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## “J Kumar Infraprojects Limited Q4 FY-22 Earnings Conference Call”

**May 31, 2022**



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**ANAND RATHI**



**MANAGEMENT:** **MR. NALIN GUPTA – MANAGING DIRECTOR.**  
**MR. MADAN BIYANI – CHIEF FINANCIAL OFFICER.**  
**MR. ARVIND GUPTA – VP, TAXATION.**  
**MODERATOR:** **MR. MEET PARIKH – ANAND RATHI SHARE & STOCK BROKERS LIMITED.**



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**Moderator:**

Ladies and gentlemen, good day and welcome to the J Kumar Infraprojects Q4 FY22 and Full Year FY22 Conference Call hosted by Anand Rathi Share & Stock Brokers Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. I now hand the conference over to Mr. Meet Parikh from Anand Rathi Share & Stock Brokers Limited. Thank you and over to you sir.

**Meet Parikh:**

Thank you Peter. On behalf of Anand Rathi Share & Stock Brokers I welcome everyone to the Q4 FY 22 and Full Year FY22 Earnings Call for J Kumar Infraprojects Limited.

From the management side, we have Mr. Dr. Nalin Gupta, Managing Director, Mr. Madan Biyani – the Chief Financial Officer and Mr. Arvind Gupta – VP (Taxation).

We will start with the opening remarks, remarks from the management regarding the industry, the result and post which will open up for an interactive Q&A. Over to you sir.

**Nalin Gupta:**

Good afternoon, everyone. On behalf of J Kumar Infraprojects, I welcome everyone to the Q4 and FY22 Earnings Conference Call of the company.

Joining me on this call is Mr. Madan Biyani – CFO, Mr. Arvind Gupta – Vice President Taxation and our IR team. I hope everyone has had an opportunity to look at our results. The presentation and press release have been uploaded on the stock exchanges and our company’s website.

Before I share the company’s financial and operational performance, I would like to introduce Mr. Madan Biyani company’s new CFO who joined us recently, Mr. Biyani is a Chartered Accountant with an overall experience of around 23 years in various verticals of infrastructure development, such as roads and highways, metro rail transport system, Greenfield airports and others.

We are glad to announce that we have surpassed pre-COVID levels in terms of operating activities and on track to achieve the targeted growth. Despite the unprecedented headwinds due to geopolitical uncertainties, rising commodity and logistics cost, JKIL has delivered a noteworthy performance on various fronts, including record revenue, ordering inflows, notable decline in gross debt and improved profitability. We were able to garner new orders worth 3685 crores in FY22. We believe the order award will intensify further in FY23. Our robust execution capabilities coupled with strong repository of asset base enabling efficient execution reflected in strong revenue growth. Our healthy order book of 11,936 crores ensures substantial growth momentum.



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The current financial year that is FY2023 has also started on a positive note. We have been able to garner project from Ircon amounting to Rs. 1068 crore excluding GST.

Other key updates – three prestigious projects of national importance were inaugurated in the month of April 2022, which includes metro line two way which is from Dahisar to DN Nagar on the West side. Where in there are 17 proposed stations, nine stations are operational between Dahisar to Dahanukar Wadi and which has been entirely constructed by JKIL. Metro lines 7A which is again Dahisar East to Andheri East, which is on the Eastern side that is on the Western Express Highway, which comprises of 13 proposed stations along with the elevated viaduct out of which nine stations has been put to operations wherein five stations were including the viaduct that's been constructed by JKIL. And are operational between RA to Dahisar .

JNPT and this one project that we have inaugurated is JNPT port connectivity between Amrabad starting from NMMC Headquarters, that is Navi Mumbai Municipal Headquarters between our building to Gavhanphata, Jasai to Karla, and Karal to De Point Panvel and Kalamboli, which is a 35 kilometer stretch operational for public on 3rd of April by the Honorable Minister of National Highway. The tunneling work of Mumbai Metro line three and package five and six from Dharavi to International Airport is also completed. The Board of Directors have recommended a dividend of 60% that is Rs.3 per equity share on the face value of Rs.5 per equity share, subject to approval of shareholders in the AGM.

Standalone performance highlights for Q4 FY22. Revenue from operations for Q4 FY22 grew by 12% to Rs.114 crores as compared to Rs.992 crores in Q4 FY21. EBITDA for Q4 FY22 stood at Rs.159 Crore as compared Rs.104 crore in Q4 FY21. EBITDA margin for Q4 FY22 stood at 14.3% as compared to 10.5% in Q4 FY21. PBT for Q4 FY22 grew by 133% to Rs.103 crore as compared to Rs.44 crore in Q4 FY21. PBT margin for Q4 FY22 stood at 9.3% as compared to 4.5% in Q4 FY21. PAT for the quarter four of FY22 grew by 126% to Rs.76 crore as compared to Rs.33 crore in Q4 FY21. PAT margin for Q4 FY22 stood at 6.6% as compared to 3.3% in Q4 FY21.

