



FAIRCHEM ORGANICS LIMITED

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CIN: L24200GJ2019PLC129759

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August 6, 2024

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

Dear Sirs,

Sub: - Q1 Earnings Presentation for F.Y. 2024-25

Pursuant to Regulation 30 read with Schedule III Part A of SEBI (LODR) Regulations, 2015, we are uploading herewith a PDF file containing Earnings Presentation for quarter ended on June 30, 2024.

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
ACS - 6615

Encl: As above

Fairchem Organics Limited



Earnings Presentation

Q1-FY25

Company at a Glance

28 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, lubricants, Cosmetics

Promoted by Fairfax India Holdings and backed by experienced Management team

Forward integration to make value added products from co-product – Monomer (Monobasic) Fatty Acid – stream to make Stearic Acid, Isostearic Acid

Proposal to add one new raw material (falling under Oleo Chemicals only) to make value added products

One of a kind manufacturing process using by-products of vegetable oils which are generated in very small quantities of ~ 1.25% (for Acid Oil) and ~0.25% (for DOD) of soft oils processed

Leading manufacturer in India for substantial part of the overall revenue

High emphasis on Business Sustainability and Corporate Governance standards

Raw materials throughput capacity expansion completed in Q1-FY23 with minimal capex

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

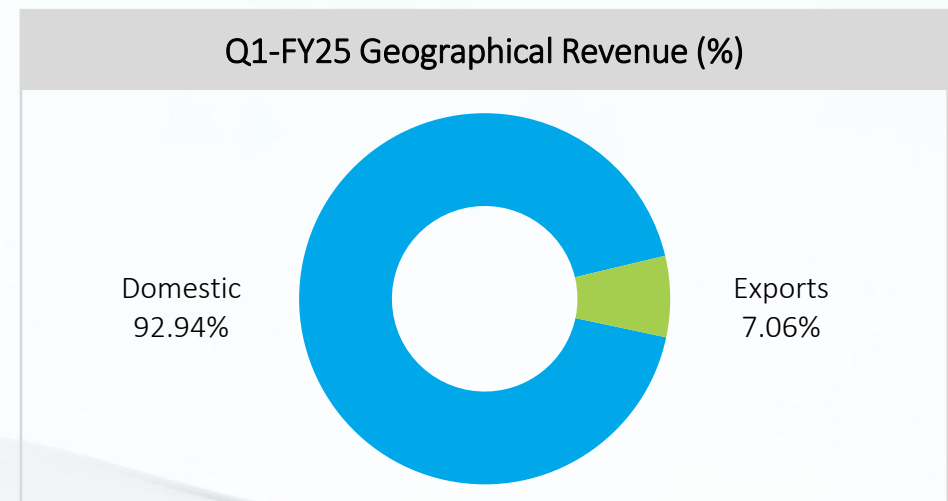
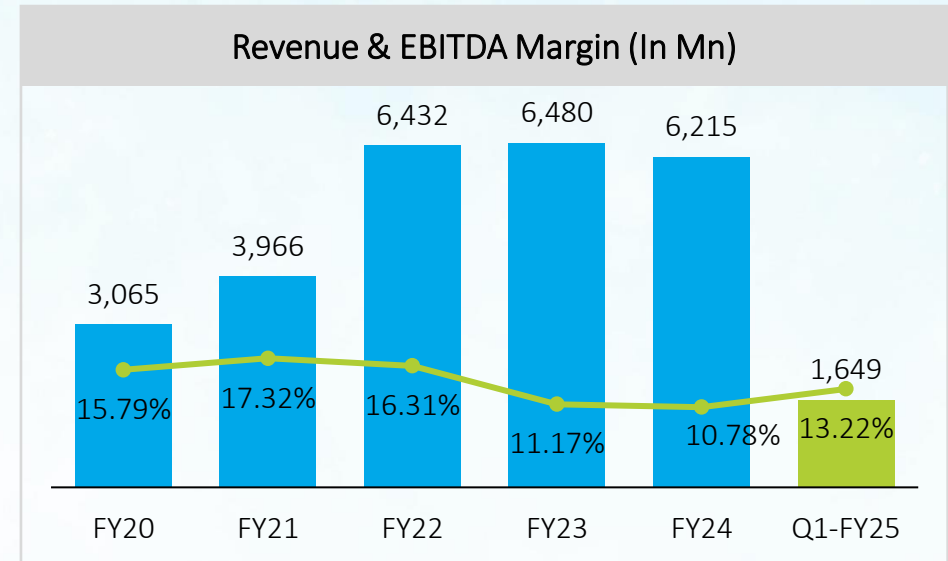
Strong Return Ratios
ROE: 14%
ROCE: 19%

Strong Long Term Financial Track Record
5 year CAGR:
Revenue: 20%
EBITDA: 13%
PAT: 14%

Commercial sale of Stearic Acid and Isostearic Acid already in place.

