



## Conference Call Transcript

### J Kumar Infraprojects FY17 Results

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#### *Corporate Participants*

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*Managing Director*

**Mr. Nalin J. Gupta**  
*Managing Director*

**Mr. Arvind Gupta**  
*CFO*

## Questions and Answers

**Moderator:** Ladies and gentlemen good day and welcome to the J Kumar Infraprojects Q3 FY17 Earnings Conference Call hosted by Edelweiss Securities 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 the operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Parvez Akhtar Qazi from Edelweiss Securities limited. Thank you and over to you Mr. Qazi!

**Parvez Akhtar Qazi:** Good afternoon friends. On behalf of Edelweiss Securities, I welcome you all to the Q3 FY17 conference call of J Kumar Infraprojects. Today we have with us from the management with Mr. Kamal Gupta, Managing Director of the Company, Mr. Nalin Gupta, Managing Director of the Company, and Mr. Arvind Gupta the CFO of J Kumar. I would now hand over the call to Mr. Kamal Gupta for his opening remarks. Over to you Sir!

**Kamal Gupta:** Hi, very good afternoon to all. Well I will just brief about the Q3 results of J Kumar. It is a pleasure to say that the Q3 of J Kumar has gone up. The top line has gone up by almost 19% to 370 Crores as compared to 310 Crores in the previous Q3 quarter of 2015-2016. Also the EBITDA has gone up by 17% to 69 Crores as compared to 59 Crores in Q3 of the previous year. I am glad to say that the PAT has also gone up by 10.2% to 26.53 Crores as compared to 24 Crores of Q3 of previous year. Looking at the nine months figure ending December 31, 2016, the top line has gone up by 7.8% to 1082 Crores as compared to 1004 Crores of the previous year. The EBITDA has gone up by 7% for this nine months and PAT has also gone up by 7.2% to 79 Crores as compared to 73 cores of the previous year. Coming to the order book position as of December 31, 2016, the order book stands on 9700 Crores. That is done. Please come up with your questions.

**Moderator:** Thank you. Ladies and gentleman, we will now begin the question and answer session. We will take the first question from the line of Gaurav Sanghavi from Bajaj Allianz. Please go ahead.

**Gaurav Sanghavi:** Hello good afternoon Sir and thanks for this opportunity.

**Kamal Gupta:** Hi Gaurav.

**Gaurav Sanghavi:** Hi Sir. Sir just wanted to understand in this quarter we have seen some impact on the margin on account of employee cost. So if you can help us Sir understands in terms of increase in the employee cost.

**Kamal Gupta:** Yes tell me.

**Gaurav Sanghavi:** Sir in this quarter, we have seen some margin decline year-on-year predominately led by the higher employee cost, so there is a sharp

increase in the employee cost. If you can help us understand this.

**Kamal Gupta:** No there is not much difference Gaurav like the volume is less and salary looks to be high, but the margin has not been hit because of that.

**Arvind Gupta:** The salaries have gone up because of the new projects that the company has taken and the revenue we are yet to generate. So that is why you can see little bit difference in that.

**Gaurav Sanghavi:** Okay Sir and now is you in terms of execution now we have this 9700 Crore order book and now I think we would expect some execution to pickup, so if you can just give some brief comment on the execution how do you see execution on this year and next year.

**Kamal Gupta:** As you know Gaurav that we have already completed 1080 Crores till December this year. We are expecting a top line of around 1600 Crores for March 17, 2017 as committed before and like you know we are planning to have around 2000 Crores for 2017-2018 year that will be again 25% jump and so on. So of course the top line as it is going good because of this order book, which has already started in full swing and all the work whether it is line two, line seven, or line three all have taken up very well and all the work like the preliminary works are almost done. We have already started with the foundations and superstructure everything. So works are going very well as per plan.

**Gaurav Sanghavi:** And Sir if you can share some of the balance sheet number in terms of working capital, what is the inventory, and receivable?

**Kamal Gupta:** The receivables for this quarter?

**Arvind Gupta:** The receivable is... data as on December 31, 2016 order is 563 Crore.

**Gaurav Sanghavi:** Sorry how much Sir.

**Arvind Gupta:** 563 Crore and stock is near about 386 Cr consisting of raw material of 106 Crore and WIP of 280 Crore.

**Gaurav Sanghavi:** And cash position?

**Management:** And cash position is near about 16 Crore actually and that in the FDR is near about 380 Crore.

**Gaurav Sanghavi:** 380 Crore and Sir what is the net worth?

**Management:** Net worth is 1380 Crore.

**Gaurav Sanghavi:** Okay Sir. Thank you.

**Moderator:** Thank you. We will take the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Hello.

**Kamal Gupta:** Yes hi Parikshit.

**Parikshit Kandpal:** Hi Sir, congratulations on a good set of number. Sir I just wanted to know.

**Moderator:** Sorry to interrupt Mr. Kandpal. Sir can you speak a bit louder? We are not able to hear you.

**Parikshit Kandpal:** Is it better now?

**Moderator:** Yes thank you.

**Parikshit Kandpal:** Sir wanted to know what is the contribution of JNPT road project and the metro project to the revenues during this quarter.

