21 May 2020

JMC Projects

Rating: **Buy**
Target Price: ₹71
Share Price: ₹33

Covid to dictate FY21; all eyes on FY22; retaining a Buy

Slow B&F in FY20 was more than made good by the strong non-B&F, but the Covid-induced lockdown made JMC miss its revenue growth guidance. The delivered growth, nevertheless, is not ordinary. Construction is gradually re-starting, but the FY21 revenue growth guidance would imply a steep ask for H2, and sounds optimistic to us. Though the immediate future could be uncertain (yet evolving Covid-19), the long-term potential is intact. The OB is good for growth in the medium to long term, the gradually increased exposure to Water augurs well and the working-capital cycle is still in check. BOT-toll remains a drag, but any success with restructuring/refinancing efforts would help. We retain our Buy rating on the sound long-term fundamentals and re-assuring valuations.

Covid-19 impact alluded to; FY21 guidance optimistic. Management sees H1 as sub-par on account of the continuing Covid-19, but still sees FY21 revenue growth at ~5%. This would mean a steep ask for H2, and, to us, the continuing Covid-19 makes it run a risk. We are significantly below guidance, as we see private sector B&F (~53% of OB; @ 30-40% efficiency now) to take some time to revive (real estate, consumer sentiment, the key). This could mean client-led (demand/cashflow-dependent) realigned timelines.

WC cycle in check. Sequentially, ~₹1.3bn lower net debt (notwithstanding flat revenues q/q as well as on a rolling-twelve-months basis) implies the WC cycle was managed efficiently; that helped more than deliver on leverage guidance.

Ample assurance, more in the pipeline. Though Q4 saw no new orders, the year-end OB, at ~₹95bn, is still good for ~2.6x FY20 revenues. Incl. Q1 FY21 orders of ~₹11.3bn, and L1 of ~₹18bn, assurance turns even better, and raises hope of ~₹50bn inflow target.

Valuation. Adjusting for the Covid-impact, we slash FY21e earnings ~64% (and ~32% for FY22). At the CMP, the stock (excl. investments) trades at PEs of 8.2x FY21e and 3.7x FY22e. **Risk.** Prolonged Covid-19 impact.

Key financials (YE Mar)	FY18	FY19	FY20P	FY21e	FY22e
Sales (₹ m)	27,556	32,529	37,130	31,007	40,936
Net profit (₹ m)	1,061	1,421	790	628	1,388
EPS (₹)	6.3	8.5	4.7	3.7	8.3
Growth (%)	82.2	33.9	-44.4	-20.5	121.1
PE (x)	17.3	14.1	7.3	8.9	4.0
EV / EBITDA (x)	8.5	8.0	4.1	4.5	3.5
PBV (x)	2.3	2.2	0.6	0.5	0.5
RoE (%)	14.4	16.6	8.3	6.3	12.8
RoCE (%)	16.6	18.1	14.2	12.0	12.5
Net debt / equity (x)	0.7	0.7	0.8	0.9	0.9

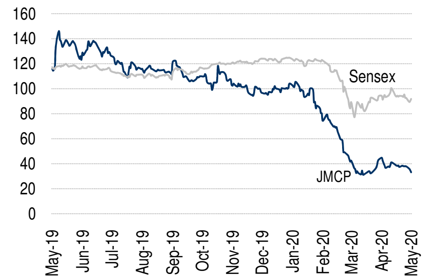
Source: Company, Anand Rathi Research *P- Provisional*

Key data	JMCP IN / JMCP.BO
52-week high / low	₹151 / 30
Sensex / Nifty	30930 / 9105
3-m average volume	$0.1m
Market cap	₹5.6bn / $74m
Shares outstanding	168m

Shareholding pattern (%)	Mar-20	Dec-19	Sep-19
Promoters	67.4	67.2	67.2
- of which, Pledged	-	-	-
Free float	32.6	32.8	32.8
- Foreign institutions	0.5	0.5	0.7
- Domestic institutions	18.5	18.0	17.1
- Public	13.6	14.3	15.0

Estimates revision (%)	FY21e	FY22e
Sales	-27.5	-13.9
EBITDA	-32.4	-15.5
EPS	-63.7	-31.8

Relative price performance



Source: Bloomberg

Prem Khurana
Research Analyst

Rachit R Kamath
Research Associate

Quick Glance – Financials and Valuations (standalone)

Fig 1 – Income statement (₹ m)

