

JMC Projects (India) Ltd

BUY

CMP Rs96

Target Rs114

Upside 18%

Result Highlights

- ✓ The company's standalone revenue grew by 44% yoy and 27% qoq to Rs.13.5bn which is ahead of our estimates (Rs.11.3bn). The revenue for the year FY21 stood at Rs. 36.9bn and EBITDA at Rs. 3.3 bn
- ✓ EBITDA for the quarter came in at Rs. 1.4bn, up 27% yoy and 42% qoq. EBITDA margin stood at 10.0% for Q4 FY21 (11.3% in Q4 FY20). Control on employee expense and cost of construction has led to the qoq improvement in margins by 107bps
- ✓ Adjusted PAT came in at Rs. 601mn as against our estimate of Rs. 38mn during the quarter
- ✓ During the quarter, the company won new order worth around Rs. 11.9bn and the total order win for the year FY21 is around Rs. 79.2bn. The total order book as at 31st March 2021 stood at Rs. 140.0bn which is ~3.8x to TTM sales
- ✓ The company has declared dividend of Rs. 0.7/share
- ✓ Receivable days increased to 93 days vs 89 days in FY20 while payable days grew from 114 days to 130 days yoy.
- ✓ Total cash & equivalents has increased significantly to Rs. 2.1bn from Rs. 0.5bn.

Our view: FY21 has ended on a strong note despite the COVID situation. We expect execution to pick up during FY22/23 with better labor availability and robust order book. We expect operating margin to improve gradually to 10-11% levels as execution ramps up. The restructuring of BOT-toll projects and higher toll collections would be additional positive. The stock currently trades at valuation of 8x FY22 P/E. We maintain our BUY rating on the stock for revised target of Rs.114 (based on SOTP valuation).

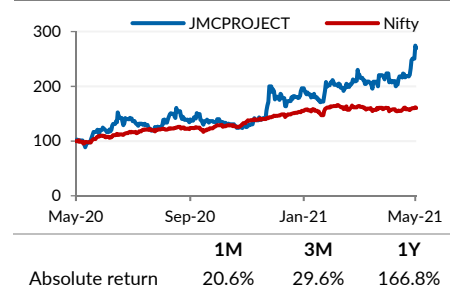
Exhibit 1: Result table (Standalone)

Particulars (Rs mn)	Q4 FY21	Q4 FY20	% yoy	Q3 FY21	% qoq
Total sales	13,486	9,386	44	10,660	27
EBITDA	1,352	1,065	27	955	42
EBITDAM (%)	10.0	11.3	-132 bps	9.0	107 bps
Depreciation	379	333	14	356	6
Interest	279	338	(17)	268	4
Other income	108	83	31	57	89
PBT	802	476	69	388	107
Tax	201	25	702	131	53
Adjusted PAT	601	451	33	257	134
Exceptional item	0	795	NA	0	NA
Reported PAT	601	-344	NA	257	134
PATM (%)	4.5	4.8	-35 bps	2.4	205 bps
EPS (Rs)	3.6	2.7	33	1.5	134

Stock data (as on May 12, 2021)

Nifty	14,730
52 Week h/l (Rs)	109 / 32
Market cap (Rs/USD mn)	16177 / 220
Outstanding Shares (mn)	168
6m Avg t/o (Rs mn):	31
Div yield (%):	0.7
Bloomberg code:	JMCP IN
NSE code:	JMCPROJECT

Stock performance



Shareholding pattern (As of Mar'21 end)

Promoter	67.75%
FII+DII	16.86%
Others	15.39%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	114	93

Financial Summary (Standalone)

	FY21	FY22e	FY23e
Revenue	36,888	43,626	52,925
YoY	-0.7	18.3	21.3
EBITDA	3,315	4,506	5,478
Margin (%)	9.0	10.3	10.4
PAT	711	1,380	1,975
YoY	-10.0	94.1	43.1
ROE	7.2	12.8	16.0
EPS	4.2	8.2	11.8
P/E	22.7	11.7	8.2

Δ in earnings estimates

	FY21	FY22e	FY23e
EPS (New)	4.2	8.2	11.8
EPS (Old)	4.2	8.9	12.2
% change	-	(7.7)	(3.6)

