



**FAIRCHEM**  
A FAIRFAX COMPANY

# FAIRCHEM ORGANICS LIMITED

Regd. Office 253/P & 312, Village Chekhala, Sanand - Kadi Highway,  
& Works : Taluka SANAND, District: Ahmedabad - 382 115, GUJARAT, INDIA.  
Phone (Board Nos.) : (02717) 687900, 687901, +91 90163 24095  
E-mail : cs@fairchem.in  
CIN : L24200GJ2019PLC129759 Website : www.fairchem.in

Date: May 31, 2023

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'**

**Ref.: Regulation 30 read with Schedule III Part A of SEBI (LODR) Regulations, 2015**

Dear Sirs,

**Sub.: Q 4 Earnings Presentation.**

Pursuant to Regulation 30 read with Schedule III Part A of SEBI (LODR) Regulations, 2015 we are uploading herewith a PDF file containing Q4 Earnings presentation. 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

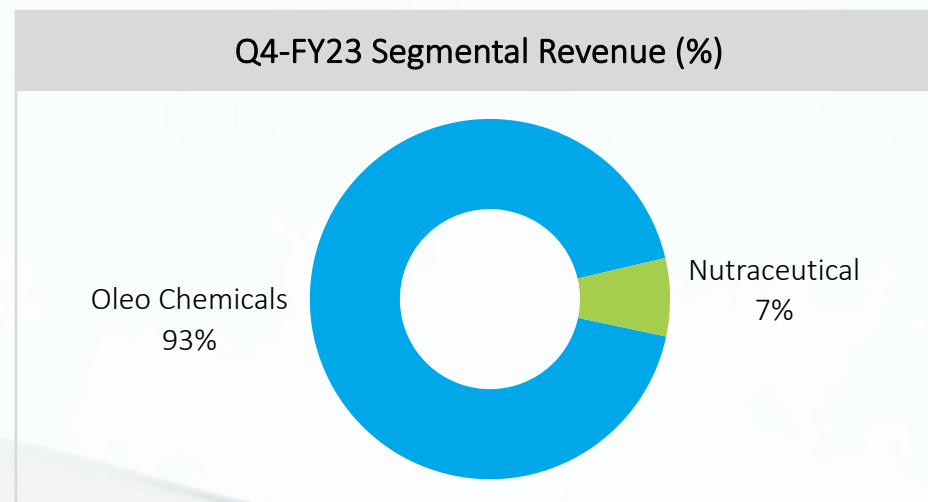
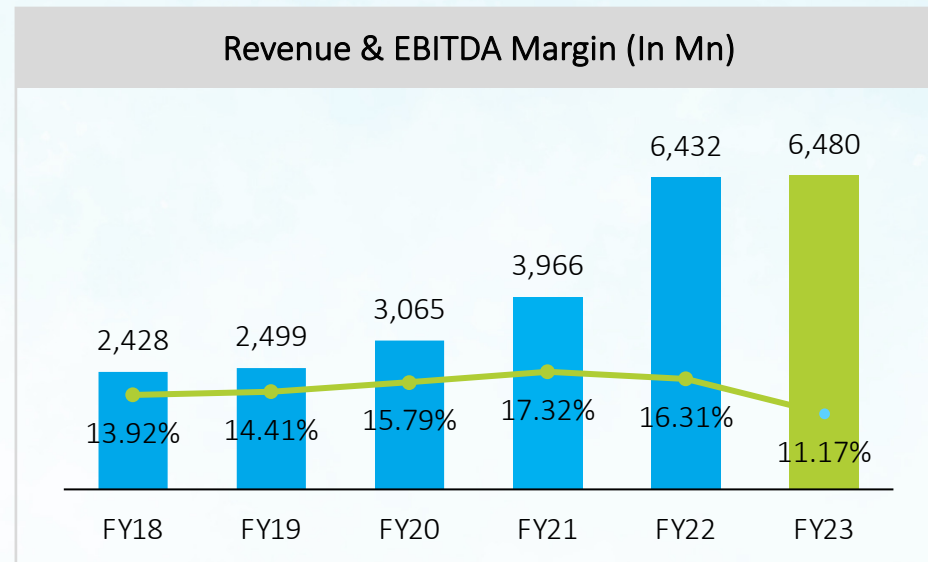
Q4-FY23/FY23

