



J. KUMAR INFRAPROJECTS LIMITED

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To,

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ISIN: INE576I01022

Sub: Disclosure under Regulation 30 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Ref: Transcript of the Conference Call held on February 08, 2023

Dear Sir's,

Pursuant to the above mentioned SEBI Listing Regulations, read with Part A of Schedule III of the above SEBI Listing Regulations, please find enclosed the transcript of the Conference Call for discussion on operational and financial performance for Q3 & 9M FY23 of the Company.

Kindly take the same on record.

Thanking you,

Yours faithfully,

for J. Kumar Infraprojects Ltd

**Poornima
Company Secretary**

Enclosures: As Above



**“J. Kumar Infra Projects Limited
Q3 and 9M FY '23 Earnings Conference Call”
February 08, 2023**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8th February 2023 will prevail



**MANAGEMENT: MR. KAMAL GUPTA – MANAGING DIRECTOR – J. KUMAR INFRA PROJECTS LIMITED
MR. MADAN BIYANI – CHIEF FINANCIAL OFFICER – J. KUMAR INFRA PROJECTS LIMITED
MR. ARVIND GUPTA – VP TAXATION – J. KUMAR INFRA PROJECTS LIMITED
MR. NALIN GUPTA – MANAGING DIRECTOR – J. KUMAR INFRA PROJECTS LIMITED
INVESTOR RELATIONS TEAM**



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Moderator:

Ladies and gentlemen, good day, and welcome to the J. Kumar Infra Projects Limited Q3 and 9 Months FY '23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer. The presentation which J. Kumar Infra Projects has uploaded on the stock exchange and their website, including the discussions during this call contain or may contain certain forward-looking statements concerning J. Kumar Infra Projects business process and profitability, which is subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements.

I now hand the conference over to Mr. Kamal Gupta, MD, J. Kumar Infra Projects Limited. Thank you, and over to you, sir.

Management:

Good afternoon, everyone. On behalf of J. Kumar Infra Projects, I welcome everyone to the Q3 and 9 months FY '23 earnings conference call by the company. And joining me on this call is Mr. Madan Biyani, our CFO; Mr. Arvind Gupta, VP Taxation and our IR team; and Mr. Nalin Gupta, MD of J. Kumar. I hope everyone has an opportunity to look at our results. The presentation and press release have been uploaded on the stock exchanges and our company's website.

We are excited to deliver another quarter of healthy performance with stable EBITDA margins and debt level. We are witnessing strong execution momentum across all our projects and our focus to create value to all our stakeholders. We are honored to have played our part EPC construction of Mumbai Metro Park Project 2A and Line 7, comprising of 35 kilometers of via-duct and 30 stations constructed into 2 Phases.

The project was recently dedicated to Mumbaikars by our Honorable, Shri Narendra Modi ji, our PM. Secondly, we have also opened the Kalwa Bridge, which is at Thane on 30th November 2022. We also received the appointed date of Vadodara Mumbai Expressway project on 19th Jan 2023. Further, we are in process of constructing a further 61 kilometers of metro rail network across India. The recent Union budget with highest ever capital outlay of INR 10 lakh crores clearly reiterates government focus towards building a world-class infrastructure in the country.



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The multiplier effect which the infrastructure sector plays is in overall economic growth has been emphasised. J. Kumar, with its execution track record and sound financial health will be clear beneficiary to the government's continued impetus.

Coming to the performance highlights of Q3 FY '23, the revenue from operations for Q3 FY '23 has gone up by 10% to INR 1,062 crores as compared to INR 966 crores in Q3 of FY '22.

The operating margin, that is EBITDA for Q3 FY '23 stood at INR 152 crores as compared to INR 139 crores of the preceding year. The EBITDA margins for Q3 stood at 14.3%. The PBT for Q3 has gone up by 17% to INR 97 crores as compared to INR 82 crores of the preceding year. And the PBT margin stood at 9.1% as compared to 8.53% in Q3 of FY '22. The PAT for Q3 FY '23 grew by 21% to INR 71 crores as compared to INR 59 crores in Q3 FY '22. PAT margins for Q3 FY '23 stood at 6.7% as compared to 6.1% in Q3 FY '22. Coming to the performance highlights of 9 months ending FY '23, revenue from operations for the 9 months has gone up by 27% to INR 3,069 crores as compared to INR 2,413 crores in the preceding year.

The EBITDA for 9 months stood at INR 438 crores as compared to INR 345 crores of the previous year. PBT for the 9 months has gone up by 53% to INR 73 crores as compared to INR 179 crores of the previous year. And the PAT for 9 months of FY '23 has gone up by 52% to INR 201 crores as compared to INR 132 crores of the previous year. Our total order book as on 31st December '22 stand sat INR 11,209 crores. The order book includes metro projects, elevated and underground contributing to 52%, while flyover bridge's roads contribute to 34% and the others contributing to 14%.

