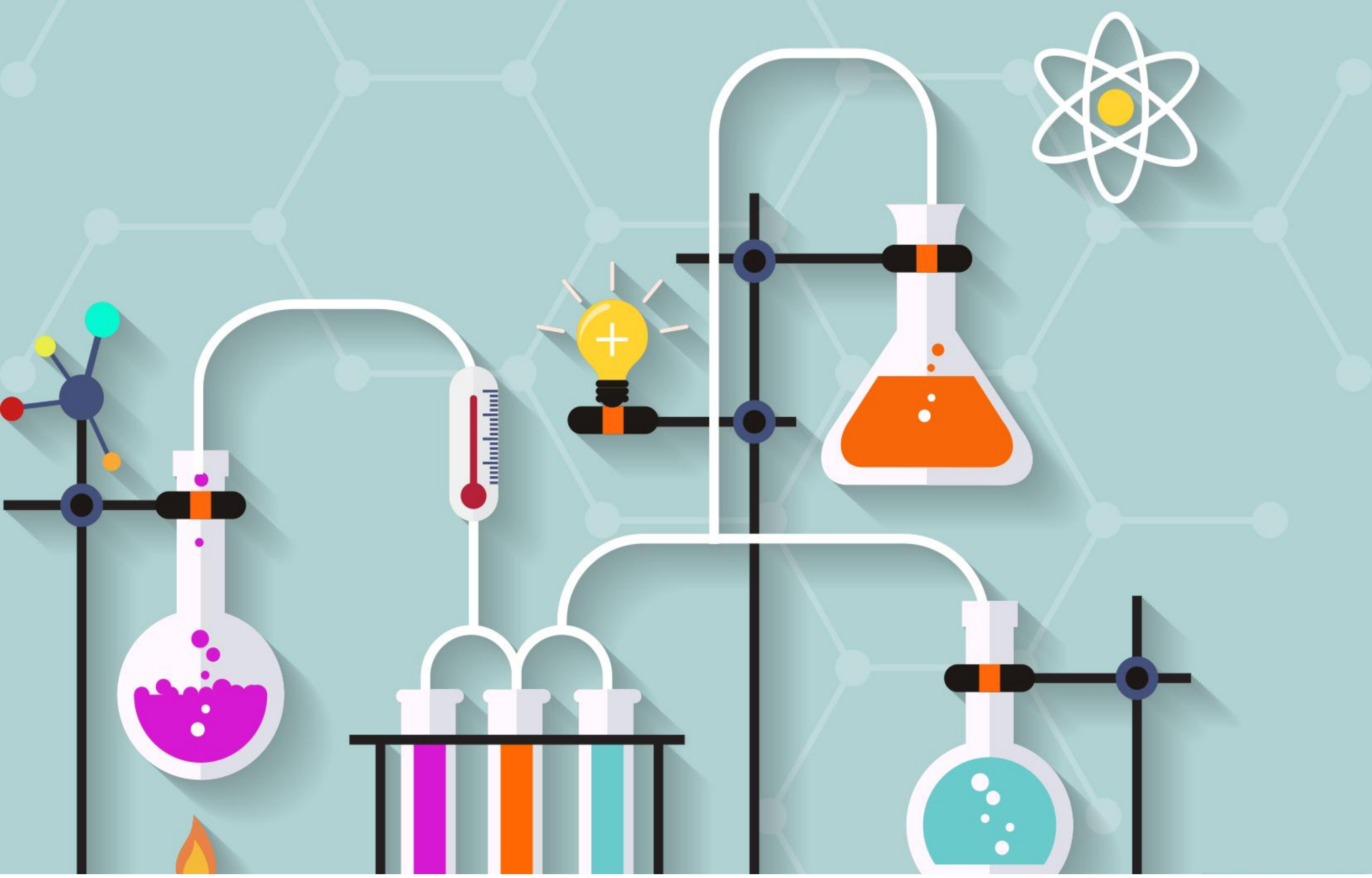
Fairchem Speciality Ltd.



SALES NOTE

19th April, 2018

Fairchem Speciality Ltd.

Merger synergies to capitalize !

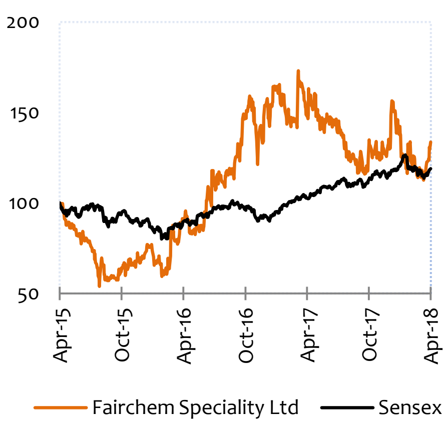
CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 460	INR 595	29%	17,261	BUY	Specialty Chemicals

Fairchem Speciality Limited (FSL), a Fairfax company, is an exclusive formation of specialty chemicals company from the merger of Adi Finechem Ltd (manufacturer of oleochemicals and nutraceuticals) and Privi Organics India Ltd (manufacturer of Aroma chemicals). The combined entity caters to various industries ranging from printing inks, paints, adhesives & paper coatings, flavors & fragrance, pharmaceuticals, and FMCG. FSL possesses manufacturing capacity of 45000 MTPA of Adi and 22000 MTPA of Privi located in Western India with more than 65 products in its basket. FSL's exquisite business model of processing finished goods from waste products serves as a platform for organic as well as inorganic growth in the area of specialty chemicals. Going forward, global market for oleochemicals / nutraceuticals / aroma chemicals is projected to grow at 6% / 7% / 7% CAGR over FY17-20E. Given FSL's dominant presence in all three segments coupled with company's capex plan to the tune of INR 2600 mn over FY17-FY20E, we believe the company should register volume / revenue CAGR of 16% / 22.4% respectively over the same period.