# 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 25 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 206 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 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<sup>(1)</sup>

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



# Key Financial Highlights

# Q4-FY23/FY23 Financial & Operational Highlights

## Q4-FY23 Financial Performance

**INR 1,519 Mn**  
Revenue from  
Operations

**INR 192 Mn**  
EBITDA

**12.64%**  
EBITDA Margins

**INR 119 Mn**  
PAT

**7.83%**  
PAT Margins

**INR 9.11/Share**  
Diluted EPS

## FY23 Financial Performance

**INR 6,480 Mn**  
Revenue from  
Operations

**INR 724 Mn**  
EBITDA

**11.17%**  
EBITDA Margins

**INR 435 Mn**  
PAT

**6.71%**  
PAT Margins

**INR 33.41/Share**  
Diluted EPS

- The demand from Paint industry had revived to a large extent in Q4-FY23 thereby pushing the sale of Linoleic Acid. There was marginal improvement in per unit realisation of this product also.
- We also witnessed revival in demand for our another prime product viz. Dimer Acid during the quarter.
- Both the above factors put together resulted in Q-o-Q rise in revenue by about 48%.
- The raw material cost as a percentage of revenue also was lower on Q-o-Q basis and with all other costs under control, the EBITDA margin improved to about 13% i.e. closer to normal anticipated margin.



# Quarterly Financial Performance

PARTICULARS (INR Mn)	Q4-FY23	Q4-FY22	Y-O-Y	Q3-FY23	Q-O-Q
Revenue from Operations	1,519	1,776	(14.5)%	1,025	48.2%
Total Expenses	1,327	1,589	(16.5)%	989	34.2%
EBITDA	192	187	2.7%	36	NA
<i>EBITDA Margins (%)</i>	<i>12.64%</i>	<i>10.53%</i>	<i>211 Bps</i>	<i>3.51%</i>	<i>913 Bps</i>
Other Income	2	1	NA	3	(33.3)%
Depreciation	21	19	10.5%	21	0%
Finance Cost	13	17	(23.5)%	9	44.4%
PBT	160	152	5.3%	9	NA
Tax	41	40	2.5%	3	NA
Profit After Tax	119	112	6.3%	6	NA
<i>PAT Margins (%)</i>	<i>7.83%</i>	<i>6.31%</i>	<i>152 Bps</i>	<i>0.59%</i>	<i>724 Bps</i>
Other Comprehensive Income	5	2	NA	0	NA
Total Comprehensive Income	124	114	8.8%	6	NA
Basic/Diluted EPS (INR per share)	9.11	8.63	5.6%	0.47	NA

# YTD Financial Performance

PARTICULARS (INR Mn)	FY23	FY22	Y-O-Y
Revenue from Operations	6,480	6,432	0.7%
Total Expenses	5,756	5,383	6.9%
EBITDA	724	1,049	(31.0)%
<i>EBITDA Margins (%)</i>	<i>11.17%</i>	<i>16.31%</i>	<i>(514) Bps</i>
Other Income	7	3	NA
Depreciation	82	71	15.5%
Finance Cost	63	69	(8.7)%
PBT	586	912	(35.7)%
Tax	151	233	(35.2)%
Profit After Tax	435	679	(35.9)%
<i>PAT Margins (%)</i>	<i>6.71%</i>	<i>10.56%</i>	<i>(385) Bps</i>
Other Comprehensive Income	5	1	NA
Total Comprehensive Income	440	680	(35.3)%
Basic/Diluted EPS (INR per share)	33.41	52.15	(35.9)%

# Historical Income Statement

PARTICULARS (INR Mn)	FY20	FY21	FY22	FY23
Revenue from Operations	3,065	3,966	6,432	6,480
Total Expenses	2,581	3,279	5,383	5,756
EBITDA	484	687	1,049	724
<i>EBITDA Margins (%)</i>	<i>15.79%</i>	<i>17.32%</i>	<i>16.31%</i>	<i>11.17%</i>
Other Income	66	3	3	7
Depreciation	60	66	71	82
Finance Cost	66	68	69	63
<b>PBT</b>	<b>424</b>	<b>556</b>	<b>912</b>	<b>586</b>
Tax	77	131	233	151
Profit After Tax	347	425	679	435
<i>PAT Margins (%)</i>	<i>11.32%</i>	<i>10.72%</i>	<i>10.56%</i>	<i>6.71%</i>
Other Comprehensive Income	(1)	(5)	1	5
<b>Total Comprehensive Income</b>	<b>346</b>	<b>420</b>	<b>680</b>	<b>440</b>
Basic/Diluted EPS (INR per share)	26.65	32.63	52.15	33.41

