

BUY

GROWING HORIZONS; ACROSS FRONTIERS

NSE Code	MANAKSIAEQ
BSE Code	532932
Bloomberg code	NMANL
52 Week H/L	248.70 / 54.50
Face Value(Rs.)	2.0
Equity (Rs. Cr)	13.91
Mkt. Cap (Rs. Cr)	439.46
EPS	22.11
P/E	2.86

INVESTMENT HIGHLIGHTS

De-risking business with diverse products and geographical reach

Manaksia offers a wide range of products across multiple geographical locations. This factor could help the company to efficiently confront the cyclical changes in the industry. The different geographical locations are also expected to enable a schedule delivery to Manaksia's customers at a low cost. The company also operates in Nigeria, Ghana, and Dubai.

Capacity Expansion Plans

Manaksia is aggressively expanding its production capacity. This is likely to boost the company's top line and reduce the costs through economies of scale. Manaksia is also increasing its presence in metal products, especially in the international markets.

Integrating the Businesses

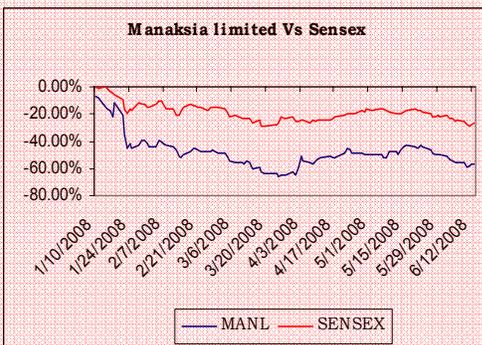
Manaksia went for vertical integration across few of its products. With this, the company reduced its dependence on outside sources for procurement of raw materials. The integrated production is also likely to support Manaksia's profitability by pulling down the manufacturing expenses and expand its range of products.

Penetration in Emerging Markets

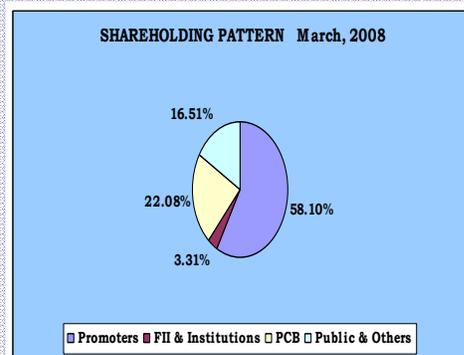
Manaksia is setting up a Greenfield project of steel long value added products at Georgia, C.I.S countries, with an investment of US\$35 million. The company expects revenues and EBITDA margin of US\$140 million and 25% respectively from the project, once its commercial production starts in FY2010.

Strong Performance of the Company

Manaksia reported a healthy performance during FY07 with a significant increase in EBITDA and PAT margins. The ROCE and ROE also reflected an increasing trend over the last two years and are expected to grow further.



Source: Bloomberg



Source: BSE

KEY FINANCIALS

Valuations	FY08A	FY09E	FY10E
P/E	2.86	2.13	1.54
P/B	0.57	0.46	0.37
EV/EBITDA	3.26	2.69	2.13

Source: Microsec Research

Rs in Cr	FY 06A	FY07A	FY08A	FY09E	FY10E
Net Sales	1,116.92	834.18	1,151.49	1,492.21	1,829.07
Growth(%)	18%	-25%	38%	30%	23%
EBITDA	129.76	178.31	227.75	275.57	347.85
EBITDA Margin(%)	11.62%	21.37%	19.78%	18.47%	19.02%
Net profit	66.53	92.04	128.20	171.93	238.20
Net Profit Margins(%)	5.96%	11.03%	11.13%	11.52%	13.02%
Net Profit Growth(%)	25%	38%	39%	34%	39%
EPS(Rs)	12.44	17.04	22.11	29.68	41.12
BVPS(Rs)	51.18	81.37	111.78	136.51	170.76
ROCE(%)	11%	13%	14%	14%	15%
ROE(%)	21%	23%	17%	19%	21%

Source: Microsec Research

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COMPANY OVERVIEW

Background

Established in 1984, the company has 18 manufacturing units, 15 in India, 2 in Nigeria and 1 in Ghana

Manaksia Limited (Manaksia), formerly known as Hindusthan Seals Limited, is a multi division and multi location conglomerate. The company was established in 1984 and is headquartered in Kolkata, India and started operations as a manufacturer of metal closures and diversified into business of metal products and mosquito coils. The company is now focusing on value added metal products and metal packaging products. Manaksia emerged as a strong and efficient entity since the inception by redefining its core competencies and major restructuring processes, having eighteen manufacturing units - fifteen in India, two in Nigeria and one in Ghana.

Manaksia Limited was promoted by Mr. Basant Kumar Agrawal (Managing Director) and Mr. Suresh Kumar Agrawal (CEO).

Moody International Certification has certified the company to be an ISO 9001:2000 compliant, for a period of three years from June 5, 2007 to June 4, 2010.

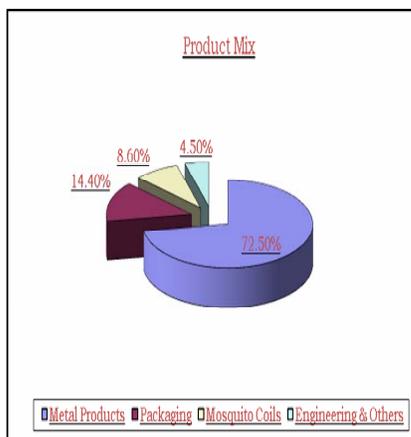
The business of the company can be categorized into-

- Metal products.
- Packaging products.
- Mosquito coils.
- Engineering and others.

Metal products include Aluminum Alloy Ingots, rolled sheets/coils, galvanized steel sheets/coils, color coated metal sheets and Sponge Iron. Manaksia is planning to start the production of aluminum foils as well.

Packaging products comprises of ROPP caps, crown closures, plastic caps, expanded polyethylene liners, push up and other metal containers.

The company is an outsourced manufacturer of **Mosquito coils** for brands like 'Mortein', 'Maxo', 'Odomos', 'Target', etc.



Source: Capitaline

FPO

In December 2007, the company came out with an FPO of Rs 248 Crores with the following objectives:

- To purchase equipments for metal segments at Haldia Plant, West Bengal,
- Repayment of high cost debt, and
- For general corporate purposes.

It issued 1.55 Crores equity shares, with a face value of Rs 2, at a premium of Rs 158. The company's share capital increased from Rs 10.81 Crores to Rs 13.91 Crores.