Company Overview

- Fairchem Organics Ltd. (Fairchem) is engaged in the business of manufacturing of Oleo Chemicals and Nutraceuticals, since the last 28 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, forward integration, debottlenecking and technological advancements to create a one of its kind world class facility.
- Fairchem has a permanent employee base of 227 along with few additional 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, ADM, Cargill etc.
- The company increased the raw material throughput capacity of its plant to 120,000 MTPA in Q1-FY23.
- The Company is the only Isostearic Acid manufacturer in India which exports the said product to different countries in U.S.A., Europe and South America. The Company is set to export this product to couple of more countries shortly.



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, lubricants.
- 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 market entire quantity of Prime Products 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 towards ‘Project Dialysis’ of around INR 9.2 Mn
 - Promoting Healthcare for treatment of cancer patients, including preventive healthcare, encompassed by the purchase of Ophthalmic Screening Devices.
 - Products are manufactured using natural source raw materials
 - Cleanliness campaign in 3 villages i.e. Chekhla, Amnagar and Nana Viramgam
 - Measures benefiting the Armed Forces, Police Forces, and Para Military Forces, as well as their veterans, war widows, and dependents

- 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-FY25 Financial & Operational Highlights

Q1-FY25 Financial Performance

INR 1,649 Mn

Revenue from
Operations

INR 218 Mn

EBITDA

13.22%

EBITDA Margins

INR 139 Mn

PAT

8.43%

PAT Margins

INR 10.64/Share

Diluted EPS

- On Q-o-Q basis, sales of finished goods in terms of volume for all products put together was higher by about 2.50% and in terms value, it was higher by about 2.90%.
- EBITDA increased from 11.71% to 13.22%, mainly due to combined effect of recognition of revenue from Isostearic Acid during the quarter and some start-up losses during the previous quarter which had impacted the said quarter's profitability.
- The Company continues to be upbeat on its value-added high value product viz. Isostearic Acid.
- The Company has made several full container load export shipments of Isostearic Acid to Europe during April – June, 2024. Revenue recognition will be done as per terms of sale (export).
- The Company has got further orders for export of Isostearic Acid for other location of existing customer as well as new customer. The Company is taking further steps to get the required approvals from few more new consumers and is hoping to get favourable response.

Quarterly Financial Performance

PARTICULARS (INR Mn)`	Q1-FY25	Q1-FY24	Y-O-Y	Q4-FY24	Q-O-Q
Revenue from Operations	1,649	1,606	2.7%	1,606	2.7%
Total Expenses	1,431	1,489	(3.9)%	1,418	0.9%
EBITDA	218	117	86.3%	188	16.0%
<i>EBITDA Margins (%)</i>	<i>13.22%</i>	<i>7.29%</i>	<i>593 Bps</i>	<i>11.71%</i>	<i>151 Bps</i>
Other Income	2	2	NA	3	(33.3)%
Depreciation	26	22	18.2%	26	NA
Finance Cost	8	14	(42.9)%	6	33.3%
PBT	186	83	NA	159	17.0%
Tax	47	22	NA	41	14.6%
Profit After Tax	139	61	NA	118	17.8%
<i>PAT Margins (%)</i>	<i>8.43%</i>	<i>3.80%</i>	<i>463 Bps</i>	<i>7.35%</i>	<i>108 Bps</i>
Other Comprehensive Income	-	(1)	NA	(1)	NA
Total Comprehensive Income	139	60	NA	117	18.8%
Basic/Diluted EPS (INR per share)	10.64	4.70	NA	9.03	17.8%

