FAIRCHEM ORGANICS LIMITED

FAIRCHEM

A FAIRFAX COMPANY

5th ANNUAL REPORT 2023-24


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5th Annual Report

Board of Directors:	Shri Nahoosh Jariwala	Chairman & Managing Director
	Shri Sumit Maheshwari	Nominee Director
	Shri Venkatraman Srinivasan	Independent Director
	Shri Darius Pandole	Independent Director
	Ms. Sonal Ambani	Independent Director
	Shri Sudhin Choksey	Independent Director
Chief Financial Officer & Company Secretary:	Mr. Rajen Jhaveri	
Auditors :	**M/s. B S R & Co. LLP,** Chartered Accountants, Ahmedabad.	
Bankers :	HDFC Bank Limited	
Registered Office : & Works	253/P & 312, Village Chekhala, Sanand-Kadi Highway, Taluka Sanand, District Ahmedabad - 382115, Gujarat, INDIA. Phone : 02717-687900/687901	
E-Mail Id :	cs@fairchem.in	
CIN :	L24200GJ2019PLC129759	
Website :	www.fairchem.in	

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NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of **FAIRCHEM ORGANICS LIMITED** will be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) on **Monday, August 05, 2024 at 03.30 p.m.** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on March 31, 2024 along with the Directors' Report and Auditors' Report thereon.
2. To declare Final Dividend of Rs. 7.50 (75%) per Equity Share for the financial year ended March 31, 2024.
3. To re-appoint Shri Sumit Maheshwari (DIN: 06920646), who retires by rotation as Director and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **To ratify remuneration of Cost Auditors for the Financial year ending March 31, 2025.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   RESOLVED THAT pursuant to the provisions of Section 148 and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force), the remuneration payable to M/s. Rajendra Patel and Associates, Cost Accountants, Ahmedabad, (Firm Registration Number: 101163) appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of cost records of the Company for the financial year ending 31st March, 2025 amounting to Rs. 75,000/- (Rupees Seventy-Five Thousand only) plus applicable tax be and is hereby ratified and confirmed.

   FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office:

253/P & 312, Village Chekhala,
Sanand-Kadi Highway, Tal. Sanand
Dist. Ahmedabad-382115, Gujarat
CIN: L24200GJ2019PLC129759

By Order of the Board

For FAIRCHEM ORGANICS LIMITED,

Rajen Jhaveri

Chief Financial Officer &
Company Secretary
ACS No.: 6615

Date : May 22, 2024

NOTES :

1. The Ministry of Corporate Affairs **("MCA")** vide its General Circular Nos. 20/2020 and 09/2023 dated 5th May, 2020 and September 25, 2023 respectively [in continuation of all earlier General Circulars in regard to holding General Meetings through Video Conferencing (VC) / Other Audio Visual Means (OAVM)] (collectively referred to as "**MCA Circulars**") and Securities and Exchange Board of India ("SEBI") vide its Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023 and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 ("**SEBI Circulars**") permitted the holding of General Meeting through Video Conference ("**VC**")/Other Audio Visual Means ("**OAVM**") without the physical presence of Members at a common venue and has also provided

certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 ("**the Act**"), the Annual General Meeting ("**AGM**") of the Members of the Company is being held through VC/OAVM, which does not require physical presence of members at a common venue. The deemed venue for this AGM shall be the Registered Office of the Company.

2. Since this AGM is being held pursuant to the MCA/SEBI Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

3. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a certified true scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Company at cs@fairchem.in. Institutional investors are encouraged to attend and vote at the meeting through VC.

4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.

5. The Company has fixed Monday, July 29, 2024 as the "Record Date" for determining entitlement of Members to final dividend for the financial year ended March 31, 2024, if approved at the AGM.

6. The Notice of the Annual General Meeting along with the Annual Report for the year ended on March 31, 2024 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories/ RTA in accordance with the aforesaid MCA Circular dated September 25, 2023 and circular issued by SEBI dated October 7, 2023. Members may note that the Notice of 5th Annual General Meeting and Annual Report for the period ended on March 31, 2024 will also be available on the Company's website at www.fairchem.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of LIIPL at https://instavote.linkintime.co.in. Member can attend and participate in the Annual General Meeting through VC/OAVM facility only.

7. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Act.

8. VOTING THROUGH ELECTRONIC MEANS

- In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the members with the facility to exercise their right to vote at the 5th Annual General Meeting by electronic means and the business may be transacted electronically through the facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") as provided by LIIPL.

- The facility for electronic voting system shall also be made available at the 5th Annual General Meeting. The Members who have not cast their votes through remote e-voting shall be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

9. Instructions for Members to attend the Annual General Meeting through Insta Meet (VC/OAVM) are as under:

a) Members are entitled to attend the Annual General Meeting through VC/OAVM platform "Insta Meet" provided by the Registrar and Transfer Agent, LIIPL by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual

General Meeting and will be available to the Members on first come first served basis.

Members are requested to participate on first come first served basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Members holding more than 2% equity shares, Promoters, Institutional Investors, Directors, KMPs, Chairperson of Audit and Risk Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors, etc. may be allowed to the meeting without restrictions on first-come first served basis. Members can log in and join at 03:15 P.M. IST i.e. 15 (fifteen) minutes prior to the scheduled time of the meeting and window for joining shall be kept open till the expiry of 15 (Fifteen) minutes after the scheduled time. Participation is restricted upto 1000 members only.

b) The details of the process to register and attend the AGM are as under:

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in. Select the "Company" and 'Event Date' and register with your following details: -

   A. Demat Account No. or Folio No.: Enter your 16 digit Demat Account No. or Folio No:

   - Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
   - Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
   - Members holding shares in physical form shall provide Folio Number registered with the Company

   B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

   C. Mobile No.: Enter your mobile number.

   D. Email ID: Enter your Email ID, as recorded with your DP/Company.

   - Click "Go to Meeting" (You are now registered for Insta Meet and your attendance is marked for the meeting).

c) Instructions for Members to Speak during the Annual General Meeting through Insta Meet:

1. Shareholders who is desirous to speak during the meeting must register their request 3 days in advance with the Company on the specific email id created for the general meeting.
2. Members will get confirmation on first come first served basis.
3. Members will receive "speaking serial number" once they mark attendance for the meeting.
4. Other Members may ask questions to the panelist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.
6. Members are requested to speak only when moderator of the meeting/management announces the name and serial number for speaking.

d) Instructions for Members to Vote during the Annual General Meeting through Insta Meet:

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered Email ID) received during registration for Insta Meet and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

e) Members, who will be present in the Annual General Meeting through Insta Meet facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting facility during the meeting. Members who have voted through remote e-voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through Insta Meet. However, they will not be eligible to vote again during the meeting.

f) Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience.

g) Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

h) Please note that Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

i) For a smooth experience of viewing the AGM proceedings on Insta Meet, shareholders/members who are registered as speakers for the event are requested to download and install the Webex application.

j) In case shareholders/members have any queries regarding login/e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

REMOTE E-VOTING INSTRUCTIONS FOR SHAREHOLDERS POST CHANGE IN THE LOGIN MECHANISM FOR INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT MODE, PURSUANT TO SEBI CIRCULAR DATED DECEMBER 09, 2020:

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility. Login method for Individual shareholders holding securities in demat mode/physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	• Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. • After successful login of Easi / Easiest the user will be also able to see the E-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINKINTIME, CDSL. Click on e-Voting service provider name to cast your vote. • If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/Easi Registration • Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) & login through their depository participants	• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. • Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in Physical mode & e-voting service provider is LINKINTIME.	1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in • Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details: - **A. User ID:** Shareholders/ members holding shares in **physical form shall provide** Event No. + Folio Number registered with the Company. **B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. **C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) **D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company. • Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above • Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter). • Click "confirm" (Your password is now generated). 2. Click on 'Login' under '**SHARE HOLDER**' tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'. 4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon. 5. E-voting page will appear. 6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link). After selecting the desired option i.e. Favour / Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**', else to change your vote, click on 'No' and accordingly modify your vote.

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

Individual Shareholders holding securities in Physical mode who have forgotten the password:

- Click on 'Login' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
- In case shareholder / member is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/members holding shares in physical form, the details can be used only for voting on the resolution contained in this Notice.
- During the voting period, shareholders/members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINK INTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

10. Brief profile of Shri Sumit Maheshwari, Director, who is retiring by rotation and who offered himself for re-appointment, is enclosed to this notice pursuant to requirement of Regulation 36 of the Listing Regulations and Secretarial Standard (SS-2) issued by The Institute of Company Secretaries of India.

11. The relevant Explanatory Statement pursuant to the provisions of Section 102 of the Act in respect of Resolution set out in this Notice is appended hereinafter.

12. All the documents referred to in the Notice will be available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. August 5, 2024. Members seeking to inspect such documents can send an email to cs@fairchem.in.

13. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act and any other documents required by the Act and any other law, will be made available electronically for inspection by Members of the Company at the meeting.

14. Since the AGM will be held through VC/OAVM, the Route Map to reach to the venue of the 5th Annual General Meeting has not been annexed to this Notice.

15. Members seeking any further clarification/information relating to the Annual Financial Statements are requested to write at the Registered Office of the Company on or before July 31, 2024 to enable the management to keep the information ready at the Meeting.

16. In accordance with the proviso to Regulation 40(1) of the Listing Regulations, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.

17. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the LIIPL website at https://instameet.linkintime.co.in. The facility of participation at the AGM through VC/OAVM will be made available to 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

18. The Dividend on Equity shares, if declared at Annual General Meeting, payment of such dividend will be made to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on close of business hours of July 29, 2024.

19. Pursuant to the provisions of Section 125 of the Companies Act, 2013 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company, is required to be transferred to the Investor Education and Protection Fund, set up by the Government of India.

    Kindly note that once unclaimed and unpaid dividends are transferred to the Investor Education and Protection Fund, Members will have to approach to IEPF for such dividend. The details of unpaid dividend are uploaded on the website of the Company at https://www.fairchem.in/investor-relations-fol.html.

20. **Process for those members whose PAN, Bank details, signatures, mobile number, email ID and postal address are not registered or updated**

The Members are requested to register / update their PAN, Bank details, signatures, mobile number, email ID and Postal Address with their DPs or RTA, as the case may be, to enable the Company to send communications including Notices, Annual Reports, Circulars, etc. through electronic mode. The Members are requested to register the same by following the below process: -

Physical Holding:

Kindly submit duly filled up Form ISR-1 for registering of PAN, registering / updation of KYC details including Postal Address with PIN, Mobile Number, Email Address, Bank Account details. Kindly submit duly filled up Form ISR-2 for updation of your signatures. The downloadable and fillable Forms and the instruction for filling up the forms and requisite enclosures are given on the website of the Company and of RTA. Please refer and follow the instructions given in the SEBI circular dated March 16, 2023 for updation of records. Please submit the forms to RTA of the Company at Link Intime India Private Limited, 5th Floor, 506 to 508, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Off C.G. Road, Navrangpura, Ahmedabad 380 009.

Demat Holding:

For registration of PAN and registration / updation of KYC, details including Postal address with PIN, Mobile Number, Email Address, Bank Account details, the Member may contact their respective DPs and update the same with their respective DPs and the same would be effective across all their shareholdings

21. Pursuant to the Finance Act, 2020, the dividend income will be taxable in the hands of the members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from the dividend paid to members at the prescribed rates. For the prescribed rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof and SEPARATE EMAIL BEING SENT BY THE COMPANY TO THE MEMBERS WHOSE EMAIL IDS ARE REGISTERED WITH THE DEPOSITORY PARTICIPANTS/RTA/COMPANY.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

- Members having valid PAN- 10% or as notified by the Government of India
- Members not having PAN / valid PAN- 20% or as notified by the Government of India

(However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during Financial Year 2024-25 does not exceed Rs. 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax. Registered members may also submit any other document as prescribed under the IT Act to claim a lower / Nil withholding tax. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above.

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the member, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA, non-resident shareholders will have to provide the following :

(1) Copy of the PAN card allotted by the Indian Income Tax authorities duly attested by the member,

(2) Copy of Tax Residency Certificate (TRC) for the FY 2023- 24 obtained from the revenue authorities of the country of tax residence, duly attested by member,

(3) Self declaration in Form 10F,

(4) Self-declaration by the shareholder of having no permanent establishment in India in accordance with the applicable tax treaty, and

(5) Self-declaration of beneficial ownership by the non-resident shareholder. Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by member.

In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess). The aforementioned documents are required to be submitted at cs@fairchem.in by the shareholders on or before the record date i.e. July 29, 2024.

General Guidelines for shareholders:

1. In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call at :- Tel : 022 - 49186000.

2. The remote e-voting period will commence at **01:00 p.m. (IST) on Wednesday, July 31, 2024 and will end at 5:00 p.m. (IST) on Sunday, August 4, 2024.** During this period members of the Company, holding shares in dematerialized form, as on the **cut-off date** i.e. **Monday, July 29, 2024** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIIPL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

3. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. **Monday, July 29, 2024**. The person who is not a member as on the cut-off date should treat this Notice for information purpose only.

4. Any person, who acquire shares of the Company and become member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date i.e. **Monday, July 29, 2024**, may obtain the user ID and password by sending a request to RTA. However, if you are already registered with LIIPL for remote e-voting, then you can use your existing user ID and password for casting your vote.

5. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or evoting at the AGM.

6. The Company has appointed Mr. Umesh Parikh, Practicing Company Secretary (Membership No. FCS 4152) and failing him, Mr. Uday Dave, Practicing Company Secretary (Membership no. FCS 6545) – both the Partners of M/s. Parikh Dave & Associates, Company Secretaries, Ahmedabad, as the Scrutinizer to scrutinize the remote e-voting process and evoting at the Annual General Meeting in a fair and transparent manner.

7. The Chairman shall, at the AGM, at the discussion on the resolutions on which voting is to be held, allow voting to be cast by use of evoting facility 'InstaMeet' of LIIPL for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

8. The Scrutinizer shall after the conclusion of voting at the AGM, will first download the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, within 2 working days of the conclusion of the AGM, a consolidated

scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

9. The Results of the AGM shall be declared by the Chairman or person authorized or anyone of the director of the Company after the AGM within the prescribed time limit. The resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.

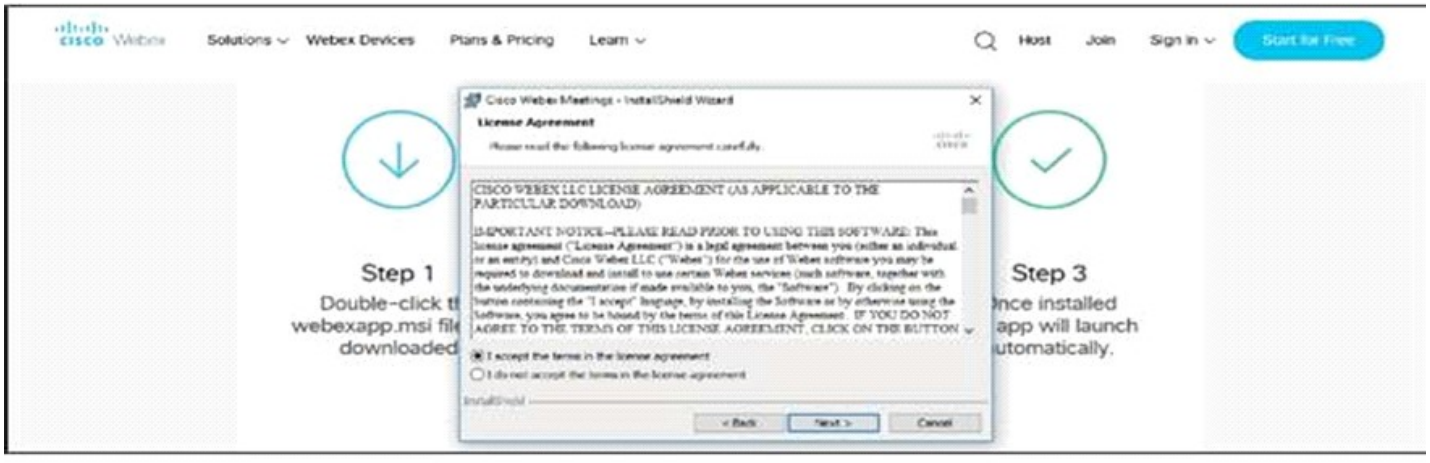
10. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.fairchem.in and on the website of LIIPL.

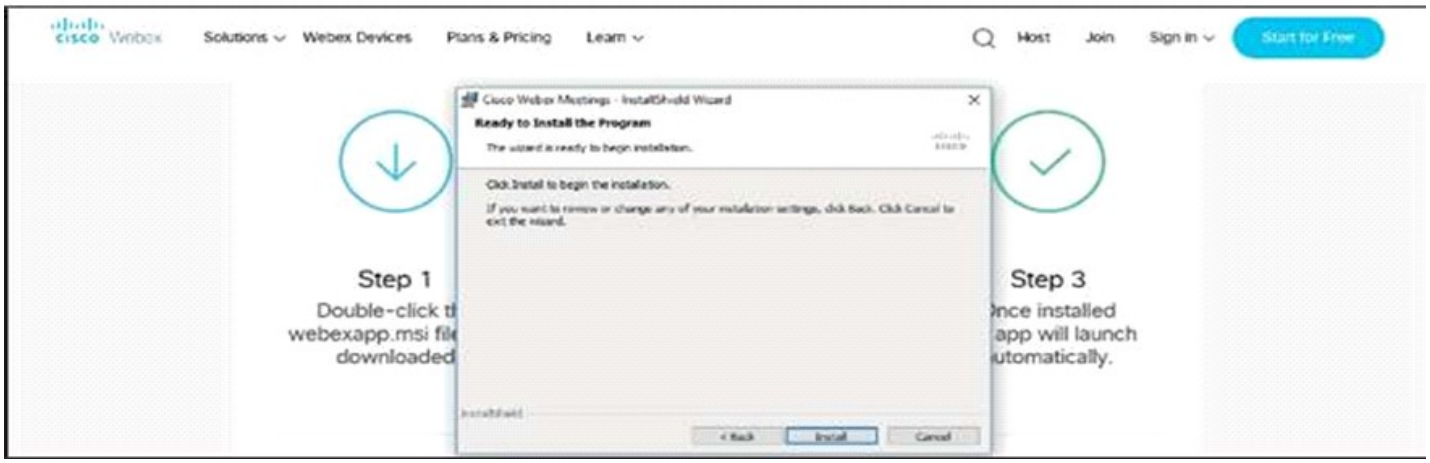
Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: Insta Meet

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. Insta Meet, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

a) Please download and install the Webex application by clicking on the link https://www.webex.com/downloads.html/







or

b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1	**Enter your First Name, Last Name and Email ID and click on Join Now.**
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on JoinNow
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now

Registered Office:

253/P & 312, Village Chekhala,
Sanand-Kadi Highway, Tal. Sanand
Dist. Ahmedabad-382115, Gujarat
CIN: L24200GJ2019PLC129759

By Order of the Board

For FAIRCHEM ORGANICS LIMITED,

Rajen Jhaveri

Chief Financial Officer &
Company Secretary
ACS No.: 6615

Date : May 22, 2024

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

Item No. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors M/s. Rajendra Patel and Associates to conduct the audit of the cost records maintained by the Company for the products covered under Chapters 2915, 2917, 3823 and 3824 of Sr. No. 18 of table mentioned under Rule 3 (B) - Non-regulated Sectors for the financial year ending March 31, 2025. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2025. The Board recommends the passing of Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO LISTING REGULATIONS)

Name of Director	**Shri Sumit Maheshwari – Nominee Director – Non-Executive – Non-Independent**
DIN	06920646
Date of Birth	November 27, 1982
Age	41 Years
Date of First Appointment on Board	August 26, 2020
Qualifications	He is a Chartered Accountant and M.B.A.
Brief Resume and nature of expertise in functional areas	He is a Chartered Accountant and M.B.A. from I.S.B., a very well-known business institute. He is a financial expert and is a great analyst and decision maker from PE's view point.
Relationship between Directors and KMP	No relationship as defined under the Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Public Listed Companies as on March 31, 2024	• Thomas Cook (India) Limited • CSB Bank Limited
Membership / Chairmanship of Committees in other Public Listed Companies as on March 31, 2024	• Thomas Cook (India) Limited • CSB Bank Limited
Details of shares held in the Company	NIL
Resignation from listed company(ies) during last 3 years	Privi Speciality Chemicals Limited w.e.f. April 29, 2021
Terms and conditions of Appointment/Re-appointment	Liable to Retirement by rotation, Eligible for re-appointment.
Details of Remuneration last drawn	NIL
No. of Board Meetings attended during Financial Year 2023-2024	4 (Four)

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Dist. Ahmedabad-382115, Gujarat
CIN: L24200GJ2019PLC129759

By Order of the Board

For FAIRCHEM ORGANICS LIMITED,

Rajen Jhaveri

Chief Financial Officer &
Company Secretary
ACS No.: 6615

Date : May 22, 2024

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OLEO CHEMICALS AND NUTRACEUTICALS:

The Industry Structure and Developments:

OLEO CHEMICALS:

Oleo Chemicals are preferred since they are produced from biological fats or oils i.e. natural sources. The demand for biodegradable chemicals is supporting oleo chemicals market. Fatty Acids, methyl esters and fatty alcohols are major oleo chemicals manufactured in India. The Company is mainly in the business of Fatty Acids which is one of the largest segments in Oleo Chemicals. Dimer Acid, Linoleic Acid / Soya Fatty Acid, Isostearic Acid, other Distilled Fatty Acids are the main products of the Company in Oleo Chemical segment.

Dimer Acid: No organized data pertaining to demand / consumption of Dimer Acid in India is available. However, since the Company is in the business of this product now for more than two decades, it is largely aware of the industrial users of the same. The company also tracks the import data from China as Chinese suppliers are the main competitors for the Company. Based on Company's analysis, the Company continues to maintain its leadership position in Indian market by virtue of its pricing strategy, timely service, quick supply and fair terms of payment and quality product. Dimer Acid is a prime product of the Company which is made by processing blend of different raw materials. About 3 years back, the Company has internally developed a process which gives it optimum yield from processing of such blend. During the financial year under review, the company was able to maintain its share in the domestic market of Dimer Acid and hopes to improve on the same in coming quarters. The Company has also been able to develop export market and that too in U.S.A. for its Dimer Acid and hope to gradually increase the export during financial year 2024-25.

Dimer Acid is used for making two kinds of polyamides i.e. Non-reactive and Reactive. Non-reactive polyamides are used by manufacturers of printing inks, adhesives, paper coatings, etc. Rising demand from industries such as printing inks, adhesives and paper coatings may drive global dimer acid market size for non-reactive polyamide resins. The demand for Reactive polyamide resins application will be driven by increasing surface coatings & adhesives demand in marine and construction.

Linoleic Acid / Soya Fatty Acid:

About 5 years back, the Company had worked on improvement in quality of this product and as a result was able to push the sales of said product. The end use of both - Linoleic Acid and Soya Fatty Acid - is same i.e. for making Alkyd Resins which in turn is used in making paints. During the period of last 12 months, the Company has been able to sell these products to another Indian customer for altogether different application and again it appears to be long term in nature.

Isostearic Acid:

During the year, the Company introduced an in-house developed high value new product viz. Isostearic Acid mainly used in Lubricants and Cosmetics industry. As per the available data, there are very few, say 6 to 7, manufacturers of this product globally and our Company is the first Indian and perhaps the first Asian company to successfully make it with internationally acceptable quality without importing any technology or taking help of any external specialist / consultant for the same. The Company expects to do good business with quite remunerative prices for this product in markets of Europe and U.S.A. in coming period.

INTERMEDIATE NUTRACEUTICALS:

The word Nutraceutical is derived from two words viz. `Nutrition' and `Pharmaceutical'. When used in food, it provides health and nutrition benefits in addition to basic nutrition value present in food items. The consumers are now more health conscious and better informed about such nutritional products. The Company is in the business of (natural) Tocopherols and Sterols – intermediate nutraceuticals and they are exclusively exported. Tocopherols have anti-oxidant properties. Tocopherols, after they are further concentrated by customers, are then used in (a) Pet Food, (b) food as it prevents rancidity. Tocopherols when converted into Natural Vitamin E finds the application in Pharmaceutical, cosmetic etc. Sterols after they are further concentrated, finds its use in making of Cortico Steroids and as food additive.

Due to unremunerative prices of the product exported by the Company, being intermediate in nature vis-à-vis price expectation of Indian suppliers of its specific raw material, the Company did limited business of this stream during the F.Y. 2023-24 also. The Company has decided to continue with this limited business so that in future when there is an opportunity to upgrade the streams of Tocopherols and Sterols, the same can be explored immediately.

Strengths, Opportunities and Threat:

The major strength in Oleo Chemical business is Company's ability to process by-products having no technical specifications and make higher grade fatty acids and intermediate nutraceuticals meeting stringent quality standards. In fatty acids, the Company enjoys leadership position in its area of business. Another advantage in favour of the Company is its strong customer and supplier relationship of more than 26 years.

Ideally, there is a place for one company in this business of Oleo Chemicals and Nutraceuticals in India due to limited availability of the main raw materials within India. The import of the said raw material with applicable basic import duty is not a very viable proposition at current prices of raw materials as well as prime finished products obtained therefrom.

HUMAN RESOURCE MANAGEMENT:

Out of all the resources, human capital is of immense importance which may decide overall growth of Oleo Chemicals business. Human capital has the inherent capacity of delivering more than 100 % unlike other resources. During the year, the industrial relations were very cordial. As at March 31, 2024, the Company had 227 employees on the payroll of the Company.

OUTLOOK:

The outlook of Oleo Chemicals business appears to be promising. The Company is continuously working on process optimization and strives to explore the ways to beat the inflation and thereby maintain / reduce per unit processing cost. This is one area where the Company benefits without any corresponding loss to either its customer or supplier of raw material and so this benefit is permanent.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

There are adequate internal control systems for financial reporting. Internal audit has been done by a firm of Chartered Accountants. The Company is continuously exploring to strengthen its internal control either based on feedback of statutory / internal auditors or based on the need felt from day to day operations. With effect from December, 2018, entire finance dept. is shifted to the office at works and so now all the employees of the Company are at single location. This has its own advantages. The switch over by the Company from Tally ERP to SAP B1 software w.e.f. January 01, 2023 has helped in strengthening internal control systems.

