

National Chemical Policy may provide fillip to the Sector

The chemical industry plays vital role in the growth of Indian economy, accounting for nearly 2.1 percent of the Gross Domestic Products (GDP). It is one of the most diversified of all industrial sectors covering an array of more than 70,000 commercial products. The industry is the mainstay of industrial and agricultural development of the country and provides building blocks for several downstream industries like chemicals and other related products, petrochemicals, fertilizers, paints, varnishes, gases, soaps, perfumes, toiletry and pharmaceuticals.

The chemical industry is mainly divided into two categories -- organic and inorganic chemicals. Organic chemicals cover over half of all known chemical compounds, and include petrochemicals, drugs, cosmetics, agrochemicals, etc, while inorganic chemicals comprise alkalis, dyes and dyestuffs. Based on a more functional classification, chemicals can further be divided into basic, specialty, Pharmaceuticals, Agro chemicals and Biotechnology.

Base chemicals include petrochemicals, man-made fibres, industrial gases, fertilisers, chlor-alkali, and other organic and inorganic chemicals; Specialty chemicals include dyes and pigments, leather chemicals, construction chemicals, personal care ingredients and other specialty chemicals; Pharmaceutical segment includes Active Pharmaceutical Ingredients (APIs) and formulations, Agrochemicals segment include Insecticides, herbicides, fungicides and other crop protection chemicals; and Biotechnology include Bio-pharma, bio-agri, bio-services and bio-industrial products. With 68.40% of the total production share, alkali chemicals form the largest segment in the Indian chemical industry in FY15 followed by Organic Chemicals (17.38%) and Inorganic Chemicals (9.24%).

Industry analysis

The Indian Chemical industry is showing tremendous growth since past several years. In the terms of volume, it has been ranked third largest producer of chemical in the Asia after china and Japan and sixth largest in the world. The industry is likely to achieve \$200 billion mark by 2020, the government is rendering extensive support to give impetus to the Indian chemical industry and has set up the task force to consider suggestions for National Chemical Policy to ensure steady growth of the country's chemical sector.

Export

The share of Chemical products in the overall exports for FY16 stood at 12.27%, while export of Chemical products was at \$32,138.49 million (Provisional) up by 1.28%, as compared to \$31,731.22 million in FY15. The country's export was highest in the month of July 2015 at \$2,821.80 million followed by \$2,793.45 million and \$2,776.33 million in May and December respectively. Of total export of chemical and related products in FY16, Drug Formulations and Biological contributed the most (40%), followed by Organic Chemicals (15.14%), Bulk Drugs, Drug Intermediates (11.17%) and Residual Chemical and Allied Products (10.91%).

Import

The share of Chemical products in the overall import in FY16 stood at 9.69%, while import of Chemical products for FY16 stood at \$36,839.69 million (Provisional), down by 4.45% as compared to \$ 38,553.65 million in FY15. The country imported highest in the month of July 2015 at \$3,775.49 million followed by \$3,542.44 million and \$3,535.68 million in June and September respectively. Of total import of chemical and related products in FY16, Organic Chemicals contributed around 26%, followed by Fertilizers Manufactured (19.10%), Residual Chemical and Allied Products (13.81%) and Inorganic Chemicals (12.16%).

Investments in Chemical Industry (Other than fertilizer)

The Government of India has approved 100 per cent foreign direct investment (FDI) in the chemicals sector. The Chemical Industry (Other than fertilizer) attracts more than 4% of total inflows in terms of US Dollar. The sector has attracted Foreign Direct Investment (FDI) worth Rs 1,835.62 crore or \$272.55 million during January- March 2016, while in Q3FY16 the sector has attracted FDI worth Rs 5,320.16 crore or \$804.73 million.

Recent developments

Govt. starts probe into dumping of chemical from three countries

India has initiated a probe into dumping of a chemical used in several sectors including dyes and pharmaceuticals from three countries including China to protect the domestic industry from cheap imports. The Directorate General of Anti-Dumping and Allied Duties (DGAD) has found 'sufficient prima facie evidence' of dumping of 'Sodium Chlorate' from China, Canada and European Union. The period of investigation covers October 2014 to December 2015 (15 months). It would also cover the period of 2012-13, 2013-14 and 2014-15. Countries start anti-dumping probes to determine whether their domestic industries have been hurt because of a surge in below-cost imports. As a counter measure, they impose duties under the multilateral regime of WTO. The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters.

Government to soon come out with a National Chemical Policy

In a bid to provide enabling environment, infrastructure and duty structure for the Chemical Industry in the country, Government is likely to come out with a National Chemical Policy soon. This will be first such policy in the independent India. The policy will promote research and development in this sector and address the various issues which are hampering the growth of chemical industry in the country.

Government launches 'Cap India 2016' exhibition

In a major initiative to promote exports of chemicals, plastics and allied products, government of India launched 'Cap India 2016' exhibition. The event was held in Mumbai in March under the aegis of Department of Commerce. The 3-day event was jointly organised by Plexconcil, Chemexcil, Capexil and Shefexil and was one of the largest such gatherings so far in India. The event showcased complete value chain with thousands of Indian and international buyers expected to explore investment and global trade opportunities.