While we are optimistic on India growth amidst the continuing geopolitical uncertainties. Before taking the Q&A, I would like to reiterate the vision of the company. One, with strong financial and technical merits, we envisage becoming \$1 billion revenue company by FY '27. Our endeavor is to reduce gross debt level to in minimum terms, and the object is continuously to improve shareholders return ratio, divesting in people, technology and process. Thank you so much.

Moderator: We have the first question from the line of Mohit Kumar from DAM Capital.

Mohit Kumar: My first question is on the order inflow guidance. If I remember correctly, I think the order inflow guidance given was INR 5,000 crores, and till date we have done INR 1,600 crores, if my numbers are correct. So how do you see Q4 order awarding in general? And also can you comment on some orders from Chennai Metro, there are some order function in metro just picking to get finalized, I think nothing has come so far as of now, right?



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Management:

Well, so Mohit, this order book, we have done an order booking of INR 1,688 crores, as you rightly said, and we have also bagged in additional order as the variation for our Delhi project which is INR 500 crores, which we received recently. So altogether this will take something like INR 2,200 crores. And the order book as of today stands at INR 11,200 crores, including that INR 500 variation order that we have received.

So I think the current status and with regards to Chennai Metro, the date of submission has been extended. So we are awaiting the fresh dates when it will be submitted. And we are already at the verge of the final submission for 2 tenders for MCGM, which is one of the Goregaon-Mulund link road and the other of the Dahisar Coastal Road, which is INR 3,000 crores and INR 7,000 crores approximately. So close to like INR 10,000 crores approximate orders that we are going to bid for. So that is, again, a very good project we will be very keen on that project. And again, there are various orders that's coming up to the tune of around INR 11,600 crores that we have already bided.

So and out of which we are also in L1 in one tender of CST 2, which is again a sewerage tunnel for MCGM. And so the order pipeline looks to be quite strong. So in Q3, we should be able to achieve the target even by Q4 what we have mentioned. And maybe 1 month here and there if there is any change.

Mohit Kumar:

So we have maintained the guidance of 50 billion, right, for the entire year, right?

Management:

In the Q1 also, like maybe because of the processing...

Mohit Kumar:

Sir, one thing was on the Dahisar coastal road and Ghodbunder-Mulund Road this to happen in Q4.

Management:

Goregaon-Mulund Link Road.

Mohit Kumar:

Goregaon-Mulund Link Road and Dahisar coastal road do you think or both of these can get finalized in Q4 or it will spill over to Q1?

Management:

It should be Q3 -- or Q4 or it can also go to April. That is...

Mohit Kumar:

The bid submission happened or you're still waiting?

Management:

So when you say extension, which is as of now, which the submission date is 10th of February. So there are some minor internal changes happening in the department for scope. So that's how the tender is getting delayed for its due process.



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- Mohit Kumar:** And sir, on the INR 116 billion the process where the bids have been submitted, what are the kind of projects they are? Are they still in Maharashtra or they are across Pan India. So just throw some -- give some color?
- Management:** They are across pan India. It's not only in Maharashtra. We put it something in Bihar, Bangalore, Pune and Mumbai.
- Moderator:** We have the next question from the line of Rahil Shah from Crown Capital.
- Rahil Shah:** Just a question about the guidance for the next financial year in terms of...
- Moderator:** Mr. Rahil Shah, your audio is very low. Could you go off the speaker phone and come closer to the microphone?
- Rahil Shah:** Okay. Just asking about the guidance, if you can provide something in terms of revenue growth and EBITDA margins for the next financial year, how does it look? I see your order book is quite strong. So can we maintain these numbers?
- Management:** The guidance for this year will be mostly surpassing our guidance of INR 4,000 crores what we have given for FY '23. So we feel it will be around INR 4,000 crores to INR 4,200 crores, and we'll be able to maintain the similar EBITDA margins of 14% to 15%.
- Moderator:** We have the next question on the line of Parth Kotak from Alpha Plus Capital.
- Parth Kotak:** Congratulations on a good set of numbers. Sir, you talked about in your comments before the concall about a \$1 billion target, what kind of capex do we envision to do to reach this target? And what kind of gross block should we look at an approximate ballpark number that you would have in mind?
- Management:** So around INR 100 crores to INR 150 crores of capex that incremental capex as well as some for the existing maintenance of the existing machineries and some for buying the new ones. So INR 100 crores to INR 150 crores is what we are expecting. And it would also depend upon the geography in which area we bag the order. So depending on that, the capex will vary. But - - and also like -- one is geography and the other is nature of work. So it is like INR 100 crores to INR 150 crores of capex we'll be incurring every year. So like for that \$1 billion by '27, it will be for the 3 years as it is what we have, yes.
- Parth Kotak:** Right. So INR 500 crores of capex, fair enough. And secondly, sir, I also want to understand your thought process. Is my understanding correct that in terms of qualifications for the projects that you're bidding you're up there, in the sense we've done so many prestigious projects. So in terms of qualifications, there should be no -- there should be no stoppage. So then why can't we achieve this \$1 billion top line slightly earlier? I'm saying by FY '27 is also



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a great target to achieve. But I'm saying there are infra companies who probably have this problem of qualification for bidding for large orders, which shouldn't seem to be the case in our company.