Year-end: Mar	FY18	FY19	FY20P	FY21e	FY22e
Order inflows	33,716	56,290	33,640	41,859	53,217
Order backlog	76,160	99,620	95,460	1,06,312	1,18,593
Net revenues	**27,556**	**32,529**	**37,130**	**31,007**	**40,936**
Growth (%)	*18.3*	*18.0*	*14.1*	*-16.5*	*32.0*
Direct costs	13,887	17,194	20,998	17,760	23,115
SG&A	10,821	11,965	12,814	10,085	13,449
EBITDA	**2,848**	**3,369**	**3,319**	**3,162**	**4,372**
EBITDA margins (%)	*10.3*	*10.4*	*8.9*	*10.2*	*10.7*
Depreciation	717	781	1,173	1,228	1,240
Other income	176	248	274	268	274
Interest expenses	858	951	1,252	1,354	1,531
PBT	1,450	1,885	1,168	848	1,875
Effective tax rate (%)	*26.8*	*24.6*	*32.4*	*26.0*	*26.0*
+ Associates / (Minorities)	0	0	0	0	0
Net income	1,061	1,421	790	628	1,388
Adjusted income	1,061	1,421	790	628	1,388
WANS	168	168	168	168	168
FDEPS (₹ / sh)	6.3	8.5	4.7	3.7	8.3

Fig 2 – Balance sheet (₹ m)

Year-end: Mar	FY18	FY19	FY20P	FY21e	FY22e
Share capital	336	336	336	336	336
Net worth	7,890	9,233	9,699	10,186	11,432
Debt	7,366	7,567	8,390	9,259	10,533
Minority interest	0	0	0	0	0
DTL / (Assets)	-352	-363	-475	-475	-475
Capital employed	**14,904**	**16,438**	**17,615**	**18,970**	**21,491**
Net tangible assets	4,221	4,987	6,002	5,826	5,925
Net intangible assets	0	0	0	0	0
Goodwill	0	0	0	0	0
CWIP (tang. & intang.)	1	32	107	100	100
Investments (strategic)	4,164	4,164	4,164	4,164	4,164
Investments (financial)	0	0	0	0	0
Current assets (ex cash)	23,960	29,116	31,091	30,570	38,163
Cash	1,460	770	538	531	670
Current liabilities	18,901	22,632	24,288	22,221	27,532
Working capital	5,059	6,484	6,803	8,349	10,631
Capital deployed	**14,904**	**16,438**	**17,615**	**18,970**	**21,491**
Contingent liabilities	3,855	5,351	-	-	-

Fig 3 – Cash-flow statement (₹ m)

Year-end: Mar	FY18	FY19	FY20P	FY21e	FY22e
PBT + Net interest expense	2,131	2,588	2,145	1,935	3,132
+ Non-cash items	717	781	1,173	1,228	1,240
Oper. prof. before WC	2,848	3,369	3,319	3,162	4,372
- Incr. / (decr.) in WC	-2,096	1,426	319	1,546	2,282
Others incl. taxes	371	469	487	221	488
Operating cash-flow	4,572	1,475	2,513	1,396	1,603
- Capex (tang. + intang.)	1,224	1,579	2,263	1,045	1,339
Free cash-flow	3,348	-104	250	351	263
Acquisitions	-	-	-	-	-
- Div.(incl. buyback & taxes)	61	121	141	141	141
+ Equity raised	-	-	-	-	-
+ Debt raised	1,004	190	711	869	1,274
- Fin investments	2,375	-	-	-	-
- Net interest expense + Misc.	707	655	1,052	1,086	1,257
Net cash-flow	1,210	-690	-232	-7	140

Source: Company, Anand Rathi Research P- Provisional

Fig 4 – Ratio analysis

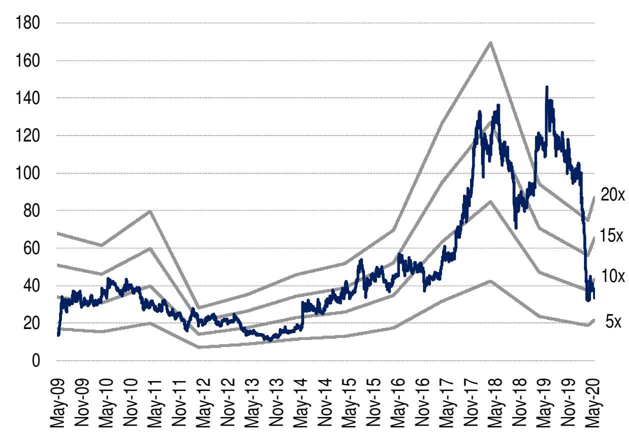
Year-end: Mar	FY18	FY19	FY20P	FY21e	FY22e
P/E (x)	17.3	14.1	7.3	8.9	4.0
EV / EBITDA (x)	8.5	8.0	4.1	4.5	3.5
EV / Sales (x)	0.9	0.8	0.4	0.5	0.4
P/B (x)	2.3	2.2	0.6	0.5	0.5
RoE (%)	14.4	16.6	8.3	6.3	12.8
RoCE (%)	16.6	18.1	14.2	12.0	12.5
RoIC (%)	10.6	12.9	9.1	8.3	11.2
DPS (₹ / sh)	0.3	0.6	0.7	0.7	0.7
Dividend yield (%)	0.3	0.5	2.0	2.1	2.1
Dividend payout (%) - incl. DDT	5.7	8.5	17.9	22.5	10.2
Net debt / equity (x)	0.7	0.7	0.8	0.9	0.9
Receivables (days)	101	107	98	128	105
Inventory (days)	25	28	24	25	28
Payables (days)	110	132	114	113	118
CFO : PAT%	430.8	103.7	318.3	222.4	115.5