MARKET DATA

Shares outs (Mn)	37
Equity Cap (INR Mn)	376
Mkt Cap (INR Mn)	17261
52 Wk H/L (INR)	556/366
Volume Avg (3m K)	12
Face Value (INR)	10
Bloomberg Code	FAIRCHEM IN

SHARE PRICE PERFORMANCE



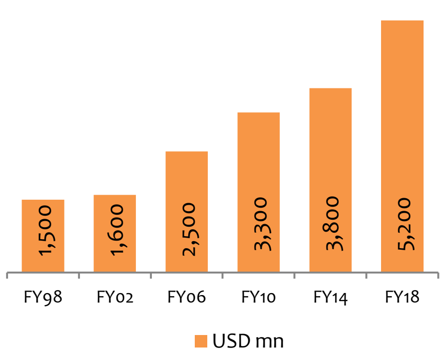
MARKET INFO

SENSEX	34332
NIFTY	10526

Dominant presence in a niche market; industry tailwinds to aid superior growth :

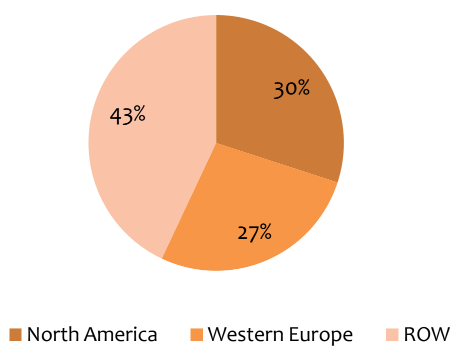
Privi Organics India Ltd is the largest aroma chemical manufacturer in India with a production capacity of 22000 MTPA spread across four manufacturing facilities in Maharashtra and Gujarat. The company has a strong clientele base including the likes of Givaudan, Firmenich, IFF, Symrise and so on with exports accounting for ~68% of its revenues. **Aroma chemicals** form the building blocks of Flavors & Fragrance (F&F) and are used in a variety of sectors. These aroma chemicals are blended to develop a particular flavor or fragrance, which are used in consumer goods like soaps, perfumes, deodorants, air fresheners, detergents and so on. The aroma chemicals market is dominated by players like Privi, Renessenz, Arizona, IFF, DRT and Takasago and attributes to ~16% of the total F&F industry. Currently, the global market size of aroma chemicals stands at USD ~5,200 mn and registered a growth of ~5.8% CAGR over FY10-FY18. Interestingly, the market grew at a robust pace of ~8% over FY14-FY18 on the back of i.) healthy growth momentum of FMCG market, ii.) consistent surge in disposable incomes, and iii.) increase in urbanization in the emerging economies. Going ahead, the global aroma chemical market is estimated to sustain its growth momentum and deliver ~7% CAGR over FY17-FY20. In terms of consumption, North America accounts for majority (30%) of consumption of overall F&F market followed by Europe and Asia Pacific region. However going forward, we believe, Asia Pacific region to register highest growth owing to increasing domestic demand in developing countries like India and China. Compared to global market, the Indian market size of aroma chemicals (consumption) currently stands at USD 200 mn (~3.85% of global market) and is expected to grow at ~15% over FY17-FY20 owing to (i) Increasing per capita income, (ii) growing urban population share, (iii.) deeper penetration of FMCG products in rural areas and (iv) expansion of organized retail in tier II & III cities.

Exhibit 1: Global Aroma Chemicals Market Size



Source: KRChoksey Research

Exhibit 2: Geographic split of F&F Consumption



Source: Industry estimates, KRChoksey Research

SHARE HOLDING PATTERN (%)

Particulars	Mar 18	Dec 17	Sep 17
Promoters	75	75	75
FIIs	1.48	1.56	1.6
DIIs	1.26	1.25	1.25
Others	22.27	22.19	22.16
Total	100	100	100

22.4%

Revenue CAGR over FY17 -FY20E

30.7%

EBITDA CAGR over FY17 -FY20E

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Exhibit 3: Fragmentation of Global Aroma Chemicals Industry

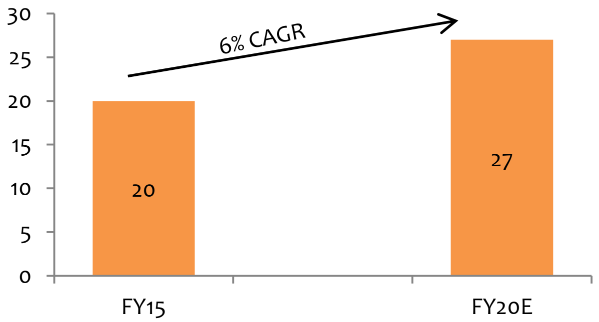
Raw material sourcing	Building Blocks	Composition by value	Composition by volume
Petrochemical	• Naphthalene • Cresol • Catechol • Styrene • Isobutene • Phenol	34%	48%
Pine Tree	• Alpha Pinene • Beta Pinene • Longifolene Derivatives	37%	34%
Musk	• Musk	13%	7%
Others	• Lower Esters • Adipic Acid • Others	16%	11%

Source: Company data, KRChoksey Research

Adi Finechem Ltd operates in two business verticals: **oleochemicals and nutraceuticals** that contribute 82% and 18% respectively to the standalone revenues and has a manufacturing capacity of 45000 MTPA in Sanand, Ahmedabad. **Oleochemicals** are broadly, organic compounds that are derived from natural vegetable oils or animal fats, which can be used for making both edible and non-edible products. They are analogous to petrochemicals which are chemicals derived from petroleum. In terms of product segmentation, basic oleochemicals include Fatty acids, Fatty Acid Methyl Esters (FAME), fatty alcohols, fatty amines and glycerol that are formed through chemical and enzymatic reactions, which in turn are utilized in end use application of Surfactant, Soaps and Detergents, Cosmetics, Food Emulsifiers, Paints and Inks & Lubricants. Out of these, fatty acids account for ~55% of the total production of oleochemicals followed by fatty alcohols. In 2015, global market of oleochemicals stood at USD 20 bn with the market undergoing a transition phase. While Europe, USA and Japan are seeing either constant or declining demand, Asia Pacific region is witnessing an uptrend driven by raw material availability and increasing captive consumption. Likewise, Asia Pacific stands as one of the fastest growing markets for oleochemicals accounting for 68% of world consumption and 60% of world production.