Standalone performance highlights for the FY22. Revenue from operations for FY22 grew by 37% to Rs.3527 crore as compared to Rs.2571 crore in FY21. EBITDA for FY22 stood at Rs.505 crores as compared to Rs.311 crore in FY21. EBITDA margin for FY22 stood at 14.3% as compared to 12.1% in FY21. PBT for FY22 grew by 219% to Rs.283 crore as compared to Rs.89 crore in financial year 21. PBT margin for financial year 22 stood at 8% as compared to 3.4% in FY21. PAT for FY22 grew by 222% to Rs.206 crore as compared to Rs.64 crore in FY21. PAT margin for FY22 stood at 5.8% as compared to 2.5% in FY21. The company continues its focus on working capital management and quality of order book. The company has been able to reduce its debt levels substantially despite challenging external environment.



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We remain optimistic on India recovery MSD continuing global geo political uncertainty, before taking the Q&A, I would like to retrain the vision of the company. Our target is to achieve a revenue of Rs.5000 crore by FY25. Although we have comfortable debt position, our endeavor is to reduce gross debt every year with the best possible efforts. Objective is to continuously improve stakeholders return ratio, ROE and ROC by investing in people technology and processes. With this, I rest my point. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from line of Shravan Shah with Dolat Capital. Please go ahead.

**Shravan Shah:** Sir my first question is, are we now upgrading our revenue guidance for FY23, because last time we say 12% to 15%, but as I see, we can easily do 20%, 25% growth this year. And the number you are looking at Rs.5000 crore revenue. I think one year before we can achieve by FY25 you are targeting, FY24 we can achieve. So just wanted your update on this.

**Nalin Gupta:** Well Shravan, as you see that the company has achieved a top line have 3527 crore, which is a quite robust top line growth that the company has shown. Our endeavor is to apply and do the best possible and we expect that around 12 to 15 is always what we are expecting to grow at, and what we're we'll put our best efforts and try to achieve as fast as possible the maximum revenue, but our main focus always is ensuring the bottom lines, which is very, very important for the company, more than top line bottom lines are always very, very important for the company. So growing top line without bottom line is never our focus, so we are very particular in selecting our projects, which gives us proper margins and that's how we have been able to among the peers, we stand at a very good position in terms of even the debt equity ratio, and you know that we have reduced the debts by 100 crore. So, selecting the right project is most important. So, for the health of the company and that is we are focused, nevertheless we will try our best to achieve the highest top lines. Thank you.

**Shravan Shah:** I understand and completely agree with you in terms of the growing the bottom line along with the top line, but still sir just doing a rough calculation. So we have 11,900 crore order book so even if we do at least two and a half, three years would be the execution period. So 35% to 38%, kind of even if we do then also it is 20%, 25% comes the growth for this year. So just trying to understand what stops us to increase the revenue guidance?

**Nalin Gupta:** Well, Shravan I would again like to highlight that the organization, we at J Kumar we are a specialized company working into urban infrastructure, when you're working in urban infra, there are a lot of limitations in terms of land equations, there are issues with regards to utilities. So even though the projects are ranging for around two and a half to three years gestation period, but actually when looking at the Urban infra limitations, where there are so much of PAP to be



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handled, utilities to be handled which is not even known to the department themselves. So looking at it, the actual execution of the project spills over to +3 years. So if you look at the group, targeting around 12% to 15% would be a realistic picture. And we believe that what we speak we do better than that. So we would not like to give a very unrealistic thing. And when you're working in urban infra, there are limitations in terms of execution, but at the same time the margins are better. So that's how we would like to explain the point.

**Shravan Shah:** Okay. And second sir we have already got Rs.1068 crore order inflow. So, now for the full year, how much more we're targeting and in terms of the EBITDA margin. So, previously we said 14% to 15%. So, is there any change or we try to have a slightly achieved the upper end that is a 15% kind of EBITDA margin?

**Nalin Gupta:** So, well if you look at that, we are targeting words close to around Rs.5000 crores for FY23, out of which are close to around 20% has already been achieved in the quarter one and looking at the strong pipeline of the order book which is close to around 20,000 crores we expect even with a 25% strike rate we shall be comfortable to achieve the top line of Rs.5000 crores and EBITDA margin we will surely be maintaining a 14 to 15 that we have been, which is the main focus of the organization and we are sure to maintain it because we like to go at a slower pace but we back the orders at our margin even if you look at the situation of FY22 the order book that came in from Q4 was more than 55% to 60%. So, we always want to select the projects which are right for the company, which are giving proper bottom lines to the company that is the main focus of booking an order book and looking at the ample amount of work that the government is focusing on infra projects. Bagging an order of Rs.5000 crore should not be an issue and at our margin of 14% to 15%.