**Arvind Gupta:** Q3 line 3 revenue is about 44 Crore.

**Parikshit Kandpal:** All metro projects put together if you can tell line three is 44 and line seven...?

**Arvind Gupta:** You can carry on with the next question. We will give it to you in two minutes' time.

**Parikshit Kandpal:** And even JNPT, I want to know the revenue. Second question is Sir with regards to some of the protests done by South Mumbai people with regards to tree cutting, does it anyway impact our projects and what is the provision in the contract, which will prevent any delays. How will we get compensated if there is any delay with regards to the execution of the project?

**Kamal Gupta:** See Parikshit what happens you are working in urban area, so these issues are going to come. It is not a very big thing, but of course there will be local people who will be concerned about some pollution or concerned about some tree cutting or some traffic; it is part of this work, but you know one thing is that we are fully covered, all responsibility lies with the client that is MMRC or MMRDA. So it is up to them to clear everything and give us. So our part of work is not impacting much because of that, but of course because of tree cutting there are some portions where we would not be able to take up the work, but otherwise there is not a major impact because of this tree cutting. South Bombay this issue is going up right now.

**Parikshit Kandpal:** This would not in any way materially delay the execution on the ground.

**Kamal Gupta:** Of course this will take a couple of weeks always because of that issue have come up.

**Nalin Gupta:** But there is no substantial effect on that.

**Parikshit Kandpal:** And also Sir if you can give us the status update on the advances you have received on three metro lines you have in your order book?

**Kamal Gupta:** Around 125 Crores is the advance that we have taken till now and the balance would be going on in a sequential manner as and when we keep showing them the utilization of the money and as and when we keep buying the machine, the money will be released to us, but because the mobilization advance of 10% is in step manner, which is 5% for mobilization and 5% for machinery, so it is given as and when the machine comes into the project.

**Parikshit Kandpal:** But for all the lines, we have received or is there any line

2A, I think last quarter we have not received any advance. What is the update on that?

**Kamal Gupta:** Line 2A we have not received any advance as of now, but we have taken already payment of close to 40 to 45 Crore rupees on that project, but we will be very soon I think next month we will take up the advance for that project and in line seven and line three, we have already taken part advances.

**Parikshit Kandpal:** Okay and just on your non fund base limits, since we have almost 6x times the revenue of what is now in the order book, so how comfortable we are on the non fund base limit side, so for taking up new orders.

**Kamal Gupta:** We have already tied up Parikshit for the entire non fund based limits.

**Parikshit Kandpal:** I am saying the new projects Sir. If you take up new projects is there enough headroom for us to take new projects and we have the line for the non-fund base limits.

**Kamal Gupta:** Parikshit as we have told earlier also, we are not very, very aggressively interested in going in for new projects unless we get our own margins, but yes although we will be targeting around 2000 to 3000 Crores every year to keep topping up the order book of 10,000 Crore that the company is enjoying and coming to the availability of bank guarantees, it is absolutely not a problem because we have already tied up with different banks for additional limits and that will take care of the EMD requirements of non-fund based.

**Parikshit Kandpal:** Sir just lastly I just wanted to know what is the payment period for the metro project Sir. If you raise the bill in how many days are you getting the payments?

**Kamal Gupta:** Once we make a billing every 30 days at the end of the month, we get a payment, so as such the monthly payment cycle would be like 30 to 45 days after the passed away month, so it will be like 45 days easily we will get the money.

**Parikshit Kandpal:** It is on milestone based or...?

**Kamal Gupta:** It is milestone based because the project has been... there are different milestones given on for the work and those milestones are also further split into each unit. Like if you do one pile you get payment for that one pile, but we bill it every month.

**Parikshit Kandpal:** Okay Sir just comes back for the question, which is to be answered on the revenue on JNPT and metro work you have the numbers otherwise you can give in between.

**Kamal Gupta:** Around 112 Crores rupees is what we have received till Q3.

**Parikshit Kandpal:** You have billed?

**Kamal Gupta:** It is only for the Q3 I am sorry around 120 Crores from metro.

**Parikshit Kandpal:** Okay and JNPT project?

**Arvind Gupta:** JNPT, there is no much realization Parikshit because the work is going on. It is more into WIP because we are changing the payment schedule, so that is not approved by them. So because of the payment the exact money is not coming up. We have received around 75 to 80 Crores of advances from there.