ALOK DEORA

Lead Analyst

alok.deora@ysil.in

+91 98205 13792



SIDDHARTH RAJPUROHIT, Analyst

siddharth.rajpurohit@ysil.in

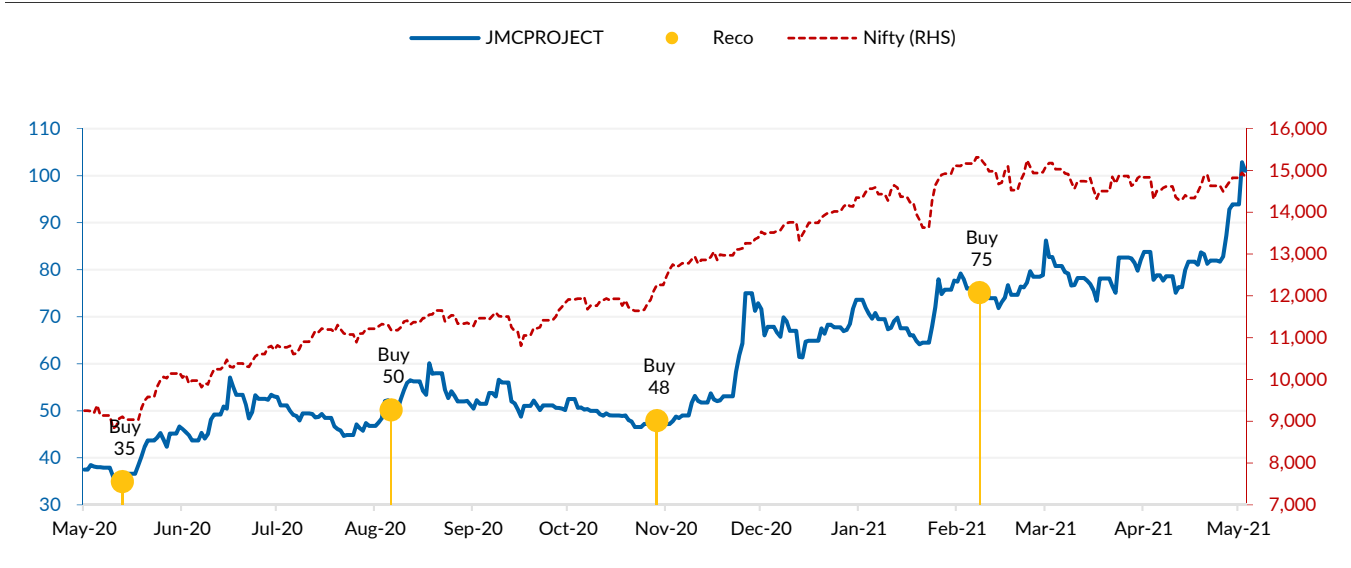
AMAR AMBANI, Sr. President, Head of Research

amar.ambani@ysil.in

CON-CALL HIGHLIGHTS

- ✓ FY21 has been a strong year for the Company where it has shown resilient performance. It has posted its highest ever quarterly revenue in Q4 FY21
- ✓ The EBITDA margins in Q4 FY21 was impacted due to higher commodity cost and expenses related to COVID.
- ✓ The company received record order inflow of Rs. 79.2bn in FY21 and the order book at the end of FY21 stood at Rs. 140.0bn. In Q1 FY22 till date the Company has received order inflow of Rs. 30.3bn and L1 stands at Rs. 10.0bn
- ✓ The company is in an advance stage on restructuring for Kurukshetra and Wainganga BOT asset and expect the process to be completed by the end of June 2021. Post the restructuring the cash requirement will be zero for these projects. The company has received interest from large investors for Vindhyaachal road BOT and expect the sale to be completed by Q2-Q3 of FY22. Expected a non-binding offer for the same in next few months
- ✓ Average toll collection in road BOT projects was Rs. 5.3 mn in Q4 FY21. The toll collection in Kurukshetra project was affected by farmers protest. In Q4 FY21 the company has done an additional investment of Rs. 450 mn in the road BOT projects taking the total investment to Rs. 8.7 bn as at the end of March 2021
- ✓ The Labor availability at most projects is not much impacted and is around 90% of March 2021 levels but varying across projects.
- ✓ The company has taken provisions for increase in commodity prices in Q4 FY21. Around 90% of the company's projects have price escalation clause. The international projects don't have price escalation clause.
- ✓ The Company had a strategy to remain focused on regions and clients which has helped it to win such huge order inflows during the year. The share of private projects in B&F segment is around 70%
- ✓ The Company expects strong operating margins in the B&F segment and the margins in water segment to improve going forward
- ✓ B&F, Water & International projects will be the key drivers of growth going forward
- ✓ Revenue to grow at 15-20% for next couple of years and Order Book addition in FY22 to be around the same level as FY21
- ✓ EBITDA margins expected to range between 10.0% to 10.5% going forward.
- ✓ Due to increase in execution there would be requirement for working capital hence gross debt in FY22 to be same as at the end of FY21
- ✓ Tax rate for FY22 to be same as FY21 (30%). The tax rate in some countries is higher than that in India, hence the tax rate would be high for FY22

Recommendation Tracker



DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that each security's price or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections.

Technical Analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

DISCLOSURE OF INTEREST

Name of the Research Analyst : Alok Deora, Siddharth Rajpurohit

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3	Research Analyst or his/her relative or YSL has any other material conflict of interest at the time of publication of the Research Report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSL has received any compensation from the subject company in the past twelve months	No
6	YSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSL has been engaged in market making activity for the subject company(ies)	No

Since YSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

YES Securities (India) Limited

Registered Office: Unit No. 602 A, 6th Floor, Tower 1 & 2, One International Center, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013, Maharashtra, India.

Email: research@ysil.in | Website: www.yesinvest.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Single Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE – 6538, NSE – 14914, MCX – 56355 & NCDEX - 1289 | MERCHANT BANKER: INM000012227 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 | AMFI ARN Code – 94338.

Details of Compliance Officer: Name: Vaibhav Purohit, Email id: compliance@ysil.in, Contact No-+91-22-33479208

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Potential return >15% over 12 months

ADD: Potential return +5% to +15% over 12 months

REDUCE: Potential return -10% to +5% over 12 months

SELL: Potential return <-10% over 12 months

NOT RATED / UNDER REVIEW

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a SEBI registered stock broker holding membership of NSE, BSE, MCX & NCDEX. YSL is also a SEBI registered Category I Merchant Banker, Investment Adviser and a Research Analyst. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.