Computation of Ratio and significant changes therein				
No.	Ratios	F.Y. 2023-24	F.Y. 2022-23	Change (%)
1	Debtors Turnover Ratio	12.56	12.11	4%
2	Inventory Turnover Ratio	6.75	7.11	- 5%
3	Interest Coverage Ratio	13.88	10.36	34%
4	Current Ratio	5.10	2.22	130%
5	Debt Equity Ratio	0.03	0.19	- 84%
6	Operating Profit Margin (%)	10.86%	11.16%	3%
7	Net Profit Margin (%)	6.55%	6.72 %	- 3%
8	Return on Net Worth (%)	14.73%	17.92%	- 18%

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios:

a) The rise in Interest Coverage Ratio by 34% is due to robust financial position of the Company thereby resulting into lesser average utilization of credit limits during the year which in turn resulted in lesser interest cost by more than 30% on Y-o-Y basis.

b) The significant rise in the Current Ratio is due to substantial decrease in current liabilities mainly aided by significant reduction in current borrowings as at the Balance Sheet date. This again is due to fairly good cash generation from operations.

c) The significant fall in the Debt Equity Ratio is also due to the reasons mentioned in previous points.

DIRECTORS' REPORT

To

The Members,

Your Directors are indeed pleased to present the Fifth Annual Report along with Audited financial statements of the Company for the financial year ended March 31, 2024. These financial statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) as required under The Companies Act, 2013.

FINANCIAL RESULTS:

(Rupees in Lakhs, unless otherwise stated)

		For the year ended on 31-03-2024	For the year ended on 31-03-2023
(1)	Total Income	**62,260.65**	64,871.66
(2)	Profit before Interest, Depreciation and Tax	**6,811.37**	7,300.68
(3)	Less : Interest	**423.93**	626.24
(4)	Profit before Depreciation and Tax	**6,387.44**	6,674.44
(5)	Less : Depreciation	**927.84**	815.19
(6)	**Profit before Tax for the year**	**5,459.60**	5,859.25
(7)	Less : Provision for Taxation		
	(a) Current Tax	**1,253.11**	1,349.64
	(b) Deferred tax	**156.46**	159.46
	Sub-total	**1,409.57**	1,509.10
(8)	**Profit after Tax for the year**	**4,050.03**	4,350.15
(9)	Add : Other comprehensive income for the year / period, net of tax	**(6.19)**	53.62
(10)	Total Comprehensive Income for the year / period	**4,043.84**	4,403.77
(11)	Earnings per share (EPS) of Rs. 10/- each	**Rs. 31.10**	Rs. 33.41

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS:

During the year under review, the revenue from operations were Rs. 62,147.26 lakhs, which is marginally lower by 4.10% though there is volume increase of more than 15 % in aggregate sale quantity. The Profit before tax stood at Rs. 5,459.60 lakhs, which is lower by about 6.82%. Due to overall relatively lower average prices of raw materials and resultantly finished goods, top line number is reflecting marginal fall in spite of higher volume.

CHANGE IN NATURE OF BUSINESS:

There is no change in the nature of business per se of the Company during the year. The Company, however, successfully launched its in-house developed high value value-added product viz. Isostearic Acid in the international market and initial response is very encouraging.

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs. 7.50 (i.e. 75%) per equity share for the financial year ended March 31, 2024, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. Dividend will be paid to those shareholders whose names appear in the Register of Members as on Book Closure / Record Date to be fixed by the Company.

The Company has formulated Dividend Distribution Policy in compliance with Regulation 43A of SEBI (LODR) Regulations, 2015. The Dividend Distribution policy is placed on the Website of the Company at https://fairchem.in/investor-relations/Policies/Dividend-Distribution-Policy.pdf

TRANSFER TO RESERVE:

Your Directors have decided not to transfer any amount to the Reserve for the year under review.

MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes and commitments which have occurred between the end of the financial year to which the financial statements relate and the date of this Report, affecting the financial position of the company.

CAPITAL STRUCTURE:

The Company has only one class of Equity Shares having equal voting rights. The present issued, subscribed and paid up share capital of the Company is Rs. 13,02,09,020/- divided into 1,30,20,902 Equity Shares of Rs. 10/- each fully paid up. There is no change in the Capital structure of the Company during the year.

IMPACT OF COVID-19 PANDEMIC:

Health scares due to COVID-19 Pandemic had resulted in global economic disruption for an extended period of nearly 2 years over its various phases. However, due to robust vaccination programmes, particularly by countries with large population, the pandemic could be controlled to a substantial extent. The company was not directly adversely impacted due to this pandemic during the year under review.

MEETINGS OF THE BOARD:

During the Financial Year 2023-24, 4 (four) meetings of the Board of Directors took place at which sufficient quorum was present throughout all the meetings. In respect of these meetings, proper notices were given, and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. For further details, please refer Report on Corporate Governance.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Company has not given any loan, made investment, given any guarantee or provided any security to the persons covered u/s. 186 of the Companies Act, 2013.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

A Report on the Corporate Governance along with a certificate from a practicing Company Secretary regarding the compliance of conditions of Corporate Governance as stipulated in Regulation 34(3) of SEBI (LODR) Regulations, 2015 read with Schedule V of the said regulations and the Management Discussion and Analysis Report are attached as a separate section of this Annual Report.

Pursuant to Regulation 34(2)(f) of the Listing Regulations as amended from time to time, the Business Responsibility and Sustainability Report ('BRSR') and initiatives taken from an environmental, social and governance perspective in the prescribed format is attached as a separate section of this Annual Report.

AUDIT COMMITTEE:

The Audit Committee of the Company is duly constituted in compliance with Regulation 18 of SEBI (LODR) Regulations 2015. The Composition of Audit Committee is given in the Corporate Governance Report forming part of this Report.

DEPOSITS:

The Company has not accepted nor renewed any deposits falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

CREDIT RATING:

CARE Ratings Limited carried out annual review of credit facilities of HDFC Bank and vide its letter dated July 31, 2023, has reaffirmed its rating as under:

1. For Long-term Bank facilities: CARE A+; Stable (Single A Plus; Outlook Stable)
2. For Long-term / Short – term Bank facilities: CARE A+; Stable / CARE A1+ (Single A Plus; Outlook: Stable / A One Plus)
3. Short Term Bank facilities: CARE A1+ (A One Plus)

INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

The Company was incorporated during 2019 and has not completed period of seven years. Hence, the provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") which provides that all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years, are not applicable. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. As this is only the fifth financial year of the Company, this provision is also not applicable to the Company.

TECHNICAL ACHIEVEMENT:

The Company keeps on exploring the possibility of technical improvement and process optimization for better yields / product mix / energy efficiency.

DIRECTORS:

In accordance with the provisions of Section 152 of the Act, Shri Sumit Maheshwari (DIN: 06920646) shall retire at the forthcoming Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

Post demise of Shri Utkarsh Shah on 22.08.2022, 23,333 Equity Shares held in the sole name of Shri Utkarsh Shah were transmitted in favour of Shri Aadarsh Shah (first holder) and Mrs. Radhika Shah (joint holder) on 08.09.2022 and as per SEBI Regulations, they have now become the promoters of the Company. Based on the application by them, the Company has applied to both the Stock Exchanges for their re-classification to 'Public' category. The application, as on date, is under process with both the stock exchanges.

DECLARATION OF INDEPENDENCE GIVEN BY INDEPENDENT DIRECTORS:

The Company has received declarations from all the 4 Independent Directors of the Company, inter alia, confirming that they meet the criteria of Independence and that they are not disqualified for continuing as an Independent Director as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015, as amended, respectively.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR ETC.:

Pursuant to the provisions of Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder and Regulation 19 of SEBI (LODR) Regulation, 2015, the Board of Directors at their Meeting held on 12.08.2020 approved the Nomination and Remuneration Policy which was reviewed/updated by the Board from time to time. The salient features of the said policy covering the policy on appointment and remuneration and other matters have been explained in the Corporate Governance Report.

Copy of Nomination and Remuneration Policy of the Company can be accessed from the website of the Company https://fairchem.in/investor-relations/Policies/Nomination-&-Remuneration-Policy.pdf

BOARD EVALUATION:

Based on the criteria for evaluation of Independent Directors and the Board as recommended by the Nomination and Remuneration Committee and as adopted by the Board, Board carried out evaluation of its own performance, the individual Directors and the Committees. The evaluation of Independent Directors, as provided in Regulation 17 (10) of Listing Regulations, was done by the Board which included their performance and fulfillment of independence criteria as specified in Listing Regulations and their independence from the management.

The Independent Directors reviewed the performance of (1) Non-Independent Directors and Board as a whole and (2) the Chairman of the Company, taking into account the views of all Non-executive Directors in their separate meeting held on March 21, 2024. They expressed their satisfaction with the performance of Non-Independent Directors and Board as a whole and also of the Chairman of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013 and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

(i) that in the preparation of the financial statements for the year ended March 31, 2024, the applicable accounting standards read with requirements set out under Schedule III of the Companies Act have been followed and there are no material departures from the same;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. March 31, 2024 and of the profit of the Company for that period;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a 'Going Concern' basis;

(v) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and

(vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

LISTING:

The securities of the Company are listed with BSE Limited and National Stock Exchange of India Limited with effect from December 24, 2020. SEBI (LODR) Regulations, 2015 became applicable to the Company from the said date. The Company has paid the listing fees for F.Y. 2024-25 on the paid-up equity share capital to both the Stock Exchanges.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All contracts / arrangements / transactions with related parties entered into by the Company during the financial year were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material as described under the Regulation 23(1) of SEBI (LODR) Regulations 2015.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. Copy of Policy on Related Party Transactions can be accessed from the website of the Company https://fairchem.in/investor-relations/Policies/Related-Party-Transactions-Policy-FOL.pdf

INTERNAL CONTROL AND ITS ADEQUACY:

The Company has, commensurate with its size, single operational location and resultant requirement, Internal Control system. A well-known firm of Chartered Accountants carried out internal audit of the said system. Based on the recommendation / report of the said Internal Auditors which are presented to the Audit Committee, required corrective actions were initiated / taken by the Company.

INTERNAL FINANCIAL CONTROLS:

The Directors have laid down policies and procedures which are adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

FRAUD:

During the year under review, no fraud was reported by the statutory auditors under section 143(12) of the Act.

CORPORATE SOCIAL RESPONSIBILITY:

The Board had approved Corporate Social Responsibility Policy in its meeting held on August 12, 2020. The copy of Corporate Social Responsibility Policy is placed on the website of the Company at https://fairchem.in/investor-relations/Policies/Corporate-Social-Responsibility-Policy.pdf

The Corporate Social Responsibility Committee of the Board is duly constituted in compliance with provisions of Section 135 of Companies Act 2013. The Committee comprised of:

1. Shri Nahoosh Jariwala
2. Shri Sumit Maheshwari
3. Ms. Sonal Ambani

The other details of the CSR activities as required U/s. 135 of The Companies Act, 2013 are given in the CSR Report as Annexure A to Directors' Report.

PARTICULARS OF EMPLOYEES:

Details pertaining to remuneration as required under Section 197(12) of the Companies Act 2013 read with Rule 5(1) and 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are provided under Annexure B to this Directors' Report.

RISK MANAGEMENT POLICY:

The Company has put in place Risk Management Policy and Plan. The Company has identified (i) Business Risk (ii) Technological Risk (iii) Financial Risk (iv) Liquidity Risk (v) Exchange Rate Risk (v) Country specific Risk (vi) Safety Risk (vii) Information/Cyber Security Risk (viii) Employee Risk and (ix) Risk of Natural Calamities which in the opinion of the Board may threaten the existence of the Company.

The team of top 3 officials of the Company under the supervision and guidance of the Managing Director monitor the above mentioned or any other unforeseen / unexpected risks and ensure the smooth and clinical implementation of mitigation measures as outlined in this plan earlier and / or as are in the best interest of the company under the circumstances.

STATUTORY AUDIT REPORT:

The auditors M/s. B S R & Co. LLP, Chartered Accountants were appointed at the 1st Annual General Meeting held on December 31, 2020 for a term of five years, from the conclusion of first AGM till the conclusion of sixth AGM to be held in the year 2025. The Auditors' report during the year under review does not contain any qualification/ remarks nor any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report. The Board has duly reviewed the Statutory Auditor's Report and the observations and comments, appearing in the report, are self-explanatory and do not call for any further explanation/ clarification.

SECRETARIAL AUDIT REPORT:

As required by Section 204 of The Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Parikh Dave & Associates, Company Secretaries, Ahmedabad, a peer reviewed firm of Company Secretaries in Practice to conduct Secretarial Audit for the Financial Year 2023-24. The Report of the Secretarial Audit for the financial year ended on March 31, 2024 is enclosed as Annexure C to this Directors' Report. Their Report does not contain any qualification/remark.

CONFIRMATION OF COMPLIANCE OF SECRETARIAL STANDARDS:

During the year under review, the Company has complied with the applicable Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively, issued by The Institute of Company Secretaries of India (ICSI). The Company confirms compliances of applicable secretarial standards.

MAINTENANCE OF COST RECORDS:

As per the Companies (Cost Records and Audit) Rules, 2014 as amended by Companies (Cost Records and Audit) Amendment Rules, 2014, issued by the Central Government, the Company is required to get its cost records maintained by it for the products covered under Chapters 2915, 2917, 3823 and 3824 of Sr. No. 18 of table mentioned under Rule 3 (B) – Non-regulated Sectors audited by a Cost Auditor.

As specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, the Company has maintained cost accounts and records.

COST AUDITOR:

The Company has appointed M/s. Rajendra Patel and Associates, as Cost Auditors for financial year 2023-24. The Board of Directors has approved their appointment as Cost Auditor for F.Y. 2024-25 also and has recommended remuneration of Rs. 75,000/- plus applicable tax. The necessary resolution for ratification of their remuneration by members has been put in the notice convening the 5th Annual General Meeting.

VIGIL MECHANISM:

As required under Companies Act and SEBI (LODR) Regulations, the Company has put in place Vigil Mechanism / Whistle Blower Policy for Directors and Employees so that the Directors and employees can report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct Policy and SEBI Insider Trading Regulations. Whistle Blower Policy is disclosed on the website: https://fairchem.in/investor-relations/Policies/Vigil-Mechanism-Whistle-Blower-Policy.pdf

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE:

Company has constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Act).

Company has framed a policy on Sexual Harassment at workplace which aims to provide protection to women employees at workplace and prevent and redress complaints of sexual harassment and for matters connected therewith or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint under the Act during the financial year under review.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED:

No significant and material orders were passed during the year under review by regulators or courts, or tribunals impacting the going concern status and Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Initiatives of the Company for Energy conservation, and Technology absorption if any and details of Foreign Exchange earnings and out go).

(A) Conservation of energy-

(i) The steps taken or impact on conservation of energy:

Based on an internal / external energy audit which is a regular periodical feature, required measures are taken for optimization of energy.

(ii) the steps taken by the company for utilising alternate sources of energy: **None.**

(iii) the capital investment on energy conservation equipment: **None.**

(B) Technology absorption-

(i) the efforts made towards technology absorption;

Technology absorption is an ongoing process in the Company. The Company keeps on exploring new processes at Laboratory scale and then implements the same at Plant level.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

The Company continuously works on increasing yield of prime products which helps in overall cost reduction.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) the details of technology imported: **Nil**

(b) the year of import: **Not Applicable**

(c) whether the technology been fully absorbed: **Not Applicable**

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Not Applicable**

(iv) the expenditure incurred on Research and Development: – **Rs. 16.26 Lakhs.**

(C) Foreign exchange earnings and Outgo-

Foreign Exchange earning: Rs. 4,124.80 lakhs

Foreign Exchange outgo: Rs. 5,889.60 lakhs

DETAILS OF SUBSIDIARY, JOINT VENTURE, ASSOCIATE COMPANY:

The Company does not have any subsidiary company or associate company. Company has not entered into any joint venture. Hence, no further disclosures are required in this regard.

EXTRACT OF ANNUAL RETURN:

As per the provisions of section 92[3] read with section 134(3)(a) of the Act, the Annual Return as on March 31, 2024 in the prescribed form no. MGT-7 is available on the website of the Company and web link of the same is https://fairchem.in/investor-relations/Annual-Reports/Annual-Return-MGT-7-2023-24.pdf

GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ instances on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any scheme.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).
4. Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.
5. One-time settlement of loan obtained from the Banks or Financial Institutions.

ACKNOWLEDGMENTS:

Your Board of Directors wishes to place on record its appreciation to the contribution made by the employees of the Company. The Company has been able to nearly maintain its financial performance due to hard work, co-operation and support of employees at all levels. The Directors also wish to thank the Company's vendors, Stock Exchanges, Government authorities, bank and shareholders for their cooperation and assistance extended to the Company.

For and on behalf of the Board of Directors,

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

Place : Chekhala, Tal. Sanand, Dist. Ahmedabad
Date : May 22, 2024

Annexure to Directors Report

ANNEXURE A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

1. Brief outline of the Company's CSR policy:

The CSR policy framed pursuant to the provisions of section 135 of The Companies Act, 2013 is available on the Company's website. The web-link of the same is –http://fairchem.in/investor-relations/Policies/Corporate-Social-Responsibility-Policy.pdf

The main objectives of Company as outlined in the CSR Policy are:

(i) The CSR Policy encompasses the Company's philosophy of giving back to the society as a responsible corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large specially benefitting the citizens residing around the Company's manufacturing plant thereby improving the quality of life and health of the said citizens and also to set up process of execution, implementation and monitoring of the CSR activities to be undertaken by the Company.

(ii) To address critical social, environmental and economic needs of the less privileged section of the society.

(iii) To create goodwill for FOL and establish new bench mark by becoming a responsible corporate entity.

The Company proposes to focus on the following areas for CSR Projects:

(a) Organising / sponsoring need based programs for Health

(b) Providing financial support to non-profit making entities involved in preventive health care.

(c) Providing direct financial assistance for medical treatment in hospitals / nursing homes.

(d) Providing financial support to campaigns meant for creating public awareness in the area of eradication of diseases.

(e) Initiatives relating to better hygiene and sanitation.

(f) Others as may be decided

2. Composition of the CSR Committee:

Sl. No.	Name of the Director	Designation / Nature of Directorship	No. of meeting of CSR Committee held during the year	No. of meeting of CSR Committee attended during the year
1	Shri Nahoosh Jariwala	Chairman/Chairman & Managing Director	1	1
2	Shri Sumit Maheshwari	Member/Nominee Director	1	1
3	Ms. Sonal Ambani	Member/Independent Director	1	1

During the year, 5 resolution(s) were passed through Circular Resolution.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

The CSR policy framed pursuant to the provisions of section 135 of The Companies Act, 2013. Copy of CSR Policy is available on the Company's website and can be accessed through the link:

http://fairchem.in/investor-relations/Policies/Corporate-Social-Responsibility-Policy.pdf

The Composition of CSR Committee is placed on the website of the Company at

http://fairchem.in/investor-relations/Others/Composition-of-Board-Committees.pdf

The details of CSR Projects approved by the Board and being carried out are available on the Company's website and can be accessed through the link: https://www.fairchem.in/CSR.html

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable. The Company did not have CSR obligation of Rs 10 Crore or more in pursuance of Section 135(5) of the Companies Act, 2013 in the three immediately preceding financial years.

5. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and the amount required to be set off for the financial year, if any
Not applicable. The Company has not spent in excess of its CSR obligation during the period covered in sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

6. Average Net Profit of the Company for the three immediately preceding financial years (i.e. F.Y. 2020-21, F.Y. 2021-22 and F.Y. 2022-23) as per Section 135(5):

Rs. 6,941.81 Lakhs

7(a) Two percent of Average Net Profit of the Company as per Section 135(5): Rs. 1,38,83,620/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the Financial year (7a+7b-7c): Rs. 1,38,83,620/-

8(a) CSR Amount spent or unspent for the financial year:

Total amount spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount.	Date of transfer*
1,38,83,620/-	Not Applicable		Not Applicable		

(b) Details of CSR amount spent against ongoing projects for the financial year:

Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs.)	Mode of impleme-ntation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	GCS Medical College	Promoting health care including preventive health care	Yes	Gujarat	Ahmedabad	24,00,000	Yes	N.A.	N.A.

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs.)	Mode of impleme-ntation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
2.	Amnagar Primary School	Promoting education	Yes	Gujarat	Ahmedabad	13,46,950	Yes	-	-
3.	Chekhla Gram Panchayat	Cleanliness Campaign under "Swachh Bharat Abhiyan"	Yes	Gujarat	Ahmedabad	2,34,000	Yes	-	-
4	Purchase of ophthalmic screening devices	Promoting health care including preventive health care	No	Gujarat	Surat	2,50,000	No	Divyajyoti Trust	CSR 00010013
5	Payment to Fallen Soldiers	Measure for the benefit of armed force veterans	No	-	-	5,00,000	No	Sri Shanmukh-ananda Fine Arts and Sangeetha Sabha	CSR 00001777
6	Contribution towards 'Project Dialysis'	Promoting health care including preventive health care	Yes	Gujarat	Ahmedabad	91,52,670	No	Fairfax India Charitable Foundation	CSR 00005441
	Total					**1,38,83,620**			

(d) Amount spent in administrative overheads: NIL

(e) Amount spent on impact assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 1,38,83,620/-

(g) excess amount for set-off, if any: NIL

9 (a) Details of unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

(a) Date of creation or acquisition of the capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset: Not Applicable

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5): Not Applicable

Nahoosh Jariwala
Chairman & Managing Director and
Chairman of CSR Committee
(DIN : 00012412)

Place : Chekhala, Tal. Sanand, Dist. Ahmedabad
Date : May 22, 2024

ANNEXURE B

[Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

A. Details of the ratio of remuneration of each Director to the median employee's remuneration:

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:-

Sr. No.	Name of the Director	Designation	Ratio of remuneration to the median remuneration of the employees
1	Shri Nahoosh Jariwala*	Chairman & Managing Director	56.87 : 1
2	Shri Sumit Maheshwari	Director – Nominee	NIL
3	Shri Venkatraman Srinivasan	Independent Director	0.95 : 1
4	Shri Darius Pandole	Independent Director	0.95: 1
5	Ms. Sonal Ambani	Woman Independent Director	0.95 : 1
6	Shri Sudhin Choksey	Independent Director	0.95 : 1

* Remuneration of Shri Nahoosh Jariwala does not include amount of Gratuity.

(ii) The percentage increase in remuneration of each Director, CFO, CEO, Company Secretary or Manager, if any, in the financial year

Sr. No.	Name of the Directors / KMP	% Increase over last F.Y.
1	Shri Nahoosh Jariwala	21.50*
2	Mr. Rajen Jhaveri	3.33

* Includes Commission @ 1.50 % w.e.f. August 13, 2023 on profit approved by the shareholders in the Annual General Meeting and Extra-Ordinary General Meeting held on August 7, 2023 and March 14, 2024 respectively.

(iii)	The percentage increase in the median remuneration of employees in the financial year.	12.05%
(iv)	The number of permanent employees on the rolls of the Company.	227 as on 31st March 2024
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average 9.53 percentile of CTC was given as yearly increment to the employees of the Company. Justification for increase in Managerial Remuneration: 3.33% increment was given to Mr. Rajen Jhaveri as yearly increment. The remuneration of Shri Nahoosh Jariwala had been approved by the Shareholders in the Annual General Meeting and Extra-Ordinary General Meeting held on August 7, 2023 & March 14, 2024 respectively.

B. Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2024:

Names of the employees employed throughout the year and were in receipt of remuneration of not less than Rs. 102.00 Lakhs during the year:

Sr. No.	Name & (Age)	Designation	Remuneration (In Rs.)	Qualification & (experience)	Date of Commence-ment of employment	Last employment, Name of employer, post held and period (years)	% of equity shares held with spouse & dependent children
1	Shri Nahoosh Jariwala (62 Years)	Managing Director	2,98,24,653/- *	B.Com. (42 years)	August 13, 2020	M/s. Fairchem Speciality Limited (Managing Director) (10 years)	Nil

Names of employees employed for part of the year and were in receipt of remuneration of not less than Rs. 8.50 Lakhs per month

Sr. No.	Name & (Age)	Designation / nature of Duties	Remuneration (In Rs.)	Qualification & (experience)	Date of Commence-ment of employment	Last employment, Name of employer, post held and period (years)	% of equity shares held with spouse & dependent children
Nil							

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

Place : Chekhala, Tal. Sanand, Dist. Ahmedabad
Date : May 22, 2024

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759
253/P & 312, Village – Chekhala,
Sanand – Kadi Highway,
Taluka – Sanand,
Dist. Ahmedabad – 382 115

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FAIRCHEM ORGANICS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives whether electronically or otherwise during the conduct of secretarial audit; we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 and made available to us, according to the provisions of:

1) The Companies Act, 2013 (the Act) and the Rules made thereunder;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not applicable to the extent of Overseas Direct Investment and External Commercial Borrowings as there were no reportable events during the financial year under review;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not applicable during the year under review;

   (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - Not applicable during the year under review;

   (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (f) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable during the year under review;

   (g) Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 - Not applicable during the year

under review;

(h) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not applicable during the year under review;

We have also examined compliance with the applicable Standards / Clauses / Regulations of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and made effective from time to time.

ii. The Uniform Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the Audit period under review, the Company has generally complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

Having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof on test - check basis, the Company has generally complied with the material aspects of the following laws specifically applicable to the Company being engaged in the manufacturing activities:

1. Factories Act,1948;
2. The Boilers Act, 1923 and the Rules framed thereunder;
3. Explosive Act, 1884;

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There has been no change in the composition of the Board during the year under review.

Adequate notice is given to all Directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors and Committees of the Company were carried unanimously. We were informed that there were no dissenting views of the members on any of the matters during the year that were required to be captured and recorded as part of the minutes.

We further report that:

Based on the review of compliance mechanism established by the Company, the information provided by the Company, its officers and authorized representatives during the conduct of the audit and compliance certificate placed before the Board meeting, we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines..

We further report that:

The compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditors and other designated professionals.

We further report that:

During the audit period under review there were no instances of:

a) Public/Right issue of shares/ debentures/sweat equity etc.

b) Redemption / buy-back of securities.

c) Obtaining the approval from shareholders under Section 180 of the Companies Act, 2013.

d) Merger / amalgamation / reconstruction etc.

e) Foreign technical collaborations

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES
UDAY DAVE
PRACTICING COMPANY SECRETARY
PARTNER
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020
FCS No.: 6545 C. P. No.: 7158
UDIN: F006545F000389807

Place: Ahmedabad
Date: 17-05-2024

Notes:

1. This report is to be read with our letter of even date which is annexed as **Annexure – A** and forms an integral part of this report.