**Kamal Gupta:** And moreover there are a lot of utilities in that project for which additional scope has been given to us for the utilities and unless we do the utilities, we cannot take up the main work in a big manner. So instead of idling the resources, we have decided to keep it slow paced into that project till the utilities are shifted. That is the reason why there is not much realization of revenue from there.

**Parikshit Kandpal:** Because the last quarter, we had guided 250 Crores from JNPT project and 400 Crores from metro, so I think we are faltering a lot on that because if JNPT is not.

**Kamal Gupta:** As we mentioned just now it is like the utility worth, which is not seen at the ground level. When we take up the project we do not know what are the utilities that we will encounter, but when we get the area barricaded as we start doing the work, we realized that there are a lot of utilities, which we identified during the utility identification process due to which that 50 Crores additional utility shifting work has been accorded to us. So once we complete that then this project will come into the play.

**Nalin Gupta:** And Parikshit like we have already completed around 75 Crore work there in JNPT, which has been realized and like another around 150 Crores will be there till Q4.

**Parikshit Kandpal:** No the 600 Crores we have to do in Q4, so I just wanted a breakup like which projects will be driving this revenue.

**Kamal Gupta:** That I can tell you of course that is not a problem. We are getting around 200 Crores to 250 Crores for metro itself and then JNPT is around 60-70 Crores and there are other projects all put together whether it is Ahmedabad, Delhi, Lucknow, and other prior projects of these that will be around 200 Crores.

**Parikshit Kandpal:** Okay Sir that is all from my side. All the best.

**Moderator:** Thank you. We will take the next question from the line of Abhinav Ganeshan from Canara Bank Securities. Please go ahead.

**Abhinav Ganeshan:** Good evening Sir Thanks for taking my question. I just wanted to understand how the metro project is progressing in the Mumbai metro. Last time you had talked about some redesign work, which happened regarding some of the stations and all that. Can you throw more light how that has progressed and how the rework is going on?

**Kamal Gupta:** Well I had just mentioned that out of the two lines that we have bagged line seven and line two, in line seven the stations were cantilever station that is on a single column. For line two, out of the 17 stations, that we had, most of the stations were into portal, that is on three columns two on the

extreme ends and one in the center of the median due to which there were a lot of utility problems and the columns coming at every 17 meters center to center were in the property gates and the shop owners, the columns were coming exactly in front of their houses, in their buildings, and all that for which there was some sort of inconvenient proposal, which was happening. Moreover we had to handle more of utilities and again there were some launching issues that you would have faced in the long term when we would have gone for it. So that is how J Kumar we decided to go in for more and more of cantilever station. We made them the presentations and details, which were given to them and DMRC accepted that the proposals given by J Kumar is much more viable as compared to the portal structure that they had gone for and that is how the stations had been changed to cantilever, which will have comfort in terms of execution for us because this additional three, four months whatever we have lost will have a better coverup area for us for the long term because all the stations will be identical now. We are going for precasting so that will help us in utilizing any precast component in any area maintaining fewer inventories.

**Abhinav Ganeshan:** Right Sir agreed. So it means this rework has been accepted and so you will get paid for this as well whatever you have suggested. Extra billing you will get it?

**Kamal Gupta:** Abhinav. This is not a rework let me tell you. At the planning stage, we have told that we will go in for instead of two or three types of variations; we went for cantilever so there is no rework into this. Basically during the start of the work we changed it

**Abhinav Ganeshan:** Then it is more of design change I believe.

**Kamal Gupta:** It is a design change.

**Abhinav Ganeshan:** Fair enough.

**Nalin Gupta:** This was the only design, so we have that option of doing that.

**Kamal Gupta:** That is going to ease out the construction basically.

**Abhinav Ganeshan:** Right Sir. One more thing Sir how is the Navi Mumbai Metro progressing it is almost through?

**Nalin Gupta:** Navi Mumbai Metro is almost done. We have got one additional work of 75 Crores there, so that is balance and like one depot, which is on the final finishing stage. Some 10 to 12 Crores are yet to come from there. That is all.

**Abhinav Ganeshan:** One more thing now with this Navi Mumbai Airport being announced recently, are there any other scope of work, which can up like approach roads or something like that.

**Nalin Gupta:** There are like, but we are not bidding for that work. This Navi Mumbai Airport, the ground improvement work, and ground development work, but we are not interested in quoting that.