The company intended to use the proceeds from fresh issue as follows:

- Expansion of metal production capacity in Haldia plant of Rs 115.5 Crores in FY 2009,
- Repayment of Rs 60 Crores Debts in FY 2008, and
- General corporate purposes.

The summary of investments made or which are to be made in the expansion of metal business to the tune of Rs. 115.50 Crores is given below:

Particulars	Category	Rs in Crores
		FY2009
Capex for de bottlenecking - Haldia	Aluminum rolling mill	84.60
Equipment for special alloy plants	Special alloy plant	17.40
Additional machinery for steel cold rolling plant	Haldia steel plant	13.50
	Total	115.50

Source: Company Data, Microsec Research

As declared by the management, from Rs 115.50 Crores for expansion of metal business, the company invested Rs 9.74 Crores and Rs 25 Crores in upcoming Georgia plant as corporate general expense. The Company also repaid Rs 60 Crores of high cost debt and remaining amount is invested in Mutual Funds and Debt Funds.

Owing to the FPO, the promoter's stake has reduced from 74.76% to 58.10% and the post issue public holding changed from 25.24% to 41.90%.

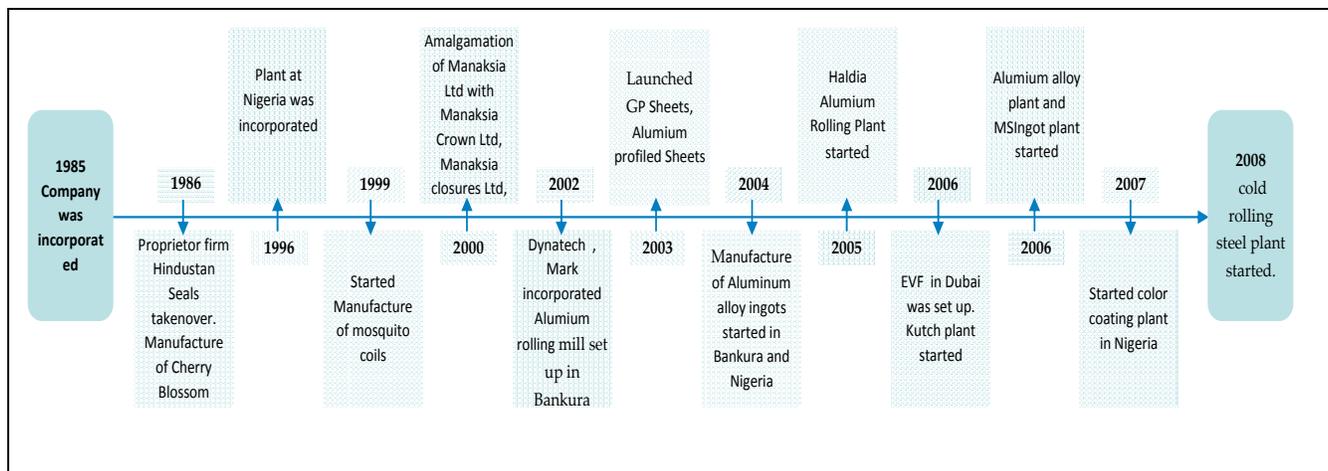
FPO of Rs. 248 Crores in December 2007 to purchase equipment, repay high cost debt and for general corporate purposes.

Owing to FPO, promoters' stake reduced from 74.76% to 58.10%.

JOURNEY FROM PRODUCTION OF METAL CONTAINERS TO VALUE ADDED METAL PRODUCTS.

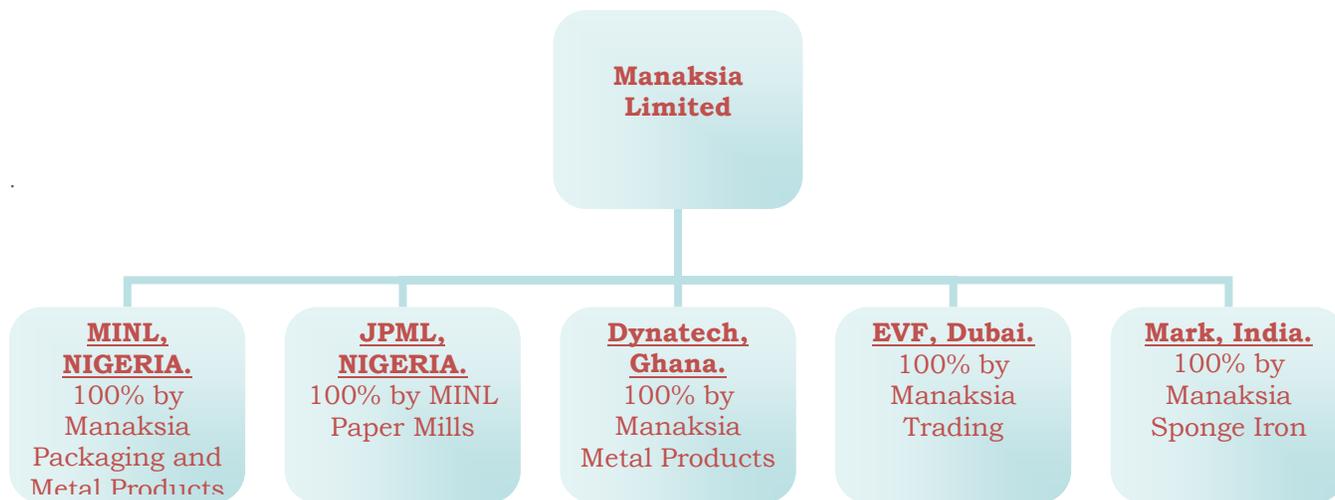
The company has come a long way, from being a manufacturer of metal closures, in 1984, to the manufacturer of value added metal products, metal products and mosquito coils.

Major Events:



Source: Draft Red Herring Prospectus

SUBSIDIARIES OF MANAKSIA LIMITED



Source: Draft Red Herring Prospectus

Note:

The operations of Crescent Industries Private Limited, a 100% subsidiary of Manaksia Limited in Nepal, are discontinued since July 2006 due to unrest in country.

PLANT LOCATIONS

Manaksia Limited has multiple manufacturing units across the range of its products. These manufacturing units, spread across the country, provide multiple distribution points to its customers based at different locations at a very competitive price.

Expansion Projects undertaken, based on increased demand. Projects now completed and ready to go on stream.

Based on the increasing demand of its product the company has undertaken expansion projects at different plant locations, the benefits of which would be reflected in the financial statements in the immediate future as the projects are almost completed and ready to go on stream.

In addition to the manufacturing units, the company also has sales and service offices in Mumbai, New Delhi, Chennai and Bangalore, helping the company to meet the requirements of its customers better in terms of location and schedule of delivery. This is a win-win situation for both the company and its customers.

