



“Kalpataru Power Transmission and JMC Projects
Q4 FY2018 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day, welcome to the Kalpataru Power Transmission Limited Conference call hosted by IDFC Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Bhoomika Nair from IDFC Securities. Thank you and over to you Madam!

Bhoomika Nair: Thanks Amam. Good morning everyone. I would like to welcome you all to the Q4 2018 earnings call of Kalpataru Power Transmission and JMC Projects. Today, we have the management being represented by Mr. Manish Mohnot – Managing Director and CEO, Mr. Kamal Jain – Director Finance and CFO, while Mr. Manoj Tulsian – Whole-Time Director and CFO is there from JMC Projects. I will now handover the call to Mr. Manish Mohnot for his initial comments post which we will open up the floor for Q&A. Over to you Sir!

Manish Mohnot: Thank you Bhoomika. A very good morning to everyone. I am thankful to you for your continued interest in attending this earnings call of KPTL and JMC. I am happy to inform you that we have delivered on all our targets for financial year 2018 as promised by us at the beginning of the year.

Just to reiterate our targets at the beginning of the year were as follows: Profitable revenue growth of at least 15% for KPTL and JMC and improved return on capital employed at standalone and consolidated levels, increased revenue and profitability of railway and pipeline division and expanding the international footprints, ensuring much better performance on Shubham Logistics.

We have delivered on whatever we have targeted at the beginning of the year and let me deep dive into our performance for the previous year.

At KPTL revenue for Q4 Financial Year 2018 was Rs.1931 Crores, a growth of 27% on YOY basis. Revenue for the year was Rs.5779 Crores, a growth of 15% over the previous year. Our Railway and pipeline divisions have achieved a strong revenue growth of more than 50% and T&D business have grown reasonably in financial year 2018.

Our core EBITDA at Rs.631 Crores in financial year 2018 is at a 10.9% EBITDA margin, an improvement of 30 basis points over previous year.

We have delivered strong EBITDA margin after absorbing the impact due to strong commodity prices on the back of our focused approach and cost reduction and order selection. Our revenue growth momentum will continue with 15% to 20% in financial year 2019 with EBITDA margin in the range of 11%.

Our PBT for Q4 financial year 2018 was Rs.170 Crores, a growth of 32% on a YOY basis and for financial year 2018 it was Rs.499 Crores, a growth of 24% over the previous year.

Our finance cost continued to improve as a percentage of revenue and was at 1.79% in financial year 2018 as compared to 1.96% in financial year 2017.

We remain confident to improve further on our finance cost as a percentage of revenue for financial year 2019. Our PAT for Q4 financial year 2018 was Rs.105 Crores and for financial year 2018 was Rs.322 Crores.

Our tax expense for Q4 2018 was higher with one off tax provision of around Rs.12 Crores for the previous period, which is in international geography. We are challenging the applicability of the tax; however, provided the same on a conservative basis.

Our return on capital employed as on financial year 2018 was 18.7%, improving consistently over the past few years. We will continue to work towards achieving the targeted ROCE of 20% to 21% in the next two years.

Our net borrowing at the end of the financial year 2018 at standalone level was Rs.699 Crores, which was in the guided range of Rs.700 to Rs.800 Crores. We remain impacted with increased receivables driven by the GST regime during the last year primarily due to pending payments on account of GST and higher retention on few projects.

Our order book as on financial year 2018 end was at Rs.12404 Crores net of GST. This is excluding the new orders of Rs.1463 Crores received in financial year 2019 till date.

Incrementally, we have L1 position of over Rs.2000 as on date. In the T&D business, we are witnessing traction from SEBs and private players in domestic markets and witnessing traction in Africa, SAARC countries mainly Bangladesh, Bhutan and Sri Lanka in international markets. We continue to focus on expanding our geographical footprint.

As indicated earlier, I am reiterating that international railway and pipeline business will remain a key growth driver for us. I am happy to share that in pursuit of expanding our international presence of our railway business we are L1 in Bangladesh, which is included in our L1 position.

Now the results for JMC; for JMC revenue for Q4 Financial year 2018 was Rs.723 Crores, a growth of 5% on a YOY basis and for financial year 2018 it was Rs.2756 Crores, a growth of 18% over the previous year.

Our core EBITDA for Q4 2018 was Rs.83 Crores with a record margin of 11.5%. For financial year 2018 EBITDA was Rs. 285 Crores with 10.3% EBITDA margins. We target a revenue growth of 15% to 20% in the financial year 2019 and EBITDA margin in the range of 10.5% to 10.8%.

Our PBT for Q4 financial year 2018 was Rs.45 Crores at JMC, a growth of 65% on YOY basis and Rs.145 Crores for financial year 2018, a growth of 73% over the previous year.

Our PAT for Q4 financial year 2018 was Rs.34 Crores, a growth of 110% on a YOY basis and for financial year it was 106 Crores a growth of 82% over the previous year.

At JMC our order book is Rs.7616 Crores net of GST at the end of financial year 2018. This is excluding the new order worth of Rs.942 Crores received during the financial year 2019 till date and additionally we have L1 position orders for over Rs.1500 Crores.

Our road BOT asset continues to witness good growth in traffic. Traffic growth for all the four road BOT assets excluding overloading was 13.1% for financial year 2018. Average daily revenue was Rs.49 lakhs per day in financial year 2018 as compared to Rs.46 lakhs per day achieved in financial year 2017.

The reduction in the overloading revenue was more than offset by increased traffic volume.

