Fairchem Organics Limited

FAIRCHEM
A FAIRFAX COMPANY

Investor Presentation

December 2024

Company at a Glance

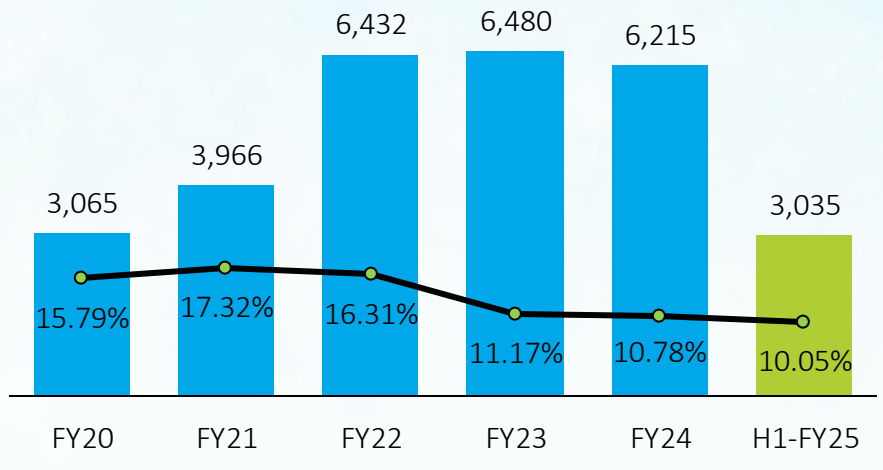
- Well entrenched Customer Relationships in high growth industries like Paint, Inks, Printing, lubricants, Cosmetics
- Long lasting Pan India Raw Material sourcing capabilities with diversified vegetable oil refineries
- Promoted by Fairfax India Holdings and backed by experienced Management team
- Forward integration to make value added products from co-product – Monomer (Monobasic) Fatty Acid – stream to make Isostearic Acid
- 28 years of legacy
- High emphasis on Business Sustainability and Corporate Governance standards
- Raw materials throughput capacity expansion completed in Q1-FY23 with minimal capex
- Proposal to add one new raw material (falling under Oleo Chemicals only) to make value added products
- Leading manufacturer in India for substantial part of the overall revenue
- One of a kind manufacturing process using by-products of vegetable oils which are generated in very small quantities of ~ 1.25% (for Acid Oil) and ~0.25% (for DOD) of soft oils processed
- State-of-the-art manufacturing unit with critical equipment/design from Germany & Switzerland
- Strong Return Ratios
  ROE: 14%
  ROCE: 19%
- Strong Long Term Financial Track Record
  5 year CAGR:
  Revenue: 20%
  EBITDA: 13%
  PAT: 14%
- Commercial sale of Isostearic Acid already in place.

Company Overview

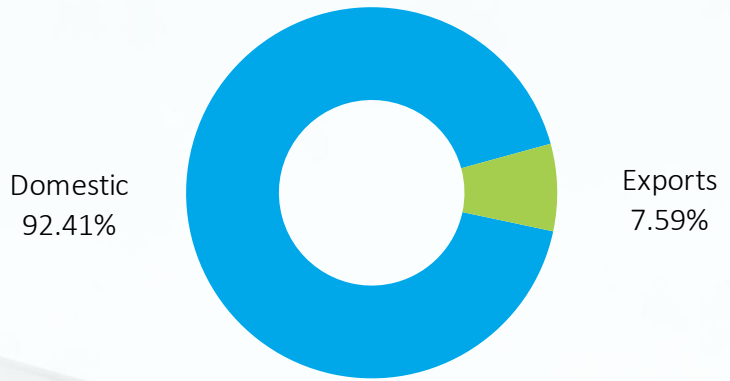
Company Overview

- Fairchem Organics Ltd. (Fairchem) is engaged in the business of manufacturing of Oleo Chemicals and Nutraceuticals, since the last 28 years.
- It has a state -of-the-art Manufacturing unit which was set up in 1995 and has over the years gone through various stages of expansion, forward integration, debottlenecking and technological advancements to create a one of its kind world class facility.
- Fairchem has a permanent employee base of 230 along with few additional contract workers. Company enjoys a very low employee attrition across various levels.
- The company's key oleo chemical products include Dimer Acid, Linoleic Acid, Palmitic Acid, Monomer Acid, Isostearic Acid and nutraceutical products include Mixed Tocopherols and Sterol concentrate.
- Fairchem is one of the only / leading manufacturers of Linoleic Acid and Dimer Acid in India, which are the major part of the overall revenues and having a large addressable market size in India.
- Mixed Tocopherol concentrate and Sterols concentrate are nutraceutical products having usage in FMCG and food additives.
- Its customers include marquee names like Asian Paints, Huber, Arkema, ADM, Quaker etc.
- The company increased the raw material throughput capacity of its plant to 120,000 MTPA in Q1-FY23.
- The Company is the only Isostearic Acid manufacturer in India which exports the said product to different countries in U.S.A., Europe and South America and Southeast Asia. The Company is set to export this product to couple of more countries shortly.

Revenue & EBITDA Margin (In Mn)



Q2/H1-FY25 Geographical Revenue (%)



Key Milestones

1985 1995

The original project was to process by-product stream of Rice Bran Oil.

Commenced project in late 1993.

The Company was Listed on the BSE in 1995

1996 2010

Shifted its focus to producing Fatty Acids.

Was the first and only company to manufacture Mixed Tocopherol Concentrate in India and supply to Henkel Corp subsequently taken over by Congnis Increase in Manufacturing Capacity to 8,000 MT p.a.

2010 2012

Main focus on reduction of manufacturing cost per ton.

Complete Re- Engineering of its Energy Consumption System. Installation of new balancing equipment.

Increase in manufacturing Capacity to 18,000 MT p.a.

2013 2014

Increased capacity to 25,000MT p.a. In December 2013.

Further increased its capacity to 30,000 MT p.a. in September 2014.

Increased capacity of 45000 MT in FY 16. Fairfax India acquired approximately 45% of the outstanding shares in the company at INR 212/share.

Nov 2015

Fairfax India Holdings Corporation (FIH) acquired about 45% stake in Adi Finechem Ltd

2016

Board of Adi and Privi unanimously approved a scheme of arrangement to demerge the aroma chemicals business of Privi into a wholly owned subsidiary of Adi Finechem – Adi Aromatics Limited

The name of Adi Finechem Limited changed to 'FAIRCHEM SPECIALITY LIMITED'

2020

De-Merged from Fairchem Speciality and now operating as Fairchem Organics

Got listed on the NSE and BSE as Fairchem Organics on December 2020

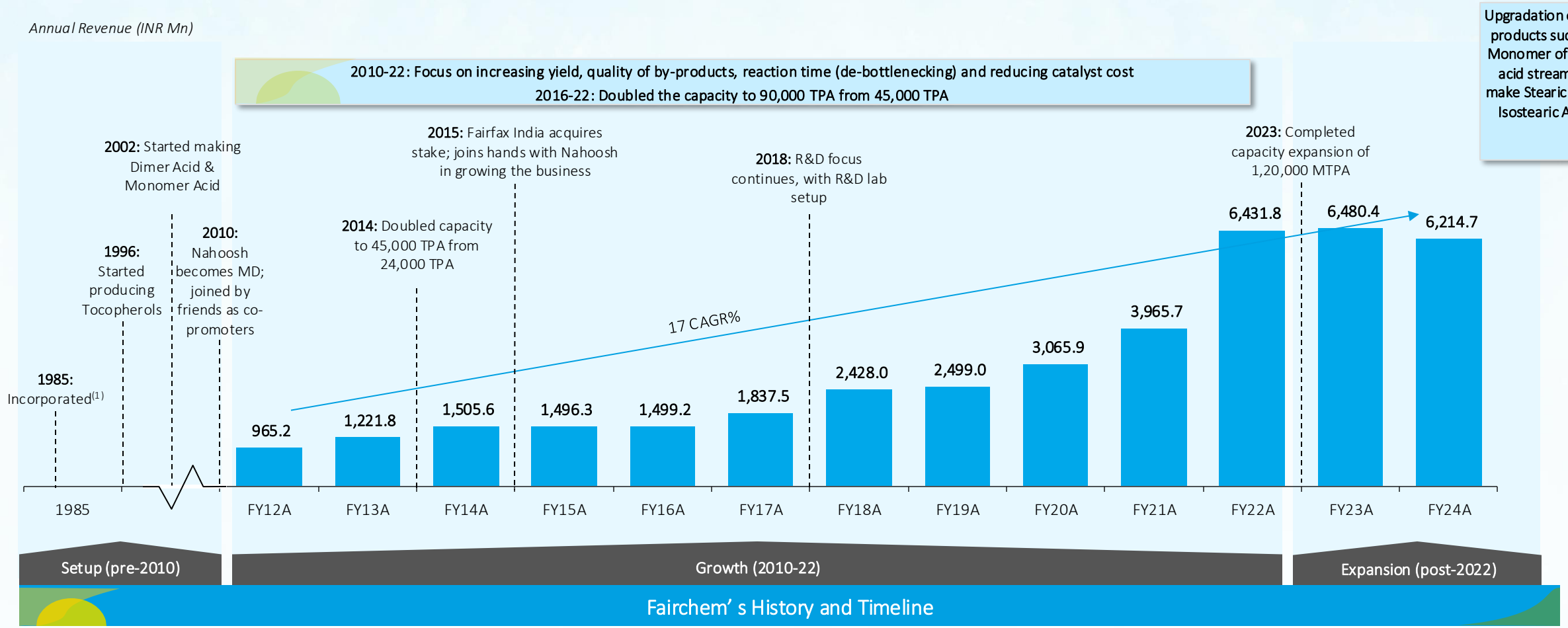
2021 2022

Expanded capacity from 45,000 MTPA to 120,000 MTPA

2023 2024

Successfully produced Isostearic Acid at the plant level for application in the lucrative cosmetics industry in developed markets worldwide.

