



# Between the Lines

Daily Corporate News Analysis

December 21st, 2006

**JMC Projects (India) Limited**

**Result Update: Quarter ended Sept'06**

## Key Data

CMP	Rs 188
Date	Dec. 21st, 2006
Sector	Construction
Face Value	10/-
BSE Code	522263
52 Week H/L	Rs 292.3 / 84.05
Market Cap	Rs 219 Cr

## Investment Rationale

JMC Projects (India) Ltd., an ISO 9001:2000 certified company and a part of Kalpataru group is engaged in the construction business having national presence through six offices across the country. It has a well diversified clientele across four major segments of the business- Industrial & Power, Buildings, Housing and Infrastructure. The company has posted impressive results for quarter ended Sept'06, by registering top-line growth of 108.13 percent to Rs 115.22 crore and net profits of Rs 2.77 crore as against net profit of Rs 0.29 crore in quarter ended Sept'05. It has also improved its operating margins from 7.35 percent in Sept'05 quarter to 7.54 percent in Sept'06 quarter. JMC has experienced a paradigm shift in its functioning owing to corporate restructuring and resultant efficiency gains, which will translate in improving the company's operational efficiency and earnings further. The company has got repeat orders from the clients such as Nirma, IIM etc. and has added clients like Bombay Dyeing, Siemens in FY06. JMC is on the growth trajectory with an order book of Rs. 845 crore, more than double as compared to the last year. The company has raised Rs. 82.47 crore via Right Issue (IInd tranche) to build up large capacity for executing burgeoning order book. Thus, we believe the company has potential to post stronger financial performance in future with all the initiatives that it is currently undertaking. Hence we recommend long term investors to buy the stock.



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## Key Developments

### Successful of Right Issue (IInd Tranch) to augment resources for supporting capex

The company has issued and allotted shares aggregating Rs. 46.47 crore on right basis (IInd tranch). The amount garnered would be used to feed the capital expenditure and working capital needs to keep pace with burgeoning order book. Besides this, the company has issued 46.46 lakh share warrants convertible into equity shares in ratio of 1:2 till Mar'07.

## Financials

### Sales grew by 108 percent in Sept'06 quarter

Sales revenue for the company has risen by 108 percent y-o-y to Rs 115.22 crore in Sept'06 quarter. Topline growth in the past was moderate. This was partly due to inadequate capital, mounting burden of high cost debt and lack of speedy recovery of dues from clients. But over last 4 quarters, the company has shown tremendous efficiency on all accounts. The company has successfully mobilized resources, roped in new strategic partner, repaid high cost debt and improved recovery of dues. Other income for the quarter was plunged by 26% to Rs 66 lakhs. On half yearly basis, the company has witnessed a sales growth of 76 percent y-o-y at Rs.197.83 crore, while the other income was down by 10 percent y-o-y to Rs 1.01 crore as of Sept' 06.

## Valuations

JMC Projects India Ltd. is quoting at PER of 34.08x on its TTM earnings as on Sept'06 earnings. On EV/Sales and EV/EBITDA basis, the stock is trading at a valuation of 0.78x and 11.08x respectively.



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