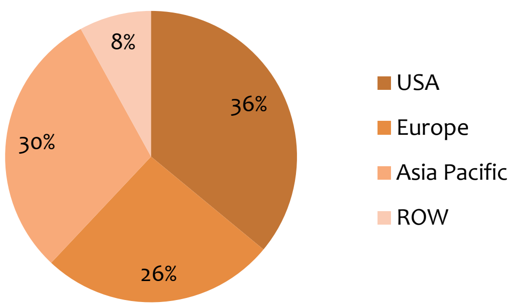
Going ahead, industry estimates suggest that global oleochemicals market is expected to observe 6% CAGR from USD 20 bn to USD 27 bn over FY15-FY20E with Asia pacific experiencing faster growth owing to growing demand for biochemical products finding applications in personal care products, detergents and food & beverages. Indian players are well positioned to benefit from surging demand due to abundant raw material supply (India is one of the largest consumers of Soya and Sunflower oil), lower manpower cost and improving infrastructure. **Nutraceuticals** are products that provide health and nutrition benefits in addition to the basic nutrition value present in food items. Global Nutraceuticals market stood at USD 182 bn as on FY15 with USA attributing by 36% of the overall market followed by Europe / Asia Pacific / ROW accounting for 26% / 30% / 8% respectively. Based on product type, nutraceuticals could be segmented into Dietary supplements, functional food, functional beverages and personal care & pharmaceuticals. High levels of health consciousness, increasing awareness of nutritional benefits amongst the customers and a shift in preference from synthetic ingredients to organic ingredients are driving the nutraceuticals market. Going forward, it is estimated that global nutraceuticals market should deliver 7.3% CAGR from USD 182 bn in FY15 to USD 278 bn by FY21E.

Exhibit 4: Global Oleochemicals Market Size (USD bn)



Source: KRChoksey Research

Exhibit 5: Geographic Split of Nutraceuticals Industry



Source: KRChoksey Research

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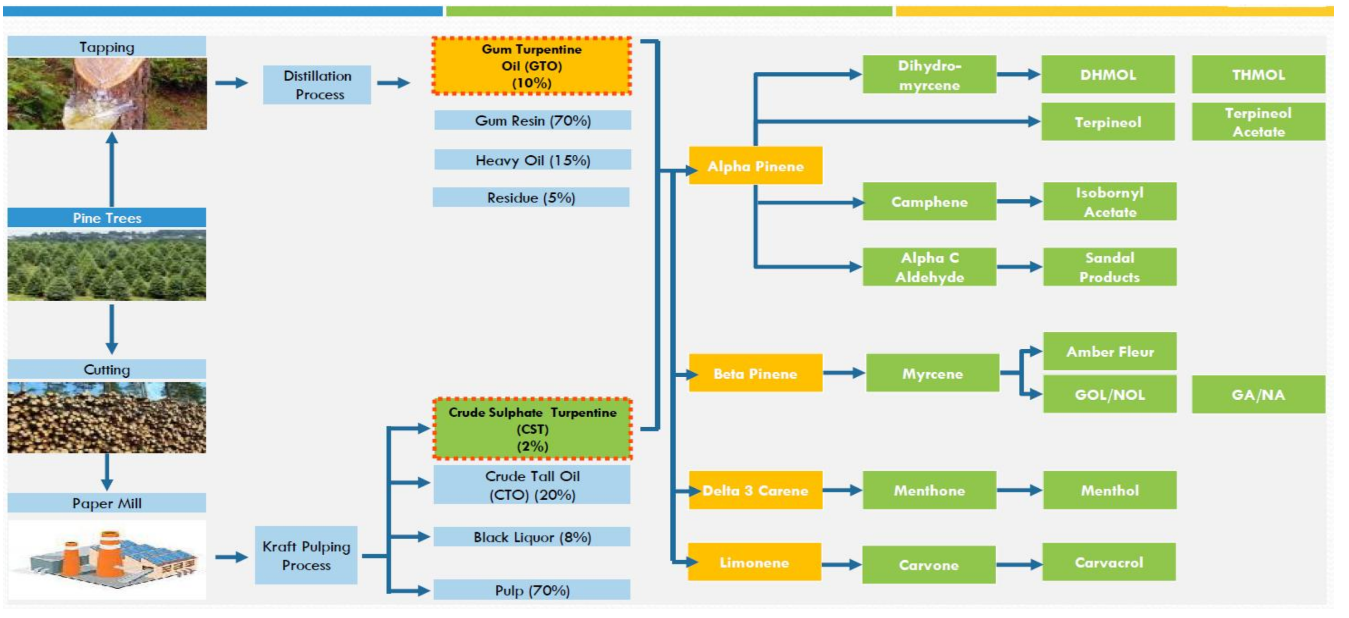
Best out of waste; unique business model:

Privi Organics India Limited (POIL) is into manufacturing of aroma chemicals from a variety of terpene molecules (Pine based) that serve as building blocks in the Flavours & Fragrance (F&F) industry. POIL operates in four different segments viz. Pinene based, Citral Based, Specialty products and Phenol Based that account for 49%, 22%, 17% and 12% of the revenue respectively. The company's products find application in fragrance industry (perfumes, after shave, fine fragrances, soaps & creams, lotions, shampoos and so on). The two key routes for making building blocks for Pinene based aroma chemicals include a.) Tapping pine tree to get Gum turpentine oil (GTO) and b.) Using Crude Sulphate Turpentine (CST) which is a waste from pulp and paper industry. GTO is highly volatile in prices with China being the largest supplier. Vis-à-vis, CST can be procured with six month to one year price contracts. However, making building blocks from CST is a complex process as it has a foul smell due to sulphur impurities. POIL's core chemistry strength has enabled it to develop the sulphur separation process and is the only Asian company to set-up a refinery for processing waste.