# Historical Balance Sheet

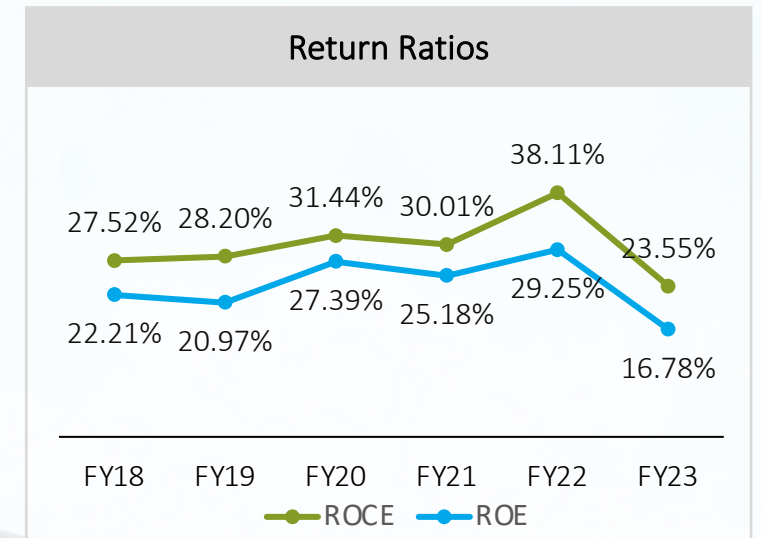
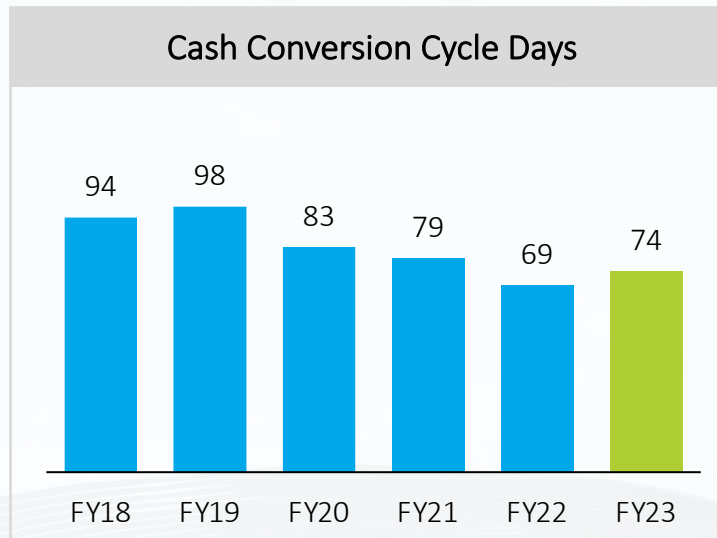
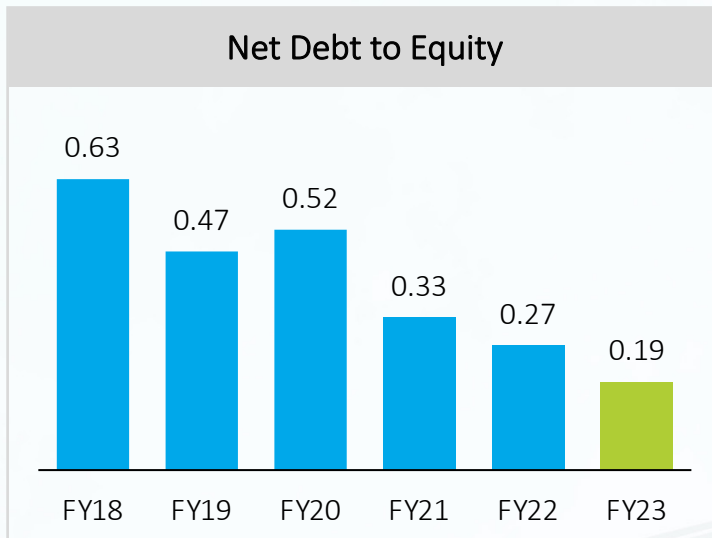
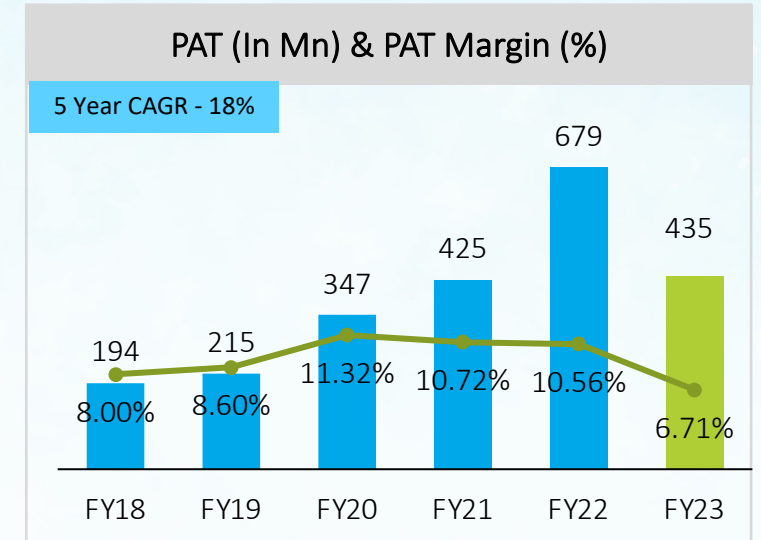
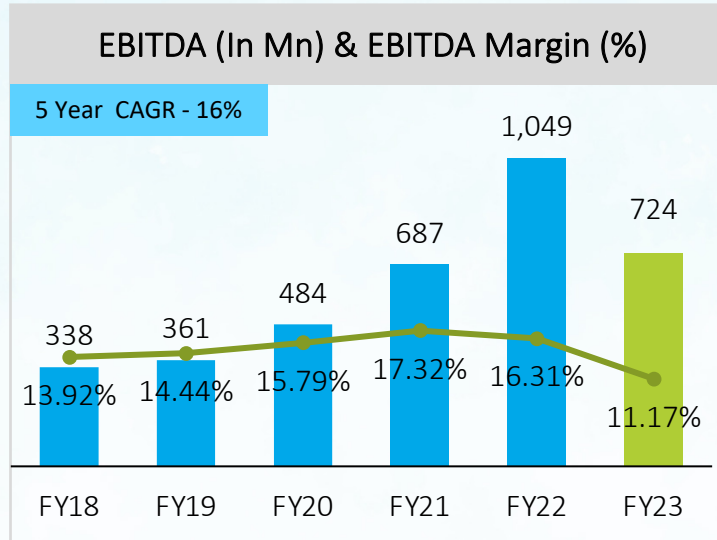
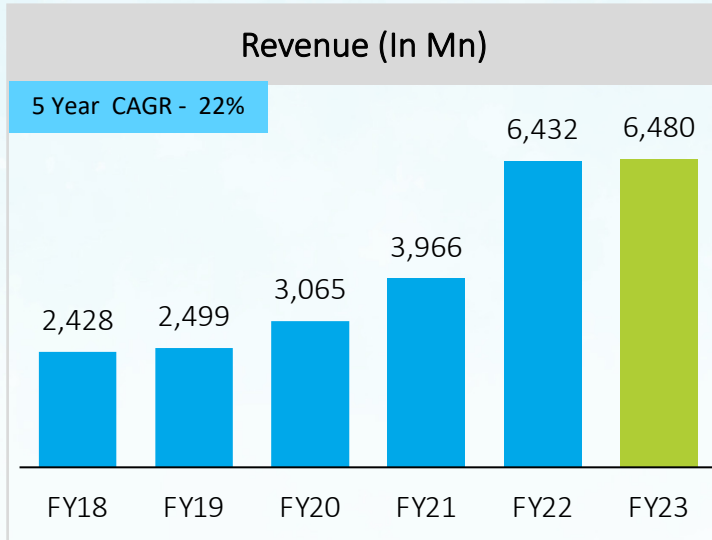
ASSETS	FY21	FY22	FY23
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1,220	1,363	1,514
Capital work-in-progress	295	420	349
Right of use assets	43	42	42
Intangible Assets	-	-	5
Intangible Assets Under Development	-	2	-
Financial Assets			
(i) Other Financial Assets	-	2	2
Non-current Tax Assets (Net)	18	19	18
Other Non-current Assets	30	20	8
	<b>1,606</b>	<b>1,868</b>	<b>1,938</b>
<b>Current Assets</b>			
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
	<b>980</b>	<b>1,373</b>	<b>1,486</b>
<b>TOTAL ASSETS</b>	<b>2,586</b>	<b>3,241</b>	<b>3,424</b>

