

**May 14, 2007**

**Petronet LNG Ltd.**

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**CMP - Rs. 45.50 NSE Symbol - PETRONET BSE Code - 532522**

Petronet LNG Ltd., promoted by ONGC, GAIL, IOC and BPCL, is India's largest importer of Liquefied Natural Gas (LNG). The company has a 5 Million Ton per annum re-gassification plant at Dahej in Gujarat. The company imports LNG from various countries including Qatar, Algeria, Oman and Egypt.

Petronet LNG has a 25-year contract to buy LNG from Qatar's Rasgas. Through this contract, PLL currently imports five million tonne (mt) at its Dahej terminal. The company is planning to increase capacity of the Dahej terminal to 10 million tonnes per annum (mtpa) by 2008-09. The company is setting up a 2.5-million tonnes per annum capacity at Kochi LNG terminal, with provisions for expansion up to 5 mtpa, is to be commissioned in 2010.

Petronet's major customers are Indian Oil Corporation, BPCL and GAIL India. Demand of LNG from the power and fertilizers sectors will be the key growth driver of LNG business in India.

The company has tied up for gas for Ratnagiri Gas and Power Project Ltd., the erstwhile Dabhol Power project. The total power requirement for the project at Ratnagiri, which is currently run on Naptha, is likely to be around 2.1 MTPA.

The latest financials of the company are given as under :-

<b>Particulars</b>	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>(Mar 07)</b>	<b>(Mar 06)</b>	<b>(% Var)</b>	<b>(Mar 07)</b>	<b>(Mar 06)</b>	<b>(%Var)</b>
				<b>(12)</b>	<b>(12)</b>	
Sales	1538.83	941.75	63.4	5508.95	3837.17	43.6
Other Income	14.84	6.71	121.2	36.59	19.44	88.2
PBIDT	213.97	151.98	40.8	684.65	507.6	34.9
Interest	25.89	26.47	-2.2	107.04	111.61	-4.1
PBDT	188.08	125.51	49.9	577.61	395.99	45.9
Depreciation	25.18	25.13	0.2	102.03	100.95	1.1
PBT	162.9	100.38	62.3	475.58	295.04	61.2
Tax	0.17	8.73	-98.1	0.63	25.61	-97.5
Deferred Tax	56.7	25.5	122.4	161.7	74.5	117
PAT	106.03	66.15	60.3	313.25	194.93	60.7

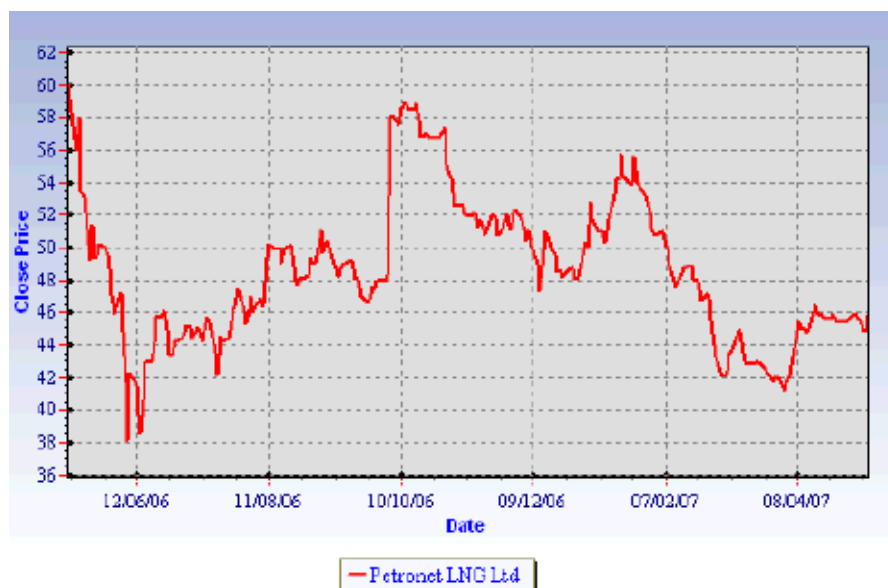
(Source: Capitaline)