Source: Company, Anand Rathi Research P- Provisional

Fig 5 – Price movement

Source: Bloomberg

Fig 6 – PE Band



Source: Company

Operations update

- **Covid and slow B&F contain Q4 revenues.** Besides the Covid-compelled disruption in execution toward the quarter's end, slow B&F too was responsible for flat y/y revenue from operations (at ~₹9.4bn). Had it not been for Covid-19, JMC seemed on track to close the year in sync with its FY20 18-20% growth guidance. Nevertheless, the reported full-year figure of ~14% is not ordinary.
  - Besides the loss of man-days due to the Covid-induced lockdown, we believe certifications too were delayed.
  - Sluggishness continued in the B&F segment, but this was more than made good by strong growth for non-B&F orders (largely water / irrigation).
  - With FY20 B&F revenues estimated to have been largely flat y/y, revenue growth seems almost entirely attributable to the non-B&F segment.
  - Consequently, we estimate B&F's share in revenues to be down from ~73-74% in FY19 to ~65% in FY20.

Fig 7 – Financial highlights

(₹ m)	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	% Y/Y	% Q/Q	FY19	FY20	% Y/Y
Sales	6,887	7,336	8,930	9,375	9,039	9,417	9,288	9,386	*0.1*	*1.1*	32,529	37,130	*14.1*
EBITDA	709	775	912	974	1,004	1,015	1,030	270	*-72.3*	*-73.8*	3,369	3,319	*-1.5*
EBITDA margins (%)	*10.3*	*10.6*	*10.2*	*10.4*	*11.1*	*10.8*	*11.1*	*2.9*	*-751bps*	*-822bps*	*10.4*	*8.9*	*-142bps*
Interest	241	242	252	216	304	303	306	338	*56.9*	*10.6*	951	1,252	*31.7*
Depreciation	185	195	221	180	264	281	295	333	*84.7*	*13.1*	781	1,173	*50.2*
Other income	64	56	68	60	49	89	55	83	*38.1*	*51.5*	248	274	*10.7*
PBT	347	394	506	638	484	519	485	-319	*-149.9*	*-165.8*	1,885	1,168	*-38.0*
Tax	81	93	139	151	128	128	98	25	*-83.4*	*-74.3*	464	379	*-18.4*
PAT	266	301	368	487	355	391	387	-344	*-170.6*	*-188.8*	1,421	790	*-44.4*
EPS (₹)	1.6	1.8	2.2	2.9	2.1	2.3	2.3	-2.0	*-170.6*	*-188.8*	8.5	4.7	*-44.4*

Source: Company

- **Low single-digit reported EBITDA margin, but adjusted margin healthy.** During Q4, JMC made a provision of ~₹795m toward expected credit losses on loans and advances given to its JV (SPV for the Rohtak-Bawal BOT-Toll). This compressed the EBITDA margin to ~2.9% (down ~751bps y/y, ~822bps q/q). Adjusting for this provision however, the ~11.3% EBITDA margin was the strongest in the last eight quarters.
  - The expanded adjusted margin could be attributed to the change in the revenue mix; better project mix and a gradually rising share of the non-B&F segment.
  - Provisioning was done in line with its annual review of any impairment in value of any of its investments, and to reflect the fair value.
  - Q4 FY20 adjusted margin is ahead of the guided-to range of 10.75-11%.
  - The FY20 reported EBITDA margin of ~8.9%, adjusted for the provision, turns healthy. At ~11.1%, the FY20 margin, also, is slightly ahead of the guided-to range.

