Management Discussion and Analysis

Overview of Operations

Results

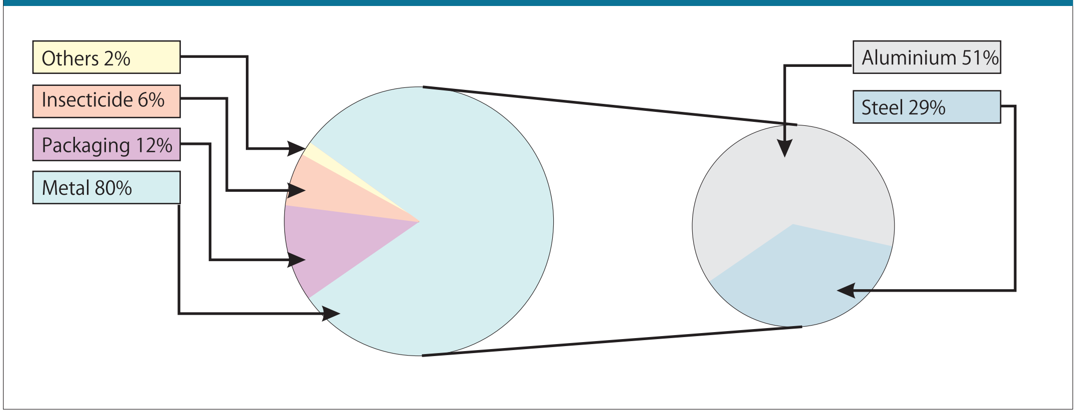
The overall results of the company have once again shown a healthy growth. Net Sales increased from Rs 636.74 crores to Rs 731.81 crores, a rise of 14.93%. Consolidated sales have also gone up from Rs 827.76 crores to Rs 1147.37 crores, a rise of 38.61%. The Net Profit has gone up from Rs 30.75 crores to Rs 41.01crores, a rise of 33.38% and the consolidated net profit has jumped from Rs 92.04 crores to Rs 128.20 crores, a rise of 39.29%.

Subject to shareholder approval, the company has proposed a dividend of 100%.

Business

Manaksia's business consists of manufacturing of metal packaging products, mosquito repellent coils and vaporizers as an outsourced manufacturer and value added metal products, both aluminium and steel. The manufacturing operations are carried on in India and Nigeria. The share of revenue among the various segments is shown in the pie-chart below.

Segment wise Revenues



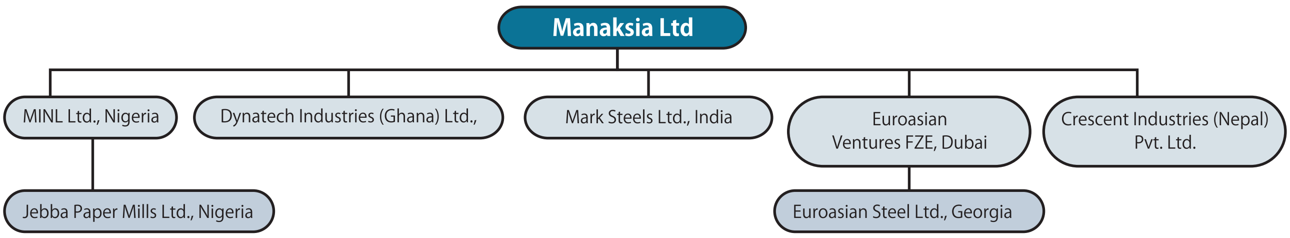
De-risking business

A diverse product portfolio and wide geographical reach, both domestically and internationally, has helped the company to significantly de-risk its business. 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 service offices at Mumbai, Delhi, Chennai and Bangalore. Multi locational presence has reduced distribution and inventory costs and delivery times.

Manaksia, through its subsidiaries, has established its manufacturing and marketing presence globally. Its manufacturing units are at Lagos in Nigeria, Ota in Nigeria and in Ghana. Its international manufacturing plants in Nigeria manufactures metal packaging products, galvanised steel, colour coated metal, aluminium and other non ferrous alloys, and corrugated, profiled, embossed aluminium and steel roofing sheets. The Ghana unit manufactures corrugated roofing sheets. Its subsidiary in Dubai – Euroasian Ventures FZE – provides marketing support to the company's products in the Middle East, East Africa, Europe and the CIS countries as well as being the hub of its supply chain management system for sourcing of raw materials globally.

MINL, the Nigerian subsidiary has also taken over the assets of a paper mill through its subsidiary, Jebba Paper Mills Limited.