**Shravan Shah:** Okay. And in terms of the CAPEX number, how much do we want to spend this year?

**Nalin Gupta:** So close to around Rs.100 to Rs.115 crores is what we are expecting in terms of CAPEX. Last year we have done around Rs.115 crores and current year also we expect close to around 100 crores of CAPEX to happen.

**Shravan Shah:** Okay. And in terms, you already mentioned in terms of the, we will try to reduce the date and the working capital, so, working capital so, currently 70 odd days. So, can we see a further improvement in the working capital days?

**Nalin Gupta:** So, working capital as on today's 120 days, which is a realistic number, though of course we put our best efforts to see how we can bring it down, but as of today it is 120 and we shall not be going over it is what we expect. And with regards to your second point was?



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**Shravan Shah:** Gross debt.

**Nalin Gupta:** So, debt if you look at net level we are already negative net debt since to the tune of around Rs.78 crores and at gross level we are at 0.21. So, already this company we are almost a debt free company and though we will of course keep on trying and our best efforts to even further lower it. But most importantly, what's important to be understood is that even with the growth of around 37% in top line, the debt has decreased we haven't increased it. So that shows the financial discipline of the organization, at J Kumar, and we'll put our best efforts going forward as well.

**Shravan Shah:** And lastly, sir I need a number for mobilization advance, retention money and unbilled revenue as on March?

**Nalin Gupta:** Give me a moment please.

**Madan Biyani:** So, Rs.376 crores is FDR, security deposit retention money is Rs.212 crore and cash and bank balance is near about Rs.133 crore.

**Shravan Shah:** Sir, what was the mobilization advance sir?

**Madan Biyani:** Rs. 550 crore is the mobilization advance, unbilled revenue is Rs. 546 crore.

**Shravan Shah:** 546?

**Madan Biyani:** Yes, it is unbilled revenue.

**Shravan Shah:** Yes Rs. 546 crores, and retention you said Rs.212 crore?

**Madan Biyani:** Yes, right.

**Shravan Shah:** Okay. And then anything sir, you said that the Rs.20,000 crore opportunity in terms of the bid pipeline anything which you want to highlight, because last time you said in terms of the Chennai some projects likely to be awarded by this June. So, any update or have we bided and where we are expecting results to come?

**Nalin Gupta:** So, firstly, we are in process of bidding for metro projects all over the country close to around, I will give you a broader gest so Metro would be around Rs.6000 crores that we are targeting, STPs and water projects to the tune of around Rs.3000 crores, flyovers and roads to the tune of around Rs.5000 to Rs.6000 crores, buildings and hospitals to the tune of again Rs.5000 to



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Rs.5500. Again we have also submitted an RFP for two projects of Rs.3000 crore each that is Rs.6000 crores for GMLR which is for Bombay Municipal Corporation, when we expect the financial bids to be submitted very soon in this, the first half and we expect some orders to come in from that sector as well. And metro projects has been going on all around the city, all around the country I would say and you would see that around 55% to 60% of order book and revenue comes in from metro sector where the government is focusing in a very big way because looking at the tourism attraction or the growth of the country, urban infrastructure is the most important factor to be focused and the government is looking into it. And which can be seen from the robust budget for infra that has come up. So, we are very confident that we should be able to back this order.

**Shravan Shah:** Yes, sir this Rs.3000 crore BMC two projects, this is for which, what's the scope of the project?

**Nalin Gupta:** It is a tunneling project of 14 meter dyer connecting Goregaon on the East side of the Western Express Highway to Mulund. So it will be crossing along the JVLR you can say and this will be connectivity which will be parallel to JVLR. It's a road tunnel that will be by TBM.

**Moderator:** Thank you. Our next question is the front line of Alok Deora from Motilal Oswal. Please go ahead.

**Alok Deora:** Sir just wanted to understand with this metal prices now coming down, how could the margins look like in near to medium term, what would be potential upside from the current levels?

**Nalin Gupta:** So, Alok I would like to mention that as we have always been saying that the contract is covered by price variation and escalation clauses. So, it works either ways, if there is a increase it gives us the cover for the higher side, as well as if it is reduced, it takes care of the reduction. So, it's not going to affect the margins inside of plus or minus. So, I would say we will be able to maintain the margins for sure. So, it's basically a fair escalation clause which takes care of the actual increase in decrease in prices. So, it won't affect the bottom lines.