Sequence of Key Events and Growth Trajectory



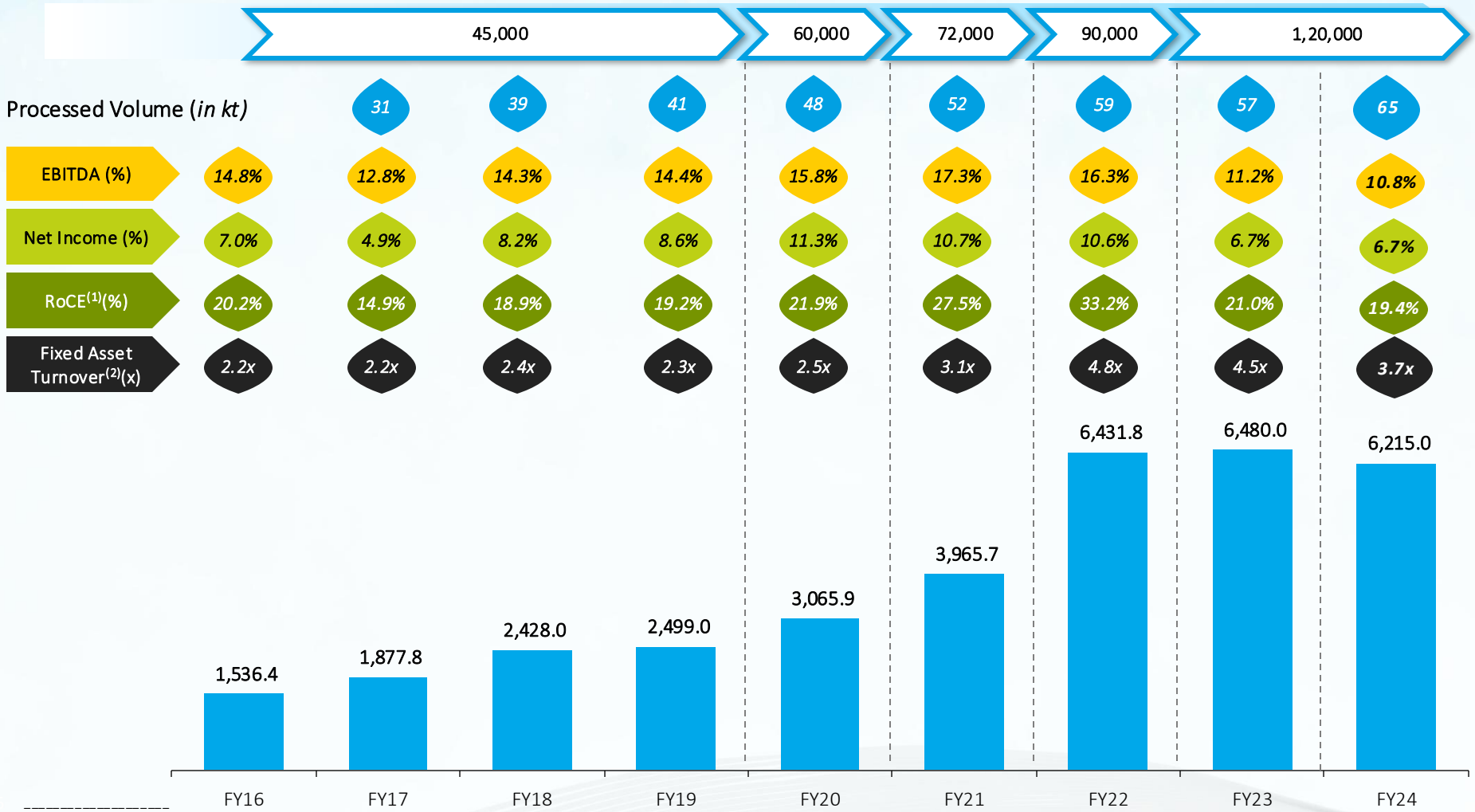
Continuous improvement in yield of 'Prime' products driving strong organic growth, a testament to Fairchem' s strong R&D focus & significant experience

(1) Company was originally incorporated in May, 1985 as H K. Agro Oil Limited. Between 1994 and 2016, its name was changed several times. The last name (at the time of approval for Demerger) was Fairchem Speciality Limited. De-Merged from Fairchem Speciality in 2020 and now operating as Fairchem Organics. Got listed on the NSE and BSE as Fairchem Organics on December 2020

Exceptional Track Record of Growth & Profitability

Raw Material Processing Capacity (*in TPA*)

Annual Revenue (INR Mn)



Capacity expansion to 1,20,000 TPA as on H1 FY23

Operating leverage driving margin expansion

High degree of capital efficiency driving margin expansion

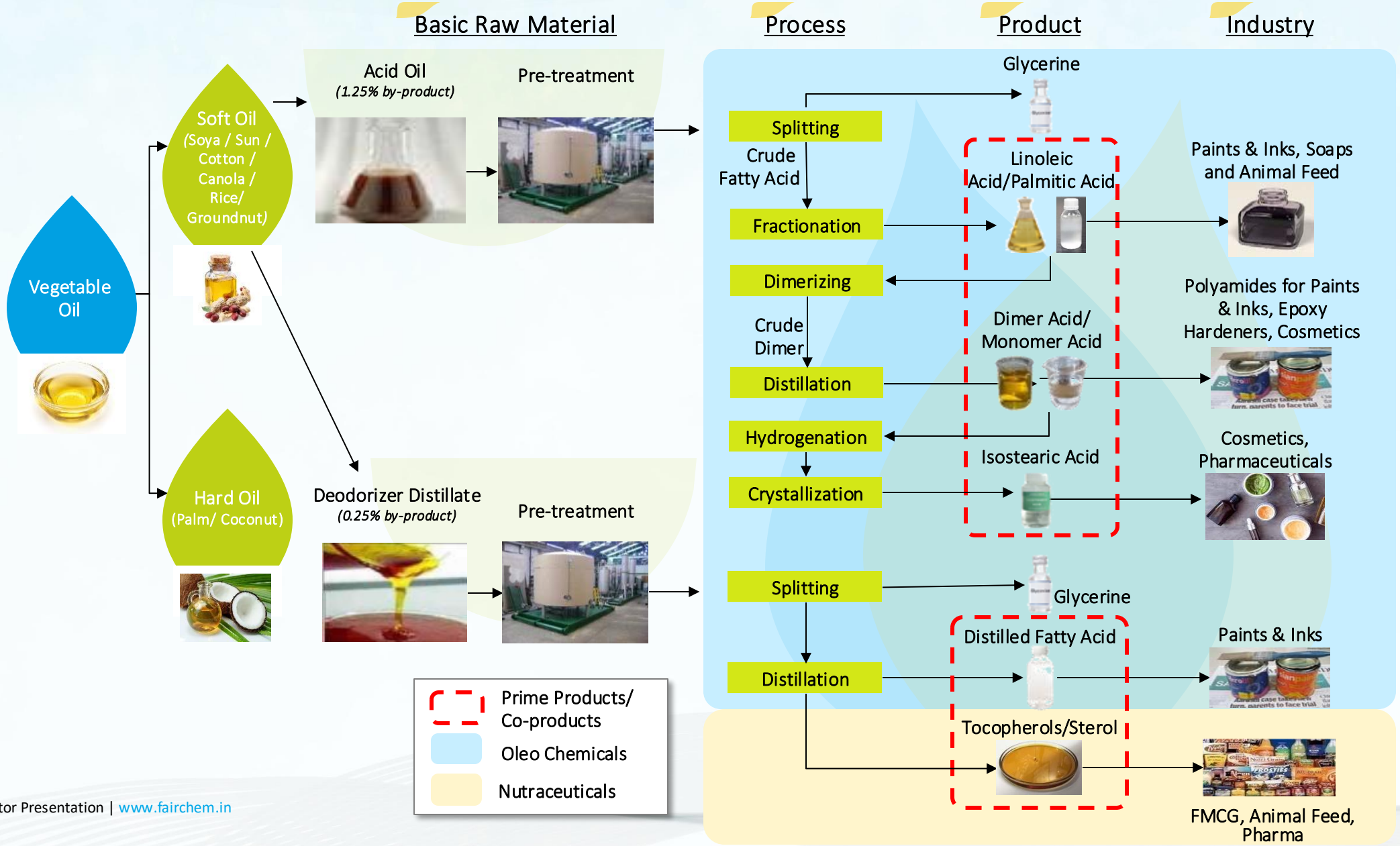
Improving FATO, stable margins and low maintenance capex offers high return ratios

