



# 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 (as per FY24).....

- **Oleo Chemicals (95%):** 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 (5%):** 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
FY21	3,966	687	17.32%	425	10.72%	32.63
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

Note: All numbers are as per IND-AS

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

Market Data (INR) as on 31 <sup>th</sup> March, 2024	
Face Value	10.0
CMP	1,187.0
52 Week H/L	1,525.3/912.0
MCAP (Mn)	15,455.8
Shares O/S (Mn)	13.0
1 Yr Avg. Vol. ('000)	31.3

Performance as on 31 <sup>th</sup> March, 2024			
	3M	6M	12M
Fairchem Organics	(6.9)%	(2.6)%	30.2%
SENSEX	(1.9)%	(10.6)%	(19.7)%
BSE SMALL CAP	(1.1)%	(12.7)%	(36.4)%

Shareholding Pattern as on 31 <sup>th</sup> March, 2024	
Promoters	59%
FPI	6%
AIF	5%
Public	30%

## 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).

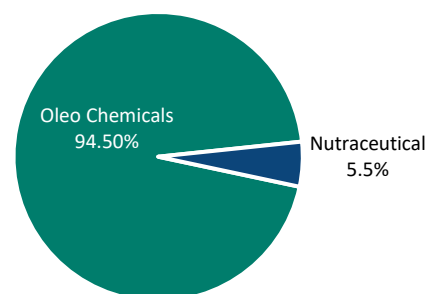
## PEER COMPARISON (TRAILING 12 MONTHS) INR MN

Company	Operational Income	EBITDA	EBITDA%	PAT	PAT%	Market Cap
Fairchem Organics	6,215	670	10.78%	405	6.52%	15,456
Godrej Industries Ltd	1,66,006	12,445	7.50%	5,952	3.59%	2,62,753
Indo Amines Ltd.	9,436	794	8.42%	428	4.54%	7,865
Jocil Ltd.	7,532	51	0.68%	17	0.23%	1,501
Fermenta Biotech Ltd	3,357	275	8.20%	(240)	(7.15)%	4,456

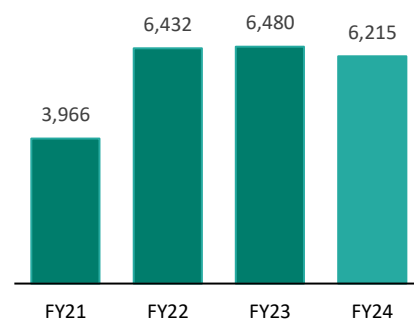
### Capacity Expansion :

- **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

### FY24 Segmental Revenue (%)



### Revenue (In Mn)



## INCOME STATEMENT (CONSOLIDATED) .....

INCOME STATEMENT (INR MN)	FY21	FY22	FY23	FY24
<b>Operating Income</b>	<b>3,966</b>	<b>6,432</b>	<b>6,480</b>	<b>6,215</b>
Expenses	3,279	5,383	5,756	5,545
<b>Operating EBITDA</b>	<b>687</b>	<b>1,049</b>	<b>724</b>	<b>670</b>
<b>Operating EBITDA Margins (%)</b>	<b>17.32%</b>	<b>16.31%</b>	<b>11.17%</b>	<b>10.78%</b>
Depreciation	66	71	82	93
Finance Cost	68	69	63	42
Other Income	3	3	7	11
<b>PBT</b>	<b>556</b>	<b>912</b>	<b>586</b>	<b>546</b>
Tax	131	233	151	141
<b>Profit After Tax</b>	<b>425</b>	<b>679</b>	<b>435</b>	<b>405</b>
<b>PAT Margins (%)</b>	<b>10.72%</b>	<b>10.56%</b>	<b>6.71%</b>	<b>6.52%</b>
Other Comprehensive Income	(5)	1	5	(1)
<b>Total Comprehensive Income</b>	<b>420</b>	<b>680</b>	<b>440</b>	<b>404</b>
EPS Diluted (INR)	32.63	52.15	33.41	31.10