Historical Income Statement

PARTICULARS (INR Mn)	FY22	FY23	FY24	Q1-FY25
Revenue from Operations	6,432	6,480	6,215	1,649
Total Expenses	5,383	5,756	5,545	1,431
EBITDA	1,049	724	670	218
<i>EBITDA Margins (%)</i>	<i>16.31%</i>	<i>11.17%</i>	<i>10.78%</i>	<i>13.22%</i>
Other Income	3	7	11	2
Depreciation	71	82	93	26
Finance Cost	69	63	42	8
PBT	912	586	546	186
Tax	233	151	141	47
Profit After Tax	679	435	405	139
<i>PAT Margins (%)</i>	<i>10.56%</i>	<i>6.71%</i>	<i>6.52%</i>	<i>8.43%</i>
Other Comprehensive Income	1	5	(1)	-
Total Comprehensive Income	680	440	404	139
Basic/Diluted EPS (INR per share)	52.15	33.41	31.10	10.64

Historical Balance Sheet

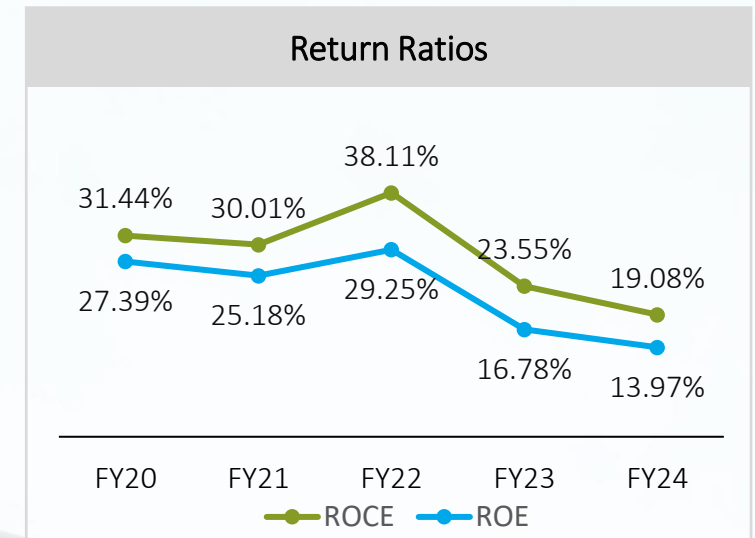
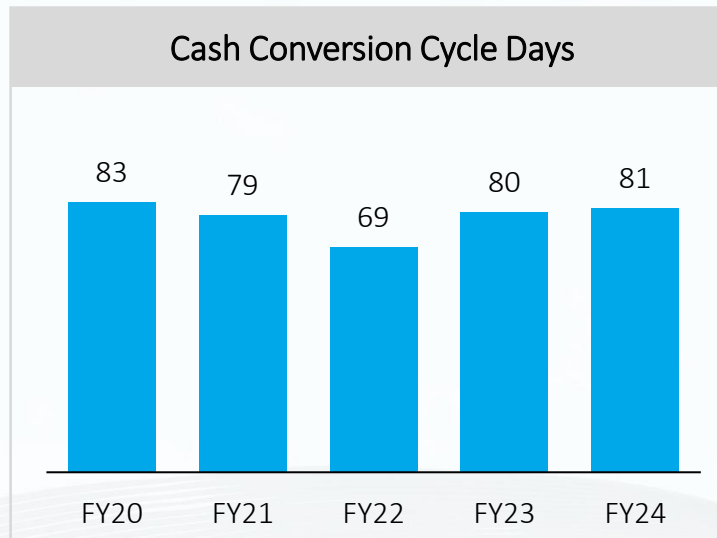