At Shubham Logistics, the utilisation of our warehouses has shown a significant improvement. The revenue for Q4 financial year 2018 was Rs.18.7 Crores a growth of 75% on YOY basis.

Our revenue for financial year 2018 was Rs.68.6 Crores, a growth of 23% of the previous year. Our EBITDA margin for financial year 2018 reached a positive level of 17.3% inline with our guidance. The average warehouse utilisation was at 80% during the year and we expect further improvement going forward.

Our PBT at Shubham is still negative, but there is considerable improvement. We continue to work towards achieving breakeven PBT during the current year.

On some of our other assets; in Thana, our commercial property, we have concluded the transaction for assignment of our remaining rights in the property. The final payment is expected in the month of June. This will help us to unlock investments in non-core assets.

Our consolidated results are as follows: on the back of strong performance across the business, KPTL consolidated revenue for financial year 2018 was Rs.8742 Crores, a growth of 15% over previous year. Our core EBITDA was Rs.1022 Crores in financial year 2018 with 11.7% EBITDA margin, an improvement of 30-basis points over previous year. Our PAT for financial year 2018 was Rs.278 Crores a growth of 77% as compared to last year.

We have delivered exceptional results not only on a standalone basis, but also on consolidated numbers.

Thank you once again. I am happy to take your questions now.

Moderator: Thank you very much. Ladies and gentlemen we will begin the question and answer session. The first question is from the line of Mayank Goyal from B&K Securities. Please go ahead.

Mayank Goyal: Good morning Sir. Thanks for the opportunity and congrats on a good set of numbers. Couple of question regarding JMC; Revenues for the quarter was 5% higher but on a comparable basis, adjusting for GST what will be the approximate revenue growth for this year Sir?

Manoj Tulsian: Good morning Mayank. You are asking for the full year?

Mayank Goyal: For the quarter?

Manoj Tulsian: For the quarter you can add around 5% to 5.5%

Mayank Goyal: So that means GST impact is roughly around 5%?

Manoj Tulsian: Yes. On the full year it is also coming to around between 5.5% and 6%.

Mayank Goyal: Sorry, I missed the revenue guidance for JMC. Can you please help me with that?

Manoj Tulsian: We mentioned it should be exceeding 15% for the current year.

Mayank Goyal: Okay in last concall, we had guided for the 20% revenue growth and given the type of order book we have, good inflows for the year as well, would not you think that 15% will be a kind of conservative number?

Manoj Tulsian: See, 15% also when we are mentioning on a similar base, because last year in Q1 we had numbers reported along with duties and taxes. So that itself makes it around 16.5%. So we are slightly conservative.

Mayank Goyal: Sir, on the margins front, this quarter they were at 11.5% against 10% as always been guided. So was there any one-off in the quarter?

Manoj Tulsian: No, it is slightly better. Execution of some better profitable items and that is one of the reasons that we had also reiterating that the margins can further improve and we have given a guidance of further improvement to the extent of 50-basis points.

- Mayank Goyal:** Sir, on the equity requirement side, how much has been infused in FY2018 and what is the pending infusion and how are we planning to phase it out in the next few years?
- Manoj Tulsian:** In the year 2017-2018 we have put in around another 60-odd Crores and for this year actually we were happy ending that we need not to put more than 10 or 15 Crores because operationally we would be breakeven or in fact positive in the year FY2019, but as we all know in the month of February this 5x25 was withdrawal by RBI by a sudden circular. So because of which you know two of the major projects on which we were moving quite well on the 5x25 scheme got stalled. So this year the total challenge in terms of BOT projects is only with respect to repayments. We have close to around 70 Crores of repayments on all the four projects together but I think because we will be surplus at cash level, we would be able to manage between 57 and 60. In any case, we are still looking at some refinancing options because the banks are not very clear. The circular to some extent also mentions that there is RP and RP can take those decisions in terms of elongating the tenure of repayment, but as you know the way the banks are today, most of the banks are not willing to take a call, but they are positive, so this number, which I am putting is the worse scenario.
- Mayank Goyal:** Sir, on the capex guidance side?
- Manoj Tulsian:** Capex we would be doing around another 90 to 100 Crores.
- Mayank Goyal:** In FY2019?
- Manoj Tulsian:** Yes.
- Mayank Goyal:** What has been in FY2018?
- Manoj Tulsian:** Close to 100 Crores.
- Mayank Goyal:** Lastly Sir, what would be the quantum of legacy orders in your total order book if any?
- Manoj Tulsian:** Not more than 250 Crores to 300 Crores.
- Mayank Goyal:** Thank you Sir. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Kunal Bhandari from HDFC. Please go ahead.
- Kunal Bhandari:** Sir, thank you for the opportunity. Sir, majorly I just wanted to understand regarding our traffic vehicle being 52 lakhs per day if I am not wrong. So, just wanted to understand what sort of estimates are you seeing for FY2019?

