



Camlin Limited.

ARCH RECOMMENDATION

BUY

CMP

26

TARGET PRICE

40

INVESTMENT PERIOD

6-9 Months

NSE Code	CAMLIN
BSE Code	523207
ISIN Code	INE760A01029
Industry	Non-Durable Household Prod.

Key Share Data:

Face Value	Rs.1
52 Week H/L	30.85/10.40
Equity Cap.(Cr.)	Rs.6.02
Market Cap.(Cr.)	Rs. 156.52
Book Value	Rs. 10.36
EPS	Rs. 1.93
P/E Ratio	13.47
Industry P/E Ratio	20.36

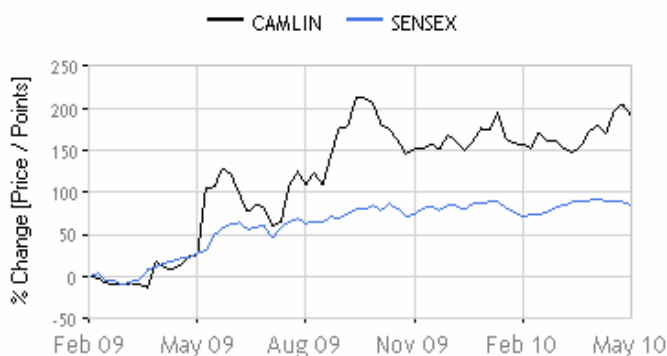
Share Holding Pattern as on 31 Mar. 2010

Promoters	38.68
FII	4.48
DII	0.01
Body Corp.	18.17
Others	38.66
Total	100.00

Stock Performance

	1 M %	6 M %	12 M %
CAMLIN	5.50	12.08	44.55
Nifty	-5.12	0.47	40.45

Stock Performance with Sensex



Phone No :011-43710050

E-Mail :research@archfin.comAbout the company:

Camlin was incorporated on 24th December 1946 as a private limited company with the main object of taking over the running business of M/S Dandekar & Co. which was founded by late G.P. Dandekar in Girgaum, Mumbai which started operations in 1931 with a single product. The company was converted into public limited company on 24th March 1988 and the name was changed to Camlin Limited. Now Camlin has become one of the market leaders in stationary and Art products in India with a wide portfolio of products of more than 2000 innovative products.

Investment Rational :

- **Strong Brand Recall** : It has very strong Brands such as Camlin and Camel in the stationery segment which enjoys premium in the market.
- **Camlin ALPHAKIDS Ltd.** a wholly owned subsidiary of the company is engaged in the business of educational institutions. Alphakids is running one school in Mumbai in initial phase from last year and having a target of 10 **Pre-School** in next two years and 200 Pre-Schools across the country in the next five years. Camlin has also tied up with **Headstart** (a chain of Pre-School) to develop its curriculum. It provides diversification opportunities in the burgeoning Education sector. This division is going to create huge value for Camlin in the long run .
- Powerful Global presence through a strong retailer network of more than 50,000 and a sale force of dedicated and experienced professionals of more than 600.
- Net Sales Rs.330.33 Cr is up by 16.68 % in comparison to FY 2009 Sales of Rs. 283.11 Cr.
- Company's PAT has increased to Rs.11.63Cr from FY 2009 level of Rs 6.11Cr. i.e. Approx. two times more shows a huge improvement in economies of scale of the company implying huge jump in earnings in the times to come.



Camlin Limited.

- Cash and bank balance has decreased marginally to Rs 2.02 Cr. In FY10 from last year's Rs.2.36 Cr. After a increase in company's Sundry Debtors by 39% and build up of 34% more inventories from FY 09 for meeting the increasing future demand of its products.
- Right to Education (RTE) act has been incorporated as a fundamental Right in the constitution from 1st of April '2010, which augurs well for the demand of Camlin's products in the times to come.
- Camlin has started implementing **ESOP** scheme for its employees from 2009-10 by allotting shares @ Rs.16/-for Rewarding and Retaining its experienced Human Capital and thus ensuring their commitment to the organization .
- **Dividend Ratio** is increasing continuously from last three years which shows Camlin management's willingness to share the profits with their shareholders. It is a very strong plus point from the share holders point of view.

