



EQUITY STRATEGISTS

FUNDAMENTAL PICK

LOW RISK / SUPER RETURN

HOLDING PERIOD – SIX MONTHS

Dated – 31st Oct 2003

MAHARASHTRA SEAMLESS

Present Price – Rs.193

Projected Price – Rs.300

- ❖ Maharashtra Seamless Ltd.(MSL) is one of India's leading manufacturers of Seamless and ERW (Electric Resistance Welded) pipes, with an installed capacity of 1,00,000 tpa each. Its plant is strategically located in Distt. Raigad, Maharashtra, about 100 KM away from Mumbai port. MSL is having a world-renowned CPE technology for Seamless Pipes & Tubes (upto 21" OD). Both plants are first of its kind in India having a tie-up with Mannesmann Demag of Germany.
- ❖ MSL is a part of the Delhi based D.P.Jindal group and the company has emerged as the preferred supplier to most of the large domestic buyers namely ONGC, Oil India and Indian Oil.
- ❖ MSL is enhancing the capacity of its existing seamless pipes production line to around 1,40,000 tpa through debottlenecking. It is also setting up a second seamless pipe production line with a 1,00,000 tpa capacity to produce higher range of pipes. This expansion will start commercial production from Nov 04.
- ❖ Major application areas for these pipes are Deep-sea Oil exploration Petrochemicals, OCTG, Boiler, Oil & Gas Lines Pipes and Exports.
- ❖ Its power division was set up with dual objectives of having tax shelter as well as ensuring that a part of the power consumed by the company was met by internal generation. It presently has a 7MW capacity (windmill) in the Satara district of Maharashtra.
- ❖ The recent developments in the oil and gas exploration and procurement sector, is resulting in a pressure on E&P companies to create logistics infrastructure to market its oil and gas across the country. The result is the increase in demand for pipes, which is the most cost efficient way to transport hydrocarbons. While the investment in pipelines is huge vis-a-vis road and rail, the lower logistics costs in case of pipes, could result in higher benefits for the companies, who prefer to opt for pipelines to transport its products. Various projects have been announced and various are under implementation. Also the thrust on rural and urban infrastructure, in form of water supply and sewage and waste