Management: So we always believe in giving a figure which is more realistic and the growth that we look for is a stable growth for our company because we always -- if you look at the financial numbers of J. Kumar, you will see that we have been growing at a CAGR of almost like 16% to 17% for the last 5 years. And looking at this, I think 2027 is more realistic number. And of course, with the amount of the projects that are being planned by the government. If it happens earlier, always it's only good sign. But 2027 is more realistic what we would -- what we are trying to put it here.

Moderator: We have the next question from the line of Raaj from Arjav Partners.

Raaj: Looking at your FY '24, how were to be the sales look like -- looking at the strong execution you have?

Management: So like there will be growth of like 15%. This is what we have said before also. By FY '24, also, like there will be growth of 15% from the existing numbers.

Moderator: We have the next question from the line of Aman Agarwal an Individual Investor.

Aman Agarwal: Is there a buyback plan on promoting to the stake on the cards?

Management: Not on immediate basis, Mr. Aman. We don't have any buyback plan on immediate basis, let's see how it goes.

Aman Agarwal: And any plan to increase order book up to INR 20,000 crores? And what is the timeline to achieve INR 20,000 crores order book?

Management: Yes. So like when we have said that we want to be a \$1 billion revenue company by FY '27, we also emphasized that by that time our order book will be minimum INR 20,000 crores.

Aman Agarwal: Okay. So it will be by FY'27

Management: We expect that it can happen in 1 to 2 years' timeline, we should be able to achieve this INR 20,000 crore order book also. But we always like to emphasize, J. Kumar likes to book order always with margins that are -- that we have been maintaining. So bagging orders and taking the order book on a higher side is, I don't think a big challenging job. But if you take orders of the right, I would say, technically expertise job -- expedite job and where you can make margins what we have been making of 14% to 15% is something which is what we are looking at.



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So already sitting at an order book of INR 11,000 crores plus to back INR 9,000 crore order at the right time and at the right location is what we are looking at. And we are very hopeful that in a year or so time we should be able to come very -- reach this INR 20,000 crore order book target.

Aman Agarwal: So majority of the project will be metro project only or it will be an addition of Metro and road and irrigation project?

Management: So as of now, if you see, we are at 54% approximately, we see order book and revenue 50% to 55% that's coming from metro sector. So we expect looking at the huge amount of metro works and the real jobs that has been planned by -- in the current budget as well, we should be able to -- it would be like a 50%, 50% sort of mixture that we should be having in the order book.

Moderator: We have the next question from the line of Bhavin an Investor.

Bhavin: Congratulations for a good set of numbers, sir. Just a quick question on the debt position as on December, if you can elaborate on that? And a follow-up question would be on the return ratios. I'm sure on annualized maybe if you can throw some light on that as well?

Madan Biyani: I guess your first question was regarding debt. At INR 450 crores to be precise is the current debt with a debt ratio of around 0.2 gross debt. And what was your second question? I didn't get you.

Bhavin: Sir, if you can -- related question was on the return ratio on an annualized basis, ROE and ROCE.

Madan Biyani: So ROE, ROE has been 12.7% as on December '22 to vis-a-vis 10.4% as of March '22. There has been increase of 2.3% in ROE and ROCE has been approximately 17.8% in -- as of 9 months FY '22 vis-a-vis 15.5% as on FY '22. So there's also an increase of almost 2.5%.

Moderator: We have the next question from the line of Prem Khurana from Anand Rathi Shares.

Prem Khurana: Thank you for taking my questions, sir, and congratulation on good set of numbers. So I think -- I mean, when we interacted the last time during the Q2 results call, we had bid by kind of almost INR 30,000-odd crores. But when I look at the way it's been for us in this quarter, we could have only 1 project of almost of INR 320 odd crores. So possible to share what happened with the balance INR 27,000-odd crores of order backlog, whether -- I mean the bids are yet to be opened or we couldn't have success with some of these or are these are yet to be kind of be bid out. If you could help us understand the competitive intensity is what basically I want to understand.



