



FAIRCHEM
A FAIRFAX COMPANY

FAIRCHEM SPECIALITY LIMITED

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Date: July 23, 2020

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

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

Ourselves: : BSE Code: 530117 and NSE Symbol: 'FAIRCHEM'

Ref.: SEBI's circular dated May 20, 2020

Dear Sirs,

Sub.: Disclosure of impact of COVID-19 Pandemic under Regulation 30 of SEBI (LODR) Regulations, 2015

Pursuant to Regulation 30 of Listing Regulations and as directed by SEBI vide its circular dated May 20, 2020, we give herebelow required disclosures in respect of Fairchem Speciality Limited (FSL), the listed Company and its material subsidiary viz. Privi Organics India Limited (POIL):

(A) FAIRCHEM SPECIALITY LIMITED Unit: Manufacturing plant of Oleo Chemicals of Fairchem Speciality Limited (FSL) at Chekhala, Ta. SANAND, Dist. AHMEDABAD – 38 115

(1) IMPACT OF THE COVID-19 PANDEMIC ON THE BUSINESS :

The plant operations were impacted since March 25, 2020 pursuant to Govt. directive. Further, FSL is mainly in B2B segment and its prime products are used in industry engaged in paint, printing ink, epoxy hardner, soap etc.. As Govt. went on extending the nationwide lockdowns (except for essentials) which included key region of western India and many prime cities in rest of the country, the demand started vanishing. Our team was in continuous touch with its main customers and kept itself absolutely ready for restarting of operations by using the period of closure of operations in maintenance cleaning the plant. Thus the operations of the Company were adversely impacted due to COVID-19 and resultant actions / measures by Govt. / factories.

(2) ABILITY TO MAINTAIN OPERATIONS :

FSL's ability to maintain operations will, to an extent, depend on the ability of its prime customers to maintain their operations and the retaliatory action (in the form of abnormal price reduction), if any, by China as for one of the prime products, FSL is directly competing with Chinese suppliers.

(3) SCHEDULE, IF ANY, FOR RESTARTING THE OPERATIONS :

FSL has restarted its operations with effect from May 21, 2020 and is currently operating at around 90 % capacity.



FAIRCHEM SPECIALITY LIMITED

(Formerly Known as **ADI FINECHEM LIMITED**)

Continuous Sheet No.

FAIRCHEM

A FAIRFAX GROUP COMPANY

(4) ESTIMATION OF THE FUTURE IMPACT OF COVID-19 ON THE OPERATIONS :

FSL apprehends that till December, 2020, it will face impact of COVID-19 after which it will gradually peter out as economies of the world will learn and become used to live with COVID-19. The businesses will again aim to reach to their pre-pandemic activity levels, thereby generating incomes which will push demand.

(5) DETAILS OF IMPACT OF COVID-19 ON –

- (A) Capital and Financial Resources – FSL has adequate financial resources to meet its fixed costs in case there is further disruption of business in future.
- (B) Profitability – Profitability for April – June, 2020 is expected to be affected adversely because FSL has already lost 50 days of business during this quarter.
- (C) Liquidity position – The Company has enough liquidity to meet its obligations.
- (D) Ability to service debt and other financing arrangements – FSL is able to service its obligation towards monthly repayment of principal amount of term loans and it is further aided by the first moratorium granted by Company's bankers pursuant to RBI directions.
- (E) Assets – FSL is hopeful of recovering ALL its assets, in the nature of receivables, advances etc..
- (F) Internal Financial Reporting and Control – FSL continues to exercise its control in ensuring that internal financial reporting is not compromised.
- (G) Supply chain – No material disruption in supply chain is envisaged.
- (H) Demand for Products – Demand is gradually inching towards pre-pandemic levels. We, however, continue to be cautious.

(6) EXISTING CONTRACTS / AGREEMENTS WHERE NON-FULFILMENT OF THE OBLIGATIONS BY ANY PARTY WILL HAVE SIGNIFICANT IMPACT ON THE BUSINESS :

FSL does not anticipate any material non-fulfillment of obligations having significant impact on its business.

(B) PRIVI ORGANICS INDIA LIMITED Unit: Manufacturing plant of Aroma Chemicals of Privi Organics India Limited (POIL) at Mahad and Jhagadia.

