



## Conference Call Transcript

### J. Kumar Infra Projects Q4FY17 Results

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#### *Corporate Participants*

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**Mr. Kamal J. Gupta**  
*Managing Director*

**Mr. Arvind Gupta**  
*CFO*

## Questions and Answers

**Moderator:** Ladies and gentlemen, good day and welcome to the J. Kumar Infra Projects Q4 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. I now hand the conference over to Mr. Parvez Akhtar Qazi from Edelweiss Securities. Thank you and over to you, sir.

**Parvez Akhtar Qazi:** Good afternoon, friends. On behalf of Edelweiss Securities, I welcome you all to the Q4 FY17 Conference Call of J. Kumar Infra Projects. Today we have with us from the management Mr. Kamal Gupta - Managing Director of the company and Mr. Arvind Gupta, the CFO. I would now hand over the call to Mr. Kamal Gupta for his opening remarks. Over to you, sir.

**Kamal Gupta:** Very good afternoon to all. This is Kamal Gupta. Well, I will just brief you about the financial highlights of this year. Coming to the quarterly results of Q4 ending FY16-17, the company's topline could go for 355 crores against expected of 400 crores and we made operating margins EBITDA of 70.4 crores for this quarter and PAT of 26.2 crores which has gone up from 24.6 crores of the preceding quarter of preceding year. Looking to the consolidated overall year-end figures, the company could make a topline of 1,572.7 crores as compared to 1,510 crores with EBITDA of 279 crores and a net profit of 105.5 crores compared to 96 crores of preceding year.

Looking to the order book position, the company is standing at an order book of 9,335 crores as on 31<sup>st</sup> March 2017. The company has bid for some recent projects of metro, that is Line-2B and Line-4 of Mumbai, these are two elevated line for which the bidding is already done. The company has bid for about 4 packages out of the total 10, which was close to our existing working area and also, we have quoted for one SCLR Phase-II projects worth 50 crores. The net worth of the company stands at 1,389 crores as on 31<sup>st</sup> March 2017.

Thank you so much. I welcome the questions, Parvez.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Subramanian Yadav from Subhkam Ventures. Please go ahead.

**Subramanian Yadav:** So, just wanted to know understand the revenue difference between standalone and the console of 136 odd crores, this is from which project sir, JNPT or?

**Kamal Gupta:** Delhi metro.

**Subramanian Yadav:** This is from Delhi metro?

**Kamal Gupta:** Yes, the consolidated figures come from the Delhi metro.

**Subramanian Yadav:** The order in which we were using the TBM, right?

**Kamal Gupta:** Yes, exactly

**Subramanian Yadav:** Sir, in that case because I was looking at the margin also because if you look at the PAT of the consol is similar to standalone PAT around 105 crores?

**Kamal Gupta:** Yes, that is true.

**Subramanian Yadav:** There is no margin in this revenue?

**Kamal Gupta:** So, usually what happens like we take the entire margin in our standalone thing because if you put the margins there like getting the refund and all from the department takes 2-3 years. So, usually all the work with the profits we take in the standalone work and not in the JV.

**Subramanian Yadav:** So, you only book revenue there and cost there but the margin is only booked in standalone?

**Kamal Gupta:** Yes, that is true.

**Subramanian Yadav:** And this sir, coming to the working capital side because this year end, the number seems to be a very high on the debtor side. When I look at the restated IndAS number also last year the debtor was around 78 now it is 134 days roughly average. So, any reason for that sir debtor being so high?

**Kamal Gupta:** Yes, this year since you know all these projects like of 9,000 crores have just kick started and taken off, some of our projects of JNPT and all. So, in that case we have done around 125 crores of order work but in which the payments could not be done. So, that is why the stock has gone up there because of the payment schedules were to be revised and that we have already forwarded to the Ministry and they expected to do this in this week. They are having a meeting today also at 4 O' clock today evening which will be done, so this week we are expected in June we should get that money and the ...

**Subramanian Yadav:** Sir, what is the issue there in payment, what is the issue there?

**Kamal Gupta:** No, the payment schedules. The payment schedule for that project was back ended for JNPT. So, we have asked for the revised schedule requested and they have accepted it, the procedure is taking some time for national highway. So, there will be a meeting today also at 4 O' clock. So, which will be done in like in this week it should be cleared. So, June we should realize that payment and coming to the debtors the debtors have gone up because some payments of Metro Line-3. March, we have billed it but the payment could not be realized in March that payments, most of the payments have been realized in this last month or this month. So, that is why the debtors which have gone up.