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- Management:** Mr. Prem, the big pipeline what we said of INR 30,000 crores, all the tenders have not come for tendering stage. So they are like into the process. So whatever tenders have come, like INR 11,000 crores, we already bid for. So that are in process and like we'll be putting in this coming quarter as we are they like mature.
- Prem Khurana:** Sure. And sir, any comments on competitive intensity, how is the competitive intensity? And we had some bids in Chennai and all and we participated that we couldn't have success and does it mean the competition is getting aggressive or that someone could have and we could not have it?
- Management:** So competition has always been there. It's not that it's not there. But we put our numbers with EBITDA margins like 14,000, 15,000 and try to get it. So like we had, of course, reached that Kochi work with a very close margin. But there's many more to come, so there's no issues. So competition is existing very much in the market and the specialized jobs which are there. So we try to focus on that. Nationalizing, you can see that there are -- the amount of competition is pretty high. So we keep bidding at our price, but we are very hopeful that to achieve the order books that we are targeting, maybe 1 quarter here and there, but we will be able to achieve the target that we are looking at very comfortable.
- Prem Khurana:** Sure. In terms of INR 11,000 crores number that you already bid for, could you break down in segments and then how much would be in metro and how much would be your other segment, like the flyover, bridges or civil?
- Madan Biyani:** So metro is constituting to around only INR 1,000, INR 1,500, so majorly other flyovers and bridges.
- Prem Khurana:** Okay. Okay. Just some bookkeeping question if you could help me with, please. I mean, how much of the capex that we've incurred during the 9 months or, let's say, Q3?
- Madan Biyani:** Sorry, come back, explain.
- Prem Khurana:** Capex, capital expenditure that you have incurred during Q3 or 9 months, whatever is readily available with you?
- Madan Biyani:** Capex for like 9 months is INR 115 crores. And like for this quarter it was INR 54 crores. We are looking for as we have guided like INR 150 crores on the year-end, which includes INR 115 crores.
- Prem Khurana:** So another INR 35-odd cores roughly.
- Madan Biyani:** We have order for 1 TBM, which is costing around INR 50 crores additional.



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- Prem Khurana:** Okay. Okay. Sure. And sir, currently help me with the bookkeeping number in terms of mobilization advances, trade receivables, payables, inventories.
- Madan Biyani:** Mobilization advances has been INR 560 crores as on December '23.
- Prem Khurana:** Trade receivables, unbilled revenues?
- Madan Biyani:** Trade receivables has been INR 1,190 crores as of December '22.
- Prem Khurana:** And unbilled revenues of almost that number? Unbilled revenue.
- Madan Biyani:** Has been INR 546 crores so as of December.
- Prem Khurana:** Okay. And sorry, one more last, trade payable if you could help me please.
- Madan Biyani:** Trade payable was at INR 598 crores.
- Moderator:** We have the next question the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, just continuing the previous question, so what is the inventory number and retention money?
- Madan Biyani:** Inventory, I told you work in progress, the INR 546 crores and raw material inventory was INR 377 crores. And Trade payables as I told you INR 598 crores.
- Shravan Shah:** Retention money?
- Madan Biyani:** Retention money has been INR 238 crores receivable.
- Shravan Shah:** Okay. Got it. So 2 things. First, even for this year, so now the start of fourth quarter, so last time we said that we are looking at close to INR 4,200 crores revenue for this year. So that means for the fourth quarter we need -- maybe we will be looking at a degrowth. So can we see a slightly higher number in terms of our guidance? So can we see INR 4,350 INR 4,400 crore kind of a revenue for this year?
- Management:** Mr. Shravan, it's like last year, it was INR 1,114 crores. So of course, we will surpass this and we believe in saying less and doing more, Mr. Shravan. So when we are giving you the guidance of INR 4,000 crores, INR 4,200 crores, so that will be around INR 1,200 crores of revenue.
- Shravan Shah:** Okay. Okay. Because even then also the growth should be lower even if I look at INR 1,200, so it will be close to 2%, 2.5% growth. So normally till now we have done at 27% this quarter.



