



FAIRCHEM ORGANICS LIMITED

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CIN: L24200GJ2019PLC129759

website: www.fairchem.in

November 8, 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: - Q2 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 Q2 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
ACS - 6615

Encl: As above

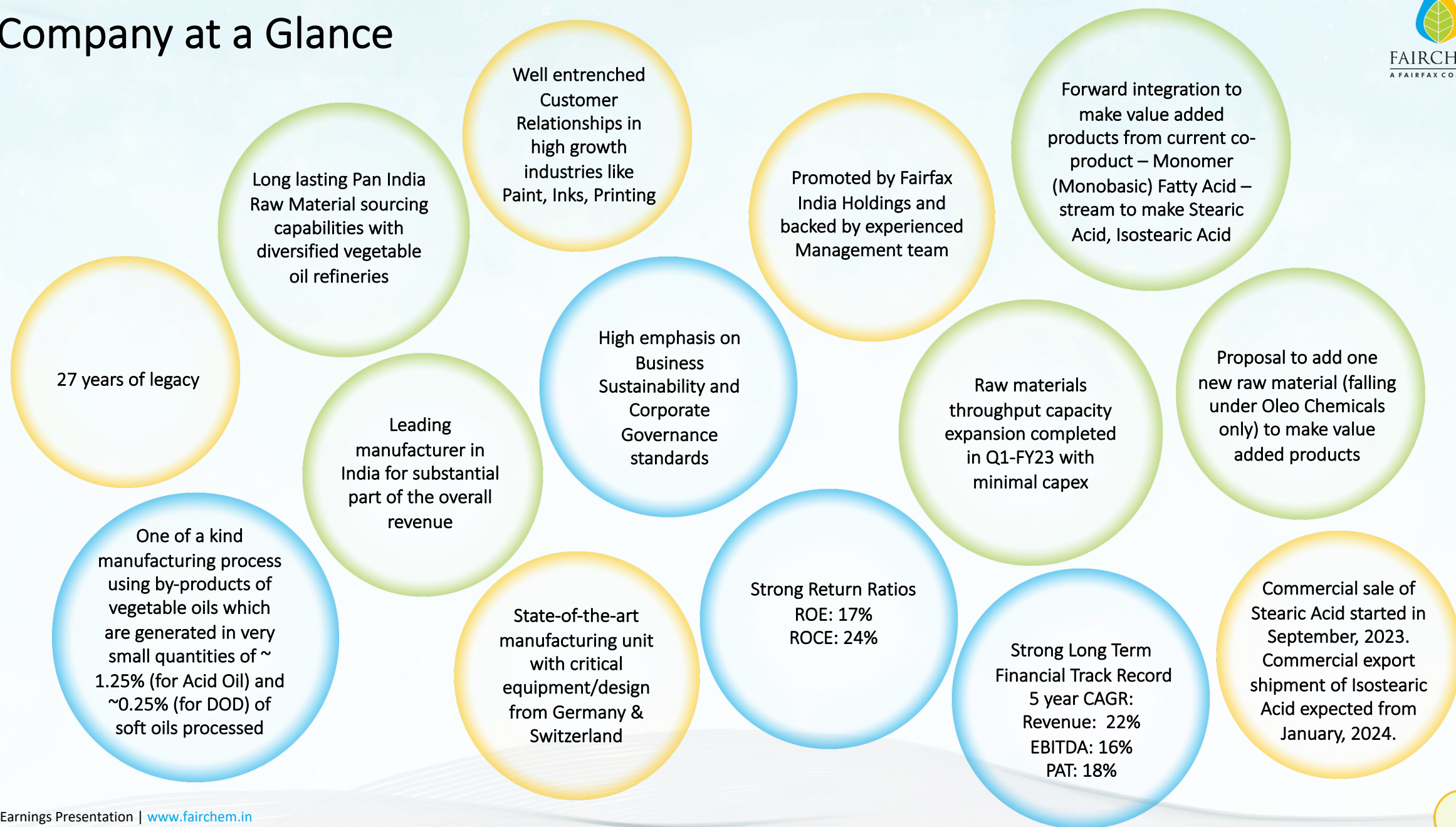