**Alok Deora:** Sure, got it. And also sir there are these lot of projects coming from the NHAI side and the competition is also expected to reduce now, so, are we looking at those projects, because currently they form a very small portion, we have been primarily focused on the metro side. So, since we also have a very descent experience in the road side, so any focus there on the NHAI orders going forward?

**Nalin Gupta:** So, if you look at this 1100 crore job, this is a job of NHAI only, and so our endeavor is to look at projects which gives us good margins and which has strong cash flows like the budget is well integrated to the project. So, NHAI has been, we have been working since a good couple of years



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into that sector, let it be JNPT, let it be Dwarka Expressway, we have been working continuously into NHAI and the recent order book is also for the NHAI project through Ircan. So, our focus will always be there to look into various sectors not limited to metros or flyover though it will be our primary focus, but we are open to all sectors including building works, where we are doing a decent amount of work even there. And we have taken up river rejuvenation projects, we are looking at STPs, we are looking at water pipeline projects. So, our focus will be as open minded, but primary focus will be for NH and metros.

**Alok Deora:**

Sure. And also sir our order book is nearly 12,000 crore now which was at similar levels what it was two years back and now in terms of revenues we will be growing pretty well nearly Rs.5000 crore maybe next year or so. So, just wanted to understand how many orders we are looking to take in this year is there any thought process as to how much maximum we are looking to bag because if opportunities come by we may even exceed our whatever internal target might be?

**Nalin Gupta:**

So, see I would say that we are comfortable from around 15 to Rs.20,000 crores worth projects also to be taken up with the present infrastructure of J Kumar and with the strong image of J Kumar with terms of handling complex projects, technical expertise that the company's holds for more than four decades, ragging models and handling from 15 to Rs.20,000 crore should not be an issue. But as mentioned that for us being a financially disciplined organization that we try to maintain we are looking at Rs.5000 crores projects for sure and even if we get good opportunities and if we bag Rs.10,000 crores we are open to it. But we don't want to be an early bird and bag orders without bottom lines. So that's how we are targeting at a project, a comfortable order inflow of Rs.5000 crores.

**Alok Deora:**

Got it sir and so just also wanted to get your sense on the competitive intensity on the metro side because we hear that in road projects we see especially on the EPC side there's a lot of competition how's it sir in the metro side if you could just indicate as to how is the intensity there in the metro projects?

**Nalin Gupta:**

So the intensity and competition is there in all the sectors but if you talk about Metro, it's a when you talk of elevated and underground metros, the ticket size has been substantially increasing over the years and now the metros are coming up with a project size of Rs.1000 crores, +500 for that matter. So, handling such type of big magnitude and complex projects, there are very few capable infra companies available in India who can take up such type of huge laborious as well as technically complex jobs. So, although there is a competition, but the amount of work available in the market is so huge that there are some local players who likes to work only in particular vicinities. But for us at J Kumar, we have been working pan India, and with Maharashtra, Gujarat, Delhi as being our main focus, and also recently we have been trying to



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bid for projects in Chennai. So, competition is there, but it's a sensible competition, I would say. So, that's the difference between road and metro sectors and flyovers I would say.

**Alok Deora:**

Got it. Sir, just last question, out of the order book which we have currently, how many projects would be maybe a little slow moving and how many have not started, basically how much is currently under execution just wanted to know that?

**Nalin Gupta:**

I would say that other than the projects that we have recently backed in Q4, that is March to the tune of around Rs.2200 crores, Rs.2500 to Rs.3000 crore projects which has been recently bagged are under slow moving for that matter if you speak because it is the initial stage of the project. And the preliminary work that takes the initial, six to eight months is the point. So, I should not actually really call it as a slow moving. But in terms of revenue, we can see the inflows coming in FY23 in the current year.

**Moderator:**

Thank you. Our next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

**Mohit Kumar:**

Good afternoon, and congratulations on a good set of number especially for the fiscal year FY22. You have met all the guidance, which you gave in the beginning of the year. Sir my first question, can you just confirm the revenue guidance and EBITDA margin is it 12% to 15% growth over FY22 and 14% margin is that fair assumption?

**Nalin Gupta:**

Yes, so 14% to 15% EBITDA margin and now 12% to 15% growth is I would say a very achievable target for J Kumar and we have been maintaining it for these many years. And we are confident that we'll be able to achieve it Mohit.

**Mohit Kumar:**

And sir what was the impact of the input inflation in the Q4 FY22 if you can, was there any price variation which could not be completely passed through and there was a hit, but we since we have a better revenue, we have been able to cover it. My question is, if there was input inflation, sharp inflation what could have been the margin?