ANNEXURE - A

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES
UDAY DAVE
PRACTICING COMPANY SECRETARY
PARTNER
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020
FCS No.: 6545 C. P. No.: 7158
UDIN: F006545F000389807

Place: Ahmedabad
Date: 17-05-2024

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Uniform Listing Agreement]

1. Company's Philosophy on the Code of Governance:

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures transparency, responsibility and accountability. The Company believes in upholding highest standard of ethics, integrity, transparency and accountability in conducting the affairs of the Company so as to disseminate the information to the stakeholders in transparent manner. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and Independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues.

The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the Listing Regulations]. We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving.

2. Board of Directors:

- **Composition of the Board of Directors (Board):**

  The composition of the Board of Directors of the Company is in conformity with the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015, as amended from time to time.

  In compliance with the Corporate Governance norms in terms of constitution of the Board, the Board currently has one Executive Director being Chairperson and Five Non-Executive Directors, out of which four are Independent Directors including one woman Director, representing optimum combination of professionalism, knowledge and experience to ensure the independence of the Board and to separate the Board functions of governance and management, who have considerable experience in their respective fields. Non-Executive and Independent Directors have expert knowledge in the respective fields of finance, accountancy, taxation, legal, business management and industry. Thus, the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

- **Board Skills / Expertise / Competencies:**

  Fairchem's Board is a skill-based Board comprising of Directors who collectively have the skills, knowledge and experience to effectively govern and direct the organization. The present size of the Board is appropriate for effective decision making. The mapping of the skills, expertise and competence among the Directors which is identified by the Company are also actually available with the Board and is as given below:

Sr. No.	Name of the Director	Brief Profile
1.	Shri Nahoosh J. Jariwala (Chairman and Managing Director)	He is a businessman par excellence. He is the person who nearly single handedly brought this Company to its present position from where it was 14 years back (including the tenure of erstwhile Fairchem Speciality Limited under which name the business was run up to August 12, 2020 when he took charge as Managing Director.)
2.	Shri Sumit Maheshwari	He is a Chartered Accountant and M.B.A. from Indian School of Business, a very well-known business management institute. He is a financial expert and is a great analyst and very prudent decision maker from PE's view point.
3.	Shri Venkatraman Srinivasan	He is a member of the Institute of Chartered Accountants of India since 1981. He is an Independent Director in several other listed companies of India.
4.	Shri Darius Pandole	He holds a Bachelor's degree in Economics from Harvard University and a Master's degree in Business Management from University of Chicago. He is currently Managing Director and C.E.O. - Private Equity of M/s. J.M. Financial Limited. He has been an Independent Director in various listed companies in India.
5.	Ms. Sonal Ambani	She holds a Bachelor's degree in Chemistry and a Master's degree in Business Administration in Marketing and Finance and Doctorate in Business Management. She has worked as an Assistant Vice President in Morgan Stanley Dean Witter. She is an Independent Director in a couple of other listed companies in India.

Sr. No.	Name of the Director	Brief Profile
6.	Shri Sudhin Choksey	He is a fellow member of the Institute of Chartered Accountants of India and has done his graduation in Commerce (Honours) from the Sydenham College of Commerce & Economics, Bombay University. He has an overall 43 years of professional experience, having worked both in India and Overseas. He was the Managing Director of GRUH Finance Ltd. for more than 20 years. He is a Director in several other public listed companies in India. Presently, he is a Chairman of India Shelter Finance Corporation Limited besides being an Independent Director on the boards of few of the listed and unlisted companies.

List of core skills / expertise / competence identified by the Board is as follows:

Sr. No.	Name of the Director	Skills actually available with the Directors
1.	Shri Nahoosh J. Jariwala	Knowledge and expertise in Speciality Oleo Chemicals (including manufacturing, marketing, deciphering global markets, product development, process optimization, commercial and management)
2.	Shri Sumit Maheshwari	Knowledge and expertise in finance, global business, leadership, Business Strategy and Development, accounts, law, business and management
3.	Shri Venkatraman Srinivasan	Knowledge and expertise in finance, audit & accounting, taxation, leadership and governance including legal compliance.
4.	Shri Darius Pandole	Knowledge and expertise in finance, Corporate Governance, leadership, Merger & Acquisitions and law
5.	Ms. Sonal Ambani	Knowledge and expertise in chemistry, marketing, finance and business management
6.	Shri Sudhin Choksey	Experienced hands-on CEO with a track record of success in the lending businesses. Expertise in Risk & Financial Management, Banking & Treasury besides having provided leadership and management at the CEO level requiring prudent decision making and communication

The eligibility of a person to be appointed as a Director of the Company is dependent on possession of the requisite skills, as identified by the Nomination and Remuneration Committee and its recommendation to the Board for appointment.

- **Directors' particulars:**

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of other Directorship(s) and Chairmanship(s) / Membership(s) of Committees of each Director in various Companies

Name of Directors	Category and Position	Attendance at meetings during 2023-24		No. of Directorship(s) in Public Ltd. Company(ies) incorporated in India as on 31-03-2024. #	No. of Membership(s) / Chairmanship(s) of Committees (including in the Company) as on 31-03-2024 *	
		Board Meeting $	Last AGM $		Member	Chairman
Shri Nahoosh J. Jariwala (Chairman & Managing Director)	Promoter - Executive	4	Yes	Nil	2	Nil
Shri Sumit Maheshwari	Nominee - Non- Executive	4	No	6	3	Nil
Shri Venkatraman Srinivasan	Independent Non-executive	4	Yes	4	6	2
Shri Darius Pandole	Independent Non-executive	4	Yes	2	4	2
Ms. Sonal Ambani	Independent Non-executive	4	Yes	5	5	Nil
Shri Sudhin Choksey	Independent Non-executive	4	Yes	4	6	3

$ Video / tele-conferencing facility was offered to facilitate the Directors to participate in the meetings pursuant to MCA / SEBI Circulars.

* In accordance with Regulation 26 of the Listing Regulations, it includes only Audit Committee and Stakeholders' in other Public Limited Companies–whether listed or not.

The number of Directorship(s) include Directorship in Public Limited Companies – whether Listed or unlisted.

The Directorships and Committee Membership(s) / Chairmanship(s) of all Directors is / are within the respective limits prescribed under the Companies Act, 2013 and the Listing Regulations.

The following table shows names of the listed entities where the Directors of the Company are Directors and category of their respective Directorship as on 31.03.2024:

Sr. No.	Name of the Directors of the Company	Name of the listed entities in which the Director of the Company is a Director	Category of Directorship in the listed Companies
1.	Shri Nahoosh J. Jariwala (Managing Director)	Nil	Nil
2.	Shri Sumit Maheshwari	a) Thomas Cook (India) Limited b) CSB Bank Limited	a) Non-executive b) Non-executive
3.	Shri Venkatraman Srinivasan	a) Mahanagar Gas Limited b) Eimco Elecon (India) Limited c) Amal Limited	a) Independent, Non-executive b) Independent, Non-executive b) Independent, Non-executive
4.	Shri Darius Pandole	a) Mahindra Logistics Limited	a) Independent, Non-executive
5.	Ms. Sonal Ambani	a) Carysil Limited b) Elecon Engineering Company Limited	a) Independent, Non-executive b) Independent, Non-executive
6.	Shri Sudhin Choksey	a) CSB Bank Limited b) Gujarat Ambuja Exports Limited c) India Shelter Finance Corporation Limited	a) Independent, Non-executive b) Independent, Non-executive c) Nominee, Non-executive

During the year, there have been no materially significant related party transactions, pecuniary relationships or transactions between the Company and its non-executive Directors that may have potential conflict with the interests of the Company at large.

None of the Directors are related to each other.

Shareholding of Non-Executive Directors of the Company as on March 31, 2024 was NIL.

- **Board Meetings and Attendance:**

The Meeting of the Board of Directors is generally scheduled in advance. The Board meets at least once in a quarter, inter alia, to review the performance of the Company and for consideration and approval/adoption of quarterly/annual unaudited / audited financial statements. The Chief Financial Officer and the Company Secretary, in consultation with the Chairman and Managing Director, prepares detailed agenda for the meetings. 4 (four) Board meetings were held in the year 2023-24 and the gap between two Board meetings does not exceed 120 days. The dates on which meetings were held are as follows:

No.	Date of Meeting	No. of Directors Present	No.	Date of Meeting	No. of Directors Present
i.	May 30, 2023	6	iii.	November 6, 2023	6
ii.	August 7, 2023	6	iv.	February 5, 2024	6

- **Appointment of Independent Directors:**

The Nomination and Remuneration Committee identifies, based on Company's policy for such position, suitable person having expert knowledge and skill in his / her profession / area of business and who can effectively participate in Board

proceedings and recommends the same to the Board. The Board after evaluating the said Committee's recommendation takes the decision which according to the Board is in the best interest of the Company.

- **Confirmation regarding independence:**

  With respect to the declaration given by the Independent Directors of the Company during the year under review, the Board hereby confirms that all the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

- **Resignation of Independent Directors:**

  None of the Independent Directors of the Company resigned before the expiry of his / her term.

- **Meeting of Independent Directors:**

  The Independent Directors meet at least once in a financial year without the presence of Promoter Directors. They discuss the matters pertaining to the business and other related affairs of the Company. The views expressed at such meeting are brought to the knowledge of the Chairman of the Board. During the year, one meeting of Independent Directors was held on March 21, 2024.

  During the meeting, the Independent Directors reviewed the performance of other Non-Independent Directors and of the Board as a whole. They also reviewed the performance of the Chairman of the Board taking into account views of Managing Director and non-executive Directors and matters as mentioned in Regulation 25(4) (c) of Listing Regulations.

- **Familiarization Programme:**

  In order to enable the Independent Directors of the Company to fulfil their role in the Company and to keep them updated, various presentations are made on business models, new initiatives taken by the Company, changes taking place in the Industry scenario etc. The details of the familiarization programme imparted to Independent Directors of the Company are available on the website of the Company at the following link: https://fairchem.in/investor-relations/Others/Familiarization-Programe.pdf

3. Audit Committee Composition:

The composition of Audit Committee is in line with provisions of Section 177 of the Companies Act, 2013 and is in compliance with Regulation 18 of SEBI (LODR) Regulations, 2015. The members of Audit Committee comprise of Managing Director, one Nominee Non-Executive Director and four Independent Directors. Effectively all the six Directors of the Company are members of the Audit Committee.

All the members of the Committee are financially literate and have adequate accounting knowledge. The Audit Committee met 4 times during the financial year 2023-24 on May 30, 2023, August 7, 2023, November 6, 2023 and February 5, 2024.

The details of composition of the Committee as at March 31, 2024 and attendance at meetings during the year are as follows:

Name of the Member	Category	No. of Committee Meeting(s) attended
Shri Sudhin Choksey (Chairman)	Non-Executive – Independent	4
Shri Nahoosh Jariwala	Executive – Promoter	4
Shri Sumit Maheshwari	Non-Executive – Nominee	4
Shri Venkatraman Srinivasan	Non-Executive – Independent	4
Shri Darius Pandole	Non-Executive – Independent	4
Ms. Sonal Ambani	Non-Executive – Independent	4

The scope of the Audit Committee includes:

(1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(2) Recommending to the Board, the appointment, re-appointment, remuneration and if required, the replacement or removal of statutory auditor.

(3) Approval of payment to Statutory Auditors for any other services rendered by the statutory Auditors.

(4) Reviewing with the management the Annual financial statements and Audit Reports thereon before submission to the Board for approval, with particular reference to:

(a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub section 3 of Section 134 of the Companies Act 2013.

(b) Changes, if any, in accounting policies and practices and reasons for the same.

(c) Major accounting entries involving estimates based on the exercise of judgment by Management.

(d) Significant adjustments made in the financial statements arising out of audit findings.

(e) Compliance with Listing and other legal requirements relating to financial statements.

(f) Disclosure of any related party transactions.

(g) Modified opinion(s) in the draft audit report.

(5) Reviewing with the management, the quarterly financial statements before its submission to the Board for approval.

(6) Reviewing, with the Management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus, notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

(7) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.

(8) Approval or any subsequent modification of transactions of the Company with related parties.

(9) Scrutiny of inter-corporate loans and investments.

(10) Valuation of undertakings or assets of the Company, wherever it is necessary.

(11) Evaluation of Internal financial controls and risk management systems.

(12) Reviewing, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems.

(13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(14) Discussion with internal auditors, any significant findings and follow up thereon.

(15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(16) Discussion with internal auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.

(17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

(18) To review the functioning of the Whistle Blower mechanism.

(19) Approval of appointment of CFO (i.e. the Whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

(20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(21) Reviewing the utilization of loans and/or advances from/investment by the holding Company in the subsidiary Company exceeding Rs. 100 Crore or 10% of the asset size of the subsidiary whichever is lower including existing loans / advances / investments.

(22) Considering and commenting on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders.

In addition to the areas noted above, Audit Committee looks into controls and security of the Company's internal control systems and internal audit reports.

The Audit Committee mandatorily reviews the following information:

(1) management discussion and analysis of financial condition and results of operations;

(2) management letters / letter of internal control weaknesses issued by the statutory auditors;

(3) internal audit reports relating to internal control weaknesses; and

(4) The appointment, removal and terms of remuneration of the Internal Auditors.

(5) statement of deviations, if applicable as per Regulation 32:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The Committee Meetings were also attended by Internal Auditors, Statutory Auditors and Company Secretary who also acted as Secretary of the Committee.

A certificate from the Managing Director on the financial statements and other matters of the Company for the financial year ended March 31, 2024 is also appended at the end of this Report.

The Chairman of the Audit Committee was present in the last Annual General Meeting to answer the shareholders' queries.

4. Nomination and Remuneration Committee :

The Nomination and Remuneration Committee, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 is in compliance with Regulation 19 of SEBI (LODR) Regulations, 2015. The Nomination and Remuneration committee met 2 times during the financial year - on May 30, 2023 and February 05, 2024

The details of composition of the Committee as at March 31, 2024 and attendance at meetings during the year are as follows:

Name of the Member	Category	No. of Committee Meeting(s) attended
Shri Darius Pandole (Chairman)	Non-Executive – Independent	2
Shri Sumit Maheshwari	Non-Executive – Nominee	2
Shri Venkatraman Srinivasan	Non-Executive – Independent	2

Terms of Reference :

(1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal.

(2) To evaluate the balance of skills, knowledge and experience of Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director for every appointment of an Independent Director. The persons recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. Use the services of external agencies, if required.

b. Consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. Consider the time commitments of the candidates.

(3) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees.

(4) To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.

(5) To devise a policy on Diversity of Board of Directors.

(6) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

(7) Recommend to the Board all the remuneration, in whatsoever form, payable to senior management of the Company.

Performance evaluation criteria for Independent Directors:

The performance of the Independent Directors is evaluated based on the criteria such as the knowledge, experience, integrity, expertise in any area, number of Board / Committee meetings attended, time devoted to the Company, his/ her participation in the Board / Committee meetings, etc. The performance evaluation of the Independent Directors was carried out by the Board and while evaluating the performance of the Independent Director, the Director who was subject to the evaluation did not participate.

Remuneration Policy:

The Company's Remuneration Policy for Directors and Senior Management personnel is available on the Company's website at http://fairchem.in/investor-relations/Policies/Nomination-&-Remuneration-Policy.pdf

The remuneration policy is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the remuneration policy is to ensure that it is aligned to the overall performance of the Company. The policy ensures that it is fair and reasonable and is linked to financial performance. For Director in Executive category, it mainly comprises of fixed component. The remuneration policy is placed on the website of the Company http://fairchem.in/investor-relations-fol.html. The remuneration paid to the Directors is in line with the remuneration policy of the Company.

Remuneration to Non-Executive Directors:

The remuneration for non-executive (Independent) Directors consists of sitting fees for attending meetings of the Board of Directors, Audit Committee, Risk Management Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee. No other payment is made to the non-executive Directors.

Details of the remuneration paid to and shareholding of Non-executive Directors is provided in MGT-7 which is available on the website of the Company and web link of the same is https://fairchem.in/investor-relations/Annual-Reports/Annual-Return-MGT-7-2023-24.pdf

Apart from above, there have been no pecuniary relationship/ transactions with the Non-Executive Directors.

Remuneration to Executive Directors

The Executive Director of the Company viz. Managing Director has been appointed on a contractual basis, in terms of the resolution passed by the shareholders at the annual general meeting. Elements of the remuneration package comprises of salary and perquisites as approved by the members at the 4th Annual General Meeting held on August 7, 2023 and further amended at the Extra-Ordinary General Meeting held on March 14, 2024. Shri Nahoosh Jariwala, Chairman & Managing Director, was paid remuneration of Rs. 243.53 lakhs during the financial year ended on March 31, 2024. In addition to this, he is also entitled for commission of Rs. 54.72 lakhs, on proportionate basis for F.Y. 2023-24 i.e. for the period from August 13, 2023 to March 31, 2024 @ 1.50% of the net profits of the Company for F.Y. 2023-24.

Details of the remuneration paid to and shareholding of Executive Director, if any, is provided in MGT-7 which is available on the website of the Company and web link of the same is https://fairchem.in/investor-relations/Annual-Reports/Annual-Return-MGT-7-2023-24.pdf

Details of Remuneration:

The details relating to remuneration of Directors, as required under Regulation 34 of the Listing Regulations are as follows:

Details of remuneration paid to Directors during the financial year 2023-24

(Amounts in Rs.)

Directors	Salary	Perquisites	Commission	Sitting Fees	Total
Shri Nahoosh J. Jariwala (Managing Director)	1,65,93,549	77,58,968	54,72,136	Nil	2,98,24,653
Shri Sumit Maheshwari (Non-executive Director)	Nil	Nil	Nil	Nil	Nil
Shri Venkatraman Srinivasan (Independent Director)	Nil	Nil	Nil	5,00,000	5,00,000
Shri Darius Pandole (Independent Director)	Nil	Nil	Nil	5,00,000	5,00,000
Ms. Sonal Ambani (Independent Director)	Nil	Nil	Nil	5,00,000	5,00,000
Shri Sudhin Choksey (Independent Director)	Nil	Nil	Nil	5,00,000	5,00,000

The Company has not granted any stock option to its Directors.

Service contract / Agreement and Notice period: The Company has entered into agreement with Shri Nahoosh Jariwala, Managing Director for his employment for a period of 3 years. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 (Three) months' notice in writing to the other party.

5. Stakeholders' Relationship Committee

In compliance with the provisions of section 178 of the Act and regulation 20 of the Listing Regulations, the Board has formed a Stakeholders' Relationship Committee. During the year, the Committee met once on November 6, 2023 where all the members were present.

As at March 31, 2024, Stakeholders' Relationship Committee comprised of the following members:

Name of the Member	Chairman / Member	Designation / Category
Shri Darius Pandole	Chairman	Non-Executive – Independent
Shri Nahoosh Jariwala	Member	Executive – Promoter
Shri Venkatraman Srinivasan	Member	Non-Executive – Independent
Shri Sudhin Choksey	Member	Non-Executive – Independent

The role of the Committee shall, inter alia, include the following:

(1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(2) Review of measures taken for effective exercise of voting rights by shareholders.

(3) Review of adherence to the service standards adopted by the listed entity in respect of various service being rendered by the Registrar and Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

During the year under review, one complaint was received from the security holders as per the quarterly certificates of RTA which was attended to. No investor complaint was pending at the beginning or at the end of the year and no complaint remained unresolved to the satisfaction of shareholders.

At present, Mr. Rajen Jhaveri is the Company Secretary and Compliance officer of the Company.

Compliance officer:

Mr. Rajen Jhaveri – Company Secretary and Compliance officer can be contacted at:

Fairchem Organics Limited

Reg. office & works: 253/P and 312, Village Chekhala, Sanand-Kadi Highway, Taluka Sanand,

Dist. Ahmedabad – 382 115, Gujarat. Phone (Board Nos.): (02717) 687 900/901

Mail id: cs@fairchem.in

6. Risk Management Committee:

In compliance with Regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee and all members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognize, monitor and mitigate risks and also identify business opportunities. Business risks evaluation and its management is a continuous process within the organization.

During the year under review, three meetings of Risk Management Committee were held on May 30, 2023, November 6, 2023 and February 05, 2024

As at March 31, 2024, Risk Management Committee comprised of the following members:

Name of the Member	Chamirman / Member	Designation / Category	No. of Committee Meeting(s) attended
Shri Nahoosh Jariwala	Chairman	Executive – Promoter	3
Shri Darius Pandole	Member	Non-Executive – Independent	3
Shri Sumit Maheshwari	Member	Non-Executive - Nominee	3
Shri Venkatraman Srinivasan	Member	Non-Executive – Independent	3
Shri Sudhin Choksey	Member	Non-Executive – Independent	3
Ms. Sonal Ambani	Member	Non-Executive – Independent	3

The role of the Committee shall, inter alia, include the following:

1. To formulate a detailed risk management policy which shall include:
   (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
   (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

7. Senior Management:

Particulars of Senior Management including the changes therein since the close of the previous financial year are as follows: -

Sr. No.	Name of the Senior Management Personnel
1.	Mr. Rajen Jhaveri
2.	Mr. Shashin Desai
3.	Mr. Vijaykumar Patel
4.	Mr. Nikheel Vaidya
5.	Mr. Rajeshkumar Patel
6.	Mr. Chintan Shah
7.	Mr. Apurva Shah

There was no change in the Senior Management during the year under review.

8. Corporate Social Responsibility Committee

Pursuant to the provisions of section 135 of The Companies Act, 2013, Company has formed Corporate Social Responsibility Committee.

During the year under review, one meeting of Corporate Social Responsibility Committee was held on May 30, 2023.

As at March 31, 2024, the Corporate Social Responsibility comprised of the following members: -

Name of the Member	Chamirman / Member	Designation / Category	No. of Committee Meeting(s) attended
Shri Nahoosh Jariwala	Chairman	Executive – Promoter	1
Shri Sumit Maheshwari	Member	Non-Executive - Nominee	1
Ms. Sonal Ambani	Member	Non-Executive – Independent	1

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility policy and monitoring from time to time amount of expenditure to be incurred on the activities pertaining to CSR.

The Company has also formulated the C.S.R. Policy and the same is available on the website of the Company at the following link: http://fairchem.in/investor-relations/Policies/Corporate-Social-Responsibility-Policy.pdf

9. Disclosures

(a) Besides the transactions mentioned in the notes forming part of the Annual Report, there were no materially significant related party transactions entered into by the Company which may have the potential conflict with the interest of the Company at large.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with related party transactions and during the year, there were no material transactions with related parties. The policy is also available on the website of the Company https://www.fairchem.in/investor-relations/Policies/Related-Party-Transactions-Policy-FOL.pdf

(b) There were no penalties / strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

(c) The Company has in place the Whistle Blower Policy and the same is available on the website of the Company https://fairchem.in/investor-relations/Policies/Vigil-Mechanism-Whistle-Blower-Policy.pdf Under said policy, the employees are encouraged to report genuine concerns about suspected misconduct without fear of punishment or unfair treatment. During the year under review, no employee was denied the access to the Audit Committee and / or its Chairman.

(d) The Company has complied with all mandatory requirements of Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.

(e) Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

(f) During the year under review, no Independent Director has resigned from the Company.

(g) The requisite certification from the CEO & the Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II of the Listing Regulations, was placed before the Board of Directors of the Company.

(h) The Board of Directors of the Company has accepted the recommendations of the Committees of the Board.

(i) The Company has availed a certificate from M/s. Parikh Dave & Associates, Company Secretaries in Practice that none of the Directors of the Company have been debarred or disqualified from being appointed or re-appointed or continuing as Directors of the Companies by SEBI, MCA or other regulatory authorities and the same is attached to this Annual Report.

(j) The Company has in place a policy on Sexual harassment at work place which aims at protecting the women employees at workplace and to redress their complaints. During the year under review, the Company had not received any complaint under Sexual harassment.

(k) Details of the discretionary requirements adopted:

- The Internal Auditors of the Company reports directly to the Audit Committee.
- The financial results of the Company do not have any modified opinion by the Auditors.

(l) During the year under review, total amount of all services, paid by the Company to the Statutory Auditors are as under: -

Payment to Statutory Auditors	(Rs. in lakhs)
Statutory Audit Fees	30.45
Others	-
Out of pocket expenses	0.70

(m) During the year, there were no loans and advances in the nature of loans were given to firms/companies in which directors are interested.

(n) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

(o) The Company does not have any material subsidiaries.

10. Details of Demat Suspense Account / Unclaimed Suspense Account:

The Hon'ble National Company Law Tribunal, Mumbai, vide its Order dated June 30, 2020 had sanctioned a Composite Scheme of Arrangement & Amalgamation amongst (i) Fairchem Organics Limited (Transferor No. 1) and (ii) Privi Organics India Limited (Transferor No. 2) and (iii) Privi Speciality Chemicals Limited (erstwhile Fairchem Speciality Limited, being the Transferee Company.)

Pursuant to such Scheme, those shareholders, who were holding shares as on Record Date in the erstwhile Fairchem Speciality Limited (FSL), now Privi Speciality Chemicals Limited, were issued shares in Fairchem Organics Limited (FOL) in the ratio of 1 equity share of FOL for every 3 equity shares of said FSL, which were allotted compulsorily in Demat form as provided in the Scheme.

Hence, those shareholders of erstwhile Fairchem Speciality Limited (FSL) (now known as Privi Speciality Chemicals Limited) who were holding the equity shares in the said FSL in physical form as on record date of August 24, 2020 could not be given credit of shares due to non-availability of their demat accounts details.

Such unclaimed shares are parked in the Demat Account opened in the name of the Company "Fairchem Organics Limited" and such Demat Account is being considered as 'Demat Suspense Account'. Disclosure pursuant to Part F of Schedule V of SEBI (LODR) Regulations 2015 is as under:

Sr. No	Particulars	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year		Number of shareholders who approached FOL for transfer of shares and number of shareholders to whom shares were transferred from suspense account during the year.		Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	
		No. of share holders	No. of shares	No. of share holders	No. of shares	No. of share holders	No. of shares*
1	Shareholders of Fairchem Organics Limited who were holding shares in physical form in FSL as stated above.	818	49,653	15	998	803	48,655
2	Shareholders of Fairchem Organics Limited who were holding shares in demat form in FSL and who did not get demat credit of shares of FOL due to account closure.	19	1,601	0	0	19	1,601
	Total	**837**	**51,254**	**15**	**998**	**822**	**50,256**

The voting rights on these shares shall remain frozen till the rightful owner/legal heir of such shares claim the same and are duly transferred in their demat account after completion of due process.