Fairchem Organics Limited



Earnings Presentation

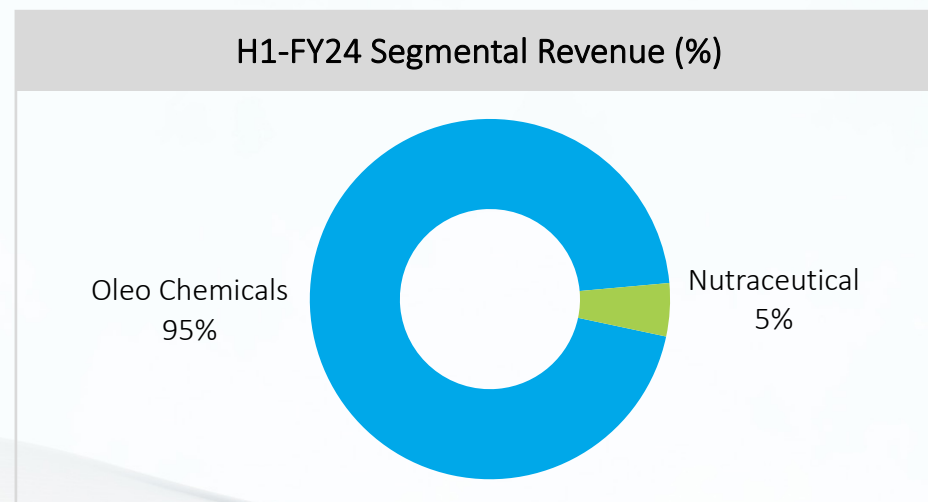
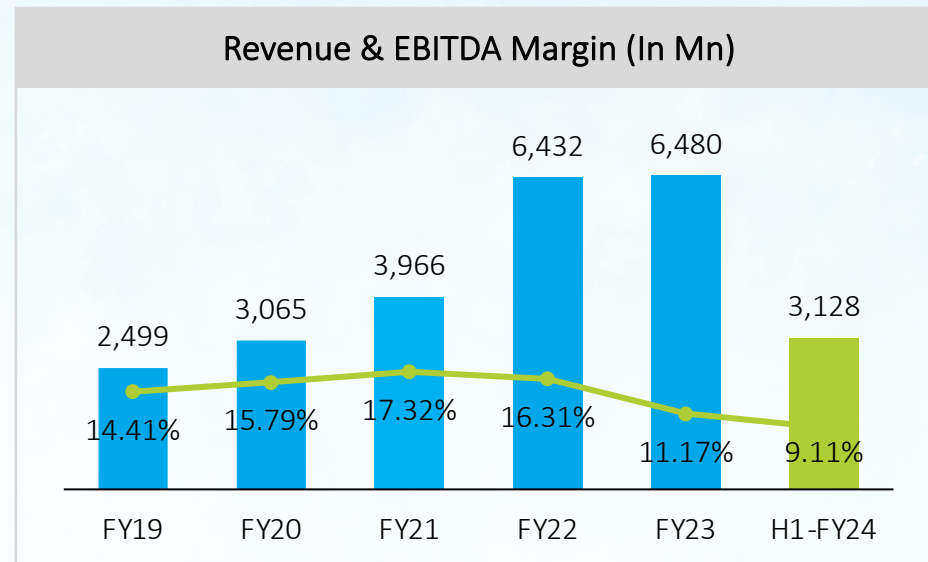
Q2/H1-FY24

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, Isostearic 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 Activities

- Contribution aggregating to INR 1.25 Cr to Gujrat Cancer Society, Ahmedabad
- 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