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- Management:** INR 1,200 will not be 2% growth. The last number was INR 1,114, so INR 1,200 crore would be around INR 85 crores more and will be around 7%, 8% or so. It will not be 2%. And if you see, Shravan, like year-on-year it will be around 20% growth. Okay. Okay. Okay. Got it. Year-on-year growth and not the quarterly, in some quarters, you get as more and less. So what is important is on the year which is what we are making at the total top line. So that quarter represent us.
- Shravan Shah:** Okay. Got it. Got it. So -- and in terms of the working capital core, whatever the numbers you are saying. So broadly it remains the same at 78-odd days. So do we expect some improvement by year-end or will it remain at the same level?
- Management:** Yes, there has been continuous efforts to improve the working capital cycle. There also, if you see in comparison to last quarter it's a minor increase by 1 or 2 days only as on December. But by year-end the cycle improves much better, the collection efficiency and all and the plan in terms of -- so we are on track, and we want to bring it out to 120 days.
- Shravan Shah:** Okay. Okay. Got it. The other thing is that in terms of the date also would like to remain at the same or current INR 450 crores, INR 454 crores. So -- or do we see a INR 40 crore, INR 50 crore kind of a reduction by year end?
- Management:** So we are looking to maintain the debt levels of around INR 450 crores to INR 500 crores.
- Shravan Shah:** Okay. One more thing in terms of the -- when we said we are L1 in one sewerage tunnel for project from the MCGM, what's the value and when can we see it.
- Management:** So it's a INR 220 crore job and wherein J. Kumar share is around 60%.
- Shravan Shah:** Okay. So we will be only doing a 60% or for the technical qualification we have taken a bidding the JV.
- Management:** So 60% is for J. Kumar.
- Shravan Shah:** Okay. Okay. Got it. And so apart from the INR 1,600 crores that we have bided. So this entire in terms of opening the bids by March and this will be open?
- Management:** Yes, more or less it should be opened by March.
- Shravan Shah:** Okay. So any specific any big projects that you want to either -- you mentioned the INR 1,500 crores is a metro, INR 1,000 to INR 1,500 crores. So any other these projects that you want to highlight?
- Management:** No, it's really highlighted when we become L1.



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- Shravan Shah:** Okay. Got it. So -- and apart from that, what's the pipeline in terms of the -- by March and how much more we are planning to bid?
- Management:** As we told around INR 30,000 crores.
- Shravan Shah:** Sorry, sir?
- Management:** The bid pipeline is as we said around INR 30,000 crores. So INR 11,000 is already done. So maybe another INR 15,000 crores to INR 20,000 crores are in pipeline, so which may be bided by Q1 of the coming year. Something will be in Q4 and some will be in Q1.
- Moderator:** We have the next question from the line of Ankit Babel from Shubkam Ventures.
- Ankit Babel:** Sorry I joined late, so pardon me if I'm asking a repetitive question. Sir, 2 questions from my side. First was that I read in some of the media reports, wherein J. kumar was disqualified in one of the high-speed rail orders. So that was a surprise to us. So just wanted to know what was the reason and why we got disqualified?
- Management:** So even the reasons are not been informed to us till now. So we have gone to the court, it's subjudice for the moment.
- Ankit Babel:** So you have not been told that either, they just disqualified you?
- Management:** Yes. So it's not been specified, so we are in court and the matter is subjudice at the moment.
- Ankit Babel:** Okay. And second was, again, on the order inflow side. I mean, the first 9 months seems to be subdued in terms of inflows and our order book also has not been growing much since last 2, 3 years, I mean, it is stuck at INR 1,100 crores, INR 12,000 crores. So what kind of inflows you are targeting for this full year, including what you have received in the first 9 months? And on that base, what kind of inflows you are targeting next year?
- Management:** So if you see, Mr. Ankit, our order book as of now is almost 2.7 times to 3 times of our revenue. So in a comfortable position. But of course, we are looking for a bigger inflow number as we have guided like, okay, INR 5,000 crores inflow in FY '23. So we procured around INR 2,100 plus, which will take it to INR 2,300, plus we have already bided for some projects, and we are hopeful to achieve these numbers, if not by Q4, by Q1 positively.
- Ankit Babel:** Okay. And next year, what you are targeting, sir? Inflows?
- Management:** So next year, again, we are targeting the sales of around 15% growth on the existing year. So like INR 5,000 crores is what we are expecting to bag orders for the next year also.



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Ankit Babel: Okay. Okay. Okay. That's great. And you expect your margins to remain in this 14%, 15% level?

Management: See, there is a slowdown in the order booking because we don't want to compromise in terms of our order booking, a lot of opportunities, but we want to pick up orders at our price because we are not right now at a situation where we have to be desperate because as Kamal has already mentioned, we have -- we are already at 2.5 to 3x of the remaining that we have been doing. So the order book is quite comfortable, and we don't need to be desperate. So that's how we are bidding with the right margin, which is beneficial to the company in the long term. And I think Mr. Ankit there is sufficient opportunity for everybody. So everybody will get their piece of cake at the numbers what everybody is looking for. It should not be a problem.

Ankit Babel: Okay. So you're not worried on the inflow side even considering the competition?

Management: No, absolutely not.

Moderator: We have the next question line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Sir, congratulations on a good quarter. My first question is on the -- these 2 large projects, the coastal road and the GMLR. So these will be, like how many passages will be there in these 2?

