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MAITHAN ALLOYS LIMITED
THE MAITHAN GROUP

Maithan Alloys Ltd

MPS's "Value pick" stock for the month of Mar 2010

PRODUCTS:

HIGH CARBON FERRO-MANGANESE
LOW PHOSPHORUS FERRO-MANGANESE
HIGH CARBON SILICO-MANGANESE
MEDIUM CARBON SILICO-MANGANESE

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Look beyond the book

Undervalued assets can be your key to unlocking gains

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Best Buying Price…

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2 Phase Buying Strategies Suggested [Always buy in SIP ways]

✓1st Phase : Buy at the current price range Rs 170-175 [40% of investment]

✓2nd Phase : Add if the price fall down to Rs 150-155 [60% of investment]

>>> Expect at least 60-100% return in next 12 months time frame!!!

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Overview

Maithan Alloys Ltd

BSE: 590078 | NSE: NA | ISIN: INE683C01011
Market Cap: [Rs.Cr.] 170 | Face Value: [Rs.] 10 | Industry: Mining / Minerals / Metals

173.55 **-1.25 [0.7]%**

BSE	Mar 17,00:00
Day's High | Low	180.90 | 172.00
Day's Volumes	7,696
52Wk High | Low	180.90 | 53.00
Open Price	176.60
Turnover	2,509,552.00
Deliverable Vol.	14,643
6 Mth. Avg. Vol.	0.00

Key Executives

Chairman	Basant Kumar Agarwalla
Managing Director	Subhas Chandra Agarwalla
Whole-time Director	Adiyta Agarwalla
Whole-time Director	Subodh Agarwalla

Key ratios

	Trailing Numbers
P/E (TTM)(x)	14.65
P/BV (TTM)(x)	1.91
ROE (%)	0.0
ROCE (%)	9.1
EV/ EVBIDTA (x)	7.65
Dividend Yield (%)	0.6

Shareholding Pattern

Particular	no. of shares(Mn)	%
Foreign	0.01	(0.1%)
Domestic	0.04	(0.4%)
Non Promoter Corporate Holding	1.69	(17.5%)
Promoters	7.24	(74.6%)
Public & others	0.72	(7.4%)
Total	9.70	(100%)

Basic Details

- Maithan Alloys is one of the largest and most profitable manufacturer of Ferro manganese alloys in India. The company manufactures primarily ferroalloys such as silico manganese and high carbon ferromanganese alloy.
- At present Maithan Alloys has two plants, one at West Bengal with a capacity of 94,600 tonnes per annum (TPA) and another at Meghalaya with 28,000 TPA
- The company recently acquired a manganese mine in Orissa with an estimated deposits of two million tonnes.
- The company is setting up a Rs.275 crore Ferro alloys unit at the APSEZ in Atchutapuram of Visakhapatnam district as part of its expansion plan.

Performance – Income Statement

Type	Audited	Un-Audited
Period Ending	31-Mar-09	31-Mar-08
No. of Months	12	12
Description	**Amount(Rs. million)**	
Net Sales / Interest Earned / Operating Income	6,445.82	3,784.51
Other Income	91.40	32.28
Total Income	6,537.22	3,816.79
Expenditure	-6,320.23	-3,054.71
Interest	-142.64	-76.36
Profit Before Depreciation and Tax	74.35	685.72
Depreciation	-64.46	-110.21
Profit before Tax	9.89	575.51
Tax	-8.49	-210.00
Net Profit	1.41	365.51
Equity Capital	97.07	97.07
Reserves	789.57	-
Basic And Diluted EPS after Extraordinary item	0.04	37.65
Nos. of Shares - Public	2,462,700.00	2,462,800.00
Percent of Shares-Public	25.38	25.38
Operating Profit Margin	3.37	20.14
Net Profit Margin	0.02	9.66
Cash EPS	6.79	49.01

- During FY 2007-08 the company reported Rs 378 crore as revenue and Rs 37 crore as net profit on an equity base of 9.7 crore.
- So, the company recorded an EPS of Rs 37. The company was almost trading at a multiple of 10 at its peak.
- The FY 2008-09 was poor and the losses were across the board for all the Ferro alloy companies because of a both slump in demand and devaluation of inventory.
- The company initiated expansion plans during the downturn.

Quarterly Results

Type	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Audited
Period Ending	31-Dec-09	30-Sep-09	30-Jun-09	31-Mar-09	31-Dec-08	31-Mar-09
No. of Months	3	3	3	3	3	12
Description	Amount(Rs. million)					
Net Sales / Interest Earned / Operating Income	1,343.39	1,052.06	935.73	950.84	1,255.66	6,445.82
Other Income	21.70	4.02	46.11	55.97	6.47	91.40
Expenditure	-1,205.41	-867.63	-934.27	-1,077.16	-1,811.79	-6,320.23
Interest	-34.25	-34.97	-38.86	-42.78	-39.91	-142.64
Profit Before Depreciation and Tax	125.43	153.48	8.71	-113.13	-589.57	74.35
Depreciation	-23.81	-23.31	-23.75	-17.85	-15.54	-64.46
Profit before Tax	101.62	130.16	-15.04	-130.97	-605.11	9.89
Tax	-11.48	-26.70	-0.06	68.36	127.28	-8.49
Net Profit	90.14	103.46	-15.10	-62.61	-477.83	1.41
Equity Capital	97.07	97.07	97.07	97.07	97.07	97.07
Basic And Diluted EPS after Extraordinary item	9.29	10.66	-1.56	-6.45	49.24	0.04
Nos. of Shares - Public	2,462,700.00	2,462,700.00	2,462,700.00	2,462,700.00	2,462,700.00	2,462,700.00
Percent of Shares-Public	25.38	25.38	25.38	25.38	25.38	25.38
Operating Profit Margin	11.89	17.91	5.08	-7.40	-43.77	3.37
Net Profit Margin	6.71	9.83	-1.61	-6.58	-38.05	0.02
Cash EPS	11.74	13.06	0.89	-4.61	-47.62	6.79