**Nalin Gupta:**

So, inflation as we have said that the price variation and escalation clause takes care of it in a fair manner. And even when the prices increased, it did not impact anyone now going down also it's not going to effect the bottom line of the company. Material work if you talk of, it depends upon the nature of work where like the material component, if you look at it keeps varying from 63% to 65% and when the works, it totally depends, this percentage totally depends on two factors, that is at what stage the project is. And second is what is the nature of work if the work is more of mechanical means the material component would be reduced. And if it is more of



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material component, then you will see an upside in it. But on a year-on-year basis if you look at it 63% to 65% is a fair number to be targeted.

**Mohit Kumar:** Sir on the order pipeline, what are the orders apart from GMLR, which is available in the Mumbai region, Maharashtra?

**Nalin Gupta:** So that RFQ has already been submitted by the qualified bidders and now it is under evaluation stage with the BMC and we expect that very soon we should be able to get the result of the RFQ submitted by the bidders and eventually in this financial years this work should be put into operation.

**Mohit Kumar:** No, sir apart from GMLR which are the other large projects which are there for this fiscal which we are targeting?

**Nalin Gupta:** So there are metro projects in Surat, in Chennai, in Ahmedabad, it is coming up, again Delhi is coming up with other metro projects, Mumbai is coming up with project of Mumbai metro line 10, 11, 12 and 13. So, Metro projects has been there as in open range even Kanpur and Agra they have been coming up with new projects. So metros and flyovers and NH jobs are amply available all across the country. And we have been focusing mainly into Northwest region and into the South area also like Chennai, more prominently that's been our focus that we open up our regional office in Chennai as well.

**Mohit Kumar:** Are you targeting anymore subcontracting, like say from Ircon which we one this quarter, are we targeting more project like that, is there a sufficient large opportunity available?

**Nalin Gupta:** So well, if you look at this project of Ircon, it's, I don't know whether you should really call it as a subcontract because the job that was been called by NH was on PPP model and J Kumar was interested more into EPC, as we always say, so this is Ircon being and government undertaking, we have taken the job from them on the EPC mode, and the earlier bid called by NH was on PPP mode. So that's the difference. So, I would not really, really call it as a subcontract and our main focus always, as you have been seen with the entire order book of Rs.12,000 crore, it's always been from the government directly as a main contractor. And this also here will be as a main contractor and not subcontractor, basically. Because Ircon as the developer and VLC EPC contractor.

**Mohit Kumar:** And do we have a similar contract in NHAI with the Ircon?

**Nalin Gupta:** I'm sorry.



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**Mohit Kumar:** So price variation clauses is.

**Nalin Gupta:** No, each clause is also part of this Ircor contract as well.

**Moderator:** Thank you. Our next question is from line of Jiten Rushi from Axis Capital. Please go ahead.

**Jiten Rushi:** Sir my first question is on the execution in FY23. So, which projects we are likely to close in FY23 because we can see metro projects completion this year, many of the metro projects so any targeted revenue breakup from metro, roads, so can you just give us a break up and which bigger projects you are likely to complete this year?

**Nalin Gupta:** I would say that we expected top line of around 55% from metro and balance 45% from other works and in terms of completion, like last year or early Q1 we can see we have completed line two and seven phase one and the phase two or line two and seven will also be completed in this H1 as well as we expect the Pune elevated corridor that we have been constructing that's also been completed from our side. And by H1, we will hand over the Pune elevated project also to the department. So these three projects we see in terms of completion. And with regards to revenue, giving the project wise would be a little difficult at this stage. But yes, around 55% would be from metro and 45% from roads, bridges and other sectors.

**Jiten Rushi:** Line three of underground metro road do we expect this to complete because I can see almost Rs.1,000 crore of order backlog still outstanding. And we recently saw an article where it was mentioned that the work is getting extended, delayed to December 24. So you're targeting around this year and so are we on track or delayed?

**Nalin Gupta:** So what you have been reading in the articles is basically with regards to operation of the metro project and not execution of the underground metro projects that's been backed by J Kumar. So, our projects are well within the limits and the projects are going on well in time and we have completed projects to the tune of around 75% to 80%. And the balance work will also be completed within the targeted time. It's basically regarding the depo work that we have been mentioning, because till now, it is not been very clear as to where this depo is going to be constructed. So irrespective of the depo work the work assigned to J Kumar in terms of top line and bottom line is well secured because that is irrespective of the depo location our works will be completed.

**Jiten Rushi:** Okay. So, we will be 100% complete and we will get our money from this?



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**Nalin Gupta:**

Yes, so being a cash contract we are not connected with the operation of the line. Construction work, whatever has been assigned to us is important unlike a PPP or BOT project. So that's the best part of it and that's why J Kumar always focuses on to EPC projects.

**Jiten Rushi:**

Right, sir. One last thing on the highway project so I believe we are always focusing on the asset light business, are we looking for any HAM projects or all kinds of back-to-back subcontracting for HAM like as you said we did something for Ircon so any tie up with them for future back-to-back subcontracting or HAM projects are we waiting for such projects?

