



Research



FUNDAMENTAL RESEARCH:-MANINDUSTRIES LIMITED: - FOLLOW-UP

Book Profit

CMP: 90

Date::19th June 2010

Book Profit

STOCK INFO (FY2010)

Sector	Steel- Pipes
Market cap (Rs Cr)	467
Equity Capital	26.64
Face value	Rs5
Book value	Rs86.93
EPS	Rs.12.59
Price/Book value	1.01
Sales Growth	(19%)
Dividend	30%
Incorporation	1988
52 week H/L	95.8/37
Avg Daily Vol	520000(2Wkavg)
Managing Director	JC Mansukhani
Promoter Holding	51.29%
FII's/MF Holding	10.75%/13.6%

Fairwealth Research Desk initiated a Buy on Man Industries Limited at Rs 45 on 3rd August 2009.

We Recommend to Book profit as the Scrip has achieved its Target Price of Rs 90.

Man Industries Annual Results Highlights:

The top-line of the company shrunk 19% YoY to Rs 1524.29` as against Rs 1882.93cr due to lower realization.

The EBITDA expanded by 15.4%Y-O-Y to Rs.174.34cr as against Rs 151.09cr.

The net profit improved 41.5% on Y-o-Y basis to Rs. 67.09cr due to lower interest rate.

The order book of the company stands at over Rs 2000cr. Out of the total order book size, LSAW pipes constitute approximately 60% while the remaining 40% is in HSAW.

COMPANY PROFILE

MAN industries limited, member of The Man Group (UK), an ISO – 9001 company was incorporated on 19th may 1988 with a project to manufacture aluminium extrusions. The company now operates in 2 segments: Manufacturing of pipes and Construction and Real Estate division.

The Company is a leading Manufacturer and Exporter of large diameter Carbon Steel Line Pipes for various high pressure transmission applications for Gas, Crude Oil, Petrochemical Products and Potable Water. The company has manufacturing facilities for Longitudinal Submerged Arc Welded (**LSAW**) & Helically Submerged Arc Welded (**HSAW**) Line Pipes and also for various types of Anti-Corrosion Coating Systems. The Company also owns modern facilities for manufacturing of Aluminium Extrusion Products.

Company is currently 4th largest pipe manufacturer in India after Welspun Gujarat , Jindal Saw and PSL Limited.

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RESULT ANALYSIS

	QUARTERLY RESULTS					YEARLY RESULTS		
PARTICULARS (In Cr)	Mar-10	Mar-09	VAR %	Dec-09	VAR%	FY10	FY09	VAR% Y-O-Y
			Y-O-Y		Q-O-Q			
NET SALES	452.81	721.62	-37.25	439.31	3.07	1524.29	1882.93	-19.05
ADD: Other Income	-	-	-	-	-	-	-	-
Total Income	452.81	721.62	-37.25	439.31	3.07	1524.29	1882.93	-19.05
Less: Expenditure	398.37	670.71	-40.60	370.31	7.58	1349.95	1731.84	-22.05
PBIDT	54.44	50.91	6.93	69	-21.10	174.34	151.09	15.39
Less: Interest	-1.16	11.06	-110.49	10.55	-111.00	36.98	44.95	-17.73
Less: Depreciation	10.99	10.99	0.00	11.61	-5.34	36.82	34.99	5.23
PBT	44.61	28.86	54.57	46.84	-4.76	100.54	71.15	41.31
Less: Tax	14.44	9.48	52.32	15.92	-9.30	33.45	23.72	41.02
PAT	30.17	19.38	55.68	30.92	-2.43	67.09	47.43	41.45
AEPS	5.66	3.64	55.49	5.80	-2.41	12.53	8.90	40.79
ACEPS	7.69	5.70	34.87	7.98	-3.69	19.41	15.47	25.46
OPM %	12.02	7.05	-	15.71	-	11.44	8.02	-
NPM %	6.66	2.69	-	7.04	-	4.40	2.52	-

During the quarter ended 31st March, 2010, the net sales of the company reported a contraction of 37.3% on y-o-y basis to Rs 452.81cr as against Rs 721.62cr during the corresponding quarter last year.

The operating performance of the company witnessed an increment of 6.9% YoY to Rs 54.44cr as against Rs 50.91cr. This is due to subdued raw material prices during the quarter which resulted in an expansion in OPM by 497bps to 12.02% as against 7.05% during similar period last year. The raw material cost as a percentage of sales increased by 84.85% to Rs 384.23 as against Rs 483.02cr during the corresponding quarter last year.

The bottom-line of the company expanded by an impressive 55.5% Y-o-Y to Rs 30.17cr as against Rs 19.38cr during the quarter, largely on account of fall in interest cost by 110.55%, during the corresponding period last year.

On a Q-o-Q basis, the top-line of the company reported a marginal growth of 3.07% to Rs 452.81cr as against Rs 439.31. The operating profit of the company contracted a massive 21.1% to Rs 54.44cr as against Rs 69cr largely due to higher raw material cost. The OPM for the quarter improved 58bps to 12.02% against 11.44% on sequential basis.

The net profit of the company remains flat by to Rs 5.66cr as against Rs 5.8cr on sequential basis.

Notes: Figures are sourced from www.bseindia.com & capital market

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