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## RADHA MADHAV CORPORATION LTD.

CMP : 72	52 Week High : 150.40	52 Week Low : 50.65
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### Outlook:

The Company has been incorporated on 7th January 2005. RMCL is a **techno-driven company with state of the art facilities for production**. Activities of RMCL can be divided into two areas **Primary Packaging and Secondary Packaging**. Primary Packaging is again divided into Flexible division and Folded Carton division while secondary packaging includes products like liners, specialty thermo formable films, cartons and various profiles for varied Applications.

**RMCL plans to expand its existing capacity of Production by Strategic Acquisition.** RMCL has acquired the existing three firms' viz. Mayura Industries, Radha Madhav Industries, Metro Polyprints and **further increase the manufacturing capacities.**

### Strength:

Following are the major strength of the company: With the growing economy and urbanization, packaging industry is witnessing great boom. **Packaging is a safe industry to invest as it is least affected by any specific target industry.** Company is already in the business and has been successful in its activities till now. **Company has a great combination of high profit yielding products and low profit yielding products.** High profit products require niche marketing and higher marketing efforts and low profit yielding products are easy to sell. **Company has a portfolio of primary and secondary packaging products having a wide acceptance in the market.**

### Unique Selling Proposition (USP):

Since RMCL will have **varied manufacturing facilities, with long experience in the field, it commands unique position in the market.** It would aim at bringing newer products in the market. Also with extensive and qualified sales network, **RMCL can deliver good service, better product at competitive price. RMCL produces Flexo Printed high-end barrier films, which are relatively newer product and there is lower competition in this industry.**

## FINANCIALS:

(IN MN )

Year to March	Q3FY08	Q3FY07	% Change	FY 07	FY 08E	FY 09E
Net Revenues	379	263	44.4	784	1520	3100
Expenditure						
Raw Material Cost	247	188	31.4	578	988	2015
Staff Cost	10	7	39.1	22	40	124
Other manfg. Cost	43	22	98.7	63	149	310
Total expenditure	300	217	38.4	663	1177	2449
EBITDA	79	46	73.0	121	343	651
Interest	12	9	37.1	26	58	105
Depreciation	10	3	225.2	11	38	70
Other Income	3	0	1150.0	3	-	-
Profit Before Tax	59	34	74.7	87	247	476
Tax	11	-2	-721.5	26	62	119
Profit after Tax	48	35	34.0	61	185	357
Net Profit	48	35	34.0	61	185	357
Equity Capital	213	189	13.0	198	244.9	280
No.of shares (in MN)	21.3	19	13.0	19.8	24.49	28
EPS (INR)	2.2	1.9	18.6	1.5	7.55	12.75
P/E (x)				48	9.53	5.65

Company has so far shown Robust Growth. The sales turnover has always been growing. **Average Quarter on Quarter sales growth is this financial year has been hovering around 20 to 25%.** In comparison to that Net Profit has also been growing. The company has not declared its Q4 financial results yet. **We expect 100% growth in its Turnover and Net profit from last financial Years performance.**

## Valuations: BUY

At Rs 72 currently stock is trading at P/E of 9.53x & 5.65x of FY 08 & FY 09 Estimates respectively. We are estimating an EPS of 7.55 & 12.75 of FY08 & FY 09 respectively.

## Recommendation:

**Packaging is a safe industry to invest as it is least affected by any specific target industry.** RMCL has always performed well on broses. **Currently it is trading at 50% low from its 52 Week High.** There is huge potential of upside in this stock. **Strong Monopoly, robust growth and big expansion plans, the company is well priced to buy at this level for big returns in future.**