

Key Data

NSE / BSE Code	TIRUMALCHM / 500412
Sector	COMMODITY CHEMICAL
Industry	CHEMICAL
Face value / Book Value (₹ per share)	10 / 212.6
Dividend yield	1.1
52 H/L (₹)	984 / 129
Market Cap. (₹ mn)	7,033
Shares Outstanding (mn)	10.2
6M Avg Traded Volume (NSE+BSE)	160,873

Shareholding Pattern

	Jun-16	Mar-16	Dec-15	Sep-15
Promoters	41.7%	42.1%	42.1%	42.4%
Institutions	0.0%	0.0%	0.0%	0.0%
Individual	0.6%	0.1%	0.1%	0.0%
Others	0.0%	7.1%	7.1%	5.7%
Total	57.7%	50.6%	50.7%	51.9%

Key Ratios

	FY13	FY14	FY15	FY16
P/E (x)	16.1	59.3	NA	21.8
P/B (x)	9.2	8.9	8.4	0.6
EV/Sales	0.6	0.6	0.7	0.8
EV/EBITDA	5.9	9.7	20.8	8.2
ROCE	24.9%	13.1%	7.0%	24.2%

Earnings Summary

(In ₹ mn)	FY13	FY14	FY15	FY16
Net Sales	13,713	12,762	10,723	43,871
Sales Growth	30.1%	-6.9%	-16.0%	-10.0%
EBITDA	1,348	818	380	-3,166
EBITDA Margin	9.8%	6.4%	3.5%	-7.2%
PAT	438	119	-137	1,371
PAT Margin	3.2%	0.9%	-1.3%	3.1%
EPS (₹)	42.8	11.6	(13.4)	11.7
Price Performance	CY13	CY14	CY15	YTD
Absolute	-10%	-8%	124%	218%
Relative	-16%	-39%	128%	216%

THIRUMALAI CHEMICALS CMP: 686

BUY with a target upside of 20%

► **Thirumalai Chemicals Limited (TCL)**, started production of Phthalic Anhydride in 1976 in Ranipet, in South India. Since then, it has grown into a diverse and respected enterprise, rapidly expanding into the manufacture of many other critical Industrial Chemicals: Maleic Anhydride, Fumaric Acid and Malic Acid and various Fine Chemicals and Derivatives. Today TCL ranks among the largest producers in the world in all its core products. We have a strong manufacturing base capable of delivering quality products, with excellent logistics and technical support, at competitive prices.

► TCL's business segments include chemicals and power generation. The Company offers its products to industries, such as paper, powder coating, agrochemicals, plasticizers, pharma intermediates, unsaturated polyester resins, esters bakery goods, beverage and confectioneries, food, feed, construction materials, metal cleaning, electroplating, water treatment, intermediates, textile and leather, and flavors and fragrances Etc.

► TCL upgradation of its Fine Chemicals & Food Ingredients Unit is nearing completion, This will add about 40% of capacity by Q4 of the current financial year in these divisions and a further up gradation of 40% capacity is proposed which is expected to be completed in financial year 2018. It has planned up gradation of its Phthalic Anhydride Plants with newer technology which is expected to be completed by Financial year 2018. TCL has completed expansion of its wholly owned subsidiary in Malaysia, it has expanded its Maleic Anhydride unit production by 45000 Tons and has planned further expansion of its Maleic Anhydride Unit.

► TCL has achieved a turnover of Rs. 2545.80 million for Q2 FY17 as against Rs. 2303.20 million in Q2 FY16, an increase of 10.53%. During the 2nd quarter, consolidated net profit stood at Rs. 163.90 million as against net loss of Rs. 149.20 million in the corresponding quarter ending of previous year.

► Over the previous year TCL has significantly reduced its fixed costs and interest costs which has led to margin expansion. The company's volume is expected to grow at about 20% in this year. Further the company is planning to improve the product mix which is presently 75 %+ commodity and 25 % fine chemicals in value added products to 60% commodity and 40% fine chemicals which will improve the certainty of the business.

► We believe that the stock has seen overcorrection post demonetisation. We recommend **buy** on Thirumalai Chemicals with a price target of **Rs 824** per share.

Technical View

The Stock is in strong uptrend, currently it managed to hold support of rising trend-line at 595 level and turned for the upside .The Uptrend is supported with a heavy rise in volumes.RSI indicator is also exhibiting a positive crossover. Accumulate the stock for upside targets of 850/1000 levels.



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