

## Conference Call Transcript

**J Kumar Infraprojects**

**Q1FY18 Results**

**August 11, 2017 | 11 a.m. IST**

### *Corporate Participants*

---

**Mr. Kamal J. Gupta**  
*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 Limited Q1 FY18 Results Conference Call hosted by Edelweiss Securities Limited. As a reminder, all participant lines will be in 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. Please note this conference is being recorded. I now hand the conference over to Mr. Parvez Akhtar Qazi from Edelweiss Securities limited. Thank you and over to you Sir!

**Parvez Akhtar Qazi:** Good morning friends. On behalf of Edelweiss Securities, I welcome you all to the Q1 FY18 conference call of J Kumar Infraprojects. Today we have with us from the management side Mr. Kamal Gupta, Managing Director of the Company, Mr. Nalin Gupta, Managing Director of the Company, and Mr. Arvind Gupta, the CFO of the Company. I would now hand over the call to the management for their opening remarks. Over to you Sir!

**Kamal Gupta:** Very good morning to all. This is Kamal Gupta here. While coming to the highlights of the quarter, the first quarter position as on June 30, 2017 the turnover of the company stands at Rs.374 Crores with EBITDA of Rs.69.9 Crores and PAT of Rs.25.81 Crores. The order book position as on June 30, 2017 stands to Rs.8939 Crores and the net worth of the company stands at Rs.1414 Crores as on June 30, 2017. Now I request everybody for the questions please. Thank you.

**Moderator:** Thank you very much Sir! Ladies and gentleman, we will now begin the question and answer session. We have the first question from the line of Vibhor Singhal from PhillipCapital. Please go ahead Sir!

**Vibhor Singhal:** On the topline front I think this is again probably the second or third quarter in which kind of, if I think we are little weak on the execution side so I know the JNPT projects have been troubling us for the last couple of quarters so any specific reasons that we probably felt a bit of a muted topline this quarter and when and how do you see that improving?

**Kamal Gupta:** We have done Rs.375 Crores we are expecting around Rs.420 Crores, but as you must be aware that most of the projects right now about Rs.7500 Crores or Rs.8000 Crores are from Mumbai region, so there is a major issue, which has come up from last five months that is the aggregate i.e. the basic raw material used for the concrete, all the crushers and quarries are closed in Thane area that is Turbhe area, the collectors have closed the quarry from the last four or five months though it must be it is in paper, media everywhere, so basically the raw material availability is a big issue. We are at least surviving because we have about two own crushers so we are fulfilling the requirement that is a basic constraint for the progress. We are even sourcing the material from as far as Pune now to support our ongoing work so we also

identified like some more quarries to take and like operate ourselves so that is the basic main reason of like falling a bit short of our expected turnover.

**Vibhor Singhal:** Sir when do you think this might continue till and when you might see some resolution on that front?

**Kamal Gupta:** Yes even this MMRDA, they have returned to government, they are acquiring some own quarries, which will be handed over to us for their work, this issue should be sorted in a couple of months and even we are getting some more quarries for us because this is a transition phase Mr. Singhal you can understand when something stopped suddenly like hundreds of quarries in total Turbhe region was stopped, which was supplying raw material to the total Mumbai region. So right now like you know some material, which is coming from Panvel and Bhiwandi that is going filling, the demand supply issue is there, so this will be sorted in couple of months for sure.

**Vibhor Singhal:** Couple of months for sure. Would you able to give us the breakup of the revenue in this quarter as to how much of the revenue came from two line, seven line, and line three in Mumbai?

**Kamal Gupta:** Line three is around Rs.85 Crores quarter and line two, seven is around Rs.55 Crores and others are like....

**Vibhor Singhal:** JNPT would be?

**Kamal Gupta:** JNPT is around Rs.90 Crores.

**Vibhor Singhal:** Nothing left in DMRC right?

**Kamal Gupta:** DMRC is in JV now.

**Vibhor Singhal:** That will be in the JV right, so these are the three largest projects. Again coming to probably the revenue for the full year I think with the kind of a 7% decline in the first quarter what is the kind of topline you would be comfortable with for the full year?

