

Stock Details

BSE code	524156
BSE ID	TCMLMTD
Face value (₹)	10
No of shares (m)	3.39
52 week H/L	103.95/21.00
Market cap (₹ m)	307.0
30 day avg. vol (No)	23
Free float (₹m)	86

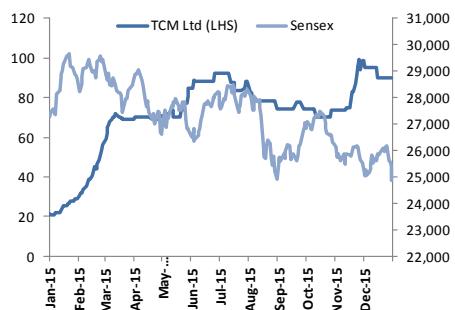
Stock performance (%)

	1M	3M	12M
Absolute	-8.8%	21.8%	319.8%
Rel. to Sensex	-6.2%	29.9%	327.4%

Shareholding Pattern* (%)

Promoters	FII's	DII's	Others
27.76%	0.0%	25.24%	47.00%

*As of September 2015

Relative Chart

Source: Bloomberg

Company Overview

TCM Limited (TCM), formerly Travancore Chemical & Mfg. Co. Ltd., manufactures chemicals used in various industries including Farming, Chemical, Electroplating, Ceramics, Iron & Steel, Water treatment, Plastic, Paint, Tanneries, Textile, Medical and Pyrotechnic. Currently, TCM is a sick company registered under BIFR and has no business activity. The company is in the process of ascertaining the status of the assets and its impairment.

Industry Overview

Chemicals industry, one of the most diversified in India with more than 70,000 commercial products, constitutes a significant part of the Indian economy accounting for 2.1% of the GDP. India is the world's third largest consumer of polymers and fourth largest producer of agrochemicals. In terms of volume, India is the 3rd largest producer in Asia and 12th globally. India's chemical industry is expected to grow at 15% per annum to reach US\$290 billion by 2017. FDI in chemicals (excluding fertilisers) totaled US\$669 in FY15.

Financial Performance

- ✓ TCM's operations are currently suspended and hence the company currently does not generate any revenues from operations for FY15. However, the company received ₹0.2 million in interest income for FY15 compared to ₹0.6 million in FY14. For Q2'FY16, TCM did not generate any income.
- ✓ The company reported a net loss of ₹7.8 million or ₹1.4 per share in FY15, compared to a net loss of ₹14.4 million or ₹4.25 per share in FY14.

Table1: Key Financials

(Y/e March)	FY 13	FY 14	FY 15	Q2'FY15	Q2'FY16
Total Income (₹ m)	0.38	0.55	0.21	-	-
YoY Growth (%)	(0.65)	0.44	(0.62)	nm	nm
EBITDA (₹ m)	(26.87)	(11.67)	(4.07)	(1.29)	(1.26)
EBITDA Margin	(70.71)	(21.31)	(19.37)	nm	nm
PAT (₹ m)	(23.42)	(14.43)	(4.82)	(1.10)	(1.96)
EPS (₹)	-	(4.25)	(1.42)	-	-
YoY Growth (%)	nm	nm	nm	nm	nm

Source: Company, Karvy Investment Advisory

Background and Business Description

TCM was founded by Nobel Laureate Sir. C.V. Raman and Dr. Krishnamurti in 1943 as Travancore Chemical Manufacturing Company Ltd. The Company's name was changed to TCM Limited in 1996. During its 60 year history, TCL established four chemical plants - first plant in 1943 at Kundara, Quilon District in Kerala to produce Potassium Chlorate; second plant in 1957 at Kalamassery, Eranakulam District in Kerala to produce Copper Sulphate, Copper Oxychloride and its formulations; third plant in 1968 at Mettur Dam, Salem District in Tamil Nadu to produce Barium Salts and the fourth plant in 1978 at Tuticorin in Tamil Nadu to produce Alum. We note that TCM is a sick unit registered with BIFR and currently production at all its plants is suspended.

Products:

TCM produces a variety of chemicals for use in diverse Industries including Farming, Chemical, Electroplating, Ceramics, Iron & Steel, Water treatment, Plastic, Paint, Tanneries, Textile, Medical and Pyrotechnic. The company produces the following chemicals from its four plants:

- Copper Sulphate
- Barium Carbonate
- Barium Chloride Powder
- Barium Chloride Crystal
- Barium Nitrate
- Sodium Sulphide
- Strontium Nitrate

Key Strengths and Future Prospects

- ✓ TCM was founded by Nobel Laureate Sir. C.V. Raman and Dr. Krishnamurti in 1943 and during its 60-year history the company had established four chemical plants in South India.
- ✓ Although the company has been closed for a long time, it is in the process of ascertaining the status of the assets and its impairment.

Risks & Concerns

- ✓ TCM is a sick company registered with BIFR and currently does not have any business activity. Because of financial constraints, production has been suspended at all its plants.

Board of Directors

Table 2: Composition of Board

Name	Relation with Company
Joseph Varghese	Executive Director
T Thirugnanam	Non executive Director
George Varghese	Non executive Director
Rani Jose*	Non executive Director
T S Rajagopalan	Non exe & Independent Director
Ramesh Babu	Non exe & Independent Director

Source: Company

Industry Overview

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Exports of dyes and dye intermediates and organic and inorganic chemicals totaled US\$12.7 billion in 2014–15. Leading export destinations for cosmetics, toiletries and essential oils included the US, the UAE, the UK, Bangladesh and Saudi Arabia. India accounts for 7% of the global production of dyestuff and dye intermediates and consequently is a major exporter of these chemicals. Exports of dyes and dye intermediates increased 9.2% YOY to US\$ 2.4 billion in FY15 while exports of cosmetics, soaps, toiletries and essential oils increased 6.9% to US\$1.5 billion. Exports of inorganic, organic and agro chemicals stood at US\$8.0 billion.