EQUITY AND LIABILITIES	FY21	FY22	FY23
<b>EQUITY</b>			
Equity Share Capital	130	130	130
Instruments entirely equity in nature			
Other Equity	1,557	2,191	2,462
	<b>1,687</b>	<b>2,321</b>	<b>2,592</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	260	100	-
Provisions	18	17	18
Deferred Tax Liabilities (Net)	113	128	146
	<b>391</b>	<b>245</b>	<b>164</b>
<b>Current Liabilities</b>			
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
	<b>508</b>	<b>675</b>	<b>668</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,586</b>	<b>3,241</b>	<b>3,424</b>

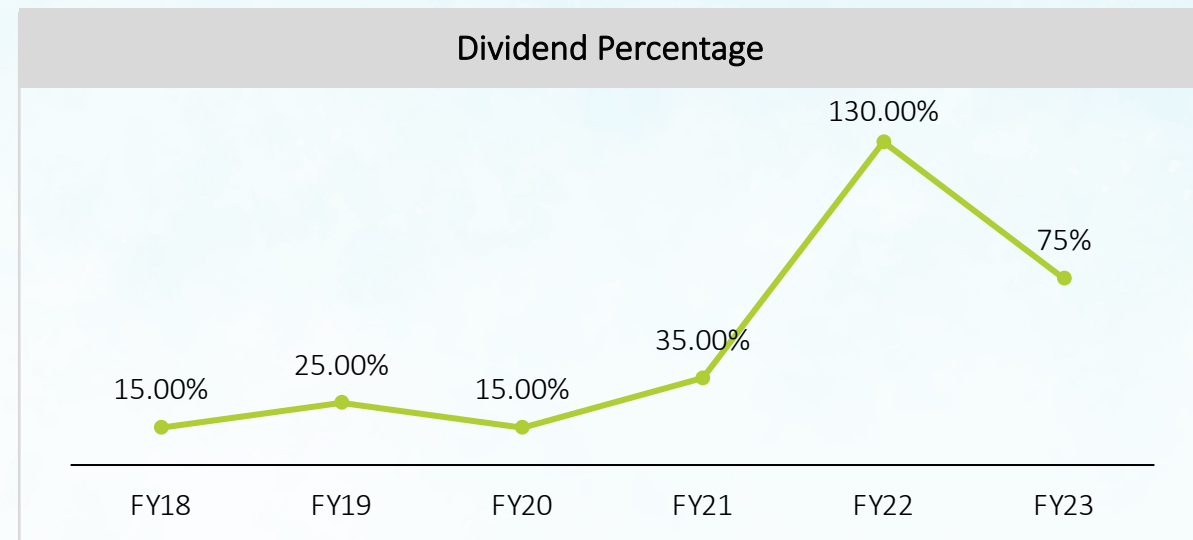
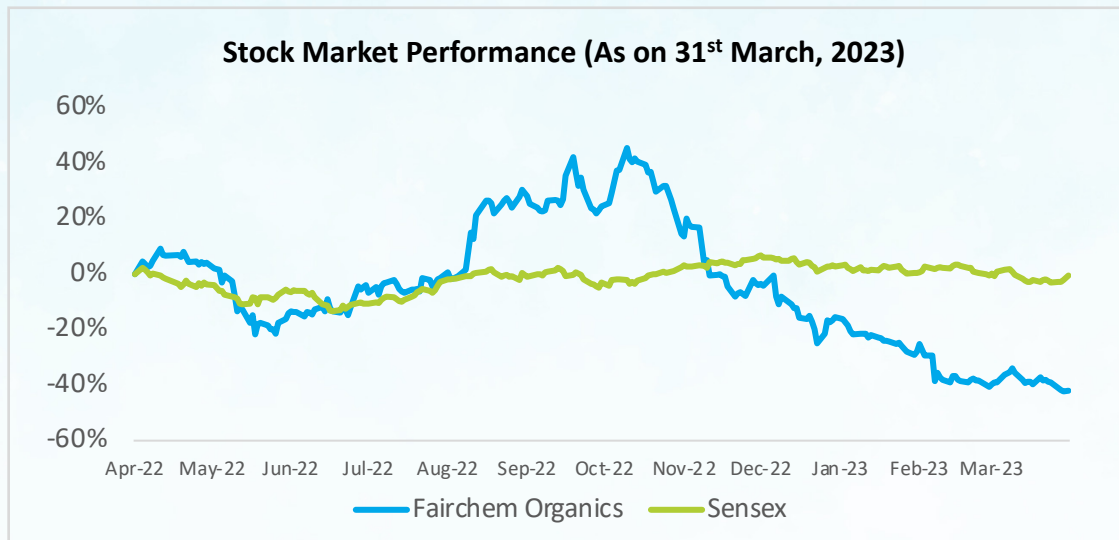
# Historical Cash Flow Statement