Q2/H1-FY24 Financial & Operational Highlights

Q2-FY24 Financial Performance

INR 1,522 Mn
Revenue from
Operations

INR 168 Mn
EBITDA

11.04%
EBITDA Margins

INR 103 Mn
PAT

6.77%
PAT Margins

INR 7.9/Share
Diluted EPS

H1-FY24 Financial Performance

INR 3,128 Mn
Revenue from
Operations

INR 285 Mn
EBITDA

9.11%
EBITDA Margins

INR 164 Mn
PAT

5.24%
PAT Margins

INR 12.6/Share
Diluted EPS

- On a QoQ basis, the sales of finished goods, considering all products combined, decreased by approximately 8% in terms of volume and about 5% in terms of value.
- Despite the decline in sales, the EBITDA nearly doubled, primarily due to a lower percentage of materials consumed relative to sales, as well as a reduction in power and fuel costs.
- As previously mentioned in the last quarter, the Company has retained all of its customers.
- The company received a positive response from its participation in the Lubricant Expo in Germany during the last week of September 2023. During the event, the company showcased its newly developed high-value product, isostearic acid. USA and European specialty chemicals companies were pleasantly surprised by the fact that an Indian company is venturing into the global market for Isostearic Acid.
- The company is now taking further steps to obtain the necessary approvals from the new consumers who met with the company's representatives at the Expo and are quite optimistic about commencing commercial shipments in the next couple of months.

Quarterly Financial Performance

PARTICULARS (INR Mn)	Q2-FY24	Q2-FY23	Y-O-Y	Q1-FY24	Q-O-Q
Revenue from Operations	1,522	1,685	(9.7)%	1,606	(5.2)%
Total Expenses	1,354	1,592	(14.9)%	1,489	(9.1)%
EBITDA	168	93	80.6%	117	43.6%
<i>EBITDA Margins (%)</i>	<i>11.04%</i>	<i>5.52%</i>	<i>552 bps</i>	<i>7.29%</i>	<i>375 bps</i>
Other Income	5	-	N/A	2	N/A
Depreciation	22	21	4.8%	22	0.0%
Finance Cost	13	16	(18.8)%	14	(7.1)%
PBT	138	56	N/A	83	66.3%
Tax	35	16	N/A	22	59.1%
Profit After Tax	103	40	N/A	61	68.9%
<i>PAT Margins (%)</i>	<i>6.77%</i>	<i>2.37%</i>	<i>440 bps</i>	<i>3.80%</i>	<i>297 bps</i>
Other Comprehensive Income	1	-	N/A	(1)	N/A
Total Comprehensive Income	104	40	N/A	60	73.3%
Basic/Diluted EPS (INR per share)	7.90	3.07	N/A	4.70	68.1%

YTD Financial Performance

PARTICULARS (INR Mn)-4	H1-FY24	H1-FY23	Y-O-Y
Revenue from Operations	3,128	3,937	(20.5)%
Total Expenses	2,843	3,443	(17.4)%
EBITDA	285	494	-42.3%
<i>EBITDA Margins (%)</i>	<i>9.11%</i>	<i>12.55%</i>	<i>(344) Bps</i>
Other Income	6	2	N/A
Depreciation	43	39	10.3%
Finance Cost	27	40	(32.5)%
PBT	221	417	(47.0)%
Tax	57	107	(46.7)%
Profit After Tax	164	310	(47.1)%
<i>PAT Margins (%)</i>	<i>5.24%</i>	<i>7.87%</i>	<i>(263) Bps</i>
Other Comprehensive Income	-	-	-
Total Comprehensive Income	164	310	(47.1)%
Basic/Diluted EPS (INR per share)	12.60	23.83	(47.1)%

Historical Income Statement

PARTICULARS (INR Mn)	FY21	FY22	FY23	H1-FY24
Revenue from Operations	3,966	6,432	6,480	3,128
Total Expenses	3,279	5,383	5,756	2,843
EBITDA	687	1,049	724	285
<i>EBITDA Margins (%)</i>	<i>17.32%</i>	<i>16.31%</i>	<i>11.17%</i>	<i>9.11%</i>
Other Income	3	3	7	6
Depreciation	66	71	82	43
Finance Cost	68	69	63	27
PBT	556	912	586	221
Tax	131	233	151	57
Profit After Tax	425	679	435	164
<i>PAT Margins (%)</i>	<i>10.72%</i>	<i>10.56%</i>	<i>6.71%</i>	<i>5.24%</i>
Other Comprehensive Income	(5)	1	5	-
Total Comprehensive Income	420	680	440	164
Basic/Diluted EPS (INR per share)	32.63	52.15	33.41	12.60

