

BUZZING

STOCK

Man Industries (India) Ltd.

CMP – Rs.203

Analyst

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Key Stock Data

Sensex	13472
Nifty	3871
Sector	Steel - Large
Bloomberg	MAN@IN
Reuters	MIND.BO
No. of shares (m)	27
Market Cap (Rs m)	5,291
Market Cap (US\$ m)	119
52-week H/L	Rs.302/130

Shareholding Pattern (%)

Promoters	40.38
Mutual Funds	16.88
FII's	27.29
Corporate Bodies	2.82
Pubic & Others	12.62

Company Background:

Man Industries (India) Limited (MIIL), the flag ship company of The Man Group of UK is a leading manufacturer of large diameter SAW Line Pipes and Coating Systems for high pressure applications. The Company is, an ISO 9001, ISO-14001 and ISO-18001 certified. The company has its plant located at Pithampur (MP) and Gujarat.

Products: The product range of MIIL includes "LSAW", "HSAW", "Coatings" and "Aluminium Extrusions."

The LSAW Line Pipes are manufactured in a Diameter range from 16" to 60" as per the specifications of clients of various sectors such as Oil, Gas, Petrochemicals, Fertilizers and Dredging. HSAW Line Pipe Facility is located at Anjar consists of 2 Production Lines. HSAW pipes mainly cater to high pressure/ critical application segments.

L SAW Pipes Product Range

Product Parameters	Anjar Mill 1	Anjar Mill 1
Production Capacity	200,000 - 400,000 TPA	250,000-600,000 TPA
Outside Diameter	18" to 60"	16" to 60"
Wall Thickness	6 mm to 25.40 mm	6 mm to 38 mm

HSAW Pipes Product Range

Product Parameters	Anjar Mill 1	Anjar Mill 1
Production Capacity	75000 TPA / 300 KM	100000 TPA
Outside Diameter	16" to 84"	20" to 100"
Wall Thickness	6mm to 16mm	6 mm to 25.40 mm

The company offers various options of coating as per the end use of the pipe. The coating is carried out using the latest technology and proven raw materials. Coating protects the pipeline from corrosion and enhances its operational life. It offers three varieties of coatings i.e Single layer FBE , 3 Layer PE and 3 Layer PP coatings, Internal Blasting and painting and Coater Enamel Coating.

Aluminium Extrusion unit has an installed capacity 8,000 TPA. The company is one of the largest manufacturer and exporter of Aluminium Extruded products in India. Main exports markets are USA, Australia, Europe, UK , Middle East and Far East.

MIIL has recently demerged its "Aluminium extrusion business" into a separate entity. The company has announced that it would issue one share of Man Aluminium i.e the new company for every eight shares held in Man Industries. The demerger of the Aluminium business is due to the fact that Aluminium Extrusions and the Pipe Manufacturing are the two different businesses. Besides, this decision will also give option to go for collaboration in order to expand further.

Application:

Some of the major segments of application in domestic and export markets are as under : Automobile, Automation, Road Transport, Electricals, Electronics, Shutter, Textiles, Syntex etc.

Expansion:

Man Industries is likely to commission 3 more production lines in the year 2007. With this addition the total installed capacity of HSAW facility will be 375,000 MT per year. Besides, the company is putting additional windmill of 4.5MW capacity.

Recent Developments:

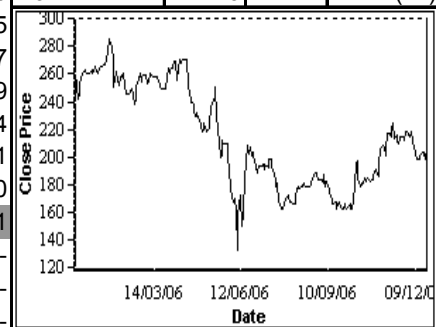
The company has recently secured an order worth Rs.7,000m from prestigious companies. Orders worth Rs. 6,000m have come from U.S and Nigeria while domestic orders are worth Rs.1,000m. The order is for the developing pipes that will be used for building high-pressure gas transmission pipelines.

Valuation:

The company has posted good numbers for Q2FY07. Total revenues at Rs.2,926m is up 60% YoY. EBIDTA margins improved by 87 bps and EBIDTA grew by 74% YoY at Rs. 330m. PAT at Rs.148m is up by 86% YoY. The stock is currently trading at 9.2x its of Q2FY07 annualised EPS of Rs.22.3.

Financial Snapshot

Man Industries (India) Ltd.							Rs.m		Ratios (%)		
	Q2 FY07	Q2 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)	
Financial Year End: March											
Net Sales	2926	1823	60	8699	5103	71	Debt -Equity	1.1	1.3	(12)	
Other Income	0	0	0	0	0	0	PBIDTM	11	9	33	
Total Income	2926	1823	60	8699	5103	71	PBDTM	10	7	32	
Total Expenditure	2597	1634	59	7762	4678	66	RoCE	20	18	10	
PBIDT	330	189	74	937	425	120	RoNW	19	21	(11)	
Interest	101	34	197	268	68	295					
PBDT	229	155	47	669	357	87					
Depreciation	44	34	29	156	68	129					
Tax	11	25	(56)	102	28	264					
Reported Profit After Tax	148	80	86	350	183	91					
Extra -ordinary Items	0	0	0	0	0	0					
Adj. Profit After Extra-ordinary item	148	80	86	350	183	91					
No. of shares (m)	27	19	-	26	19	-					
EPS (annualised.) (Rs.)	22.3	16.8	-	13.6	9.6	-					
P/E	9.2	12.1	-	15.0	21.2	-					



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