

CLARIANT CHEMICALS INDIA

CMP: 490

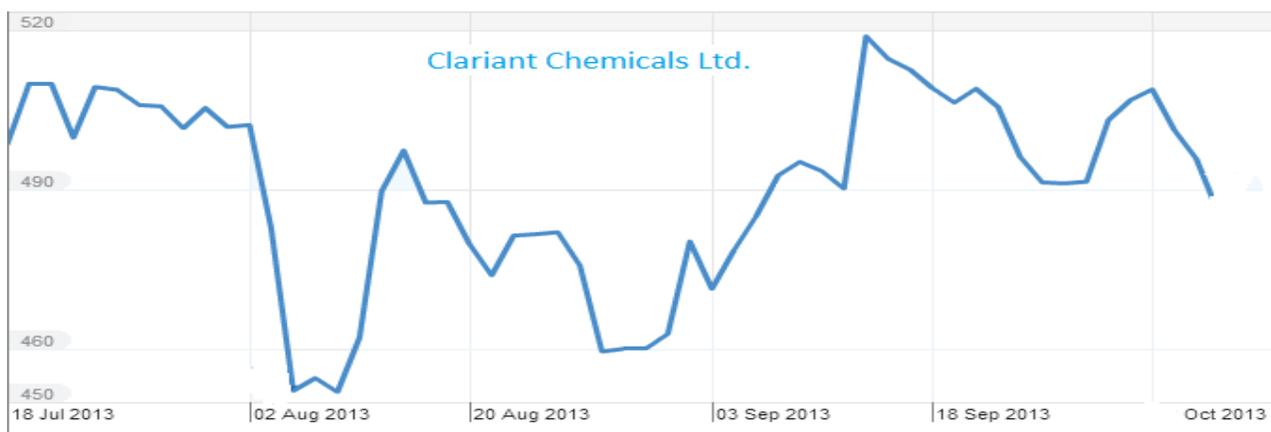
01/10/2013

COMPANY PROFILE

SECTOR: DYES AND PIGMENTS

Clariant Chemicals (India) limited is an India-based co Clariant Chemicals (India) Limited is an India-based company operates in two segments: Pigments and Colors and Dyes and Specialty Chemicals. Pigments and Colors include pigment, pigment preparations, additives and masterbatches. Dyes and Specialty Chemicals include dyestuff, synthetic resins, binder materials, functional effects and coating, auxiliaries and chemicals. It operates its business through 10 businesses units include textile chemicals, pigments, leather services, industrial and consumer specialties, paper specialties, masterbatches, additives, emulsions, detergents and intermediates, and oil and mining services. It is a provider of organic pigments, pigment preparations and dyes used in coatings, paints, printing, plastics and other specialty applications. The Company offers masterbatches for colour, additive concentrate and performance solutions for plastic.

PRICE PERFORMANCE



(Stock Price performance for 3 Months)

Source: Bloomberg, in.reuters and Moneycontrol

FINANCIALS

BalanceSheet - Clariant Chemicals (India) Ltd.					
Particulars	Dec'12	Dec'11	Dec'10	Dec'09	Dec'08
Liabilities	12 Months				
Share Capital	26.66	26.66	26.66	26.66	26.66
Reserves & Surplus	474.85	458.77	340.44	321.13	290.98
Net Worth	501.52	485.43	367.10	347.79	317.64
Secured Loan	.00	.00	.00	.00	.00
Unsecured Loan	.00	.20	1.05	2.05	3.09
TOTAL LIABILITIES	501.52	485.63	368.15	349.84	320.73
Assets					
Gross Block	395.17	379.51	335.60	349.76	387.97
(-) Acc. Depreciation	220.86	209.03	200.02	210.85	233.91
Net Block	174.31	170.49	135.58	138.90	154.07
Capital Work in Progress	9.15	14.89	19.88	5.91	10.54
Investments	234.65	266.51	191.84	124.50	57.84
Inventories	162.33	115.59	90.73	76.65	105.44
Sundry Debtors	148.34	133.39	125.61	144.60	132.10
Cash and Bank	14.27	28.45	20.91	16.97	8.42
Loans and Advances	78.35	79.26	97.14	86.88	75.07
Total Current Assets	403.29	356.69	334.39	325.09	321.04
Current Liabilities	231.12	208.16	230.81	178.72	142.09
Provisions	88.77	114.79	82.73	65.84	80.67
Total Current Liabilities	319.89	322.95	313.53	244.56	222.76
NET CURRENT ASSETS	83.40	33.74	20.85	80.53	98.28
Misc. Expenses	.00	.00	.00	.00	.00
TOTAL ASSETS(A+B+C+D+E)	501.52	485.63	368.15	349.84	320.73

Current P/E Ratio (ttm)	14.89
Estimated P/E(-)	12.31
Relative P/E vs. <u>SENSEX</u>	0.2578
Earnings Per Share (ttm)	32.9
Est. EPS	39.8
Est. PEG Ratio	.5870
Market Cap (M INR)	13,063.4
Shares Outstanding (M)	26.66
30 Day Average Volume	17,475
Price/Book (mrq)	2.691
Price/Sale (ttm)	1.358
Dividend Indicated Gross Yield	5.41%
Cash Dividend (INR)	10.0000
Last Dividend	08/05/2013
5 Year Dividend Growth	22.42

FORECAST

- Clariant is a zero-debt company. The stock is down 30 per cent since December 2012 following the company's announcement that it plans to hive off its textile chemicals, paper specialties and emulsions business for Rs 209.15 crore. The sale has come into effect after June 2013
- The sale was part of a restructuring plan of the parent, Clariant AG, to focus on its core businesses and exit the non-essential segments that were weighing on the profitability of the group.
- According to a study by the CII, a third of the \$1-trillion global specialty chemicals industry could shift to India by 2020. The domestic specialty chemical industry is projected to grow between 13 and 16 per cent up to 2020, as the increasing disposable income of Indians makes them upgrade to superior quality products.
- The chemical and chemical products index within the IIP grew at 7.6 per cent in June 2013 over June 2012 and the growth in the first quarter was a respectable 8.5 per cent over the same quarter in the previous year.
- Clariant grew its turnover 14 per cent in the first six months of 2013. But higher operating expenses due to increase in cost of raw materials, power and higher employee cost resulted in operating profit margin declining 5 percentage points to 14 per cent.
- Also the company has a consistent record for paying good dividends for the last few years.

VALUATIONS

At the CMP of INR490 and market capitalization of 1306.34 crores, the stock is trading at the P/E multiple of 13. We recommend BUY rating on the stock based on discounted free cash flow approach with a target price of INR 640/- in 6-8 months.

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