- Manoj Tulsian:** The good thing is that because we have done a few more improvements, the interest rates, so we were able to get it renegotiated. The cash breakeven point has come down to 49 lakhs per day revenue for the year FY2019 and that is the reason we are seeing that we are expecting if we get a similar growth in traffic like this year, the first two months have been good, so if we get a similar growth then we will be surplus at cash level, which will also help us to use for repayments.
- Kunal Bhandari:** Okay. If it is possible, what kind of growth has been witnessed in the first two months say on a YOY basis?
- Manoj Tulsian:** They are almost on double-digits again.
- Kunal Bhandari:** Just on the order book front, what plans are there to increase our infra portion?
- Manoj Tulsian:** At this point of time, no. We are looking at our capital structure and in any case on the infra side, we are strongly concentrating on three or four areas, which we continue to do based on the elevated corridors within the country, elevated corridors for the projects and also to some extent roads, if we get it at our price and then international. International, we have now lot of focus, which continues to be there on road as well as water.
- Kunal Bhandari:** Just one last thing, you had L1 status of 14 billion last time, so those are infra projects from Africa? So have they translated into the order book this time?
- Manoj Tulsian:** No, not yet. There again it is a mixed bag. We still have L1 of Rs 1500 crs, so last time whatever we declared some of them got converted into LOIs and something new has got added, but one infra order it is still in that L1 position.
- Kunal Bhandari:** Thank you for answering.
- Moderator:** Thank you. The next question is from the line of Subramaniam Yadav from Subhkam Ventures. Please go ahead.
- Subramaniam Yadav:** Thank you. You said that around 60 Crores has been increased into road assets for longstanding, but when we look at the consolidated debt of JMC the debt has increased by 90 Crores, have we further taken loan on the roadside of 30-odd Crores?
- Manoj Tulsian:** No consolidated debt you are saying?
- Subramaniam Yadav:** For JMC is around 1689 Crores.
- Manoj Tulsian:** Yes, the consolidated debt has gone up, but if you really see at the net debt level, we are actually slightly lower because the cash position is much better at JMC level.

- Subramaniam Yadav:** So, how come we have generated cash from there around 150 Crores?
- Manoj Tulsian:** So what happened is in last week of March, we were able to get if you remember there was an ESI scheme under which an arbitration order we can draw up to 75% of the money against our giving bank guarantee. So we just received that for one of the arbitration order to the extent of around 80 Crores in the last week of March.
- Subramaniam Yadav:** Okay, because of that the position has gone up?
- Manoj Tulsian:** And which is still not considered at the P&L level as per our policy.
- Subramaniam Yadav:** Okay, the cash has been kept there. Fine. What about the update on the Wainganga project? What is happening in that project right now?
- Manoj Tulsian:** Well, if you have seen that it is already there for 6 laning. I think the government they are in the process of making some policy possibly in terms of the buyback and other things because of which it is getting delayed, but we are hopeful that it should happen anytime between three and six months now, maximum.
- Subramaniam Yadav:** Sir, any update on the rest of the assets being sold?
- Manoj Tulsian:** No, as and when something happens we will surely come back to you in the public domain.
- Subramaniam Yadav:** Thank you very much. All the best.
- Moderator:** Thank you. The next question is from the line of Siddharth Mohta from Principal India. Please go ahead.
- Siddharth Mohta:** Good morning Sir. Sir, my question is with respect to rail and infra segment. Sir, can you please highlight the operating margins in these two segments in FY2018?
- Manish Mohnot:** Our rail and infra margins for the previous year we have got EBITDA in the range of 10% to 11% itself and even for the current order book which we have on this both of them combined we expect margins to be in the range of 10% to 11%.
- Siddharth Mohta:** Sir, in spite of the growth in these two segments and operating leverage, do not you think that the margins, there is some scope in improvement in margin that might be 11% to 12%?
- Manish Mohnot:** See, a lot of investments has been done in this segments over the last two years in terms of manpower, in terms of automation, in terms of investments and I think that will continue at least in

the railway sector for one more year, so given all those costs which are specifically to those divisions, I still believe that this year we should be in the range of 10% to 11% itself.

Siddharth Mohta: Working capital intensity in rail and this infra versus T&D segment?

Manish Mohnot: So, yes as per the rail and infra segment is concerned, the working requirement is slightly higher than T&D. So if you look at our working capital days for the year has gone up from 67 days in the previous year to around 80 plus days and significant portion of it has come through railways and infra so these two divisions working capital wise, would be anywhere in the range of 90 to 100 days and our transmission would be in the range of 50 to 60 days hence the average of around 80-odd days.

Siddharth Mohta: Sir, if you can also highlight the growth that we have achieved in T&D segment for FY2018 as well as in revenue in rail and infra segment?

Manish Mohnot: So for financial year 2018 our growth in the T&D segment was around 10% to 11% and our growth in the rail and infra segment was around 50% plus. For the financial year 2019 we expect T&D to grow around 15% and we expect rail and infra to go at a rate of around 32% to 35%.

Siddharth Mohta: Thank you.

Moderator: Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Almost all the promises have been kept to high focus and some things, which are stable, are not clear to me. So the first thing is on the Africa side, and this is for Kalpataru. Now the share of the business over there has increased in the fourth quarter to about 26% or so in the backlog, I just want to get a sense from you that is this a market driven we have a competitive edge or are there any risks that we need to be aware of as we increase our position over there?

Manish Mohnot: Good morning Aditya. Aditya, Africa has been our core strength not now but for the last three four years. We have put in a lot of efforts in Africa and we continue to grow there seamlessly. As far as the rest is concerned, you know, all our orders in Africa are funded by funding agencies, all of them, some of them might be EXIM Banks, some of them might be World Bank, some of them might be AFDB and other funding agencies. The percentage has increased just because we have got some orders in the last quarter but from a focused perspective Africa continues to be a key continent for growth from a long-term perspective both for KPTL as well as JMC.

Aditya Mongia: Sure a related question overall piece of overseas is now about 40% in backlog, any contingencies that you are bidding in from a country rate perspective in your margins?