**Kamal Gupta:** We are expecting as what we told Rs.1900 Crores as a topline for the year ending March 2018 we will be able to do that, that is not issue at all.

**Vibhor Singhal:** Despite the issue of quarries and crushers for the first five to six months of the...

**Kamal Gupta:** First two quarters will be slightly lower then of course third and fourth quarter will be in full swing, as it is the second quarter is monsoon.

**Vibhor Singhal:** So that would mean that we would probably be requiring more than let us say Rs.500 to Rs.600 Crores of execution in third and fourth quarter each so fairly comfortable with doing that?

**Kamal Gupta:** Yes we are comfortable in doing that.

**Vibhor Singhal:** Fair enough Sir! Thanks a lot for answering my questions. I will come back in the queue if I have anything else.

**Moderator:** Thank you very much Sir! We have the next question from the line of Sandeep Jagwani from Narnolia Securities. Please go ahead.

**Sandeep Jagwani:** Sir my question is pertaining to the yesterday's SAT outcome so what was the exact outcome, whether putting up then on trading of SAT is not up to the regulation or that JKIL is not a shell company so what was the exact outcome Sir?

**Kamal Gupta:** Yesterday like you must be aware that SEBI has banned the trading from Tuesday, so we approached SEBI as well as SAT for this and SAT has given the order that it stayed the order of SEBI and started the trading from today. This is the order like what has been received they stayed the order of SEBI and the order is at site Mr. Sandeep on SAT site the order is there.

**Sandeep Jagwani:** Can we have statement in a press release on BSE or it is really helpful Sir?

**Kamal Gupta:** The order?

**Sandeep Jagwani:** Yes what was the exact communication from SAT?

**Kamal Gupta:** But that order is on the website we have not got it physically so that is why we have not put it so that is already available if you want I will send it you that is not a problem Sir. I will do that.

**Sandeep Jagwani:** My next some of the book keeping questions Sir. What is the debtors and inventory level as of now?

**Kamal Gupta:** The debt position is Rs.474 Crores as on June 30, 2017.

**Sandeep Jagwani:** Rs.474 Crores?

**Kamal Gupta:** 474, debt equity is 0.33.

**Sandeep Jagwani:** 0.33 debt equity. Debtors?

**Kamal Gupta:** Debtors are 538.

**Sandeep Jagwani:** 538, inventory numbers Sir?

**Kamal Gupta:** Inventory 650.

**Sandeep Jagwani:** Thank you Sir!

**Moderator:** Thank you Sir! We have next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

**Shravan Shah:** Thank you for the opportunity. Sir firstly in terms of the operational guidance as you have already mentioned in terms of the revenue so for FY2018 and for FY2019 revenue margin capex whatever we have communicated in last concall is it the same or are we revising any of this guidance?

**Kamal Gupta:** No Sir we are not revising that we have maintained the same thing Sir, topline as well as bottomline.

**Shravan Shah:** So revenue will be Rs.1900 Crores for FY2018 and for FY2019 it will be Rs.2300 to Rs.2400 Crores and margin will be the same current margins will be maintaining?

**Kamal Gupta:** Yes will be maintaining the same margin.

**Shravan Shah:** And capex for FY2018 would be Rs.250 Crores and for FY2019

it would be Rs.55 Crores?

**Kamal Gupta:** Correct exactly.

**Shravan Shah:** Sir just wanted this JNPT last time we said around Rs.125 Crores was the spillover, but so then this quarter the JNPT revenue should be higher and you said only Rs.90 Crores was revenue?

**Kamal Gupta:** Yes see we have approached the department for change in milestone because they could not give us the land so that thing like the last meeting I told you the meetings going on it is done so we already received yesterday communication also that it is passed now so will be putting that bill and Rs.100 Crores what is the balance we book that.