Historical Balance Sheet

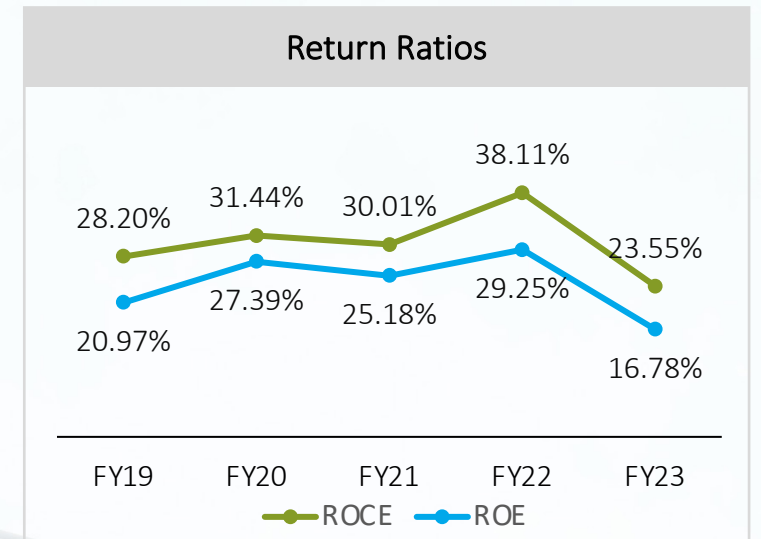
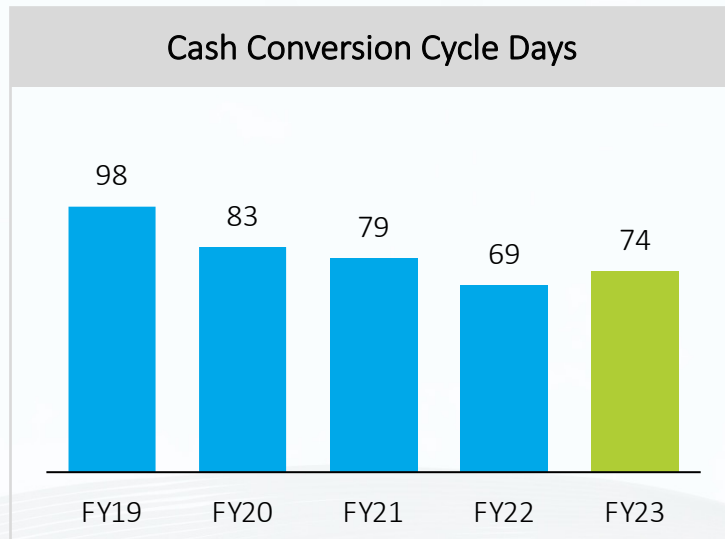
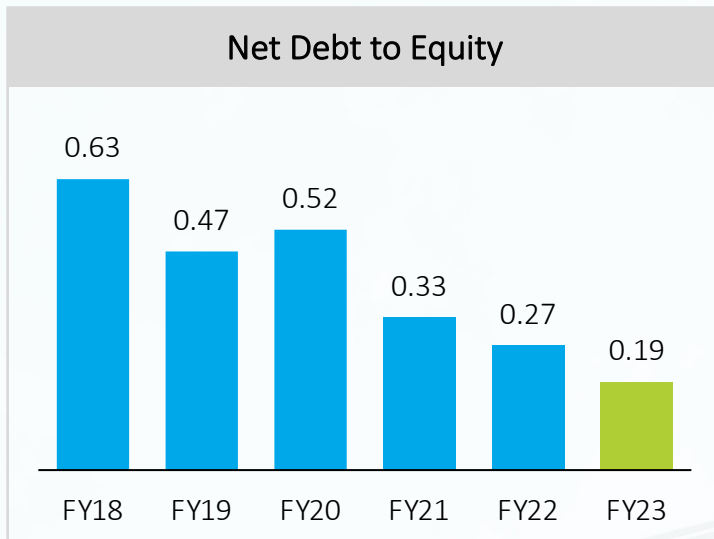
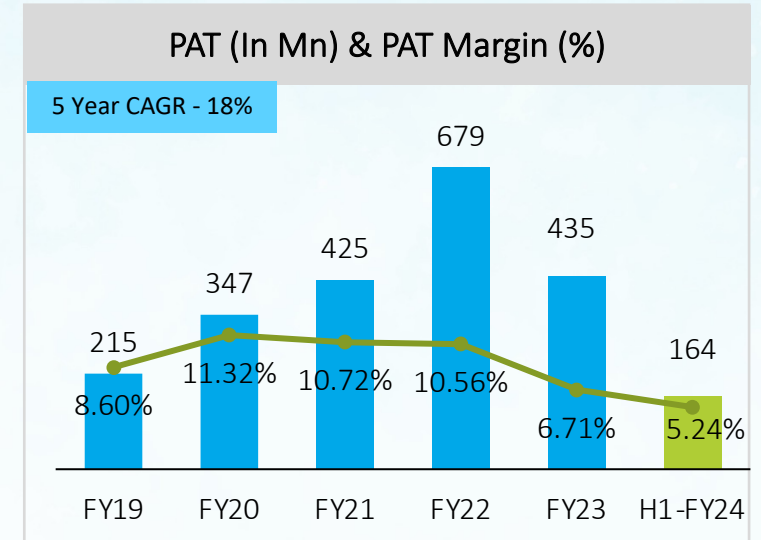
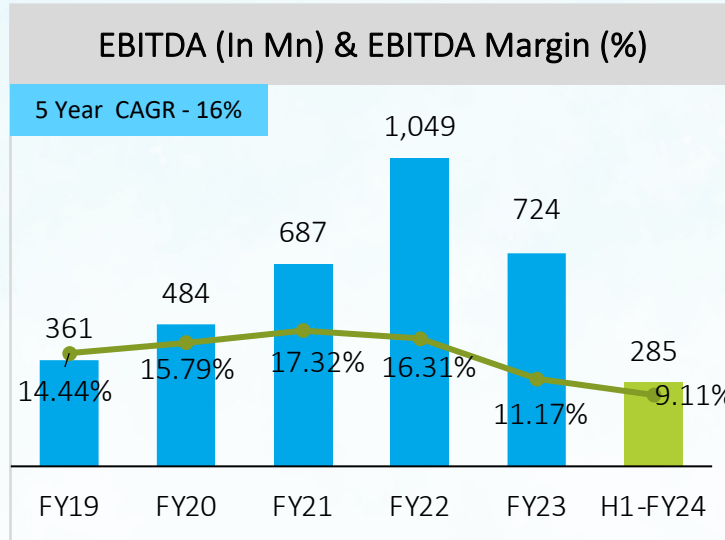
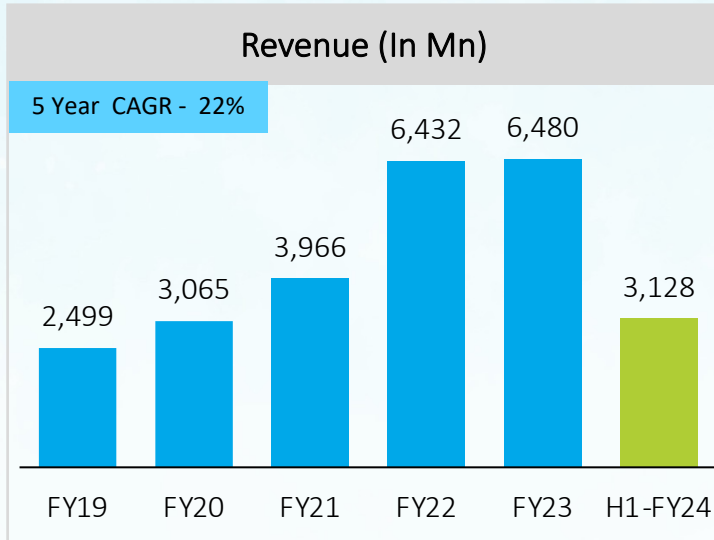
ASSETS	FY22	FY23	H1-FY24
Non-Current Assets			
Property, Plant and Equipment	1,363	1,514	1,486
Capital work-in-progress	420	349	391
Right of use assets	42	42	41
Intangible Assets	-	5	4
Intangible Assets Under Development	2	-	-
Financial Assets			
(i) Other Financial Assets	2	2	2
Non-current Tax Assets (Net)	19	18	35
Other Non-current Assets	20	8	50
	1,868	1,938	2,009
Current Assets			
Inventories	700	800	677
Financial Assets			
(i) Trade receivables	622	626	554
(ii) Cash and Bank Balance	2	1	1
Other current assets	49	59	68
	1,373	1,486	1,300
TOTAL ASSETS	3,241	3,424	3,309