- **Loss on reported basis; adjusted, too, down y/y.** The weak reported operating profitability (because of the expected credit loss provision) along with higher finance costs (on higher y/y debt and interest on mobilsation advances) and depreciation (up on incremental capex, and IndAS-116) led JMC to report ~₹344m loss (against ~₹487m profit a year ago). Adjusting for the provision, profit could have been ~₹451m but it would have still been lower y/y due to the significantly higher finance costs and depreciation.
  - FY20 earnings came at ~₹790m, down ~44% y/y. Adjusted for the provision, PAT would have been up ~11% y/y.
  - Low tax-rate for the quarter (~5% of adjusted PBT) as well as for the full year (~19% of adjusted PBT) could largely be attributed to the greater contribution from infrastructure orders.
- **Consolidated financials.** With the BOT-toll portfolio yet forming a small portion in the consolidated figures, the performance was largely dictated by the standalone operations.
  - Consolidated revenues were down a slight ~0.4% (against flat standalone) to ~₹9.8bn. Because of the provisioning, the EBITDA margin contracted ~759bps y/y (to ~5.5%). Adjusted for the provisioning, it would have been ~13.6%, up ~55bps y/y. And largely because of the loss in the standalone entity, the loss, at the consolidated level, was ~₹548m (against ~₹352m profit last year).
  - Consolidated financials imply BOT-toll income of ~₹376m (down ~12% y/y) with a derived EBITDA margin (without any impact of the provisioning) of ~71% from the subsidiaries eligible for consolidation. Besides slow economic activity, lower revenues could also be attributed to the effective six days of toll suspension towards the quarter's close.
  - For FY20, the implied BOT-toll income is pegged at ~₹1.5bn (down ~1% y/y) with a derived EBITDA margin of ~73%.
  - The share in the loss of the JV entity for the Rohtak-Bawal BOT-toll project was ~₹51m, down from ~₹59m a year ago (up from ~₹44 a quarter back). For FY20, the share in the loss of the JV entity amounted to ~₹234m against ~₹205m in FY19 (up ~14% y/y).

Fig 8 – A snapshot of consolidated, and subsidiaries' financials

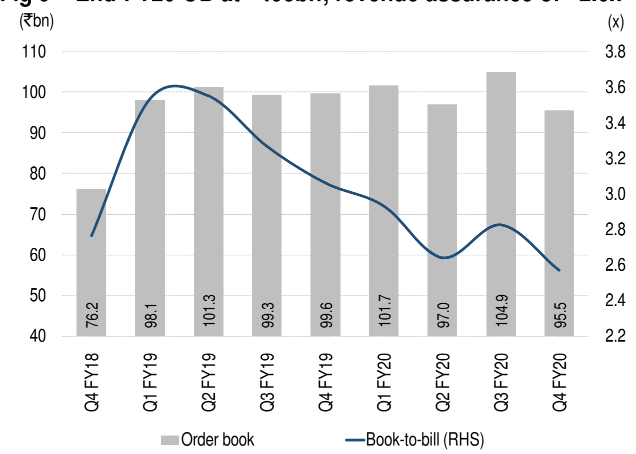
(₹ m)	Consolidated						Subsidiaries					
	Q4 FY20	% Y/Y	% Q/Q	FY19	FY20	% Y/Y	Q4 FY20	% Y/Y	% Q/Q	FY19	FY20	% Y/Y
Revenue	9,763	*-0.4*	*1.0*	34,072	38,663	*13.5*	376	*-12.4*	*-0.1*	1,544	1,533	*-0.7*
EBITDA	538	*-58.1*	*-58.9*	4,507	4,442	*-1.4*	268	*-13.6*	*-3.7*	1,137	1,123	*-1.2*
EBITDA margin (%)	*5.5*	*-759bps*	*-803bps*	*13.2*	*11.5*	*-174bps*	*71.1*	*-103bps*	*-267bps*	*73.7*	*73.3*	*-40bps*
Interest	659	*21.3*	*1.1*	2,308	2,608	*13.0*	321	*-2.1*	*-7.2*	1,357	1,357	*-0.1*
PBT	-472	*-186.2*	*-254.7*	1,359	560	*-58.8*	-154	-	-	-527	-608	-
PAT	-497	*-220.8*	*-296.5*	971	246	*-74.7*	-153	-	-	-450	-544	-
PAT after Share of JV / Associates	-548	*-255.4*	*-361.9*	766	12	*-98.4*	-	-	-	-	-	-
Net debt	15,940	*2.7*	*-8.2*	15,520	15,940	*2.7*	8,587	*-7.3*	*-1.4*	9,265	8,587	*-7.3*