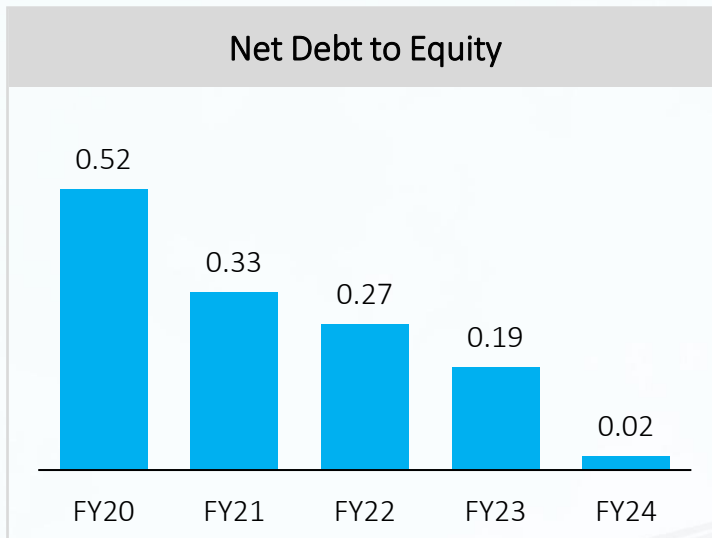
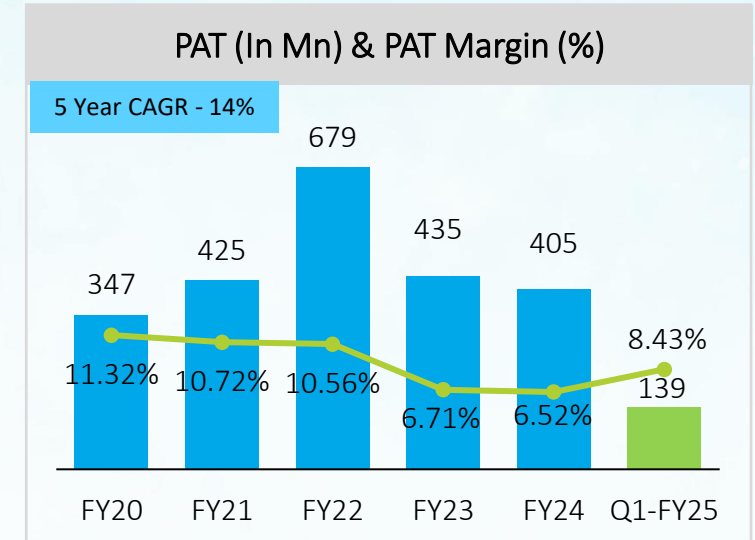
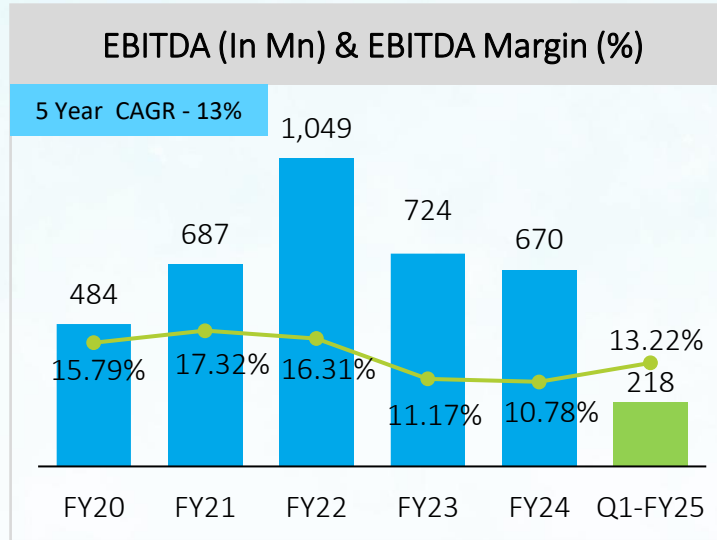
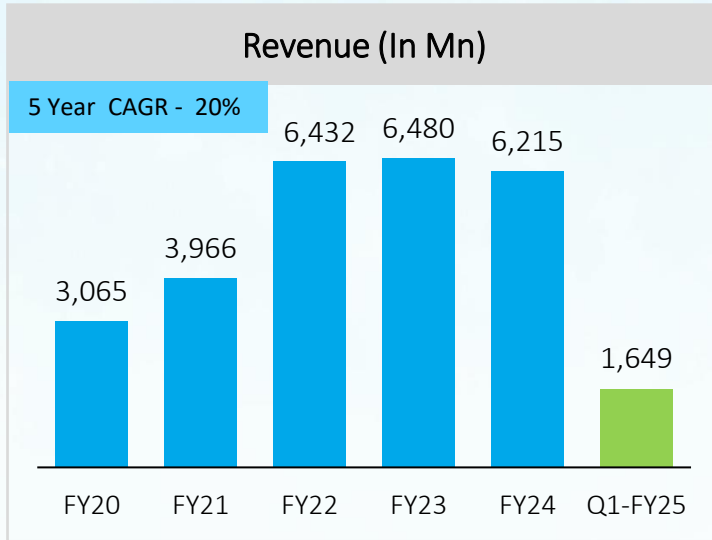
ASSETS	FY22	FY23	FY24
Non-Current Assets			
Property, Plant and Equipment	1,363	1,514	1,868
Capital work-in-progress	420	349	60
Right of use assets	42	42	41
Intangible Assets	-	5	3
Intangible Assets Under Development	2	-	-
Financial Assets			
(i) Other Financial Assets	2	2	2
Non-current Tax Assets (Net)	19	18	19
Other Non-current Assets	20	8	22
	1,868	1,938	2,015
Current Assets			
Inventories	700	800	697
Financial Assets			
(i) Trade receivables	622	626	568
(ii) Cash and Bank Balance	2	1	1
Other current assets	49	59	62
	1,373	1,486	1,328
TOTAL ASSETS	3,241	3,424	3,343