EQUITY AND LIABILITIES	FY22	FY23	H1-FY24
EQUITY			
Equity Share Capital	130	130	130
Instruments entirely equity in nature			
Other Equity	2,191	2,462	2,529
	2,321	2,592	2,659
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	100	-	-
Provisions	17	18	19
Deferred Tax Liabilities (Net)	128	146	152
	245	164	171
Current Liabilities			
Financial Liabilities			
(i) Borrowings	520	502	342
(ii) Trade Payables	91	105	81
(iii) Other financial liabilities	8	11	7
Other current liabilities	36	36	38
Provisions	10	9	10
Current Tax Liabilities (Net)	10	5	1
	675	668	479
TOTAL EQUITY AND LIABILITIES	3,241	3,424	3,309

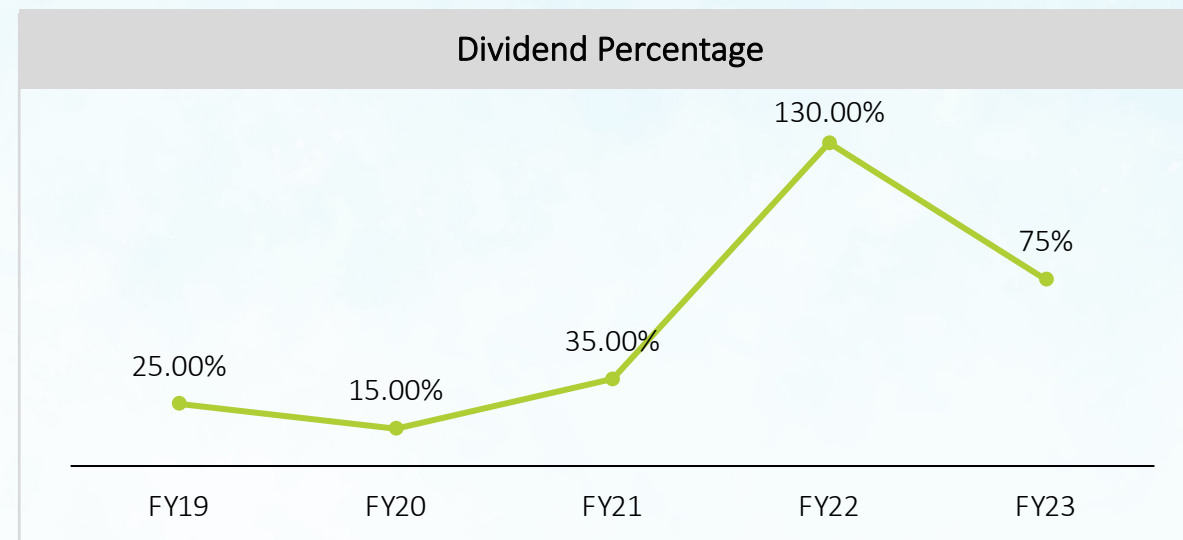
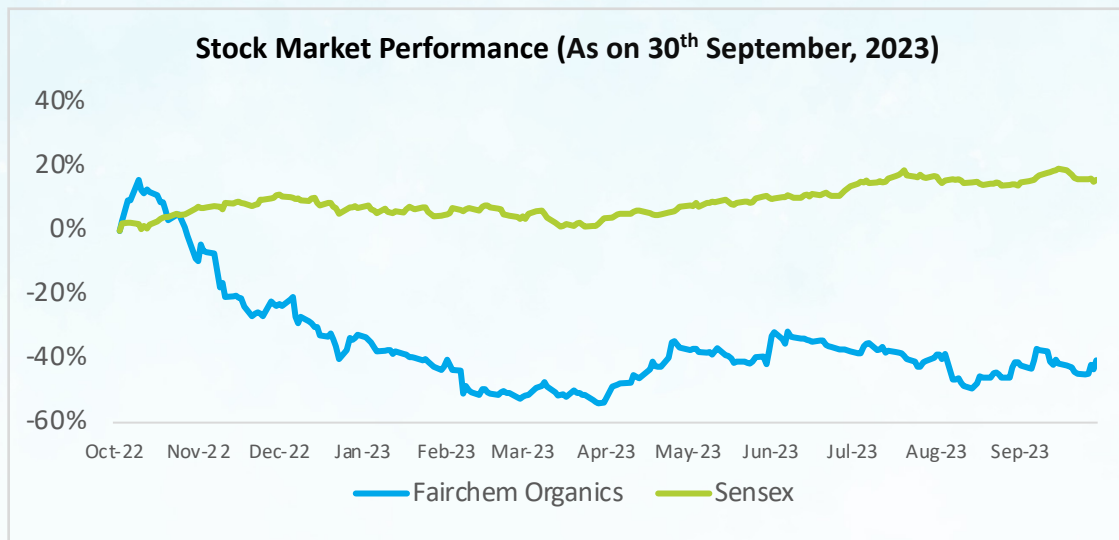
Historical Cash Flow Statement