Source: Company

Order backlog / Revenue assurance

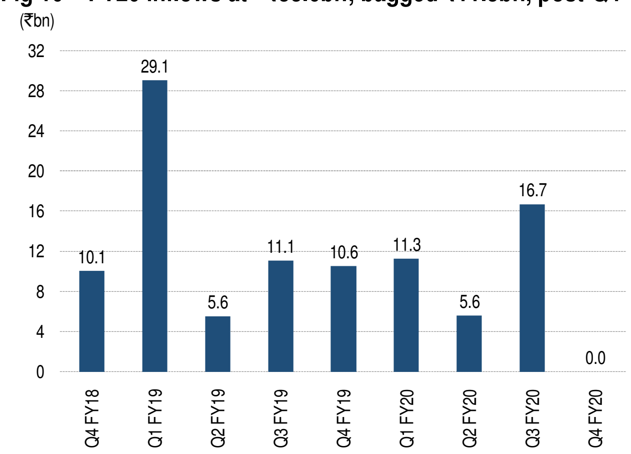
- With no new orders in Q4, the company closed FY20 with inflows of ~₹33.6bn (against the ~₹56.3bn accrued in FY19), and a guidance of ~₹45-50bn.
  - Of FY20 inflows, ~84% (~₹28bn) has arisen from buildings & factories; the balance is from infrastructure (pertaining to the water segment).
  - The company had adequate L1 positions (of ~₹9.5bn) to meet its guided-to inflow range at end-Q3 FY20, but failure to firm these up led to it missing its guidance.
- Adjusting for Q4 execution, the OB at end-FY20 contracted ~₹9bn q/q to ~₹95bn, though this still provides ample revenue assurance of ~2.6x FY20 revenues.
  - Post-Q4, the company benefitted from orders of ~₹11.3bn. Besides this, it is also L1 in orders of ~₹18bn.
  - Accounting for the post-Q4 orders and L1 positions, the order book has potential to jump to ~₹125bn, providing an even sturdier revenue assurance of ~3.4x and suffices for sustainable growth in the medium term.

Fig 9 – End-FY20 OB at ~₹95bn; revenue assurance of ~2.6x



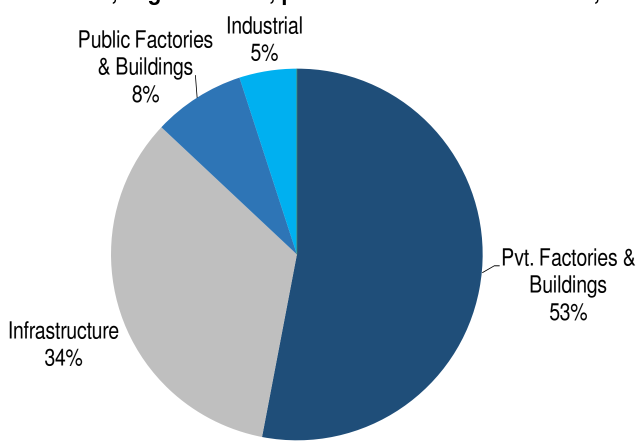
Source: Company

Fig 10 – FY20 inflows at ~₹33.6bn; bagged ₹11.3bn, post-Q4



Source: Company

Fig 11 – End-FY20 OB, segment-wise; private B&F takes lion's share, ~53%



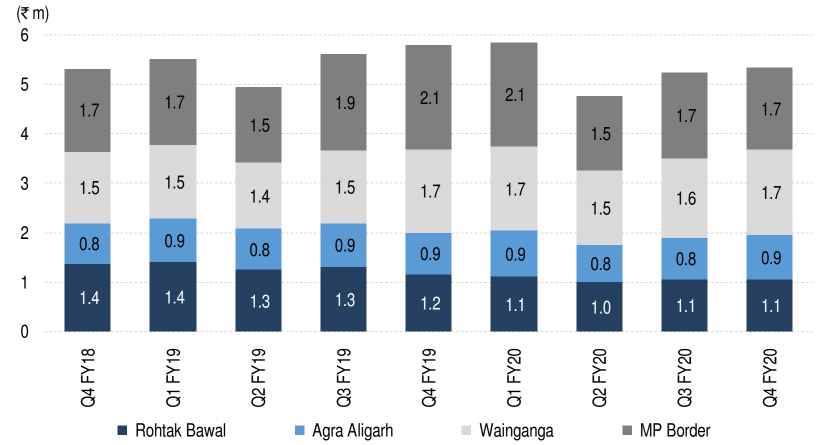
Source: Company

- With this healthy a start to the year (Q1 orders added and L1 positions), and as the company seeks to raise the proportion of international orders in the order backlog, it looks at another ~₹50bn orders in FY21.