Manish Mohnot: Typically, all our international projects, we always have a contingency inbuilt given the nature of the projects wherein they are fixed price projects wherein the risk beyond what you can pursue, so given that all of that is always in built, so on a margin perspective international is always higher than domestic at a bidding stage as well as in the final execution stage. So we always have some contingencies in built as far as the international order book is concerned.

Aditya Mongia: Sure Sir. Second question was more on execution. Now I understand that even two years back or three years back there was a big uptick in backlog which happened and it is commensurate in growth in revenue did not happen. I think this was FY2016 if I am not wrong, and there has been again a backlog right now, just want to get a sense from you that were these issues earlier, which has been resolved or will execution never be able to kind of mirror the growth in backlog for KPTL because of inability constraints?

Manish Mohnot: So quickly, you had questions there, yes financial year 2016 we saw a similar growth in order book but we did not deliver on our commitments and topline, we slightly failed primarily given that the Middle East markets. So that year what happened was Middle East markets all of us are aware what happened in Middle East at that point of time. We suddenly saw a huge cash flow issues, we suddenly saw people not paying, so we decided to reduce our focus on that. In the current scenario our primary order book if you look at it is Africa and SAARC in the international majority of it, even in the domestic if you look at it, it is somewhere right mix of PGCIL, SEB and private sector and railways and infra is also like a right mix of RVNL, CORE, PGCIL and Infra is the biggest clients. Given the set of clients, given the kind of pressures on delivery in 2018-2019, I am reasonably sure we should be able to achieve the 15% to 20% target growth.

Aditya Mongia: So that is great to know. Last question from my side; now if I understand if I kind of read through the standalone debt profile on indebted basis my sense is that the increase has only been to the extent of increase in investments, maybe in Shubham. So net-net basis, EPC business, there has been no increase in debt and revenue still do not meet. Now having a similar guidance of revenues next year. Should we be anticipating static to a slightly low in net debt number assuming no investments happen in FY2019?

Manish Mohnot: There are two aspects; one, some portion of this debt closer to half of this debt is also in the core business, half of it is in subsidiaries, because we also got some amounts raised from Thane property. You know we got the advance for it, which we declared in the previous quarter. So if you look at the 200 debt increase, half of it is in the core business, half of it is in the investment in SPVs net of whatever we had received. As far as our numbers for FY2018-2019 is concerned, we expect the debt levels to be in the range of 900 to 1000 Crores given the kind of growth which we are projecting in railway, infra and international business. We will continue to be focused on keeping this at minimum levels, but our internal targets is that it would be in the range of 900 to 1000 Crores at a net debt level.

- Aditya Mongia:** I will come back in the queue for more questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Bhalchandra Shinde from Anand Rathi. Please go ahead.
- Bhalchandra Shinde:** Sir, in our balance sheet other current assets have increased by around 600 Crores, any specific reason for the standalone?
- Manish Mohnot:** A significant portion of the increase has come from a huge amounts blocked under the GST regime, a lot of cash are to be recovered in the next three to four months, a lot of filings have been done, so we believe recovery would come, but more than 200-odd Crores have increased just because of additional blockage due to GST.
- Bhalchandra Shinde:** And Sir on the execution side, our order book on railways and pipelines has increased in Q4. So how is our execution cycle panned out, means is the railways and pipelines are slightly longer than T&D or how it is?
- Manish Mohnot:** See, average of both railways and pipeline business is in the range of 18 to 24 months, a few projects are there which are 24 to 30 months, but on an overall basis, the 18 to 24 months and that is why a majority of this whatever we have declared in the previous quarter, you will see revenues coming in from Q2, Q3 of the current year itself.
- Bhalchandra Shinde:** And on the T&D side also on overseas are most of the projects including price variation clauses or it is on the fixed price contract?
- Manish Mohnot:** So if you look at our overseas portion, which is around 40% of our order book I would say around 70% of this order book would be fixed price. We still have a few orders in Africa, which are at variable price so on the overseas portion, 70% should be fixed and 30% should be variable. On a total portfolio I think 50% to 55% of our order book would be fixed and 40% to 45% would be variable.
- Bhalchandra Shinde:** And on the domestic side if you can give us the outlook, how you see the T&D capex and what kind of order inflow guidance you see over the next one year?
- Manish Mohnot:** So on the domestic side, we are seeing a lot of traction coming from SEBs, private sector and lately from PGCIL also. As that with earlier we personally do not believe that the market is going to grow as in the past at the range of 20% to 25%. We believe that there is a market which will grow at the range of 10% levels. We expect our order books also to grow at the same levels. In the previous year we got orders worth 3000 Crores plus in domestic and the current year target is in the range of 3000 to 3500 Crores of orders for the domestic segment.
- Bhalchandra Shinde:** Thank you very much Sir.