The various expansion projects undertaken by the company include:

- 12,000 MTPA Aluminum Color coating line in Kutch;
- 12,000 MTPA Aluminum Color coating in Ota, Nigeria ;
- Lead and Copper Alloy Ingots plant in Nigeria ;
- 50,000 MTPA Cold Rolled Steel Coils plant at Haldia; and
- 24,000 MTPA Steel Galvanizing plant in Nigeria – plant being shifted from its subsidiary in Nepal.

PLANT LOCATION	PRODUCTS MANUFACTURED
<u>Belur(Howrah),West Bengal</u> <ul style="list-style-type: none"> Unit-Closures & Containers Unit- Closures 	- ROPP Caps, Metal Containers - ROPP Caps
Liluah (Howrah), West Bengal	- Metal Sheet Printing, Battery Top/Bottom.
Haripal (Hooghly),West Bengal	- Lacquers , Varnishes, Printing Ink
Salkia, West Bengal	- Machine Building
<u>Haldia,West Bengal</u> <ul style="list-style-type: none"> Unit-EOU Unit-EOU Unit-Steel Mill 	- Value Added Aluminum Products - Secondary Specification Aluminum Alloys - Steel Rolling Mills
<u>Barjora (Bankura), West Bengal</u> <ul style="list-style-type: none"> Unit-Rolling Mill Unit-Continuous Galvanizing Unit-Kunststoff Polymers Unit- Sparks Exports (merged) 	- Aluminum Rolled Products - Galvanized Steel Sheets - Mosquito coils - ROPP Caps, Coil Stands.
Dadra & Nagar Haveli, Silvassa	- PVC Crown Closures
<u>Bollaram, Medak, Andhra Pradesh</u> <ul style="list-style-type: none"> Unit-Crowns Unit-Closures Unit-Mosquito Coils Unit-Corrugated Box 	- Crown Closures - ROPP Caps, Plastic Closures - Mosquito Coils - Corrugated Cardboard Boxes
Chandrani , Kutch, Gujarat	- Mosquito Coils - Coated Metal Sheets & Coils
<u>Mandideep , Bhopal</u> <ul style="list-style-type: none"> Unit- Polymer Unit- Mosquito Coil Unit – Closures 	- EP Sheets and Liners - Mosquito Coils - ROPP Caps
<u>Aminagaon, Guwahati, Assam</u> <ul style="list-style-type: none"> Unit-Mosquito Coils Unit-Machine Building 	- Mosquito Coil - Machine Building

Source: Annual Report, 2006-2007

PRODUCTION CAPACITY

The total capacity of aluminum products, including its subsidiaries is 84000 MTPA. However the company is currently utilizing only 65% of the total capacity and by the end of FY 2010, it expects to utilize 86% of the total capacity. The total capacity product wise is:

- value added steel products 58000 tonnes,
- Sponge Iron 60000 tonnes,
- steel cold rolled coil 50000 tonnes,
- MS ingots 53760 tonnes and
- Aggregate capacity to produce mosquito coils is 2988 mn pcs per annum at the five units in India.

Products	Unit	Capacity per annum	Utilisation (%)
Crown Closures	in 100 gross	322395.81	40.90
Caps	in 1000 pcs.	1701100.00	38.00
Metal Containers	in 1000 (sets)	59600.00	18.16
Printed Sheets	MT	24600.00	19.19
Aluminum Rolled Products	MT	36000	24.28
Aluminum Alloy Ingot	MT	12000	38.80
Aluminum Color Coated Sheets	MT	30000	0.01
Lacquers Etc	MT	985.00	62.90
Cap Liner	in mn	750.00	7.79
Expanded Polyethylene Sheets	MT	291.00	20.71
Plastic Closures	in mn	588.00	21.88
Mosquito Coils	in mn	2988.06	24.02
Corrugated Sheets	In 1000 pcs	2300.00	93.16
Steel Color Coated Sheets	MT	30000.00	18.43
Steel Galvanized Sheets	MT	30000.00	19.67
Steel Products	MT	30000.00	3.19

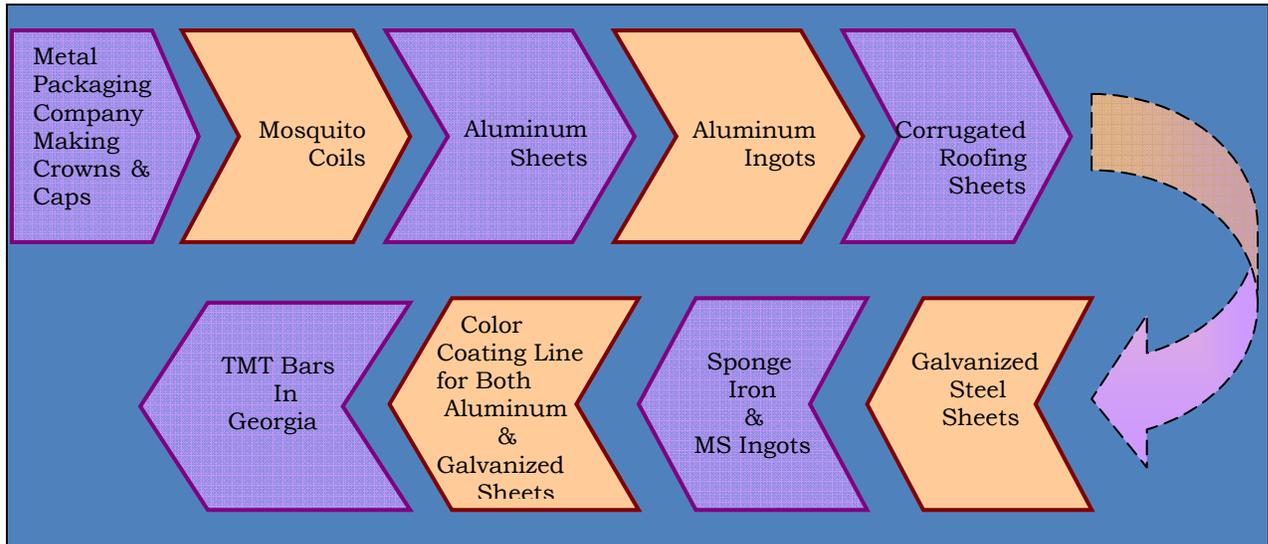
Source: Company Data

Notes:

Sale of Printed Sheets, Aluminium Products, Lacquers, Adhesives, Printing Ink, etc. includes own Consumption

BUSINESS SEGMENT

MANAKSIA VALUE CHAIN



Source: Microsec Research

METAL PRODUCTS:

Metal Products segment comprises of value added aluminum and steel products. Value added aluminum products include:

- Alloy ingot,
- Colored aluminum sheets and coils,
- Profiled sheets and
- Corrugated roofing sheets.