**Shravan Shah:** So in this quarter or this Rs.100 Crores will come?

**Kamal Gupta:** Yes it should be come this quarter.

**Shravan Shah:** Sir regarding the mobilization advance from JNPT line three and they say both last time we said that in line three around Rs.200 Crores yet to come and for all this, so any update on have you received any extra advances?

**Kamal Gupta:** Not after that we have not received so that is yet to come.

**Shravan Shah:** Sir in terms of working capital whatever our stand was that in last quarter it is the same so no change in any aspect on the working capital side?

**Kamal Gupta:** Yes we will be maintaining the same idea.

**Shravan Shah:** Sir lastly now what would be the legal course of action from the SEBI side or so just want a further clarity for all the investors?

**Kamal Gupta:** Yes as you aware that SAT has already stayed the order of SEBI and so the next date is September so in the due course whatever papers maybe required by SEBI we will cooperate with them and submit the details whatever requirement?

**Shravan Shah:** This will go in SAT only or can SEBI go to the Supreme Court or High Court?

**Kamal Gupta:** We cannot comment on that like because matter is sub judge Shravan, but whatever details will be required by SEBI or anybody will be of course co-operating with the department authorities and submit all the details.

**Shravan Shah:** But from there side they have mentioned the source from that government official so what was the reason why the company came into that list as we got any idea on or is it just filtering mistake from their side and our name has just come in that entire list?

**Kamal Gupta:** Shravan last year we have received some letter from SFIO and we have already replied that so that was sorted. There is no further communication from that side.

**Shravan Shah:** Thank you Sir!

**Moderator:** Thank you Sir! We have the next question from the line of Alok

Deora from IIFL Wealth. Please go ahead.

**Alok Deora:** Sir actually my question was on the topline front so the first quarter actually has been quite lower than what was being expected, but you have mentioned about maintaining FY2018 revenue numbers, so that would actually require nearly Rs.600 Crores of topline in third and fourth quarter each, so like even previously we have seen challenges there so how confident are you in achieving that?

**Kamal Gupta:** We already answered this question like this year it was down because of mainly the aggregate and I explained in detail about that correct. Of course even the second quarter because of monsoon it will be normal, but like third and fourth quarter we are very good and as what you are saying between Rs.500-Rs.600 Crores will be easily achieving there that is not because all the works are now started in full swing, which was taken up a year back whether line two, seven, line three or JNPT all are in full swing.

**Alok Deora:** Sir what kind of order inflows if any we have witnessed on the Q1?

**Kamal Gupta:** Q1 we do not have any order inflows and we are in fact not expecting much order inflows Alok as we are having handful of order now like year back our order book was Rs.3300 and now it is Rs.9000 it is almost 3x, so which is good enough, so our major concentration now is in executing this present order.

**Alok Deora:** So we have not like really bid also for any significant number of new orders?

**Kamal Gupta:** We are not, but like whatever is coming in our existing territory where you are working so we are very bidding that. So we have bid for this elevated line of course of Mumbai Metro and SCLR, no further bidding is there.

**Alok Deora:** Just one last question Sir. Now after this SAT orders on SEBI is ruling so now the SEBI would be conducting the investigation on these number of companies or how does the case go from here and how does it impact could there be a situation where there is enquiry conducted and then there is somehow come and then again you might approve SAT how would it go ahead from here?

**Kamal Gupta:** Alok, in fact right now we also know how much you only know about the case. I do not think anything like that enquiry should be there, but as I told you before so whatever papers or something required by the department, we will cooperate with them, of course fulfill their requirement.

**Alok Deora:** So these papers are being as per SEBI is that correct?

**Kamal Gupta:** I told SEBI to take a hearing they did not take any hearing or they did not inform us about any information before taking this action SAT had instructed them to take a hearing and so whatever data they want we are clarifying.

**Alok Deora:** That is all from my side. Thank you so much.

**Moderator:** Thank you Sir! We have the next question from the line of Sujan

Sinha from Future Generali Life Insurance. Please go ahead.