Govt. extends anti-dumping duty on import of aroma chemical from China

Anti-dumping duty on import of an aroma chemical, used in manufacturing of soaps and fine fragrance, from China has been extended for further five years to protect the domestic producers of the compound. The duty will be levied at the rate of \$14.02 per kilogram of 'Coumarin of all types' imported from China. The Central Board of Excise and Customs (CBEC) had imposed the anti-dumping duty on the import of chemical in March 2010 for five years. Later in April 2015, the levy was again extended till March 22, 2016.

Outlook

India is an important player in the global trade of chemicals, plastics and allied products and there is still tremendous scope to increase its share in the global trade. Near term outlook of Indian Chemical sector is looking promising as government is keenly taking various measures to help the Industry. The government has initiated probe into dumping of chemical from three countries including China to help domestic industry from cheap imports. Moreover, the national policy on chemicals, likely to be released soon, will help India's chemicals sector to grow and become more competitive globally.

Companies Financial Data In Industry

Company Name	CMP	MCAP	BOOK VALUE	DIV. YEILD %	TTM EPS	TTM PE
Polson Ltd.	7499.95	101.21	4098.71	0.00	955.16	7.85
Navin Fluorine International	2308.85	2259.74	676.54	0.91	99.04	23.31
Atul Ltd.	2186.60	6485.83	448.87	0.46	97.28	22.48
Elantas Beck India Ltd.	1640.95	1300.89	251.33	0.30	60.59	27.08
Foseco India Ltd.	1423.95	909.40	199.23	1.86	54.27	26.24
Oriental Carbon & Chemicals	738.20	760.06	291.92	1.15	51.68	14.28
National Peroxide Ltd.	797.20	458.15	403.80	1.25	47.59	16.75
Transpek Industry Ltd.	427.00	250.74	166.61	1.76	44.77	9.54
Camphor & Allied Products	558.80	286.87	313.30	0.27	44.26	12.63
Thirumalai Chemicals Ltd.	387.45	396.70	194.69	2.58	39.32	9.85
Keltech Energies Ltd.	488.00	48.80	397.04	0.51	38.80	12.58
Gujarat Alkalies & Chemicals	317.60	2332.36	327.47	1.42	35.94	8.84
INEOS Styrolution India Ltd.	567.45	997.90	303.13	0.70	33.93	16.72
Aarti Industries Ltd.	582.85	4856.33	138.33	0.94	32.89	17.72
DIC India Ltd.	550.65	505.44	324.40	0.73	32.28	17.06

Paushak Ltd.	571.75	183.37	219.59	0.52	30.90	18.50
GHCL Ltd.	255.40	2554.49	108.80	1.37	29.92	8.54
Plastiblends India Ltd.	428.00	556.17	148.27	1.64	27.35	15.65
Indo Borax & Chemicals Ltd.	310.95	99.78	274.19	0.48	26.80	11.60
Vinati Organics Ltd.	603.45	3113.26	111.74	0.66	26.41	22.85
Alkyl Amines Chemicals Ltd.	319.10	650.85	103.17	3.13	23.94	13.33
Balaji Amines Ltd.	295.80	958.42	98.16	0.68	23.08	12.81
Clariant Chemicals (India) Ltd.	757.60	1748.68	279.71	19.80	22.44	33.76
Dai-Ichi Karkaria Ltd.	451.50	336.42	139.18	0.66	22.18	20.35
Nitta Gelatin India Ltd.	190.95	173.37	152.67	1.31	22.13	8.63
Jocil Ltd.	189.90	168.65	178.71	3.69	20.20	9.40
IG Petrochemicals Ltd.	160.95	495.64	104.51	1.24	19.86	8.10
Jayant Agro-Organics Ltd.	344.90	517.35	143.64	1.09	18.97	18.18
Chembond Chemicals Ltd.	444.95	297.98	295.83	2.02	17.56	25.34
Vishnu Chemicals Ltd.	229.45	274.10	95.27	0.87	16.75	13.70
GeeCee Ventures Ltd.	167.60	364.14	155.03	0.89	15.63	10.72
Pidilite Industries Ltd.	703.45	36064.15	59.86	0.59	14.74	47.71
Chemfab Alkalis Ltd.	259.50	238.01	155.96	0.48	14.48	17.92
Dhunseri Petrochem Ltd.	74.65	261.46	180.54	5.36	14.20	5.26
Sree Rayalaseema Hi-Strength Hypo Ltd.	101.20	148.93	129.64	1.48	13.30	7.61
Solar Industries (India) Ltd.	616.70	5580.52	64.74	0.55	12.30	50.16
Narmada Gelatines Ltd.	140.70	85.12	181.68	2.84	11.87	11.85
Omkar Speciality Chemicals	171.90	353.74	90.88	0.87	11.27	15.25
Apcotex Industries Ltd.	390.10	808.99	56.76	1.15	11.15	34.98
Lime Chemicals Ltd.	9.90	3.26	-98.50	0.00	10.66	0.93
Supreme Petrochem Ltd.	178.30	1720.63	47.73	0.84	10.53	16.93
Deepak Nitrite Ltd.	103.05	1198.35	46.69	1.16	10.29	10.02
Ganesh Benzoplast Ltd.	33.10	171.41	-6.09	0.00	10.27	3.22
Adi Finechem Ltd.	388.80	536.31	48.86	0.64	10.24	37.98
Ultramarine & Pigments Ltd.	137.10	400.33	41.70	2.55	10.06	13.63
Premier Explosives Ltd.	341.25	302.30	75.87	0.59	10.05	33.96
Beardsell Ltd.	146.25	68.49	79.44	0.82	9.93	14.73
IVP Ltd.	124.05	128.10	62.37	1.61	9.77	12.70
Gujarat Fluorochemicals Ltd.	589.85	6479.50	265.14	0.59	9.48	62.21
Jayshree Chemicals Ltd.	8.28	24.28	8.86	0.00	9.21	0.90
Bodal Chemicals Ltd.	111.60	1217.64	24.91	0.54	9.04	12.34
Vikram Thermo (India) Ltd.	85.05	47.48	60.33	1.76	8.59	9.90
Indian Toners & Developers	132.10	106.46	74.43	0.00	6.79	19.46
Jubilant Life Sciences Ltd.	504.60	8037.33	125.78	0.59	5.82	86.75
Span Divergent Ltd.	60.00	32.77	91.08	0.00	5.65	10.62
Amal Ltd.	41.95	29.47	-34.55	0.00	5.62	7.47
Dharamsi Morarji Chem Co	73.95	157.20	18.04	0.00	5.45	13.57
SH Kelkar & Co Ltd.	293.00	4237.39	39.36	0.51	5.37	54.57
Nocil Ltd.	65.15	1047.53	30.55	1.84	5.24	12.44