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

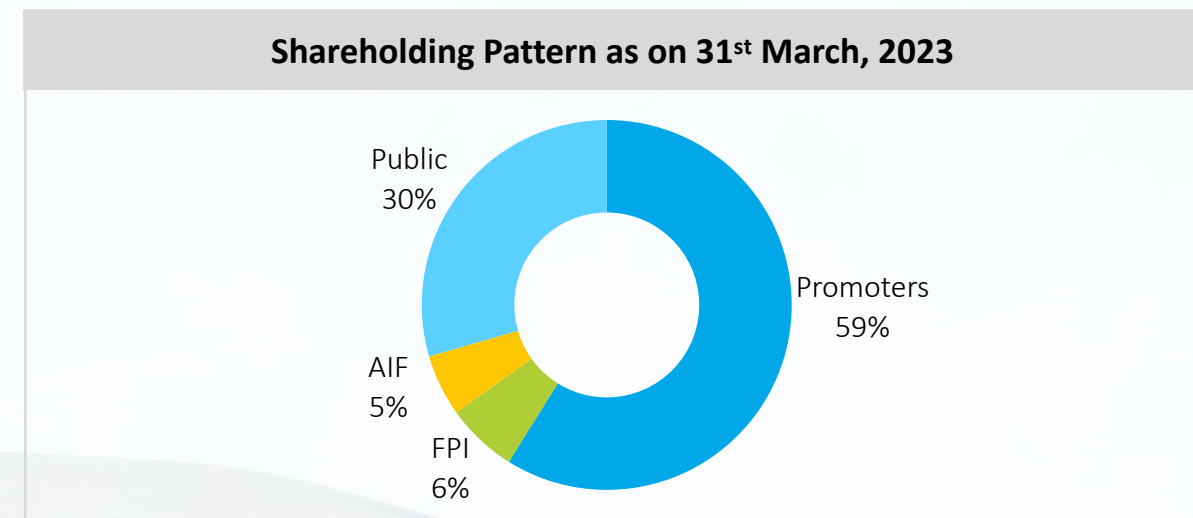
# Key Financial Highlights



# Capital Market Data



Price Data as at 31 <sup>st</sup> March, 2023	INR
Face Value	10.0
Market Price	914.1
52 Week H/L	2,448.9/ 905.0
Market Cap (Mn)	11,883.3
Equity Shares Outstanding (Mn)	13.0
1 Year Avg Trading Volume ('000)	31.5



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**For further details, please feel free to contact our Investor Relations Representatives:**



Mr. Anuj Sonpal  
Valorem Advisors  
Tel: +91-22-4903-9500  
Email: [fairchem@valoremadvisors.com](mailto:fairchem@valoremadvisors.com)