Growth driven by –

- Capacity expansion
- Better raw material yields
- Increase in commodity prices

(1) Return on capital Employed = EBIT / Closing (Equity + Net Debt)
(2) Fixed Asset Turnover = Revenue / Average Fixed Assets

Manufacturing Process Overview

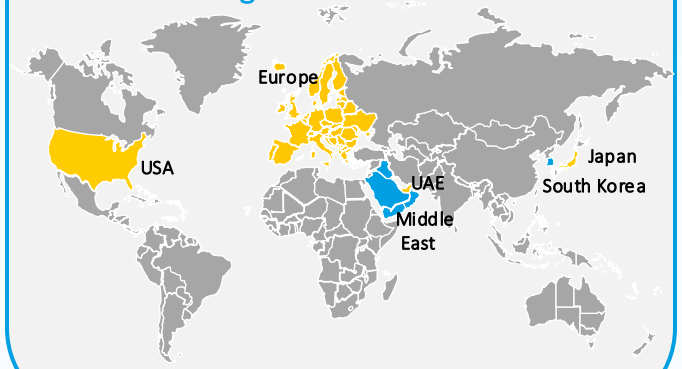


Product Overview – Existing Portfolio

Raw Materials	Output Products	End Market Use-cases
Acid Oil	Linoleic /Soya fatty acid	Paints & inks: ▪ Specially designed to produce fast drying protective coating with a lighter color
	Palmitic acid	Soaps, animal feed: ▪ Animal feed for lactating animals
	Dimer acid	Polyamides for paints & inks, epoxy hardeners: ▪ Offers improved bonding ▪ Used as curing agents for epoxy-based anti-corrosion coatings and for priming and protecting metal ▪ Acts as a stabilizer in lubricants used for cold rolling mills ▪ Increases the life span of nylon products
	Isostearic Acid	Cosmetics, Lubricants & Pharmaceuticals: ▪ commonly used in cosmetics, personal care products, lubricants, and coatings.
	Monomer acid	Paints & inks, cosmetics: • Designed especially to produce stoving paints
	Glycerine	Paints & ink, textiles: ▪ Multiple use-cases across industries
	Pitch/ Residue	Heating fuel: ▪ Utilized as a substitute for burning fuel i.e. furnace oil
Deodorizer Distillate	Distilled fatty acid	Paints & inks: ▪ Designed specially to produce undercoates (varnish etc.)
	Tocopherols/ Sterols	FMCG, animal feed, pharma: ▪ To be used as natural anti-oxidant and to manufacture Natural vitamin E ▪ Raw material for cortico steroids

Prime Products | Oleochemicals | Nutraceuticals | By-products(1)

Fairchem Organics is also entering new global markets

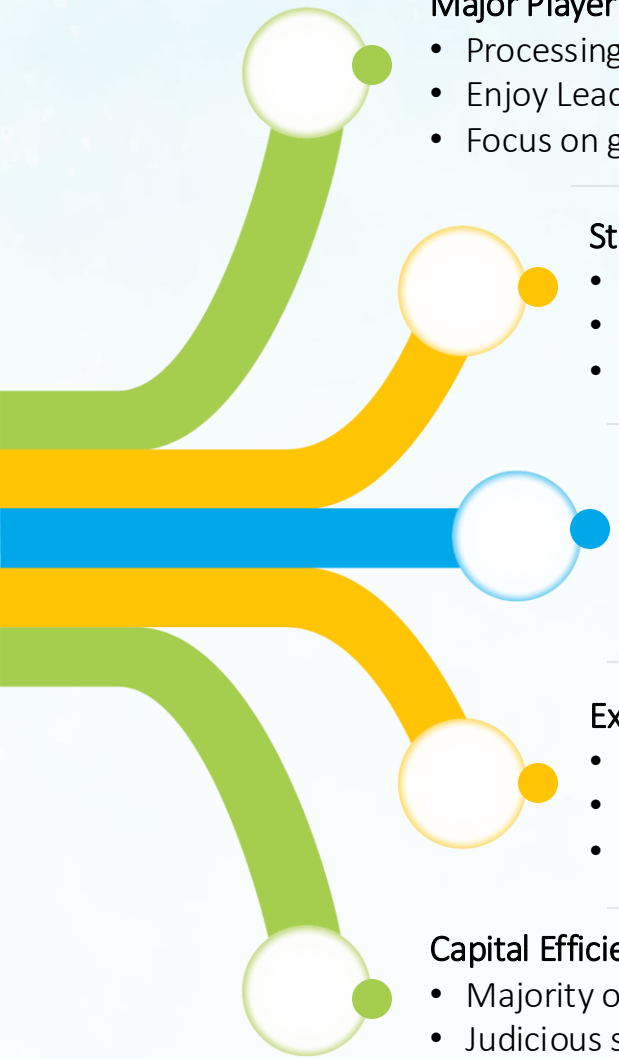


Existing Markets | New Markets

Fairchem Organics is constantly improving its processes to create better quality by-products and converting them to 'Prime' products

(1) Pitch/Residue are outputs of the processes run on both raw materials – Acid Oil and Deodorizer Distillate

Fairchem's Competitive Advantage



Major Player in the Indian Oleo Chemical Market Using Renewable Resources

- Processing waste from edible oil refining process to produce high value oleo chemicals giving it price advantage
- Enjoy Leadership Position in the industry due to barriers to entry
- Focus on green manufacturing processes which reduces effluents to ensure sustainability

Strong Customer and Supplier Relationships

- Well entrenched Customer Relationships in high growth industries like Paint, Inks, FMCG, lubicants.
- Long lasting customer relationships of more than 15 years with various customers
- More than 20 years relationship with key raw material suppliers

Competitive Position

- Low cost of raw material and efficient manufacturing process enables it to be highly cost competitive vis a vis global peers
- Leading manufacturer in India for substantial part of the overall revenue
- Position to market entire quantity of Prime Products it produces

Experienced senior management

- Fairchem is well supported by an esteemed Promoter Institution – Fairfax India Holdings
- Strong and experienced management team that have positioned business well for continued growth and development
- Strong R&D team focusing on integration and green chemistry

Capital Efficiency

- Majority of the capacity expansion has been undertaken primarily through internal accruals.
- Judicious strategy on capacity expansion by evaluating market demand-supply scenario and working very closely with its customer base

Highly Differentiated "Waste-to-Wealth" Manufacturing Capabilities

1 Unique Manufacturing Capabilities

- Processing waste from edible oil refining process to produce high value oleochemicals
- Focus on green manufacturing processes which reduces effluents to ensure sustainability

✓ Green chemicals are the ingredients of choice to achieve a circular economy

2 One of the Lowest Cost Producer Globally

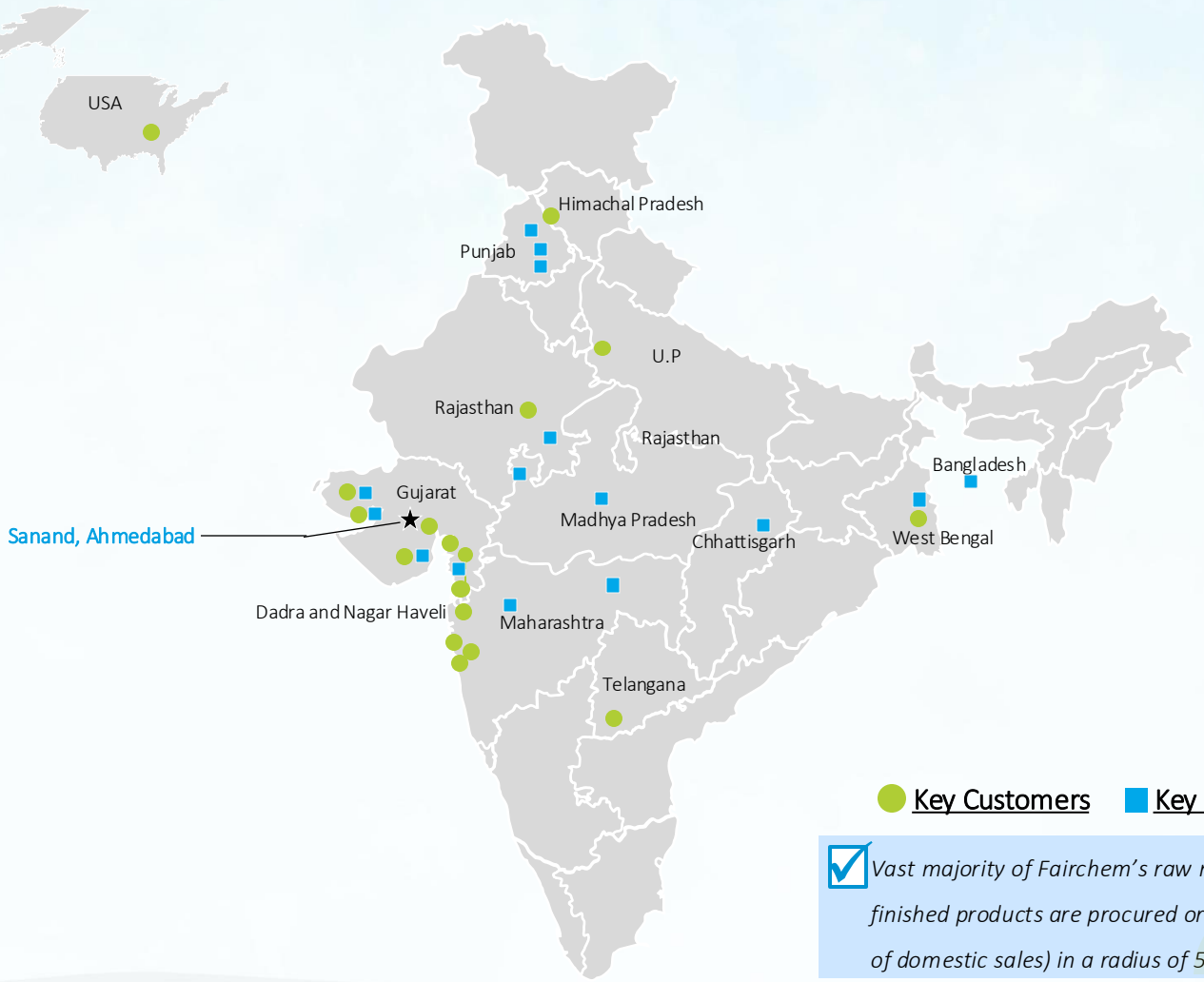
- Low cost of raw material as Fairchem purchases waste products from oil refineries
- Efficient manufacturing process comparable to global peers enables it to be highly cost competitive
- Operational excellence with a strategically located facility