**Latest Data As On  
11/05/2007**

Latest Equity(Subscribed)	750
Latest Reserve	525.52
Latest Bookvalue -Unit Curr.	17.01
Latest EPS -Unit Curr.	4.18
Latest Market Price -Unit Curr.	45.65
Latest P/E Ratio	10.92
52 Week High -Unit Curr.	65
52 Week High-Date	10/6/2006
52 Week Low -Unit Curr.	35.5
52 Week Low-Date	6/8/2006
Market Capitalisation	3423.75
Stock Exchange	BSE
Dividend Yield -%	0

(Source: Capitaline)

The share price chart is given as under :-



(Source: Capitaline)

**Conclusion**

There is a big opportunity available to the company from the power and fertilizer sector in India. Currently, coal based thermal power is the cheapest source of electricity in the country. However to support the government's ambitious plan of setting up 75,000 MW capacity, the power companies have to look at LNG or natural gas as alternative source of fuel. Although the gas based power plants are not economical, they offer certain distinct advantages over coal based power projects like shorter gestation, high efficiency, and lower greenhouse gas and pollutant emission.

Apart from the business opportunities available to the company, the possibility of a foreign company (like Rasgas) picking up a stake in the company is not totally ruled out, given the business potential of LNG in India. The price of stake sale could be a trigger for upward rerating of the stock.

Moreover, with FY 06-07 EPS of Rs.4.2, and a dividend of 12.5%, the stock trading at a PE of 11 looks attractive given the potential for future growth.

## **Oswal Chemicals & Fertilizers Ltd.**

### **CMP - Rs. 40 NSE Symbol - BINDALAGRO**

Oswal Chemicals & Fertilizers Ltd. is a part of Punjab based Abhay Oswal group. The company has put up mega fertilizer projects at Shahjahanpur in Uttar Pradesh and Paradeep in Orissa.

The company sold off both the plants last year. The company sold off its Urea Plant at Shahjanpur, U.P. to Kribhco Shyam Fertilizers Ltd. (KSFL) for a sale consideration of around Rs.1900 crores.

The company also sold its DAP plant located at Paradeep, Orissa to Indian Farmers Fertiliser Cooperative Ltd. (IFFCO). The company received a consideration of Rs.240 crores towards the Sale of the plant and in addition, IFFCO has taken over liabilities aggregating to Rs.2053 Crores of Term loan lenders and Working Capital lenders and OCPS/OCCRPS liability aggregating to Rs.327 Crores.

With the sale of both the plants, the company's balance sheet is now debt free, the company's net worth has become positive and the company has a Cash and Bank balance of around Rs. 1300 crores (as on 31<sup>st</sup> March 2006). The company's market capitalization at the current price is around Rs.1000 crores.

The company owns roughly 60-65 acres of land at Chembur in Mumbai. The company is contemplating various options to develop that land. Market sources attribute the value of the land as more than the current market cap of the company. However, incase of the company developing the land, the value addition could be much higher.

The latest financials are given as under :-

<b>Particulars</b>	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>YTD / Latest Half</b>	<b>YTD / Latest Half</b>	<b>YTD / Latest Half</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>(Dec 06)</b>	<b>(Dec 05)</b>	<b>(% Var)</b>	<b>(Dec 06)</b>	<b>(Dec 05)</b>	<b>(% Var)</b>	<b>(Mar 06)</b>	<b>(Mar 05)</b>	<b>(%Var)</b>
							<b>(12)</b>	<b>(12)</b>	
Sales	45.89	248.4	-81.5	147.97	942.91	-84.3	781.85	1540.56	-49.2
Other Income	2.75	5.19	-47	3.16	32.95	-90.4	701.54	5.53	12586.1
PBIDT	25.14	-16.9	LP	75.98	-31.07	0	390.93	125.6	211.3