**Abhinav Ganeshan:** Sir one more just wanted to ask because what we say was there is a lot of scope in the Rayalaseema especially in Andhra Pradesh with

this new capital city coming up, so are we looking at some projects over there.

**Nalin Gupta:** No we are not looking there also my dear.

**Kamal Gupta:** As we have mentioned earlier also J Kumar has 3x the order book of what we used to have, we try to maintain geographically in the same area that we are operating.

**Abhinav Ganeshan:** Okay so it will be more of Maharashtra and around Maharashtra.

**Kamal Gupta:** Maharashtra, Gujarat, Delhi, and Rajasthan are the areas where we will still concentrate.

**Abhinav Ganeshan:** Right Sir understood. All the best Sir for your future.

**Kamal Gupta:** Thank you.

**Moderator:** Thank you. We will take the next question from the line of Subramanium Yadav from Subhkam Ventures. Yes Mr. Yadav please go ahead.

**Subramanium Yadav:** I want to know what is the order inflow ex-metro in FY17 Sir till nine month now.

**Kamal Gupta:** Ex-metro?

**Subramanium Yadav:** Yes.

**Kamal Gupta:** Ex-metro will be around 450 plus...mean inflow you are talking right?

**Subramanium Yadav:** Order inflow yes.

**Kamal Gupta:** Order inflow one worth we got of 450 Crores. I think that is the only one.

**Subramanium Yadav:** The flyover one what we got.

**Kamal Gupta:** Yes.

**Subramanium Yadav:** That is the only one okay. And Sir what is pending work now in the Delhi Metro.

**Kamal Gupta:** Around 250 Crores.

**Subramanium Yadav:** 250 Crores.

**Kamal Gupta:** Yes approximately.

**Subramanium Yadav:** 250 Crores okay fine and Sir there has been yesterday there was an article regarding the DN Nagar-Dahisar Metro and Andheri-Dahisar Metro that MMRDA is not getting the guarantee of the Maharashtra Government for raising the 5000 Crore of fund, actually it is worth the rolling stock, but again would it pose a problem for us in the application?

**Kamal Gupta:** See this is basically as you said the question and you replied also.

**Subramanium Yadav:** I know, but it is for rolling stock only I know.

**Kamal Gupta:** Basically that is JICA funding that they are trying to get in for the rolling stock.

**Subramanium Yadav:** That means JICA is not funded for rolling stock Sir.

**Kamal Gupta:** Yes. I am saying we are trying to get foreign funding for it from World Bank, ADB, JICA and all this, which is only for rolling stock; clearly for the EPC contract of civil work, which we or the other contractors have bagged, this is totally funded by MMRDA for which the money has been clearly earmarked, so whether we raise 100 Crore bill or 200 Crore bill nobody's bill is stopped even for a single day.

**Subramanium Yadav:** Okay so you get it from the state budget right for the EPC work.

**Kamal Gupta:** We get from the state and MMRDA.

**Subramanium Yadav:** Okay fine. Thank you.

**Moderator:** Thank you. The next question is from the line of Kishan Gupta from CD Equisearch. Please go ahead.

**Kishan Gupta:** Hi good evening. Can you tell me why did your receivables go up again this quarter, you said at the Q2 concall that it would decline?

**Kamal Gupta:** Yes this is mainly because of this metro Mr. Kishan. Like you know we have raised bills of around 140 Crores for line three and some 20 Crores for line seven, which was yet to be paid. So that is why this Q3 the receivables have gone up. It is not a major thing, so 150 Crores was there, so now we have already received it in January, so that is why the receivables were basically higher.

**Kishan Gupta:** How much is the current receivables?

**Kamal Gupta:** Current receivables I think are around 400 something. I am not very sure with the number, but around 400.

**Arvind Gupta:** You are talking about the current date or December 31, 2016.

**Kishan Gupta:** No current date as you said that some money you have gotten 140 Crores or something you got in January, so how much is the current position?

**Arvind Gupta:** Around 400 to 430 or so.

**Kishan Gupta:** 430 and what is the guidance for full year?

**Kamal Gupta:** More or less the same.

**Kishan Gupta:** How much is debtors more than six months?

**Arvind Gupta:** It's 20 Crores near about for more than six months actually.

**Kishan Gupta:** How much is the retention money now?

**Arvind Gupta:** Around 150 Crores to 175 cr something.

**Kishan Gupta:** Is there any retention money, which is for projects already completed?

**Arvind Gupta:** Retention money is kept for ongoing works also and for the completed work as well, certain money is returned along with the final bill, a part of it depending on the contract condition and the balance is kept for the

defect liability period and also in some current contracts like in metro there is no cash retention in most of the contract, but some of the, so we need to give a performance guarantee.