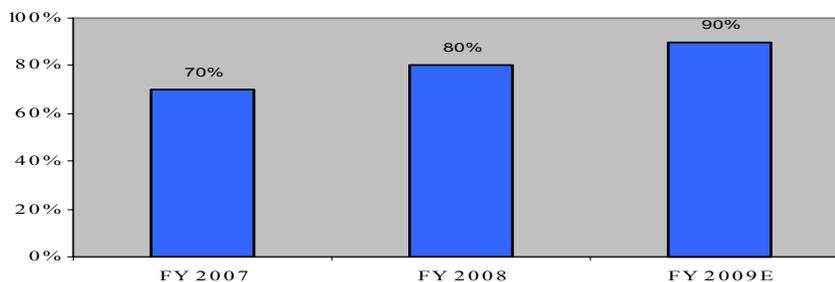
Value added steel products are:

- Galvanized Plain and Corrugated Sheets,
- Colored Galvanized Sheets,
- Sponge Iron,
- MS Ingots and
- Cold Rolled Coils.

By FY2009, the Company expects to generate 90% of its revenue from its metal products segment.

Metal Products comprises of Value Added Steel and Aluminum Products.

Revenue from Metal Products



Source: Company Data, Microsec Research

1. Value Added Steel Product

Manaksia Limited manufactures value added steel products, used for roofing, in containers and water tanks, in interior and exterior panels of buses and commercial vehicles, rural housing, factory sheds and railway platforms.

a. Sponge Iron & MS Ingots:

Mark Steel Limited, its subsidiary in Purulia, produces Sponge Iron and Mild Steel Ingots. Though the capacity of Sponge Iron and of MS Ingots is 60000 MTPA & 53760 MTPA respectively, the company is currently utilizing 67% and 60% of its capacity and expects to utilize 83% and 70% in next two years.

b. Galvanized Plain and Corrugated Sheets:

Manaksia Limited has set up a plant with installed capacity of 30000 TPA, to make galvanized plain and corrugated sheets for roofing applications at Bankura. It commissioned its subsidiary Dynatech Industries in Ghana to produce corrugated sheets from the raw material sent by the company's plant in India. The production of galvanized steel is marketed to North East India under the corrugated roof brand name of '5 Star Super Shakti'. MINL Limited, its subsidiary in Nigeria, also produces 28000 TPA of color coated galvanized sheet.

c. Cold Rolled Sheets

Manaksia Limited has recently set up steel rolling plant at Haldia with a capacity of 50000 TPA. The commencement of this plant in January 2008 has enabled the company to have greater control over raw material supplies as cold rolled steel coil is one of the main raw materials required in the manufacture of galvanized steel. The current utilization is just 18%, which is expected to be 80% by 2010. The company is focusing on lucrative thinner rolled products. If it produces thickly rolled products, it can achieve its expected utilization (80%) of the installed capacity. It sources its raw material from Kobe Steel, Tokyo Steel and SAIL.

2. Value Added Aluminum Products

a. Aluminum Rolled Products.

The Aluminum Rolled Products ranges from General Engineering Quality sheet and coil, Closure sheet for packaging industry and Polyal Tape used in Cable Industry. The company has entered into the production of Aluminum Rolled Products to achieve backward integration. Approximately 50% is exported to Nigeria for producing value added products like Color Coated Sheet, Corrugation and Embossing etc.

Cold Rolled Aluminum Coils/Sheets are used in the manufacture of automobiles, utensils, foils, railway coaches, ship/boat buildings and aeronautics. Further operations are carried out to diversify its profiles like embossed coils and sheets like diamond pattern, terra cotta and chequered sheets.

The raw material required, comprises of aluminum ingots and aluminum scraps, which are sourced from NALCO and imports. The company's production time, from entry of raw material scrap to aluminum products is around 15-20 days.

Its Bankura unit, having a capacity of 3600 TPA, not only manufactures rolled aluminum sheets but also corrugated profiled and patterned aluminum sheets. A new roller was added to make bigger diamond patterned sheets. These sheets are used for the manufacture of bus bodies. It also have a 12000 TPA plant at Kutch which manufactures color coated metal coils (aluminum cold rolled coils and galvanized steel coils), 12000 TPA Aluminum Alloy Ingots plant in Nigeria for manufacture of aluminum corrugated and profiled sheets and a 28,000 TPA corrugating plant at Ghana. The aluminum cold rolling plant, with a capacity of 36000 TPA, at Haldia is an export oriented unit.

b. Aluminum Alloy Ingots

Manaksia Limited manufactures secondary specification-Aluminum Alloy Ingots, used in automobile and steel industries, which are manufactured out of virgin metal and aluminum scrap. It produces these ingots at Bankura unit (3000 TPA), and Haldia unit (9000 TPA.) The raw materials required for manufacturing Aluminum Alloy Ingots comprise of aluminum scrap, aluminum ingots, silicon, copper and others which are imported from Europe, West Asia, and South East Asia. The company has expanded its capacity by 12000 TPA at its Haldia unit by adding two reveratory furnaces. 24% of its total metal production is Alloy Ingot and 90% of that goes to Auto segment.

50% production of Aluminum Rolled Products at Haldia is exported to its Nigeria Plant

Some of the domestic customers for Aluminum Alloy Ingots and aluminum cold rolled products are Tata Steel, TVS Motors Company Ltd, Rico Auto Industries Limited, and Orient Fans. Its International Customers comprises of Sumi Metal Industries Malaysia, Alconix Corporation, Japan, Asin Asia Pvt Ltd, Singapore, Toyota Tsusho Corporation, Japan.

PACKAGING

Manaksia is a recognized and accepted brand in metal packaging segment. It is one of the India's largest metal packaging companies and the largest manufacturer of metal caps and closures in Asia. Its packaging products comprises of:

- ROPP Closures,
- Metal Containers,
- Crowns and
- Plastic Caps.

a. ROPP Closures

Roll-on-pilfer proof (ROPP) closures are manufactured in four varieties and eighteen sizes, at the company's plants located at Belur, Bhopal and Nigeria. The raw material - aluminum closure stock, is manufactured in-house.

ROPP closures are supplied to the premium liquor segment and to pharmaceutical companies. The Indian market share of ROPP caps is just 11%.

b. Metal Containers

One of the oldest business of the company, it manufactures three types of containers-

- push open type used by shoe polish containers,
- tea caddies used for packaging tea and
- Cosmetic tins.