✓ Strong moat of secure and low-cost raw material supply enabling Fairchem to be the lowest cost producer globally

3 Valuable Supplier Relationships

- Fairchem has long and meaningful relationships with the supplier base (100+ suppliers on-board)
- Bulk procurement at prices superior to alternative disposal options for suppliers - refineries
- Buys directly from refineries, on an 'as-is-where-is' basis at the factory gate on short payment cycles

✓ Large off-take capability enabling strong purchasing power with suppliers



✓ *Vast majority of Fairchem's raw material and finished products are procured or sold (in case of domestic sales) in a radius of 500 Km*

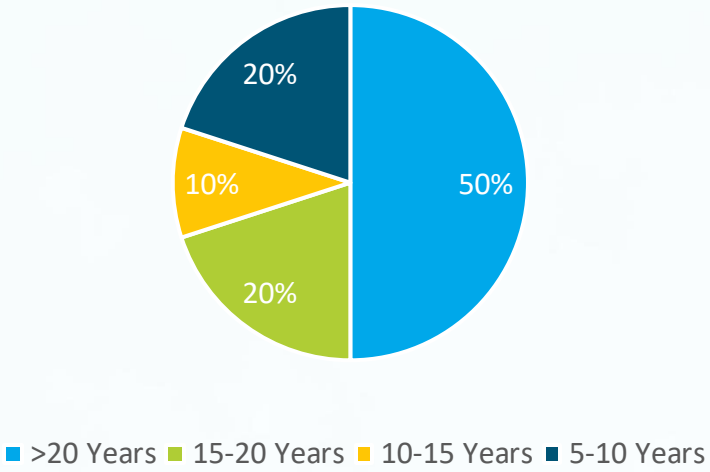
"Make-in-India, Buy within India" strategy providing strong competitive moats while delivering operational excellence

Well Entrenched Long Term Customer Relationships

Customer network - a competitive advantage

Long History of Deep Engagement with Customers

Key Customers Displaying High Levels of Stickiness



Bulk of the top 10 customers have growing, long-term relationships with Fairchem Organics

- Ensure quality and consistency, leading to a zero rejection rate
- Offer sticky formulas to customers
- Direct engagement with quick fulfilment capabilities
- Just in Time Supply

Fairchem's products are critical for its customer base, evidenced by its track record of near-zero bad debts

Strong R&D Focus with an Experienced Team Resulting in a Long History of Innovation

Continued Investment in R&D and Innovation

- Highly skilled employee base with strong engineering focus and deep experience (average experience of 10 years in the firm)
- Building a state-of-the-art biofuel plant
- Capable of offering blends specific to customer requirements at short notice
- Low switching cost of process lines
- Built the capability to expand and contract production as required
- 'Near-zero rejections' of output stemming from strict quality controls

Fairchem's state-of-the-art R&D Lab

R&D lab established in 2018

Area: 386 sq mt

# of employees: 12 (including 1 PhD)

Critical lab equipment made in European countries viz. Switzerland, Germany etc.

Experienced and Professional Management with Strong Governance Framework

High profile Board put in place by Parent which has taken several initiatives to improve the corporate governance framework

- Rigorous adoption of risk framework by audit committee
- Internal controls testing and certification by statutory auditors
  - IT systems upgraded to support controls environment
- Internal online compliance management system for tracking statutory compliances
- Implemented Business Continuity Plan for all plants
- Helpline system implemented for whistle blowing, sexual harassment, etc.
- Current auditors are KPMG, and audited by one of the Big 4 for the last 8 years

Executive / Non-executive directors

Nahoosh Jariwala
Managing Director and Chairman

- Served as MD of Fairchem Speciality Limited (now known as Privi Speciality Chemicals Limited) since April, 2010 and currently MD & Chairman of Fairchem Organics
- Holds a bachelor's degree in commerce from Gujarat University
- Has work experience of more than 25 years in the chemical industry

Sumit Maheshwari
Nominee Director from Fairbridge

- Presently serving as the MD and CEO of Fairbridge Capital Private Limited and has previously worked at KPMG
- Holds a MBA degree from ISB and is a associate member of the Institute of Chartered Accountants of India

Independent Directors

Venkatraman Srinivasan
Independent Director

- Holds a bachelor's degree in commerce from University of Bombay and is a fellow member of Institute of Chartered Accountants of India
- Holds position of Independent director at HDB Financial Services, Mahanagar Gas Ltd., Amal Ltd, Eimco Elecon (India) Ltd.

Darius Dinshaw Pandole
Independent Director

- Presently serving as MD and CEO of JM Financial. Previously Partner at New Silk Route Advisors and IDFC Private Equity
- Holds a bachelor's degree from Harvard University and a master's degree from the University of Chicago
- Independent director at Mahindra Logistics

Sonal Vimal Ambani
Independent Director

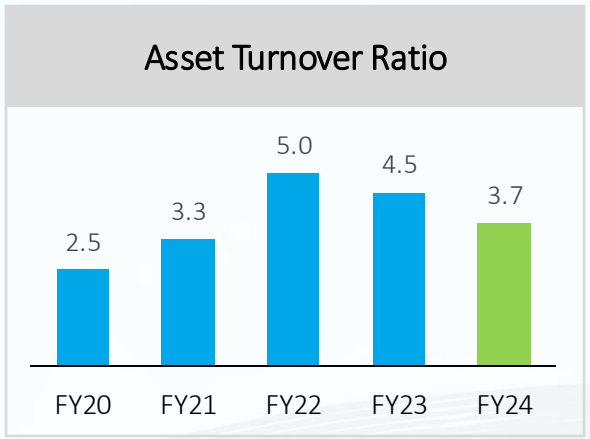
- Holds a master's degree in business administration in marketing and finance and a doctorate in business management
- Has worked as an Assistant Vice President in Morgan Stanley Dean Witter

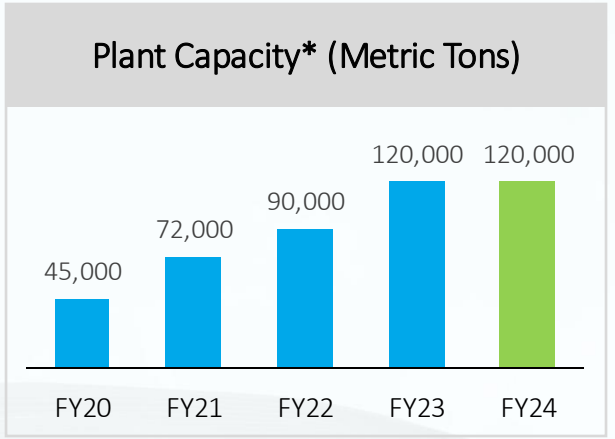
Sudhin Choksey
Independent Director

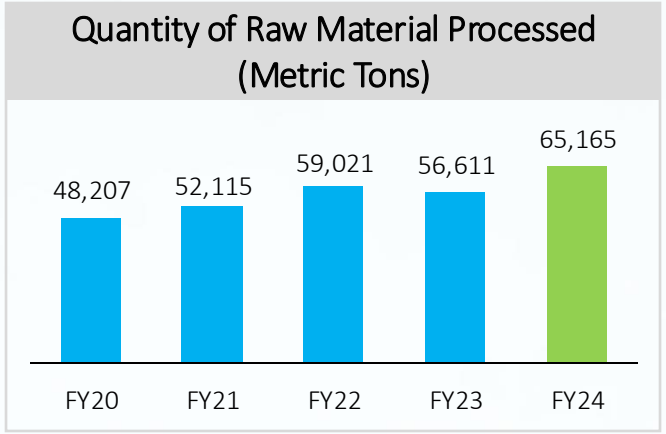
- MD of Gruh Finance until Oct 2019, and a financial services veteran with 40+ years of industry experience
- Is an independent director of CSB Bank and an advisor at WestBridge Capital
- Holds a Bachelor's degree from University of Mumbai and a member of the Institute of Chartered Accountants of India since 1978

Manufacturing Facility

- The company's State -of-the-Art Manufacturing unit is located in Sanand, Ahmedabad and is one of the largest processing capacities for Natural Soft Oil based Fatty acids in India.
- In 2018, the Company set up state of the art R&D laboratory with ~ 400 Sq. Meters area and currently has a manpower strength of 12 officials with one Ph.D.
- The current installed capacity measured in terms of throughput of raw materials is 120,000 MTPA.
- The plant currently has a staff strength of more than 200 employees.
- Equipment and Make : Short Part Distillation from UIC Germany, Fractionation from Sulzer Switzerland, Wiped film Evaporators, Medium and High-Pressure Splitters.
- The plant is strategically well placed in the western India which is an industrially advanced region of the country, furthermore, many edible oil refineries are located near western sea-ports which facilitates sourcing of raw materials, similarly, most of the customers are also located within a radius of about 500 Km from the plant location.
- The low cost of raw material and efficient manufacturing process enables the company to be highly cost competitive vis-a-vis global peers.