BOT operations

- The Q4 average daily collection of ~₹5.3m was down ~8% y/y. Besides the overall slower economic activity, the suspension of toll collection (on account of the Covid-driven lockdown), too, seems to have impacted the performance.
  - The most affected project during Q4 was the MP Border project, where the average daily toll collection was down ~21% y/y and ~5% q/q.
  - Rohtak-Bawal continues to see traffic diversion to a competing road. Consequently, the toll-collection at this project was down ~9% y/y (and flat q/q, despite the low base). Though the client has already been notified about the issue, JMC, during the quarter, provided for an expected credit loss of ~₹0.8bn as toll collections significantly lag original estimates.

Fig 12 – Project-wise average daily collection



Source: Company

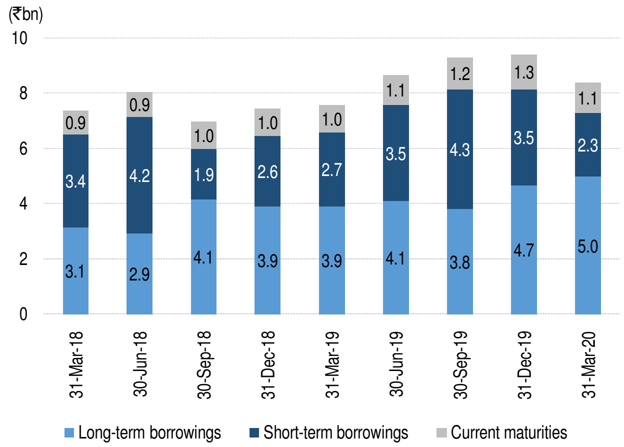
- The BOT-toll portfolio, while sufficing to meet operating expenses and interest obligations, still requires the parent's support to meet repayment and premium-payment obligations.
  - In FY20, the company extended support of ~₹0.76bn (~₹0.68bn in 9M), in line with its earlier envisaged ~₹0.8bn infusion to its BOT-toll SPVs, largely to support lumpy debt repayments.
  - Cumulative investments in the BOT-toll SPV portfolio stand at ~₹8.2bn. Of this, management provided ~₹0.8bn for expected credit losses on loans & advances extended to its Rohtak-Bawal asset.
  - Management said this was done as a measure of prudence.
  - It estimates it may need to infuse up to ~₹0.5bn as support to its BOT-toll SPVs in FY21. A large part of this is expected to be infused to meet debt-repayment obligations.
- **Updates on cashflow-bridging efforts for the BOT-toll segment.** Management said it is pursuing debt-restructuring / refinancing for three of its assets.

- Efforts in regard to one asset seem already to be progressing, Rohtak-Bawal, for which the company provided ~₹795m in Q4.
- It tried its hand (in the past) at monetising these assets, which turned out to be infructuous largely as there were too many projects and too few buyers.
- With support from its lender consortium, it looks to first restructure / refinance these projects to try and reduce the cash-flow strains on these project SPVs. After the cash-flow issues are settled, it hopes its monetisation efforts see better results.
- It hopes its restructure / refinance efforts would be fruitful in FY21, thereby lowering the equity infusion required to ~₹0.5bn, and supporting the status by FY22 (if restructuring for the three go through).
- For the BOT-toll asset's it has filed claims of ~₹17bn on grounds of "loss of revenues" and awaits arbitration.

Balance sheet

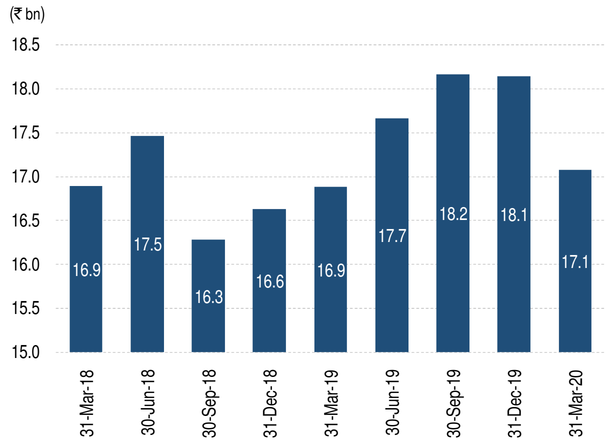
- **Net debt down q/q, but up y/y.** Standalone net debt at end-FY20 was down ~₹1.3bn sequentially, to ~₹7.4bn. The lower net debt, despite flat revenues and outflow to support BOT-operations is a sign of the sequentially improved working-capital cycle. The ~₹0.9bn y/y increase in net debt is largely attributable to the support extended to the BOT-toll SPVs (~₹0.76bn) and the funds required for the better scale of operations (revenues up ~14% y/y).