**Sujan Sinha:** Thank you Sir for taking my questions. Just wanted to check you just mentioned that you had received some communications from the government officials and you had already applied to that so would it be possible to share the content of that letter? What was it regarding?

**Kamal Gupta:** This letter was in last year and the matter is about 2008 to 2010 so 10 years back.

**Sujan Sinha:** It was regarding some kind of tax note or what?

**Kamal Gupta:** No this was regarding some contract.

**Nalin Gupta:** My request here would be that as this profile you want to keep a low profile here and not discuss much on sharing the documents unnecessary to create any misunderstanding, so is that okay we can discuss it if anybody wants to see anything we are always available, but let us not share it on the media and on the online thing that is what I would request that is my personal feeling of course.

**Sujan Sinha:** I understand that. Thank you. Sir my other question was on your employee expenses since quarter of FY2016 it has been trending up quarter-after-quarter it used to be around 4.5% of our sales now it has gone up to 9.5, so any idea what is driving this?

**Kamal Gupta:** This is basically because of the 3x order book that is want to because of which our staff salaries and expenses have of course gone up and the income to that proportion is of course not been seen because the work has been awarded just one year back and all the staff has to be in the place at the beginning and so the expenses have seen up, but the revenue generation will be starting from this financial year you will see of course rise in that, so the increase is there, but basically because of the new projects.

**Sujan Sinha:** Thank you. Thanks a lot for this.

**Moderator:** Thank you Sir! We have the next question from the line of Vaibhav Jain from Credit Suisse. Please go ahead.

**Vaibhav Jain:** Thanks for taking my question. I also had similar queries, but as you mentioned it would be not appropriate to discuss entire details of the matter here. Just on the revenue side again Sir leaving the SAT order aside on the revenue side what gives you confidence again what kind of preparations are being done to ensure that we can have strong 2H so as to meet our guidance if you can share some details in terms of where projects and how they will move ahead that will be very useful?

**Kamal Gupta:** What I would like to say is that on the projects that the company has taken up, which is mainly line two, three and seven all the projects the casting yard preparation, the initial survey for investigations, the designs to be submitted, designs to be approved quite a good extent job has been done and even in this monsoon period also even after all odds, which we all are aware about, which is there in public domain information where the aggregate raw material has become a big problem and challenge for all of us



because of two problems colliding at the same time, one is the ban on the mining that has been done for new Mumbai and Thane district because of which and also which is collided with the heavy monsoon so because of that all the quarries are filled up with water, the ones, which are not banned so as of now when the rain has reduced a bit so now the material inflow has started and we are already negotiating with people outside new Mumbai areas and towards outside Thane areas towards Wada, Vasai all this zone for having a tie-up with new crushers putting new crushers and that is how the raw material problem will be surely taken care of and with the Q3 and Q4 we will surely has a good coverage for the loss of revenue that we have done and that is a problem with all the infra companies because of the mining ban and with regards to design preparation, your homework, your machinery everything is in place, so even now in this odd situation also in the monsoon we have been doing good amount of job and of course Q3 and Q4 we will be doing the best scoring has to be done from that zone and we are confident we will do that.

**Vaibhav Jain:** Right Sir. Sir secondly on the capex side if you can share expected number for FY2018 and any large equipment that needs to be ordered or bought in this year?

**Kamal Gupta:** We have already shared that information and again for FY2018 it is around Rs.250 Crores and FY2019 it will be around Rs.30-50 Crores.

**Vaibhav Jain:** Sure Sir! Thank you.

**Moderator:** Thank you Sir! We have the next question from the line of Tina Virmani from Kotak Securities. Please go ahead.

**Tina Virmani:** Sir my first question is regarding the tunnel boring machine when are we expected to come and by when do we expect the execution from line three to ramp up?

