

BUZZING

STOCK

Ashapura Minchem Ltd.

CMP – Rs.389

Analyst

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Key Stock Data

Sensex	19591
Nifty	5847
Sector	Mining & Minerals
Bloomberg	NA
Reuters	ASHM.BO
No. of shares (m)	79
Market Cap (Rs m)	30,653
Market Cap (US\$ m)	777
52-week H/L	Rs.398/96

Shareholding Pattern (%)

Promoters	41.89
Mutual Funds	8.22
FII's	33.22
Corporate Bodies	2.82
Pubic & Others	13.85

Company Background :

Ashapura Minechem Ltd. (AML) is the flagship company of the Ashapura group and well known as India's largest mine owner and exporter of Bentonite. Ashapura operates six processing plants in India with state of art R&D facilities. Ashapura is also active in Shipping , Chartering , Port operations and related activities with offices in India and UAE.

AML is the 6th largest Bentonite player in the world with a market share of 12% at present and is slated to move up to 20%. The mining reserves of Bentonite is around 60 million Tonnes , Bauxite is 120 million Tonnes and other reserves is around 20 million Tonnes. It has a well-developed customer base and exports to more than 5 continents and more than 58 countries.

Product Profile & Application :

AML, has a well diversified product range which includes Bentonite and Bauxite as the main products followed by the large variety of value added products derived from these products. Value added products from Bentonite includes Bleaching Clay, Geosynthetic Clay Liners, Clay Catalyst and Nano Clay. Value added products derived from Bauxite are Calcined Bauxite – Abrasives, Calcined Bauxite – Refractories and High Alumina Cement. Value added products assure good realisations and also derisk the business from price fluctuations.

Recent Developments:

AML's wholly owned subsidiary " Ashapura Minchem (UAE) FZE in UAE has approved setting up of joint venture company with Alawi Enterprises LLC, Oman in the ratio of 60: 40 respectively under the name of Ashapura Zawawi Minerals LLC. The proposed Joint Venture company will take the business of mining and processing of calcium carbonate, Gypsum, Kaolin, and other value added products.

The company has added a new product to its portfolio known as " Kaolin". Global market for Kaolin is estimated at around 45 million Tonnes.

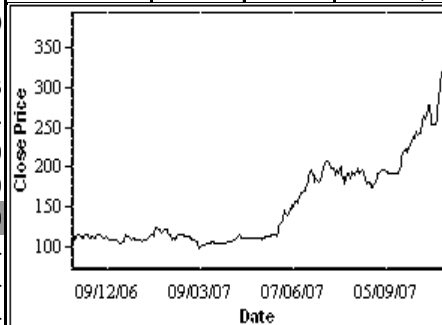
AML is setting up a 1 million TPA Alumina Refinery with Chinese Technology in a 50:50 joint Venture. The estimated investment for the project is around Rs.25bn. out of which Rs.4bn will be invested by Ashapura.

Valuation:

AML, has reported good set of numbers for Q2FY08. Net sales at Rs.3,876m is up by % 227% YoY. EBIDTA has grown by 104% YoY at Rs.562m. PAT at Rs. 389m is up by 129% YoY. The stock is currently trading at 9.8x its Q2FY08 EPS of Rs.39.50. The robust performance was primarily due to improved bauxite volumes and improved realisations.

Financial Snapshot

Ashapura Minchem Ltd.							Rs.m		Ratios (%)		
Financial Year End: March	Q2 FY08	Q2 FY07	Chg. (%)	FY07	FY06	Chg. (%)		FY07	FY06	Chg.(%)	
Net Sales	3876	1187	227	8996	6823	32	Debt -Equity	0.5	1.5	(68)	
Other Income	19	3	517	45	7	564	PBIDTM	20	14	36	
Total Income	3894	1190	227	9041	6830	32	PBDTM	18	13	45	
Total Expenditure	3332	914	265	7294	5864	24	RoCE	48	39	24	
PBIDT	562	276	104	1747	967	81	RoNW	44	54	(18)	
Interest	27	18	49	97	101	(3.7)					
PBDT	535	257	108	1650	866	91					
Depreciation	11	9	27	35	24	43					
Tax	129	75	71	513	278	84					
Reported Profit After Tax	389	170	129	1083	545	99					
Extra -ordinary Items	0	0	0	0	0	0					
Adj. Profit After Extra-ordinary item	389	170	129	1083	545	99					
No. of shares (m)	79	39	-	39	32	-					
EPS (annualised.) (Rs.)	39.5	17.5	-	27.7	84.5	-					
P/E	9.8	22.2	-	14.0	4.6	-					



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