The company is largest manufacturer of metal shoe polish container, having 85% of market share and also has export market in few countries.

c. Crown Closures

Crown closures manufactured by company, having a market share of 37%, is used by almost all brand leaders of soft drinks and beer brands in India.

In India, a major part of the crowns produced is supplied to Coca Cola for their various brands and the rest to beer manufacturers. Other customers in India are Mohan Breweries & Distilleries Limited, United Breweries Limited and Yuksom Breweries Limited. In Nigeria, the company supply crowns to Nigerian Breweries PLC, which is a subsidiary of

Recognized and accepted brand in metal packaging segment. Largest manufacturer of metal caps and closures in Asia.

Heineken N.V., Netherlands. The manufacturing units are at Hyderabad, Silvassa, Bhopal, Kutch and Nigeria.

d. Plastic Caps

The company supplies plastic caps to 'Kinley' brand of mineral water, and, 'Rail Neer' brand, of Indian Railway Catering and Tourism Corporation. The manufacturing unit is located at Hyderabad.

MOSQUITO COILS

In the year 2000, the company diversified its business by venturing into the manufacturing of mosquito coils. It produces 8 hour, 10 hour and 12 hour mosquito coils. It also manufactures mosquito coil stands. The coils are manufactured in the company's Bankura unit, Guwahati unit, Bhopal unit, Kutch Unit and Hyderabad unit. It manufactures coils for the brands like 'Mortein', 'Maxo', 'Odomos', 'Target' and 'Eveready Poweron'.

ENGINEERING & OTHERS

The company's machine manufacturing unit has enabled the backward integration and reduction in production costs by catering to the needs of its metals, packaging and mosquito coil divisions.

The company's other business comprises of manufacture and sales of machine and spare parts, ship design and ship repair.

KEY GROWTH DRIVERS OF THE PRODUCTS

Products	Plant Details	Key Trends / Driver
Aluminum Alloy Ingots - India	12000 MTPA	Strong growth in Auto and Auto components industry (Indian Auto Industry CAGR of over 16%)
Aluminum Alloy Ingots – Nigeria	12000 MTPA	Availability of Automobile scrap at competitive prices
Color Coated (Steel & Aluminum) - India	Kutch, India 12000 MTPA	No Continuous color coated line in India Trend of consumer moving towards color coated products
Color Coated (Steel & Aluminum) - Nigeria	Ota, Nigeria 12000 MTPA	Used Material for Roofing High end Consumer uses Aluminum sheets
Cold Rolled Coils	Haldia, India 50000 MTPA	Used as a Raw material for the Galvanizing operation at its Bankura and Nigeria Plant.
Galvanized Coils	Bankura (30000 MTPA) Ota, Nigeria (52000 MTPA)	Growth in Agricultural, Industrial and Transportation sectors. Robust demand in Nigeria.
Aluminum Rolled Products	Haldia (36000 MTPA)	Used in Packaging Industry, Building for Roofing and Siding and other construction activities.
Packaging Products		Beverage packaging industry growing at 10% per annum
Mosquito Coils	5 factories (2988 mn pcs/annum)	Indian Market Size of over Rs. 14 bn. Increased incidence of Mosquito related diseases in India also increasing the demand

Source: DRHP, Microsec Research

KEY MANAGEMENT PERSONNEL

Managing Director: Mr. Basant Kumar Agrawal

Mr. Basant Agrawal, promoter of the company, is a commerce graduate from Calcutta University. He is a member of the executive committee of the Indian Chamber of Commerce and Bharat Chamber of Commerce.

He was appointed as Managing Director of the company in July, 1988. In January 2002, he resigned as Managing Director and was appointed as Non-Executive Chairman. He was relieved from the post in December 2006 and appointed as Managing Director.

Chief Executive Officer: Mr. Suresh Kumar Agrawal

Appointed as CEO of the company, Mr. Suresh Kumar Agrawal is also a whole time director of the company. He has a bachelors' degree in Chemical Engineering from Punjab University. He heads the marketing division as well as international operations of the company.

Chief Financing Officer: Mr. Dilip Patodia

Mr. Dilip Patodia is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He was in Orient Paper and Industries Limited for nine and half years prior to joining Manaksia in April, 2000.

Company Secretary: Mr. Sandeep Sultania

Mr. Sandeep Sultania, a qualified Cost Accountant, Company Secretary and Chartered Accountant, worked for two years in Ideal Financing Corporation before joining the company in January 2000.

Vice President, Corporate Affairs: Mr. Kalyan Lahiri

Mr. Kalyan Lahiri, a CAIIB and a post graduate diploma in business management from IIM, Calcutta was associated with SBI Capital Markets Limited for fifteen years, in Investment Banking, before joining the company in May, 2002.

Vice President, Marketing: Mr. D.Mukherjee

Mr. D. Mukherjee, an MBA joined the company in 1990. Before that, he was associated with Hindustan National Glass Limited.

Vice President, Human Resources: Mr Anirudha Guha

Mr. Anirudha Guha is a post graduate in commerce from Calcutta University. He has been associated with Price Water House Coopers for over fifteen (15) years before becoming a partner of a human resources services agency. He has been associated with the Company since 2000 in the capacity of Vice president (Human Resources).

Managing Director of MINL: Mr. Kanad Purakayastha

Mr. Kanad Purakayastha, has a Bachelors' degree in mechanical engineering from Bengal Engineering College, Shibpur and a Masters degree in business administration from The International Management Institute, University of Geneva. He started his career with the Indian Aluminum Company Limited, a subsidiary of the Alcan Group, in Calcutta before being posted to another subsidiary in Nigeria. He has over thirty six (36) years of industry experience including about seventeen (17) years of experience in Nigeria.

Executive Director of EVF, UAE: Mr. Amitava Ghosh Dastidar

Mr. Amitava Ghosh Dastidar has a post graduate diploma in system analysis and business management. He commands twenty eight (28) years of experience out of which more than fourteen (14) years had been in the field of international business development as profit centre head. He has been associated with Springbok Oil Corporation as the Senior Vice President (India/Middle East), Vatsa Industries Ltd as a Director, Elque Polyester Ltd as Chief Executive Officer and has been involved in setting up export oriented projects in India, Siberia, Russia and setting up new projects and foreign collaborations in India. He has been associated with Manaksia since 2002.