- Moderator:** Thank you. The next question is from the line of Alok Deora from IIFL. Please go ahead.
- Alok Deora:** Good evening all. My question is related to JMC. Just one number, I missed. What would be the net equity infusion for the BOT assets in FY2019?
- Manoj Tulsian:** Good morning. We said that it should be in the tune of 55 to 60 Crores and most of it is only for repayment of loans. In fact the whole of it is for repayment of loan.
- Alok Deora:** In FY2018 we would have done around?
- Manoj Tulsian:** FY2018 also we have done around 60 Crores.
- Alok Deora:** Sir, what would be our order inflow target for this year considering that the start has been good, we have bagged around 940-odd Crores so what would be the target for this year?
- Manoj Tulsian:** So, we are targeting close to around 4500 Crores.
- Alok Deora:** Right and that would be largely driven by the building and factory segment?
- Manoj Tulsian:** No it will be a mix of both and we expect yes may be by the year end slightly the infra book will be in terms of percentage order book would be higher than the opening percentage.
- Alok Deora:** Just one last question, what is the bid pipeline currently across key segments, like buildings and infra. I mean, have we bid for any projects where we are expecting outcome soon?
- Manoj Tulsian:** Well, whatever is already L1 we have declared around 1500 Crores. Other than that in building many of them are actually negotiated contracts on the table especially when we look at the southern territory of the country and in government there are orders. We have already participated, which will be close to around 5000-odd Crores and in infra we are looking at opportunities so there is something already which is in the pipeline where we have bid close to around 2500 Crores. There are more in pipeline.
- Alok Deora:** Just one last question if I may, so currently we are at around 3000 with the order book which is three times revenues so with this kind of order book do you think we could be exceeding around 15% sort of growth guidance which we have given because of there were quite a healthy order book for this kind of revenue guidance?
- Manoj Tulsian:** See there are two things actually because slightly we are conservative. One is you know the month of April and May we have seen a lot of challenges in terms of labour, so you know we could have done much better in April and May, but because of the labour cost and mainly I think the reason was elections in West Bengal and also Karnataka. Second also this Ind-AS 115 is become applicable from April 1, 2018 and there are a lot of changes, which are going to come in terms of revenue recognition,

so there might be an impact on account of that, so we are factoring both the things, still we are maintaining that it should be more than 15% for the year. But if everything goes well yes why not we can touch with the quality of order book, we can always touch 20% also.

- Alok Deora:** That is all from my side. Thank you and all the best Sir.
- Moderator:** Thank you. The next question is from the line of Varun Agrawal from BOI AXA Mutual Fund. Please go ahead.
- Varun Agrawal:** My question is related to JMC, so JMC, sorry I missed out the earlier part of discussion if it was discussed, so for this year are we looking to invest for the road assets, any loss funding or anything?
- Manish Tulsian:** In FY2019?
- Varun Agrawal:** Yes.
- Manish Tulsian:** FY2019 we mentioned in the beginning of the call that we would be funding close to around Rs.55 Crores to Rs.60 Crores maximum, the entire money is towards repayment of loan, so if you remember last year we had given guidance that for FY2019 we will need at best Rs.10 to Rs.15 odd Crores, which was with the assumption that in two of our large road projects we were moving very well in terms of getting the 5x25 scheme approved, which was elongation of the tenure of the repayment because both these concessions are more than 28 years and our repayment is only in the next 10 years, but because in February there was a circular from RBI and it got withdrawn with immediate effect, we could not pursue the same; however, we are still talking to the banks to look at refinancing scheme, if something happens, which we are very sure will happen then this number will further come down, that operating level this year we do not need any cash.
- Varun Agrawal:** Second question on the JMC again, in terms of infra book, we have bagged couple of road projects as well, so going forward what kind of orders are we looking for, particularly infra segment if you can shed some light on that?
- Manish Tulsian:** No we have not bagged any road projects in the last year, we got fly over projects, we got three elevated corridor project, which we declared at the beginning of the year.
- Varun Agrawal:** So going forward that segment is supposed to be the key driver of the fresh order inflow?
- Manish Tulsian:** Not so because we are still not participating in HAM, looking at our capital structure unless the capital structure undergoes a change and we have been bidding on the road side more on international front, also on domestic, but the competition is still quite a big, so we have not been in successful yet, we will continue to bid selectively and if we get it at our price and surely it will add up to the order book.

- Varun Agrawal:** Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Girish Raj from Quest Investments. Please go ahead.
- Girish Raj:** Thanks for the opportunity. Just wanted to know the investment in BOOT and Shubham total investments if you can bifurcate into the various instruments?
- Manish Tulsian:** Total investments in BOOT as of now is Rs.700 Crores for JMC.
- Girish Raj:** This for KPTL actually?
- Manish Mohnot:** For KPTL our balance equity commitments on our assets, which we have in hand is around Rs.250 Crores, this will happen over the next two years, so we expect that around Rs.100 to Rs.125 Crores will go in financial year 2019 and the balance in financial year 2020, so this is as far as BOOT assets are concerned. On Shubham we believe that will require an equity investment in the range of Rs.75 Crores to Rs.100 Crores, we have planned this investment infusion previous year itself, but we are just waiting for the right time and making sure that the company starts delivering on its commitment now they have we will be infusing this funds primarily to reduce the debt level and not for operational reasons.
- Girish Raj:** Any estimate of what is the investment at this point of time in both BOOT and Shubham?
- Manish Mohnot:** As far as KPTL BOT the four assets which we have right now our total equity invested is around Rs.240 Crores, total project cost for these four assets out of which two are operational, third will be operational by the end of financial year 2018-2019 and the fourth in 2020-2021, total project cost would be around Rs.3000 Crores and the balance equity to be infused is around Rs.250 Crores.
- Girish Raj:** Shubham Sir?
- Manish Mohnot:** For Shubham our total debt is around Rs.400 Crores as of now, around Rs.420 Crores and we expect this to be at much lower levels after the equity infusion and we expect this debt levels to be in the range of Rs.350 odd Crores by the end of the year.
- Girish Raj:** Sure. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** Good morning Sir. Thanks for taking my questions. My questions with respect to JMC Projects, so Sir basically what I wanted to understand was this year we have seen significant improvement in terms of our working capital cycle for JMC standalone entity, so given that fact that in next year we are targeting on and this is despite we have grown at almost 17% odd YOY in this year and for the

next year we are looking around 15% to 18% kind of growth rather, so how do you see this number changing and do you get to see this moving up because I think part of improvement that we have seen in this year is because of the fact that you could realize this claims from the NHAI by paying 75%, I mean the 75% that you have received in the standalone entity to my mind?