**Subramanian Yadav:** So, how much that amount will be in Line-3? JNPT you said 125 crores, Line-3 how much.

**Kamal Gupta:** Yes and Line-3 around 100 odd crores, sir.

**Subramanian Yadav:** 100 odd crores.

**Kamal Gupta:** Yes

**Subramanian Yadav:** And sir, the current liability side if you can tell me that also because that number also seems to be quite high, if you look at total current liability which was around 76 days last year and now it is around 204 days.

**Kamal Gupta:** That is basically because of mobilization advance Mr. Yadav.

**Subramanian Yadav:** Okay

**Kamal Gupta:** Yes, that is why it seems that.

**Subramanian Yadav:** So, sir it will continue similar next year also because the advances would be coming in part by part, right.

**Kamal Gupta:** No, advances will deduct, advances will be starting deducting like whatever advances we have got for Line-2, Line-3 now and that will start deducting in the RAB subsequently.

**Subramanian Yadav:** We have just received the part mobilization advance we have not received the full mobilization that is why ...

**Kamal Gupta:** That is also right, we are yet to receive mobilization.

**Subramanian Yadav:** Because back side also we will get something right. So this number would be similar kind of a number by FY18 end also?

**Kamal Gupta:** FY18, I think it should be somewhat similar, you are right and then it will keep going down.

**Subramanian Yadav:** And sir, how much would be current maturities of long term debt in that?

**Arvind Gupta:** It is 19 crores, 19 crores is the current maturity of long term ...

**Subramanian Yadav:** Only 19 crores, right?

**Arvind Gupta:** Yes.

**Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

**Vibhor Singhal:** Sir, just wanted to check on the execution front, so I think with the topline of 355 crores, I think we fell short of the expectations I believe of it. So, any specific project is contributed to this lack and now what is our target for next year in terms of the execution topline?

**Kamal Gupta:** So, JNPT fall short off. So JNPT we are expecting more because of the payment schedule we were short of it, so that what I already replied to Yadav about that. Next year we are looking for a figure of course 1,900 for FY18 and around 2,300 to 2,400 for FY19, sir.

**Vibhor Singha:** But sir, what you just explained to the last caller was that why the debtors went up. So in the sense we have that 125 crores which we did not receive for the JNPT project that is in the receivables that would have already been booked in the revenue. The revenue would not be short because that 125 crores did not come in.

**Kamal Gupta:** No, we did not book it in the revenue, sir.

**Vibhor Singha:** So, if we had not booked it in the revenue how can that go into debtors that would have been in the inventory?

**Kamal Gupta:** No, that is in the stock sir, it is not in the debtor, that is in the WIP. Debtors I told is because of the metro Line-3, March we have given a bill of 100 crores which could not be realized, which is realized now, that was for debtors.

**Vibhor Singha:** So, that 125 crores that you mention that has not been included in the revenue and it is in the inventory right now.

**Kamal Gupta:** Yes, it is in the WIP.

**Vibhor Singha:** So, sir this JNPT project, I mean correct me if I am wrong, I think over the last 3-4 quarters we have seen slippages in this project in terms of our expectations of when we will be able to raise the bill or when the NHAI pay us back on this. So, I mean is there anything, something which is not in sync with the government of body in terms of this project because we kind of missing our miles stones regularly in terms of receiving cash, we are missing those mile stones regularly on these projects.

**Kamal Gupta:** Firstly, as what you are saying rightly there is some issues with JNPT about some utilities and land acquisitions areas which have been now done, so they have already given us extension of 6-7 months now. Secondly like about the payment schedule as I was telling before also, the work is going on in full swing now. Last I think couple of weeks before there was visit also of lot of analysts, so work is going on in full swing, lot of work has been done. So the works are going in full swing, not doubt but the payments are not being realized because of the payment schedule, which is to be revised for which they have a meeting today at 4 O' clock also. So, we expect this to be cleared in this week and payments should be realized in June, so should not be a problem then.

**Vibhor Singha:** And sir, lastly if I can just have a breakup of the 1,900 crores of revenue that we expect next year, how much would come from metro Line-2 and 7, metro Line-3 and other projects? Just 3 broad breakups.