**Kishan Gupta:** So out of these 150 to 170 Crores, how much is for projects already completed and it stuck on...?

**Kamal Gupta:** That we can tell you later Kishan, we do not have that figures right now.

**Nalin Gupta:** We do not have these numbers readily right now.

**Kishan Gupta:** Okay, thanks.

**Moderator:** Thank you. The next question is from the line of Sandeep Jagnani from Narnolia Securities. Please go ahead.

**Sandeep Jagnani:** Good afternoon.

**Kamal Gupta:** Good afternoon.

**Sandeep Jagnani:** Yes sir, my question is pertaining to JNPT what is the current un-executed portion of JNPT road project?

**Kamal Gupta:** That is around 1025 or so, so we have already received the payment of around 70 Crores, work done in fact is around 50-60, for which payment is yet to come. So like work pending is around 1000 to 1050.

**Sandeep Jagnani:** Sir, we are just talking about the utility shifting work, so by when you expect to get completed and start our...?

**Kamal Gupta:** Done some utility, which was not part of our contract and we have received payment of around 30 Crores from utilities my dear.

**Sandeep Jagnani:** Sir, some bookkeeping question, what is the current debt level sir?

**Kamal Gupta:** Current debt is 480 Crores as of Q3.

**Sandeep Jagnani:** 280 Crores?

**Kamal Gupta:** 480.

**Sandeep Jagnani:** 480. Okay Sir. That is all from my side.

**Moderator:** Thank you. The next question is from the line of Amber Singhania from Asian Market Securities. Please go ahead.

**Amber Singhania:** Thanks for taking the question. Couple of things, next year you were talking about 2000 Crores of revenue, could you give some color as in how much you are factoring in from Metros and how much from the JNPT?

**Kamal Gupta:** Well for Metro we are looking around, it is almost 1300-1400 Crores from the Metro; JNPT we are looking around 400 Crores.

**Amber Singhania:** Okay, this Metro includes the Delhi Metro also right sir?

**Kamal Gupta:** No, not Delhi Metro, I am talking about the three lines of Bombay.

**Amber Singhania:** Only three lines of Bombay and 400 Crores from JNPT.

**Kamal Gupta:** And around 200 Crores from other projects.

**Amber Singhania:** And the margins you will be able to maintain at 17%-18% on this?

**Kamal Gupta:** Yes, we will be able to maintain 17% of EBITDA.

**Amber Singhania:** Sir, secondly there was a lot of talks and new articles about the BMC cancelling couple of projects earlier where you have got the stay also and what is the status now, is there any unfinished work pending on those projects and what is outlook going forward on the entire BMC issue...?

**Kamal Gupta:** There are all together 450 Crores approximate works, which are still pending with the BMC, which are in joint venture and standalone basis, out of which 100 Crores is for a Telli Galli flyover, which is yet to start because of the Metro we have not got the permission for that because it is coming in the same alignment, so the traffic is diverted from that area and for the other road works the work are going on and 50 Crores approximately from the Jogeshwari ROB, which is about to complete, so all together it is like 300 Crores of road work, which is going on at its pace and unless we get the utilities cleared or stuff we are not being very aggressive into that and then when we are getting utilities removed we are taking up that jobs.

**Amber Singhania:** We are getting the payment from these guys?

**Kamal Gupta:** Yes.

**Amber Singhania:** Secondly just on 9700 Crores order book, how much is the Mumbai Metro in all three lines?

**Kamal Gupta:** Around 7000 Crores.

**Amber Singhania:** Un-executed?

**Kamal Gupta:** Yes, un-executed you can say 6600.

**Amber Singhania:** 6600 and 1000 Crores is JNPT?

**Kamal Gupta:** Yes.

**Amber Singhania:** Sir, going forward if you have some idea about what are the large projects you are bidding or you are aiming to be it Metro, be it coastal road, be it airport whatever if you can just throw some light about next one year of pipeline which you are aiming to?

**Kamal Gupta:** These are lots of works that the government has floated tenders and within a time of one, one and a half month orders close to 10,000 Crores of Metro alone have to be bid. It is like 2000 Crores for Vijayawada, 3000 Crores for Bangalore, 5000 Crores for Bombay Metro line 2B and line 4, so there are lot of opportunities right now even for Metro and other flyover works that MMRDA is floating means 200, 400, 500 Crores projects are time and again coming in and as a longer perspective of one year that you are speaking about MMRDA, MSRDC and NHAI have come up with a lot of tenders costing around 30,000 to 40,000 Crores, which is for Bombay-Nagpur, Bombay-Pune and within Bombay for upgradation of this line from Bombay-Pune Express Way and Bombay-Nagpur Express Way and again with coastal roads also, which will be

coming, the RFQ is ongoing and similarly MSRDC is also they have called for RFQs for all the Bombay-Nagpur, Bombay-Pune, Thane Creek bridge, so there are lot of tenders in the pipeline that will have to be bidden over a year's time.