**Kamal Gupta:** Out of five TBMs, three TBMs are already ready in the FAT that is factory acceptance test is already done inspected by the authorities, the consultants and given approval. So we are not shipping it next month because the space for lowering is not ready, since you are aware that there were some tree issues and the government got it sorted with the Supreme Court, so that approval had come one-and-a-half months back last month, so because of that we did not have the space to lower that machine, so three machines are ready and we have started coming back October and November and we will start the boring by January, the actual boring of the tunneling will be started in January, so there will be good revenue like in January Q4, 2018 from line 3.

**Tina Virmani:** So primarily from Q4 and then in FY2019 we would see ramp up from line 3?

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

**Tina Virmani:** My second question is regarding this entire matter although would be taking it separately with you later, but how long is this process going to take because now once this SEBI has already given a date for September, but how long is the process going to take for the final decision to come through?



**Kamal Gupta:** Tina that we would not be aware, but like whatever details are required and are required by them and we are fulfilling them, so whatever time it takes cannot be commented because at that level main concern was that the trading was stopped, so we are concerned that all the investors like invested, so we were very aggressive and for the sake of that only we went immediately to do that.

**Nalin Gupta:** But we would appreciate one thing that SAT giving a decision so promptly was because there is merits in our case and they did not find any law as such, so that is why we have been given this, our request has been accepted and as my brother already mentioned it was our main concern was to take care of the interest of our investors that it is not the trading should start, so that benefit they have given and we will fully cooperate with the department for whatever information is required.

**Tina Virmani:** But the data that SEBI is primarily asking is mainly related to the trading between 2008 and 2010 are basically stock related data or is that related to the operations?

**Kamal Gupta:** No, it is both, they are asking for the financials also, though we are giving all the financial data also and about that 2008-10 that data also, so always submitting. We are sure like our name will be out from that issue.

**Tina Virmani:** Sure Sir! Thank you.

**Moderator:** Thank you. We have the next question from the line of Subramaniam Yadav from Subhkam Ventures. Please go ahead.

**Subramaniam Yadav:** Can you update us on the Delhi order, what is happening there because the execution again that seems to be very slow. I just wanted to know the execution on Delhi Metro front because that order does not seem to be moving, so what is the update on that?

**Kamal Gupta:** For CC-20 and 24, CC-20 all the structural works are completed, but only the finishing stage jobs, which is ongoing, which is dependent on the interface contractors as well that is firefighting, air conditioning, electrical, mechanical. Those works are totally dependant upon them as and when the interface locations because that same locations around 8-10 people are working, now it is a matter of finishing and cleaning job and all stuffs like that, which would take around 6-8 months because till the train runs we have to be there.

**Subramaniam Yadav:** And about CC-24 Sir because there seems to be larger chunk of the order about Rs.150 odd Crores?

**Kamal Gupta:** Out of the major work again finishing is the major component, out of the pending jobs and there is some portion of cut and cover, which is the last portion. All the four stations attended completed, finishing is ongoing and tunnels last passages are completed, it is only the cut and cover portion, one section out of the six sections is pending, so that is also on the advanced stage, and I think within two months' time that structure would also be completed.

**Subramaniam Yadav:** How much would be receivable from Delhi Metro as on date out of the total receivables we have around Rs.538 Crores?

**Kamal Gupta:** Exact figure we can check and let you know, but it would be around Rs.70-80 Crores put together.

**Subramaniam Yadav:** Rs.70-80 Crores right?

**Kamal Gupta:** On both 20 and 24 put together.

**Subramaniam Yadav:** Fine. Thank you Sir! Thank you very much.

**Moderator:** Thank you Sir! We have the next question from the line of Amber Singhania from AMSEC. Please go ahead.

**Amber Singhania:** Thanks for taking my question. Sir couple of things we already have around Rs.60 Crores of work in progress, which was around Rs.155 Crores last quarter, so could you give us some idea, which portion or which order this Rs.60 Crores belongs to and which we have already booked?

**Kamal Gupta:** This is basically from JNPT line 2 and line 3.

**Amber Singhania:** The Rs.60 Crores is mainly from JNPT line 2 and line 3, but if you can give some breakup among these three phases.