11. Code of Conduct

The Company has in place Code of Conduct and Ethics for all the Directors and for all Senior Management Personnel. A copy of the Code has been placed on the Company's website http://fairchem.in/investor-relations/Policies/Code-of-Conduct.pdf. The Code has been circulated to all the Directors and Senior Management Personnel and they affirm its compliance every year.

The Company has also in place a Code of Conduct for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is applicable to all Designated Persons / insiders defined under the Code of Conduct for Prevention of Insider Trading adopted by the Company. The Code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information. The full text of the Regulations of SEBI (Prohibition of Insider Trading) Regulations, 2015 as notified dated January 15, 2015 and further amended from time to time is available at https://www.sebi.gov.in/legal/regulations/jun-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-regulations-2015-as-amended-on-june-26-2024-_84494.html

12. Means of Communication

During the year, quarterly unaudited financial results and audited annual financial results of the Company were submitted to the stock exchanges soon after its approval by the Board of Directors at their Meetings. Financial Results were published in at least anyone of Times of India/Financial Express, English language in Ahmedabad edition and in at least anyone of Divya Bhaskar/ Financial Express, Gujarati language in Ahmedabad edition. The quarterly unaudited financial results and audited annual financial results are also posted on the Company's website at https://www.fairchem.in/investor-relations-fol.html under the heading 'Quarterly Financial Results' and are also available on the respective websites of BSE Limited and National Stock Exchange of India Limited.

News releases, presentations, etc.:

Official news releases are displayed on the website of the Company www.fairchem.in.

The Company's website www.fairchem.in contains a separate dedicated section where the useful information for the Shareholders is available.

13. General Body Meeting:

Location and time, where last three annual general meetings were held:

Meeting	Year	Venue of General Meeting	Date & Time	No. of Special Resolutions
2nd AGM	2020-2021	Held through Video Conferencing (V/C) other Audio Visual means (OAVM)	September 02, 2021 at 03.00 p.m.	Three
3rd AGM	2021-2022	Held through Video Conferencing (V/C) other Audio Visual means (OAVM)	August 9, 2022 at 04.30 p.m.	None
4th AGM	2022-2023	Held through Video Conferencing (VC) / other Audio-Visual means (OAVM)	August 07, 2023 at 03.30 p.m.	One

Extra Ordinary General Meeting of the Company was held on March 14, 2024 at 3.00 p.m. (during FY 2023-24), through Video Conferencing (VC)/Other Audio Visual Means (OAVM), in which one Special Resolution was passed.

During the last year, no special resolution was passed through Postal Ballot.

No Special Resolution is proposed to be conducted through Postal Ballot as on date of this Report.

14. General Shareholder Information

Pursuant to the General Circular No. 9/2023 dated September 25, 2023 [in continuation of all earlier General Circulars in regard to holding General Meetings through Video Conferencing (VC) / Other Audio Visual Means (OAVM)] issued by the Ministry of Corporate Affairs, the 5th Annual General Meeting (AGM) for the year ended March 31, 2024 is scheduled to be held on **Monday, August 5, 2024 at 03.30 P.M.** IST onwards through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

The Members may attend the 5th AGM scheduled to be held on **Monday, August 5, 2024 at 03.30 P.M.** IST onwards, through VC or watch the live web-cast at https://instameet.linkintime.co.in. Detailed instructions for participation are provided in the notice of the 5th AGM. The proceedings of the 5th AGM will be available through VC and live web-cast to the shareholders holding shares as on the cut-off date i.e. Monday, July 29, 2024.

Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2024	On or before August 14, 2024
Financial reporting for the quarter/half year ending September 30, 2024	On or before November 14, 2024
Financial reporting for the quarter ending December 31, 2024	On or before February 14, 2025
Financial reporting for the year ending March 31, 2025	On or before May 30, 2025

Dividend Payment Date : The Dividend for the financial year 2023-24, if approved by the members at the ensuing Annual General Meeting, shall be paid within 30 days of the declaration.

Book Closure Date : July 30, 2024 to August 5, 2024 (both days inclusive)

Listing on Stock Exchanges at:

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051.

BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001.

Listing fees for the year 2024-25 have been paid to National Stock Exchange of India Limited and BSE Limited.

Stock Code / Symbol / ISIN Information:		
BSE Ltd	National Stock Exchange of India Limited	Demat ISIN No. in NSDL & CDSL for Equity Shares
543252	FAIRCHEMOR	INE0DNW01011

STOCK PRICE:

High/Low of monthly Market Price of Company's Equity Share of Rs. 10/- each traded on The National Stock Exchange of India Limited and BSE Limited during the financial year 2023-24 is furnished below:

Months	BSE Limited		National Stock Exchange of India Limited	
	High	Low	High	Low
April, 2023	1,317.95	911.95	1,305.75	915.15
May, 2023	1,275.05	1,135.25	1,272.00	1,140.00
June, 2023	1,400.00	1,201.05	1,399.90	1,228.10
July, 2023	1,299.00	1,125.05	1,302.00	1,110.50
August, 2023	1,230.65	999.00	1,240.00	999.00
September, 2023	1,280.00	1,065.80	1,283.65	1,082.10
October, 2023	1,218.95	1,020.65	1,197.90	1,019.85
November, 2023	1,238.80	1,078.70	1,230.00	1,076.00
December, 2023	1,274.00	1,080.15	1,275.00	1,115.10
January, 2024	1,364.00	1,190.20	1,371.95	1,183.45
February, 2024	1,525.30	1,225.00	1,528.80	1,226.00
March, 2024	1,480.00	1,115.80	1,490.00	1,156.50

The year-end price of the equity share of the Company at BSE Limited was Rs. 1,187.00 and at National Stock Exchange of India Limited was Rs. 1,190.20.

Share Price Performance in comparison to broad based indices such as BSE Sensex as on March 31, 2024:

The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. We are giving relative comparison of the share price of the Company and the broad-based indices:

	BSE (% Change)	
	Fairchem Organics Limited	Sensex
F.Y. 2023-24	30.16%	24.56%

The securities of the Company are not suspended from trading.

Registrar to Issue and Share Transfer Agent (RTA):

The Company has appointed M/s Link Intime India Private Limited (LIIPL) as its Registrar to Issue and Share Transfer Agent (RTA). Relevant details of RTA of the Company are as under:

Ahmedabad Office:

Link Intime India Private Limited

Unit: Fairchem Organics Limited

SEBI Reg. No. INR000004058

5th Floor, 506 to 508, Amarnath Business Centre – 1 (ABC-1),

Beside Gala Business Centre, Off C. G. Road, Navrangpura,

Ahmedabad – 380009.

(office) 079 – 2646 5186 / 87

(Email) ahmedabad@linkintime.co.in (Website) www.linkintime.co.in

Share Transfer System

Transfer of shares is processed by Registrar and Share Transfer Agent M/s. Link Intime (India) Pvt. Ltd.

As on 31.03.2024, all the shares of the Company are in dematerialized form.

Shareholders holding shares in electronic form may please note that the instructions regarding change of address, bank details, email address, nomination and power of attorney should be given directly to the Depository Participant (DP).

Reconciliation of Share Capital Audit & Certificate pursuant to Regulation 40 (9) of SEBI (LODR) Regulations, 2015:

A qualified professional carries out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Pursuant to Regulation 40 (9) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, certificates, on yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

Distribution of Shareholding as on March 31, 2024

Category (shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	31,435	97.82	13,72,136	10.54
501-1,000	358	1.11	2,61,519	2.01
1,001-2,000	156	0.49	2,26,292	1.74
2,001-3,000	52	0.16	1,29,653	1.00
3,001-4,000	25	0.08	89,485	0.69
4,001-5,000	22	0.07	1,02,532	0.79
5,001-10,000	38	0.11	2,83,847	2.17
Above 10,001	50	0.16	1,05,55,438	81.06
Total	**32,136**	**100.00**	**1,30,20,902**	**100.00**

Dematerialization of Shares and Liquidity

As on March 31, 2024, 100% equity shares of the Company were held in dematerialized form. The shares are traded on The National Stock Exchange of India Limited and BSE Limited.

Categories of Shareholders, Category-wise Shareholding as on March 31, 2024

Category	No. of Shares held	% to total shares held
Individual	26,94,993	20.70
Promoters		
- Indian Promoters	7,88,500	6.06
- Foreign Promoter	68,78,656	52.83
Other Corporate Bodies	2,97,826	2.29
Financial Institutions / Mutual Funds / Banks	6,85,536	5.26
Directors & their relatives	-	-
Foreign Institutional Investors / Overseas Corporate Bodies	12,36,416	9.49
Non-Resident Indians	2,77,624	2.13
Others	1,61,351	1.24
TOTAL	**1,30,20,902**	**100.00**

Registered Office & Works/Plant Location	253/P and 312, Village Chekhala, Sanand-Kadi Highway, Taluka – Sanand, Dist. Ahmedabad - 382 115 Gujarat
Contact Person	Mr. Rajen Jhaveri Chief Financial Officer and Company Secretary
E-mail	cs@fairchem.in
Phone Nos.	+91 (2717) 687900 / 687901

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

Nil

Commodity Price Risk or Foreign Exchange Risk and hedging activities

One of the main raw materials and one of the main prime finished products - both are commodities in nature and prices fluctuate based on market forces. To mitigate the risks arising from this, the Company has formed a core management team comprising of head of operations and senior officials of raw material and sales departments. The team takes guidance from Managing Director and collectively comes to pricing conclusion for purchase and sales. Prior to Covid-19, the price fluctuations were within a very moderate level of 2 % to 3 %. However, post Covid-19 and more particularly post Russia - Ukraine war, prices have become quite volatile.

The Company is predominantly focused on domestic sourcing and domestic sales. The exports and imports constitute small percent of respective values and so there is no direct material foreign exchange risk.

The Company does not do any hedging.

Credit Rating:

CARE Ratings Limited carried out annual review of credit facilities of HDFC Bank and vide its letter dated July 31, 2023 has assigned / reaffirmed its ratings as under;

1. For Long Term Bank Facilities – Care A+, Stable (Single A Plus; Outlook: Stable).
2. For Long Term / Short-term Bank Facilities - Care A+; Stable / Care A1+ (Single A Plus; Outlook: Stable / A One Plus)
3. For Short Term Bank Facilities – Care A1+ (A One Plus)

The Company has not issued any fixed deposit program or for mobilization of funds, during the year under review.

Declaration:

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics for Board of Directors, Senior Management & Employees, as applicable to them, for the financial year ended March 31, 2024.

For Fairchem Organics Limited,

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

Place : Chekhala, Tal. Sanand, Dist. Ahmedabad
Date : May 22, 2024

ANNEXURE I

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

S.No.	Requirement	Company's Detail
1	**Corporate Identity Number (CIN)**	L24200GJ2019PLC129759
2.	**Name of the Listed Entity**	FAIRCHEM ORGANICS LIMITED ('the Company')
3.	**Year of incorporation**	2019
4.	**Registered office address**	253/P & 312 Village Chekhala, Sanand - Kadi Highway, Taluka Sanand, District Ahmedabad - 382 115, Gujarat, INDIA
5.	**Corporate address**	253/P & 312 Village Chekhala, Sanand - Kadi Highway, Taluka Sanand, District Ahmedabad - 382 115, Gujarat, INDIA
6.	**E-mail**	cs@fairchem.in
7.	**Telephone**	+91 2717 687900/901
8.	**Website**	www.fairchem.in
9.	**Financial year for which reporting is being done**	2023-2024
10.	**Name of the Stock Exchange(s) where shares are listed**	a) National Stock Exchange of India Limited b) BSE Limited
11.	**Paid-up Capital**	Rs. 1,302.09 Lakhs
12.	**Name and contact details of the person who may be contacted in case of any queries on the BRSR report.**	Mr. Rajen Jhaveri, Chief Financial Officer & Company Secretary Address: 253/P & 312 Village Chekhala, Sanand - Kadi Highway, Taluka Sanand, District Ahmedabad - 382115, Gujarat, India. Tel.: +91 2717 687900/687901 • Email: cs@fairchem.in
13.	**Reporting boundary - Are the disclosures under this report made on a standalone basis or on a consolidated basis**	The disclosures made in this report are on a standalone basis.
14.	**Name of assurance provider**	Not Applicable
15.	**Type of assurance obtained**	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Manufacturing of Specialty Oleo chemicals	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% of total turnover contributed
1.	Company produces following products: • Dimer Acid • Linoleic Acid / Soya Fatty Acid • Deodorizer Distillate (Mixed Tocopherol Concentrate) • Monobasic (Monomer) Acid • Isostearic Acid • Palmitic Acid • Stearic Acid	NIC Code – 20299 – Manufacture of various other chemical (industrial activity code-wise) products n.e.c.	93.58%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1	Registered Office is within the plant premises	1
International	-	-	-

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Pan India
International (No. of Countries)	5

b. What is the contribution of exports as a percentage of the total turnover of the entity?

The contribution of exports was 6.22% of our total turnover during FY 2023-24.

c. A brief on types of customers

The Company operates in the Business-to-Business model. An overview of the customer base for its key products is outlined below:

- Dimer Acid: The customers include companies / firms engaged in production of epoxy hardener, paint, and printing ink
- Linoleic Acid / Soya Fatty Acid: The customers are companies / firms engaged in production of paint, printing ink, and oil drilling operations
- Mixed Tocopherol Concentrate stream is used mainly for manufacture of natural vitamin E. Its customers include companies in pet food, pharma, cosmetics sectors.
- Isostearic Acid: The customers are companies / firms engaged in making lubricants or companies engaged in trading of this product.
- Customers for other fatty acids such as Palmitic Acid, Stearic Acid, Monobasic Acid, Distilled Fatty Acid are companies engaged in making soaps, animal feed, paints, inks, etc.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S.No.	Particulars		Male		Female	
		Total (A)	No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	130	130	100%	-	0%
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total employees (D + E)**	**130**	**130**	**100%**	**-**	**0%**
WORKERS						
4.	Permanent (F)	97	95	98%	2	2%
5.	Other than Permanent (G)	149	132	89%	17	11%
6.	**Total workers (F + G)**	**246**	**227**	**92%**	**19**	**8%**

b. Differently abled Employees and workers:

S.No.	Particulars		Male		Female	
		Total (A)	No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total differently abled employees (D + E)**	**-**	**-**	**-**	**-**	**-**
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	**Total differently abled workers (F + G)**	**-**	**-**	**-**	**-**	**-**

21. Participation/ Inclusion/ Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors*	6	1	17%
Key Management Personnel**	2	-	-

Note: *& **Managing Director of the Company is included in the BoD as well as KMP.

22. Turnover rate for permanent employees and workers

	FY 2023-24			FY 2022-23			FY 2021-22		
Particular	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Permanent Employees	3.52%	-	3.52%	6.97%	NA	6.97%	6.76%	NA	6.76%
Permanent Workers	-	-	-	-	-	-	-	-	-

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding /subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
NA				

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) – Yes

(ii) Turnover (in Rs.) : 62,147.26 lakhs

(iii) Net worth (in Rs.) : 28,993.28 lakhs

CSR provisions are applicable to the Company based on the Net profit criteria.

A detailed report on CSR projects undertaken during FY 2023-24 has been included in the Board's report.

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

	Grievance Redressal Mechanism in Place (Yes/No)	FY 23-24 Current Financial Year			FY 22-23 Previous Financial Year		
Stakeholder group from whom complaint is received	**(If Yes, then provide web-link for grievance redress policy)**	**Number of complaints filed during the year**	**Number of complaints pending resolution at close of the year**	**Remarks**	**Number of complaints filed during the year**	**Number of complaints pending resolution at close of the year**	**Remarks**
Communities	Yes	1	0	Nil	Nil	Nil	Nil
Investors (other than shareholder)	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Value Chain Partners	Yes	Nil	Nil	Nil	Nil	Nil	Nil

Summarized below is an overview of the Grievance redressal mechanism in place within the Company for its key stakeholders:

- **Investor** - The Company has constituted an investor grievance cell. Details on how to report any grievances is available on the Company's website at https://www.fairchem.in/investor-relations-fol.html.
- **Customers and Value Chain Partners:** The Company has a procedure in place to redress grievances from these stakeholders. Contact details to report any grievance are available on the Company's website at https://www.fairchem.in/contact.html.
- **Employees & workers:** The whistle blower policy/ vigil mechanism of the Company provides grievance redressal mechanism to all the employees and workers. In addition to this, the Company has a standalone policy for handling grievances which outlines the process to be followed in case of any complaints/grievances raised by the employees and workers. The whistle blower policy and vigil mechanism is hosted on Company's website at https://www.fairchem.in/investor-relations/Policies/Vigil-Mechanism-Whistle-Blower-Policy.pdf.
- **Communities:** The Company has a dedicated mailbox which communities can use to report any grievances/complaints. The mailbox is managed on an ongoing basis to ensure any issues from communities are picked up and addressed on a priority basis. Details of the mailbox are also available on the Company's website at https://fairchem.in/investor-relations/Others/Communities%20Grievances.pdf

26. Overview of the entity's material responsible business conduct issues:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	New environment-friendly products	O	There is growing demand for products free of 'forever chemicals'. Regulatory landscape is also evolving globally to reduce the amount of chemicals used in various business sectors like agriculture, pharmaceuticals, food, etc. Such increasing focus on sustainability and increasing preference for such 'greener' products - represents an area of increasing market opportunity for the Company.	-	Positive
2	GHG emissions and carbon footprint	O	The Company is looking at increasing the adopting of renewable sources of energy and implementing energy efficient processes across the value chain	-	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			in order to decrease the GHG emissions from its operations and in-turn reduce the overall carbon footprint of its products.		
3	Climate Change	O	The Company is looking to adopt climate resilient infrastructure and move a step ahead amongst peers both from an operational perspective as well as considering health & safety aspects for its workforce.	-	Positive
4	Waste-water Management	R	Waste-water generated in the plant may have adverse impact on the environment if discharged without treatment.	The Company has installed ETP and high TDS RO in the plant to treat wastewater. The Company has adopted zero liquid discharge mechanism and continues to utilize treated water for its operations as well as within wider factory premises. The Company has also developed rainwater harvesting arrangement in the factory premises to build water reserves for immediate usage. The manufacturing plant is paved to prevent under ground water contamination.	Negative
5	Responsible waste management	R	Hazardous waste generated in the Company may cause harm to the environment if not handled responsibly.	Solid waste generated as part of the Company processes is being sent to GPCB approved co-processing unit and subsequently utilized by the cement	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				manufacturing unit(s) as an energy source. This reduces the quantity going to landfill or incineration. The Company is also continually assessing measures to reduce/ recycle other waste generated as part of its operations (e.g. e-waste, plastic waste, etc.)	
6	Occupational Health & Safety	R	Company's business operation might involve occupational injuries since workers are exposed to plant equipment and handle various ingredients.	Company is conducting regular safety training for all the employees & workers. Company also organizes third party safety audit of the plant.	Negative
7	Brand management	O	Brand management is an opportunity, particularly considering the strong quality-focused reputation the Company has in the market.	-	Positive

Section B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	The Company has developed comprehensive policies covering all NGRBC principles. Some of the policies (e.g. Risk management policy, Anti-corruption policy, Code of conduct, etc.) have been approved by the Board as per relevant statutory requirements. Other functional policies (e.g. CCTV cameras at workplace policy, Policy for email security, Grievance redressal, etc.) are developed and implemented by the functional heads.								
c. Web Link of the Policies, if available	All relevant policies are uploaded on the website of the Company at https://www.fairchem.in/investor-relations-fol.html								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No	No	No	No	No	No	No
4. Name of the national and international codes/ certifications / labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000,OHSAS,ISO,BIS) adopted by your entity and mapped to each principle.	No	No	No	No	No	No	No	No	No
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Zero corruption & bribery	100% sustainable sourcing	Zero Harm to employees & workers	Timely & effective communication with all stakeholders	Zero tolerance to any human rights issues/ complaints	Zero harm to environment	NA	No harm to communities	100% customer satisfaction
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	The Company continues to focus on the highest level of commitment towards Environmental, Social and Governance (ESG) aspects of its operations whilst advancing its vision to be the leading renewable specialty chemical company. Operating in the Specialty Oleo Chemical segment, the Company always strives to adopt and implement practices that are environment friendly. This includes working towards energy efficiency, minimizing the carbon footprint of its products and wider operations and embedding circular economy principles, to the extent feasible, across its end-to-end value chain. The Company continues to adopt and implement latest technologies and industry best practices for reducing air pollution and greenhouse gas emissions and for effective waste and water management. The Company uses organic by-products having origin of agriculture, generated during refining process in vegetable oil refineries to make organic products used in printing ink, paint and soaps, epoxy hardener, etc. The solid waste generated is sent to co-processing units and subsequently utilized by the cement units as an energy source. Thus, the Company has successfully created a cycle of reusing the waste materials aligning towards the principle of reuse, recycle and reduction of resources. From a social perspective, the Company fosters a diverse, inclusive, safe and an engaging workplace. It also promotes social well-being and workforce empowerment by involving employees and workers in various engagement initiatives and regular Open House sessions with the senior management. The Company provides training on health and safety, functional topics, skills upgradation and human rights to its entire workforce on an ongoing basis. The Company is committed to conducting beneficial and fair business practices to its labour and human capital and to the wider communities. It also strives to be the organization of choice in the communities in which it operates and contributes to their equitable and inclusive development through various CSR and impact-focused activities.								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	The Company has a robust governance structure in place which comprises of various systems, policies and processes that enable a transparent, ethical and accountable work environment. The Company engages in transparent communication with all its stakeholders, including investors, customers, suppliers, contractors, employees and nearby communities. Various formal policies in place within the Company focused on end-to-end aspects of Responsible Business conduct. There are dedicated teams and/or functional committees to oversee effective implementation of such policies on an ongoing basis to ensure that NGRBC Principles are embedded in our day-to-day business conduct. The Company understands that sustainability is a journey, not a destination. As it looks ahead, the Company remains committed to continuous improvement and innovation, seeking new ways to integrate sustainability into every aspect of our business and advance its environmental and social impact.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The plant head and COO are jointly responsible for day-to-day implementation of the business responsibility policies. The MD of the Company has an oversight and governance role in relation to effective implementation of the business responsibility policies.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, the plant head and COO are jointly responsible for decision making on day-to-day sustainability related issues.								
10. Details of Review of NGRBCs by the Company:									
Subject of the review	**Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee**								
Performance against above policies and follow-up action.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Frequency (Annually/ Half yearly/ Quarterly/ Any other - Please specify)								
Performance against above policies and follow-up action.	All policies are periodically reviewed by the functional heads and / or the Board. The policies are communicated to employees at the time of onboarding and on an ongoing basis in case of any changes/updates to existing policies and when new policies are being introduced.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances.	The MD is responsible for oversight of the implementation of the policies. Where relevant, the Board and functional Committees (e.g. Risk Management Committee) also perform an additional oversight role and undertake periodic review of the policies as required. During the review, any new statutory requirement is incorporated into the existing policies to align with industry best practice as well as to avoid any form of non-compliance.								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	During FY 2023-24, the Company has not carried out any independent assessment/evaluation of the working of its policies by an external agency.								
12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:									

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	Not Applicable. The Company has formulated all policies in accordance with the nine NGRBC principles.								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 - Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

ESSENTIAL INDICATORS

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

   The Company's employees live up to the highest standard of business integrity, transparency, ethics and compliance. Our values are aligned with our Code of Conduct. To further enhance this and ensure that the competency of our workforce is at par with the best industry practices, the Company provides formal online as well as offline training programmes and informal capacity building workshops to its entire workforce covering all NGRBC principles. The coverage of our training programmes during FY 2023-24 are captured below:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	4 Board meetings were held during FY 2023-24	At different Board meetings, the Chairman and MD discussed one or more NGRBC principles and material ESG topics relevant to the Company operations, including any impact and initiatives taken.	100%
Key Managerial Personnel			100%
Employees other than BoD and KMPs	EHS - 10 Trainings Human rights - 1 Training Soft skills - 26 Trainings	Principle 3 - Health & Safety Principle 5 - Human rights Principle 1 - Leadership	EHS - 70% Human rights - 100% Soft skills - 70%
Workers	EHS - 6 trainings Human rights - 1 training Soft skills - 4 Trainings	Principle 5 - Human rights Principle 3 - Health & Safety Principle 1 - Leadership	EHS - 51.55% Human rights - 100% Soft skills - 38.14%

Note: The information reported above includes only formal training sessions scheduled during the year where detailed attendance records are maintained. Other than such formal trainings, multiple informal training and workshop sessions on health & safety, tools/machine trainings, environmental and social awareness, etc. are also conducted which cover, in a phased manner, the entire workforce of the Company.

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:**

Monetary					
Particulars	**NGRBC Principle**	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

Non-Monetary					
Particulars	**NGRBC Principle**	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Imprisonment	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil

During FY 2023-24, no fines / penalties / award / compounding fees / settlement amount was paid in proceedings by the Company or by its Directors / KMPs as per the materiality policy and SEBI Regulations.

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable.	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, the Company has an Anti-Corruption policy received from the Fairfax Group. This policy applies to all the Board of Directors, KMP & employees of the Company. The policy strictly prohibits the offering, giving, solicitation, or acceptance of any bribes or corrupt inducements, whether directly or indirectly, by any employee or representative of the Company.

Alongside this, the Company has a Code of Conduct for senior management and employees enforcing highest standard of personal and professional integrity, honesty and business ethics while discharging their duties. As per the Code, employees need to demonstrate and promote professional behaviour to acquire skills, knowledge, and attitude to improve performance. The Company promotes freedom of expression and open communication practices to foster respectful and collaborative working environment and ethical business practice.

The Code prohibits to accept any offer, payment or value from customers, vendors etc. which intends directly or indirectly to influence any of the business decision. The Code also discourages to divulge any information to outsiders which may have material impact on the business of the Company to derive any personal benefit. The Code reckons due and timely compliance of all the laws, rules and regulations applicable to the Company.