* Plant Capacity at the end of the year

Manufacturing Facility – Aerial Site Overview

ESG Initiatives

ENVIRONMENT

Effluent	Method of Disposal
Water Discharge	Zero Liquid Discharge by Multi Effect Evaporator and Agitated Thin Film Dryer
Air Emission	Currently, bag filters are there. We will have Scrubber System in place in near future.
Non-hazardous waste	We are sending the same to GPCB approved Solid Waste Disposable site for doing the needful there.
Hazardous waste	We are sending the same to GPCB approved registered Recycler / Co-processor.

SOCIAL

CSR Activities

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

GOVERNANCE

- Always be adequately capitalized
- Not overleverage the balance sheet
- Secure sources of sustainable raw material supply
- Invest in backward and forward integration
- Transparent communications with all the stakeholders
- Low volatility in the cash flow generation
- Employees are given training on fire safety, first aid, housekeeping and cleanliness practices
- Production equipment tested every three years by external firm
- Near-zero factory accidents since inception(1)

(1) Fire in November 2012 (with no casualties or injuries) was the only major incident since inception

Business Overview

Business Segments

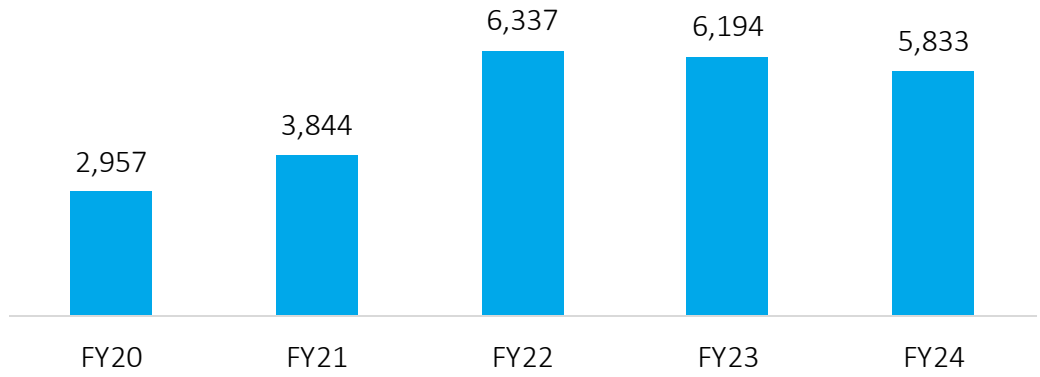
Oleo Chemicals

Oleo Chemicals are chemicals derived from Plant and Animal Fats. They are analogous to petrochemicals derived from petroleum. The formation of basic oleochemical substances like Fatty Acids, Fatty Acid Methyl Esters (FAME), Fatty Alcohols, Fatty Amines and Glycerol are by various chemical and enzymatic reactions.

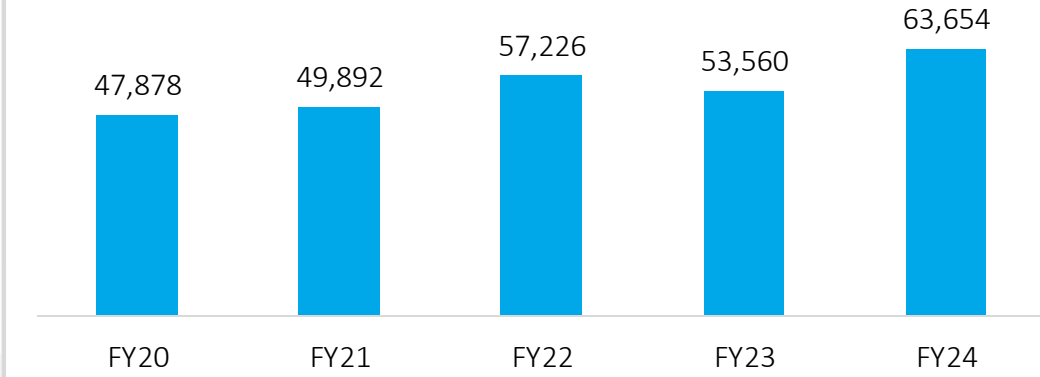
- Fairchem is a leading producer of Fatty Acids from natural oils and fats derived from vegetable oils.
- The company has over the years developed and mastered the process of manufacturing its entire product range from waste/by product streams of natural vegetable oils by utilizing state of the art equipments of acceptable local and international quality.

Main Product	Application
Isostrearic acid	• Cosmetics and Lubricants
Linoleic Acid / Soya Fatty Acid	• Paints and Inks
Dimer Acid	• Paints, Inks and Epoxy Hardeners
Monomer Acid	• Paints and Inks
Distilled fatty acids	• Liquid Soap, Textile Auxi and low Value paints
Palmitic	• Amines, Amides, Soap

Revenue Contribution (INR Mn)



Volume (M Ton)



Linoleic Acid

Linoleic Acid is designed especially to produce fast drying protective coating having lighter color. It is an unsaturated fatty acid and is a liquid at room temperature.

Purpose of Use:

- Linoleic Acid is designed especially to produce fast drying protective coating having lighter color.

Company Positioning:

- 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.

Applications

Paints

Inks

Amines

Lubricants

Cosmetics

Textiles

Dimer Acid

Dimer Acid also known as dimerized fatty acids are prepared from unsaturated fatty acids obtained from vegetable oil. It is a light yellow or yellow viscous transparent liquid. It is non-toxic.

Purpose of Use:

- 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.

Company Positioning:

- Fairchem is the only company to manufacture this product in India with market share of more than 50% of domestic demand.
- 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 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.
- It makes this product by using relatively cheaper raw material which is a by-product of vegetable oils whereas world at large makes them from virgin Vegetable oils or Tall Oils.

Applications

Paints

Inks

Epoxy Hardeners

Lubricants

Resins

Textiles

Monomer Acid & Isostearic Acid

Fairchem is one of the leading producers of Monomer and Other distilled fatty acids with significantly lower raw material costs

Monomer Acid:

- 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.
- Monomers are atoms or small molecules that bond together to form more complex structures such as polymers.

Isostearic acids:

- Isostearic acid is a lightly-branched, liquid fatty acid produced by the reaction of oleic acid with a natural mineral catalyst – there is no chemical addition in this reaction
- Isostearic acid is used in applications which require a liquid fatty acid with exceptional stability: thermal stability in the case of a lubricant, odour stability for a cosmetic formulation, and oxidation stability for products with long shelf-life requirements.
- The branching structure of isostearic acid also enhances its dispersing power, and it is used in cosmetic and industrial applications

Applications

Monomer Acid

Paints

Soaps

Detergents

Isostearic Acids

Lubricants

Aviation Fuel

Cosmetics

Distilled fatty acids & Stearic Acid

Fairchem is one of the leading producers of Monomer and Other distilled fatty acids with significantly lower raw material costs

Distilled fatty acids:

- 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.
- Distilled fatty acids have a wide range of applications in consumer and industrial markets. They are generally liquids or soft solids, and contain a mixed composition of acids reflecting the parent oil or fat.
- Distilled fatty acids are important raw materials for the production of soaps, detergents, surfactants and lubricants.

Stearic acids:

- stearic acid acts as a binder in certain pharmaceutical formulations. It helps in enhancing the cohesion and compressibility of the powdered ingredients, contributing to the formation of tablets with adequate mechanical strength.