Fig 13 – Standalone gross debt improves on WC cycle, Gross debt down ~₹1.1bn sequentially, and net ~₹1.3bn



Source: Company

Fig 14 – Consol. gross debt down ~₹1.1bn q/q, in line with standalone financials, net down ~₹1.4bn



Source: Company

  - The net-debt implies a net-debt-to-equity of ~0.8x at end-FY20 against ~0.7x a year ago.
  - Management delivered better than its guidance on de-leveraging; net debt at ~₹7.4bn against guidance of ~₹8.5bn. Ahead, management aims to close FY21 with net debt not exceeding ~₹8bn in FY21.
- Consolidated net debt at end-FY20 declined ~₹1.4bn sequentially, ~₹0.1bn more than that of the standalone entity. On 31st Mar'20, JMC's consolidated net debt of ~₹15.9bn implies that all the SPVs combined (eligible for consolidation) have a net debt of ~₹8.6bn.

- **Core NWC cycle steady y/y.** Adjusted for loans and advances extended to the BOT-toll SPVs, core working capital was 35 days at 31st Mar'20, against 36 days a year ago. The inventory cycle was down 4 days to 24, and receivable days were 9 days lower to 98. But these were more than offset by a 17-day shorter payables cycle. Consequently, the shorter working capital was mostly a function of favourable movements in other current assets and liabilities.

Guidance

- Management is looking at bagging orders of ~₹50bn in FY21. Having already secured orders of ~₹11.3bn, post-Q4, and with a strong L1 position in orders of ~₹18bn, management is fairly confident of delivering on its guidance. It has already attained ~59% incl. the L1 positions.
- Covid-19 made it miss its FY20 revenue growth guidance (delivered ~14% y/y growth, against 18-20% guidance). With most sites up by now, and water-related worksites operating at ~80% efficiency already, management expects to deliver ~5% revenue growth in FY21.
  - With Apr'20 a non-starter and B&F sites still ramping up, management expects full-year growth to be largely an H2 phenomenon.
  - Our ~16% y/y lower FY21e revenues markedly lag management guidance. The cautiousness is due to the yet ramping-up activity in the B&F segment, and reflects our view of a plodding recovery in the real-estate sector.
  - Per management, the FY21 revenue split is likely to be similar to the one seen in FY20. Thus, management expects the Buildings & Factories segment to contribute ~60% of revenues, with the balance expected from infra orders (largely pertaining to irrigation and water supply orders in Bihar, Madhya Pradesh, Chhattisgarh and Odisha).
  - B&F accounted for ~60% of the end-Q4 FY20 order backlog. Of this, ~85% was from the somewhat better-placed South India markets, and management does not see any significant client-specific issues for them. The workforce has shrunk, but the company expects normalcy to return sooner than later.
- The ~10.75-11% FY21 EBITDA-margin guidance was largely retained.
- JMC incurred ~₹0.8bn core capex in FY20. For FY21, it expects not to incur capex exceeding ₹1bn.
- It closed FY20 with ~₹7.4bn net debt against its earlier target (end-FY20 guidance) of ~₹8.5bn. For FY21, management expects the net-debt position not to exceed ₹8bn.

Other highlights

- Management admitted that Covid-19 had indeed disrupted execution at its sites and that, of the ~18,000 labourers, only ~10,000 now remain.
- It has already commenced operations at most of its sites at varying degrees of operation (in conformity with laid-down rules and regulations). For example, in the Bengaluru region, it has ~25 sites, of which ~20 are within city limits. Work is progressing on all the sites

(based on available workforce) and the company is receiving all payments in a timely manner.

- Management hopes to return to normalcy gradually and expects to be back to operating at ~85-90% of capacity by Q2 FY21.
- On its exposure to real-estate orders (the B&F segment), management averred that it sees no overwhelming concerns yet as all payments due from clients were duly collected, despite the current stressed environment, where liquidity is being prized over all. It is confident of its client quality.

Valuation

To account for the Covid-led disruption, we estimate man-days lost in FY21, and see inflows, too, lagging our earlier expectations. We see a part of disruption in FY21 to dribble through to FY22. On giving effect to these, we see revised FY21e and FY22e revenues falling respectively ~27.5% and ~13.9% shorter than we earlier expected. Lower revenues leading to negative operating and financial leverages would lead to earnings plunging ~63.7% in FY21 and ~31.8% in FY22.