The Code is applicable to all the employees and is communicated to all the relevant stakeholders at the time of onboarding. The Code is complemented by the Whistle Blower Policy of the Company which provides mechanism to report any breach to the code and fraudulent activities.

The Code of Conduct and Whistle Blower Policy are available on the Company's website at:

https://fairchem.in/investor-relations/Policies/Code-of-Conduct.pdf

https://fairchem.in/investor-relations/Policies/Vigil-Mechanism-Whistle-Blower-Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Particulars	FY 2023-24	FY 2022-23
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

During FY 2023-24, no disciplinary action has been taken by any law enforcement agency or the charges of bribery/ corruption against any Directors/KMPs/ employees/workers.

6. **Details of complaints with regard to conflict of interest:**

Particulars	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Director	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

During FY 2023-24, no complaints were recorded with regard to conflict of interest.

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable.

During FY 2023-24, the Company has not received any form of fine/ penalties/ punishment/ award/ compounding fees against any of the NGRBC principles. As such, no corrective actions are required.

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

Particulars	FY 2023-24	FY 2022-23
Number of days of accounts payables	10.38	7.70

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Not Applicable	
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers / distributors as % of total sales		
	b. Number of dealers / distributors to whom sales are made		
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors		
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)		
	b. Sales (Sales to related parties / Total Sales)		
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)		
	d. Investments (Investments in related parties / Total Investments made)		

Note: The Company operates in the Business-to-Business mode. Nearly all its suppliers of raw materials are vegetable oil refineries and nearly all its customers are end users of its prime finished products i.e. manufacturing units. The Company does not deal with trading houses and does not have dealers or distributors for sale of its finished products. So, there is as such no concentration of purchase and sales with any dealer(s)/distributor(s). The Company also does not have any business transaction with its related parties.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

The Company is in the process of developing an approach to start engaging with key value chain partners on ESG and wider sustainability aspects. These will be implemented over the course of the coming financial years. More details will be provided in subsequent disclosures.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has implemented process to avoid/manage conflict of interest involving members of the Board. The Company ensures that if any Director has a potential interest or conflict in the matter under voting then such Director is requested to abstain from voting on such matters. The policy is followed strictly for all members of the Board including the nominee Director appointed by the Fairfax group.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Particualrs	FY 2023-24	FY 2022-23	Details of improvement in environmental & social impacts
R&D	Refer Note below		
Capex			

Note: R&D undertaken and Capex incurred by the Company are primarily focused towards developing new products & overall process improvements. While these may have indirect beneficial impact on environmental and social aspects, the Company does not track these on a specific basis and hence are not reported here.

2. **a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes.

   b. If yes, what percentage of inputs were sourced sustainably?

   100% of the Company's raw materials are from sustainable sources as they are generated during refining process of vegetable oils having ultimate origin of agriculture.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for**

   (a) Plastics (including packaging)

   (b) E-waste

   (c) Hazardous waste and

   (d) Other waste

   Not applicable.

   All the finished products of the Company are liquid chemicals and more than 99% despatches are in tankers which do not involve any primary packing. The Company does not make any finished products which will generate any E-waste or other hazardous waste at the end of their useful life. All waste generated during the manufacturing process is disposed-off by the Company as per GPCB guidelines.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Yes, the Company has obtained a registration under EPR rules in October 2023. This is primarily in relation to the plastic waste generated from the packaging of imported products. The Company has submitted a waste collection plan to GPCB. The Company has complied with the EPR rules and the waste collection plan as outlined in the EPR registration .

Leadership Indicators

1. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

   Input materials used by Company are by-products of vegetable oil refineries. These materials are then passed through distillation/ fractionation process at their boiling temperatures. Therefore, there is no further question of recycling or reusing of any input material.

2. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

   All finished goods of the Company are used as an input for other industrial products like paint, ink, etc. There are no instances of reusing or recycling them. The Company supplies its finished products in metal containers (except in case of any special packaging instructions by the customers). These containers can be easily reused and/or recycled. However, given the diverse geographic spread of the customers, it is extremely challenging for the Company to reclaim the product packaging. Therefore, the end customers typically look at reusing/recycling/safely disposing the packaging.

PRINCIPLE 3 - Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
		Health insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	130	130	100%	130	100%	NA	NA	-	-	-	-
Female	-	-	-	-	-	-	-	NA	NA	-	-
Total	**130**	**130**	**100%**	**130**	**100%**	**-**	**-**	**-**	**-**	**-**	**-**
Other than Permanent Employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note: All employees in the Company are permanent employees, once they are through with initial probation period of 3 or 6 months. The Company does not employ other than permanent employees. All permanent employees are covered by well-being measures such as life insurance, health insurance, accident insurance and maternity benefits. The Company currently does not provide any Paternity benefits and Day care facilities.

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
		Health insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	95	95	100%	95	100%	NA	NA	-	-	-	-
Female	2	2	100%	2	100%	2	100%	NA	NA	-	-
Total	**97**	**97**	**100%**	**97**	**100%**	**2**	**100%**	**-**	**-**	**-**	**-**
Other than Permanent Employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures (in lakhs)	16.50	14.51
Total Revenue (in lakhs)	62,147.26	64,804.10
%	**0.03%**	**0.02%**

Note: The costs reported here include the cost of mediclaim, death policy and accident insurance policy for all employees and workers.

2. Details of retirement benefits, for Current and Previous Financial Year

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/ N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/ N.A.)
PF	100.00%	100.00%	Y	99.20%	100.00%	Y
Gratuity	100.00%	95.88%	Y	100.00%	43.06%	Y
ESI	-	100.00%	Y	1.50%	78.21%	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Company's plant and office at the plant are accessible to differently abled employees and workers, in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Providing equal opportunities to everyone is one of the key principles of the Employee Manual & Employment Workplace Policy of the Company. Focus on equal opportunities is also central to all other HR policies in place within the Company. The Company does not discriminate based on race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability, or any other category protected by applicable law. The Employment Workplace Policy is available on the Company's website at https://fairchem.in/investor-relations/Policies/Employment-Work-Place-Policy.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	NA	NA	NA	NA
Total	NA	NA	NA	NA

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers If yes, give details of the mechanism in brief.**

Category	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees and Workers	Yes. The Company's employees and workers have access to a grievance redressal mechanism. Under the mechanism provided in the Whistle-blower Policy and Internal grievance redressal policy, the Company provides a mechanism and encourages its employees and workers to report and bring to attention any instances of unethical behaviour, incidents, frauds, or violations. The mechanism provides for employees to directly raise any grievance with their immediate superior/supervisor. The superior along with the functional Head is responsible to redress such grievance within 2-3 working days. In case of an unsatisfactory outcome, the complainant can raise first level of escalation with the Head of the Department. Head of Department is obliged to resolve the issue with the help of HR within 5 working days from receipt of the complaint/grievance. The second level of escalation is with the COO/CFO through HR after 10 days of above complaint. HR Head with COO/CFO will make all possible efforts to redress the complaint. In case of delay, the employee has to be communicated through their immediate superior/supervisor. The final stage is for the employee to raise the issue directly with the CMD in the Open House. Decision of the CMD will typically be considered as the final outcome.
Other than Permanent Employees and Workers	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Not Applicable. None of the employees and workers have membership with any association or union recognized by the Company.

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employee	NA					
- Male						
- Female						
Total Permanent Worker						
- Male						
- Female						

8. Details of training given to employees and workers:

Category	FY 2023-24						FY 2022-23			
		On Health and Safety Measures		On Skills upgradation			On Health and Safety Measures		On Skills upgradation	
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	130	91	70%	91	70%	128	61	48%	26	20%
Female	-	-	-	-	-	-	-	-	-	-
Total	**130**	**91**	**70%**	**91**	**70%**	**128**	**61**	**48%**	**26**	**20%**
Workers										
Male	95	48	51%	35	37%	197	70	36%	-	0%
Female	2	2	100%	2	100%	5	-	0%	-	0%
Total	**97**	**50**	**52%**	**37**	**38%**	**202**	**70**	**35%**	**-**	**0%**

Note: The information reported above includes only formal training sessions scheduled during the year where detailed attendance records are maintained. Other than such formal trainings, multiple informal training and workshop sessions on health & safety, tools/machine trainings, environmental and social awareness, etc. are also conducted which cover the entire workforce of the Company.

During FY 2023-24, the Company has given training on following topics to its employees

- KAIZEN - Leadership - Time management - Cost effectiveness - Presentation skill -Awareness training on computer operations	- Microsoft excel & word - Training on new notified forms and implementation for internal audit - Supervisory skill development - Waste handling & Management - - Technical training

During FY 2023-24, the Company has given training on following topics to its workers:

- First aid & personal hygiene - Safety awareness & safety equipment usage - Training on general safety - Training on safe operation of hydrogen plan	- Training on handling of firefighting & mock drill - Safety work permit system - Behaviour based safety trainings - Prevent pollution & safe environment

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	130	130	100%	128	128	100%
Female	-	-	-	-	-	-
Total	**130**	**130**	**100%**	**128**	**128**	**100%**
Workers						
Male	95	95	100%	87	87	100%
Female	2	2	100%	-	-	-
Total	**97**	**97**	**100%**	**87**	**87**	**100%**

Note: The performance review in the Company is done in a hybrid manner. The CMD of the Company is available in the factory/ office round the year. He is aware about job profile and actual work done by almost all the Permanent employees. During annual review, the CMD informally assesses the work done by different departments and where required, discusses about individual performances within the department. The CMD then identifies the department (s) which have performed better than average and then identifies important persons who have contributed significantly to this improved performance. Such identified individuals are given a higher grading/increment. Over a period of time, the Company has realized that in its unique business setting, instead of individual performance review/assessment, this innovative method works better.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

The Company has adopted and implemented a Health and Safety Policy which covers its entire operations. This Policy reaffirms the Company's strong commitment towards workplace safety and to ensure compliance with all applicable health and safety regulations. Alongside the operational aspects as laid out in the Health & Safety Policy, the Company has implemented following plans to achieve safe workplace:

- Personal Protective Equipment Plan – This plan elaborates general responsibility of the functional manager to make sure that all the employees and workers are provided with the PPE kits. It also specifies the type of PPE to be used for a particular kind of job such as material handling, electrical work, housekeeping, etc.
- On Site Emergency Plan – The onsite emergency plan provides guidelines to the personnel at Company premises regarding actions to be taken by the key personnel and other employees to coordinate various activities with different agencies both internal as well as external to prevent escalation of the situation and to control it. This plan not only covers work related hazards but also provide emergency plan for natural calamities.

Both the plans are communicated to employees and workers at the time of onboarding and is subsequently discussed as part of various ongoing sessions. The Company also organizes training on health & safety measures, mock drill, toolbox talk etc. at workplace for the employees and workers.

Additionally, the Company performs periodic assessment of trainings needs of employees & responds to their queries, issues and concerns. There is an ongoing assessment of EHS performance and updates as required are implemented to ensure continuous improvement & to minimize health & safety risks for the workforce.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has established Health and safety Risk Management practices to identify work-related hazards and assess risks on a routine and non-routine basis. This includes Hazard Identification and Risk Assessment (HIRA) through which Company identifies workplace-related hazards and risks on periodic basis and appropriate corrective actions to mitigate

them. The process of risk identification includes continual risk identification, assessment, and mitigation, with active participation of the workforce in the operations.

The Company also organizes third party safety audits once in two years.

The Company has constituted a Safety Committee at plant level and has members from each department. This Committee meets quarterly to discuss the safety related issues and records the minutes of meetings as safety committee agenda. This Committee also has one member from management. This ensures that health & safety discussions and issues are discussed proactively and on an ongoing basis to embed them into day-to-day business decision making process to proactively assess and minimize any health & safety risks.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, workers of the Company can report any work-related hazards through the employee suggestion scheme, regular technical meetings, open house discussions with management and as part of periodic Safety Committee meetings.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, health insurance has been provided to all employees and workers of the Company. They have access to emergency medical services on a 24x7 basis from a nearby multispecialty hospital with which the Company has a tie up. The workers who are statutorily required to be coverd under ESI of Government of India are so covered and ESiC provides health, medical, maternity and disability benefits & related social security benefits.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	44.51	9.60
	Workers	62.43	16.20
Total recordable work-related injuries	Employees	5.00	3.00
	Workers	2.00	8.00
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

During FY 2023-24, the Company has undertaken the following measures to ensure a safe and healthy workplace:

- Mandating use of PPEs
- Implementing work permit system
- Conducting regular training on health & safety areas and toolbox talks
- Maintaining cleanliness and hygiene at workplace
- Using safety nets wherever required
- Proper guarding of machinery and moving parts
- Periodic mock drills of firefighting system
- First aid trainings

- Tie-up with nearest multi-speciality hospital for 24x7 access to emergency medical care
- Regular health check-up by specialist doctors at factory premises

13. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
Category	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	NA	-	-	NA
Health & Safety	-	-	NA	-	-	NA

During FY 2023-24, there were no complaints filed by the employees and workers in relation to working conditions or health and safety parameters.

14. Assessments for the year:

Category	**% of your plants and offices that were assessed (by entity or statutory authorities or third parties)**
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The Company continues to implement measures to ensure a safe and healthy environment for its workforce and to mitigate/ minimize risks or concerns related to health & safety practices and working conditions.

Following on from the necessary corrections implemented in FY 2022-23 (based on the recommendation from the safety audit), the Company has implemented the following measures during FY 2023-24:

- Proper fitting of electrical appliances and wiring
- Adequate guarding of machineries
- Appropriate measures to be taken in case of chemical spillage
- Sanitation at workplace
- Visual display instructions
- Safe measures to be taken while working in the height and confined space.
- Fire hydrant points at various at-risk points
- Fire sprinklers
- Fire extinguishers

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N) - Yes

The Company has taken an insurance policy for all permanent employees in the event of their death.

(B) Workers (Y/N) – Yes

Workers who are permanent / on pay roll of the Company are Covered.

2. **Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	Nil		NA	
Workers	Nil		NA	

During FY 2023-24, there were no incidents involving high consequence work-related injury / ill-health / fatalities.

3. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No

PRINCIPLE 4 - Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Company has identified following stakeholders as per the importance they hold to Company's business.

Stakeholder	Importance to Business
Suppliers & vendors	The suppliers and vendors of the Company are vegetable oil refineries from whom Company purchases its raw materials and suppliers of capital goods, spares and other required inputs and providers of various services.
Employees & workers	Employees and workers of the Company are the backbone of the Company's business.
Logistic partners	Logistic partners play vital role in safe and responsible transportation of the raw materials, final products and machineries and spares.
Regulatory authorities	Regulatory authorities such as Gujarat Pollution Control Board, local authorities, Securities Regulator through stock exchanges and court of law provide guidance to the Company to operate without causing harm to the environment and society and protecting interest of the stakeholders.
Community	Community is important for Company's business since it is part of society at large to which Company's employees, workers, and customers belong.
Customers	Customers are the driving force of the Company's business as they help in generating revenue.
Board of directors & leadership	Board of directors and leadership of the Company are the decision-making authorities.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees & Workers	No	• Departmental meetings • HR Programs • Meetings, seminars and reviews • Circulars	Ongoing basis & scheduled meetings/ town hall sessions	• Understanding the expectations of the employees & workers • Discussion on fair remuneration structure
Logistic Partner	No	• Logistic partner meets	Ongoing basis	• Discussion on the safe & responsible transportation of raw material and final product.
Customers	No	• Formal & informal feedback • Email • Personal meetings	Ongoing basis	• Procuring feedback from the customers and areas of improvement • Quality & reliability of the product • Discussion on new products, upcoming product pipeline, etc.
Government Regulatory / Authorities	No	• Scheduled meetings	Ongoing basis	• On time compliance of statutory & regulatory requirements
Community	Yes	• CSR meets • Stakeholder meets	Periodically	• Discussion on existing CSR initiatives, areas of improvement, etc. • Understanding the expectations of communities with respect to CSR initiatives.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Vendors and Suppliers	No	• Contract revision & negotiation meetings • Suppliers meet	Ongoing basis	• Contract negotiation. • Service improvement opportunities. • Proactive discussion on risks/ challenges to avoid disruption.
Board of Directors & Leadership	No	• Board meetings	Periodically	• Effective implementation of the ESG policies & procedures • Discussion on the future of business

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The CMD has delegated the responsibility of economic, environmental and social issues to the Senior management and functional heads. There are various points of contacts for the stakeholders to reach out in case of any consultation required and/or concerns. The discussions/findings from the consultations are summarized by the respective functional head/stakeholder contact or the Senior management and reported to the CMD for necessary action/mitigation plan.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, the Company engages in consultation with its stakeholders where required to identify/adopt its approach to future engagements with the respective stakeholders. E.g., as part of its CSR activities, the Company engages with the communities around its location on an ongoing basis. During FY 2023-24, the Company had received a request for construction of a shade in the primary school in Chekhala, a nearby village. The request was assessed by corporate social committee, following discussions of H.R. head with the key members of the village. Once ascertained necessity and usefulness, the committee approved the request. Subsequently, it was also approved by the BoD.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company has made contribution to construct a primary school in the nearby village of Chekhala, which will also benefit other villages including where marginalized community members also reside.

PRINCIPLE 5 - Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	130	130	100%	128	128	100%
Other than permanent	-	-	-	-	-	-
Total Employees	**130**	**130**	**100%**	**128**	**128**	**100%**
Workers						
Permanent	97	97	100%	87	46	53%
Other than permanent	149	149	100%	115	115	100%
Total Workers	**246**	**246**	**100%**	**202**	**161**	**80%**

2. Details of minimum wages paid to employees & workers in the following format:

Category	FY 2023-24						FY 2022-23			
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent employees	**130**	**-**	**-**	**130**	**100%**	**128**	**-**	**-**	**128**	**100%**
Male	130	-	-	130	100%	128	-	-	128	100%
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent workers	**97**	**-**	**-**	**97**	**100%**	**87**	**-**	**-**	**87**	**100%**
Male	95	-	-	95	100%	87	-	-	87	100%
Female	2	-	-	2	100%	-	-	-	-	-
Other than Permanent	**149**	**-**	**-**	**149**	**100%**	**115**	**-**	**-**	**115**	**100%**
Male	132	-	-	132	100%	110	-	-	110	100%
Female	17	-	-	17	100%	5	-	-	5	100%

3. **Details of remuneration/salary/wages, in the following format:**

   a. Median Wages/Remuneration

	Male		Female	
	Number	**Median remuneration/salary/ wages of respective category (Rs. million)**	**Number**	**Median remuneration/salary/ wages of respective category (Rs. million)**
Board of Directors*	5	Sitting fees are paid to Independent Directors/ members of the Committee for attending meetings of Board, Audit Committee, Risk Management Committee, CSR Committee.	1	Sitting fees are paid to Independent Directors/members of the Committee for attending meetings of Board, Audit Committee, Risk Management Committee, CSR Committee.
Key Managerial Personnel **	2	19.56	NA	NA
Employees other than BoD and KMP	128	1.02	NA	NA
Workers	95	0.36	2	0.29

Note: * & ** Managing Director is included in the BOD as well as KMP.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	**FY 2022-23**
Gross wages paid to two female workers	5,74,056	NA
Total wages paid to all workers (97 in total)	3,51,09,636	
Gross wages paid to females as % of total wages	**1.64%**	**NA**

Note: For the above calculation, gross wages paid to 97 workers as considered is a base given that the two females are part of the workers of the Company.

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

   Yes, the Head of Human Resource department of the Company is the focal point of contact and is primarily responsible for addressing human rights impact/issues.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

   The internal grievance mechanism of the Company also serves as the mechanism to address human rights issues. The policy is communicated to all employees at the time of boarding and subsequently, at the time of any change/update and as part of ongoing training/workshops. The mechanism provides for an employee to raise any human rights issues with the immediate superior/supervisor for its redressal. The superior alongside HR Head (as the primary contact person for human rights issues) are then responsible for addressing the issue.

   Escalation mechanism includes involving the Head of Department as well as the COO/CFO in case of any serious human rights issues. If required, the CMD may also get involved and participate in resolving the human rights issue.

   The Company also has a Contract Labour Engagement policy and Employee Workplace policy. Both these policies have a strong focus on human rights and includes strict provisions and processes which are implemented to prevent any breach in human rights of the workforce, including child labour, forced labour, discrimination, sexual harassment, non-compliance to labour regulations, etc.

6. **Number of Complaints on the following made by employees and workers:**

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	Nil	Nil	NA	Nil	Nil	NA
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/ Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

During FY 2023-24, there have been no complaints made by workers or employees on any human rights issues.

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	NIL	NIL
Complaints on POSH as a % of female employees / workers	NIL	NIL
Complaints on POSH upheld	NIL	NIL

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Whistle Blower Policy, Code of Conduct, Internal Grievance Policy and POSH Policy of the Company provide mechanism to report any grievances to the Company without facing any adverse repercussions. The Company respects the anonymity of the complainant and ensures that identity remains confidential. Hence, complainant approaching the Company through aforementioned mechanism or through any other mode is protected from any adverse consequences.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Human rights requirements do not explicitly form a specific part of the business agreement & contracts. However, the Company has a zero-tolerance policy for any human rights violations and adopts best practices while engaging with the employees and workers of the company as well as external customers, suppliers and other value chain partners.

10. **Assessments for the year:**

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

There were no significant risks/ concerns arising from the above assessments, so no correction actions were required.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

During FY 2023-24, there have been no complaints made by workers or employees on any human rights issues.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

During FY 2023-24, there has been no requirement for the Company to conduct due-diligence on any human rights issues.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the Company's plant and office at the plant are accessible to differently abled visitors, in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016.

PRINCIPLE 6- Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Tera Joules) and energy intensity:

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A)	0.89	0.85
Total fuel consumption (B)		
Energy consumption through other sources (C)		
Total energy consumed from renewable sources (A+B+C)	**0.89**	**0.85**
From non-renewable sources		
Total electricity consumption (D)	41.38	39.24
Total fuel consumption (E)	518.21	406.60
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**559.59**	**445.84**
Total energy consumption in Tera Joules (A+B+C+D+E+F)	**560.48**	**446.69**
Turnover (Rs. in Lakhs)	62,147.26	64,804.10
Energy intensity per rupee of turnover (in lakhs) (Total energy consumption in Tera Joules/ turnover in Rs. lakhs)	0.009	0.007
Turnover adjusted for purchasing power parity (Rs. in Lakhs)	**2716.23**	**2863.64**
Energy intensity per rupee of turnover (in lakhs) adjusted for Purchasing Power Parity (PPP) (Total energy consumed in Tera Joules / Revenue from operations (in lakhs) adjusted for PPP)	0.21	0.16
Energy intensity in terms of physical output (Total energy consumption in Tera Joules/ total output in MT)	**0.009**	**0.008**

Note: The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor for India published for the year 2022 by World Bank which is 22.88.

Note: Physical output is the total aggregate production (in Metric Tonnes) of the Company for the relevant financial year across all its product categories.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

The Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   The Company is not identified as designated consumer under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres 'KL')		
(i) Surface water	-	-
(ii) Groundwater	**48,614**	**45,765**
(iii) Third party water	-	-
(iv) Seawater/ desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in KL) (i + ii + iii + iv + v)	**48,614**	**45,765**
Total volume of water consumption (in KL)	48,614	45,765
Water intensity per rupee of turnover (in lakhs) (Water consumed (KL)/ turnover in Rs. lakhs)	**0.78**	**0.71**
Water intensity per rupee of turnover (in lakhs) adjusted for Purchasing Power Parity (PPP) (Total water consumed in KL / Revenue from operations in lakhs adjusted for PPP)	**17.90**	**15.98**
Water intensity in terms of physical output (Water consumed (KL)/ total output in MT)	0.75	0.81

Note: Physical output is the total aggregate production (in Metric Tonnes) of the Company for the relevant financial year across all its product categories.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

4. **Provide the following details related to water discharged (mention the level of treatment for each category):**

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater/ desalinated water	NA	NA
(v) Others	NA	NA
Total Water Discharge (in kilolitres)	-	-

Note: The Company has implemented a system of zero liquid discharge so all water used in initial manufacturing process is captured, retreated and reused in production as well as for gardening purposes on the Company premises.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, the Company's manufacturing plant has implemented a mechanism for zero liquid discharge.

Wastewater generated in the Company is treated through high TDS RO and is vaporized for further purification. The vapor in gaseous form is condensed using condenser to obtain pure form of water. The vaporized gas is also captured as per GPCB Guidelines.

MEE salt generated as the residue of the vaporization process is sent to GPCB accredited third party co-processing units for further processing and subsequent use as an energy source in the cement industry.

6. **Please provide details of air emissions (other than GHG emissions) by the entity:**

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	KG/YEAR	4,464.77	9,697.00
SOx	KG/YEAR	12,816.30	19,626.00
Particulate matter (PM)	KG/YEAR	5,174.41	1,809.00
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:**

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	49,537.96	38,860.80
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	8,395.29	7,625.78
Total Scope 1 & Scope 2 emissions	Metric tonnes of CO2 equivalent	**57,933.25**	**46,486.58**
Total Scope 1 and Scope 2 emission intensity per Rs. of turnover (Metric tonnes of CO2 equivalent/ turnover in Rs. lakhs)		**0.93**	**0.72**
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (in lakhs) adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations in lakhs adjusted for PPP)		**21.33**	**16.23**
Total Scope 1 and Scope 2 emission intensity in terms of physical output (Metric tonnes of CO2 equivalent/ total output in MT)		**0.89**	**0.82**

The Scope 1 and Scope 2 calculations are from the energy, electricity and fuel usage at the corporate office and the plant in India. The Company activities do not generate any fugitive or process emissions. Scope 1 calculations are undertaken using guidelines and emissions factors prescribed by IPCC. Scope 2 calculations are undertaken using the emission factors prescribed by Central Electricity Authority of India.

Note: Physical output is the total aggregate production (in Metric Tonnes) of the Company for the relevant financial year across all its product categories.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

8. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, Company has taken initiatives to reduce greenhouse gas emissions by switching to more energy efficient technology and machinery.