**Kamal Gupta:** You are talking about..

**Amber Singhania:** Work in progress Rs.60 Crores, which is lying in the work in progress, not booked

**Kamal Gupta:** Rs.60 Crores?

**Amber Singhania:** Yes 60.

**Kamal Gupta:** We are not getting it Mr. Singhania.

**Amber Singhania:** Sir, there is a stock adjustment showing in the results, which was Rs.155 Crores last quarter and now it is Rs.60 Crores.

**Kamal Gupta:** This is the increase in the stock.

**Amber Singhania:** Exactly.

**Kamal Gupta:** This is increase in the work in progress in this duration.

**Amber Singhania:** Yes. This is mainly from which project Sir?

**Kamal Gupta:** This is from JNPT and Metro.

**Nalin Gupta:** JNPT line 2 and 3.

**Amber Singhania:** This is not yet reached the threshold limit or what exactly the reason because last quarter it was mainly because we have not reached the threshold limit of 10% for the booking. Now in this quarter what are the reasons for such a high thing?

**Kamal Gupta:** I am not so clear that there is any threshold limit of 10% or exact, there is no particular figure that you can say like that.

**Amber Singhania:** No Sir, in last concall you mentioned that there is Rs.155 Crores of stock adjustment, which has gone up, was mainly because projects, which you have already executed, but the billing has not been done?

**Kamal Gupta:** Yes, the JNPT was there mainly because we were changing the schedule because work done was there and we could not built that, so that was

all lying in WIP that only we have already received the communications from them now, so we will be billing it and this quarter it will come down, it will be realized.

**Amber Singhania:** Second is that we have got one package in line 4 recently, could you give some idea about that timeline of these project to come through from order book and execution and all.

**Kamal Gupta:** Firstly, it is line 2B and it was not line 4 and in that line 2B we have not received any communications from the department. It is only that from the media it is known it is L1, so once any communication is received we can get back to you on that.

**Amber Singhania:** But we are L1 in that Sir or the bids have been opened right?

**Kamal Gupta:** Bids have been opened and there is no written communication from the department to us, but as per the report yes we are L1.

**Amber Singhania:** Thirdly Sir as you mentioned that because of this ban in queries aggregates you are also searching from far places like Pune and all will that make the cost to go up and will that be passed on to the client or it will impact our margin from that part?

**Kamal Gupta:** You would appreciate that if the overall expenditure that the company make in terms of the project is much higher than the cost of this raw material, which is a very temporary issue, it is not a permanent issue where it is and we have already informed to the department that because of this ban we are not able to get the material and we are sourcing it from outside, so it is on record, but it is not so substantial figures that we need to really think about because it is only for a very, very limited period and even MMRDA is trying to source out the query and take it from the government so that they can install their own crushers or some other means from which they can feed the metro project.

**Amber Singhania:** It will not have any material in that as such?

**Kamal Gupta:** No because it is a very temporary thing it is not permanent thing because everything was taken for a surprise, but now because you have like three, four months of the monsoon, all these quarries, which are outside those areas are being explored and new crushers are being installed, so this is a very, very momentary thing.

**Nalin Gupta:** It is also covered with escalation clause what we have.

**Amber Singhania:** If you can just throw some light on those large projects, which are slated to come in Mumbai region, we may or may not bid for that because they already have the handful order book as of now, but if you can just throw some light how these things are moving in terms of timeline be it Mumbai trans harbour or be in the coastal road and all.

**Kamal Gupta:** Since we were not very much interested we are not monitoring or following up these projects very closely. There of course is a Mumbai-Nagpur and coastal and MTHL work that are going on, so some bids are submitted and

like some are at PQ state, some are before the PQ state, so like the different stages these project are, but of course it will come up, no doubt, but our interest as on now is not that since we are handsful on this project, so our major concentration is on executing the present-in-hand work.

**Amber Singhania:** Sir, why I am asking this suppose if these projects come up for bidding and tendering in this year itself where we are not bidding much, would not we lose out on such large opportunities or are we confident that these projects will come only after one and one-and-a-half years when we will be ready for bidding that is why we are not so much interested as of now to look into the progress on these what exactly your take on that.