(1) IMPACT OF THE COVID-19 PANDEMIC ON THE BUSINESS:

The Plant operations were impacted for about 15 days, from 24th March 2020 to 7th April 2020 as the entire country was under lockdown. Post 8th April 2020 our Production facilities started, and we have ramped up production and manufacturing activities to almost full capacity. Due to the Pandemic, Sales of about 300-350 Mm INR was affected specially In Indian domestic Market during the period of March to May 2020. In June 2020 the same has picked-up and in fact improved.

(2) ABILITY TO MAINTAIN OPERATIONS:

The Company is positive of maintaining the production capacities of all its plants at all locations to near full capacity as the Government has allowed permission to the Company to keep its operations and facilities open. However, all this depends on how the Covid 19 Pandemic pans out and also the Government policies to keep the factories up and running.

(3) SCHEDULE, IF ANY, FOR RESTARTING THE OPERATIONS:

POIL factories have started its operations with effect from 7th April 2020 and is currently operating at almost full capacity



FAIRCHEM
A FAIRFAX COMPANY

FAIRCHEM SPECIALITY LIMITED

(Formerly Known as **ADI FINECHEM LIMITED**)

Continuous Sheet No.

(4) ESTIMATION OF THE FUTURE IMPACT OF COVID-19 ON THE OPERATIONS :

The Company does not foresee any major impact due to Covid 19 due to the strong order booking position and also the increase in demand for various aroma chemicals, as many chemicals are used in manufacturing various antiseptics, hand wash, hand sanitizers, floor cleaners etc. Hence the Company is confident of achieving its targeted performance if the Government policies allows the factories to be kept open. Although sales were partially affected during the period of shutdown, however, impact is not significant. The Company does not foresee significant impact on net realizable value of its current assets. The production and sales are not currently impacted due to supply chain issues. However, given the uncertainty due to Covid 19, the Company would continue to monitor any material changes to future economic conditions and the consequential impact on the financial results.

(5) DETAILS OF IMPACT OF COVID-19 ON –

- (I) Capital and Financial Resources – POIL has adequate financial resources to meet all its business obligations and expenses including fixed costs in case there is further disruption of business in future.
- (J) Profitability – Profitability for April – June, 2020 is expected to be affected moderately.
- (K) Liquidity position – The Management does not anticipate any liquidity concerns as the sales and collections have been on track and future volume of business is very strong.
- (L) Ability to service debt and other financing arrangements – POIL is able to service its obligation towards repayment of interest and principal amount of all its loans. The Company has not availed any moratorium which was announced by Ministry of Finance, Government of India.
- (M) Assets – Fixed Assets of the Co are fully operational and there is no need for impairment. As far as the Current Assets are concerned, the Company expects to improve upon the overall Working Capital Cycle.
- (N) Internal Financial Reporting and Control – All Internal Financial Reporting System & Internal Financial Control System are in place and is completely observed by the Company. All Check & measures are in tact and no compromise made due to the pandemic 19 lockdown
- (O) Supply chain – Supply chain was partially effected during the period of 22nd March to April, 2020. This laid to disruption in sales. However the Company has been able to ramp up its supply chain issues and does not foresee any major concern in this area.
- (P) Demand for Products – As POIL Is in business of manufacturing Aroma Chemicals demand for some of its product have increased as the same is used in manufacturing various antiseptics, hand wash, hand sanitizers, floor cleaners etc. POIL is in the process of increasing its capacity to cater to the higher demand.

(6) EXISTING CONTRACTS / AGREEMENTS WHERE NON-FULFILMENT OF THE OBLIGATIONS BY ANY PARTY WILL HAVE SIGNIFICANT IMPACT ON THE BUSINESS :

POIL is confident of meeting & fulfilling all existing contracts with its customers.

(7) OTHER RELEVANT MATERIAL UPDATES ABOUT THE BUSINESS :

The Company is fairly confident of continuing its improved business inspite of the Adverse conditions world wide



FAIRCHEM
A FAIRFAX COMPANY

FAIRCHEM SPECIALITY LIMITED

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Continuous Sheet No.

Please find the above in order and take the same on your record.

Thanking you.

Yours faithfully,
For Fairchem Speciality Limited,

A handwritten signature in blue ink, appearing to read 'Rajen Jhaveri'.

Rajen Jhaveri
Chief Financial Officer & Company Secretary