Exhibit 6: Manufacturing Process for POIL



Source: Company data, KRChoksey Research

Given POIL's expertise in pinene chemistry coupled with support of strong in-house R&D centre, the company has been able to expand its product range to manufacturing more than 50 products. Additionally, the company strategically changed its product mix with emphasis on pinene chemistry and specialty chemicals segment. Likewise, the company delivered a robust volume growth of 16% over FY13-FY17. Going ahead, POIL plans to expand its capacity by investing approximately INR 2,000 mn over FY18E-FY19E which should have an asset turnover of 2-2.5x providing healthy revenue growth visibility. Consequently, we expect total sales volumes for POIL to grow at 17.6% over FY17-FY20 from 17,456 MTPA to 28,400 MTPA outperforming the expected industry growth of 7% over the same period.

On the other hand, erstwhile Adi Finechem Ltd has one-of-a-kind business model by which it utilizes by-products of vegetable oil refineries to process various value added products like Linoleic Acid, Dimer Acid and other Fatty acids (oleochemicals) and mixed Tocopherol concentrate (nutraceuticals) which are in turn utilized in manufacturing of paints, inks, detergents, surfactants, shampoos, soaps, plastics and so on. Historically, fatty acids have dominated the revenue mix for Adi. However, over FY13-FY17, the company had shifted its focus on Dimer Acid on account of increasing demand from end user markets like paints, inks, resins, textiles and adhesives. Likewise, the share of revenue from the dimer acids has increased to 32% in FY17 from 16% in FY13. Currently, Adi is the only producer of dimer acid in India and enjoys a market share of ~70% while having competitive advantage for other products over its peers. We believe that the revenue share from Dimer Acid could increase further, given the overall boost in construction industry driving the end user demand.

Coming to nutraceuticals segment, the company manufactures mixed tocopherol concentrate (natural form of Tocopherol/ Vitamin E) and sterols by processing a by-product, Deodorized Distillate (DOD). The said product is exclusively exported and accounts for ~12.4% of the revenues on standalone basis. However, revenue from nutraceuticals segments have been growing at a meager 0.2% CAGR over FY13-FY17 on account of declining realizations. The underlying factor attributing to this de-growth was the abnormal price hike in FY14 owing to shortage in availability of primary feedstock DOD globally, post which the realizations have been declining. However, as the realizations have now stabilized and are expected to remain range-bound, we believe, the segment should pick-up on the back of increasing health awareness and health concerns.

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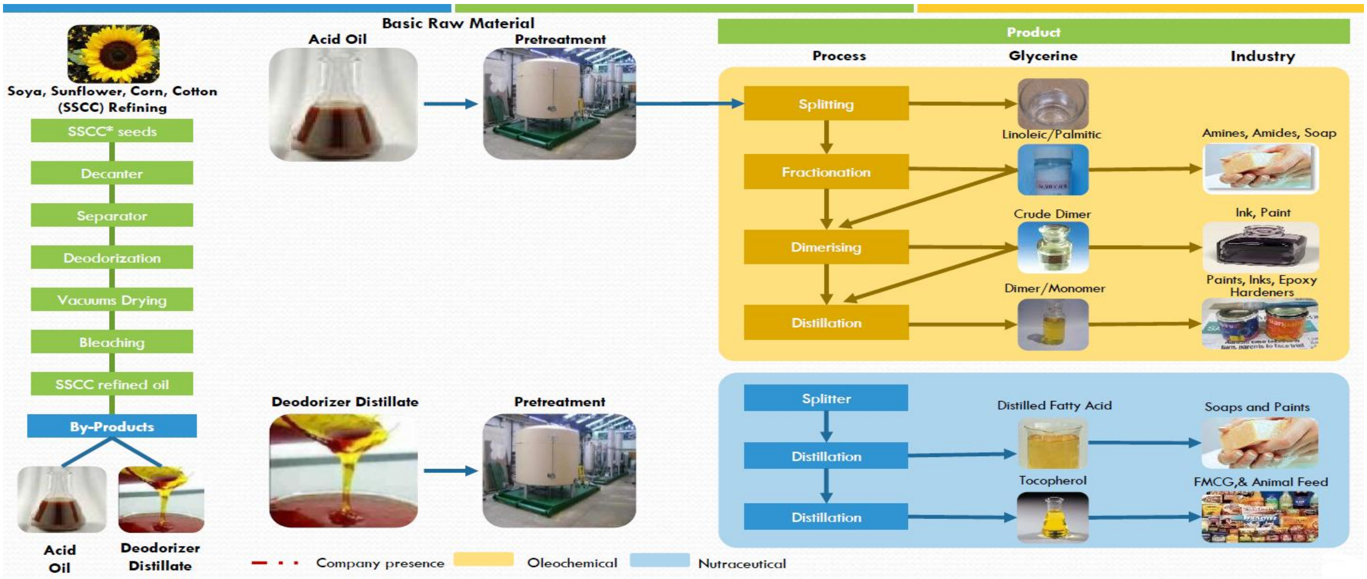
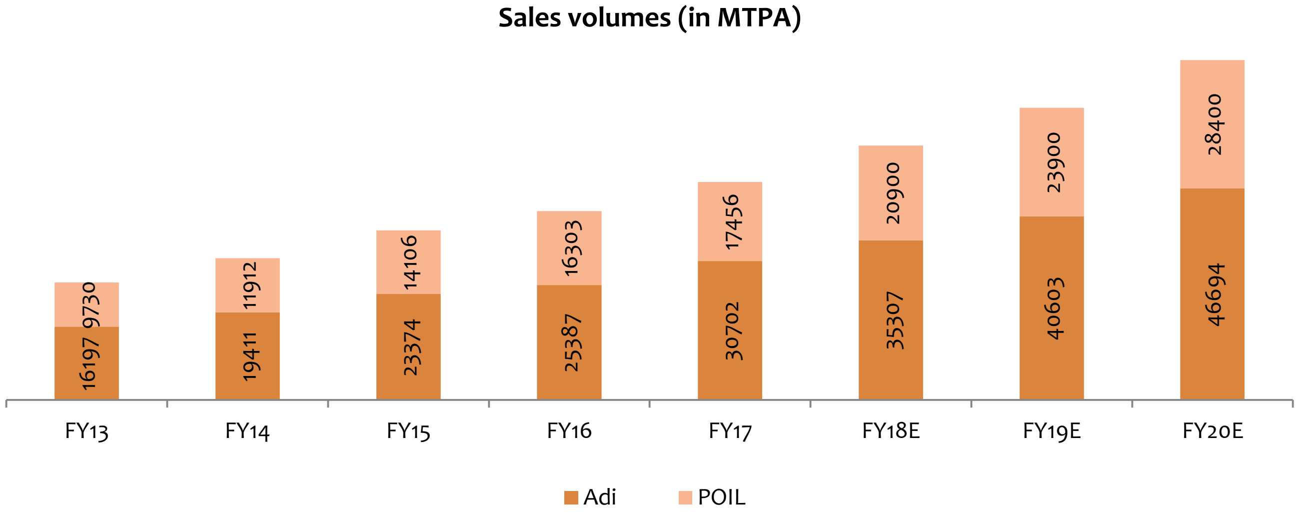
Exhibit 7: Manufacturing Process for Adi Finechem:



Source: Company data, KRChoksey Research

Going forward, Adi plans to increase its capacity by investing INR ~500 mn over FY18-FY20E. Consequently, we estimate volume CAGR of 15% over FY17-FY20E from 30,702 MTPA to 46,694 MTPA. **Likewise, we expect total volumes for FSL to surge from 48,158 MTPA to 75,094 MTPA translating into 16% CAGR over FY17-FY20E.**

Exhibit 8: Total Volumes for FSL to witness 16% CAGR over FY17-FY20E



Source: KRChoksey Research

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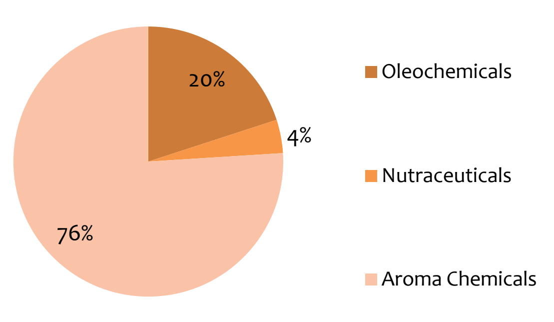
Operating margins on the verge of revival:

Keeping FSL's business model at the epicenter, the company enjoys cost efficiencies as most of its raw materials are derived from waste products. Privi has made significant investments in manufacturing facilities that convert CST (a waste product of pulp and paper manufacturing), into aroma chemicals. CST, a more cost effective raw material than the more traditional plant based gum turpentine oil (GTO), is procured through annual contracts while GTO has to be purchased on volatile spot markets. The Company has six months to one yearly fixed price contracts that are renewed once every year. Pinene-based products constitute about 50% of Privi's revenue. Over FY14-FY17, Privi observed a hit on its delta owing to declining realizations for pinene-based products, which resulted into EBITDA/ton declining from INR 50,873 to INR 45,944 over the same period. However, the company has negotiated the prices for pinene based products in 2018 at significantly higher prices as compared to 2017 (about 75% of Privi's Pinene-based products business is based on annual contracts) which should give a significant boost to the operating margins for the company. Similarly, Adi manufactures a range of oleochemicals from waste products generated during refining of edible oils and possesses one of the largest processing capacity in India. Consequently, Adi has emerged as one of the lowest cost producers of oleochemicals. The nutraceutical division of Adi witnessed a sharp pick up in realizations in FY13 (hike of 90% y-o-y) due to shortage in availability of primary feedstock DOD globally. Post FY14, realizations for nutraceutical segment started declining (~53% decline over FY14-FY17) affecting the overall operating performance of Adi. However, the prices have now stabilized and the segment should witness decent performance due to the healthy volume growth.

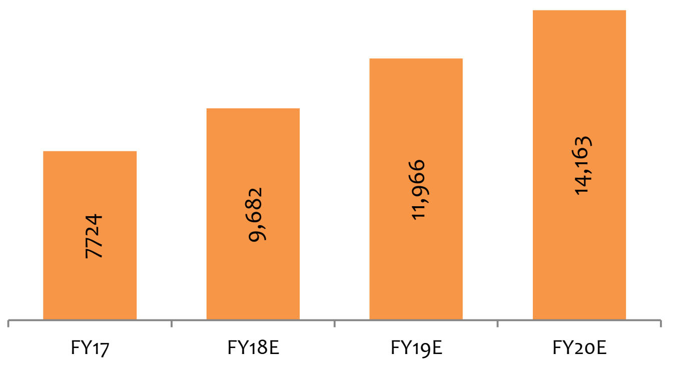
Consequently, due to the aforementioned reasons, we estimate realizations for FSL to increase by 5.6% CAGR over FY17-FY20 largely led by negotiation of contracts for pinene based aroma chemicals in 2018 at significantly higher prices as compared to prices of 2017. This coupled with volume growth expectation of 16% should result into 22.4% CAGR of revenues for FSL from INR 7,724 mn (Privi's net revenues adjusted for 12 months) in FY17 to INR 14,163 mn in FY20. Likewise, EBITDA/ton should burgeon from INR 16,747 to INR 26,321 over FY17-FY20 led by improvement in realizations and operating leverage. We estimate EBITDA to grow from INR 885 mn in FY17 (Privi's EBITDA adjusted for 12 months excluding other income) to INR 1,977 mn in FY20 translating into 30.7% CAGR with operating margins improving from 11.5% to 14% over the same period.