Sunil Healthcare Ltd.	93.00	95.37	31.80	0.00	5.19	17.93
Kilburn Chemicals Ltd.	29.00	29.20	76.10	0.00	5.06	5.74
Kanchi Karpooram Ltd.	30.80	12.76	20.21	4.87	5.05	6.10
Kanoria Chem & Ind Ltd.	73.30	320.27	114.68	2.05	4.87	15.04
Haryana Leather Chemicals	32.65	16.03	54.17	2.14	4.20	7.78
Nikhil Adhesives Ltd.	49.80	19.39	42.16	0.00	4.02	12.40
Lords Chloro Alkali Ltd.	38.35	96.47	16.82	0.00	3.32	11.53
Godrej Industries Ltd.	420.15	14122.91	51.13	0.42	3.19	131.60
GOCL Corporation Ltd.	261.90	1298.30	69.90	0.57	3.11	84.24
Indo Amines Ltd.	47.00	154.71	15.84	2.13	2.84	16.53
Camlin Fine Sciences Ltd.	88.55	913.71	17.74	0.51	2.59	34.17
Manali Petrochemicals Ltd.	29.90	514.28	17.06	1.67	2.57	11.61
Sree Rayalaseema Alkalies & Allied Chemicals Ltd.	19.50	161.58	38.03	0.00	2.54	7.69
Alkali Metals Ltd.	56.85	57.89	48.66	2.11	2.52	22.55
Alufluoride Ltd.	22.15	15.51	27.09	0.00	2.34	9.45
Mysore Petro Chemicals Ltd.	60.15	39.60	47.05	1.66	2.26	26.65
Amines & Plasticizers Ltd.	22.65	124.62	9.04	0.88	2.05	11.07
Grauer & Weil (India) Ltd.	29.90	677.85	11.65	0.94	1.96	15.24
Naturite Agro Products Ltd.	63.45	33.60	10.74	0.00	1.61	39.49
Kesar Petroproducts Ltd.	50.00	483.37	4.72	0.20	1.60	31.23
Fineotex Chemical Ltd.	26.90	302.08	7.75	0.74	1.38	19.49
Vikas EcoTech Ltd.	11.98	304.58	2.96	0.42	1.33	9.01
Tyche Industries Ltd.	67.40	69.09	45.27	0.74	1.17	57.81
Resonance Specialties Ltd.	23.85	27.53	14.83	0.00	1.08	21.99
Vivid Global Industries Ltd.	22.80	20.81	4.73	1.64	1.07	21.30
Diamines & Chemicals Ltd.	38.15	37.32	31.88	0.00	1.01	37.74
Bhansali Engg Polymers Ltd.	20.55	340.94	8.18	0.49	0.98	21.03
Medi-Caps Ltd.	18.85	23.51	52.73	0.00	0.88	21.45
DCW Ltd.	28.75	631.58	26.66	0.00	0.84	34.06
India Gelatine & Chemicals	68.80	64.67	127.88	1.31	0.81	85.32
Polylink Polymers (India) Ltd.	9.94	21.98	4.92	0.00	0.68	14.58
Himadri Speciality Chemical L	36.35	1520.91	21.53	0.14	0.47	77.56
Crestchem Ltd.	9.03	2.71	3.37	0.00	0.28	31.87

Source – Ace Equity

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