**Amber Singhania:** Any delays because of the BMC elections on the BMC's tendering or will we able to bid on those.

**Kamal Gupta:** We are not so very keen about BMC, so that really does not bother us, but as such the new works you are talking about BMCs some part of the costal road is substantial area even they are doing for which RFQ is ongoing and that is little bit slow, but...

**Nalin Gupta:** Because in BMC election there is no much delay, because whatever tender, they cannot take up new tenders in BMC for this period, but previously whichever tenders are there that is going on those, so that is because of the election.

**Kamal Gupta:** For ongoing, it does not have any impact on the ongoing works for sure. You are talking about ongoing works?

**Amber Singhania:** No, new tenders, which BMC generally floats at?

**Kamal Gupta:** As of now during elections of course for one month or so the works are at standstill, but now again it will start the new orders.

**Amber Singhania:** Sir, this is a last question from my side, as we will be entering in a full scale execution Metro projects in FY 2019, because already one and half year's work will be completed, so in that case what kind of pace we can expect in FY 2019 for Metro execution?

**Kamal Gupta:** See, for FY 2018-2019 will be really good in terms of execution because I think around 1000 Crores will come in from line three only and around 800 Crores will come in from line two and seven only, it is going at good pace.

**Amber Singhania:** So, we can expect around 2500 Crores of turnover in 2019

**Kamal Gupta:** Pardon.

**Amber Singhania:** Full revenue in FY 2019, roughly around 2500 Crores guidance.

**Kamal Gupta:** Yes, 2400 Crores we could easily receive in that period.

**Amber Singhania:** Thank you, that is all from my side.

**Moderator:** Thank you. The next question is from the line of Pankaj Rawat from SLO Funds. Please go ahead.

**Pankaj Rawat:** Thank you for taking my question. Sir, what is the revenue that you have booked in FY 2017 from the DMRC project for Delhi Metro?

**Kamal Gupta:** FY2017 till now?

**Pankaj Rawat:** Till nine months.

**Kamal Gupta:** For Bombay Metro you are talking of?

**Pankaj Rawat:** Delhi Metro Sir?

**Kamal Gupta:** Actually Delhi Metro is also work in Mumbai so that is how...

**Pankaj Rawat:** No, package 20 or 24.

**Kamal Gupta:** Yes, CC 20 and 24. We will have to take this; we will let you know in sometime.

**Pankaj Rawat:** Sure and this non-metro or some flyover work that you have received in FY 2017 for about 450 Crores if you can just let me know which order this is?

**Nalin Gupta:** This is an extension of Santacruz-Chembur Link Road when you come from Eastern Express Highway from Amar Mahal Chembur towards this Kalina on the Western Express Highway crossing Grand Hyatt so this is 4 km elevated flyover, starting from LBS Marg coming all the way from University to Western Express Highway.

**Pankaj Rawat:** Sir, how many TBMs would you require to purchase for this Mumbai Metro orders?

**Kamal Gupta:** How many...?

**Pankaj Rawat:** TBMs, tunnel boring machines.

**Kamal Gupta:** New TBMs are another three.

**Pankaj Rawat:** Another three and that would approximately cost, each of this will cost?

**Kamal Gupta:** 65 to 70 Crores.

**Pankaj Rawat:** The ones, which you utilized for the Delhi Metro, how are you going to utilize them?

**Kamal Gupta:** We are utilizing two out of those machines also here, so total five machines we are utilizing from line three, Metro Mumbai

**Pankaj Rawat:** Okay, so out of the four, two you are going to use here and the remaining two you will look at for utilization for some other projects.

**Kamal Gupta:** Correct.

**Pankaj Rawat:** They are also similar cost Sir?

**Kamal Gupta:** They were lesser than these. Around 50-60 Cr.

**Pankaj Rawat:** Okay. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

**Shravan Shah:** Thank you. Sir, in the nine months how much capex we did?

**Kamal Gupta:** Right now, till now it is around 60 Crores, we are expecting by year-end around 75 to 100 Crores max. Next year we are looking for around 250 to 300 Crores and the year thereafter will be around 50 Crores max.

**Shravan Shah:** Sir, the opportunities you were talking about regarding all the Metros and MSRD and all these projects in Maharashtra, would you like to give some kind of timeline in the sense next three to six months, which kind of

projects can come up for RFP stage?