**Nalin Gupta:**

So HAM we have tried for it, we had bided one project also which was, which we found to be lucrative. But we could not bag it because for us execution I believe is the biggest win. And we would like to focus on to our EPC mode itself. And though we keep trying for different options, if we feel that it can give us a different vertical, but surely at our margins, and at our terms and conditions if we are comfortable we try for it, but it's very unlikely that we will go for any BOT or HAM projects.

**Jiten Rushi:**

Sir on the margin front again, I understand you're given the guidance of 14% based on the current commodity situation. Sir, any projects which we have won recently last three to six months, probably we shall be starting the execution as on Q2 and Q3 so do you see better margins from these projects as against older projects which is in your order backlog and which are under execution right now, which can give you say 12% margin because of the commodity price and while the newer projects which you have won in last three to six months, can give you 16% and while your blended margin is 14%. But going forward if you are able to win new projects do see in FY23 second half and FY24 onward our margin, our run rate spiking up to 14% to 16% which we have seen in the past also, any thoughts or any light on this sir?

**Nalin Gupta:**

Well, Jiten I would say that it's not a printed percentage that it will be the same. But I always believe that, there are projects which gives you lower margins. Some projects, as you rightly said, which gives you 17%, 18% margin as well. But at the same time if you talk it on a year-on-year basis, and at an average margin, 14% to 15% is a decent margin I would say which can be achieved and do our endure always as we mentioned that we try to do the best in terms of cost cuttings, in terms of management of idling, but we need to always remember that working in urban infra, which gives you a very specific margin of such good numbers that we maintain, also attracts problems with respect to delays, cost overruns. So looking at the increase and decrease on an average level, maintaining this margin, is a decent margin to be there as I feel.

**Jiten Rushi:**

We appreciate the margin are really good. I was just taking an insight because now we're doing some STP work also and if you are able to do some different geography or different work in



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different geographies that can have an impact on the margin, but overall 14% to 15% I understand we can easily maintain based on the existing order backlog.

**Nalin Gupta:**

So, with the orders of existing order books that we have bagged of around Rs.12,000 crore, I would say that we will be able to maintain the margins. And of course little bit some basis point plus or minus is always there. But I don't see any substantial increase in the margin to be honest.

**Moderator:**

Thank you. Our next question is from line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

**Parvez Akhtar Qazi:**

Sir, two questions from my side. First, if you could let us know about update of some of our major projects like the postal road in CIDCO, the Mithi River Package that doing, the Dwarka Expressway and the Surat metro?

**Nalin Gupta:**

So, with respect to the coastal road project, it is recently bagged, and the preliminary works are ongoing. But we should surely see revenue coming in FY23 for the same project. Mithi Tunnel we have already started the work and we have received payments worth around and top line close to 30 to 40 crores. So, the work is well in swing and the TBM assembly is already going on, the shaft is nearly completed. So, we should be starting with the lowering of TBM in the month of June or July.

**Parvez Akhtar Qazi:**

And about the Surat metro and Dwarka Express?

**Nalin Gupta:**

So, Dwarka Expressway you can see that there is a good revenue that has been received from Dwarka Expressway to the tune of close to around Rs.800 crores in FY22. So, the work is in full swing in line with the timelines. So, I don't see any issues with regards to Dwarka Expressway, it's in full swing and which was the other one you were asking me, Surat Metro, so Surat Metro also we have received payments, the work has recently been started because there was some land equation issues and change in alignments by the local authorities there. So, but now, we are already mobilized in a proper way and work is in proper swing and in this financial year itself, we expect to lower the TBM into the shaft. The TBMs has already been refurbished at Surat and some minor works are pending. So, the launching shaft should be ready or somewhere around December or January. So in this financial year, we should be able to lower the tunnel boring machines as well there, we have already started casting of tunnel segments also in Surat. And the station also we have already in proper line and there are three machines which are already operational for that job.

**Parvez Akhtar Qazi:**

Sure. And one bookkeeping question for Arvind, what is the total cash and bank balance and the FDR?



**J. Kumar**

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**Arvind Gupta:** FDR is Rs.376 crore and cash and bank balance near about Rs.133 crores.

**Parvez Akhtar Qazi:** FDR you said is Rs.376 crore?

**Arvind Gupta:** Rs.376 crore is the FDR.

**Parvez Akhtar Qazi:** Okay, and cash and bank balance is Rs.133?

**Arvind Gupta:** Yes.

**Moderator:** Thank you. Our next question is from the line of Manjul Agarwal from Green Portfolio. Please go ahead.

**Manjul Agarwal:** Sir, I wanted to ask that, there have been very frequent changes in KNB in last two years, like they have been resignation of two Independent Directors as well as the CFO. Would you like to comment on that?

