



Tamilnadu Petro Products Limited

BUY

September 13, 2007

Current Price : Rs20
 Target Price : Rs28
 Upside : 40%

52 Week H/L : Rs23/Rs16
 Avg. Daily Vol. : 69244
 Market Cap. : Rs1.54bn
 BSE Code : 500777
 NSE Symbol : TNPETRO

Shareholding pattern

Share holder	June 2007
Promoters	34.55%
FII/MF	6.30%
FII	1.17%
Public & Others	57.98%

Company Profile

Tamilnadu Petroproducts Limited (TPL), incorporated in 1984, is one of the leading manufacturers of linear alkyl benzene (LAB) used in the soap and detergents industry and ECHk, which is used to manufacture epoxy resins and plant pesticides. TPL has completed expansion of LAB capacity to 1,20,000MT per annum during April 2007. The company's client list includes P&G, Henkel, HLL, Godrej, etc. Around 40% of the detergents used in households for fabric washing in India constitute TPL's products. The company is also the largest exporter of LAB in the country with exports to Europe, West Asia and South East Asia. It has a technical collaboration with Conser S.P.A, Italy, for the manufacture of ECH. TPL also has investments in a power subsidiary - viz SPIC Electric Power Corporation (SEPC) and a 16.7% stake in Henkel India. During FY07, sales of TPL rose by 2.2% to Rs.8.28bn and the company incurred a loss of Rs110mn. In Q1 FY08, sales of TPL fell by 4.6% yoy to Rs2bn and net loss reduced yoy to Rs83mn from Rs94mn.

Key Triggers

- **TPL plans to** set up a Coal based power plant to reduce energy costs
- **Singapore subsidiary to invest 51% in petrochemical plant:** TPL is setting up US\$110mn Petrochemical Plant in Singapore to manufacture 100000MT of Normal Paraffin. 50% of the Normal Paraffin produced will be exported to TPL in India, while the rest will be sold in the open market.
- **Subsidiary SEPC has necessary approvals for implementation of Power Project.** Also, TPL is in advanced talks with a domestic investor who is willing to contribute up to 74% of the equity, based on which SEPC has written to Tuticorin Port Trust to restore the original land, expressing its willingness to pay the overdue lease rentals without arrears.
- **Price Breakout:** TPL has given a price breakout on a daily and weekly basis and the breakout has been accompanied with strong volumes signifying greater strength in the scrip.



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Analyst holding in stock : Nil