**Kamal Gupta:** Two things Sir, one is like of course this comes after 6-8 months or one year, we will bid this project no doubt, secondly like there is no dearth of projects, you must be aware that huge project inflows everywhere whether it is MMR region, Maharashtra, Gujarat, Delhi, elsewhere, everywhere the projects are coming 5 to 10 years there will be enough work for everybody. There is no problem of work coming that you will be losing opportunity and there will be sufficient opportunity now also and will be sufficient in coming future also. The value of Delhi Metro phase 4, which is already ready and they are just waiting for just summarizing up and completing this existing project of phase 3 that itself is more than Rs.40000 Crores. They have started coming up with 300, 300, 400 Crores, small, small tenders already two packages of 300, one of 150 is out and the bidder is coming up for those jobs are so limited. There are hardly three bidders or four bidders like who are applying for these jobs. You need to really appreciate that the amount of infrastructure work that has come up in this past one year, which have already been either it is in progress or which has been in the L1 position, it is so huge and not only in Mumbai, but if you look it at Maharashtra, Gujarat, Rajasthan, Delhi, Bengaluru, Vijayawada, there is ample opportunity; in Bengaluru itself was more than Rs.6000 Crores, EPC jobs, so ultimately the people doing this if you take one sector Metro alone it is so huge and the contractors working pan India are not more than 8-10. It is a very, very huge opportunity and for me it is not a surprise that who will be the taker for doing executing this large amount of jobs, so we have been worried about if you do not take up this jobs in six to eight months I think it should not be a concern at all, not only for J Kumar, but for any other infra company having this ability.

**Amber Singhania:** Thanks Sir!

**Moderator:** Thank you Sir! We have the next question from the line of Pallavi Deshpande from Smart Karma. Please go ahead.

**Pallavi Deshpande:** My question has already been answered. Thank you.

**Moderator:** Thank you madam! We have the next question from the line of Prem Khurana from Anand Rathi. Please go ahead.

**Prem Khurana:** Thanks for taking my questions. Most of my questions have already been answered, just a couple, so one was you said by October, November you would get to have three TBMs in place and would be launched by

January, so once these are launched, how long would it take us to kind of reset the revenue that we talk about Rs.80 or Rs.90 odd Crores per month on a billing for line 3?

**Kamal Gupta:** This will come from January for sure.

**Prem Khurana:** Could you help me with the cash balance at the end of this quarter?

**Nalin Gupta:** Cash balance is Rs.29 Crores and bank balance as on date is 403 Crores because it is basically in line with the FDR.

**Prem Khurana:** So does it mean we have seen some kind of negative cash for this quarter because I mean last quarter we have setting as Rs.500 Crores of cash and debt was around Rs.440 Crores debt has increased to 470 and cash also has come down, so where with this money would have gone, part of it has gone in to inventory as I set it, it is increased from 560 to 650, the remaining would be?

**Kamal Gupta:** Currently there are some works, when you are developing casting yard we have to do this entire expenditure in terms of development of casting yard, which runs into Crores of Rupee, not just 5 or 10 Crores. This development of casting yards in majority has been done. The machineries has been bought and again there was like a variation of pilings for line 2, which was because of with some around Rs.10 Crores was on hold and we have already got the approval and we have put it into billing for the month of July.

**Prem Khurana:** Sir hopefully it should come to us..

**Kamal Gupta:** 15 Crores of things basically.

**Prem Khurana:** No basically I wanted to understand this because as I see it the revenues have come off, which eventually means the construction activity would have been somewhat lower than last quarter, so ideally even the receivables have not come down though it is a marginal increase but it is increased during the quarter.

**Moderator:** Thank you Sir! We have the next question from the line of Shravan Shah from Dolat Capital. Please go ahead Sir!