- The last two quarters of the company have been exceptionally good with almost Rs 20 crore as net profit.
- We expect the results for Mar'10 quarter to be even better at Rs 12 crore net profit on account of recent hike in Ferro alloy prices, and lower input cost because of captive power generation.
- At an annualized forward earning of Rs 48-50 crore, the company is trading at a multiple of just 3.5, while we have not taken into account the scheduled 100% capacity expansion.

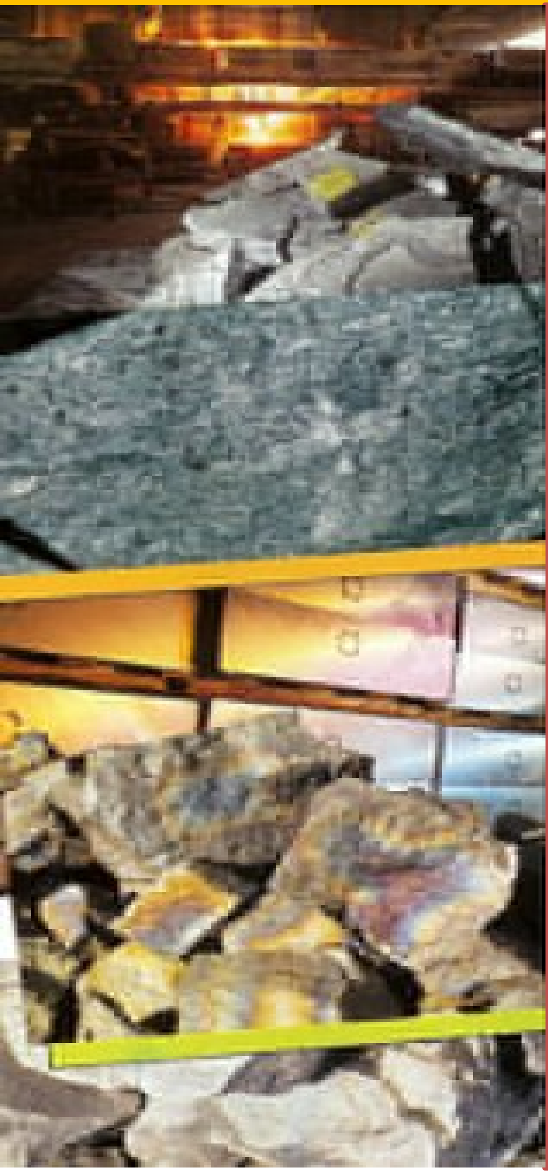
Chart

- As depicted in the chart, the stock price was quoting at a multiple of 10 during May'08. The stock witnessed a free fall after that.
- Currently the company is available at just 3.5 times its forward earnings, which is quite cheap when compared with the past. Since the stock recently saw a secular run from Rs 125 to Rs 175, so may see a very minor correction. However, the current level is apt for taking a medium term exposure, considering there's a more than 100% capacity expansion in place.

Growth + Value pick

- The company has already acquired a manganese mine in Orissa with an estimated deposits of two million tonnes. This shall help company bring down its raw material cost to certain extent.
- The company had embarked on an expansion plan worth more than Rs 350 crore. Under the first phase of expansion the company completed the construction of manganese alloy plant and captive power plant at Byrnihat in Meghalaya.
- The project was commissioned during 1st week of April, 2009, enhancing Company's manganese based Ferro alloy capacity from 49 MVA to 64 MVA and captive power capacity to 15 MW
- Under the second phase of expansion, the company is setting up a Rs 275 crore Ferro alloy unit. The 72 MVA unit would have an installed capacity of 120,000 tonnes per annum and is scheduled for completion by early 2011. This would almost double the existing capacity of the company.

Conclusion



- The market capitalization of the company stands at just 170 crore while it should be easily able to record a bottom-line of Rs 48 crore and above.
- The proposed expansion shall more than double the capacity and also improve margins on account of lower power consumption and manganese ore mines, a major raw material.
- The commodity cycle bottomed out a few months ago, the prices have stabilized and as has been the trend with increase in demand for steel, the prices may even go further up.
- At current market price, the company is available at very decent valuations. One can expect a decent growth in numbers backed by improvement in realizations & increase in volume. The above factors make it an attractive investment option from a perspective of 1 year.

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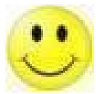
THANK YOU



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