Applications

Distilled fatty acids

Lubricants

Soaps

Detergents

Stearic acids

Pharmaceuticals

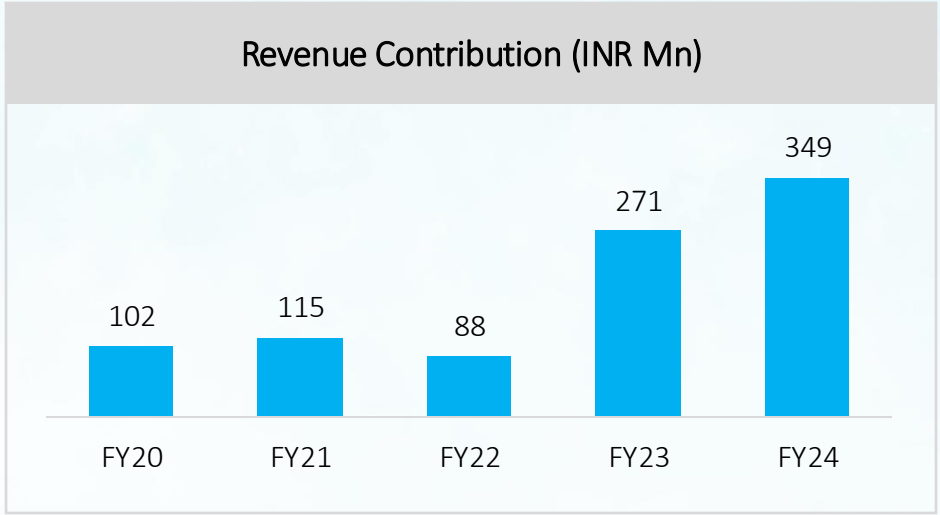
Cosmetics

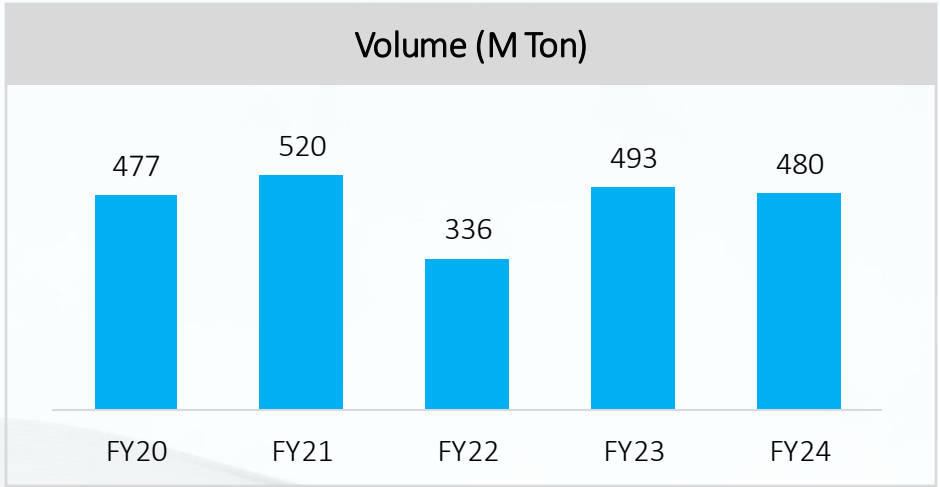
FMCG

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.

Main Product	Application
(Natural) Mixed Tocopherol Concentrate	• Natural Vitamin E/Food and Cosmetic Industry • Vitamin E • Cosmetic Industry • Food • Pharmaceutical • FMCG • Pet Food
(Natural) Concentrated Sterols	• Food • Pharmaceutical (Raw material to manufacture Cortico Steroids)





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).

Purpose of Use:

- Essential ingredient in making Natural Vitamin E
- Help skin with problems such as Acne, Dryness, and Swelling
- Useful for fighting diseases associated with aging- particularly cancer and heart disease.

Advantages of Natural Vitamin E

- The effect of natural vitamin E as compared to synthetic vitamin E is 1:3. However, after absorption, a protein in the liver recognizes only the naturally occurring forms, such as d-alpha tocopherol. As a result, the unrecognized forms of synthetic vitamin E are preferentially excreted.
- When taking some synthetic vitamins, there's also an increase potential for allergic reactions. Since some synthetic vitamins are largely made up of chemicals, including nicotine and coal tars, some individuals may experience allergic reactions when taking them.
- Pregnant women transfer natural-source vitamin E to their babies approximately three times more efficiently than synthetic vitamin E.

Applications

Vitamin E

Food

FMCG

Pet Food

Cosmetic Industry

Pharmaceutical

Strategic Overview

Future Growth Strategies

Installation of additional equipment to boost production of Isostearic Acid – one of the streams obtained from further processing of Monobasic (Monomer) Acid

Installation of additional equipment

Expansion of Dimerization capacity due to encouraging responses received following the launch of Isostearic Acid in the developed markets of Europe and the U.S.A.

Expanding Dimerization capacities

Diversifying into new Geographies globally

Expanding global footprint for Oleo Chemicals

Pilot Testing for New Products falling under Oleo Chemicals

After a successful laboratory trial, a pilot plan will be launched to scale up new Oleo Chemical products from a new raw material. Encouraging results will lead to establish a full-scale production plant

Increasing customer base

Enhance the customer base and reduce customer concentration by acquiring new customers for existing applications and creating new applications for prime products

Internal Projections

Particulars	F.Y. 2024-25	F.Y. 2025-26
Projected Total Revenue	INR 7,350 Mn	INR 9,790 Mn
Projected EBITDA	INR 1,200 Mn	INR 2,330 Mn
Projected EBITDA Margin	16.34%	23.80%

During the current F.Y., for first 6 months, the Company has reported Total Revenue of INR 3035 Mm, EBITDA of INR 305 Mm and EBITDA percent of 10.05%. During the month of October, 2024, the said numbers (provisional, subject to audit) are Total Revenue of INR 479 Mm, EBITDA of INR 64 Mm and EBITDA percent of 13.49%.

During the November 12, 2024 Board Meeting, management highlighted the challenges faced by the Company in its financial performance during Q2 FY2024-25 (July-September 2024), primarily due to weak demand. Looking ahead, the Company expects a subdued performance during Q3 FY2024-25 (October-December 2024), driven by the recent 22% hike in basic custom duty on certain types of crude and refined vegetable oils, effective September 14, 2024. This increase has resulted in higher raw material costs for Dimer Acid production. Company operates in a competitive landscape, with Chinese imports of Dimer Acid not subject to the same custom duty hike. As a result, the Company's pricing flixebility is limited, which may impact its profitability. Consequently, the financial projections stated above are also subject to revision, as the Company's profitability is expected to remain under pressure until the competitive landscape improves.

Industry Overview

Oleo Chemicals Industry

- The oleo chemicals market is broadly segmented into four key applications markets:
  - Pharmaceutical & personal care,
  - Food & beverages,
  - Soaps & detergents,
  - Polymers
- Pharmaceutical & personal care is the largest application market for oleo chemicals accounting for majority of the share.
- Growing biochemical product demand in various consumer applications such as personal care, detergents, and food & beverages is expected to remain a key factor driving growth.
- The global oleo chemicals market is expected to reach USD 65.38 billion by 2032. The global oleochemicals market size was valued at USD 40.37 billion in 2024 and is expected to grow at a compound annual growth rate (CAGR) of 6.3% from 2024 to 2032.
- The Linoleic Acid Market is poised to grow from USD 61 million in 2023 to USD 129.24 million by 2031, growing at a CAGR of 8.7% during the period of 2024-2031.
- Dimer acid market size was valued at USD 1.76 billion in 2023 and is projected to reach USD 2.52 billion by 2031, while registering this growth at a rate of 4.60% for the forecast period of 2024 to 2031. Dimer acid market report analyses the growth, which is currently being growing due to the growing number of construction activities in emerging economies.
- During F.Y. 2023-24, an aggregate of about 6,523 M.Tons of Dimer Acid (under various names) was imported. Fairchem's quantity sales during this period was 8,893 M.Tons. (As per Indian import data)
- Asia Pacific is the leading consumer of oleo chemicals. The region is also expected to witness the fastest growth over the next few years owing to abundant raw material supply and significant developments in the application markets.

Oleo Chemicals Industry in India

- India oleochemicals market is projected to cross USD 2.6 Bn by 2025.
- India oleochemicals market has been segmented into five categories namely - fatty acids, fatty alcohols, glycerin, fatty acid methyl esters and fatty amines. Robust growth in India oleochemicals market can be attributed to the increasing demand for naturally derived raw materials for paints and soaps industry. Fatty acids control a lion's share in the India oleochemicals market on account of large requirement for distilled fatty acids and polyunsaturated acids, which are essential in the production of soaps, personal care products, detergents, lubricants, surfactants, etc.
- Indian Oleo Chemical players are well positioned with abundant raw material supply, lower manpower cost and improving infrastructure which should be the key market drivers for the industry at large.
- Fatty acids, Fatty Alcohol and Methyl Ester and Refined Glycerin are basic Oleo Chemicals which then go into end use application of Surfactant, Soap and Detergents, Cosmetics, Food Emulsifiers, Paints and Inks & Lubricants.
- In India while processing crude soft vegetable oils like SSCC, Groundnut and Rapeseeds 3 key products are generated by these oil refineries
  - Prime Oil
  - Acid Oil (AO) (Used for Linoleic & Dimer Acid)
  - Deodorizer Distillate (DOD) (Used for Tocopherol)
- The Prime Oil is converted into oils for edible purpose and AO and DOD which are composed of Free Fatty Acids, Mix Glycerides and other important nutraceutical products are sold to chemical companies to derive fatty Acids
- AO from different sources of Vegetable Oil can generate varied Fatty Acids that have different applications