Management: There is a single passage of GMLR, which is costing around INR 6,500 crores approx. And there are other 2 projects which have come up of the singular side from Thane to Borivali, which is costing around INR 7,200 crores each. They are again by tunneling by TBM. So there are -- and again, there is one more tender which has come from Orange Gate to Marine Lines. So there are road tunnels as well as metro projects and flyover projects. There are n number of projects where I think we should get some good share of project that we are looking at.

Parikshit Kandpal: And what about the Dahisar coastal area INR 7,000 crore which you mentioned earlier?

Management: So, Dahisar coastal road is also there. It is in process, the bidding. So like it should be done in this month or March.

Parikshit Kandpal: My question basically, these are such large orders, if you get one order of this size, INR 6,000 crores or INR 7,000 crores. So in the past we have done that in '19. So how do you be building in our estimate in terms of cost...

Management: You're not audible properly.

Parikshit Kandpal: Sir, I'm saying if you can -- if we get one of these orders of this size of INR 7,000 crores. So how do you basically factor in your execution and all, how do you do it?



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- Management:** So first of all, like this big order. Some of these orders will be coming in JV. So our proportion will be slightly less, like 50% or 60% of this. And executing these projects of this size is absolutely no issues for J. Kumar. If you see like, we are already executing projects worth INR 5,000, INR 6,000 crores independent we stand alone. So like the Metro line 3, both those projects put together is almost INR 5,500 crores, and we have been -- we are complete almost 88%, 90% of it. So it's very comfortable. We can, in fact, handle a single project of INR 10,000 crores also. There's no issues.
- Parikshit Kandpal:** You will be jointly -- so all these projects you will have JVs in place basically.
- Management:** Some of these projects. It depends on the size of the project and what the project is, like we are also bidding for the 3 projects also, which is for HSR of around INR 16,000 crores. So J. Kumar, we are quite confident and with the excellent team of J. Kumar that we have, bagging orders of INR 10,000 or INR 15,000 crores single order is also not a challenge for us at all. The team is entirely geared up and ready to pick up such works.
- Parikshit Kandpal:** But in MCGM, what is your other qualification in terms of like single project, the largest size can be?
- Management:** Right, we can be bid a stand-alone -- we can bid a project of INR 2,000 crore to INR 3,000 crores stand-alone depending on the different departments, different qualification criteria. And we can take up projects of INR 10 crores to INR 15,000 crores and do it. That's absolutely no problem.
- Madan Biyani:** MCGM does not stand -- does not have some different set of qualification criteria. Though every department may vary slightly from their department to department, but the standing bidding documents still the same. So up till like INR 2,000 crores to INR 3,000 crores single order on a stand-alone basis, we have only bagged if you see in the past. Mumbai Metro Line 9 is also INR 2,000 crores. Delhi Metro is INR 1,600 crores. Our Worli is around INR 1,500 crores. Our Mumbai metro line 2b is again of INR 1,400 crores. So these are very regular sizes of jobs for which we qualify on a stand-alone basis now.
- Parikshit Kandpal:** You were talking about this larger INR 6,000 crores to INR 7,000 crores, where you will require a JV basically to qualify for bidding that?
- Management:** Yes, because the conditions in the contracts are such where there are different types of experiences that are asked for. So certain things, J. Kumar must be having -- certainly have to go through with the help of the joint venture partner. So we'll be doing JV.
- Parikshit Kandpal:** Just lastly, sir, on the building segment. So how is the pipeline shaping up there? And if you can just show some color on that?



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- Management:** So it depends like whether the projects are coming up in that particular vertical. So we have very good credentials in building lines by completing this hospital buildings of INR 800 crores standalone. So we can bid for INR 1,000, INR 1,500 crores over all. So we had bided like 4 months 5 months back of INR 500 crores, but we could not succeed in that. So we are looking for good opportunities. We have recently bagged Siddharth hospital project order of INR 300-plus crores, INR 325 crores. And we are also in the process of bidding for other hospital buildings and other building projects in Mumbai and outside.
- Parikshit Kandpal:** In terms of NHAI, J Kumar is not seen bidding for the project. So if you can just highlight how big is the pipeline line? Are we looking to add more projects?
- Management:** Of course, we are going ahead with the bidding. So we had bided for one Kochi project where we lost it by very, very thin margins. So we laid for some more additional projects in Bihar also. And we are looking forward to quote more in NTR and other states.
- Parikshit Kandpal:** Okay. Okay, sir And lastly one, what is the net working capital days in Q3 and...
- Management:** Right now it is 130 days, and we are focusing it to get down to 120 days.
- Moderator:** We have the next from the line of Vasudev from Nuvama.
- Vasudev Ganatra:** Thank you for the opportunity, sir. So I wanted to know the status of some projects like the Dwarka Express Way, CIDCO Coastal Road project and the Surat Metro project?
- Management:** Yes. So the CIDCO Coastal Road project is yet to take off. It is in the final leg of getting clearance. So like all the state governments have cleared it. It is now -- the hearing was supposed to be the weak, but it's postponed to next week. So by March it should start positively. Coming to the Dwarka project, so Dwarka there were 2 packages. There were 2 packages, we have completed around 70% of the work, but we have got some additional work of INR 464 crores plus GST. So looking to -- all the 3 put together, the project is completed to 60%. And so by this December the entire project will be completed.
- Vasudev Ganatra:** Okay. And what is the status of the Surat metro project, sir?
- Management:** The Surat metro, the work has been going on in 2 stations and the tunneling will be starting from next month. So we are expecting -- we have already done a financial progress of close to around 17%. And there were some land acquisition issues and one big building at Mideatya Nagar station needs to be demolished because of which the work had not been started for the tunneling as well. But both the TBAs are -- the fact test has been done and the TBMs are ready to be launched. So we got the permission last week from the Gujarat Government to start the tunneling work by bypassing that station. So now we should be in a position to start the tunneling from the next month.