Exhibit 9: Revenue Split for FSL in FY17



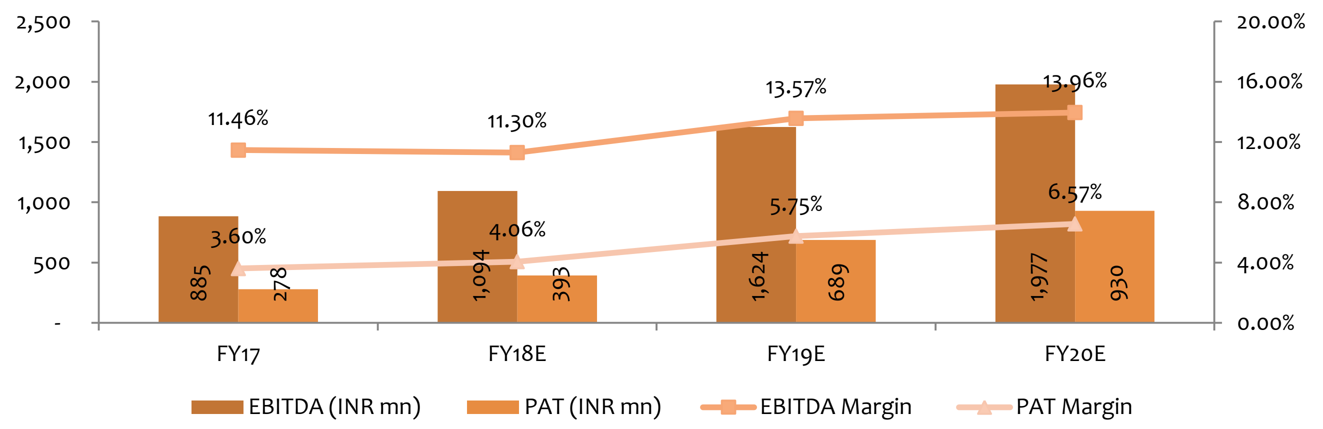
Privi financials adjusted for 12 months in FY17
Source: KRChoksey Research

Exhibit 10: Revenue CAGR of 22.4% over FY17-FY20E (INR mn)



Privi financials adjusted for 12 months in FY17
Source: KRChoksey Research

Exhibit 11: Steady improvement in EBITDA & PAT Margins

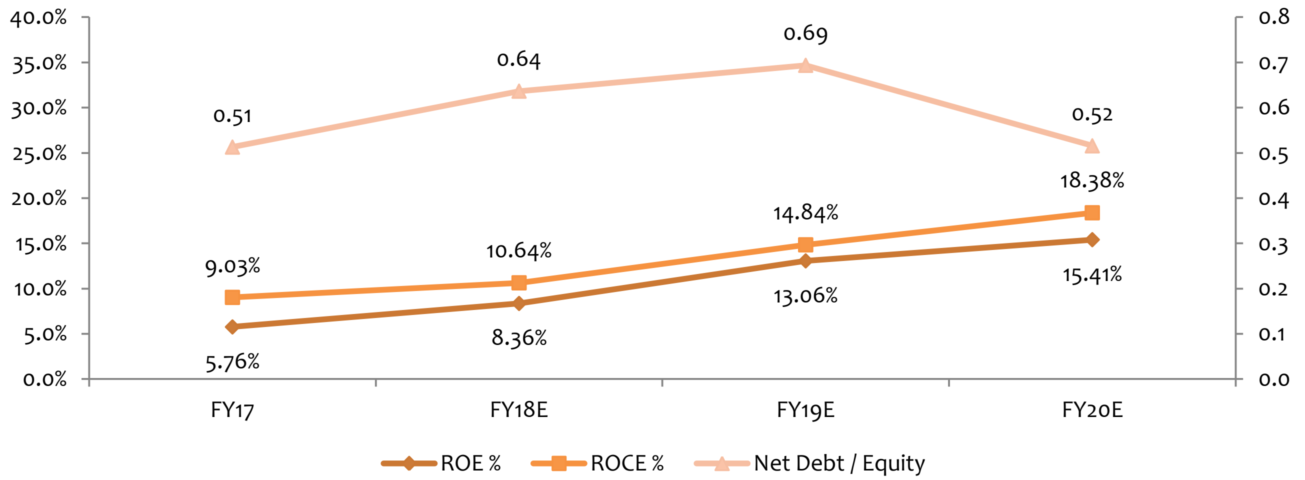


Privi financials adjusted for 12 months in FY17
Source: KRChoksey Research

Fairchem Speciality Ltd.

Merger synergies should result into efficient working capital management:
As on FY17, Adi's cash conversion cycle stood at 100 days while on consolidated basis cash conversion cycle stood at 134 days. Post the merger, one of the key focus for management is to prune the working capital requirements for Privi Organics which is quite stretched currently. Likewise, FSL wants to reduce the net working capital by 30 days. Consequently, we estimate FSL's net working capital/sales to decline from 37.5% in FY17 to 34.2% by FY20E which should result into higher free cash flow generation for the company. Further, we factor in total capex to the tune of INR 2,600 mn over FY18-FY20E and total FCFF generation of INR 284 mn over the same period. Consequently, we expect net debt to increase from INR 2,246 mn in FY17 to INR 3,113 mn in FY20E and net debt/equity to remain stable at 0.52x over the same period. FSL currently operates at anemic return ratios with ROE/ROCE at 5.76%/9.03% respectively. However, owing to shift of business model towards margin lucrative products, expected improvement in realizations coupled with surge in asset turnover of the company (from 1.3x in FY17 to 1.64x by FY20E), we estimate a staggering improvement in return ratios of the company with ROE/ROCE scaling to 15.41%/18.38% respectively by FY20E.

