

BUZZING

STOCK

# Ratnamani Metals & Tubes Ltd.

CMP – Rs.652

**Analyst**

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**Key Stock Data**

Sensex	12455
Nifty	3634
Sector	Steel - Large
Bloomberg	RMT@IN
Reuters	RMT.BO
No. of shares (m)	9
Market Cap (Rs m)	6,021
Market Cap (US\$ m)	138
52-week H/L	Rs.799/266

**Shareholding Pattern (%)**

Promoters	58.78
Mutual Funds	0.02
FII's	9.6
Corporate Bodies	2.6
Pubic & Others	29.01

**Company Background:**

Ratnamani Metals & Tubes Ltd., (RMTL) incorporated in 1985 is Gujarat based and is one of the leading manufacturers of Stainless Steel and Carbon Steel in country. The company has also undertaken job – of drawing pipes. The company is a multi - product, multi – loactional providing the complete piping solutions to the diverse range of industries.

**Product Range:**

RMTL, mainly present in two segments i.e Carbon Steel (CS), Stainless Steel (SS). The company caters to niche markets of almost all the emerging sectors like Oil & Gas, Refineries, Petrochemicals, Power Plants and Water Distribution systems.

**Carbon Steel Tubes & Pipes (CSTP):**

The company has diversified its manufacturing operations of carbon steel into High frequency welded pipes (HFW) and Electric resistance welded pipes (ERP). It has an installed capacity of 150,000 MTA.

**Stainless Steel Tube & Pipes (SSTP):**

The Company has three divisions to manufacture different types of Stainless Steel Pipes. These are Seamless Tubes and Pipes, Welded Tubes & Pipes and Electric fusion welded Stainless Steel pipes. Stainless Steel is a preferred metal in all the critical applications because of its superior metallurgical properties. The company also manufactures SAW pipes. These pipes are generally supplied as per the standards and customer specification.

**Product Application:**

Stainless Steel Tubes and pipes are used in heat exchangers, boilers, condensers, refrigeration, Instrumentation, Hydraulics, fuel injection for Automobiles. The major user industry segments are Petrochemicals, Fertilizer, Refinery, and Chemical, Power Plants, Paper Pharmaceuticals, space research centres. On the other hand CS pipes are primarily used for continuous transportation of large quantities of Oil, natural gas and water over the large distances. This is more economical means of transport than other sources because only one time cost is involved in laying down the network. Besides, CS pipes also find application in On shore and Off Shore Drilling platforms.

**Clientele Base:**

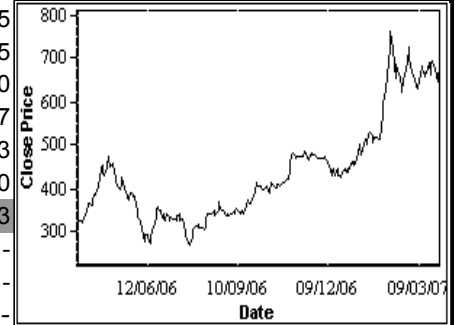
The company caters to well diversify customer base. In domestic market RMTL is a regular supplier to Reliance Industries, HPCL, BPCL, GAIL, IOCL, Alfa Lavel, and NTPC and L&T. RMTL is mainly exporting its products to USA, Germany, Europe, France and Malaysia.

**Valuation:**

The Company has reported excellent set of numbers. Net sales is up by 68% YoY at Rs.1,875m. EBIDTA margins expanded by 454 basis points and EBIDTA grew by 111% YoY at Rs.423m. PAT reported a growth of 120% YoY at Rs.217m. The performance is witnessed on account of robust order inflow coupled with huge capex planned in Oil & Gas sector. The company has a strong order book position of Rs.4.5bn. The stock is currently trading at 6.8x its Q3FY07 annualised EPS of Rs.96.3.

### Financial Snapshot

Ratnamani Metals & Tubes Ltd.						Rs.m	Ratnamani Metals & Tubes Ltd.			
	Q3 FY07	Q3 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
<b>Financial Year End: March</b>										
Net Sales	1875	1114	68	3191	1809	77	Debt -Equity	1.2	0.7	69
Other Income	0	0	(100)	1	0	600	PBIDTM	18	14	27
Total Income	1875	1114	68	3192	1809	77	PBDTM	16	12	27
Total Expenditure	1453	914	59	2558	1517	69	RoCE	39	33	19
PBIDT	423	200	111	634	292	117	RoNW	51	29	72
Interest	35	27	29	89	38	135				
PBDT	388	174	123	545	254	115				
Depreciation	33	24	39	74	44	70				
Tax	0	21	(100)	59	55	7				
Reported Profit After Tax	217	99	120	335	133	153				
Extra -ordinary Items	0	0	0	0	0	0				
Adj. Profit After Extra-ordinary item	217	99	120	335	133	153				
No. of shares (m)	9	9	-	9	9	-				
EPS (annualised.) (Rs.)	96.3	43.9	-	37.3	14.7	-				
P/E	6.8	14.9	-	17.5	44.3	-				



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