**Kamal Gupta:** Does not matter, we are expecting around 650 crores from Line-3 in the coming year, 650 crores to 700 crores and like for Line-2 and 7 will be around 570 crores or so 550 crores to 580 crores and from JNPT around 400 crores – 450 crores and rest around 250 crores – 300 crores from the rest of the flyover project.

**Moderator:** Thank you. The next question is from the line of Nitin Arora from Aviva Life Insurance. Please go ahead.

**Nitin Arora:** Sir, can you give us the figures of revenue of Line-3, Line-2 and Line-7 for FY17 and JNPT will be really helpful.

**Arvind Gupta:** Line-7 is in the year it is a 30 crores in Line-7 actually and 110 crores on the Line-2 and Line-3 is almost 230 crores something for entire year and from JNPT is a 98 crore, this is mainly contributed in the topline, yes.

**Nitin Arora:** And sir with respect to DMRC, now what portion of the order backlog is the Delhi metro if you can tell us?

**Kamal Gupta:** 100 crores – 120 crores something.

**Nitin Arora:** That is a left to be done, right?

**Kamal Gupta:** Yes, its work is almost some finishing works are going on Mr. Nitin. So that will be done, that takes more time. The work is substantially completed the paneling work is completed only one stations of finishing work is going on.

**Nitin Arora:** Sir, any bigger chunk payment which needs to come from the Delhi metro team DMRC, with respect to the once you are over with the project or largely the receivables are more less line with 120 crores number?

**Kamal Gupta:** Yes, receivables are in line with work, so it is not that work is done in 50% may be the actual work must be 80 crores – 90 crores and receivables will be 120 crores.

**Nitin Arora:** Sir, with respect to the other operating income, sir the RMC sales are still getting booked in the other operating income right, I mean the RMC which we do it, it is not getting clubbed in the sales part, is that the correct understanding?

**Kamal Gupta:** No, it is a part of the income from operation Nitin, RMC and then as well as the piling and then other our project revenues all are the part of the income from operation.

**Nitin Arora:** And lastly sir, on the CAPEX now can you guide us what CAPEX we did in FY17 and how should we look at for FY18 now the CAPEX with respect to the TBMs and other normal CAPEX?

**Kamal Gupta:** For FY17, Nitin we did a capex of 135 crores and for coming year we are expecting 250 crores because 3 TBMS will coming and some machinery, so 250 crore for the coming year 2018 and thereafter to be around 30-35 crore which is the normal CAPEX for year after.

**Nitin Arora:** Sir, if I could squeeze in one more, if in your assumption because you are there at the ground level with respect to all the metro projects and the JNPT. If you have to take an assumption of an 1,800 crores guidance that where you can slip a little bit, which project will it be amongst all the 4?

**Kamal Gupta:** I do not see Nitin, very frankly now any slippage because all the projects are taken up very well now. So off-site, on-site both places works are going on full swing whether it is casting yards, on site works also, so I do not think there should be any slippage now at all.

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

**Sravan Shah:** Sir, firstly on the JNPT definitely we fell short in terms of the execution but if I look at the Andheri-Dahisar East there also this quarter, it seems we booked only 7 crores compare to the 3<sup>rd</sup> quarter it was 8 crores but actually when we even visited the site it seems that the this is doing much

better compared to the West part where the execution is slightly better, so is it just a timing difference milestone that now it has happened in first quarter?

**Kamal Gupta:** Yes, rightly Sravan, as you said like even JNPT there has been much execution but of course not that sort of realization of money. So, if you must have visited JNPT also I do not know whether you went or not Sravan but that work is also going on full swing and as rightly told year for Line-7 second of May we launch the first girder of this elevated metro which was done by the hands of honorable CM of Maharashtra and the work is going on in full swing but the realization is less as rightly told because what happens we have casted lot of pre-cast U-Girder in the yard as much as seen in this Bandra casting yards. But what happens we do not get the full money out of it, so we are getting for the pre-casting thing but once it is launched you get the full amount, you got it? So that is where the realization was less but like the work is going on in full swing both the places.

**Sravan Shah:** And sir, on Vakola flyover and UP civil project for now this quarter since the execution is pick up, so can we assume the run rate will keep on increasing?

**Kamal Gupta:** Yes, absolutely even the SCLR project has taken up well, the Lucknow project of RMNL is also going well. Of course, in this monsoon time some projects will be slightly slow because of some additional line like SCLR, we will not kicking additional line of because of traffic issues but the works are going on every way now sir, everything is started.