**Kamal Gupta:** Already like 5000 Crores the Metro that we are talking to you, it is to be submitted by mid of March. Already the RFP is out and the bid is also done and we are working out the general tendering cost, which will be submitted by 15<sup>th</sup>.

**Shravan Shah:** This is line 2B and 4?

**Kamal Gupta:** Line 2B and 4.

**Shravan Shah:** So how many packages is there sir?

**Kamal Gupta:** 10.

**Shravan Shah:** 10 packages?

**Kamal Gupta:** Yes, 500 Crores approximately each for the 10 packages.

**Shravan Shah:** All are elevated one?

**Kamal Gupta:** All elevated, yes.

**Shravan Shah:** Sir, in terms of the debt how do you see now in the next year execution will pickup and even the 2019 also, so do you see working capital and the debt levels?

**Kamal Gupta:** Working capital has already come down, if you see like know from 220 days it is like now at 174 days as on date and even debt has gone down from 510 to 480 Crores.

**Shravan Shah:** Next year by March 18, 2016 can we look at around 550 Crores?

**Kamal Gupta:** Yes, even the working capital will further improve to around 150 to 160 days but debt we are looking to around 350 to 400 Crores year end.

**Shravan Shah:** FY 2017 you are saying?

**Kamal Gupta:** Yes, FY 2017 and for 2018 it will be high because we will be capitalizing our TBM so that will be around 500 to 550 Crores.

**Shravan Shah:** This is it from my side and all the best.

**Kamal Gupta:** Thank you.

**Moderator:** Thank you. The next question is from the line of Prashant Tiwari from Religare Capital. Please go ahead.

**Prashant Tiwari:** Hello sir.

**Kamal Gupta:** Hi Prashant.

**Prashant Tiwari:** Sir, did you reduce your guidance for FY 2018 like was it earlier about 2000 at some point of time.

**Kamal Gupta:** No, we are not reducing it, for FY 2018 even now also we are talking to you about 2000 plus.

**Prashant Tiwari:** Okay, that is fine and sir what would be your rough amount for closing the order book in FY 2017?

**Nalin Gupta:** FY 2017 will be around 9200 to 9300 Crores like if we are getting some projects, of course looking to the current position, if we execute all the projects it will be around 9200, 9300 cr. If we get one of the projects it will be around again 500 Crores is coming in so 9700-9800 something like that. We would like to maintain these 10,000 Crores maybe not in these three months or another six months.

**Kamal Gupta:** As we are speaking we can say that 9500 cr to 11,000 cr anywhere between that this order book will always be maintained to that for the next coming one or two years comfortably.

**Prashant Tiwari:** Sir, what are the inflows the orders booked in nine months still now?

**Kamal Gupta:** Nine months if you say it is 1700 Crores approximately because line 2 and SCLR both we have bagged which is around totalling to 1700 cr, 1350 plus 450.

**Prashant Tiwari:** 1350 plus 450?

**Kamal Gupta:** 1800 cr.

**Prashant Tiwari:** Okay. Total 1800 Crores. Okay Sir. That is it from my side. Thanks.

**Kamal Gupta:** Thank you.

**Moderator:** Thank you. Next question is from the line of Vipul Shah from Sumangal Investments. Please go ahead.

**Vipul Shah:** Good afternoon sir.

**Kamal Gupta:** Good afternoon Vipul.

**Vipul Shah:** I just wanted to know this commodity prices are hardening, so whether any cost escalation clauses are there in Metro and this JNPT contract, what will be the impact if commodity prices rises substantially?

**Nalin Gupta:** All 100% of our contracts are secured with this price escalation clause, so wherein some of the contracts are having this price index as clause and some of the tenders are having directly start rate contracts, so because of these rise in prices we are 100% compensated, so there is no impact on J Kumar because of the increase in commodity prices or steel prices anything.

**Vipul Shah:** What is the timetable for completion of these three Metro lines if you can give any idea?

**Nalin Gupta:** Elevated is 30 months and underground is four and a half years, 54 months.

**Vipul Shah:** Elevated is 30 months and underground is 54, right?

**Nalin Gupta:** Yes, four and half years that is 54 months.

**Vipul Shah:** Okay. There must be a penalty clause if we cannot execute in time?

**Nalin Gupta:** Penalty clause as well as bonus clause both. So if we are

completing before time there is bonus and if we complete because of reasons attributed to you, the delay is so there will be penalty.

**Vipul Shah:** Penalty should be means as a percentage of contract can you elaborate it?

**Nalin Gupta:** I think it is around maximum to 5%, but like you know if only because if there is a reason attributed to you, like if there is because land acquisition, because of utility, because of traffic, that are not attributable to contractor.