**Nalin Gupta:** Yes, so Manjul basically, our earlier appointed CFO. Firstly, I would like to emphasize on the point that Arvind Gupta who was the CFO, he has not left the company is very much with the organization. But looking at the growth of the company and diversified order books as well as the better governance that we wanted. We have given him a separate portfolio with regards to taxation and additional personnel Mr. Bhandari had joined, but due to some personal issues that he had with his previous companies, he was not able to be regular into the office. So that's how, as it was the initial period we thought it would be more better to a point a new CFO and a competent person as a replacement to him without being waiting for his return with his earlier commitments, so that's how the reshuffling is there. And Arvind is already there in the company. And with regards to the Independent Director when you talk Mr. Srinivasan, so, looking at his age, because he has become substantially older in age, so looking at his health conditions, we got Mr. Kapoor, who is a very competent person and having a wide, large experience into the infrastructure as well, because he has been working in GMR as well into airport sectors so, looking at that expect, we thought it to be a better deal to take a more younger person as compared to Mr. Srinivasan. So, that was a good move, which was a well thought process which we have taken the decision.

**Manjul Agarwal:** Alright. Sir my next question is regarding capital WIP, it has remained almost same at Rs.150 crores. So, is there a project stuck, can we expect to capitalize this?



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**Madan Biyani:** Yes, of course we'll be capitalizing decent sum in the current year and the J Kumar House itself will get capitalized in the current year as the registration formalities have been done in the current year.

**Manjul Agarwal:** Okay. Sir apart from that receivables have grown by more than 40% can we have some information on that, the quality and the age of debtors?

**Nalin Gupta:** Yes, so, basically it was being for March month, the billing always gets stronger in Q4, which is the highest revenue that comes in Q4 and out of this substantial amount is already been received by the company in April and May. So, that's the simple reason which was there and there is no slow moving or any doubtful inflow into that.

**Moderator:** Thank you. Our next question is from the line of Parikshit Kandpal with HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Sir, my first question is on the Mumbai Metro project. So, what is the pipeline right now and in the upcoming, is there any upcoming packages any new metro projects being planned for MMR?

**Nalin Gupta:** So, in MMR there are metro line 10, 11, 12 and 13 four metro lines that are well into pipeline and mainly the first project that should hit the inflow should be metro line 10, which is connecting metro line four and metro line nine that is from Thane to Gaimukh, which is on the Sala Ghodbunder Road to Dahisar. So, this line which is costing close to around Rs.1200 crore Rs.1500 crores should be coming up very soon, because the tender for GC has also been opened. So, this line I see very fast to come up in MMR and also the other projects that's extension on metro line five and 11 and 12 which was still DPT Dock that line is also into tendering stage.

**Parikshit Kandpal:** Okay. My question is more because in things like large project like coastal roads, trans harbor line, larger metro project, flyovers, lot of it, only GMLR is left to be awarded rest all the major projects have been awarded. So from your bidding perspective, from MMR which is like 70% to 80% of their work order book. So, how do we factor in the order inflows pipeline, because otherwise you need to diversify beyond MMR into other geographies, ramp up Delhi or UP or Gujarat or Chennai. So, someone has to like for making that balance to deduction in order inflows likely to happen from MMR. So, how do we need to balance it just wanted to understand that?

**Nalin Gupta:** So, Parikshit as you are aware that J Kumar we have not been a Maharashtra focused company, it's basically focused on the projects that we believe to be good for the organization. So, if you look at till 2010 we were mainly focused into Maharashtra but in the past 12 years, we have become a pan India Company and Delhi, Gujarat, Rajasthan, UP these areas have also been a



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server band has been becoming more broader and like recently we bagged the order from Delhi Metro for Rs.600 crores. So, our focus is always there on a pan India basis looking at projects where we feel that projects are good with terms of cash flow with terms of margins. So that's the only focus that we go for and right now also there are projects of Delhi Sena Bhawan for building this Satara Medical College, Satara Sainik School, Pune Administrative Building, Hospital in Goregaon by BMC with regards to, this is totaling to around Rs.5000 crores worth of projects in building line, whether you talk of expressway from Shiras to Akola that is flyover and road, your coastal road from Dahisar to Bhayandar West which is a Rs.1500 crore job that's only EPC mode that coming up and the tendering work is in process, the NIT has already been published. There is a four lane of bridging in Rajgad, Raigad there is Nariman Point to Cuffe Parade sea bridge has been proposed of around Rs.300 crores there are bridges in Mumbai, close to around Rs.1700 crores that's coming up. There is Chennai underground metro projects totaling around Rs.6000 crores there are six packages altogether where the tendering process is on, there is a sewerage tunnel project close to around Rs.500 crores that we have recently submitted and we are very likely that we should be able to hit the project looking at the complex nature of work and the expertise of J Kumar. And again there are some power houses and water and STP projects in Uttarakhand as well that we have been targeting. So Rs.20,000 crores worth of projects as of now before, which is at the early stage of FY23. We are talking of, so even if 20%, 25% strike rate, we should be able to back the order book that we target for.