CHEMEXCI (Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council) promotes various chemical product groups such as dyes and dye intermediates, basic inorganic and organic chemicals, including agro-chemicals, cosmetics, toiletries, essential oils, incense sticks, castor oil and its derivatives.

Competition analysis

Company	CMP (₹)	Mcap (₹ m)	Rev (₹m)	OPM (%)	EPS (₹)	PE (x)
TCM	90.25	307.0	-	nm	-1.42	nm
Sunitee Chemicals	0.19	9.9	6.1	-133.1%	-0.16	nm
Indu Nissan Oxo-Chemical-Industries	1.00	16.5	1.4	-300.0%	-	nm

Source: BSE

Financial Analysis

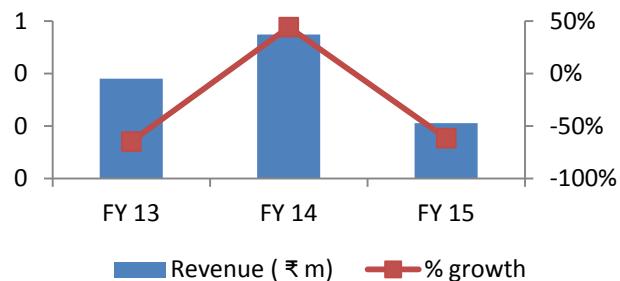
TCM is currently registered with BIFR as a sick unit and its business operations are suspended. Consequently, the company has not reported revenues for a long time. For the fiscal year ending 31 March, 2015, TCM reported total income of ₹0.2 million (interest income) compared to ₹0.5 million (interest and dividend) in FY14. Net loss for FY15 was ₹4.8 million compared to ₹14.4 million for FY14.

Year end March	FY 13	FY 14	FY 15
Income statement (₹ million)			
Revenue from operations	-	-	-
Other income	0.4	0.5	0.2
Total Income	0.4	0.5	0.2
% growth	-64.8%	44.2%	-61.6%
EBITDA	-26.9	-11.7	-4.1
% EBITDA margin	-7071%	-2131%	-1937%
Depreciation and amortisation	-2.8	2.8	0.7
EBIT	-24.1	-14.4	-4.8
Interest	-	0.01	0.01
PBT	(24.1)	(14.4)	(4.8)
Tax	0.7	-	-
Net profit	(23.4)	(14.4)	(4.8)
% growth net profit	nm	nm	nm
Balance sheet (₹ million)			
Shareholder fund	na	(242.9)	(258.0)
Long term liabilities	na	197.8	197.8
Current liabilities	na	117.7	121.9
Fixed assets	na	24.9	13.9
Current assets	na	26.1	26.3
Cash & cash equivalents	na	1.5	1.6
Cash flow statement			
Cash flow operations	na	-3.1	-4.0
Cash flow from investing	na	0.0	0.0
Cash flow from financing	na	3.3	4.1
Per share data			
EPS (₹)	-	(4.25)	(1.42)
BVPS (₹)	nm	nm	nm
Financial Ratios %			
ROE	nm	nm	nm
ROCE	nm	nm	nm
Debt/Equity	nm	nm	nm
Interest coverage ratio	nm	nm	nm
Current ratio	na	0.2	0.2
Cash ratio	0.4	0.5	1.0

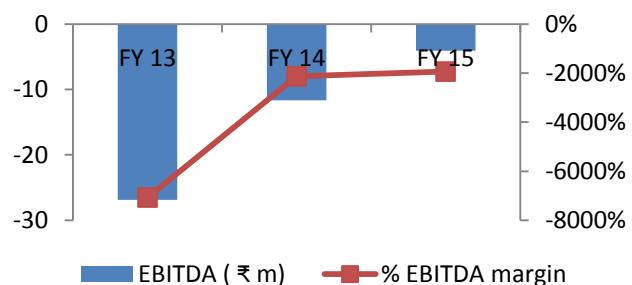
Source: Company, Karvy Investment Advisory

Financial Snapshot

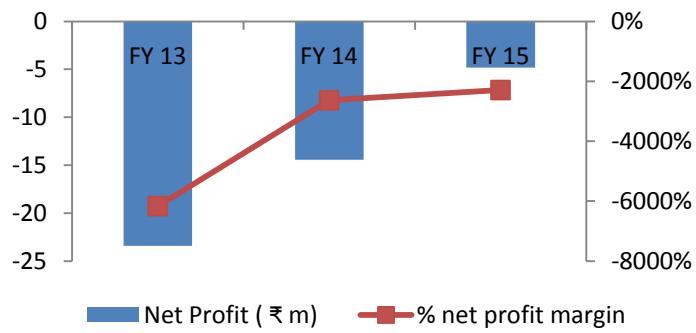
Revenue growth (%)



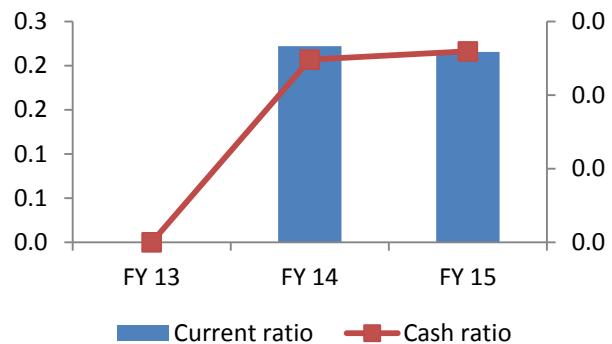
EBITDA margin (%)



Net Profit Margin (%)



Liquidity ratios



Source: Karvy Investment Advisory

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