INVESTMENT RATIONALE

De-risking business with diverse products and geographical reach

Multiple manufacturing units in various states have enabled the company to cater to the needs of its customers, delivering products on time and at prescribed locations. The company has its sales and services offices in Mumbai, Delhi, Chennai and Bangalore. **Multi locational presence has reduced distribution and inventory costs and delivery times.**

Manaksia along with its subsidiaries have established its manufacturing and marketing presence globally. **Its manufacturing units are at Lagos in Nigeria, Ota in Nigeria and in Ghana.** It has commissioned three international manufacturing plants in Lagos, Nigeria: Aluminum Alloy Ingots, metal color coating line, continuous galvanizing line and corrugating in OTA, Nigeria; and a corrugating line for roofing sheets in Ghana. Its subsidiary in Dubai – Euroasian Ventures FZE provides marketing support to the company's products in Middle East, East Africa, CIS countries and Europe. The company is setting up a steel long products unit in Georgia and a subsidiary company in Mauritius.

Capacity Expansion Plans

The company is rigorously expanding its capacity since 2006 and aims to do the same in future, to eliminate the bottlenecks in the processes.

In FY 2007 and FY 2008 it has undertaken various new projects. These projects include:

- Aluminum color coating lines in Kutch and Nigeria.
- Lead and copper alloy ingot plant in Nigeria.
- Cold rolled coils plant at Haldia.
- Steel Galvanizing plant at Nigeria.

Manaksia Limited is emerging as a significant player in value added metal products. To increase its presence in metal products and to cater to the growing demand of its value added metal products, especially in the international market, it has added fresh capacity each year and upgraded its plants in India and Nigeria. The company will focus on the expansion of its unit in Nigeria and the upcoming Georgia unit.

The ability of the company to leverage conventional engineering has enabled it to produce quality products at low cost. It has replaced the use of conventional fuel with non conventional energy sources like bio mass gasifiers and solar panels, in the manufacture of mosquito coils. **Its continuous innovations and product enhancement has enabled the company to retain its customers.**

Manaksia Limited is making value added metal products its thrust area. The demand from Indian customers is met with the production at the company's Haldia plant. Of the total, about 80% of the land i.e. 40 acres

Manaksia Limited is emerging as a significant player in Value Added Metal Products. Its focus is on expansion of unit in Nigeria and upcoming Georgia Unit.

is used for the production of aluminum products and the remaining for steel products. It exports its aluminum production to Nigeria, Turkey and Dubai.

Capacity Expansion is complimented by connectivity to Power Grid at Haldia unit, reducing the bottlenecks in production process. Owing to the connectivity, all power related manufacturing processes is eliminated. The company has a loop in loop out facility to concur power related problems. It spends Rs 45 lacs as power cost per month at Rs 4.83 per unit of power. For any discontinuation in the supply of power the provider has to take the permission of the company.

Integrating the businesses

Manaksia with a well integrated business model is enjoying the benefits of economies of scale. Vertical Integration across few products has resulted in the reduction in manufacturing costs and external reliance for raw materials. The company has undertaken backward integration for Aluminum Rolled Products by increasing its aluminum products capacity at Haldia. Aluminum rolling unit has been integrated with the front end manufacture of aluminum profiled and corrugated sheets. It also manufactures certain machines and tools for its production facility.

Vertical integration has enabled the company to expand its range of products and have greater control on its quality. The company is using aluminum scrap to manufacture Aluminum Alloy Ingots which helps the company in reducing the cost of production. Through this process the company is able to save power cost which is the main expenditure in producing aluminum.

KEY RISKS

- **Trademark 'Manaksia' not owned by the company**

The company is not the registered proprietor of the trademark 'Manaksia'. Mr. Suresh Kumar Agrawal, a promoter and director of the company owns the trademark. He can use the brand in products, which are not manufactured by the Company and have no relation to the business undertaken by the Company. The company is not paying any royalty to him for the usage of the trademark. However the management doesn't foresee any impact of this.

- **No long term contracts with the customers in Metal & Packaging Divisions**

The company does not have any long term contracts with its customers in the metal division and packaging division. It operates on the basis of purchase orders which could have negative impact on its revenues and profitability.

- **Raw Material Scarcity in Steel Products**

The company faces scarcity of raw material supply for steel products. The high prices for the same due to antidumping norms, high export prices and no reduction in domestic prices have posed a negative impact on entire industry.

- **May enter into Unrelated Business**

The Company had entered into the business of bullion import and trading in FY 2004. This was undertaken to avail arbitrage opportunity in interest rates. However, it discontinued it in FY 2006 after incurring losses. The company may continue to venture into unrelated business which may adversely affect the financial condition.

PRODUCTS AND COMPETITORS

PRODUCTS	COMPETITORS
Steel	SAIL, Tata Steel, Ispat Industries, Essar Steel Ltd., Jindal Steel Ltd., Steelco Industries
Aluminum Alloy Ingots	Century NF Castings, Premier Metal Products, Sunline, L. Madanlal (Aluminum) Pvt. Ltd
Aluminum Rolled Products	NALCO, BALCO, Hindalco, Carnaud Metal Box Ltd, Alcoa and Alcan
Crowns	AMD Metplast Ltd, Oriental Containers, Integrated Caps Pvt. Ltd, Avon Crown Caps Ltd, Carnaud
ROPP Caps	Oriental Containers, AMD Metplast Ltd, Avon Crown Caps Ltd, Carnaud Metal Box Ltd
Metal Containers	Metal Containers Pvt. Ltd, Lalsons Pvt. Ltd, Hindusthan Tin Works Ltd
Plastic Caps	AMD Metplast Ltd, Lunar Caps
Mosquito Coils	Ikon Industries, Bharat Box Factory Ltd

Source: Draft Red Herring Prospectus

EXPANSION PLANS

New facility at Georgia, CIS countries. Turnover expected of \$140 mn. with an EBITDA of 25%-27%.

- Setting up a new steel long products facility of 200000 TPA at Georgia, C.I.S Countries, with an investment of USD 35 million. This Greenfield Project will be operationalised in three phases, expected to start in September, 2008 and complete by 2010. On the commencement of the production, revenue of USD 140 million and expected EBIDTA of 25%-27%. At 50% of the capacity utilization, company expects an EBITDA of 25-27% with revenue of USD 60 million. The venture is likely to be profitable because of the availability of raw materials and power at cheap rates.
- Jebba Paper Limited, a 100% subsidiary of MINL, Nigeria, bought over the assets of Nigerian Paper Mills Ltd. at USD 2.57 million. Its commercial production is expected to start by 2010. The expected EBITDA for FY09 is Naira 866 million (Rs 316 million) and Naira 1411 million (Rs 515 million) in FY10.
- Planning to venture into manufacturing of aluminum foils.
- Coming up with a new ten storey, 100000 sq. ft. office in Salt Lake, Kolkata, to be occupied by the entire Kolkata team, including the management.
- Planning to acquire iron ore mine.
- MINL Limited, a wholly owned subsidiary of Manaksia Limited will facilitate steel rebars project with a capacity of 200000 tonnes per annum for construction industry in Nigeria.
- To facilitate international investments, the company plans to set up a subsidiary in Mauritius as a special vehicle purpose.