Company has also taken steps to increase usage of renewable energy sources.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	13.42	5.34
E-waste (B)	0.48	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	0.77	0.28
Radioactive waste (F)	-	-
Hazardous waste (G) - Spent Bleaching Earth	2,490.16	2,478.88
Other Non-Hazardous waste - ETP Sludge (H)	92.44	72.95
Other Non-hazardous waste generated - MEE Salt (I).	525.23	1,119.06
Total (A + B + C + D + E + F + G+ H + I)	**3,122.50**	**3,676.51**
Turnover (Rs. in Lakhs)	62,147.26	64,804.10
Waste intensity per rupee of turnover	**0.05**	**0.06**
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operation adjusted for PPP)	1.14	1.28
Waste intensity in terms of physical output (Total waste generated in MT/ total output in MT)	0.05	0.06

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled (E-waste)	0.48	-
(ii) Re-used (Nos)	-	-
(iii) Other recovery operations	-	-
Total	**0.48**	**-**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling - ETP sludge	-	13.69
(iii) Co-processing - ETP sludge	79.44	59.26
(iv) Co-processing - Spent Bleaching Earth	2,467.16	2,478.88
(v) Co-processing - MEE Salt	522.23	1,119.06
(vi) Plastic Waste	13.42	5.34
(vii) Battery Waste	0.77	0.28
Total	**3,083.02**	**3,676.51**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

    The Company's key raw materials are the by-products generated during the vegetable refining process. The Company's finished goods are fatty acids which are used as an input material for other industrial products.

    The Company has implemented a ZLD mechanism, where all water and other liquid waste is captured and treated for reuse.

    The solid waste generated from the Company's production process includes spent bleach, ETP sludge and MEE salt. All these are sold to GPCB approved co-processing units where they are further treated and sold to the cement industry for use as an energy source. Plastic waste generated is also sent to accredited/GPCB approved third parties for recycling.

    The Company generates minimal amount of plastic waste from the import of certain raw materials. For this, the Company has taken registration under EPR regulations in October 2023. The plastic waste generated is sent to GPCB accredited third-party recycling facilities. All plastic waste generated is also in line with the action plan submitted as part of the EPR registration.

    The Company also has a standalone E-waste Management policy. Used electronic items and batteries (even though in very minimal quantities) are typically returned back to the producer or vendors through buy-back mechanism.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details:**

    The Company's manufacturing facility does not fall in or around ecologically sensitive areas.

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

    There are no changes to the Company operations. Hence, during FY 2023-24, there has been no requirement for the Company to conduct any environmental impact assessment.

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances:**

    Yes, Company is compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention & Control of Pollution) Act, Air (Prevention & Control of Pollution) Act, Environment Protection Act & rules thereunder.

Leadership Indicators

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

    The Company does not withdraw or discharge water in areas of water stress.

    Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

    Not applicable.

2. **With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

    The Company's manufacturing facility does not fall in or around ecologically sensitive areas.

3. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

    The Company has a Risk Management policy and a disaster response plan in place. Company has identified various natural calamities as business risk. Natural calamities like earthquake, hurricane, drought, etc. can affect the business of Company. The Company has an insurance policy which covers the loss from such natural calamities like earthquake, hurricane, etc. The Company engages in water preservation initiatives which can be used in the immediate short-term in case of water scarcity.

PRINCIPLE 7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers/ associations.

The Company has affiliations with 2 (two) national and state level trade and industry associations/ chambers.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Gujarat Chamber of Commerce & Industry (GCCI)	State - Gujarat
2.	CHEMEXCIL (an export promotion council administered by The Ministry of Commerce and Industry)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

During FY 2023-24, no adverse orders from any regulatory authorities have been received in relation to any anti-competitive conduct.

PRINCIPLE 8 - Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1 Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

During FY 2023-24, there has been no business requirement for the Company to undertake any Social Impact Assessment.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

During FY 2023-24, the Company did not undertake any projects which involve any form of Rehabilitation and Resettlement (R&R).

3. Describe the mechanisms to receive and redress grievances of the community.

Communities can reach out to the Company to raise any grievance through various channels including written letters, phone call and emails. All details are available on the Company's website at https://fairchem.in/investor-relations/Others/Communities%20Grievances.pdf These grievances are then transferred to the concerned department for the resolution. The Company works towards resolving any grievances from communities as quickly as possible.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	5.94%	4.18%
Directly from India	94.06%	95.82%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.**

Location	FY 2023-24	FY 2022-23
Rural	30.87%	30.97%
Semi-urban	2.80%	2.69%
Urban*	66.33%	66.34%
Metropolitan	-	-

*MD's remuneration is not considered in above.

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Social Impact Assessment is not applicable to the Company operations.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   The Company has not undertaken any projects in designated aspirational districts.

3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) – No**

   The Company is in the business in which input material is an industrial product. The raw materials need to be procured from established industries only. So sourcing from marginalized/vulnerable groups is not an option for the Company.

   (b) From which marginalized /vulnerable groups do you procure?

   Not Applicable.

   (c) What percentage of total procurement (by value) does it constitute?

   NIL

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

   During FY 2023-24, there has been no intellectual property based on traditional knowledge owned or acquired by the Company.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   During FY 2023-24, there have been no intellectual property related disputes registered against the Company.

6. **Details of beneficiaries of CSR Projects:**

   The Company generally contributes the funds to third-party CSR agencies or Trusts. These agencies/trusts further work for benefit of public at large.

PRINCIPLE 9 - Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has a process in place to receive and respond to complaints and feedback from its customers. Given the B2B focus and long-standing relationships with the customers, most complaints are highlighted on an informal basis through the designated SPOC for each product. The SPOC then works with the production and other business teams to identify the source of the problem and resolve the queries on a priority basis. Multiple laboratory tests and analyses are also conducted in case of any product-related issues raised by customers. The resolution is then communicated to the customers through the SPOC.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

Particulars	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil

During FY 2023-24, there have been no complaints from customers on any of the above parameters.

4. Details of Instances of product recalls on account of safety issues.

Particulars	Number	Reasons for recall
Voluntary recalls	Nil	NA
Forced recalls	Nil	NA

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, the Company has a policy on cyber security and data privacy related risks. This policy is available on the Company's website at https://www.fairchem.in/investor-relations/Policies/Cyber-Security-and-Data-Privacy-Policy.pdf

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   Not applicable.

7. **Provide the following information relating to data breaches:**

Particulars	FY 2023-24	FY 2022-23
a. Number of instances of data breaches	-	-
b. Percentage of data breaches involving personally identifiable information of customers	-	-
c. Impact, if any, of the data breaches	-	-

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   Yes, the Company has disclosed information about the products on the website. The information can be accessed at https://www.fairchem.in/products.html.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   The Company interacts with customers on the quality and safety of its products, as well as their appropriate use and disposal on an ongoing basis. The Company has developed MSD sheet of its prime products which is shared with customers, as required depending on the product characteristics or upon request.

3. **Mechanisms in place to inform consumers of any risk of disruption / discountinuation of essential services.**

   Not Applicable

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   While there is no governing regulation as such, where required, the Company proactively provides results of the chemical analysis of its prime products or relevant certificates as applicable.

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (LODR) Regulations, 2015. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2024.

For Fairchem Organics Limited,

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

Place : Chekhla, Tal. Sanand, Dist. Ahmedabad
Date : May 22, 2024

CEO / CFO CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

To,
The Board of Directors,
Fairchem Organics Limited

A. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2024 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   (i) significant changes in internal control over financial reporting during the year;

   (ii) significant changes in accounting policies during the year and that the same, if any, have been disclosed in the notes to the financial statements; and

   (iii) Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting. No such instance was noticed during the year.

For Fairchem Organics Limited,

Rajen Jhaveri
Chief Financial Officer

Nahoosh Jariwala
Chairman and Managing Director
(DIN : 00012412)

Place : Chekhla, Tal. Sanand, Dist. Ahmedabad
Date : May 22, 2024

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759

We have examined all relevant records of **Fairchem Organics Limited** for the purpose of certifying compliance of conditions of Corporate Governance as stipulated under para C and D of Schedule V read with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended on March 31, 2024.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the further viability of the Company nor of the effectiveness with which the management has conducted the affairs of the Company.

On the basis of the examination of the records produced, explanations and information furnished, we certify that the Company has complied with the mandatory conditions of the Corporate Governance as stipulated in para C of Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES

UDAY G. DAVE
PRACTICING COMPANY SECRETARY
PARTNER
FCS No.: 6545 C. P. No.: 7158
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020
UDIN: F006545F000476201

Place: Ahmedabad
Date : May 22, 2024

CERTIFICATE

To,
The Members,
FAIRCHEM ORGANICS LIMITED
CIN:L24200GJ2019PLC129759

We have examined relevant registers, records, forms, returns and disclosures in respect of the Directors of **FAIRCHEM ORGANICS LIMITED** (the Company), having its registered office situated at 253/P & 312, Village – Chekhala, Sanand – Kadi Highway, Taluka – Sanand, Dist. Ahmedabad – 382115 which were produced before us by the Company for the purpose of issuing a certificate as stipulated in Regulation 34(3) read with Clause (10) (i) of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time.

In our opinion and to the best of our information and on the basis of the verification of the above stated documents (including the status of Directors Identification Number - DIN at the portal of Ministry of Corporate Affairs - MCA www.mca.gov.in), we hereby certify that none of the Directors on the Board of the Company as on March 31, 2024 have been debarred or disqualified from being appointed or continuing as a Director of the Company by the Board i.e. Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such statutory authority.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the basis of verification of documents produced before us and made available to us.

FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES

UDAY G. DAVE
PRACTICING COMPANY SECRETARY
PARTNER
FCS No.: 6545 C. P. No.: 7158
ICSI Unique Code No.: P2006GJ009900
Peer review Certificate No.: 796/2020
UDIN: F006545F000476190

Place: Ahmedabad
Date : May 22, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Fairchem Organics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fairchem Organics Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue recognition -Timing of recognising revenue See note 1 (c) and 27 to the financial statements	
The key audit matter	**How the matter was addressed in our audit**
Revenue from the sale of finished goods is recognized when control over finished goods is transferred to the customer. The Company has various customers with different terms of trade which increases the risk of error in timing of revenue recognition. The actual point in time when revenue is recognized varies depending on the specific terms and conditions of the contracts with the customers. We have identified the risk of revenue being recognized in incorrect period as a key audit matter due to the financial significance arising from pressure to achieve performance targets and meeting external expectations.	In view of the significance of the matter we applied the following audit procedures, among others, in this area to obtain sufficient audit evidence: – Assessing Company's revenue recognition accounting policies by comparing with applicable accounting standards. – Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of products. – Performing substantive testing of revenue recognized during the year by selecting samples, through statistical sampling, and verifying the underlying customer orders and proof of dispatch/ delivery in accordance with the contractual terms agreed with the customers. – Performing substantive testing of revenue recognized near the year-end by verifying the customer orders and proof of dispatch/ delivery to assess the appropriateness of timing of revenue recognition. – Circulating balance confirmation requests to customers selected through statistical sampling and testing reconciliations in case of differences.

Key audit matter	How our audit addressed the key audit matter
	– Assessing journal entries posted to revenue to identify and test unusual items. – Evaluating the adequacy of disclosures in the financial statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. A As required by Section 143(3) of the Act, we report that:

   a We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matter stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

   f. the modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   B With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 42 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 40(b) to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that that audit trail was not enabled at the database level for accounting software to log any direct data changes. For accounting software for which audit trail feature is enabled, the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software and we did not come across any instance of audit trail feature being tampered with during the course of our audit.

C With respect to the matter to be included in the Auditors' Report under section 197(16). In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W / W-100022

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN:24116240BKGSOV4200

Place : Ahmedabad
Date : 22 May 2024

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Annexure A to the Independent Auditor's Report on the Financial Statements of Fairchem Organics Limited for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit in case of purchases and sale of finished goods where risk and rewards has not been transferred has been physically verified by the management during the year.For goods-in-transit in case of purchases subsequent evidence of receipts has been linked with inventory records and for goods-in-transit in case of sales of finished goods, subsequent evidence of transfer of control has been verified. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has provided loans to other parties during the year, in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured to companies, firms or limited liability partnership during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans is as below:

Particulars	**(Rs. in Lakhs)**
Aggregate amount during the year - Others (loan to employees)	2.42
Balance outstanding as at balance sheet date - Others (loan to employees)	1.42

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the the terms and conditions of the grant of loans provided during the year are, prima facie, not prejudicial to the interest of the company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs) (Unpaid)	Amount (Rs. in Lakhs) (Paid)	Period for which amount relates to	Forum where dispute is pending
The Finance Act, 1994	Service Tax	3.56	0.29	Feb 13 to Nov 14	The Commissioner (Appeal) Central Excise, Ahmedabad
The Finance Act, 1994	Service Tax	2.25	0.19	Dec 14 to Aug 15	The Commissioner (Appeal) Central Excise, Ahmedabad
The Finance Act, 1994	Service Tax	7.15	12.53	Feb 15 to Mar 16	Customs, Excise & Service Tax Appellate Tribunal - West Zonal Bench, Ahmedabad.
Central Sales Tax Act 1956 and the Gujarat Value Added Tax 2003	VAT and CST	-	1.98	FY 2014-15	Gujarat Value Added Tax Tribunal, Ahmedabad
CGST Act 2017, SGST Act 2017	GST	3.82	3.82	FY 2020-21	Dy. Commissioner of State Tax - Appeal, Ahmedabad
Income Tax Act, 1961	Income Tax	318.02	930.36	A.Y. 2020-21 A.Y. 2021-22	Commissioner of Income Tax - Appeal, Mumbai

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W / W-100022

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN:24116240BKGSOV4200

Place : Ahmedabad
Date : 22 May 2024

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Annexure B to the Independent Auditor's Report on the financial statements of Fairchem Organics Limited for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Fairchem Organics Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W / W-100022

Rupen Shah
Partner
Membership No. 116240
ICAI UDIN:24116240BKGSOV4200

Place : Ahmedabad
Date : 22 May 2024

BALANCE SHEET AS AT MARCH 31, 2024

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4 (a)	**18,679.19**	15,145.45
Right to use asset	4 (b)	**408.59**	415.05
Capital work-in-progress	5	**601.57**	3,486.97
Intangible Assets	6	**34.70**	51.73
Financial Assets			
(i) Other Financial Assets	7	**20.97**	20.53
Non-current Tax Assets (Net)	8	**187.89**	182.30
Other Non-current Assets	9	**212.78**	81.50
Total Non-Current Assets		**20,145.69**	19,383.53
Current Assets			
Inventories	10	**6,970.16**	7,995.69
Financial Assets			
(i) Trade receivables	11	**5,681.30**	6,257.91
(ii) Cash and cash equivalents	12	**0.84**	0.78
(iii) Bank balances other than (ii) above	13	**8.18**	5.98
(iv) Loans	14	**1.42**	1.36
(v) Other Financial Assets	15	**2.39**	1.62
Other current assets	16	**620.96**	593.93
Total Current Assets		**13,285.25**	14,857.27
TOTAL ASSETS		**33,430.94**	34,240.80
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	17	**1,302.09**	1,302.09
Other Equity	18	**27,691.19**	24,623.92
Total Equity		**28,993.28**	25,926.01
LIABILITIES			
Non-Current Liabilities			
Provisions	19	**218.71**	179.24
Deferred Tax Liabilities (Net)	37	**1,612.43**	1,458.05
Total Non-Current Liabilities		**1,831.14**	1,637.29
Current Liabilities			
Financial Liabilities			
(i) Borrowings	20	**731.77**	5,016.76
(ii) Trade Payables	21		
(a) Total outstanding dues of micro enterprises and small enterprises		**35.69**	165.38
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,266.51**	891.57
(iii) Other financial liabilities	22	**27.55**	106.56
Other current liabilities	23	**425.83**	358.55
Provisions	24	**113.01**	89.85
Current Tax Liabilities (Net)	25	**6.16**	48.83
Total Current Liabilities		**2,606.52**	6,677.50
TOTAL EQUITY AND LIABILITIES		**33,430.94**	34,240.80

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rupen Shah
Partner
Membership No. 116240

Place : Ahmedabad
Date : May 22, 2024

For and on behalf of the Board of Directors of Fairchem Organics Limited

Rajen N. Jhaveri
Chief Financial Officer and Company Secretary

Nahoosh Jariwala
Chairman and Managing Director
DIN: 00012412

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD
Date : May 22, 2024

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2024

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year ended on March 31, 2024	Year ended on March 31, 2023
Income			
Revenue from Operations	27	**62,147.26**	64,804.10
Other Income	28	**113.39**	67.56
Total Income		**62,260.65**	64,871.66
Expenses			
Cost of materials consumed	29	**45,775.52**	50,133.95
Changes in Inventories of finished goods and work-in-progress	30	**618.29**	(1,062.51)
Employee benefits expense	31	**2,203.78**	1,961.65
Finance Costs	32	**423.93**	626.24
Depreciation and amortisation expense	33	**927.84**	815.19
Other expenses	34	**6,851.69**	6,537.89
Total Expenses		**56,801.05**	59,012.41
Profit Before Tax		**5,459.60**	5,859.25
Tax Expense			
Current tax	37	**1,253.11**	1,349.64
Deferred tax	37	**156.46**	159.46
		1,409.57	1,509.10
Profit After Tax		**4,050.03**	4,350.15
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
- Remeasurement gains / (losses) on post employment defined benefit plans		**(8.27)**	71.65
- Income tax effect		**2.08**	(18.03)
Other comprehensive income for the year, net of tax		**(6.19)**	53.62
Total comprehensive income for the year		**4,043.84**	4,403.77
Earnings Per Share			
Basic and Diluted earnings per share (in Rupees)	36	**31.10**	33.41
Nominal value per equity share (in Rupees)		**10.00**	10.00

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rupen Shah
Partner
Membership No. 116240

Place : Ahmedabad
Date : May 22, 2024

For and on behalf of the Board of Directors of Fairchem Organics Limited

Rajen N. Jhaveri
Chief Financial Officer and Company Secretary

Nahoosh Jariwala
Chairman and Managing Director
DIN: 00012412

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD
Date : May 22, 2024

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	
A. Equity Share Capital		
Balance as at March 31, 2022	**17**	**1,302.09**
Balance as at March 31, 2023	**17**	**1,302.09**
Balance as at March 31, 2024	**17**	**1,302.09**
B. Other Equity	**18**	

	Reserves and Surplus		
	Capital Reserves	Retained Earnings	Total
Balance as at March 31, 2022	**8,958.05**	**12,954.82**	**21,912.87**
Profit for the year	-	4,350.15	4,350.15
Other Comprehensive Income	-	53.62	53.62
Total Comprehensive Income for the year	**-**	**4,403.77**	**4,403.77**
Transactions with owners in their capacity as owners:			
Dividends Paid	-	(1,692.72)	(1,692.72)
Balance as at March 31, 2023	**8,958.05**	**15,665.87**	**24,623.92**
Profit for the year	-	4,050.03	4,050.03
Other Comprehensive Income	-	(6.19)	(6.19)
Total Comprehensive Income for the year	**-**	**4,043.84**	**4,043.84**
Transactions with owners in their capacity as owners:			
Dividends Paid	-	(976.57)	(976.57)
Balance as at March 31, 2024	**8,958.05**	**18,733.14**	**27,691.19**

Capital Reserve

The Capital Reserve was created pursuant to a Composite Scheme of arrangement and amalgamation ('the Scheme') amongst Fairchem Speciality Limited (FSL) (Now known as Privi Speciality Chemicals Limited), Fairchem Organics Limited (FOL) and Privi Organics India Limited (POIL), two wholly owned subsidiaries of FSL and their respective shareholders for Demerger of FSL's undertaking carrying on speciality oleo chemicals and nutraceuticals business and vesting the same into FOL. The said scheme was sanctioned by National Company Law Tribunal on June 30, 2020.

Retained Earnings

The retained earnings reflect the profit of the company earned till date net of appropriations. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance under this head, after considering the requirements of the Companies Act, 2013.

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rupen Shah
Partner
Membership No. 116240

Place : Ahmedabad
Date : May 22, 2024

For and on behalf of the Board of Directors of
Fairchem Organics Limited

Rajen N. Jhaveri
Chief Financial Officer and Company Secretary

Nahoosh Jariwala
Chairman and Managing Director
DIN: 00012412

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD
Date : May 22, 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON MARCH 31, 2024

(All amounts in Rs. Lakhs, unless otherwise stated)

		Notes	Year ended on March 31, 2024	Year ended on March 31, 2023
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit Before Tax		**5,459.60**	5,859.25
	Adjustments for:			
	Depreciation and amortisation expense	**33**	**927.84**	815.19
	Finance Costs	**32**	**423.93**	626.24
	Interest Income	**28**	**(4.23)**	(1.24)
	Unrealised Foreign Exchange (Gain)		**(7.82)**	(3.52)
	(Gain) / Loss on sale of assets (Net)		**(3.17)**	4.42
	Operating Profit Before Working Capital Changes		**6,796.15**	7,300.34
	Net change in:			
	Inventories		**1,025.53**	(993.13)
	Other Non Current Financial Assets		**(0.44)**	(2.69)
	Trade receivables		**583.99**	(31.96)
	Current Loans		**(0.06)**	(0.06)
	Other current assets		**(27.03)**	(112.05)
	Other Non current assets		**3.96**	(28.20)
	Trade and Other Payables		**245.68**	151.37
	Non Current Liabilities - Provisions		**39.47**	4.26
	Current Liabilities - Provisions		**14.89**	62.61
	Other Current Liabilities		**67.28**	(0.51)
	Cash Generated From Operating Activities		**8,749.42**	6,349.98
	Direct Taxes Paid (Net)		**(1,301.37)**	(1,388.48)
A.	**Net Cash Generated From Operating Activities**		**7,448.05**	4,961.50
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**			
	Purchase of Property, Plant and Equipment		**(1,812.80)**	(1,472.59)
	Proceeds from Sale of Property, Plant and Equipment		**46.84**	23.04
	Interest Received		**3.46**	0.37
B.	**Net Cash (Used In) Investing Activities**		**(1,762.50)**	(1,449.18)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON MARCH 31, 2024

(All amounts in Rs. Lakhs, unless otherwise stated)

		Year ended on March 31, 2024	Year ended on March 31, 2023
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of Long Term Borrowings	**-**	(1,291.60)
	(Repayment) / Proceeds of Short Term Borrowings (net)	**(4,284.99)**	105.35
	Dividend Paid	**(976.57)**	(1,692.72)
	Interest Paid	**(423.93)**	(633.40)
C.	**Net Cash (Used In) Financing Activities**	**(5,685.49)**	(3,512.37)
	Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**0.06**	(0.05)
	Cash and Cash Equivalents as at the beginning of the year	**0.78**	0.83
	Cash and Cash Equivalents as at the end of the year	**0.84**	0.78
	Reconciliation of cash and cash equivalent as per the statement of cash flows		
		As at March 31, 2024	As at March 31, 2023
	Cash and Cash Equivalents :		
	Cash on hand	**0.84**	0.78
		0.84	0.78

Note :

1 The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows".

2 Refer Note 22 for net debt reconciliation.

This is the Statement of Cash flows referred to in our report of even date.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rupen Shah
Partner
Membership No. 116240

Place : Ahmedabad
Date : May 22, 2024

For and on behalf of the Board of Directors of Fairchem Organics Limited

Rajen N. Jhaveri
Chief Financial Officer and Company Secretary

Nahoosh Jariwala
Chairman and Managing Director
DIN: 00012412

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD
Date : May 22, 2024

Notes to the financial statements for the year ended 31 March 2024

Background of the Company

Fairchem Organics Limited (the 'Company'), incorporated on March 27, 2019 under the provisions of the Companies Act, 2013 is a public limited company domiciled in India. Pursuant to the Scheme of arrangement, the Oleo Chemical and Neutraceutical business of erstwhile Fairchem Speciality Limited (now known as Privi Speciality Chemicals Limited) was demerged and vested into the Company. The Company is engaged in manufacturing of Speciality Oleo Chemicals since the year 1996. Up to August 12, 2020, the said business was run in the name of Fairchem Speciality Limited. Since August 13, 2020, the said manufacturing business is run in the current name of Fairchem Organics Limited. The manufacturing facility is set up at Village Chekhala, Ta. Sanand, Dist. Ahmedabad – 382 115, Gujarat, India. The equity shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange in India.

1 Material accounting policies

This note provides a list of the material accounting policies adopted by the Company in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

i) Compliance with Ind AS

These financial statements comply, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii) Historical cost convention

The Financial Statements have been prepared on a historical cost basis, except for the following:

- Provision for Gratuity - Fair Value of plan assets less the present value of the defined benefit obligation.

iii) Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period,
- All other liabilities are classified as non-current.

b) Foreign currency transactions and translations

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the

Notes to the financial statements for the year ended 31 March 2024

transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date exchange rate are recognised in the Statement of Profit and Loss on a net basis within other income/expenses.

c) Revenue recognition

Sale of products

Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that is expected to be received from customers that is net of trade discounts, rebates and goods and services tax (GST).

A contract liability is the obligation to transfer goods to the customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

Export Incentives

Export benefit entitlements under Duty Drawback, and Remission of Duties and Taxes on Exported Products (RoDTEP) are recognised when the right to receive credit as per the terms of the scheme is established in respect of the exports and where there is no uncertainty regarding the ultimate collection of the relevant export proceeds.

d) Income tax

The income tax expense or credit for the period is the tax on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to taxable timing differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the balance sheet method, on taxable timing difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for all deductible taxable timing differences only if it is probable that future taxable amounts will be available to utilize those taxable timing differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case, the tax is recognised in other comprehensive income or directly in equity, respectively.

e) Leases

Company as a lessee:

Assets and liabilities arising from a lease are initially measured at cost which includes present value of lease payments to be made over the tenure of lease, adjusted for any payments made on or before the commencement of lease and initial direct cost, if any. It is subsequently measured at cost less accumulated amortization, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments to be made under reasonably certain

Notes to the financial statements for the year ended 31 March 2024

extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right to use assets:

Right-to-use assets are measured at cost comprising the amount of the initial measurement of lease liability and lease payments made before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or sight on which it is located, less any lease incentives received.

Right-to-use assets are depreciated over the lease term on a straight-line basis. Right-to-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any re-measurement of lease liabilities.

f) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Other assets are reviewed for possible reversal of the impairment at the end of each reporting period. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, to the extent the amount was previously charged to the statement of profit and loss.

g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Trade receivables

Trade receivables without significant financing components are recognised initially at transaction price.

i) Inventories

Raw materials, packing material, stores and fuel, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost of raw materials and consumables are valued based on weighted average cost method and cost of packing materials, stores and fuel are determined based on first-in, first-out (FIFO) method. The costs of raw materials, consumables, packing materials, stores and fuel comprises cost of purchase, and other costs incurred to bring the asset to its intended use. The cost of work in progress and finished goods comprises raw materials, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal capacity. Cost of inventories comprise the purchase price, import duties and other taxes, (other than those subsequently recovered by the Company from tax authorities) and transport, handling and other costs directly attributable to bringing the inventory to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling price of the related finished products. The comparison of cost and net realisable value is made on an item-by-item basis.

j) Financial assets and liabilities

i) Financial assets

1. Classification

The Company classifies its financial assets in the following measurement categories:

- at fair value (either through other comprehensive income, or through profit or loss), and
- at amortised cost.