Manoj Tulsian: Good morning Prem. So we have a few more opportunities like that, to get few more refunds from some of those Government Departments like VAT Department and income tax and even something more to come from NHAI, so we expect that next year at standalone level the debt might go up by around Rs.50 Crores to Rs.75 Crores, but at the consolidated level I think we should be at the same level as of this year, so the total consolidated debt will not go up.

Prem Khurana: So when your debt might go up for standalone, you are talking about net debt or gross debt because gross debt because gross any which ways is net debt?

Manoj Tulsian: Yes.

Prem Khurana: And Sir the Rs.80 odd Crores that you talked about it has come in SPV or in the standalone entity because the cash number for standalone entity is up almost?

Manoj Tulsian: Standalone.

Prem Khurana: Standalone, okay, sure and Sir the second question was I mean you said in your opening remarks toll collection has gone up by almost 13% odd this year and this is despite overloading charges having gone down, but when I look at our reported number and if I look at the segment numbers there is hardly any growth in the toll collection number that you have reported does it mean Rohtak has mean the key growth driver because that does not get consolidated anymore, so it would be fair to assume?

Manoj Tulsian: That is right. There is a good amount of growth in that particular project and 13% growth is on a comparable basis and then there is a reduction of overloading charges, which was around 8% to 9% compared to the previous year, so when you look at the daily average revenue which has grown from Rs.46 lakhs to Rs.49 lakhs it just reflects around 4% to 5%.

Prem Khurana: The labour issues that you have talked about do they still persist or is it done away now because you were guiding for almost 20% plus kind of growth for this year and Q4 I mean you seem to have missed that not by a significant number it is only marginal, but then the issue is seriously severe or is it just that I mean the timing issue we could not arrange for the labour in time and therefore we missed?



Manoj Tulsian: What happened is two things, so first of all if you really compare even FY2018 on a like-to-like basis we have grown by around 23% to 24%, if you take the GST impact. Second thing the first two months normally what happens is that May turns out to be a good month because the labour starts coming back after Holi, April is normally subdued and then by May 15 the labour is back and it is a good month then to deliver, this time because of postponement of elections, the Gram Panchayat elections in West Bengal the labour did not turn up, so in a way we could have done better in the month of May compared to what actually we would be doing for this month, but June again will be a good month because the labour has started coming back already.

Prem Khurana: Just one last from my end where are these BOT projects come for major maintenance and would you be required enough funds there or you would be kind of draw that money down from the bankers?

Manoj Tulsian: One at the P&L level we have been continuously providing for the major maintenance that is number one. Second thing we have seen that if continuously we are able to maintain the road in a proper way it does not need a total overhauling or total re-carpeting, so we continue to maintain the roads and we are very confident that we would not need to invest the type of money, which normally this excel sheet based projections carry.

Prem Khurana: Basically the idea was to understand whether we will get to stop because of the major maintenance outflow because it will be a significant number because you are talking about four projects, which would come up for major maintenance?

Manoj Tulsian: First of all even as per the concession agreement those are in different years. Second at P&L level there cannot be any surprise, we can only be better because we are slightly conservative. At the cash flow level as I told you that since we have been maintaining the roads we do not see the possibility of investing any major chunk in any particular year. It will be a continuous investment going forward.

Prem Khurana: Sir, any specific reason that you are talking more about infra these days because we have been made to understand after we start seeing some launches from some of quality players in south as well in some of the other geographies despite as we are saying number in terms of infra will increase given the fact that you are going to see significant amount of new launches in real estate as well as otherwise in building space, why is it that your saying infra would be a bigger chunk in what we have today?

Manoj Tulsian: Well, the reason is very simple. When we are looking at 4500 Crores for order book, we continue to maintain that there will be a steady stream of order inflow on the building side. In fact we also mentioned that the industrial side is also opening up, so that is another chunk, which will add to the order book, but when you look at the size of orders between buildings and industrial vis-à-vis infra, the size of orders, which we might get in infra now that we only bid for orders, which are more than 400, 500 odd Crores can suddenly change the percentages, two good orders and that can change the

percentage in which case also happen that 4500 Crores of threshold also might be crossed, but looking at the pipeline that in infra there are huge amount of opportunities in all the segments we are dealing right now. So few good click and actually tilt the percentage slightly towards infra, but we remain bullish on the building and industrial side.