Oils	By-product	Fatty Acids	Application
SSCC, Groundnuts, Rice Bran & Rapeseeds	Acid Oils	Palmitic, Linoleic, Dimer, Monomer	Inks & Paints, Epoxy hardeners
SSCC, Groundnuts, Rice Bran & Rapeseeds	Deodorizer Distillate	Mixed Tocopherol, Distilled Fatty Acids	Natural Vitamin E Low grade resins and Soap'
Palm, Palm Kernel & Coconut	Deodorizer Distillate	Stearic, Lauric , Distilled Fatty Acids	Soap Noodles, Rubber Tyre, Cosmetic

SSCC - Soya, Sunflower, Corn and Cotton

Financial Overview

Historical Income Statement

PARTICULARS (INR Mn)	FY22	FY23	FY24	H1-FY25
Revenue from Operations	**6,432**	**6,480**	**6,215**	**3,035**
Total Expenses	5,383	5,756	5,545	2,730
EBITDA	**1,049**	**724**	**670**	**305**
EBITDA Margins (%)	***16.31%***	***11.17%***	***10.78%***	***10.05%***
Other Income	3	7	11	6
Depreciation	71	82	93	52
Finance Cost	69	63	42	18
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)	(2)
Total Comprehensive Income	**680**	**440**	**404**	**177**
Basic/Diluted EPS (INR per share)	52.15	33.41	31.10	13.72

Historical Balance Sheet

ASSETS	FY23	FY24	H1-FY25
Non-Current Assets			
Property, Plant and Equipment	1,514	1,868	1,866
Capital work-in-progress	349	60	148
Right of use assets	42	41	41
Intangible Assets	5	3	3
Intangible Assets Under Development	-	-	-
Financial Assets			
(i) Other Financial Assets	2	2	2
Non-current Tax Assets (Net)	18	19	69
Other Non-current Assets	8	22	40
	1,938	**2,015**	**2,169**
Current Assets			
Inventories	800	697	774
Financial Assets			
(i) Trade receivables	626	568	806
(ii) Cash and Bank Balance	1	1	1
Other current assets	59	62	76
	1,486	**1,328**	**1,657**
TOTAL ASSETS	**3,424**	**3,343**	**3,826**

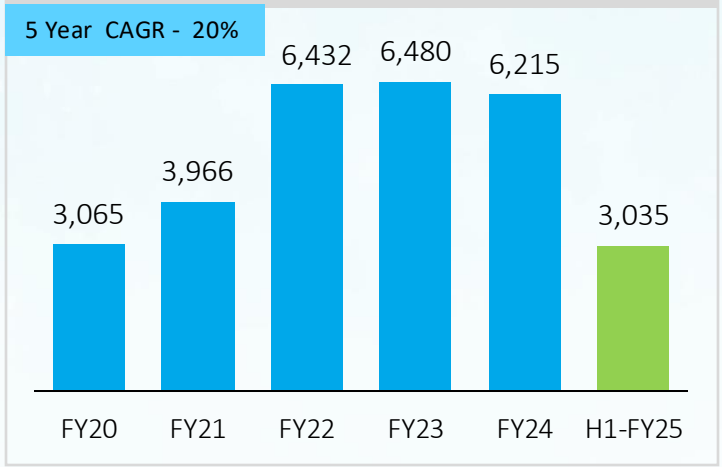
EQUITY AND LIABILITIES	FY23	FY24	H1-FY25
EQUITY			
Equity Share Capital	130	130	130
Instruments entirely equity in nature			
Other Equity	2,462	2,769	2,849
	2,592	**2,899**	**2,979**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	-	-	
Provisions	18	22	28
Deferred Tax Liabilities (Net)	146	161	170
	164	**183**	**198**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	502	73	443
(ii) Trade Payables	105	130	136
(iii) Other financial liabilities	11	3	10
Other current liabilities	36	43	47
Provisions	9	11	13
Current Tax Liabilities (Net)	5	1	
	668	**261**	**649**
TOTAL EQUITY AND LIABILITIES	**3,424**	**3,343**	**3,826**

Historical Cash Flow Statement

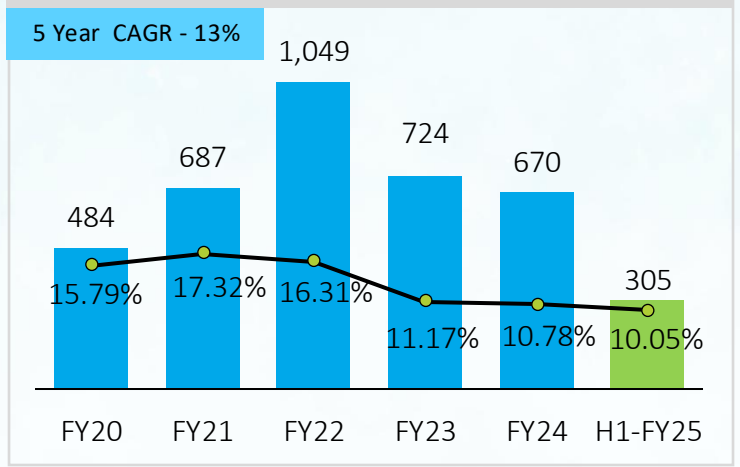
PARTICULARS (INR Mn)	FY23	FY24	H1-FY25
Cash and Cash Equivalents at Beginning of the year	0.1	0.1	0.1
Cash Flow From Operating Activities	496	745	(107)
Cash Flow from Investing Activities	(145)	(176)	(147)
Cash Flow From Financing Activities	(351)	(569)	254
Net Inc./(Dec.) in Cash and Cash Equivalent	-	-	-
Cash and Cash Equivalents at End of the year	0.1	0.1	0.1
Operating Cash Inflow	496	745	(107)
Capital Expenditure	(145)	(176)	(148)
FCF	351	569	(255)

Key Financial Highlights

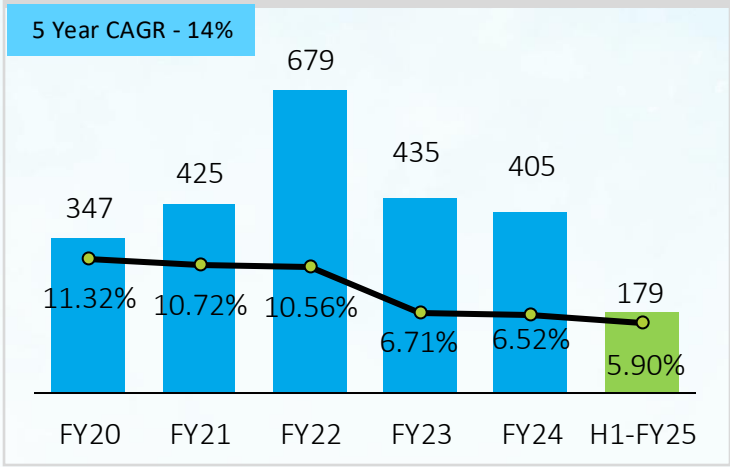
Revenue (In Mn)



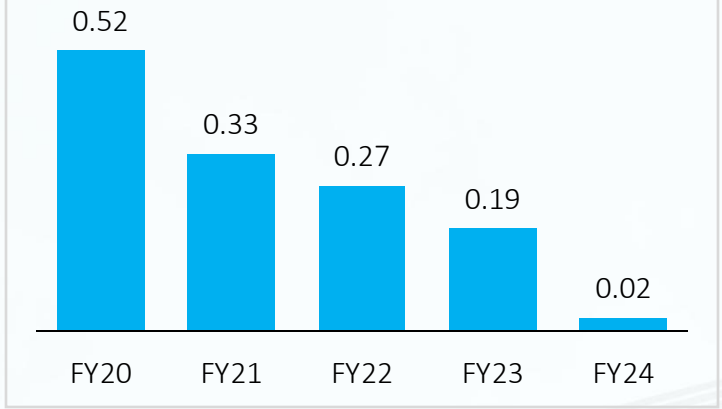
EBITDA (In Mn) & EBITDA Margin (%)



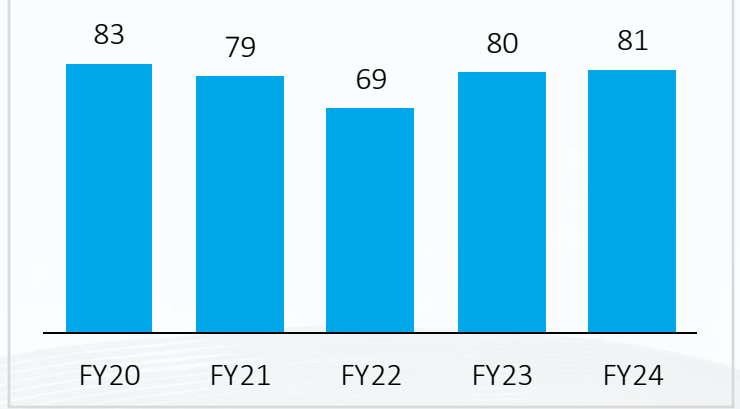
PAT (In Mn) & PAT Margin (%)