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- Vasudev Ganatra:** Okay. Okay. Sure, sir. And have you received the appointed date for the Arcon project yet?
- Management:** Yes, we have received it on 19 Jan 2023.
- Vasudev Ganatra:** Okay, okay. And lastly, sir, what would be our cash balance as on December?
- Madan Biyani:** Cash and bank balances has been around INR 31 crores cash and balance and INR 32 crores also. And apart from that we have fixed deposits of INR 412 crores also.
- Moderator:** We have the next question from the line of Saket Kapoor from Kapoor & Company.
- Saket Kapoor:** Sir, you mentioned the debt number -- net debt number at INR 454 crores. Sir, when we look at your finance cost that is on a quarterly basis to the tune of INR 22 crores to INR 25 crores. So could you provide the breakup of what constitutes these finance cost?
- Management:** This includes the interest cost and BT commission and margin cost.
- Saket Kapoor:** Breakup, can you provide, sir?
- Management:** Yes, yes, one second.
- Madan Biyani:** Quarter 3, there has been interest on borrowings at INR 9.4 crores, financial and other charges, etc., INR 6.8 crores and BG commission and LC charges being INR 5.9 crores -- INR 4.9 crores, so totally to INR 22 crores.
- Saket Kapoor:** Okay. And sir, if you take just our short-term boring, what is the cost of funds?
- Management:** Cost of fund will be in the range of 9%, 9.5% or so with the average.
- Saket Kapoor:** Okay. And sir, if you look at the large rating, it was A plus hat was done by India Ratings. So with the improved financials, do we -- do we have any rating upgrade in the anvil that will lower the cost and even today the repo rate has been hiked. So now any chance of the interest rate going down in the near term is not visible. So...
- Management:** Currently, we don't have an upgrade on rating, but it is going on as it has to be as per yearly exercise. So this is going on, this rating exercise and we'll come up with a revised rating or whatever as and when it happens. So right now we are A plus and we are hoping to get it much higher.
- Saket Kapoor:** So then going ahead, this interest cost will be in line with what the ratings is?
- Management:** Exactly.



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- Saket Kapoor:** Sir, when we look at your employee benefit cost as a percentage of sales, it's around 7.5% or 8%. So going ahead also this is going to be the trajectory, sir? And if you could give the breakup, how much is the fixed employee cost here and what is the variable cost?
- Management:** This is fixed only. The 7.5% to 8% is fixed employee cost. And like going forward also we are looking at a similar number. It will marginally come down like because it is fixed, but we'll be in the range of 7% to 8%.
- Saket Kapoor:** And sir, when we look at the depreciation line item, it's around INR 113 crores, INR 114 crores for the 9 months. So what is the gross loss there?
- Management:** Gross block is INR 883 crores as WDV of business and INR 60 crores is the CWIP -- so INR 940 crores.
- Saket Kapoor:** Okay. And sir, any granular details you can provide or where are these investments proceed to when the gross block consist of pertaining and the life cycle of the equipment.
- Management:** Gross loss is all of our equipment, machineries, centering, shuttering and all. So like the life cycle is much more, but we consider as per the company's act. So it is around 10 years.
- Saket Kapoor:** Right... And last is about the concentration, I think out of the total order booking, what portion does the total order book at the top 5 clients constitute. What is our outstanding order book as on 31st December, sir.
- Madan Biyani:** INR 11,209.
- Saket Kapoor:** And what is the client concentration, I mean what portion does the 5 top client contribute to the order book?
- Management:** You want the client-wise breakup of the order book. The top 5 clients. So of course, MMRDA, BMRC, NHEI, Iscon and MMRC, you can consider the top 5, 6 clients.
- Saket Kapoor:** Value wise?
- Management:** Value wise this will be around 80%.
- Saket Kapoor:** Okay. And there was some mention about some IRCON projects, some which we got in the month of January. Could you elaborate what was you're trying to explain in your previous question.
- Management:** What was our... That was the date of appointment we were mentioning that the order book we had got it in the month of March somewhere. But the date of appointment date has started in Jan.