The structure of subsidiaries of the company is shown below:



Capacity Expansion

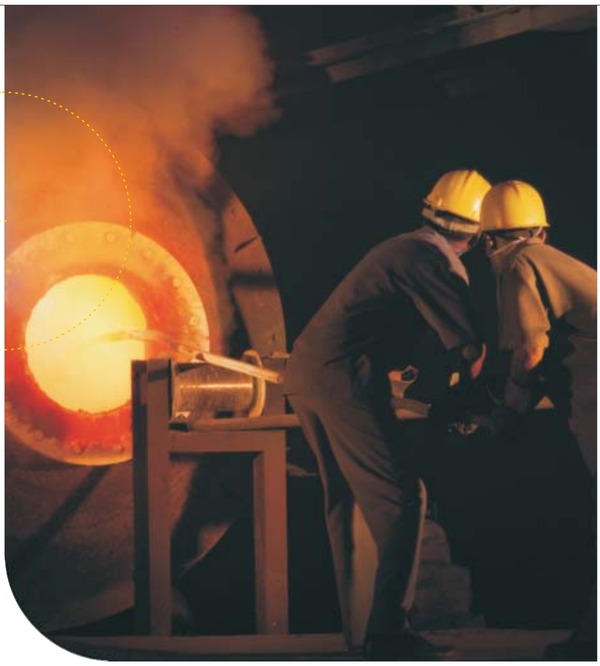
The company has been continuously expanding its capacity, particularly in value added metal products, both in India and in Nigeria since 2006.

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

- Aluminium colour coating lines in Kutch and Nigeria
- Lead and copper alloys in Nigeria
- Cold rolled steel and aluminium at Haldia

The capacities of its various manufacturing units for metal products are shown below:

Products	Location	Capacity
Aluminium Alloy Ingots	Haldia, West Bengal, India	12,000 tons
Aluminium Alloy Ingots	Ota, Nigeria	12,000 tons
Colour Coated metal coils	Kutch, Gujarat, India	12,000 tons
Colour coated metal coils	Ota, Nigeria	12,000 tons
Cold Rolled Steel coils	Haldia, West Bengal, India	50,000 tons
Galvanised steel	Bankura, West Bengal, India	30,000 tons
Galvanised Steel	Ota, Nigeria	24,000 tons
Aluminium cold rolled coils	Haldia, West Bengal, India	36,000 tons



Value Added Metal Products

The metals division continues to be the major source of revenue and profits for the company and its subsidiaries. The table below shows the volume growth in the various product groups within the segment.

	Sales Qty (MT) 2007-08		Growth	
	S	C	S	C
Aluminium Rolled Products	16,795.20	26,061.85	49.57%	53.80%
Aluminium Alloys	6,162.53	17,909.04	-27.84%	-11.33%
Colour coated Aluminium Sheets	2.12	4,611.56	-	66.28%
Aluminium Products Total	22,959.85	48,582.46	16.14%	21.71%
Galvanised Steel	30,105.71	60,914.47	60.83%	47.87%
Colour coated Steel Sheets	5,569.21	5,607.50	1588.71%	1334.92%
Cold Rolled Steel Sheets	1,586.91	1,586.91	-	-
Steel Products Total	37,261.82	68,108.87	95.61%	63.78%
Metal Products Segment	60,221.67	1,16,691.33	55.14%	43.18%

S : Standalone
C: Consolidated

Aluminium Rolled Products

With the stabilization of the Haldia cold rolling plant, this segment has shown a healthy growth. The company expects the returns from this segment (both top and bottom line) to improve with the addition of the de-bottlenecking equipment as was proposed in the prospectus of the recently concluded public issue.

Aluminium Alloys

Owing to the lower realization from this product during the year (for reasons explained in the following section) the company concentrated more on the other segments.

Colour coated metal coils & sheets

The product has established itself during the year. While colour coated aluminium sheets have the major market in Nigeria, colour coated steel sheets have a larger market in India.

Galvanised Steel

The product continues to show healthy growth both in India and Nigeria. The second plant with a capacity of 28,000 tons per annum is expected to come on stream by the third quarter of this year at Nigeria.

Price realisation of Aluminium value added products

As the table below shows, there was a marked fall in the LME price of aluminium from 2006-07 to 2007-08. Additionally, the value of the dollar in terms of Indian Rupees also fell during the period and hence, the rupee value of aluminium, on an average, fell by about 27%. This led to a fall in the price of all aluminium products.

Aluminium LME prices 2007-08 & 2006-07

	2006-07	2007-08
Average Aluminium LME Prices ($/Kg)	2860	2420
Average Currency rates Rs /$	43	40
Average aluminium prices Rs/Kg	122980	96800
Percentage decrease in aluminium prices		**27%**

However as the table below shows, realizations did not fall to the extent that aluminium prices fell. This was mainly due to concentrating on the higher value added products in the portfolio of products. As will be seen, the largest fall was in the aluminium alloys and hence the decision to focus more on the other aluminium products

Unit realisation for aluminium products: 2007-08 compared to 2006-07

	2006-07		2007-08		Percentage fall	
Rs/MT	**S**	**C**	**S**	**C**	**S**	**C**
Aluminium Rolled Products	162,897	174,217	150,716	170,254	7%	2%
Aluminium Alloys	130,386	113,630	100,162	97,139	23%	15%
Colour coated Aluminium Sheets	-	198,142	194,083	174,707	-	12%
Aluminium Products Total	148,853	145,639	137,151	143,840	8%	1%

S: Standalone
C: Consolidated

The metals segment as a whole contributed to 80% of revenue and 87% of before-tax profits.