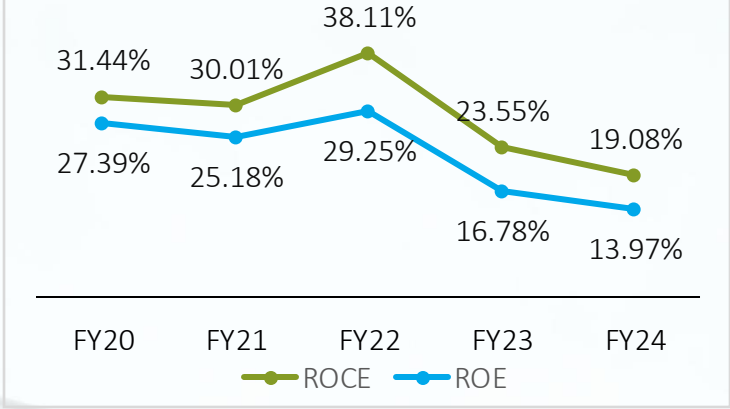
Net Debt to Equity



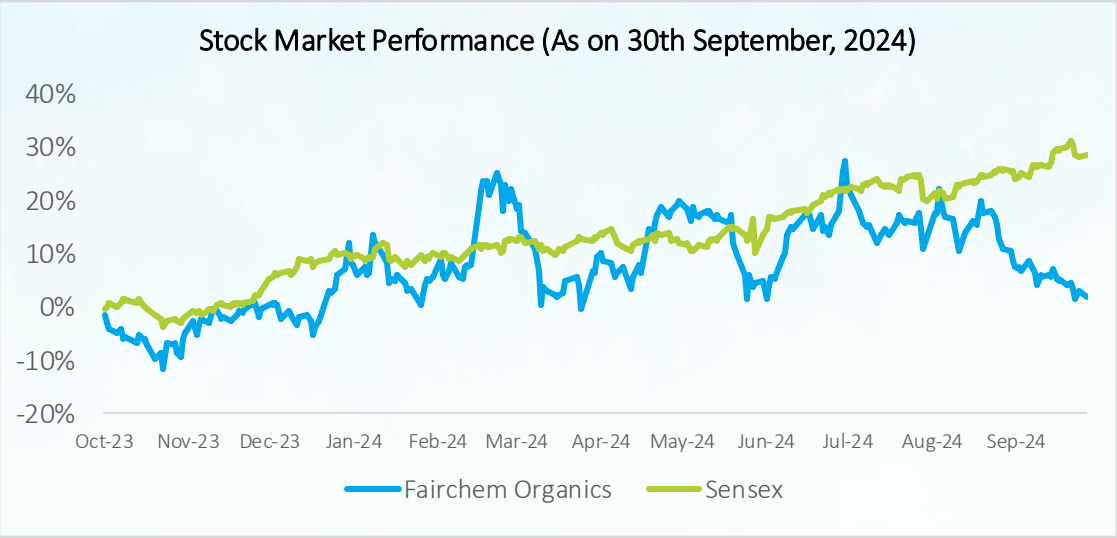
Cash Conversion Cycle Days

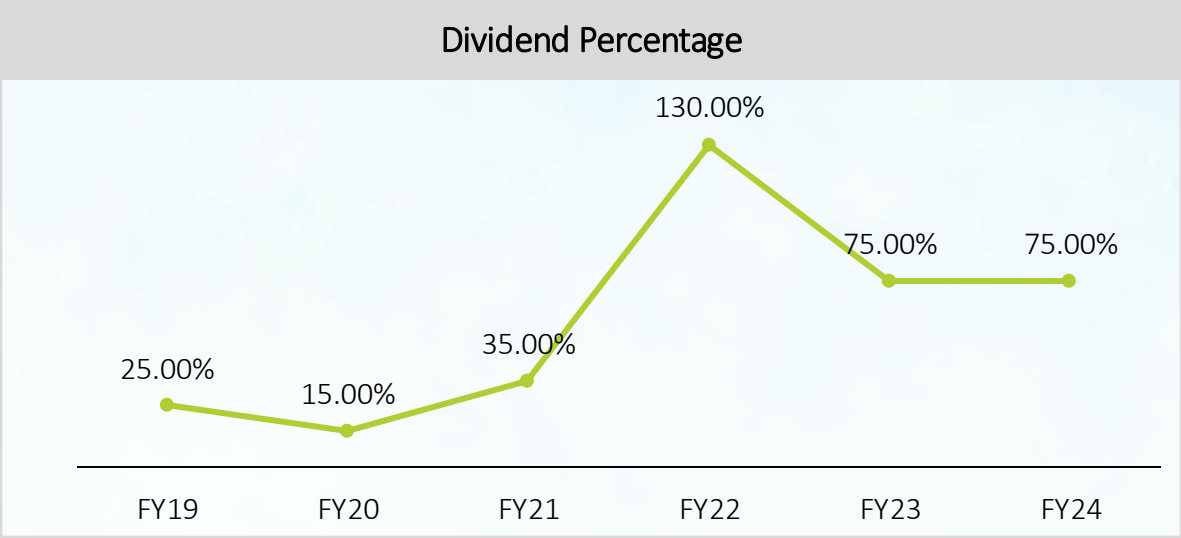


Return Ratios

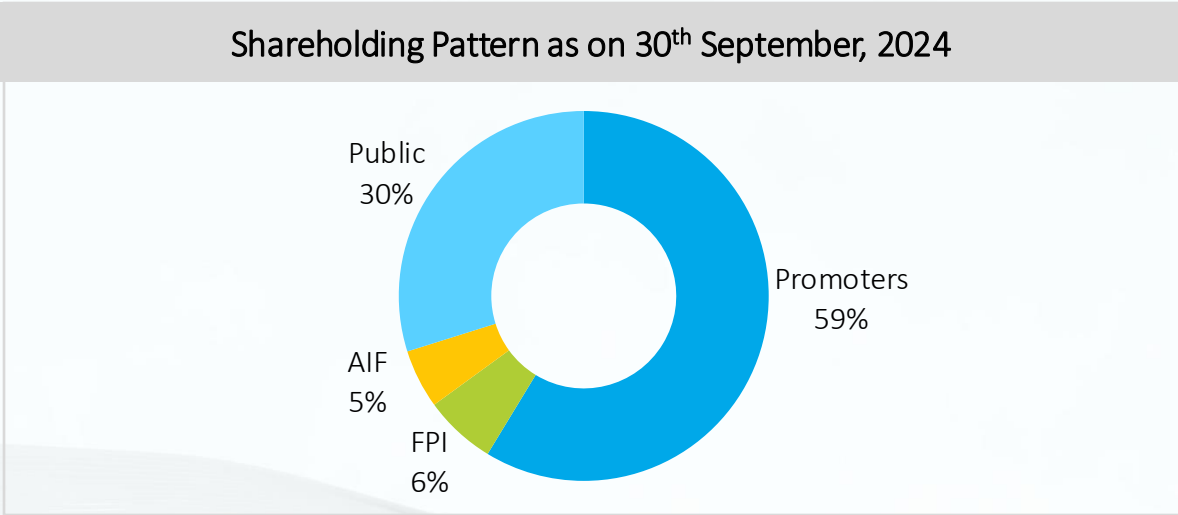


Capital Market Data





Price Data as at 30th September 2024	INR
Face Value	10.0
Market Price (BSE)	1,213.8
52 Week H/L	1,552.0/ 1020.7
Market Cap (Mn)	15,804.1
Equity Shares Outstanding (Mn)	13.0
1 Year Avg Trading Volume ('000)	27.9



Disclaimer

Fairchem Organics Limited Disclaimer:

The information contained in this presentation is only current as of its date. All actions and statements made herein or otherwise shall be subject to the applicable laws and regulations as amended from time to time. There is no representation that all information relating to the context has been taken care off in the presentation and neither we undertake any obligation as to the regular updating of the information as a result of new information, future events or otherwise. We will accept no liability whatsoever for any loss arising directly or indirectly from the use of, reliance of any information contained in this presentation or for any omission of the information. The information shall not be distributed or used by any person or entity in any jurisdiction or countries were such distribution or use would be contrary to the applicable laws or Regulations. It is advised that prior to acting upon this presentation independent consultation / advise may be obtained and necessary due diligence, investigation etc. may be done at your end. You may also contact us directly for any questions or clarifications at our end. This presentation contain certain statements of future expectations and other forward-looking statements, including those relating to our general business plans and strategy, our future financial condition and growth prospects, and future developments in our industry and our competitive and regulatory environment. In addition to statements which are forward looking by reason of context, the words 'may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential or continue and similar expressions identify forward looking statements. Actual results, performances or events may differ materially from these forward-looking statements including the plans, objectives, expectations, estimates and intentions expressed in forward looking statements due to a number of factors, including without limitation future changes or developments in our business, our competitive environment, telecommunications technology and application, and political, economic, legal and social conditions in India. It is cautioned that the foregoing list is not exhaustive This presentation is not being used in connection with any invitation of an offer or an offer of securities and should not be used as a basis for any investment decision

Valorem Advisors Disclaimer:

Valorem Advisors is an Independent Investor Relations Management Service company. This Presentation 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.

For further details, please feel free to contact our Investor Relations Representatives:

Mr. Anuj Sonpal
Valorem Advisors
Tel: +91-22-4903-9500
Email: farichem@valoremadvisors.com

Thank you