**Sravan Shah:** And sir, on overall basis in entire particular in metro Line-3 and all these as you are already saying that 100 crores in Line-3 is pending to be received. So how do we see in terms of once you raise let say as you are saying closer to 650 crores to be booked as a revenue, so as a full year basis in terms of to be received money how much we will be sort?

**Kamal Gupta:** You are saying like in March how much it will be short.

**Sravan Shah:** Yes, so if you book 650 crores revenue in terms of the cash to be cash received it would be how much? 500 crores – 550 crores or ...

**Kamal Gupta:** Yes, I do not think this coming year that this money should be held in March, so I think 650 crores everything should come in by March. Putting bill like by 15<sup>th</sup> of March only will that to do that so that I am instead of this time waiting till the end of March we have to submit the bill by 10<sup>th</sup> or 15<sup>th</sup> of March only. So, you try to get the money.

**Sravan Shah:** And sir how do you see this cash of 498 crores, though I understand that is a FDR and all these things, so by end of FY18 now once we are done with the CAPEX, so how much level of cash can we see by end of FY18?

**Arvind Gupta:** Sravan, FDR is including 175 crores of the QIP proceeds actually, may be reduced actually once the bank limit finalize to this money will be free actually for utilization. So, FDR maybe reduced by 150 crores odd.

**Sravan Shah:** But right now, it is 500 crores, still it will be around 300 crores-

350 crores?

**Kamal Gupta:** Yes, very much, sir. Specifically, because of this we have to give the margin money against the bridges which is to be done like for the mobilization and for the performance guarantees. So, the margins are in the form of FDRs.

**Arvind Gupta:** This FDR amount is 400 crores not 500 this 500 is including the cash and bank balance also.

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

**Amber Singhania:** Just wanted to understand this increase in stock adjustment that is 155 crores you mentioned around 135 crores belongs to JNPT, right?

**Kamal Gupta:** Yes, 125 from JNPT, sir.

**Amber Singhania:** So, remaining only 20 crores - 24 crores towards that Line-7 work which we have done in our Bandra yard as such?

**Kamal Gupta:** Yes, that is true.

**Amber Singhania:** Secondly sir, if you can also give breakup of your FY19 guidance ballpark number as you mentioned for FY18 what kind of number you are factoring in from line-3, line-2, line-7 and JNPT in 2019?

**Kamal Gupta:** I think, 2019 I think from Line-3 approximately we should get around 900 crores to 1,000 crores in FY19 from Line-3 and from Line-2 and 7 it should be around 650 crores to 700 crores, 600 crores to 700 crores. JNPT should cross 500 crores, of course 500-550.

**Amber Singhania:** And sir, post this solution of debtors in this month, where do we see the networking capital and the debtors' days coming down to normalize basis?

**Kamal Gupta:** We are expecting working capital cycle in the coming year to be around 150-160 days number.

**Amber Singhania:** And this standalone is only because of Delhi metro or is there any other project which is currently on the order book?

**Kamal Gupta:** Mainly because of Delhi metro only.

**Amber Singhania:** And going forward also everything else will come on standalone?

**Kamal Gupta:** Delhi metro will be done, sir. Delhi metro will be completed hardly anything balance we substantially completed. So, it will not be from DMRC in the coming year.

**Amber Singhania:** But 120 crores you mentioned is there on the order book right, sir?

**Kamal Gupta:** Correct, that is true.

**Amber Singhania:** So, that will be done in Q1 itself?

**Kamal Gupta:** That will be done no not in Q1, this year end sir.

**Amber Singhania:** And post that everything will be on the standalone only?

**Kamal Gupta:** Yes, that is true.

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

**Sravan Shah:** Sir, if you can give us the mobilization advance in terms of the JNPT Line-3 and both Line-2 and Line-7 as on March what was the mobilization advance?

**Arvind Gupta:** Total mobilization advance as on 2016-17 end is 500 crores. Out of which 135 crores from the JNPT and almost 200 crores from the Line-3 and 130 crores from the Line-2 and Line-7.

**Sravan Shah:** And sir, just if you can once again you have already discussed the same thing even in the site visit also in terms of the other opportunity where are we looking and how much extra inflow are we targeting for 2018 and 2019?

**Kamal Gupta:** As we told you 2018-2019 of course we are looking for the 1,900 crores in FY18 and 2,300 to 2,400 in FY19.