INDUSTRY OUTLOOK

Metal Industry

The metal industry is a key industry in the Indian economy as it meets the requirement of a wide range of important industries like infrastructure, automobile and automobile components, engineering, electrical and electronics, etc. The metal industry consists of two major groups:

- ferrous metals and
- Non ferrous metals.

Non- Ferrous metals primarily consist of aluminum, copper, zinc, lead nickel and tin used to make alloys, castings, cables etc.

Ferrous metals primarily consist of iron and various types of steel.

The industry is highly fragmented, with a large number of players in both organized and unorganized segments across ferrous and non ferrous metals.

The outlook for metal industry in India is bright. Sustained growth is expected across all key segments aided by several factors such as growing domestic demand, investment in capacity addition, increasing supply deficit in certain countries and favorable government regulations.

Aluminum Industry

The most commercially mined aluminum ore is bauxite, as it has the highest content of the base metal. The primary aluminum production process consists of three stages. First is mining of bauxite, followed by refining of bauxite to alumina and finally smelting of alumina to aluminum.

India has the fifth largest bauxite reserves with deposits of about 3 bn tonnes or 5% of world deposits. India's share in world aluminum capacity rests at about 3%. Production of 1 tonne of aluminum requires 2 tonnes of alumina while production of 1 tonne of alumina requires 2 to 3 tonnes of bauxite. The advantage of having the fifth largest bauxite reserves in the world coupled with cheap and abundant labor, has made India one of the lowest cost producers of aluminum in the world.

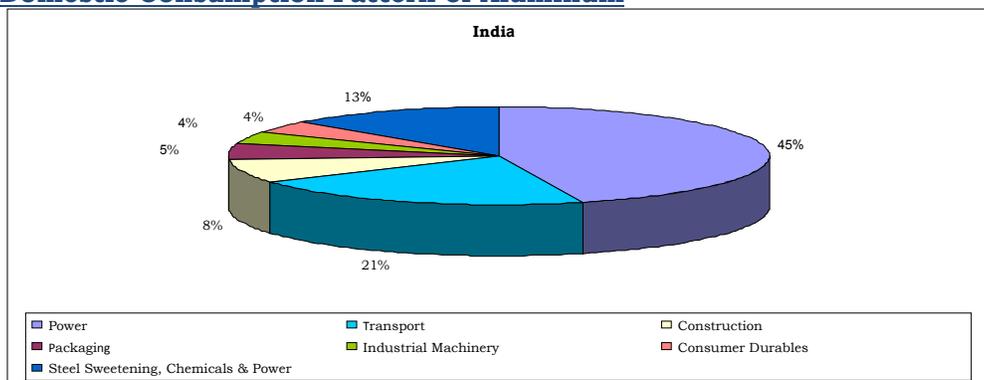
The aluminum production process can be categorized into upstream and downstream activities. The upstream process involves mining and refining while the downstream process involves smelting and casting & fabricating. Downstream-fabricated products consist of rods, sheets, extrusions and foils.

Sustained growth in the Indian Metal Industry is expected aided by several factors such as growing domestic demand, investment in capacity addition, increasing supply deficit and foreign regulations

The Indian aluminum sector is characterized by large integrated players like Hindalco and National Aluminum Company (Nalco). The other producers of primary aluminum include Indian Aluminum (Indal), now merged with Hindalco, Bharat Aluminum (Balco) and Madras Aluminum (Malco) the erstwhile PSUs, which have been acquired by Sterlite Industries. Consequently, there are only three main primary metal producers in the sector.

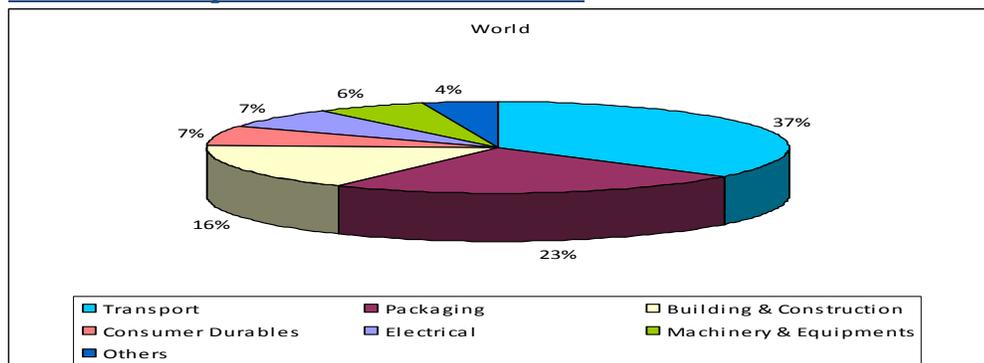
The per capita consumption of aluminum in India continues to remain low at under 1 kg as against nearly 25 to 30 kgs in the US and Europe, 15 kgs in Japan, 10 kgs in Taiwan and 3 kgs in China. The key consumer industries in India are power, transportation, consumer durables, packaging and construction, and transportation. Almost 45% of domestic aluminum is consumed by power sector. However, internationally, the pattern of consumption is in favor of transportation, primarily due to large-scale aluminum consumption by the aviation industry.

Domestic Consumption Pattern of Aluminum



Source: Aluminum Association of India

World Consumption Pattern of Aluminum



Source: WBMS, LME, Microsec Research

Power is amongst the largest cost component in manufacturing of aluminum, as the production involves electrolysis. Consequently, manufacturers are located near cheap and abundant sources of electricity such as hydroelectric power plants. Alternatively, they could set up captive power plants, which is the pattern in India. Indian manufacturers are the lowest cost producers of the base metal due to access to captive power, cheap labor and proximity to abundant supply of raw material, i.e., bauxite.