We value the construction business at a PE multiple of 8x FY22e (lowered from 10x earlier, on the change in the market-wide risk perception), and use the discounted-cash-flow(DCF)-driven valuation for the road-asset portfolio. Consequently, the construction business is valued at ₹66 a share, and the BOT-toll contributes ₹5 a share (a 20% discount to the DCF value). The two combined give us a target price of ₹71, lowered from ₹145 earlier.

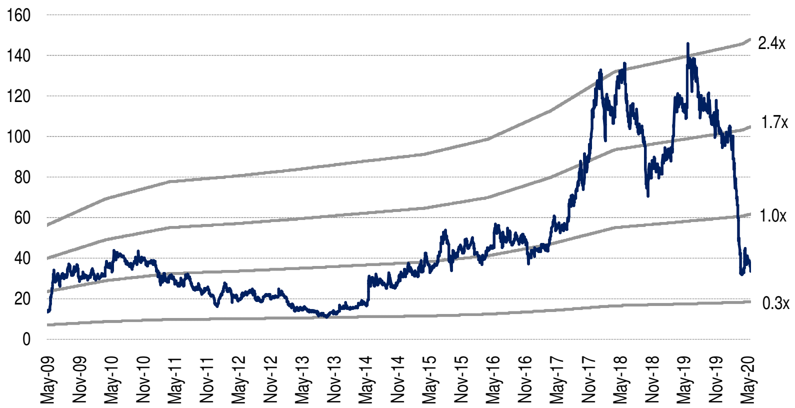
Fig 15 – Change in estimates

₹ m	Old		Revised		% change	
	FY21e	FY22e	FY21e	FY22e	FY21e	FY22e
Revenue	42,771	47,553	31,007	40,936	-27.5	-13.9
EBITDA	4,677	5,176	3,162	4,372	-32.4	-15.5
EPS (₹)	10.3	12.1	3.7	8.3	-63.7	-31.8

Source: Anand Rathi Research

On our revised estimates, the stock is now available at PERs of 8.2x FY21e and 3.7x FY22e (excl. BOT-toll). On P/BV, it quotes at 0.5x FY21e and FY22e, against the target-price-implied exit multiple of 1x FY22e.

Fig 16 – PBV band



Source: Company, Anand Rathi Research

Risks

- Prolonged Covid-19 impact, and consequently, any slower-than-expected pace of execution.
- More-than-anticipated cash-flow mismatch in SPVs.

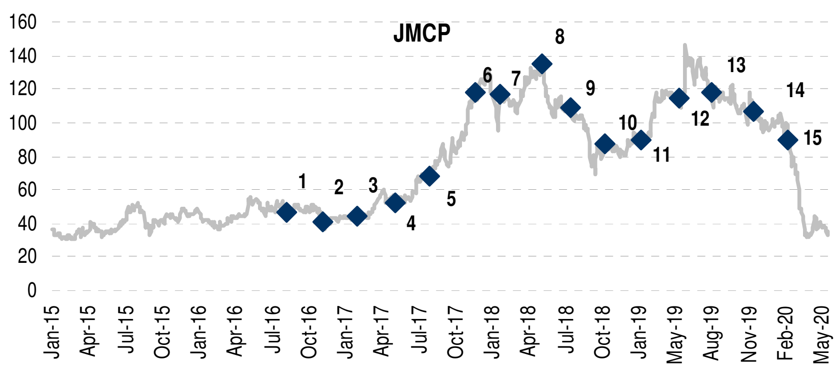
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 21 May 2020)



	Date	Rating	TP (₹)	Share Price (₹)
1	18-Aug-16	Buy	68	48
2	17-Nov-16	Buy	64	42
3	15-Feb-17	Buy	62	47
4	20-May-17	Buy	72	54
5	14-Aug-17	Buy	82	67
6	11-Dec-17	Buy	136	114
7	08-Feb-18	Buy	142	105
8	28-May-18	Buy	146	132
9	08-Aug-18	Buy	147	109
10	01-Nov-18	Buy	143	86
11	04-Feb-19	Buy	150	93
12	10-May-19	Buy	162	115
13	31-Jul-19	Buy	164	118
14	07-Nov-19	Buy	165	112
15	12-Feb-20	Buy	145	99

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US$1bn) and Mid/Small Caps (<US$1bn) as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US$1bn)	>25%	5-25%	<5%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, 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 or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have 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
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

This research report is a product of ARSSBL, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by ARSSBL only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. As of the publication of this report, ARSSBL does not make a market in the subject securities.

6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.