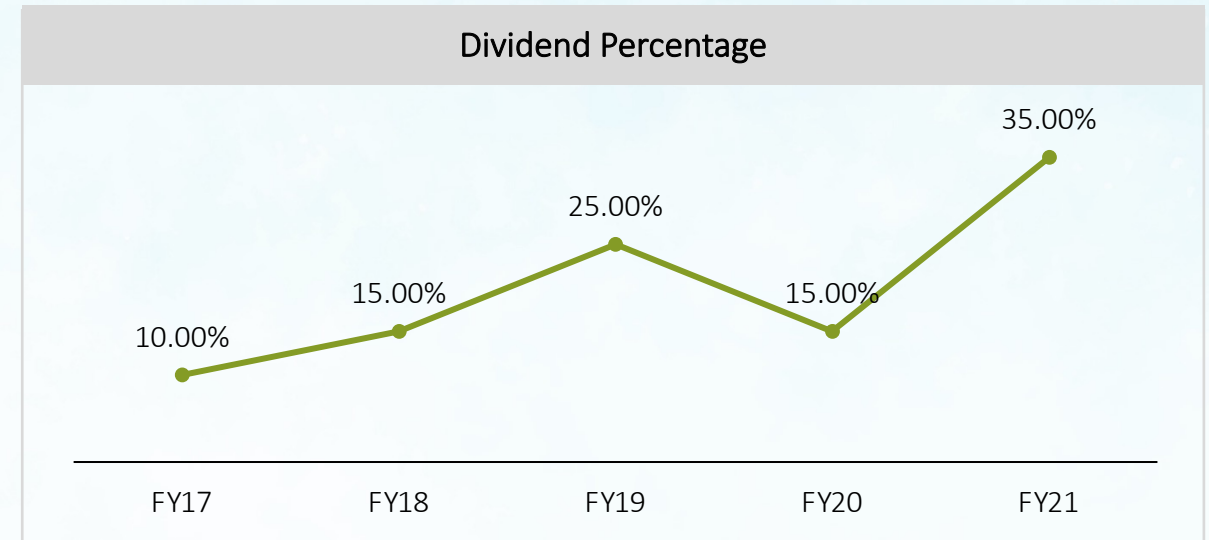
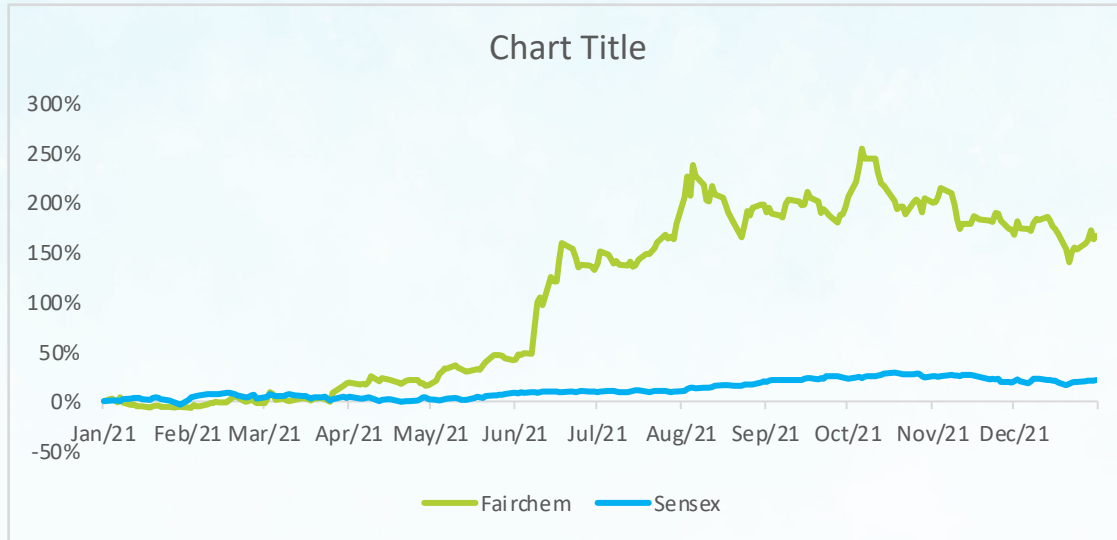
Historical Cash Flow Statement

PARTICULARS (INR Mn)	FY19	FY20	FY21
Cash and Cash Equivalents at Beginning of the year	0.2	0.2	0.3
Cash Flow From Operating Activities	342	312	394
Cash Flow from Investing Activities	(137)	(239)	(228)
Cash Flow From Financing Activities	(205)	(73)	(166)
Net Inc./ (Dec.) in Cash and Cash Equivalent	-	-	-
Cash and Cash Equivalents at End of the year	0.2	0.3	0.3
Operating Cash Inflow	342	312	394
Capital Expenditure	(177)	(303)	(231)
FCF	165	9	163

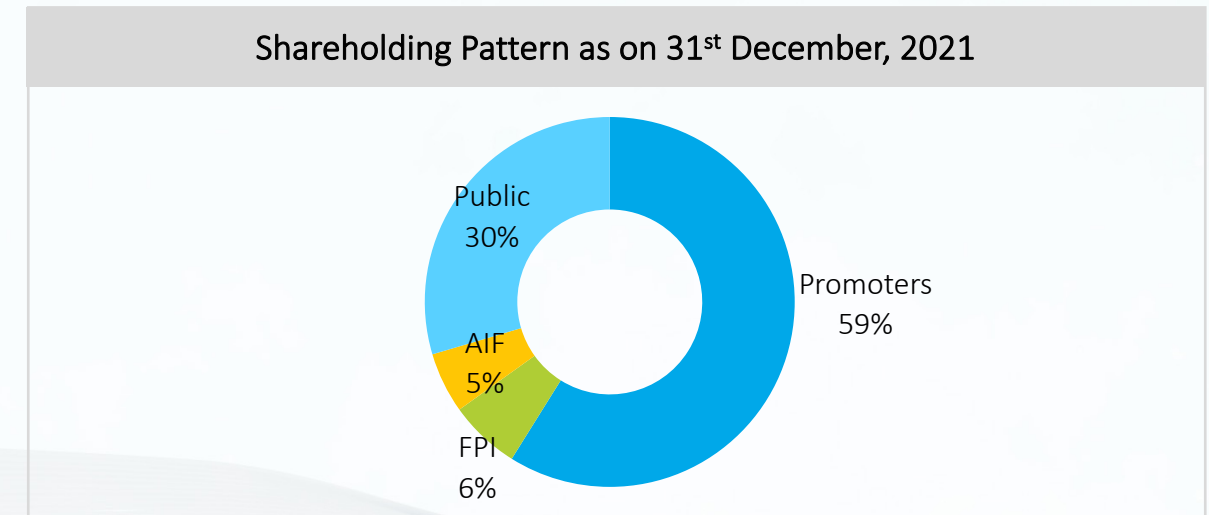
Key Financial Highlights



Capital Markets



Price Data as at December 31 st , 2021	INR
Face Value	10.00
Market Price	1,682.3
52 Week H/L	2,290.0 / 511.0
Market Cap (Mn)	21905.06
Equity Shares Outstanding (Mn)	13.0
1 Year Avg Trading Volume ('000)	54.2



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