**Sravan Shah:** Sir, I am asking about a new orders?

**Kamal Gupta:** We are not going aggressive with the new orders as we told you before also. We are not looking for bidding much projects over coming another two quarters, 6 months. So, but of course as we told you we have already bided for some projects which was falling in line of our work like Line-2B and Line-4. So, these are projects what we are bided, so we are not looking for much inflow for coming two quarters. Of course, like we also bided for this MTHL project which will be I think taking another 2 months-3 months to come up. So, that is the thing, not much new projects we are looking for because there are a lot of projects which will be coming like elevated metros for Mumbai, new Mumbai, Phase-IV of Delhi metro all these projects are coming up. Extended MUIP projects for MMRDA. So, this project will be there after 6 months-6 months we will be looking for those projects more aggressively now after this.

**Sravan Shah:** And sir, lastly on how do we see debt levels by under this year?

**Kamal Gupta:** Debt levels as of March 2017 is 437 crores and as previously told like for March 2018 it will go up to around 600 crores and thereafter it will be around 400 crores to 450 crores.

**Sravan Shah:** Sir, correct if I am wrong, if I add the 19 crores current maturities then the gross debt will be higher than the 437, so Arvind ji 437 includes the current maturities of long-term debt?

**Arvind Gupta:** Include all.

**Moderator:** Thank you. The next question is from the line of Prema Khurana from Anand Rathi. Please go ahead.

**Prema Khurana:** So, my first question was with respect to mobilization advances you give us a number, I mean how much has already come in but what really be if you could share how much of there is come to us between

these three lines, Line-2, Line-7 and Line-3?

**Kamal Gupta:** Line-3, there is another 200 crores to come in and Line-2 and 7 will be around 40 crores mostly it is done.

**Prema Khurana:** And how about JNPT, sir?

**Kamal Gupta:** JNPT also it is done. So, it is around 340 crores in all to come.

**Prema Khurana:** And just on your revenue guidance, did you talk about over Rs. 1,900 odd crores, so it seems largely maintain our which was guide last quarter as well. So, I was thinking, given the fact that you see some change in payment structure for JNPT is not that there should be some uptick to our guidance that we were giving earlier and in fact the fact that we have already have almost around Rs. 130 odd crores of work which has already been done in JNPT and which is yet to be booked. So, you already have 130 which is yet to booked and then you are saying there will be some change in payment structure for JNPT, which would make us book our numbers somewhat faster than what the pace at that we are booking these numbers at, so is it 1,900 crores a conservative number or you still see some challenges because which you are guiding for this kind of number?

**Kamal Gupta:** I think Prem, you guys are much more smarter than us but what you said is right because this 1,900 conservative figure but we do not want to commit now because we have fallen very frankly short of 50 crores what we have committed of this year. So, 1,900 is a good number, sir.

**Prema Khurana:** And sir, we were planning to have our TBMs by September and October, so the timeline are still intact right, I mean there is no change in the time line in terms of the TBMs?

**Kamal Gupta:** It will be coming in end of September and October which will start coming all the one by one all TBMs by December all the TBM should in place.

**Moderator:** Thank you. The next question is from the line of Nitin Arora from Aviva Life. Please go ahead.

**Nitin Arora:** Sir, on the consolidated the way you have given us the accounts this time will we be doing the same JV accounting for the Mumbai metro as well were booked the revenue there itself and the margins would be coming in the standalone, should we look at that way?

**Kamal Gupta:** No, Bombay is not that way because Bombay we are booking entirely in J Kumar full amount because Delhi that provision was not there. In Bombay it will not be like this, in Delhi we did not have the provision of booking everything in J Kumar but Bombay we are doing like we are booking everything in J Kumar.

**Nitin Arora:** So, sir generally whom we have our partner the overseas guy, so will be paying the royalty and net of that we will be accounting in the revenue? How does that work?

**Kamal Gupta:** Yes, that is it. We pay the royalty and net off that is in

accounted. It is a cost to us.

**Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.

**Vibhor Singhal:** Sir, I just wanted to get your perspective on the overall industry per se and specifically on the metro segment, so you mentioned that you have submitted bids for Line-2B and Line-4 now we had around 11 players, I think who bid for those 10 packages. So that and other metro projects that you are looking at so what is the kind of competitive intensity that you are seeing? Is there too many players jumping on to the overhead metro bandwagon, players who are not there in those segments also jumping in and do you think that could potentially lead to some margin deterioration also or do you think it is still kind of a niche Phase-In which they are not many players like ourselves and so we still would be quite competitive in this space?