PARTICULARS (INR Mn)	FY22	FY23	H1-FY24
Cash and Cash Equivalents at Beginning of the year	0.3	0.1	0.1
Cash Flow From Operating Activities	405	496	386
Cash Flow from Investing Activities	(342)	(145)	(102)
Cash Flow From Financing Activities	(63)	(351)	(284)
Net Inc./ (Dec.) in Cash and Cash Equivalent	(0.2)	-	-
Cash and Cash Equivalents at End of the year	0.1	0.1	0.1
Operating Cash Inflow	405	496	386
Capital Expenditure	(342)	(145)	(102)
FCF	63	351	284

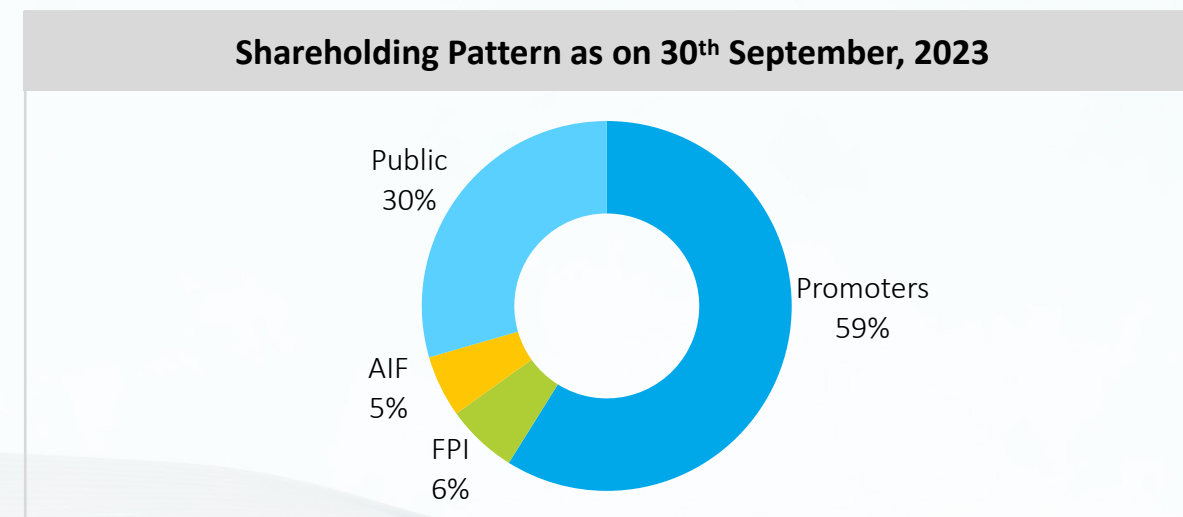
Key Financial Highlights



Capital Market Data



Price Data as at 30 th September, 2023	INR
Face Value	10.0
Market Price	1,176.85
52 Week H/L	2,448.9/ 905.0
Market Cap (Mn)	15,323.65
Equity Shares Outstanding (Mn)	13.0
1 Year Avg Trading Volume ('000)	32.8



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