

BUZZING

STOCK

Parekh Aluminex Ltd.

CMP – Rs.247

Analyst
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Key Stock Data

Sensex	18814
Nifty	5525
Sector	Aluminum – Sheets
Bloomberg	PKAL IN
Reuters	PARL.BO
No. of shares (m)	7
Market Cap (Rs m)	1,719
Market Cap (US\$ m)	44
52-week H/L	Rs.247 /88

Shareholding Pattern (%)

Promoters	33.11
Mutual Funds	0.0
FII's	6.76
Corporate Bodies	35.83
Pubic & Others	24.31

Company Background: Parekh Aluminex Limited (PAL) is the largest manufacturer and exporter of AFC's in India. Its two manufacturing facilities are located in Union Territory of Dadra & Nagar Haveli, where the company enjoys 5 years income tax holiday and 15 years sales tax holiday.

Product Applications: AFC's basically are utensils, pans, trays, packing material made out of Aluminium foil, in various shapes & sizes & in different microns depending upon its final usage. They come in different shapes and can be round, oval, square, rectangular especially used for packing food & food related items. They can also be used as ash-trays, trays to keep medicines in the hospitals, gas-mats etc. At present, it has capacity to manufacture 465 million pieces of casseroles/trays & containers/dishes and 250 million pieces of lids and 8 million pieces of aluminum foils and rolls.

Currently, PAL is exporting 90% of its export sales only to the niche market of United Kingdoms. Company has entered into a contract with Alcan to market its products in the German markets. The domestic market too is showing a rapid growth & further the company had done some trial export to Nigeria, Yeman & Sri-Lanka, from where repeat orders are coming. Also the company has now started receiving trial order from other European markets.

Expansion Plan: In order to cater the growing demand, the company is expanding its processing capacities to 20,000 MT implying an upside of 52%. The new capacities are expected to go on stream by FY09. The expansion will be funded through the mix of debt and warrant issued.

Valuation: PAL has reported good set of numbers in Q1 FY08. Net sales at Rs. 625m is up by 97% YoY. EBIDTA has grown by 92% YoY at Rs.100m. PAT at Rs. 58m is up by 99% YoY. The current market price discounts Q1FY08 annualised EPS of Rs. 33 by 7.4x.

Financial Snapshot

Parekh Aluminex Ltd.							Ratios (%)			
	Q1 FY08	Q1 FY07	Chg. (%)	FY07	FY06	Chg. (%)		FY07	FY06	Chg.(%)
Financial Year End: March										
Net Sales	625	317	97	1863	1020	83	Debt -Equity	1.3	1.6	(23)
Other Income	0	0	100	2	1	113	PBIDTM	16	15	8
Total Income	626	317	97	1865	1021	83	PBDTM	12	11	7
Total Expenditure	526	265	98	1567	870	80	RoCE	18	17	8
PBIDT	100	52	92	298	151	97	RoNW	25	29	(15)
Interest	23	10	123	70	34	104				
PBDT	77	42	84	229	117	95				
Depreciation	19	13	48	70	23	200				
Tax	0	0	0	18	9	112				
Reported Profit After Tax	58	29	99	140	84	67				
Extra -ordinary Items	0	0	0	0	0	0				
Adj. Profit After Extra-ordinary item	58	29	99	140	84	67				
No. of shares (m)	7	7	-	7	5	-				
EPS (annualised.) (Rs.)	33	22	-	20	15	-				
P/E	7.4	11.4	-	12.3	15.9	-				



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