- Prem Khurana:** Sure Sir. Thank you, that is it mine.
- Moderator:** Thank you. We have a followup question from the line of Sidharth Mohta from Principal India. Please go ahead.
- Sidharth Mohta:** Sir, will there be any debt on rail and pipe segment due to increase in raw material cost?
- Manish Mohnot:** So, if you look at our railway sector, all our projects have a price variable clause, so on railways typically the moment in prices do not have an impact on an overall project sometimes because of timing reasons you might get caught a month here and there, but on a overall basis it does not. As far as the pipeline division is concerned, majority of our projects pipes are free supply except for a few projects majority of them pipes are free supply from the clients, which typically is 50% to 60% of the cost of steel on the project, so the impact on that is also very minimal and wherever pipe is to procured by us we already placed the orders as soon as we have received the orders from the client, so I do not think we will have any impact on that also.
- Sidharth Mohta:** That was it. Thank you.
- Moderator:** Thank you. The next question is from the line of Swarnim Maheshwari from Edelweiss Securities. Please go ahead.
- Swarnim Maheshwari:** Sir, good morning. Congratulations on good set of numbers. Sir, couple of questions, first you did not mentioned on the call that you are expecting almost around 200, 300 Crores increase in the net debt in FY2019, if you can just quantify what proportion of this is coming from the core business and what proportion of this would be coming from our infusion?
- Manish Mohnot:** Good morning. Significant portion of this would come in the core business because whatever we are going to infuse a lot of it would also get released from the Thane property inflow, which we had mentioned earlier, so we are expecting around 120 Crores to come from the thane property approximately and we expect our infusion in Shubham and BOOT projects to be in the range of 200 Crores so the net increase in debt because of the noncore would be only in the range of 72 to 75 Crores balance 150 odd Crores should increase in the core business as such.
- Swarnim Maheshwari:** Sir, that was just wondering looking at FY2018 we grew like almost around 15% and for that reason our net debt actually increased by 100 odd Crores for the core business now over here we are looking

to grow in the similar range, but our working capital would be increasing by almost around 200 odd Crores, so is there a case that you are expecting because of proportion from the infra side this working capital is expected to go up?

Manish Mohnot: There are two or three reasons for it. The first reason is that in the last few years significant portion of a domestic order book has retention clauses, which are much higher, right retention for even material supplies you get payment later so everything is linked to when you deliver on the project, which was not historically the case even in transmission domestic and as indicated railways as well as infra I had mentioned earlier also the working capital levels are slightly higher as compared to T&D and given the 30%, 35% growth in that business we believe that would increase proportionately.

Moderator: Thank you. The next question is from the line of Karan Rathod from ICICI Securities. Please go ahead.

Karan Rathod: Good morning Sir. Just wanted to have an understanding if you could help the order inflow break up for the year with respect to T&D and infra for Kalpatru?

Manish Mohnot: As far as Kalpatru is concerned, if you look at our order book as of March 31, 2018 our order book is around Rs. 12404 Crores out of which 40% is international, 20% is TL domestic and 16% is for railways and infra. As far as financial year 2018–2019 is concerned we are targeting an order inflow of 9000 Crores to 10000 Crores out of which around 6000 Crores will be on transmission both domestic and internationals and 3000 Crores to 4000 Crores would be a combination of railways and infra.

Karan Rathod: Actually I wanted some sort of order inflow for FY2018, can you help me with the breakup of 9300 Crores that we have reported?

Manish Mohnot: As far as FY2018 is concerned out of the Rs. 9300 Crores closer to Rs. 4000 Crores came in from both the segments. I do not have the exact number in front of me, but I remember it was closer to Rs. 4000 Crores as far as this is concerned, so I have got the number, so railways was around Rs. 1681 Crores for the previous year and pipeline was Rs. 2137 Crores, which is total around Rs. 3800 closer to 4000 Crores.

Karan Rathod: Could you help with the breakup of the segments in terms of revenue?

Manish Mohnot: In terms of revenue, if you look at in totality 65% of the revenue came from the transmission business and 35% came from railways and infra. Our railway revenue for the previous year was around Rs. 600 odd Crores and our revenue for infra division was similar number around Rs. 600 to 700 Crores. We expect both these revenues to be around Rs. 2500 Crores combined in the next year.

Kamal Jain: Around 80% from T&D and 20% from pipe and railways and almost 80% from the T&D.

- Karan Rathod:** On the domestic front right?
- Kamal Jain:** Domestic and international both was 40:40 approximately and the 11% pipeline and 9% railways.
- Karan Rathod:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nayan Parakh from IIFL. Please go ahead.
- Nayan Parakh:** Good morning Sir. My question is regarding rail electrification can you just tell me how much is the rail electrification mix in our order book for KPTL, I understand 16% is the order book for railways?
- Manish Mohnot:** So, if you look at the 16% order book, we have a breakup of three major clients, which is RVNL Core, Power Grid and Konkan Railway. More than 50% of this order book would be linked to electrification primarily at Core and PGCIL and the balance 50% odd would be composite project, which also included in electrification, but also civil.
- Nayan Parakh:** And with regards to our pipeline of projects can you just highlight what is the pipeline you are seeing in the domestic and international T&D space?
- Manish Mohnot:** As far as the pipeline of projects in the domestic T&D space as mentioned earlier we are seeing a lot of tractions from SEBs and also a lot of traction from neighbouring countries. We have seen some traction coming from PGCIL in the last quarter and believe that should improve going forward. On the international front, we believe that Africa and SAARC would be the two big areas of focus and those are the continents where we believe in next two years we should see significant growth coming in.
- Moderator:** Thank you. The next question is from the line of Harish Bihani from SBI Mutual Fund. Please go ahead.
- Harish Bihani:** Good morning Sir. On the railway front if I understood it correctly RVNL is the major agency that would award project to us, so if I look at the railway order backlog today, which agency would have the maximum exposure?
- Manish Mohnot:** If you look at the railways backlog today I think it would be RVNL, it would be Core and PGCIL and all and even Konkan Railway, so it is a combination of all four, I would not say that RVNL is the biggest in terms of share, but Core is equally big around 70% would be from RVNL and Core and the balance 30% would be from Konkan and PGCIL, so RVNL core are similar may be few basis points here and there.
- Harish Bihani:** Sir, when RVNL says that their payment is pretty fast 70% of whatever is kind of suggested by the contractor, due pay in 7 to 15 days, how should we understand that in context of what you have been

suggesting that the payment in terms of working capital gets elongated because railways exposure is increasing?

