FAIRCHEM
A FAIRFAX COMPANY

Fairchem Organics Ltd.

COMPANY BACKGROUND………………………………………………………..

- Fairchem Organics Ltd. (Fairchem) is engaged in the business of manufacturing of Oleo Chemicals and Nutraceuticals, since the last 27 years.
- It has a state-of-the-art manufacturing unit which was set up in 1995 and has over the years gone through various stages of expansion, backward integration, debottlenecking and technological advancements to create a one of its kind world class facility.
- The company's key oleo chemical products include Dimer Acid, Linoleic Acid, Palmitic Acid, Monomer Acid, and nutraceutical products include Mixed Tocopherols and Sterol concentrate.
- Fairchem supplies to various marquee customers like Asian Paints, Huber (erstwhile Micro Inks), Arkema, BASF, ADM, Cargill etc.

BUSINESS MIX ………………………………………………………………………

- **Oleo Chemicals:** Oleo Chemicals are chemicals derived from Plant and Animal Fats. They are analogous to petrochemicals derived from petroleum. Fairchem is a leading producer of Fatty Acids from natural oils and fats derived from vegetable oils. The company has over the years developed and mastered the process of manufacturing its entire product range from waste/by product streams of natural vegetable oils by utilizing state of the art equipment's of acceptable local and international quality.
- **Nutraceuticals:** Nutraceutical, a portmanteau of the words "nutrition" and "pharmaceutical" applied to products that range from isolated nutrients, dietary supplements and herbal products, specific diets, genetically modified food, and processed foods such as cereals, soups, and beverages. Fairchem currently produces (Natural) Mixed Tocopherol Concentrate /Natural vitamin E which it primarily exports to global MNCs.

KEY STRENGTHS……………………………………………………………………

- Major Player in the Indian Oleo Chemical Market using Renewable Resources.
- Strong Customer and Supplier Relationships.
- One of a kind manufacturing process using by-products of vegetable oils to create value added products hence creating wealth.
- Promoted by Fairfax Capital and backed by experienced Management team.
- Judicious strategy on capacity expansion by evaluating market demand-supply scenario and working very closely with its customer base.

FINANCIAL PERFORMANCE (CONSOLIDATED)……………………….

(INR Mn)	INCOME	EBITDA	EBITDA%	PAT	PAT%	EPS
FY22	6,432	1,049	16.31%	679	10.56%	52.15
FY23	6,480	724	11.17%	435	6.71%	33.41
FY24	6,215	670	10.78%	405	6.52%	31.10
H1-FY25	3,035	306	10.05%	179	5.90%	13.72

Key Data	
BSE Code	543252
NSE Code	FAIRCHEMOR
Reuters	-
Bloomberg	FAIRORGA:IN

Market Data (INR) as on 30th September, 2024	
Face Value	10.0
CMP	1213.75
52 Week H/L	1552.0/1020.7
MCAP (Mn)	15804.1
Shares O/S (Mn)	13.0
1 Yr Avg. Vol. ('000)	27.9

Performance as on 30th September, 2024	3M	6M	12M
Fairchem Organics	(11.32%)	1.91%	(0.43%)
SENSEX	6.65%	13.97%	28.09%
BSE SMALL CAP	9.02%	31.18%	51.58%

Shareholding Pattern as on 30th September, 2024	
Promoters	58.70%
FPI	6.36%
AIF	5.16%
Public	29.78%

BUSINESS SEGMENTS………

Oleo Chemicals :

- **Linoleic Acid:** It is designed especially to produce fast drying protective coating having lighter colour. It is an unsaturated fatty acid and is a liquid at room temperature. The only company to manufacture Linoleic Acid of such quality in India. Cost advantage due to usage of by product of vegetable oil refinery as raw material.
- **Dimer Acid:** It also known as dimerized fatty acids; prepared from unsaturated fatty acids obtained from vegetable oil. It is a light yellow or yellow viscous transparent liquid. It is non-toxic. Fairchem is the only company to manufacture this product in India. Offers improved bonding. Used as curing agents for epoxy-based anti-corrosion coatings and for priming and protecting metal. Dimer acids act as a stabilizer in lubricants used for Cold Rolling Mills. Increase the life span of nylon products Applications. The company supplies this product as an import substitute for sale to consumers in Surface Coating and Printing Ink industry on import parity with added advantage of just-in-time delivery and better quality. As a result Fairchem has been preferred supplier for most of its clients and believes it would gradually substitute large part of its client requirement, which are met through import at present.
- **Monomer Acid & Distilled Fatty Acids:** Fairchem is one of the leading producers of Monomer and Other distilled fatty acids with significantly lower raw material costs. Monomer Acids are non-petroleum, non-animal based products that can be used as substitutes for various vegetable and tallow-based fatty acid derivative products. Fatty acids are obtained from hydrolysing fats and oils of animal and plant origin at a high pressure and temperature. They are then distilled, obtaining a product with a white appearance and a soapy feel.
- **Isostearic Acid:** It is commonly used in cosmetics and personal care products due to its excellent lubricating and moisturizing properties, as well as its resistance to oxidation. This versatile ingredient enhances the texture and stability of formulations, making it a popular choice in skin care, hair care, and industrial applications such as lubricants and metalworking fluids. Isostearic acid is known for being non-comedogenic, making it suitable for sensitive and acne-prone skin. Its stability and functionality contribute to its widespread use in various formulations.