**Kamal Gupta:** Yes Mr. Vibhor, as what is seen that some new players but the amount of work which is pouring in and the new players coming in, it is not been like line because still there is a dearth of good, players and good contractors for this work because inflow of metro is huge. Everywhere and anywhere like metro is coming there is in Bombay now only like they have plan for 250 kilometers out of which only like you know 100 kilometers to 120 kilometers has been started now. So this lot of opportunity, so I do not think margins will deteriorate in metro lines, should not at all.

**Vibhor Singhal:** And we also do not feel the need for us to may be go beyond our comfort zone of Bombay and Maharashtra may be to some extent Delhi or Rajasthan but not looking anywhere like Bangalore or any other places?

**Kamal Gupta:** Bangalore we did not quoted, sir. Of course, Delhi will be quoting, so Maharashtra, Delhi will be our niche area.

**Vibhor Singhal:** Delhi will be bidding for both overhead as well as in the underground?

**Kamal Gupta:** Yes, we bid for both underground as well as overhead.

**Vibhor Singhal:** So, what is the timeline sir, if you are expecting for any Phase-IV awards to start, maybe at least one year?

**Kamal Gupta:** In Phase-IV some projects they have just started were mainly it will come by year end.

**Moderator:** Thank you. The next question is from the line of Sunil Shah from Axis Securities. Please go ahead.

**Sunil Shah:** Sir, as I understand we started off many years ago as this simple sky walk company then we moved to road, bridges and now to the high-end metro projects. Sir, over the years as this transition happen for us how was that been an impact on our margins on working capital on payment terms, so if you are changing dependency from say BMC and MSRDC to metro the payment terms all of that how that evolves and going forward as will be more focus on the metro projects how will that work out for us?

**Kamal Gupta:** As you must be aware, we are purely an EPC contractor. We do not go for BoT projects at all or PPP and as you must be aware J Kumar is a very conservative company sir from start. So, while selecting the geographical area or while selecting the client. Firstly, I like to share that we are not BMC contractors we had this BMC issue which was only work we have done there and of course we are doing some MSRDC work, we are doing MMRDA work greatly, Central Government ESIC job, DMRC all these authorities are cash rich authorities, sir. So, remains there are absolutely no issues. So, we take or we could contract only where there are no payment problems. So, that is why like we did not have payment issues, we did not have any bad debts till now and further also we do not expect any and ...

**Sunil Shah:** Sir, in terms of the payments days and all I am not talking about the bad debts but they pay after say 30 days-60 days does it metro pay at a shorter duration or things like that. So, typically for us ....

**Kamal Gupta:** No, all these departments are the same, payments like it is not that because mainly like if you go for PWD they do not have payments. So, they should have funds if they do not have funds how they will pay. So, all these departments are cash rich. Payment is not an issue. Our focus in terms of growth is always on profit first, we look for profitable growth we do not look for topline growth. So, profits will not be hampered.

**Sunil Shah:** And sir, so as a strategy if you are shifting from road projects to metro projects, is that something in our because last two quarters we are going slow on newer orders largely from the road side but when it comes to metro or ancillaries we are yes bidding for those opportunities. So, metro is going to be the next big thing for us in the direction of work as well?

**Kamal Gupta:** J Kumar was always known for structures sir. We were never a road contractor, like if you say flyover, bridges, skywalks all are structures. So, road also right now we are not doing much road work, of course like the JNPT project which is supposed to be road work but the major structures in that project also. So, niche area is structured and of course metro is niche area where J Kumar is working and that will be of course the focus of future as well.

**Moderator:** Thank you. The next question is from the line of Divahar J, an individual investor. Please go ahead.

**Divahar J:** Sir, I have couple of questions. One is that regarding the new metro packages we are bidding, so what is the kind of size we are looking for?

**Kamal Gupta:** For the future project, Divahar?

**Divahar J:** Yes, you are telling like the we may place a bid for the upcoming projects at Mumbai and Delhi, so what kind of projects size we are looking for?

**Kamal Gupta:** These projects are 500 crores approximately. Because some will be 400 some will be 700 crores-800 crores depending, so average size of 500 crores.

