



(Investment Idea)

JMC Projects (India) Ltd

JMC Projects, 52.19% subsidiary of Kalpataru Power Transmission Ltd, posted excellent results for quarter and year ended March 31, 2007. Company is engaged in construction of Industrial buildings, residential & commercial complexes, roads, bridges, Power projects, hospitals, hotels, IT Parks, etc.

Contract Receipts jumped by 76% (annualized basis) to Rs 500.21 crore (Rs 142 crore for 6 months ended) mainly due to higher order intake (order backlog stood at Rs 1200 crore). OPM% catapulted to 7.6% (4.9%) due to cost reduction initiatives and productivity improvements. PBT increased to Rs 25.13 crore (Rs 2.25 crore for 6 months). Consequently, PAT increased exponentially to Rs 15.90 crore (Rs 1.32 crore for 6 months) – an increase of over 500% on annualized basis.

JMC with its expertise in construction of buildings & complexes has ventured into strategic areas of business where growth opportunities are immense- Power projects where it has secured projects from bigwigs such as BHEL, L&T (IOC Panipat) and Civil work for coal handling plant for NTPC. Moreover, it has also made foray in water pipeline segment, mostly funded ADB, World Bank, etc.

JMC Mining and Quarries Ltd, 100% subsidiary of JMC Projects is engaged in manufacturing aggregates like kapchi, grit and rubble, basic raw materials required for construction activity. JMQL supplies this basic material of consistent quality to supplement the raw material requirements of the projects handled by JMC as well as to other external clients. JMC is also planning a capacity addition in JMQL by 50% in future.

At CMP of Rs 273/-, stock is trading at 31 times its FY 2007 EPS of Rs 8.76 and 20.2 times its fully diluted FY 2008 expected EPS of Rs 13.48. With government's thrust on infrastructure development & company's presence in every segment of infrastructure (railway station, power projects, IT parks, residential & commercial complexes, etc) and steady growth in order book position (Rs 1200 crore), JMC is poised for significant growth in future. We recommend to "BUY" the share at CMP.

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May 21, 2007