Exhibit 12: Return ratios to double over FY17-FY20E coupled with sustained Net Debt/Equity



Privi financials adjusted for 12 months in FY17
Source: KRChoksey Research

Exhibit 13: Key Financials

Particulars (in INR mn)*	FY17	FY18E	FY19E	FY20E
Revenue	5,974	9,682	11,966	14,163
EBITDA	709	1,094	1,624	1,977
PAT	214	393	689	930
EBITDA Margin	11.87%	11.30%	13.57%	13.96%
PAT Margin	3.58%	4.06%	5.75%	6.57%
EPS	5.7	10.5	17.6	23.8
P/E	96.5	45.0	26.7	19.7

**Results for FY17 are on proforma basis. (Effective August 1, 2016 the aroma chemical business was merged with Fairchem)*
Source: KRChoksey Research

Fairchem Speciality Ltd.

Valuations and Outlook:

FSL is an exquisite formation of a specialty chemicals company through the merger of Privi Organics India Limited (manufacturer of Aroma Chemicals) and Adi Finechem Limited (manufacturer of Oleochemicals and Nutraceuticals) with a combined manufacturing capacity of 67000 MTPA. Both the companies were initially acquired by Fairfax India Holdings Corporation (FIH) and were subsequently merged due to potential synergies. Over the years, Privi and Adi have evolved as the leading renewable specialty companies as both of them use waste products released from various industries as their key raw materials. Likewise, Privi manufactures pinene based aroma chemicals by using Crude Sulphate Turpentine (CST) which is a waste from pulp and paper industry while Adi manufactures oleochemicals & nutraceuticals using by-products of vegetable oil refineries. Owing to this, Fairchem has developed a sustainable business model as its raw material supply is abundant, cost effective and less volatile creating a moat around its business. FSL is the only Asian company to set-up a refinery for processing CST and only producer of dimer acid (type of oleochemical) in India depicting the strong technological capabilities that the company possesses. FSL's products are used in a wide range of industries including printing inks, paints, adhesives & paper coatings, flavors & fragrance, pharmaceuticals, and FMCG. Apart from this, the company's strength lies with its strong customer base. Privi derives 80% of its revenues from the top ten F&F companies including the likes of Givaudan, Firmenich, IFF, Symrise and so on that control 80% of the total global F&F market while Adi's clientele include players like BASF, Archer Daniels Midland, Cargill, Advanced Organic Materials, IFFCO Chemicals, Asian Paints and so on.

Further, the end user industries of FSL have significant growth drivers in global and domestic markets. The global aroma chemical market is estimated to sustain its robust growth momentum and deliver ~7% CAGR over FY17-FY20 on the back of a.) healthy growth momentum of FMCG market, b.) consistent surge in disposable incomes, and c.) increase in urbanization in the emerging economies. Further, industry estimates suggest that global oleochemicals market is expected to observe 6% CAGR from USD 20 bn to USD 27 bn over FY15-FY20E with Asia pacific experiencing faster growth owing to growing demand for biochemical products finding applications in personal care products, detergents and food & beverages. High levels of health consciousness, increasing awareness of nutritional benefits amongst the customers and a shift in preference from synthetic ingredients to organic ingredients are driving the global nutraceuticals market which is estimated to deliver 7.3% CAGR from USD 182 bn in FY15 to USD 278 bn by FY21E. However, eyeing the growing demand potential, FSL has planned a strategic capital expenditure by increasing capacity for margin lucrative products, and accordingly plans to invest ~INR 2,600 mn over FY18-FY20E. We believe this should result into volume growth of 16% over FY17-FY20E from 48,158 MTPA to 75,094 MTPA.

Going ahead, we estimate revenue/EBITDA/PAT to grow at 22.4%/30.7%/49.5% over FY17-FY20E. Further, we expect EBITDA/PAT margins to improve from 11.46%/3.6% in FY17 to 13.96%/6.57% in FY20. We expect net debt to increase from INR 2,246 mn in FY17 to INR 3,113 mn in FY20E and net debt/equity to remain stable at 0.52x over the same period. We reckon that ROE/ROCE should burgeon to 15.41%/18.38% respectively by FY20E from 5.76%/9.03% in FY17.

On the valuation front, the company currently trades at two year forward P/E multiple of 19x. **Going forward, we believe FSL should fetch premium valuations on account of i.) strong industry tailwinds, ii.) robust volume growth due to increase in manufacturing capacity, iii.) negotiation of contracts at significantly higher prices as compared to 2017 for pinene based aroma chemicals, iv.) improvement in operating margins and v.) staggering growth in return ratios. Accordingly, we value the company at a P/E multiple of 25x on FY20E and arrive at a target price of INR 595/share resulting into an upside of 29.4% from the CMP of INR 460/share. We assign a "BUY" rating on the stock.**

Exhibit 14: Peer Comparison (as of FY18E):

Company Name	M. Cap (INR mn)	Revenue (INR mn)	EBITDA (INR mn)	PAT (INR mn)	EBITDA Margin	PAT Margin	P/E	ROCE	ROE
FSL	17,261	9682	1094	393	11.30%	4.06%	45.0x	10.64%	8.36%
Oriental Aromatics Ltd*	7,172	4907	596	262	12.14%	5.34%	28x	10.43%	7.25%

**Merged financials of Oriental Aromatics Ltd and Camphor and Allied Products*
Source: KRChoksey Research

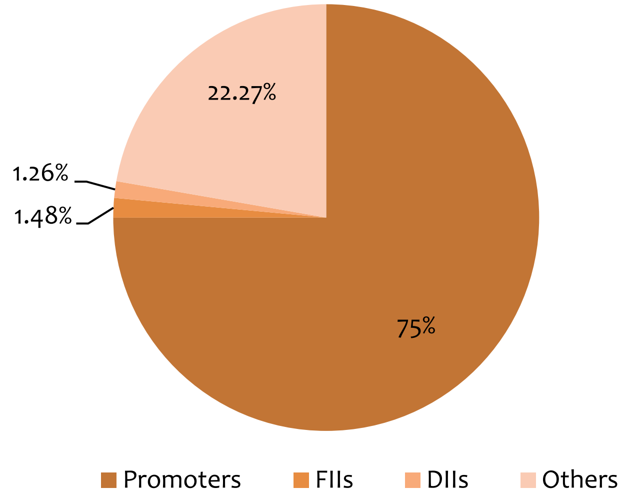
Fairchem Speciality Ltd.