**Parikshit Kandpal:**

Great, thanks for elaborating that. The second question is sir the guidance which you have given like Rs.5000 revenue guidance in midtown. So, for achieving that we need to substantially ramp up our order inflows at least we need to do that Rs.8,000 to Rs.10,000 of inflows at least from two years from here. So are we well pleased to get those kinds of inflows in terms of building up skills, expertise, competencies, geographical diversification, because at 5000 run rate or having Rs.15,000 crores, you should at least have Rs.3000 crore order backlog so that will require at least Rs.8000 to Rs.10,000 crores of inflows.

**Nalin Gupta:**

We'll Parikshit I will take your point and I appreciate what you're seeing is fairly right. And we are well prepared as we said that, we like to give a number which is like more on the safer side, but yes, we are open to bagging orders close to Rs.10,000 crores also and like our automation to handle projects worth around Rs.15,000 to Rs.20,000 crore we are well geared up and with the reputation of the company, the technical skills, the wonderful team at J Kumar that we have, and the ownership attitude at J Kumar. And bagging in and executing such projects wouldn't be an issue, but as we always say that margins which is our main focus, like you become too big but you lose your bottom line that we don't want to happen. So that's how we like to be very selective, though we may be sounding a little low or pessimistic, but our focus in terms of margin is always the primary area. So that's how we have been giving a guidance close to around 5000



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crore, but we are open to bagged orders from Rs.8000 to Rs.10,000 crore without any discomfort, with a strong balance sheet of course of J Kumar that you can see.

**Parikshit Kandpal:**

Right. So just on building segments sir, now it is 8% of the order book. So first of all, how much inflows we had in building segment in FY22 and how are you looking to make the segment bigger and meaningful to the overall execution and order book because the revenue contribution is hardly about 5% from the segment. So, I know you spoke 5000 crores of building prospects, but as the serious intensity of ramping up this vertical which has a huge potential and there's a huge shortage of contractors in the EPC building segments. So if you can just touch upon this segment and elaborate on a standalone basis how much are we qualified to bid on government projects on a building site and potentially how much of order inflows and going ahead what could be the potential contribution of this segment can it become like 20%, 80% to 20% of the order book in next three years?

**Nalin Gupta:**

So Parikshit with regards to potential I already mentioned you that out of this Rs.20,000 around Rs.5000 for building projects, we have already mentioned that and we at J Kumar, we have been qualified with a single certificate of close to Rs.1000 crore plus certificate that has come up through Alwar. And recently we have been doing work of building works at Lucknow as well. So building works, we have a substantially good certification, where we can take up these type of jobs, but building we look for an opportunity of the right work at the right place and at margins that we need. So building has been a focus and that's how from the last couple of years we have started looking into building works as well. And we'll continue to do that and we'll try the best to explore this opportunity to the best as possible where the company is comfortable.

**Parikshit Kandpal:**

Okay, sir just last thing if Arvind or Mr. Biyani can answer it or you can answer. So, has there been any big inflows on the mobilization advance towards the end of March because the current liabilities look to be on a higher side. So is there any one offs there like, a big chunk coming in the fourth quarter?

**Madan Biyani:**

As of March 31st, we have total mobilized in advance of Rs.547 crores and we expect further Rs.300 crores to receive for the newer projects later on. And in the quarter of March, the Q4 March, we had received Rs.59 crores from Surat Metro as mobilization advance.

**Parikshit Kandpal:**

So, what was this number in December '21, the mobilization advance in December '21 closing balance?

**Madan Biyani:**

December 2021, just give me a second.

**Parikshit Kandpal:**

Or maybe you can answer it later, no problem sir.



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**Nalin Gupta:** It was Rs.450 crore as on March '21.

**Madan Biyani:** December it was almost same as of March '21. It was Rs.450 crore which was one year before. December it is almost same w will share the numbers with you later on.

**Moderator:** Ladies and gentlemen. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Nalin Gupta:** I would like to thank once again to all of you for joining us on this call today. We hope we have been able to answer your queries. Please feel free to reach out to our CFO or IR team for any clarifications or feedback. Thanking you and assuring you of our best efforts at all times. Thank you very much.

**Arvind Gupta:** Thank you sir.

**Moderator:** Thank you. On behalf of Anand Rathi Share & Stock Brokers Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.