**Divahar J:** Because actually if I remember like last call you are saying that we always trying to maintain at around 10,000 crores of order size, so the kind of

execution we are going for I think we would be around 7,000 odd crores by this year end. So, will we be able to maintain this 10,000 crores even this financial year or may be in 2019 or 2020 we would be looking for the kind of aggressive bidding?

**Kamal Gupta:** Yes, this year-end also we will be able to maintain these figures. Of course, we will be taking some inflows after the third quarter, so it will come up. So, this year-end also some inflows will be there. So, 1,000 crores ...

**Divahar J:** Sir, may not be up to 10,000 crores or something that which may be like 500 crores to 1,000 crores, right?

**Kamal Gupta:** Yes, so if not 10,000 I think this year we will having inflow of (+1,000) crores for sure.

**Divahar J:** Sir, what is the cost of fund like overall cost of fund for fund base?

**Kamal Gupta:** Cost of fund is around 10% to 11%, sir.

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

**Abhinav Ganeshan:** Sir, just wanted to know what is your order book right now currently standing at?

**Kamal Gupta:** Our order book as on 31<sup>st</sup> March, Abhinav is 9,335 crores.

**Abhinav Ganeshan:** So, sir we will be able to maintain that 10,000-mark next couple of years, can you throw some light?

**Kamal Gupta:** Yes, couple of years for sure. Because this years this coming six months we are not looking so much but of course as I told you, we will be able to take easily in (+1,000) crores for this in this year. So, it will be around 9,500-odd and 10,000 will be maintained for couple of years.

**Abhinav Ganeshan:** Sir, and out of the metro orders how much have we already booked, sir?

**Kamal Gupta:** After the metro order around 250 crores, sir.

**Abhinav Ganeshan:** And in JNPT sir, if I when are we expecting that payment to come in? The utilities there was a little bit of some delay I guess?

**Kamal Gupta:** Yes, as I told this project has gone ahead by six months. These guys are already given us extension of six months National Highway because they could not give us the land because of mangroves and utilities, which is now all cleared. The land for mangroves is also received and utilities also been given to us, so we have already done some 30 crores-35 crores of utilities was there. So, now the works are going on only the payments which some 125 crores for which is work done not billed because of the payment schedule we should be cleared in this month. So, you should get that payment as well.

**Abhinav Ganeshan:** So, that will be booked in this Q1, hopefully or Q2?

**Kamal Gupta:** Mostly, yes true sir.

**Abhinav Ganeshan:** You are talking about elevated metro sir, so how do you look at your expertise on that, can you just give some comment?

**Kamal Gupta:** See, J Kumar always has expertise in structure work that is flyovers from metros which are similar. So, that was it was much easy for us to transit to metros and successfully complete it. As you must be aware we have already completed Delhi metro which were elevated as well as underground we have completed the New Mumbai metro of three packages. In Ahmedabad metro elevated is going on full swing and now this Bombay elevated as well as underground metros are taken off well. So, all the projects are now going well, sir.

**Abhinav Ganeshan:** Sir, you are bidding for the coastal road there?

**Kamal Gupta:** No, we are not bidding for the coastal projects, sir. That is the big projects, so we are not looking for that big project right now.

**Abhinav Ganeshan:** And sir because it is a capital intensive business, so what is the average maturity of our term loans?

**Arvind Gupta:** Term loan is near about 4 years to 5 years.

**Abhinav Ganeshan:** And sir are we trying to refinance at lower cost, give some color on that if there some cost saving on that front because lower interest rates?

**Kamal Gupta:** Already our cost of borrowing is low, Abhinav. So, we are for the TBM and all we will be doing this buyers credit which will only be 1.7%. So, the average cost goes down.

**Moderator:** Thank you. The next question is from the line of Anup Agarwal from Cogencis. Please go ahead.

**Anup Agarwal:** Just wanted to check how much of the amount of orders that you are going to bid for in this financial year, I know you said that here going to go slow but even then, what is the amount of orders that are you going to bid for?

**Kamal Gupta:** See, we expect inflow of around (+1,000) crores. So, around 3,000 crores to 4,000 crores if we bid we will get these projects should not be a problem because usually our strike rate is 50%, so yes.

**Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Qazi for his closing comments.

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

**Kamal Gupta:** Well Parvez, I would like to thank everybody here and I will like you say that this year we were short of around 50 crores-60crores but we are sure that this coming fiscal year will be possibly maintain this 1,900 crores of topline much better I think, with the similar margins of PAT and EBITDA and thank you, Parvez.

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

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