Exhibit 15: Management team:

Name	Designation
Shri Utkarsh B. Shah	Chairman
Shri Mahesh Babani	Managing Director (w.e.f May 11, 2017)
Shri Nahoosh J. Jariwala	Managing Director
Shri Harsha Raghavan	Director
Shri Sumit Maheshwari	Director
Shri D. B Rao	Director (w.e.f. May 11, 2017)
Shri P. R. Barpande	Director (w.e.f. May 11, 2017)
Shri Rajesh Budhrani	Director (w.e.f. May 11, 2017)
Shri Hemang Gandhi	Director (w.e.f. May 11, 2017)
Ms. Radhika Pereira	Director (w.e.f. May 11, 2017)

Source: KRChoksey Research

Exhibit 16: Share Holding Pattern



Promoter holdings include 48.68% stake of Fairfax India Holdings Corporation
Source: KRChoksey Research

Exhibit 17: Fund Holdings

Fund Name	Market Value (INR Mn)	Number of shares
SBI Mutual Fund	216.2	4,70,000

Source: KRChoksey Research

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Fairchem Speciality Ltd.

Exhibit 18: Financials

Income Statement (INR mn)	FY17*	FY18E	FY19E	FY20E
Net Revenues	**5974**	**9682**	**11966**	**14163**
Cost Of Revenues (incl Stock Adj)	3911	6390	7773	9185
Gross Profit	**2064**	**3292**	**4192**	**4978**
Employee Cost	401	552	618	692
Other Operating Expenses	954	1646	1950	2309
EBITDA	**709**	**1094**	**1624**	**1977**
Other Income	99	160	198	234
EBITDA incl other income	808	1254	1821	2211
Depreciation	267	418	482	494
EBIT	**541**	**836**	**1339**	**1717**
Net Interest Exp.	203	231	280	286
EBT	**338**	**605**	**1059**	**1431**
Taxes	124	212	371	501
Tax rate	**36.7%**	**35.0%**	**35.0%**	**35.0%**
Net Income	**214**	**393**	**689**	**930**
Basic & Diluted EPS (INR)	5.7	10.5	17.6	23.8

Source: KRChoksey Research

Balance Sheet(INR mn)	FY17*	FY18E	FY19E	FY20E
SOURCES OF FUNDS				
Share Capital	391	391	391	391
Reserves	3990	4313	4881	5647
Total Shareholders Funds	**4380**	**4704**	**5271**	**6038**
Long Term Borrowings	664	820	975	859
Net Deferred Tax liability	192	192	192	192
Current Liabilities and Provisions				
Short term borrowings	1890	2334	2778	2445
Trade Payables	1305	1631	1983	2343
Other Current Liabilities	783	1269	1569	1857
Short Term Provisions	7	12	15	17
Total Current Liabilities	3986	5246	6344	6662
Total Liabilities	**9296**	**11036**	**12858**	**13825**
APPLICATION OF FUNDS :				
Net Block	3877	4659	5377	5084
Capital Work in Progress	217	217	217	217
Long Term Loans & Advances	257	257	257	257
Other Non-Current assets	64	64	64	64
Current Assets, Loans & Advances				
Inventories	2461	2976	3514	4077
Sundry Debtors	1739	2122	2623	3104
Cash and Bank	307	159	97	190
Loans and Advances	241	391	484	572
Other Current Assets	93	151	187	221
Total Current Assets	**4844**	**5802**	**6906**	**8166**
Total Assets	**9296**	**11036**	**12858**	**13825**

**Results for FY17 are on proforma basis. (Effective August 1, 2016 the aroma chemical business was merged with Fairchem)*
Source: KRChoksey Research

Fairchem Speciality Ltd.

Cash Flow Statement (INR mn)	FY17*	FY18E	FY19E	FY20E
PBT	**338**	**605**	**1059**	**1431**
Depreciation	267	418	482	494
(Inc) / Dec in Working Capital	(452)	(290)	(512)	(517)
Taxes	(186)	(212)	(371)	(501)
Cash from Operations	**165**	**752**	**939**	**1193**
Purchase of Fixed Assets	(716)	(1200)	(1200)	(200)
Others	2	0	0	0
Cash from Investing	**(714)**	**(1200)**	**(1200)**	**(200)**
Borrowings (Net)	(680)	600	600	(450)
Others	(213)	(300)	(401)	(450)
Cash from Financing	**(894)**	**300**	**199**	**(900)**
Net Change in Cash	**(1443)**	**(148)**	**(62)**	**93**
BF cash	1	307	159	97
END Cash	**307**	**159**	**97**	**190**

**Results for FY17 are on proforma basis. (Effective August 1, 2016 the aroma chemical business was merged with Fairchem)*
Source: KRChoksey Research

Ratio Analysis	FY17	FY18E	FY19E	FY20E
Growth (%)**				
Total Sales	NA	25.4%	23.6%	18.4%
EBITDA	NA	23.6%	48.4%	21.7%
APAT	NA	41.4%	75.2%	35.1%
Profitability (%)				
EBITDA Margin	11.87%	11.30%	13.57%	13.96%
Adj. Net Profit Margin	3.58%	4.06%	5.75%	6.57%
ROCE	9.03%	10.64%	14.84%	18.38%
ROE	5.76%	8.36%	13.06%	15.41%
Per Share Data (Rs.)				
AEPS	5.7	10.5	17.6	23.8
BVPS	112	120	135	155
Valuations (x)				
P/E(x)	96.5	45.0	26.7	19.7
P/BV (x)	4.9	3.9	3.5	3.0
Gearing Ratio				
Net Debt/Equity	0.51	0.64	0.69	0.52
Net debt/EBITDA	3.17	2.74	2.25	1.58

***Privi financials adjusted for 12 months in FY17*
Source: KRChoksey Research

Fairchem Speciality Ltd.

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