EQUITY AND LIABILITIES	FY22	FY23	FY24
EQUITY			
Equity Share Capital	130	130	130
Instruments entirely equity in nature			
Other Equity	2,191	2,462	2,769
	2,321	2,592	2,899
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	100	-	-
Provisions	17	18	22
Deferred Tax Liabilities (Net)	128	146	161
	245	164	183
Current Liabilities			
Financial Liabilities			
(i) Borrowings	520	502	73
(ii) Trade Payables	91	105	130
(iii) Other financial liabilities	8	11	3
Other current liabilities	36	36	43
Provisions	10	9	11
Current Tax Liabilities (Net)	10	5	1
	675	668	261
TOTAL EQUITY AND LIABILITIES	3,241	3,424	3,343

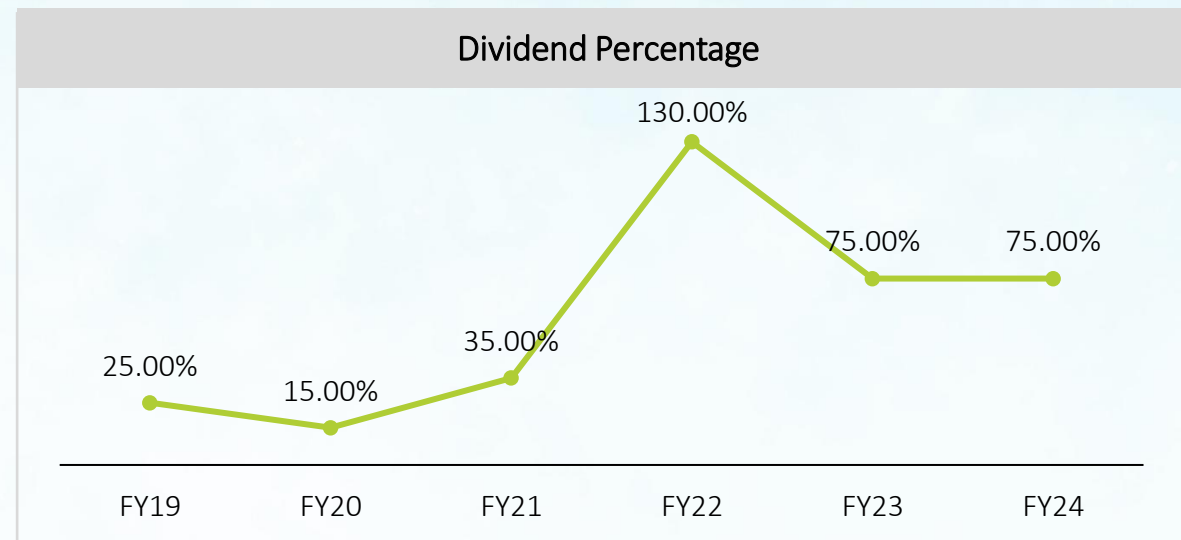
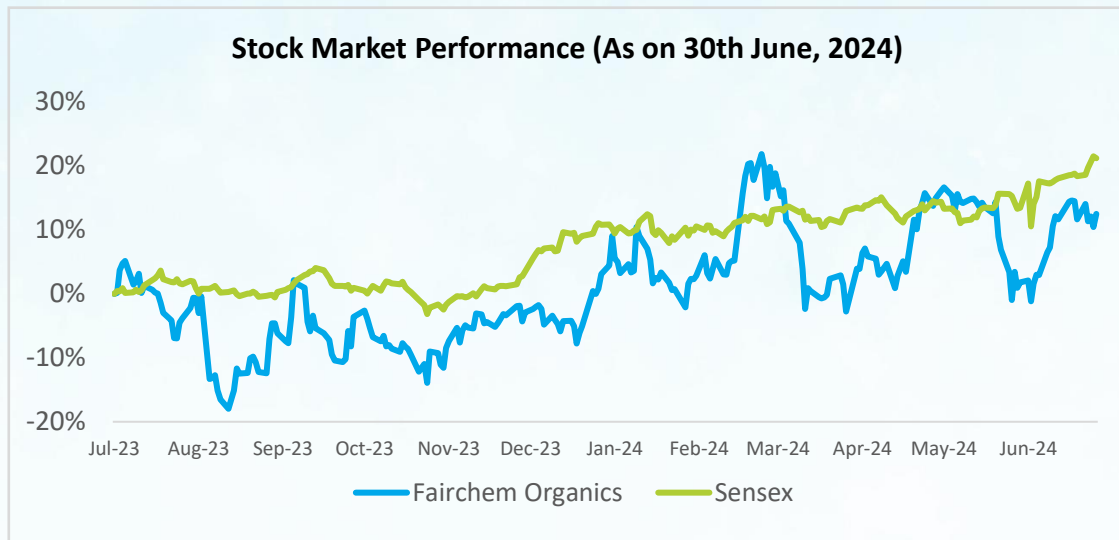
Historical Cash Flow Statement

