

BUZZING

STOCK

# Ramsarup Industries Ltd.

CMP – Rs.134

**Analyst**

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**Key Stock Data**

Sensex	13124
Nifty	3820
Sector	Steel - Large
Bloomberg	RAMI.IN
Reuters	RASW.BO
No. of shares (m)	18
Market Cap (Rs m)	2,396
Market Cap (US\$ m)	55.21
52-week H/L	Rs.184/63

**Shareholding Pattern (%)**

Promoters	66.79
Mutual Funds	1.69
FII's	9.23
Corporate Bodies	8.09
Pubic & Others	14.2

**Company Background:** Ramsarup Industries Ltd. (RIL) is a Kolkata based company, is one of the largest maker of Steel Wires. RIL, is engaged in the manufacturing of the Steel Wires, Galvanised Wires and TMT Bars. Manufacturing facilities are located at its two units in Kalyani and Shyamnagar of West Bengal. Products are sold under the brand name "Ramsarup" and "Ramsarup TMT". Both the units are ISO 90001:2000 certified.

**Present Facilities:**

	Products	Installed Capacity
Unit I	Steel Wires	185,000 MT
Unit II	Steel Wires , TMT Bars , Wire Rods	111,000 MT
Unit III	Installed three wire turbine generators	1.25 MW
Unit IV	Fencing & Road Construction activities	-

**On going Expansion:**

Considering the rapid growth in the Indian Steel Wire manufacturing Industry, the company has planned an expansion programme to increase wire-manufacturing facilities. Total capex planned for the expansion is around Rs.7.75bn. Out of the total funds , Rs.3.75bn will be invested in a 400,000 TPY wire manufacturing facility in West Bengal while Rs.1.5bn has been set aside for the acquisitions in India and Abroad. Ramsarup Industries also plans to develop an SEZ in Durgapur at an estimated cost of Rs.1.5bn. The company has recently completed expansion in the TMT bar segment. The TMT project will produce an additional of 90,000 Tonnes.

The company is also expanding its existing manufacturing facilities of its Kalyani plant and Shyamnagar Plant to 224,000 TPA and 167,000 TPA respectively.

The company will be raising Rs.2,200m to fund its ongoing expansion plan and the amount would be raised through FCCB/ADR/GDR in one or various tranches.

In order to consolidate its position in wire industry, the company is setting up a LRPC wire at its existing facilities with an installed capacity of 30,000 MTPA. LRPC stands for Low Relaxation Prestressed Coated Wires. These special grade wires are used for river, road, railway bridges flyovers, atomic reactors and high-rise building. This product expansion strategy will help the company to drive the business from the existing wire clients.

**Export Market:** RIL sees high margins in South Africa and has decided to focus on the export market in Africa and other neighbouring countries. At present it is executing orders to bailing wires to Africa and one order for a project in Nepal.

**Valuation:**

The company has reported good set of numbers for Q3FY07. Net sales increased by 22% YoY at Rs.3,021m. EBIDTA margins expanded by 279 basis points and EBIDTA grew by 73% YoY at Rs.285m. PAT has registered a growth of 69% YoY at Rs.139m. Growth is primarily witnessed due to improved realizations and better product mix. The stock is currently trading at 4.2x its Q3 annualised EPS of Rs.31.7.

## Financial Snapshot

Ramsarup Industries Ltd.							Rs.m	Ratios (%)		
	Q3 FY07	Q3 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
<b>Financial Year End: March</b>										
Net Sales	3021	2473	22	10180	8776	16	Debt -Equity	1.6	3.2	(51)
Other Income	0	0	0	0	0	0	PBIDTM	6.6	5.0	33
Total Income	3021	2473	22	10180	8776	16	PBDTM	5	3	50
Total Expenditure	2736	2309	19	9550	8373	14	RoCE	23	22	7
PBIDT	285	164	73	630	403	57	RoNW	29	35	(16)
Interest	58	40	44	158	132	19				
PBDT	226	124	83	473	271	75				
Depreciation	29	20	41	83	60	39				
Tax	64	18	266	118	35	237				
Reported Profit After Tax	139	82	69	278	137	103				
Extra -ordinary Items	0	0	0	0	0	0				
<b>Adj. Profit After Extra-ordinary item</b>	<b>139</b>	<b>82</b>	<b>69</b>	<b>278</b>	<b>137</b>	<b>103</b>				
No. of shares (m)	18	18	-	18	18	-				
EPS (annualised.) (Rs.)	31.7	18.7	-	15.9	24.2	-				
P/E	4.2	7.2	-	8.4	5.5	-				



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