Products of Camlin :

- Artista Range
- Hobby Range
- Camlin Exam Range
- Kraft Range
- Office Products
- Corporate Gifts
- Writing Instruments

Share Holding Pattern from June 2009 to Mar.2010

	Mar.2010	Dec.09	Sep.09	June .09
Promoters	38.68	38.70	38.85	38.85
FII	4.48	14.45	18.33	20.52
DII	0.01	0.01	0.01	0.01
Bodies Corp.	18.17	10.49	9.83	5.64
Others	38.66	36.35	32.98	34.98

(Source: BSE)

Share Holding more than 1 % in Camlin Ltd. as on 31-03-2010

S.No.	Name of the Shareholder	No. of Share	% of total Share
A	Promoters	23,304,180	38.68
B	Public		
1	Anagha Investments Pvt Ltd	6,000,000	9.96
2	Comgest Growth Plc A/c Comgest Growth India	2,700,000	4.48
3	Karvy Stock Broking Ltd	685,928	1.14
4	Sanjay S Sathye.	1,358,000	2.25
5	Ghisulal D Rathod.	680,804	1.13
6	Sushila G Dandekar	1,160,280	1.93
7	Girish S Apte	1,047,750	1.74
	Total	3,69,36,942	61.31

(Source:BSE)



Camlin Limited.

Annual Results at a Glance ...

Rs.in (Cr.)

Particular	2007-2008	2008-2009	2009-2010	2010-11 Estimated*
Net Sales	213.77	283.11	330.33	440.00
EBIDT	14.41	20.86	28.64	46.30
EBIDT (%)	6.74	7.36	8.67	10.52
EBIT	10.65	16.51	23.40	40.00
EBIT (%)	4.98	5.83	7.08	9.09
Net Profit	3.83	6.11	11.63	23.20
NPM (%)	1.79	2.15	3.52	5.27
Cash Profit	7.59	11.31	17.10	30.00
Equity Capital	6.00	6.00	6.02	6.02
Book Value	8.11	8.91	10.36	13.50
EPS	0.63	1.02	1.93	3.85
CEPS	1.26	1.90	2.84	4.98
Dividend (%)	25	30	50	75
Div. as NP (%)	39.16	29.45	25.88	19.45

(Source: BSE)

Ratio Analysis:

Ratios	2007-2008	2008-2009	2009-2010	2010-2011 Estimated *
OPM %	6.74	7.36	8.67	10.52
NPM %	1.79	2.15	3.52	5.27
Dividend %	25	30	50	75
Book value (Rs.)	8.11	8.91	10.36	13.50
ROCE %	5.54	6.58	11.08	18.00
ROE %	7.86	11.42	18.64	28.50
ROA %	14.59	12.66	20.24	35.70

Note : * Analyst Estimated for 2010-2011

Industry:

Indian Stationery Industry is growing rapidly. Stationery market is mostly influenced by macro economic development like national income, population growth and literacy ratio of country . In India's case all these things are growing at a very healthy pace. Stationery products are very important in daily life school, college or office. Indian stationery market is providing healthy and strong competition in the world market due to cheap availability of raw materials, low cost of human resources, increased and modern technology adoption by the industry. Indian stationery industry has a wide and Huge scope for development and growth in the World arena like in China , U.K. and U.S.A. and Camlin Ltd.with its Strong Brands and Premium products is well poised to capture the growth .

7 May' 2010



Camlin Limited.

View & Valuation

Camlin Ltd. is one of the market leaders in Indian Stationery and Arts industry. Camlin Ltd's Net profit has increased to Rs.11.63Cr from last year's Rs 6.11Cr. Up by 90% and EBIDT has increased to Rs.28.64 Cr. from last year's Rs.20.86 Cr., up by 37.29%.

We Estimate that in F.Y. 2010-11 Camlin is likely to post an EPS of Rs.3.75 upwards with a increase in sales of more than 30% .

Currently stock is trading at Rs.26 with a P/E of 13.47 against industry P/E of 20.36 and on 2010-11 Estimated Earnings P/E comes to 6.75 which looks quite cheap for a Growth oriented stock. The stock should trade conservatively at a P/E ratio of at least 10 on FY 11 Estimated earnings on which the price comes to approx.Rs.40/-

We initiate a **BUY on Camlin with a Target Price of Rs.40 in the coming 6 to 9 Months.**

Disclaimer: The recommendation made herein do not constitute an offer to sell or a solicitation to buy any of the securities mentioned. Readers using the information contained herein are solely responsible for their action. Analysts may or may not have trading or investment position in the securities mentioned herein.