PARTICULARS (INR Mn)	FY22	FY23	FY24
Cash and Cash Equivalents at Beginning of the year	0.3	0.1	0.1
Cash Flow From Operating Activities	405	496	745
Cash Flow from Investing Activities	(342)	(145)	(176)
Cash Flow From Financing Activities	(63)	(351)	(569)
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	745
Capital Expenditure	(342)	(145)	(176)
FCF	63	351	569

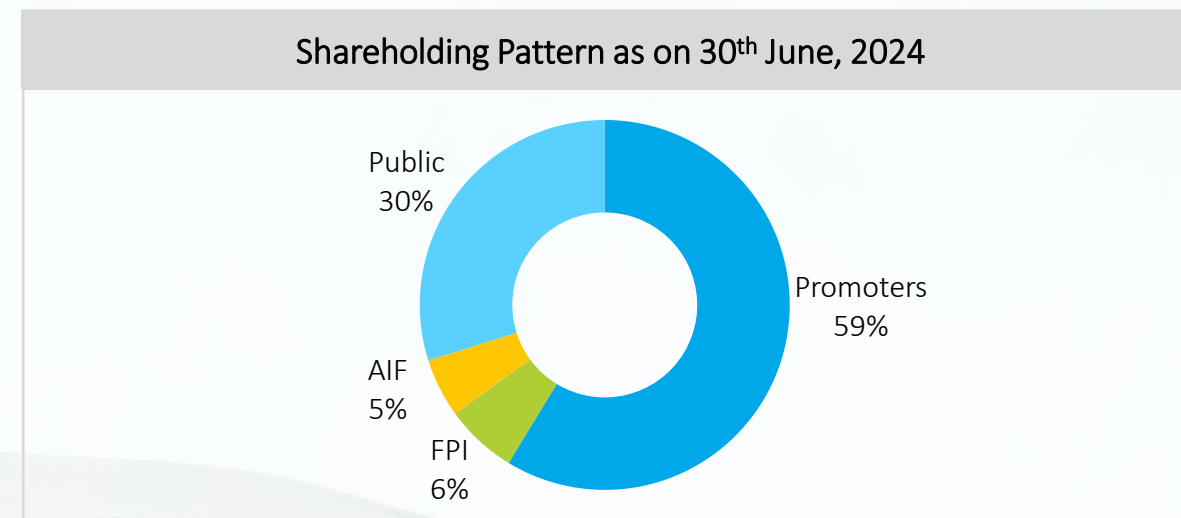
Key Financial Highlights



Capital Market Data



Price Data as at 30 th June, 2024	INR
Face Value	10.0
Market Price (BSE)	1,374.0
52 Week H/L	1,525.3/ 999.0
Market Cap (Mn)	17,890.1
Equity Shares Outstanding (Mn)	13.0
1 Year Avg Trading Volume ('000)	28.3



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