**Vipul Shah:** It means it is due to the company's problem then only that will apply right?

**Nalin Gupta:** For last 36 years we have never been penalized, but we were in fact been awarded for early completion Mr. Vipul for you information.

**Vipul Shah:** Okay and what will bonus if you complete it early, same?

**Nalin Gupta:** Roughly around 3% to 3.5%

**Vipul Shah:** Okay sir thank you and all the best for the future.

**Nalin Gupta:** Thank you.

**Moderator:** Thank you. Next question is from the line of Pratik Singhania from Param Capital. Please go ahead.

**Pratik Singhania:** Sir my question would be regarding your working capital cycle so currently you said we are at 174 days right, FY 2018 second half and FY 2019 will be the time when we would be peak into to our execution cycle so by that point of time what kind of a working capital days we can see you reducing to and what kind of ROC that can be generated.

**Kamal Gupta:** See, working capital we are hopeful to maintain around 160 days Mr. Singhania and ROC, give us some time we will come back to you.

**Pratik Singhania:** For 2018 and 2019?

**Kamal Gupta:** Yes, for 2018 and 2019 what ROCs will be at, we will let you know after sometime?

**Pratik Singhania:** Sure sir. Thank you.

**Kamal Gupta:** Thank you Mr. Singhania.

**Moderator:** Thank you. The next question is from the line of Sandeep Jagnani from Narnolia Securities Ltd. Please go ahead.

**Sandeep Jagnani:** Sir my question is on revenue breakup Sir, if it is possible for you to breakup your project wise revenue?

**Nalin Gupta:** For which year?

**Sandeep Jagnani:** For Q3.

**Kamal Gupta:** Revenue breakup you want geographical wise or project wise?

**Sandeep Jagnani:** Project wise sir.

**Kamal Gupta:** We will provide you that like Mr. Sandeep; we will send you this

what is the revenue from which project.

**Sandeep Jagnani:** Okay. Thank you.

**Kamal Gupta:** Thank you.

**Moderator:** Thank you. The next question is from the line of Pankaj Rawat from SLO Funds. Please go ahead.

**Pankaj Rawat:** Sir, during the call you mentioned you had already tied debt for these projects I wanted to understand what would be the breakup in terms of fund base and non-fund base facilities that you might have tied up?

**Kamal Gupta:** We have tied up for non-fund base... Till now it is like 3300 Crores and fund base is around 1450 Crores and total is around 4700 Crores.

**Sandeep Jagnani:** Total is around 4700 cr, Sir why is the portion of non fund is higher, I just wanted to understand?

**Kamal Gupta:** Because the very start from bidding stage when you submit an EMD that is also in BG most of the places and then we will have to submit around 25% of the contract amount in BGs that is 10%-11% for your performance guarantee, then 11% for your mobilization and machinery advances and then like you know this 5% for your retention so major amount is because of this around 25% of the contract amount comes in non-fund based and so we have a more of non-fund based.

**Sandeep Jagnani:** Sir, in the cash you mentioned that it is in FDR that you have put about 380 odd Crores?

**Kamal Gupta:** Correct. That is true.

**Sandeep Jagnani:** So that is primarily as security for BG?

**Kamal Gupta:** Yes, that is primarily for security BG, you are right.

**Sandeep Jagnani:** And these BGs are for which project sir?

**Nalin Gupta:** For all the projects we need to give performance guarantee as we have mentioned that is our performance guarantees for bid bonds, for mobilization advance, for performance guarantee so all the BGs that we give and which is for each and every contract, there is no contract, which is without BG, so it is the margin money that there is in the form of FDR.

**Sandeep Jagnani:** I wanted to understand whether this will get released in some near time?

**Nalin Gupta:** This is a rolling item where every time some BGs every year the BGs, which we get back and the FDRs are reused into the other projects, so it is a rolling thing and.

**Sandeep Jagnani:** Okay. Thank you sir.

**Kamal Gupta:** Thank you.

**Moderator:** Thank you. Ladies and gentleman that is the last question. I would now like to hand the conference over to Mr. Parvez Akhtar Qazi for his closing comments.

**Parvez Akhtar Qazi:** Thank you everyone for attending this call and we would also thank the management of J. Kumar Infra Projects for giving us this opportunity to host the call. Nalin and Kamal, Sir do you have any closing comments to make.

**Nalin Gupta:** We feel like coming this 5 to 10 years in the Infra seems to be excellent for the companies who have in all the execution capability and a healthy balance sheet so for companies like us I think it is a beautiful period looking forward, so coming 10, 15 years it is a very good for everybody in Infra and I think we will be doing our best, Parvez, right. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Edelweiss Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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