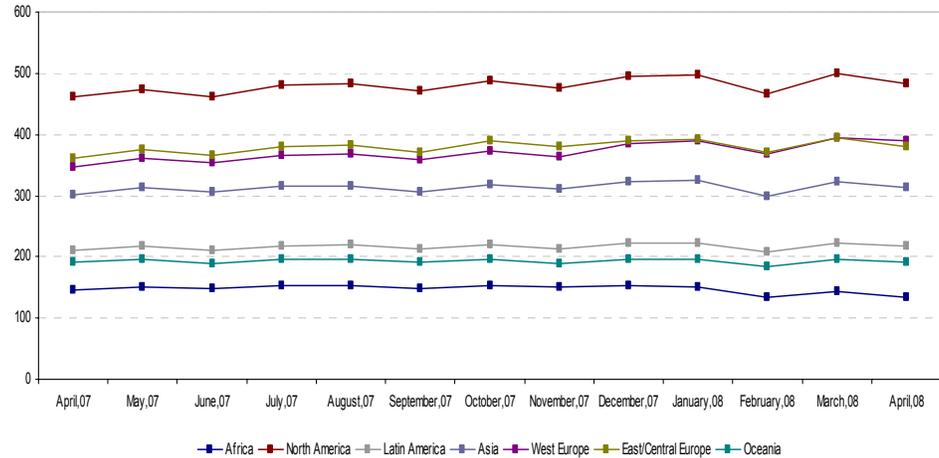
Aluminum is traded on the LME. Producers charge a regional premium in addition to the base price determined on the LME to reflect the cost of obtaining alumina from an alternative source. Aluminum prices should average US\$2/lb in 2009, and rise further by 2010.

Aluminum: Domestic Production and Consumption				
('000 tonnes)	Production	% Change	Consumption	% Change
FY 04	817,298	18.60	679,989	7.20
FY 05	882,851	8.00	744,588	9.50
FY 06	904,433	2.40	807,878	8.50
FY 07 E	1,166,175	28.90	874,528	8.30
FY 08 E	1,212,065	3.90	942,304	7.80
FY 09 E	1,315,900	8.60	1,015,332	7.70
FY 10 E	1,374,400	4.40	1,096,559	

Source: Draft Red Herring Prospectus

During April 2007-January 2008, owing to the rise in inventory level, sub prime crises in the US followed by the global meltdown in the commodities market, the average international price as well as domestic prices of aluminum declined. However, aluminum prices are unlikely to decline, as the global aluminum market remains balanced. Average domestic prices will follow international prices and is likely to remain firm during 2008-09. The profitability of domestic players is expected to remain stable on account of firm prices. Domestic demand is likely to grow by 9-10 per cent during 2008-09, driven by improved activity in the power, construction and packaging sectors.

Reported Primary Aluminum Production (in Thousand Metric Tonnes)



Source: IAI, May2008

Aluminum Recycling

Recycled Aluminum accounts for one third of the global aluminum consumption. It requires significantly less energy for manufacturing primary aluminum.

Aluminum Recycling is an essential part of the Aluminum Industry. It accounts for one-third of global aluminum consumption. Aluminum Recycling fits perfectly well in future scenario where the parameters will be technology, economy and ecology. At the end of their life cycle all aluminum products retain some worth which guarantees that it is possible to create value by recycling them into new products. The metal has a long working life due to its propensity for recycling.

Recycled metal requires significantly less amounts of energy for manufacturing of primary aluminum. The recycling of aluminum scrap requires just 5% of the energy required for primary smelting, which is astoundingly lower, considering that power is such a high cost component.

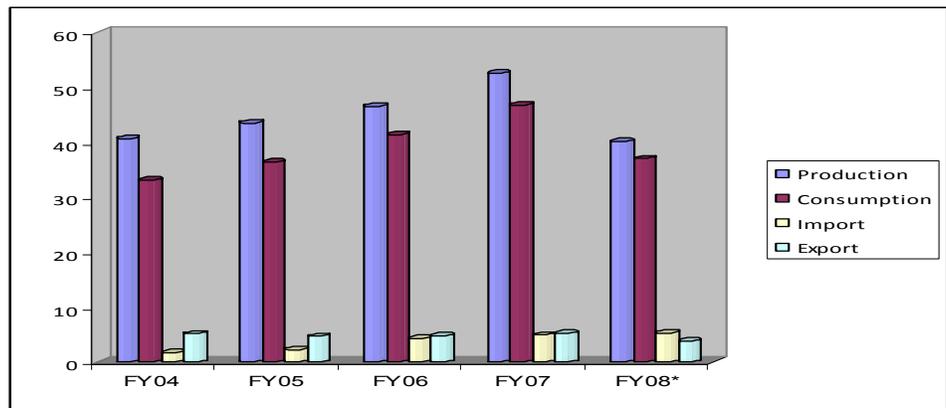
Steel Industry

India emerged as the fifth largest producer of crude steel in 2006 and is expected to be the second by 2015. In March 2008, finished steel led the pack by registering 21.8% growth compared to 16.6% in March 2007. For the whole year though, steel production, with a weightage of 5.13% in the IIP grew by 5.1%. The country is likely to achieve a steel production capacity of 124 million tonnes by 2011-2012, so as to narrow the gap between supply and demand. However access to coking coal will be the key to success.

According to a report by the World Steel Dynamics, the Indian Steel Industry has entered a period of massive growth not only in steel demand but also in steel making capacities.

In FY 2007, finished steel production according to the Joint Plant Committee was around 49m tonnes, growing at a CAGR of 10% since FY 2003. The main producers of steel in India are SAIL, Tata Steel, RINL, JSTL, Ispat and Essar Steels.

Production, Consumption, Import & Export of Finished Steels (Alloy & Non-Alloy)



Source: Ministry of Steels, Rs in millions

*: nine months data, from April-December.

A study states that India’s steel consumption will continue to grow by 16% annually till 2012, fuelled by the demand for construction projects worth US\$1 trillion. The scope for increasing the total consumption of steel is huge, given per capita steel consumption is only 35 kg- compared to 150 kg across the world and 250 kg in China.

By 2011-2012, India is expected to achieve a steel production capacity of 124 million tonnes. The Indian Steel Industry has entered a period of massive growth.

The EBIDTA of the company increased to Rs. 66.08 Crores in the fourth quarter from Rs. 51.79 Crores in the previous quarter. The company achieved an increase in its EBIDTA margins to 20.04% from 18.32% and the Net Profit Margin to 11.87% from 8.66%.

The improved performance of the company can be expected to be carried over to the next fiscal as the company completed its ongoing expansion and cost cutting projects, a partial benefit of which was visible in the fourth quarter.

The company adopts a plain vanilla hedging strategy to mitigate the foreign exchange risks; however it does not indulge in currency swaps and derivative transactions.

The company largely imports aluminum scrap. The waiver of import duty on aluminum scrap from 5% to 0%, declared by the government of India in Budget 08-09, is likely to benefit the company as this will reduce its cost of raw materials.

The company enjoys benefits of negligible or no taxes for many of its operation. As a big part of the company's revenue comes from exports, the company is exempted from taxes in those instances. In addition to that, investment in Plant and Machinery attracts investment allowance.

With the increasing demand of value added metal products and company's low cost of inputs, it is poised to take advantage of the current scenario.

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