

Analyst & Advisor: Abhishek Jain  
www.stocksidea.com  
+91-98260-41144

*Stocks idea  
Equity Research*

## **Madhucon Projects Ltd— BUY—172—INR**

Sector — Construction  
Regd.Off.— 1-7-70, Madhu complex, Jublipura, Khammam, A.P.- 507003  
Listed — NSE, BSE.

### **Company Overview—**

Madhucon Projects Limited, Hyderabad, the flagship company of Madhucon Group was established in 1983. It was converted into a Private Limited Company in 1990 and became a Public Limited listed Company in 1995. We acquired a truly wide and solid base of experience in major areas of industrial and infrastructure construction- Highways, Irrigation, Property Development etc. The main promoters of the Company are Shri N. Seethaiah and Shri N. Krishnaiah. Subsequently Shri N. Nageswara Rao and Shri N. Nageswara Rao is the Managing Director of the Company. Company name changed to Madhucon Projects Limited vide fresh Certificate of incorporation dated 10th April 1995. Credit rating agency, ICRA has assigned LA rating to the Rs. 1 billion long-term debt program of Madhucon Projects (MPL). The rating indicates adequate credit quality in the long term. The rating assigned by ICRA takes into account MPL's long track record in executing infrastructure projects, its strong order book position, which gives visibility to revenues over the medium term, and its low gearing, which provides financial flexibility to the company. However, with its top-line and profits likely to report a healthy growth, and its debt repayment obligations being low, MPL's debt coverage indicators are expected to remain adequate over the long term.

### **Products & Services—**

As one of India's leading "Engineering, Procurement and Construction (EPC)" and "Build, Operate and Transfer (BOT)" Contractors, company have executed wide ranging projects in the areas of State & National Highways, Bridges, Flyovers, Irrigation Projects (Dams, Canals, Tunnels) Industrial Projects, Townships, Railway Projects etc. Madhucon has a rich and varied track record as a premier Construction Company. Madhucon has a wide ranging experience in design & execution of huge Civil Engineering projects, both on item rate as well as EPC/BOT basis. Madhucon has an in house Design engineering cell manned by qualified, experienced Design engineers equipped with state of art software. Madhucon is a leader in construction of Highways and Expressways. Madhucon has built nearly 500 KM of Highways in the Golden Quadrilateral Road Network in India connecting Mumbai, Delhi, Calcutta and Chennai. MPL won recognition from National Highway Authority of India for its Quality and Speed in execution.

Recently, Madhucon Projects has obtained an order amounting to Rs 1.96 billion from Northern Coalfields (NCL) for removal of over burden at Jayant OCP of NCL. The work has to be completed within a period of 36 months. Madhucon Projects undertakes infrastructure projects including expressways and national highways, irrigation and water supply, sewage treatment, engineering and property development.

Company have major clients like National Highways Authority of India, State Highway Development Corporations, R&B Departments of State Governments, Irrigation & CAD Departments of State Governments, Maharashtra Krishna Valley Development Corporation, Hyderabad Urban Development Authority, Northern Coalfields Ltd, Coal India, Konkan Railway Corporation, Indian Railway Construction Company, Indian Oil Corporation, Narmada Valley Development Authority, Andhra Pradesh Housing Board etc.

#### Joint Venture & Consortiums Partners-

- Sinohydro Corporation, Beijing, China (a US\$2 Billion company) specializing in Water Resources Projects (Madhucon-Sinohydro JV)
- Binapuri Sdn Bhd, Malaysia, experts in Highways and Property Development (Madhucon-Binapuri JV)
- Kanchanjunga Constructions, Nepal, a leading Construction Company (Madhucon-Kanchanjunga JV)
- Glomac Berhard, Malaysia, a leading company in Property Development (Glomac-Madhucon JV)
- WCT Land Berhard, Malaysia, a leading Property Development Company of Malaysia (WCT Land-Madhucon JV)
- SKEC, Seoul, Korea, a leading Infrastructure company of South Korea. (Madhucon-SKEC JV)

#### Financials—

Quarterly results for jan-mar 2009

Description	Amount(Rs. in lakhs)
Net Sales/Income from Operations	32588.30
Consumption of Raw Materials	25424.80
Employees Cost	1213.26
Depreciation	1004.69
Other Expenditure	3541.66
Total Expenditure	31184.41
Profit before Other Income, Interest & Exceptional Items	1403.89
Other Income	686.02
Profit before Interest & Exceptional Items	2089.91
Interest	321.72
Profit after Interest but before Exceptional Items	1768.19
Profit(+)/Loss(-) from Ordinary Activities before tax	1768.19
Tax Expense	983.61
Net Profit(+)/Loss(-) from Ordinary Activities after tax	784.58
Net Profit (+) / Loss (-) for the period	784.58
Face Value (in Rs.)	2.00
Paid-up Equity Share Capital	737.95
Basic EPS after Extraordinary items (in Rs.)	8.51
Diluted EPS after Extraordinary items (in Rs.)	8.51

## **Valuation—**

At current market price, stock is trading at attractive valuation of 3.6 P/E multiple of its FY2010 estimated earnings. We recommend investors to buy “Madhucon Projects Limited” with medium to long term price target of 400 Rs.

**We invite Readers to send Valuable feedback, stock and subscription queries at E-mail [investment\\_guru1@yahoo.com](mailto:investment_guru1@yahoo.com)**

---

Disclaimer: Research group [www.stocksidea.com](http://www.stocksidea.com) has prepared this document. The information and opinions contained in the document have been compiled from sources believed to be reliable. We don't warrant its accuracy, completeness and correctness. Stock market is highly unpredictable & risk involved in investment into the securities, we don't take any liability of any kind of loss or profit due to investment made in securities mentioned in the articles. Our group members may have investment positions in the securities mentioned in the article referred herein and may make purchases or sale thereof while this report is in circulation. This is not an offer to buy or sell the securities mentioned in the articles; calls made here in are for informational purposes only.

---