## CONSOLIDATED BALANCE SHEET (IND-AS).....

PARTICULARS (INR MN)	FY22	FY23	FY24	PARTICULARS (INR MN)	FY22	FY23	H1-FY24
<b>EQUITIES &amp; LIABILITIES</b>				<b>ASSETS</b>			
<b>Equity</b>				<b>Non-Current Assets</b>			
(A) Equity Share Capital	130	130	130	(A) Property, Plant and Equipment	1,363	1,514	1,848
Instruments entirely Equity in Nature				(B) Capital Work-in-progress	420	349	60
(B) Other Equity	2,191	2,462	2,769	(C) Right-of-Use Assets	42	42	41
<b>Total Equity</b>	<b>2,321</b>	<b>2,592</b>	<b>2,899</b>	(D) Other Intangible Assets	2	5	3
<b>Non-Current Liabilities</b>				(E) Financial Assets			
(A) Financial Liabilities				(i) Other Financial Assets	2	2	2
(i) Borrowings	100	-	-	(F) Non-Current Tax Assets	19	18	19
(B) Provisions	17	18	22	(G) Other Non-Current Assets	20	8	22
(C) Deferred Tax Liabilities (Net)	128	146	161	<b>Total Non – Current Assets</b>	<b>1,868</b>	<b>1,938</b>	<b>2,015</b>
<b>Total Non – Current Liabilities</b>	<b>245</b>	<b>164</b>	<b>183</b>	<b>Current Assets</b>			
<b>Current Liabilities</b>				(A) Inventories	700	800	697
(A) Financial Liabilities				(B) Financial Assets			
(i) Borrowings	520	502	73	(i) Trade Receivables	622	626	568
(ii) Trade Payables	91	105	130	(ii) Cash & Cash Equivalents	2	1	1
(iii) Other Financial Liabilities	8	11	3	(C) Other Current Assets	49	59	62
(B) Other Current Liabilities	36	36	48	<b>Total Current Assets</b>	<b>1,373</b>	<b>1,486</b>	<b>1,328</b>
(C) Provisions	10	9	11	<b>GRAND TOTAL – ASSETS</b>	<b>3,241</b>	<b>3,424</b>	<b>3,343</b>
(D) Liabilities for current tax (Net)	10	5	1				
<b>Total Current Liabilities</b>	<b>675</b>	<b>668</b>	<b>261</b>				
<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>3,241</b>	<b>3,424</b>	<b>3,343</b>				

## INVESTOR RELATIONS TEAM AT VALOREM ADVISORS .....

Name	Designation	Email	Phone
Anuj Sonpal	CEO	<a href="mailto:anuj@valoremadvisors.com">anuj@valoremadvisors.com</a>	+91-22-4903-9500
Purvangi Jain	AVP – Investor Relations	<a href="mailto:purvangi@valoremadvisors.com">purvangi@valoremadvisors.com</a>	+91-22-4903-9500
Harshil Ghanshyani	IR Associate	<a href="mailto:harshil@valoremadvisors.com">harshil@valoremadvisors.com</a>	+91-22-4903-9500

### Valorem Advisors Disclaimer:

Valorem Advisors is an Independent Investor Relations Management Service company. This factsheet has been prepared by Valorem Advisors based on information and data which the Company considers reliable, but Valorem Advisors and the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded. Valorem Advisors also hereby certifies that the directors or employees of Valorem Advisors do not own any stock in personal or company capacity of the Company under review.

### Fairchem Organics Limited Disclaimer:

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be “forward looking statements” based on the currently held beliefs and assumptions of the management of Fairchem Organics Ltd. which are expressed in good faith and in their opinion reasonable, including those relating to the Company’s general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievements of the Company or industry results to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company’s business, its competitive environment and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities in any jurisdiction, including the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. None of our securities may be offered or sold in the United States, without registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from registration there from.

This document is confidential and may not be copied or disseminated, in whole or in part, and in any manner.