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- Saket Kapoor:** Okay. So what does that refer to, sir, if you could.
- Management:** So it is like the works, order date is that. So our 30 months will be counted from the 19th of Jan 23 to like 30 months for completing the projects.
- Saket Kapoor:** Okay. And what is the size of the order, sir?
- Management:** INR 1,058 crores plus excluding GST. This is like 4 lane 2 tunnels as part of Bombay, Delhi Expressway, and this is part of like Vadodara to JNPT section called Matheran tunnel. So there was a good article in Times of India day before yesterday.
- Saket Kapoor:** Okay, sir. And what is our trade receivable number, sir?
- Madan Biyani:** INR 1,182 crores.
- Saket Kapoor:** And the cash conversion cycle?
- Management:** The working capital...130
- Saket Kapoor:** 130. Any comparable number you can give, sir? Last year or the average for 9 months September.
- Madan Biyani:** As on September last quarter it was 128 days.
- Saket Kapoor:** 128 days. And from 9 months comparable you can give for December '21 and December '22, how has the average being and what can we improve here?
- Management:** 120 days is what we are looking at. And the 9-month conversion is -- 9 months was 135 days, for the quarter it is 130 days, and we wanted to bring it out to 120 days.
- Moderator:** We have the next question from the line of Panjul Agrawal from Green Portfolio.
- Panjul Agrawal:** I just wanted to ask have you opened the regional office in Chennai?
- Management:** Sorry, ma'am.
- Madan Biyani:** We have not opened any regional office in Chennai.
- Panjul Agrawal:** Okay. Okay. Because we are planning to do so. So what are we going to be more cost effective in the new geographies that we enter?
- Management:** So, Ms. Panjul, we are already working in like pan India, a lot of other states, apart from Maharashtra. So going in working in Chennai or Bihar and all is absolutely no issues to us



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because whatever size of projects you're putting there, not a INR 200 crores or INR 250 crores, INR 300 crores, these are bigger ticket size projects. So wherein the fixed cost does not matter.

Management: And we don't open up any regional offices in different states when we pick a jobs. Like we have been working in Gujarat and Delhi and as well as Rajasthan for more than -- almost a decade now. But we haven't opened up any regional offices. We make fully self-sufficient project offices and it is fully controlled from the head office at Mumbai.

Moderator: We have the next question from the line of Rajesh Jain from Jinanand Research Analyst. Please go ahead.

Rajesh Jain: Thank you for opportunity and congratulations on the good numbers. So my question is that what is the reason for increasing net working capital by around INR 120-plus crores as compared to Q2 FY '23? Did it mean that your collections were lower than your utilization, sir?

Management: Yes. So receivables, if you say, which has gone up this year to INR 1,180 crores and out of that INR 450 crores we have already received till Jan end. So like whatever the major part is already received, so that will be received. So that was the major reason of it. You're right.

Rajesh Jain: Okay. Got it. My next question is that as you have said that for the current fiscal year you will have a capex of around INR 150 crores, right? So can you guide something like what will be your capex requirement for the next 2 fiscal years? And when it will get moderate so that our asset turnover pressure improves?

Management: So our capex, if you say, like you know it was INR 100 crore, INR 150 crore per year because there is a maintenance capex of around INR 50 crores every year, though we are forecasting around INR 150 crore to -- so INR 100 crores to INR 150 crores every year.

Rajesh Jain: Every year, okay. Okay. And sir, what would -- like it will get moderated at INR 150?

Management: Yes, that will be the max usually because every year some maintenance and some projects to get, so like we have got this year, which was added to INR 50 crores is part of that INR 150 crores and also the existing TBMs that J. Kumar owns, we actually refurbish it when we relaunch it for it. So, J. Kumar we have got this Delhi metro, Surat metro, and Bombay. So altogether, all 7 machines will be in operation. So the same machines, we have to refurbish and that's how we cap this incremental depreciation keeps up, capex keeps up.

Moderator: That was the last question. I would now like to hand it over to the management for closing comments.



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Management:

I would like to thank once again to all of you for joining us on this call today. We hope we have been able to answer your query. Please feel free to reach out to our CFO or IR team for any clarifications or feedback. Thank you so much. Thank you all.

Moderator:

Thank you. On behalf of J. Kumar Infra Projects Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.