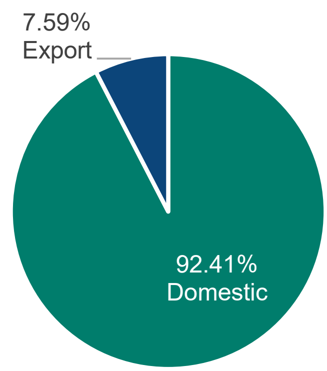
Nutraceuticals :

- **Mixed Tocopherol Concentrate:** Tocopherol is used as raw material to manufacture natural Vitamin E. Natural Vitamin E is almost 3-4 times more expensive than synthetic Vitamin E. Developed markets like US and Europe are the key consumers due to the high value of the product. Only method of manufacturing Natural Vitamin E is through vacuum distillation of the raw material which is a by-product of vegetable oil refining - Deodorizer Distillate. Fairchem is the dominant manufacturer of Mixed Tocopherol Concentrate in India which is sold on `Freight Saving’, `Production Cost Saving’ and `By-product Value concept’.
- Key clients for Nutraceuticals are BASF, ADM, Cargill Inc. (U.S.A).

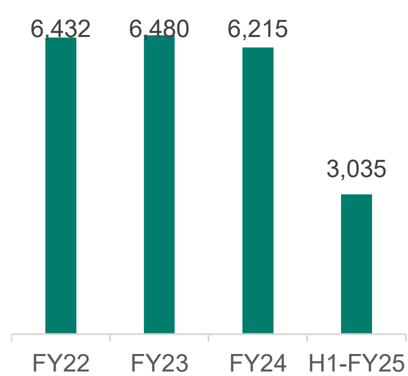
Capacity Expansion :

- **FY21:** Increased from 45,000 MTPA to 72,000 MTPA
- **FY22:** Increase Capacity from 72,000 MTPA to 90,000 MTPA
- **FY23:** Increased Capacity to 120,000 MTPA

Q2-FY25 Geographical Revenue (%)



Revenue (In Mn)



PEER COMPARISON (TRAILING 12 MONTHS) INR MN ………………………………………………………………

Company	Operational Income	EBITDA	EBITDA%	PAT	PAT%	Market Cap
Fairchem Organics	6122	692	11.30%	420	6.86%	15,804
Godrej Industries Ltd	172,103	16,461	9.56%	12,691	7.37%	4,16,494
Indo Amines Ltd.	9,812	890	9.07%	518	5.28%	16,674
Jocil Ltd.	8,221	64	0.78%	16	0.20%	1,822
Fermenta Biotech Ltd	3,694	501	13.56%	81	2.18%	8,917

INCOME STATEMENT (CONSOLIDATED)

INCOME STATEMENT (INR MN)	FY22	FY23	FY24	H1-FY25
Operating Income	**6,432**	**6,480**	**6,215**	**3,035**
Expenses	5,383	5,756	5,545	2,730
Operating EBITDA	**1,049**	**724**	**670**	**305**
Operating EBITDA Margins (%)	***16.31%***	**11.17%**	**10.78%**	**10.05%**
Depreciation	71	82	93	52
Finance Cost	69	63	42	18
Other Income	3	7	11	6
PBT	**912**	**586**	**546**	**241**
Tax	233	151	141	62
Profit After Tax	**679**	**435**	**405**	**179**
PAT Margins (%)	***10.56%***	***6.71%***	***6.52%***	***5.90%***
Other Comprehensive Income	1	5	(1)	-
Total Comprehensive Income	**680**	**440**	**404**	**177**
EPS Diluted (INR)	52.15	33.41	31.10	13.72

CONSOLIDATED BALANCE SHEET (IND-AS)

PARTICULARS (INR MN)	FY23	FY24	H1-FY25
EQUITIES & LIABILITIES			
Equity			
(A) Equity Share Capital	130	130	130
Instruments entirely Equity in Nature			
(B) Other Equity	2,462	2,769	2,849
Total Equity	**2,592**	**2,899**	**2,979**
Non-Current Liabilities			
(A) Financial Liabilities			
(i) Borrowings	-	-	-
(B) Provisions	18	22	28
(C) Deferred Tax Liabilities (Net)	146	161	170
Total Non – Current Liabilities	**164**	**183**	**198**
Current Liabilities			
(A) Financial Liabilities			
(i) Borrowings	502	73	443
(ii) Trade Payables	105	130	136
(iii) Other Financial Liabilities	11	3	10
(B) Other Current Liabilities	36	43	47
(C) Provisions	9	11	13
(D) Liabilities for current tax (Net)	5	1	
Total Current Liabilities	**668**	**261**	**649**
GRAND TOTAL - EQUITIES & LIABILITES	**3,424**	**3,343**	**3,826**

PARTICULARS (INR MN)	FY23	FY24	H1-FY25
ASSETS			
Non-Current Assets			
(A) Property, Plant and Equipment	1,514	1,868	1,866
(B) Capital Work-in-progress	349	60	148
(C) Right-of-Use Assets	42	41	41
(D) Other Intangible Assets	5	3	3
(E) Financial Assets			
(i) Other Financial Assets	2	2	2
(F) Non-Current Tax Assets	18	19	69
(G) Other Non-Current Assets	8	22	40
Total Non – Current Assets	**1,938**	**2,015**	**2,169**
Current Assets			
(A)Inventories	800	697	774
(B) Financial Assets			
(i) Trade Receivables	626	568	806
(ii) Cash & Cash Equivalents	1	1	1
(C) Other Current Assets	59	62	76
Total Current Assets	**1,486**	**1,328**	**1,657**
GRAND TOTAL – ASSETS	**3,424**	**3,343**	**3,826**

INVESTOR RELATIONS TEAM AT VALOREM ADVISORS …………………………………………………………………….

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