**Shravan Shah:** Sir once again coming to the revenue part only, Sir as we are saying that the revenue will be coming for line 3 from January next year, the major revenue, so even in the third quarter how come we will be achieving 600 Crores plus kind of our topline, so from which project do you think that the execution can pick up significantly in third quarter?

**Kamal Gupta:** See I said the boring will be started in January, okay, we will be launching the machine in November and December only, okay, so we get the payment when you starts the machine also and the different activities apart from TBM boring, everything is all in full swing so from line 3 also there will be substantial inflow we are expecting around 500 to 600 Crores from line 3 in this coming nine months and the other project supporting that is line 2, line7, JNPT and other flyover projects.

**Shravan Shah:** This UP civil project it is still this quarter also we did Rs.17-18 Crores, so is there any issue or what do we think that this will pick up significantly from third quarter?

**Kamal Gupta:** No this project is going on like this IAS academy is costing Rs.260 Crores, so like we have done some 17-18 Crores in this quarter and we are expecting like in the coming quarter is Rs.30 Crores, so average 8-10 Crores is a good billing from that side, so that is not a issue.

**Shravan Shah:** Vakola flyover just because of the ban on the aggregates that is why this quarter it is just only 10 Crores revenue?

**Kamal Gupta:** Yes, there is 10 Crores revenue from this quarter and we are expecting like around 40-50 Crores in the coming nine months, 50 Crores from this flyover.

**Shravan Shah:** That is it from my side. Thank you.

**Moderator:** Thank you Mr. Shah. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Parvez Akhtar Qazi of Edelweiss Securities Limited for closing comments. Over to you Sir!

**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. Sir would you have any closing comments?

**Kamal Gupta:** Yes. My father will just give the last comment.

**Jagdish Gupta:** This is Jagdish Gupta, Chairman. I will tell you all that the company's work is going on well and there is no need to be worried and I look forward for you all cooperation and we will show good work and in future also we are likely to get more work and whatever the jobs we have at hand there is a plenty of scope and we will certainly do that and we will come forward with March 2018 results, which will be of more than your expectation.

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

Aditya Narain, Head of Research, aditya.narain@edelweissfin.com

#### DISCLAIMER

Edelweiss Securities Limited (“ESL” or “Research Entity”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and related activities. The business of ESL and its Associates (list available on [www.edelweissfin.com](http://www.edelweissfin.com)) are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance.

This Report has been prepared by Edelweiss Securities Limited in the capacity of a Research Analyst having SEBI Registration No.INH200000121 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ESL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. ESL reserves the right to make modifications and alterations to this statement as may be required from time to time. ESL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ESL is committed to providing independent and transparent recommendation to its clients. Neither ESL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of ESL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of ESL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

ESL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the ESL to present the data. In no event shall ESL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the ESL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

ESL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. ESL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with ESL.



ESL or its associates may have received compensation from the subject company in the past 12 months. ESL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. ESL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or ESL's associates may have financial interest in the subject company. ESL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. ESL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: ( i) exchange rates can be volatile and are subject to large fluctuations; ( ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

ESL has financial interest in the subject companies: No

ESL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

ESL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by ESL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years except that ESL had submitted an offer of settlement with Securities and Exchange commission, USA (SEC) and the same has been accepted by SEC without admitting or denying the findings in relation to their charges of non registration as a broker dealer.

A graph of daily closing prices of the securities is also available at [www.nseindia.com](http://www.nseindia.com)

#### **Analyst Certification:**

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

#### **Additional Disclaimers**

##### **Disclaimer for U.S. Persons**

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

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

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

**Disclaimer for U.K. Persons**

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

**Disclaimer for Canadian Persons**

This research report is a product of Edelweiss Securities Limited ("ESL"), which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by ESL only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

ESL is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) ESL is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) ESL's head office or principal place of business is located in India; (iii) all or substantially all of ESL's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against ESL because of the above; and (v) the name and address of the ESL's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

**Disclaimer for Singapore Persons**

In Singapore, this report is being distributed by Edelweiss Investment Advisors Private Limited ("EIAPL") (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to EIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact EIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.