Future Outlook

The market for colour coated metal sheets and coils have now become fairly well established both in India and in Nigeria. The company expects this product to grow substantially in the coming years and contribute significantly to revenues and profits.

The additional capacity of 28,000 tons per annum in steel galvanising in Nigeria is expected to come on stream by the last quarter of FY 2008-09. With the construction boom in Nigeria on the back of high oil prices, this should lead to a quantum jump in the revenues earned from this product.

Further, plans are in place for setting up of a steel long products facility of 200,000 tons per annum in Nigeria utilising the scrap route. This project is expected to start producing from the third quarter of FY 2009-10 and will also take advantage of the construction boom and MINL's established presence in the industry there.

The steel cold rolling mill at Haldia is being furnished with certain balancing equipment to enable it to produce to full capacity and the full benefits of this will be felt from the last quarter of the current financial year.

Another 200,000 tpa steel long products facility is being set up at Georgia, CIS, in phases. The first phase with a capacity of 100,000 tpa is expected to come on stream by the last quarter of 2008-09 and will be fully implemented by the second quarter of FY 2009-10. This project will take advantage of the easy availability of scrap in Georgia and the neighbouring areas, as well as the low cost of power. With the rapid increase in construction activities not only in Georgia but also in the neighbouring areas, the project holds out significant promise.

Packaging Products

While revenues on a standalone basis fell marginally from Rs 119.04 crores to Rs 112.42 crores, on a consolidated basis the revenue went up from Rs 135.18 to Rs 142.73 crores. The market for carbonated soft drinks remained fairly flat and hence the flat results for the segment. The segment contributed to 12% of total revenue.

Mosquito Repellants

Revenues fell from Rs 88.9 crores to Rs 69.5 crores during the year. This was due to the reluctance of brands to take products from the company's Bankura, Bhopal and Hyderabad factories owing to the incidence of excise duties and other taxes. The segment contributed to 6% of total revenue.

Follow-on Public Offering

During the year the company made a public issue of 1,55,00,000 shares of Rs 2/- each at a premium of Rs 158/- per share. The issue was over-subscribed 8.33 times. The shares of the company are now listed and traded on the Bombay Stock Exchange and the National Stock Exchange, apart from the Calcutta Stock Exchange. After the issue the company has 6,95,34,050 shares outstanding.

Out of the net public issue proceeds of Rs 233 crores, as on 31st March, 2008, the company has spent Rs 60 crores in repayment of high cost bank borrowings, Rs 9.74 crores in de-bottlenecking of its metals manufacturing facilities at Haldia and Rs 25.93 crores towards general corporate purposes. The balance of Rs 137.33 crores is held in short term investments in mutual funds (debt schemes), pending utilization in procurement of further equipment as had been described in the prospectus for the issue.

Finance Cost & Interest

Finance cost and interest expenses came down from Rs 32.00 crores to Rs 30.27 crores, a fall of 5.38 %. The fall was primarily due to reduction of outstanding in the company's borrowing accounts from the proceeds of the public issue in the last quarter of the year, although interest payment on fixed loans was substantially higher during the year owing to the interest cost for the term loans for the Haldia unit being charged for the full year. Exchange gains on foreign currency loans also contributed to the overall lowering of interest costs. However, on a consolidated basis finance cost has gone up from Rs 43.32 crores to Rs 48.06 crores. This was primarily due to increased working capital requirement of the Nigerian operations as well as to some extent the Dubai operations, thereby increasing the overall interest cost.

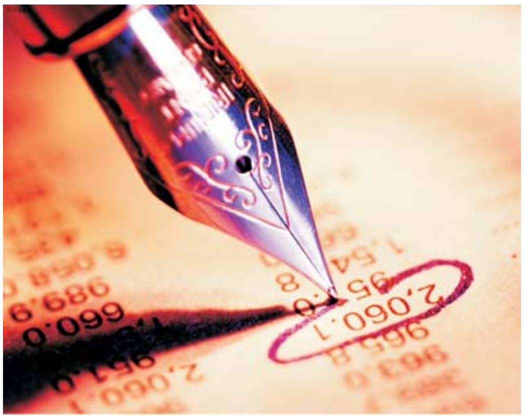
The company has entered into forwards and futures contracts for hedging its foreign currency and interest rate related risks and commodity related risks. There are no exposures to options or other exotic derivative products.

Debt

The total debt on the balance sheet of the company as on 31st March 2008 was Rs 184.29 crores and on a consolidated basis was Rs 315.42 crores. In addition the company had cash and cash equivalent of Rs 139.69 crores (standalone) and Rs 150.19 crores (consolidated) as on that date.

Capital Structure

Consequent upon the public issue, the equity share capital of the company went up from Rs10.81 crores to Rs 13.91 crores. The Reserves of the company stood at Rs 508.57 crores (standalone) and Rs 714.54 crores (consolidated).



Cautionary Statement

Statements in the Management Discussion and Analysis, describing the company's objectives, outlook and expectation, may constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied expectations, projections etc. Several factors make a significant difference to the company's operations, including climatic conditions, economic scenario affecting demand and supply, Government regulations, taxation, natural calamity and other such factors over which the company does not have any direct control.