Notes to the financial statements for the year ended 31 March 2024

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable selection at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2. Initial Recognition and Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

3. Subsequent Measurement

Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any. The amortisation of Interest income using EIR method and loss or gains arising from impairment, if any is recognised in the Statement of Profit and Loss.

Measured at fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to "Profit or Loss" in the Statement of Profit and Loss.

Measured at fair value through profit or loss (FVTPL): A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income, if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at Fair Value through Other Comprehensive Income (FVOCI) are not reported separately from other changes in fair value.

4. Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables or other financial assets that result from transactions that are within the scope of Ind AS 115 only, the Company follows ‘simplified approach’ for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on provision matrix. The provision matrix considers historical credit loss experience and is adjusted for forward looking information. The impairment loss is based on the ageing of the receivables that are due and allowance rates used in the provision matrix.

Notes to the financial statements for the year ended 31 March 2024

5. Derecognition

The Company derecognises a financial asset, when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain the control of the financial asset.

6. Income recognition

Interest income from debt instruments is recognised using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

ii) Financial liabilities:

1. Initial Recognition and Measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

2. Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

3. Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

4. Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities to the extent it is expected to be paid within normal operating cycle of the business.

5. Borrowings

Borrowings are initially Capitalized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, transferred, cancelled or expired. The difference between the carrying amount of borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss as other income/expenses.

k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and

Notes to the financial statements for the year ended 31 March 2024

settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

l) Property, plant and equipment

At the time of transition to Ind AS, the cost of property, plant and equipment as at April 01, 2016 was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost) on the date of transition.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The historical cost comprises of its purchase price, non-refundable taxes & levies, freight and any other direct cost of bringing the item to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of profit and loss.

When major items of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacement of any property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit associated with the item will flow to the Company and its cost can be measured reliably.

Capital work in progress are those which are not ready for intended use and are carried at cost less impairment loss, if any.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost less their estimated residual value on a pro-rata basis over the estimated useful life using straight line method. Estimated useful life is either as per technical evaluation or as per useful life as mentioned in schedule II of Companies Act, 2013. Estimated useful life of the assets are as under:

Assets class	Useful life in years
Buildings	10 to 30
Plant and Equipment	10 to 25*
Electrical Installations	10
Office Equipments and Computers	3 to 5
Furniture and Fixtures	10
Air conditioner	5
Vehicles	8

*For these classes of assets (Other than Lab equipments), the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

Depreciation methods, residual value and useful lives are reviewed at each financial year end and adjusted if appropriate.

m) Intangible Assets and amortization

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated amortisation and impairment loss, if any.

Cost includes purchase price, non-refundable taxes, duties and other incidental expenses related to acquisition. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of respective intangible assets as stated below:

Notes to the financial statements for the year ended 31 March 2024

Assets class	Useful life in years
• Computer software	3

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

n) Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Foreign exchange differences including exchange differences related to foreign currency borrowings to the extent they are regarded as an adjustment to interest costs to the extent not capitalized are presented in the statement of profit and loss, within finance costs.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised and are disclosed only when an inflow of economic benefits is probable.

p) Employee Benefits

i) Defined contribution plans

Contributions to post employment benefit plans in the form of provident fund, employee state insurance scheme and pension scheme as per regulations are charged as an expense on an accrual basis when employees have rendered the service. The Company has no further payment obligations once the contributions have been paid.

ii) Defined benefit plans

The Company provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees, which is funded. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment. The Company’s liability is actuarially determined using the Projected Unit Credit method at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Gratuity Fund contributions are made to a trust administered by the Company which has further invested in Life Insurance Corporation. The contributions made to the trust are recognised as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

Notes to the financial statements for the year ended 31 March 2024

iii) Other employee benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the statement of profit and loss in the year in which they arise.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

iv) Short term employee benefits

Short term benefits payable within twelve months after the end of the reporting period in which the employees have rendered service are expensed in the statement of profit and loss.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chairman and Managing Director who is identified as the chief operating decision maker (CODM). The CODM is responsible for allocating resources and assessing the financial performance and position of the company, and make strategic decisions.

r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

s) Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, or decimal thereof as per the requirement of Schedule III, unless otherwise stated.

t) Critical estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

The areas involving critical estimates are:

- Estimation of defined benefit obligation – Note 26
- Contingent liabilities – Note 42
- Estimation of useful life of tangible and intangible assets – Note 4

Estimates are continually evaluated at every reporting period end. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company.

Notes to the financial statements for the year ended 31 March 2024

2. Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

3. The financial statements for the year ended March 31, 2024 were approved and authorized for issue by the Board of Directors of the Company on May 22, 2024.

NOTES TO THE FINANCIAL STATEMENTS

4 (a) Property, Plant and Equipment

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at March 31, 2023	Additions	Disposals	As at March 31, 2024	As at March 31, 2023	For the year	Disposals	As at March 31, 2024	As at March 31, 2024
Freehold Land	63.10	-	-	63.10	-	-	-	-	63.10
Building	2,555.19	176.18	-	2,731.37	622.74	113.38	-	736.12	1,995.25
Plant and Equipment	15,579.49	4,287.48	45.95	19,821.02	2,875.60	695.89	3.53	3,567.96	16,253.06
Electric Installation	459.20	0.72	0.79	459.13	281.04	36.20	0.58	316.66	142.47
Air Conditioners	48.12	5.48	2.06	51.54	36.87	4.61	1.92	39.56	11.98
Office Equipments and Computers	125.48	8.91	10.75	123.64	84.04	15.94	9.85	90.13	33.51
Furniture and Fixtures	225.17	1.09	-	226.26	125.11	16.80	-	141.91	84.35
Vehicles	168.73	0.27	-	169.00	53.63	19.90	-	73.53	95.47
Total	**19,224.48**	**4,480.13**	**59.55**	**23,645.06**	**4,079.03**	**902.72**	**15.88**	**4,965.87**	**18,679.19**

(i) Refer to note 44 for information on Property, plant and equipment hypothecated as security by the Company.

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at March 31, 2022	Additions	Disposals	As at March 31, 2023	As at March 31, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Freehold Land	63.10	-	-	63.10	-	-	-	-	63.10
Building	2,531.39	23.80	-	2,555.19	513.86	108.88	-	622.74	1,932.45
Plant and Equipment	13,484.52	2,125.13	30.16	15,579.49	2,283.96	598.76	7.12	2,875.60	12,703.89
Electric Installation	349.59	110.99	1.38	459.20	245.04	37.31	1.31	281.04	178.16
Air Conditioners	52.95	4.90	9.73	48.12	39.32	6.79	9.24	36.87	11.25
Office Equipments and Computers	96.39	31.35	2.26	125.48	73.96	12.27	2.19	84.04	41.44
Furniture and Fixtures	210.26	14.91	-	225.17	106.35	18.76	-	125.11	100.06
Vehicles	156.49	29.55	17.31	168.73	49.07	18.08	13.52	53.63	115.10
Total	**16,944.69**	**2,340.63**	**60.84**	**19,224.48**	**3,311.56**	**800.85**	**33.38**	**4,079.03**	**15,145.45**

(i) Refer to note 44 for information on Property, plant and equipment hypothecated as security by the Company.

(All amounts in Rs. Lakhs, unless otherwise stated)

4 (b) Right to use asset

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at March 31, 2023	Additions	Disposals	As at March 31, 2024	As at March 31, 2023	For the year	Disposals	As at March 31, 2024	As at March 31, 2024
Right to use asset	459.40	-	-	459.40	44.35	6.46	-	50.81	408.59
Total	**459.40**	**-**	**-**	**459.40**	**44.35**	**6.46**	**-**	**50.81**	**408.59**

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at March 31, 2022	Additions	Disposals	As at March 31, 2023	As at March 31, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Right to use asset	459.40	-	-	459.40	37.89	6.46	-	44.35	415.05
Total	**459.40**	**-**	**-**	**459.40**	**37.89**	**6.46**	**-**	**44.35**	**415.05**

(i) Lease contracts entered by the Company pertains for land, taken on lease to conduct its business in the ordinary course.

(ii) The company does not have any lease expenses recognised in statement of profit and loss towards short-term leases, lease of low value assets and variable lease rental.

5 Capital Work in Progress

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	**3,486.97**	4,199.85
Addition during the year	**1,578.98**	1,547.04
Capitalised during the year	**4,464.38**	2,259.92
Closing Balance	**601.57**	3,486.97

(All amounts in Rs. Lakhs, unless otherwise stated)

5 (a) Capital Work in Progress Ageing Schedule

As on March 31, 2024

Projects in Progress	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	213.76	222.84	2.06	162.91	601.57
Total	**213.76**	**222.84**	**2.06**	**162.91**	**601.57**

As on March 31, 2024, there are no projects whose completion is overdue to its original plan or has exceeded its cost compared to its original plan.

As on March 31, 2023

Projects in Progress	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	794.84	308.22	1,605.33	778.58	3,486.97
Total	**794.84**	**308.22**	**1,605.33**	**778.58**	**3,486.97**

Capital Work in Progress - Completion Schedule whose completion is overdue to its original plan or has exceeded its cost compared to its original plan:

Overdue Projects*	To be completed in				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Completion is overdue:					
Project A	3,186.12	-	-	-	3,186.12
Project B	41.19	-	-	-	41.19
Total	**3,227.31**	**-**	**-**	**-**	**3.227.31**

*Delay due to impact of COVID on availability of labour, equipment suppliers' operations and increase in commodity prices mainly due to Covid.

(All amounts in Rs. Lakhs, unless otherwise stated)

6 Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at March 31, 2023	Additions	Disposals	As at March 31, 2024	As at March 31, 2023	For the year	Disposals	As at March 31, 2024	As at March 31, 2024
Computer Software	65.61	1.63	-	67.24	13.88	18.66	-	32.54	34.70
Total	**65.61**	**1.63**	**-**	**67.24**	**13.88**	**18.66**	**-**	**32.54**	**34.70**

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at March 31, 2022	Additions	Disposals	As at March 31, 2023	As at March 31, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023
Computer Software	9.18	56.43	-	65.61	6.00	7.88	-	13.88	51.73
Total	**9.18**	**56.43**	**-**	**65.61**	**6.00**	**7.88**	**-**	**13.88**	**51.73**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
7 Other Financial Assets		
Fixed Deposit with maturity of more than twelve months *	**17.78**	17.57
Security Deposits	**3.19**	2.96
	20.97	20.53
* Pledged with the bank for Bank Guarantees		
8 Non Current Tax Assets (Net)		
Advance Income Tax and Tax deducted at source (Net of Provision)	**187.89**	182.30
	187.89	182.30
9 Other Non Current Assets		
(Unsecured and Considered Good)		
Capital advances	**188.54**	53.30
Balances with Government Authorities	**24.24**	28.20
	212.78	81.50
10 Inventories		
[Refer note 1 (i) - valued at lower of cost and net realisable value]		
Raw Materials	**2,405.48**	2,939.84
Packing Materials	**7.17**	9.51
Stores, Consumables and Fuel*	**1,075.97**	946.51
Work-in-progress	**3,042.79**	3,783.69
Finished Goods	**438.75**	316.14
	6,970.16	7,995.69
Of the above includes Goods in transit :		
Raw Materials	**111.26**	367.45
Stores, Consumables and Fuel	**0.15**	-
Finished Goods	**392.34**	316.14
* Net of provision of INR Nil (March 31, 2023 : Rs. 12.27 Lakhs)		
Refer to note 44 for information on inventories hypothecated as security by the Company.		
11 Trade Receivables		
Trade Receivables considered good - Unsecured	**5,681.30**	6,257.91
Trade Receivables - credit impaired	**42.00**	42.00
	5,723.30	6,299.91
Less: Loss Allowances	**(42.00)**	(42.00)
	5,681.30	6,257.91
The movement in allowance for doubtful debts is as follows:		
Balance as at beginning of the year	**42.00**	42.00
Balance as at the end of the year	**42.00**	42.00
Trade receivables are non-interest bearing and are generally on credit period of 0 - 75 days. Refer Note 39 for credit risk related disclosures.		
Refer to note 44 for information on trade receivables hypothecated as security by the Company.		

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Trade Receivable ageing schedule:

As on 31 March 2024:

Particulars	Outstanding for following period from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	4,704.21	976.31	0.67	0.11	-	-	5,681.30
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	42.00	42.00
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
Total	**4,704.21**	**976.31**	**0.67**	**0.11**	**-**	**42.00**	**5,723.30**

Trade Receivable ageing schedule:

As on 31 March 2023:

Particulars	Outstanding for following period from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	5,439.35	818.42	0.10	0.04	-	-	6,257.91
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	42.00	42.00
Total	**5,439.35**	**818.42**	**0.10**	**0.04**	**-**	**42.00**	**6,299.91**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
12 Cash and cash equivalents		
Cash on Hand	**0.84**	0.78
	0.84	0.78
13 Bank balances other than note 12 above		
Unpaid Dividend Accounts	**8.18**	5.98
	8.18	5.98
14 Loans		
(Unsecured, Considered Good)		
Loans to Employees	**1.42**	1.36
	1.42	1.36
15 Other Current Financial Assets		
Interest Accrued but not Due	**2.39**	1.62
	2.39	1.62
16 Other Current Assets		
Balances with Government Authorities	**376.72**	205.14
Export Incentive Receivable	**31.50**	22.25
Advance to vendors	**117.33**	271.11
Prepaid Expenses	**95.41**	95.43
	620.96	593.93
17 Equity Share Capital		
Authorised:		
20,000,000 (March 31, 2023: 20,000,000) Equity Shares of Rs. 10 each	**2,000.00**	2,000.00
	2,000.00	2,000.00
Issued, Subscribed and Paid-up:		
13,020,902 (March 31, 2023: 13,020,902) Equity Shares of Rs. 10 each, fully paid-up	**1,302.09**	1,302.09
	1,302.09	1,302.09

	As at March 31, 2024		As at March 31, 2023	
	No. of Equity Shares	**Amount**	No. of Equity Shares	Amount
17.1 Movement in Equity Share Capital				
Balance as at the beginning of the year	**1,30,20,902**	**1,302.09**	1,30,20,902	1,302.09
Balance as at the end of the year	**1,30,20,902**	**1,302.09**	1,30,20,902	1,302.09

17.2 Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

17.3 Details of Shareholders holding more than 5% of the total shares in the company:

	As at March 31, 2024		As at March 31, 2023	
	Nos	(%)	Nos	(%)
FIH Mauritius Investments Limited	**68,78,656**	**52.83%**	68,78,656	52.83%

17.4 Disclosures of Shareholding of Promoters - Shares held by the Promoters:

As at 31.03.2024

Promoter name	At the end of the year		At the Beginning of the year		% Change during F.Y. 2023-24
	No. of Shares	% of total shares	No. of Shares	% of total shares	
FIH Mauritius Investments Limited	**68,78,656**	**52.83%**	68,78,656	52.83%	0.00%
Nahoosh Tradelink LLP	**4,43,293**	**3.40%**	4,43,293	3.40%	0.00%
Jariwala Tradelink LLP	**3,21,874**	**2.47%**	3,21,874	2.47%	0.00%
Aadarsh Utkarsh Shah and Radhika Utkarsh Shah*	**23,333**	**0.18%**	23,333	0.18%	0.00%
Total	**76,67,156**	**58.88%**	76,67,156	58.88%	

As at 31.03.2023

Promoter name	At the end of the year		At the Beginning of the year		% Change during F.Y. 2022-23
	No. of Shares	% of total shares	No. of Shares	% of total shares	
FIH Mauritius Investments Limited	**68,78,656**	**52.83%**	68,78,656	52.83%	0.00%
Nahoosh Tradelink LLP	**4,43,293**	**3.40%**	4,43,293	3.40%	0.00%
Jariwala Tradelink LLP	**3,21,874**	**2.47%**	3,21,874	2.47%	0.00%
Utkarsh Bhikhoobhai Shah*	-	-	23,333	0.18%	-100.00%
Aadarsh Utkarsh Shah and Radhika Utkarsh Shah*	**23,333**	**0.18%**	-	-	100.00%
Total	**76,67,156**	**58.88%**	76,67,156	58.88%	

*Due to demise of Shri Utkarsh Shah on 22.08.2022, 23,333 equity shares held in the sole name of Shri Utkarsh Shah were transmitted in favour of Shri Aadarsh Shah (first holder) and Mrs. Radhika Shah (joint holder) on 08.09.2022 and as per SEBI Regulations, they have now become the promoters of the Company. Based on the application by them, the Company has applied to both the Stock Exchanges for their re-classification to `Public' category. The application, as on date, is under process.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

17.5 Shares held by holding company including shares held by subsidiaries of the holding company

	As at March 31, 2024		As at March 31, 2023	
	Nos	**(%)**	**Nos**	**(%)**
FIH Mauritius Investments Limited (Holding company)	**68,78,656**	**52.83%**	68,78,656	52.83%

17.6 No equity shares are issued as bonus shares or for consideration other than cash (except shares issued pursuant to the scheme of arrangement) or have been bought back since its incorporation on March 27, 2019.

		As at March 31, 2024	As at March 31, 2023
18	**Other Equity**		
	Capital Reserves	**8,958.05**	8,958.05
	Retained Earnings	**18,733.14**	15,665.87
		27,691.19	24,623.92
	Movement of Capital Reserve		
	Balance as at the beginning of the year	**8,958.05**	8,958.05
	Balance as at the end of the year	**8,958.05**	8,958.05
	Movement of Retained Earnings		
	Balance as at the beginning of the year	**15,665.87**	12,954.82
	Profit for the year	**4,050.03**	4,350.15
	Other Comprehensive Income	**(6.19)**	53.62
		19,709.71	17,358.59
	Less : Dividend paid	**976.57**	1,692.72
	Balance as at the end of the year	**18,733.14**	15,665.87
19	**Non-Current Provisions**		
	Provision for Employee Benefits [Refer Note 26 (a)]		
	Provision for compensated absences	**218.71**	179.24
		218.71	179.24
20	**Borrowings - Current**		
	Secured:		
	Working Capital Loan from Bank	**731.77**	5,016.76
		731.77	5,016.76

Refer Note 44 for Assets hypothecated and / or mortgaged as security.

Working Capital Loan carries interest rate of 8.61% as on March 31, 2024 and are payable on demand.

The Company has obtained borrowing from bank on basis of Security of current assets wherein the monthly returns / statements of current assets as filed with bank are in agreement with the books of accounts.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

		As at March 31, 2024	As at March 31, 2023
21	**Trade Payables**		
	(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**35.69**	165.38
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,266.51**	891.57
		1,302.20	1,056.95
	Total outstanding dues of Micro and Small Enterprises (including dues of Creditors for capital goods)		
	a) Principal Amount due to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and remaining unpaid as at the year end.	**42.42**	223.82
	b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	**-**	-
	c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**-**	0.01
	d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**-**	-
	e) The amount of interest accrued and remaining unpaid at the end of each accounting year	**-**	-
	f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**-**	-

The above information regarding Micro and Small Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

(All amounts in Rs. Lakhs, unless otherwise stated)

Ageing Schedule as on 31 March 2024:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	35.69	-	-	-	-	35.69
(ii) Others	162.78	997.94	105.62	0.07	0.10	-	1,266.51
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**162.78**	**1,033.63**	**105.62**	**0.07**	**0.10**	**-**	**1,302.20**

Ageing Schedule as on 31 March 2023:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	15.65	95.03	54.70	-	-	-	165.38
(ii) Others	297.01	448.46	145.84	0.26	-	-	891.57
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**312.66**	**543.49**	**200.54**	**0.26**	**-**	**-**	**1,056.95**

22 Other Financial Liabilities

	As at March 31, 2024	As at March 31, 2023
Current		
Unclaimed dividend (Refer Note below)	**8.18**	5.98
Creditors for capital goods (*)	**19.37**	100.58
	27.55	106.56

* Including dues to Micro and Small Enterprises for Rs. 6.73 Lakhs (March 31, 2023 : Rs. 58.44 Lakhs) - Refer Note 21.

Note: There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at the year end.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	Non-current Borrowings	Current Borrowings	Total
Net Debt as of March 31, 2022	**(1,291.61)**	**(4,911.41)**	**(6,203.02)**
Cash flow (Net)	1,291.61	(105.35)	1,186.26
Interest expense	9.99	612.33	622.32
Interest accrued but not due	7.16	-	7.16
Interest paid	(17.15)	(612.33)	(629.48)
Net Debt as of March 31, 2023	**(0.00)**	**(5,016.76)**	**(5,016.76)**
Cash flow (Net)	-	4,284.99	4,284.99
Interest expense	-	423.57	423.57
Interest accrued but not due	-	-	-
Interest paid	-	(423.57)	(423.57)
Net Debt as of March 31, 2024	**-**	**(731.77)**	**(731.77)**

		As at March 31, 2024	As at March 31, 2023
23	**Other current liabilities**		
	Advances from customers (Refer Note 46)	**22.88**	41.80
	Statutory liabilities	**95.49**	65.60
	Employee benefit payable	**307.46**	251.15
		425.83	358.55
24	**Current Provisions**		
	Provision for employee benefits [Refer Note 26 (a)]		
	Provision for gratuity	**42.92**	37.23
	Provision for compensated absences	**70.09**	52.62
		113.01	89.85
25	**Current Tax Liabilities (Net)**		
	Income tax provision net of Advance Tax	**6.16**	48.83
		6.16	48.83

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

26 (a) Provision for Employee Benefits

	As at March 31, 2024		As at March 31, 2023	
	Current	**Non-current**	Current	Non-current
Compensated absences	**70.09**	**218.71**	**52.62**	**179.24**
Gratuity	**42.92**	**-**	**37.23**	**-**
Total Provision for Employee Benefits	**113.01**	**218.71**	**89.85**	**179.24**

(b) Long term employee benefit obligations

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

	As at March 31, 2024	As at March 31, 2023
Current leave obligations expected to be settled within the next 12 months	**70.09**	52.62

(c) Post employment obligations

Defined benefit plans

Gratuity

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972 and as per Company policy. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan. The scheme is funded with Adi Finechem Limited Employees Group Gratuity Assurance Scheme which in-turn, has taken Group Gratuity Scheme of the Life Insurance Corporation of India (LIC of India) in the form of a qualifying insurance policy. The Company contributes to the insurance fund based on estimated liability received from LIC of India.

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and ESI which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

The expense recognised during the period towards defined contribution plan are :

	Year ended on March 31, 2024	Year ended on March 31, 2023
Employer's Contribution to Provident Fund	**83.57**	80.53
Employer's Contribution to Employees' State Insurance	**2.93**	2.71
Employer's Contribution to Employees' Pension Scheme 1995	**31.39**	29.42
	117.89	112.66

Balance sheet amount (Gratuity)

	Present value of obligation	**Fair value of plan assets**	**Net amount**
As at March 31, 2022	426.12	(365.55)	60.57
Current service cost	54.93	-	54.93
Interest expense/(income)	28.35	(25.98)	2.37
Total amount recognised in statement of profit and loss	**83.28**	**(25.98)**	**57.30**
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	2.77	2.77
Loss from change in financial assumptions	(117.65)	-	(117.65)
Experience losses	43.23	-	43.23
Total amount recognised in other comprehensive income	**(74.42)**	**2.77**	**(71.65)**
Employer contributions	-	(8.99)	(8.99)
Benefit payments	(9.55)	9.55	-
As at March 31, 2023	**425.43**	**(388.20)**	**37.23**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Balance sheet amount (Gratuity)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2023	425.43	(388.20)	37.23
Current service cost	50.50	-	50.50
Interest expense/(income)	31.10	(30.18)	0.92
Total amount recognised in statement of profit and loss	**81.60**	**(30.18)**	**51.42**
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	5.46	5.46
Loss from change in financial assumptions	11.65	-	11.65
Experience losses	(8.84)	-	(8.84)
Total amount recognised in other comprehensive income	**2.81**	**5.46**	**8.27**
Employer contributions	-	(54.00)	(54.00)
Benefit payments	(14.29)	14.29	-
As at March 31, 2024	**495.55**	**(452.63)**	**42.92**

The net liability disclosed above relating to funded and unfunded plans are as follows:

	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets	**(452.63)**	(388.20)
Present value of funded obligations	**495.55**	425.43
Surplus/(Deficit) of gratuity plan	**42.92**	37.23

Categories of plan assets are as follows:

	As at March 31, 2024	As at March 31, 2023
Insurer managed funds	**(452.63)**	(388.20)
Total	**(452.63)**	(388.20)

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2024	As at March 31, 2023
Discount Rate	**7.20%**	7.45%
Salary growth Rate	**8%**	10% for F.Y. 2023-24; 8% thereafter
Withdrawal Rate	**2% at all ages**	2% at all ages
Mortality Rate	**Indian Assured Lives Mortality (2012-14) Table**	Indian Assured Lives Mortality (2012-14) Table
Retirement Age	**60 years**	60 years

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2024	As at March 31, 2023	**As at March 31, 2024**	As at March 31, 2023	**As at March 31, 2024**	As at March 31, 2023
Discount Rate	**0.50%**	0.50%	**(22.84)**	(20.11)	**24.77**	21.75
Salary growth Rate	**0.50%**	0.50%	**25.32**	22.46	**(23.55)**	(20.94)
Withdrawal Rate	**10.00%**	10.00%	**(0.28)**	(0.10)	**0.33**	0.12

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk exposure:

i Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

ii Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company, there can be strain on the cash flows.

iii Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

iv Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2025 are INR 42.92 lakhs (March 31, 2024: INR 37.23 lakhs).