Interest	-0.03	15.09	PL	0.13	135.45	-99.9	142.44	270.48	-47.3
PBDT	25.17	-31.99	LP	75.85	-166.52	0	248.49	-144.88	LP
Depreciation	0.48	9.77	-95.1	1.36	86.56	-98.4	88.77	167.75	-47.1
PBT	24.69	-41.76	LP	74.49	-253.08	0	159.72	-312.63	LP
Tax	0.05	0.13	-61.5	0.12	0.28	-57.1	0.33	0	-
Deferred Tax	0	0	-	0	0	0	0	0	-
PAT	24.64	-41.89	LP	74.37	-253.36	0	159.39	-312.63	LP

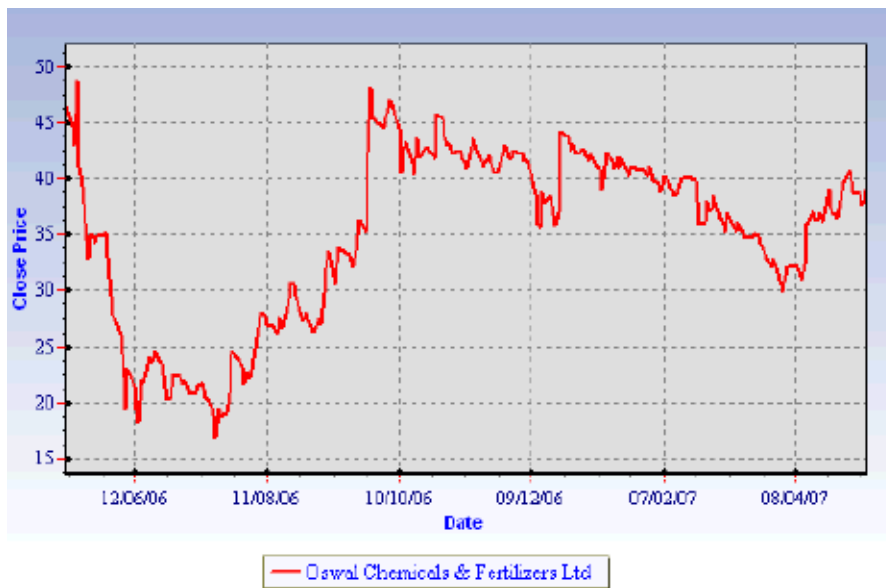
(Source: Capitaline)

**Latest Data As On  
11/05/2007**

Latest Equity(Subscribed)	256.81
Latest Reserve	1237.12
Latest Bookvalue -Unit Curr.	58.17
Latest EPS -Unit Curr.	0
Latest Market Price -Unit Curr.	40.45
Latest P/E Ratio	0
52 Week High -Unit Curr.	53
52 Week High-Date	10/30/2006
52 Week Low -Unit Curr.	16.5
52 Week Low-Date	7/19/2006
Market Capitalisation	1038.8
Stock Exchange	NSE
Dividend Yield -%	0

(Source: Capitaline)

The share price chart is given as under :-



(Source: Capitaline)

### **Conclusion**

Oswal Chemicals is a company which is without any business operations after the sale of both the fertilizer plants. However, with the sale of both the plants, the company's balance sheet is now debt free, the company's net worth has become positive and the company has a Cash and Bank balance of around Rs. 1300 crores (as on 31<sup>st</sup> March 2006). The company's market capitalization at the current price is around Rs.1040 crores.

The company owns roughly 60-65 acres of land at Chembur in Mumbai. The company is contemplating various options to develop that land. Market sources attribute the value of the land as more than the current market cap of the company. However, in case of the company developing the land, the value addition could be much higher.

Given the dynamism of the promoter group, the company would be surely thinking in terms of the various options available for effective utilization of the land available at Chembur and on various options available for utilization of the cash available in the company - these include putting of new projects in India and overseas. Given the fact that the amount of cash available in the company itself is more than its market cap, and in addition to that, the company's land bank, the downside from the current levels look restricted. Moreover, given the fact that the management has capabilities to execute large projects, announcement of any large profitable project to effectively utilise the surplus cash could be a trigger for the stock.