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

The weighted average duration of the defined benefit obligation is 9.86 years (March 31, 2023 – 10.14 years). The expected maturity analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
As at March 31, 2024					
Defined benefit obligation (gratuity)	**57.02**	**30.17**	**100.95**	**250.20**	**438.34**
As at March 31, 2023					
Defined benefit obligation (gratuity)	15.88	37.77	57.38	262.14	373.17

		Year ended on March 31, 2024	Year ended on March 31, 2023
27	**Revenue from Operations**		
	Sale of finished goods (Refer Note 46)	**61,830.73**	64,633.80
	Other operating revenues		
	- Sale of raw materials and consumables	**177.13**	59.90
	- Scrap sales	**51.85**	64.65
	- Export incentives	**87.55**	45.75
		62,147.26	64,804.10
	Revenues from customer A represent Rs. 19,511.06 lakhs (March 31, 2023: Rs. 23,607.18 lakhs) and customer B represent Rs. 6,203.62 lakhs (March 31, 2023: Rs. 962.49 lakhs) which is 10 % or more of the Company's total sale of finished goods.		
28	**Other Income**		
	Net Gain on Foreign Currency	**102.03**	16.62
	Interest income from financial assets measured at amortised cost		
	- Deposits	**1.74**	1.14
	- Others	**2.49**	0.10
	Compensation received (*)	**-**	49.70
	Gain on assets sold / discarded (Net)	**3.17**	-
	Miscellaneous income	**3.96**	-
		113.39	67.56

(*) Compensation is in respect of cancellation of contract with suppliers.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

		Year ended on March 31, 2024	Year ended on March 31, 2023
29	**Cost of materials consumed**		
	Raw Materials :		
	Inventory at the beginning of the year	**2,939.84**	3,273.31
	Add: Purchases	**43,429.05**	48,266.91
		46,368.89	51,540.22
	Less: Inventory at the end of the year	**2,405.48**	2,939.84
		43,963.41	48,600.38
	Consumables :		
	Inventory at the beginning of the year	**317.94**	93.56
	Add: Purchases	**1,709.89**	1,496.99
		2,027.83	1,590.55
	Less: Inventory at the end of the year	**371.06**	317.94
		1,656.77	1,272.61
	Packing Materials :		
	Inventory at the beginning of the year	**9.51**	6.18
	Add: Purchases	**153.00**	264.29
		162.51	**270.47**
	Less: Inventory at the end of the year	**7.17**	9.51
		155.34	260.96
		45,775.52	50,133.95
30	**Changes in Inventory of finished goods and work-in-progress**		
	Opening Stock		
	Finished Goods	**316.14**	394.98
	Work-in-progress	**3,783.69**	2,642.34
		4,099.83	3,037.32
	Closing Stock		
	Finished Goods	**438.75**	316.14
	Work-in-progress	**3,042.79**	3,783.69
		3,481.54	4,099.83
	Total changes in inventory of finished goods and work-in-progress	**618.29**	(1,062.51)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

		Year ended on March 31, 2024	Year ended on March 31, 2023
31	**Employee benefit expense**		
	Salaries, wages and bonus	**1,985.75**	1,730.31
	Contribution to Provident Fund and other funds	**117.89**	112.66
	Gratuity (Refer Note 26)	**51.42**	57.30
	Staff welfare expenses	**48.72**	61.38
		2,203.78	1,961.65
32	**Finance Costs**		
	Interest expense on financial liabilities measured at amortised cost	**423.57**	622.32
	Interest on Income Tax	**0.36**	3.92
		423.93	626.24
33	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment	**902.72**	800.85
	Amortisation of intangible assets	**18.66**	7.88
	Amortisation of right to use assets	**6.46**	6.46
		927.84	815.19

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

		Year ended on March 31, 2024	Year ended on March 31, 2023
34	**Other Expenses**		
	Consumption of Stores and Spares	**498.36**	549.72
	Power and Fuel	**3,647.31**	3,682.10
	Laboratory expenses	**27.11**	25.10
	Research & Development Expenses	**16.26**	19.48
	Contract Labour Expenses	**324.23**	238.31
	Rent, rates and taxes	**41.03**	23.49
	Insurance	**123.12**	114.69
	Repairs and maintenance :		
	- Machinery	**211.62**	188.65
	- Buildings	**90.19**	88.47
	- Others	**9.53**	16.93
	Travelling and conveyance	**119.11**	11.10
	Advertisement expenses	**24.28**	25.97
	Communication expenses	**9.08**	9.83
	Directors' sitting fees	**20.00**	16.85
	Remuneration to Auditors for:		
	- Statutory Audit Fees	**30.45**	26.09
	- Out of pocket expenses	**0.70**	0.71
	Commission on sales	**17.71**	10.68
	Freight and forwarding	**694.76**	679.95
	Legal and professional fees	**276.76**	144.32
	Vehicle expenses	**37.44**	34.95
	Loss on assets sold / discarded (Net)	**-**	4.42
	Corporate Social Responsibility expenditure (Refer Note 35)	**138.84**	123.28
	Solid waste disposal charges	**283.60**	322.46
	Miscellaneous expenses	**210.20**	180.34
		6,851.69	6,537.89

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

		Year ended on March 31, 2024	Year ended on March 31, 2023
35	**Expenditure towards Corporate Social Responsibility (CSR) activities**		
	Corporate Social Responsibility expenses for the year	**138.84**	123.28
	Various Head of expenses included in above:		
	Measures for the benefit of armed forces veterans	**5.00**	5.00
	Promoting health care including preventive health care	**120.37**	118.28
	Promoting education	**13.47**	-
	Gross amount required to be spent by the company during the year *	**138.84**	123.28
	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	**-**	-
	(ii) On purposes other than (i) above	**138.84**	123.28
	* As approved by CSR Committee and Board of Directors		
36	**Earnings per Share (EPS)**		
	Basic and Diluted		
	Net Profit available to Equity Shareholders	**4,050.03**	4,350.15
	Weighted Average Number of Equity Shares	**1,30,20,902**	1,30,20,902
	Basic and Diluted EPS (Rs.)	**31.10**	33.41
	Nominal value of an equity share (Rs.)	**10.00**	10.00

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

		Year ended on March 31, 2024	Year ended on March 31, 2023
37	**Taxation**		
	37 a) - Income tax expense		
	Current tax		
	Current tax on profits for the year	**1,256.43**	1,349.64
	(Excess) / short provision of income tax of earlier years (net)	**(3.32)**	-
	Total current tax expense	**1,253.11**	1,349.64
	Deferred tax		
	Decrease in deferred tax assets	**172.29**	145.55
	(Decrease)/increase in deferred tax liabilities	**(19.99)**	49.97
	Deferred tax on Other Comprehensive Income	**2.08**	(18.03)
	Total deferred tax expense/(benefit)	**154.38**	177.49
	Income tax expense	**1,407.49**	1,527.13
	37 b) Reconciliation of tax expense and accounting profit multiplied by statutory tax rates		
	Profit for the year	**5,451.33**	5,930.90
	Statutory tax rate	**25.17%**	25.17%
	Tax expense at applicable tax rate	**1,371.99**	1,492.69
	Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
	Amount not allowable under tax	**38.82**	34.44
	Adjustments for current tax of prior periods excess / short provision	**(3.32)**	-
	Income tax expense	**1,407.49**	1,527.13

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
37 c) Deferred tax liabilities		
The balance comprises taxable timing differences attributable to:		
Deferred tax liabilities:		
On Property, Plant and Equipment	**1,774.28**	1,601.99
Others	**-**	-
Total deferred tax liabilities	**1,774.28**	1,601.99
Deferred tax assets:		
On Defined Benefit Obligations	**83.04**	67.72
Others	**78.81**	76.21
Total deferred tax assets	**161.85**	143.94
Net deferred tax liabilities	**1,612.43**	1,458.05

Movement in deferred tax balances

Particulars	As at March 31, 2022	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2023
Deferred tax liabilities:					
On Property, Plant and Equipment	1,456.43	145.55	-	-	1,601.99
Total deferred tax liabilities	**1,456.43**	**145.55**	**-**	**-**	**1,601.99**

	As at March 31, 2022	(Charged) /credited to profit and loss	(Charged) /credited to OCI	(Charged) /credited to equity	As at March 31, 2023
Deferred tax assets:					
On Defined Benefit Obligations	68.93	16.83	(18.03)	-	67.72
Others	106.94	(30.74)	-	-	76.21
Total deferred tax assets	**175.87**	**(13.91)**	**(18.03)**	**-**	**143.94**
Net deferred tax liabilities	**1,280.56**	**159.46**	**18.03**	**-**	**1,458.05**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Movement in deferred tax balances

Particulars	As at March 31, 2023	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2024
Deferred tax liabilities:					
On Property, Plant and Equipment	1,601.99	172.30	-	-	1,774.28
Total deferred tax liabilities	**1,601.99**	**172.30**	**-**	**-**	**1,774.28**
	As at March 31, 2023	**(Charged) /credited to profit and loss**	**(Charged) /credited to OCI**	**(Charged) /credited to equity**	**As at March 31, 2024**
Deferred tax assets:					
On Defined Benefit Obligations	67.72	13.24	2.08	-	83.04
Others	76.21	2.60	-	-	78.81
Total deferred tax assets	**143.93**	**15.84**	**2.08**	**-**	**161.85**
Net deferred tax liabilities	**1,458.06**	**156.46**	**(2.08)**	**-**	**1,612.43**

38 Fair value measurements

Financial instruments by category

	As at March 31, 2024		As at March 31, 2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets (Measured at amortised cost)				
Other Financial Assets	20.97	20.97	20.53	20.53
Trade Receivables	5,681.30	5,681.30	6,257.91	6,257.91
Cash and cash equivalents	0.84	0.84	0.78	0.78
Bank balances other than cash and cash equivalents above	8.18	8.18	5.98	5.98
Loans to Employees	1.42	1.42	1.36	1.36
Interest Accrued but not due	2.39	2.39	1.62	1.62
Total financial assets	**5,715.10**	**5,715.10**	**6,288.18**	**6,288.18**
Financial liabilities (Measured at amortised cost)				
Borrowings	731.77	731.77	5,016.76	5,016.76
Trade payables	1,302.20	1,302.20	1,056.95	1,056.95
Unclaimed dividends	8.18	8.18	5.98	5.98
Creditors for Capital Goods	19.37	19.37	100.58	100.58
Total financial liabilities	**2,061.52**	**2,061.52**	**6,180.27**	**6,180.27**

NOTES TO THE FINANCIAL STATEMENTS

Fair value hierarchy

All financial instruments have been measured at amortised cost. For all financial instruments referred above which have been measured at amortised cost, their carrying values are reasonable approximations of their fair values. The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). All financial instruments referred above have been classified as Level 3.

The categories used are as follows :

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

The fair value of the financial instruments is determined using discounted cash flow analysis.

Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO).

Fair value of financial assets/liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, investments, margin money deposits, loans to employees, security deposits, trade payables, capital creditors, interest accrued but not due on borrowings, unclaimed dividends, employee benefit payable and other deposits are considered to be as their fair values, because their carrying amount are reasonable approximation of their fair values.

The fair values of borrowings have been calculated based on cash flows discounted using a current lending rate. They are classified as level 3 in the hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For Level 3 financial instruments, the fair value has been based on present values and the discount rates used, are adjusted for counterparty or own risk.

39 Financial risk management

The Company’s business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The key risks and mitigating actions are also placed before the Board of Directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management framework of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department provides funding and foreign exchange management services for the Company's operations. In addition to guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of treasury's activity.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Cash and cash equivalents & bank balances

The Company is also exposed to credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents. These balances (other than cash on hand) are with high credit rating banks which are governed by Reserve Bank of India. The company believes its credit risk in such bank balances is immaterial.

Security deposits and other receivables

With respect to other financial assets namely security and other deposits and other receivables, the maximum exposure to credit risk is the carrying amount of these classes of financial assets presented in the balance sheet.

Trade receivables

The Company measures the expected credit loss of trade receivables from customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends which is very negligible.

	Carrying amount	
	As at March 31, 2024	As at March 31, 2023
Neither past due nor impaired	**4,704.21**	5,439.35
Past due 0-90 days	**976.26**	818.32
Past due 90-180 days	**0.05**	0.10
Past due 180-270 days	**0.14**	0.08
Past due 270–360 days	**0.53**	0.02
More than 360 days	**42.11**	42.04

(B) Management of Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. Material and sustained shortfall in cash flow could undermine the company's credit rating and impair investor confidence.

The company maintained a cautious funding strategy, with a positive cash generation from operating activities throughout the year ended March 31, 2024 and March 31, 2023.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Financing Arrangement

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

	As at March 31, 2024	As at March 31, 2023
Floating rate		
Current Borrowings	**8,455.31**	4,451.28

Maturities of financial liabilities

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

Contractual maturities of financial liabilities As at March 31, 2024	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	19, 21	731.77	731.77	-	**731.77**
Trade payables	22	1,302.20	1,302.20	-	**1,302.20**
Unclaimed dividends	23	8.18	8.18	-	**8.18**
Creditors for Capital Goods	23	19.37	19.37	-	**19.37**
Total liabilities		**2,061.52**	**2,061.52**	**-**	**2,061.52**

Contractual maturities of financial liabilities As at March 31, 2023	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	19, 21	5,016.76	5,016.76	-	**5,016.76**
Trade payables	22	1,056.95	1,056.95	-	**1,056.95**
Unclaimed dividends	23	5.98	5.98	-	**5.98**
Creditors for Capital Goods	23	100.58	100.58	-	**100.58**
Total liabilities		**6,180.27**	**6,180.27**	**-**	**6,180.27**

(C) Management of Market Risk

Market risk comprises of foreign currency risk and interest rate risk. Foreign currency risk arises from transactions that are undertaken in a currency other than the functional currency of the company. Further, the financial performance and financial position of the company is exposed to foreign currency risk that arises on outstanding receivable and payable balances at a reporting year end date. Interest rate risk arises from variable rate borrowings that expose the company's financial performance, financial position and cash flows to the movement in market rates of interest.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. The Company imports capital goods and raw materials and exports finished goods. The company also pays interest, legal and professional fees and travelling and conveyance in foreign currency.

Foreign currency exposure

	As at March 31, 2024	As at March 31, 2023
	USD in Lakhs	USD in Lakhs
Financial Assets		
Trade Receivables	**9.97**	9.71
Exposure to foreign currency assets	**9.97**	9.71
Financial Liabilities		
Trade Payable	**1.35**	0.53
Exposure to foreign currency liabilities	**1.35**	0.53

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

	Impact on profit before tax		Impact on equity net of taxes	
	For the year ended March 31, 2024	For the year ended March 31, 2023	**As at March 31, 2024**	As at March 31, 2023
USD Sensitivity				
INR/USD increase by 5%*	**35.93**	37.74	**26.89**	28.24
INR/USD decrease by 5%*	**(35.93)**	(37.74)	**(26.89)**	(28.24)

* Holding all other variables constant

Interest rate risk

The Company is mainly exposed to interest rate risk due to its floating interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings. The Company mitigates the interest rate risk for borrowing in functional currency, which is linked with MCLR, by negotiating and fixing the rate at the time of renewal of bank facility which remains effective for one year from the date of renewal. In case of borrowing in foreign currency, which is linked with USD SOFR rate, the company mitigates the risk by fixing the margin at the time of renewal of bank facility which remains effective for one year from the date of renewal.

The Company has various non current and current borrowings whose facilities are on a variable interest rate basis. Refer below table for interest rate exposure.

Interest Rate Exposure

The exposure of Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2024	As at March 31, 2023
Variable Rate Borrowings	**731.77**	5,016.76

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

Sensitivity - Interest Rate

The sensitivity of profit or loss to higher/(lower) interest expense from borrowings as a result of change in borrowing rates is as follows:

	Impact on profit before tax		Impact on equity net of taxes	
	For the year ended March 31, 2024	For the year ended March 31, 2023	**As at March 31, 2024**	As at March 31, 2023
Interest Rates - increase by 0.5%*	**(0.74)**	(1.14)	**(0.55)**	(0.85)
Interest Rates - decrease by 0.5%*	**0.74**	1.14	**0.55**	0.85

* Holding all other variables constant

40. Capital management

(a) Risk management

The Company considers the following components of its Balance Sheet as managed capital:

Total equity as shown in the balance sheet includes share capital, capital reserve, retained earnings.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital or issue new shares.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratios:

Net debts (Total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the Balance Sheet)

The gearing ratios were as follows:

	As at March 31, 2024	As at March 31, 2023
Net Debts	**730.93**	5,015.98
Total Equity	**28,993.28**	25,926.01
Net Debt to Equity Ratio	**0.03**	0.19

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods. Refer the below note for the final dividend declared and paid.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

(b) Dividend

	For the year ended March 31, 2024	For the year ended March 31, 2023
Equity shares		
Final dividend for the year ended March 31, 2023 - Rs. 7.50 per fully paid up share (March 31, 2022 - Rs. 13 per fully paid up share)	**976.57**	1,692.72
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end, the directors have recommended the payment of a final dividend of Rs. 7.50 per fully paid equity share (March 31, 2023 – Rs. 7.50 per fully paid up share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	**976.57**	976.57

41 Related party disclosures

(a) Relationships

Fairfax Financial Holdings Limited - Ultimate Holding Company

FIH Mauritius Investments Limited, Republic of Mauritius (FMIL) - Holding Company and Promoter

Promoters or Promoter Group having joint control

Nahoosh Tradelink LLP

Jariwala Tradelink LLP

Utkarsh Bhikhoobhai Shah* up to August 22, 2022

Aadarsh Utkarsh Shah and Radhika Utkarsh Shah* w.e.f. September 08, 2022

*Due to demise of Shri Utkarsh Shah on 22.08.2022, 23,333 equity shares held in the sole name of Shri Utkarsh Shah were transmitted in favour of Shri Aadarsh Shah (first holder) and Mrs. Radhika Shah (joint holder) on 08.09.2022 and as per SEBI Regulations, they have now become the promoters of the Company. Based on the application by them, the Company has applied to both the Stock Exchanges for their re-classification to `Public' category. The application, as on date, is under process.

Related Parties with whom transactions have taken place during the year

Saurashtra Freight Private Limited (Entity under common control)

Key Management Personnel

Mr. Nahoosh Jariwala Managing Director

Independent Directors

Mr. Darius Pandole

Mr. Venkatraman Srinivasan

Ms. Sonal Ambani

Mr. Sudhin Choksey

Non Independent and Non-Executive Director

Mr. Sumit Maheshwari

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

The nature and volume of transactions carried out and balances with related parties in the ordinary course of business are as follows:

Transactions

Name of the related party and nature of the relationship	For the year ended March 31, 2024	For the year ended to March 31, 2023
Import Clearing Charges		
Saurashtra Freight Private Limited	**0.35**	-
Dividend Paid		
FIH Mauritius Investments Limited, Republic of Mauritius (FMIL)	**515.90**	894.23
Nahoosh Tradelink LLP	**33.25**	57.63
Jariwala Tradelink LLP	**24.14**	41.84
Utkarsh Bhikhoobhai Shah	**-**	3.03
Aadarsh Utkarsh Shah and Radhika Utkarsh Shah	**1.75**	-
Key Management Personnel Remuneration		
Mr. Nahoosh Jariwala *	**297.47**	257.57
* Includes Short Term Employee Benefits and Post Employment Benefits		
Sitting Fees paid to Independent Directors		
Mr. Darius Pandole	**5.00**	4.50
Mr. Venkatraman Srinivasan	**5.00**	4.50
Ms. Sonal Ambani	**5.00**	3.75
Mr. Sudhin Choksey	**5.00**	4.10

Balances

Name of the related party and nature of the relationship	As at March 31, 2024	As at March 31, 2023
Key Management Personnel:		
Mr. Nahoosh Jariwala * (Net of Tax Deducted at Source)	**74.18**	38.86

* Includes Short Term Employee Benefits and Post Employment Benefits

Terms and Conditions

1) All related party transactions entered during the year were in ordinary course of the business.

2) All outstanding balances are unsecured and payable in cash.

Note: No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

42 Contingent Liabilities and commitments

(a) Contingent liabilities

	As at March 31, 2024	As at March 31, 2023
Claims against the Company not acknowledged as debt	**15.00**	15.00
Disputed excise and service tax liability	**25.97**	25.97
Disputed Value added tax and Central Sales Tax liability	**1.98**	1.98
Disputed Income Tax liability	**27.79**	27.79
Disputed GST liability	**7.64**	7.64
Disputed Environment Compensation Charges	**26.66**	-
Total	**105.04**	78.38

The company is contesting the demands and the management believes that its position is likely to be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities.

(b) Capital Commitments

	As at March 31, 2024	As at March 31, 2023
Estimated value of contracts (including GST) in capital account	**264.49**	189.72
Total	**264.49**	189.72

43 Events occurring after reporting period

The Company evaluated subsequent events through May 22, 2024, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

44 Assets hypothecated and / or mortgaged as security

The carrying amounts of assets hypothecated and / or mortgaged as security for borrowings are:

	Notes	As at March 31, 2024	As at March 31, 2023
Non-Current			
Non-financial assets			
Land (Freehold)	**4 (a)**	**63.10**	63.10
Building	**4 (a)**	**1,995.25**	1,932.45
Plant and Machinery	**4 (a)**	**16,253.06**	12,703.89
Total non-current assets hypothecated and / or mortgaged as security		**18,311.41**	14,699.44
Current			
Non-financial assets			
Inventories	**10**	**6,970.16**	7,995.69
Financial assets			
Trade receivables	**11**	**5,681.30**	6,257.91
Total current assets hypothecated and / or mortgaged as security		**12,651.46**	14,253.60

Working Capital Loan and Packing credits in Foreign Currency from bank are secured by hypothecation by way of First and exclusive charges on all present and future current assets inclusive of all stocks and book debts, cash margin for Non Fund based facilities and Plant and Machinery. Also, collaterals security by way of Equitable mortgage of the industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand-Kadi Road.

45 Segment reporting

The Company is engaged in the business of manufacturing of speciality chemicals viz. Oleo Chemicals and Intermediate Nutraceuticals. Considering the nature of Company's business, as well as based on review of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there is only one reportable business segment in accordance with the requirements of IND AS 108 – "Operating Segments".

Thus the Segment Revenue, Segment Results, total carrying amount of Segment Assets, total carrying amount of Segment Liabilities, total cost incurred to acquire segment assets, the total amount charged for depreciation and amortisation during the period are all as reflected in the financial statements for the year ended March 31, 2024 and March 31, 2023.

Segment Assets are allocated based on the geographical location of the assets. Information regarding segment assets is as follows:

	As at March 31, 2024	As at March 31, 2023
India	**33,243.05**	34,058.50
Outside India	**-**	-
Total	33,243.05	34,058.50

For geography wise revenue, refer note no. 46 C - Disaggregation of Revenue from contract with customers.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

46 Ind AS 115 – Revenue from Contracts with Customers

(A) The Company is primarily in the Business of manufacture and sale of Speciality Oleo Chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch or delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established, the Company does not give significant credit period resulting in no significant financing component.

(B) Reconciliation of revenue recognised from Contract liability (Advance from Customers):

	As at March 31, 2024	As at March 31, 2023
Opening Contract liability	**41.80**	67.92
Less: Recognised as revenue during the year	**(1,584.46)**	(1,302.36)
Add: Addition to contract liability during the year	**1,565.54**	1,276.24
Closing Contract liability	**22.88**	41.80

(C) Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Revenue from contract with customer as per Contract price	**62,445.25**	65,328.73
Less: Discounts and incentives	**(23.31)**	(22.80)
Less:- Sales Returns /Credits / Reversals	**(591.21)**	(672.13)
Revenue from contract with customer as per statement of profit and loss	**61,830.73**	64,633.80

Disaggregation of Revenue from contract with customers

	For the year ended on March 31, 2024	For the year ended on March 31, 2023
India	**57,905.92**	61,458.40
East Asia	**81.30**	81.30
Middle East	**154.69**	463.39
North America	**3,492.63**	2,630.71
Others	**196.19**	-
	61,830.73	64,633.80

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Rs. Lakhs, unless otherwise stated)

47 Ratio Analysis

No.	Ratios	Numerator	Denominator	For the year ended March 31, 2024	As at year ended March 31, 2023	% Variance	Reason for variance
1	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	6.75	7.11	-5%	
2	Current Ratio	Current Assets	Current Liabilities	5.10	2.22	129%	Refer note below (a)
3	Debt Equity Ratio	Total Debt	Share holder's Equity	0.03	0.19	-87%	Refer note below (b)
4	Net Profit Ratio (%)	Profit After Tax	Net Sales	6.53%	6.72%	-3%	
5	Return on Capital employed	Earning before interest and tax	Net Worth + Total Debt + Deferred Tax Liability	0.22	0.27	-17%	
6	Debt Service Coverage Ratio (times)	Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest	Interest + Principal Repayments	36.24	4.81	654%	Refer note below (c)
7	Return on Equity Ratio (%)	Total comprehensive income	Average Shareholder's Equity	14.73%	17.92%	-18%	
8	Trade Receivables Turnover Ratio (times)	Net Sales including GST	Trade Receivables	11.98	12.11	-1%	
9	Trade Payables Turnover Ratio (times)	Net Purchases + Other Expenses	Average Trade Payables	44.21	57.65	-23%	
10	Net Capital Turnover Ratio (times)	Net Sales including GST	Working Capital	6.70	9.26	-28%	Refer note below (d)
11	Return on Investment (times)	Not applicable as the company does not have any Investment.					

NOTES TO THE FINANCIAL STATEMENTS

Note :

a) The significant increase in Current Ratio is due to substantial decrease in current borrowings as at March 31, 2024 versus previous year as a result of increase in cash generated from operating activity.

b) The significant fall in Debt Equity Ratio is due to substantial decrease in current borrowings as at March 31, 2024 versus previous year as a result of increase in cash generated from operating activity.

c) There is a improvement in Debt Service Coverage Ratio due to significant decrease in borrowings and finance cost.

d) The significant fall in Net Capital Turnover Ratio is due to substantial decrease in current borrowings resulted in increase in working capital as at March 31, 2024 versus previous year.

48 Other Statutory information

a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b) The Company does not have any transactions with struck off companies.

c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

e) The Company does not have any transactions which are not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

f) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

g) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Rupen Shah
Partner
Membership No. 116240

Place : Ahmedabad
Date : May 22, 2024

For and on behalf of the Board of Directors of Fairchem Organics Limited

Rajen N. Jhaveri
Chief Financial Officer and Company Secretary

Nahoosh Jariwala
Chairman and Managing Director
DIN: 00012412

Place : Chekhala, Taluka Sanand, Dist. AHMEDABAD
Date : May 22, 2024

FAIRCHEM

A FAIRFAX COMPANY

FAIRCHEM ORGANICS LIMITED

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