Manish Mohnot: I think what RVNL is saying is perfect in terms of what you bill you get paid within 7 to 15 days from where is coming is the contractual payment terms in lots of this projects you material also gets paid at a particular point. You get 80% paid till you supply the material. The balance 20% comes once it is installed right so that installation takes its own time, you cannot just order 80% of the material and wait for the balance 20%, typically you order the entire material so that what gets delayed is whatever is delayed is whatever is linked to the payment terms of the contract wherein there is back ended payment terms for a lot of supplies, which get paid once they are installed at the site.

Moderator: Thank you. The next question is from the line of Deepak Narnolia from Birla Sun Life Insurance. Please go ahead.

Deepak Narnolia: Good morning Sir. Congratulations on good set of numbers. This is just housekeeping question. I was just looking at your breakup of sales, EBITDA, PAT in the presentation and I did the back calculation, I see there is a loss in the transmission assets also, where I did the back calculation like you consolidated, PBT minus standalone minus JMC minus Shubham gives the transmission as a loss, so at PBT level I am finding there is a 50 Crores loss in transmission asset?

Manish Mohnot: So, let me answer this. This is not completely correct as far as you have done a right calculation, but there are few other assets, which also come in there, our two assets on Indore and Thane, which are in real estate also come in there and as indicated earlier Indore we are at the stage at which we are just selling and still not recognizing any things profits on it and Thane also significant portion has got sold now so the margins will come in now. So at a standalone level as far as the two assets, which are operationalized, which is the Haryana as well as MP one both of them are giving returns, which are anywhere in the range of 10% to 12%.

Deepak Narnolia: So, the loss is coming from?

Manish Mohnot: From our real estate assets.

Kamal Jain: I think what he is saying there is a margin loss at Consol PBT level Margin recognized on the TLD, BOT assets at standalone, which is to be eliminated when the consolidation takes place as the same has been executed by us.

Manish Mohnot: So, I think that is a very valid point Kamal.

Kamal Jain: Major difference is due to elimination of intercompany margin.

- Manish Mohnot:** That is a very important point. I think thank you Kamal for that. So whatever BOOT projects EPC is done by as KPTL and for all our transmission BOOT assets the EPC is done by KPTL itself, the margin in consolidated get eliminated and that is the amount, which Kamal indicated and that is a significant amount from a consolidated perspective.
- Moderator:** Thank you. The next question is from the line of Bharat Sheth from Quest Investments. Please go ahead.
- Bharat Sheth:** Good morning Sir. You stated that for railway and pipeline we are looking for international, so can you give little more colour, which are the geographies and how it differs from the Indian Railway size as well as the nature of the contract?
- Manish Mohnot:** So, our primary focus on both the division would be more in Africa and neighbouring countries of SAARC, so for railways it is more Africa and few neighbouring countries. For pipeline it is more the neighbouring countries and a few projects in Africa. As far as this projects are concerned, the funding of majority is not all of this projects would be through some funding agencies, it would not be client funded projects, as far the delivery of this projects are concerned very similar to India may be the timeline of delivery might not be 18 to 24 months, but anywhere between 30 and 36 months, the new Bangladesh project where we are L1 the delivery is 36 plus months.
- Bharat Sheth:** Size of the contract does it remain much larger than the our domestic?
- Manish Mohnot:** Yes, average size of the international project would anywhere be in the range of 50 to 75 plus \$100 million, but that is an average size, so depending upon country to country to the size to be anywhere in that range.
- Bharat Sheth:** Are we seeing traction in FY2019 that whatever order inflow we have projected so we are expecting apart from this Bangladesh?
- Manish Mohnot:** We have bid in two, three more countries and we are pursuing that, but as of today we do not have visibility of anything beyond Bangladesh from L1 perspective, but definitely would be targeting at least one country in Africa for railways. We have bidded in three, four of them and it is all at the stage at which next three, four months we should get a lot more quantity.
- Bharat Sheth:** Profitability and working capital wise?
- Manish Mohnot:** International projects even in this segments might be slightly more profitable as compared to domestic and lower in terms of working capital intensity similar to transmission given that the advances are normally high and they do not have retention clauses, which are as stringent as the domestic market, but on an overall basis there will be slightly better than the domestic segment.

- Moderator:** Thank you. The next question is from the line of Abhineet Anand from SBICAP securities. Please go ahead.
- Abhineet Anand:** Just a few questions, what is our expectations of inflow from KPTL standalone for FY2019?
- Manish Mohnot:** See we are targeting an inflow in the range of 9000 to 1000 Crores in FY2019 and with the combination of both domestic and international.
- Abhineet Anand:** Secondly, Shubham operationally how do you see the trajectory over medium term in 2019–2020, operationally not from the investment perspective?
- Manish Mohnot:** So, if you look at the Shubham numbers in the previous year, there is a big shift in EBITDA income from negative 16 Crores we are positive 12 odd Crores, for financial year 2019 we expect this EBITDA from here to grow by 100% if not more than that, so our topline target is 100 plus Crores and the EBITDA target is in the range of 30 odd Crores for Shubham for financial year 2019.
- Moderator:** Thank you. The next question is from the line of Amber Singhania from Asian Market Securities. Please go ahead.
- Amber Singhania:** Sir, thank you for taking my question. Most of the questions have been answered. Couple of things, approximately how much working capital is a struck because of GST streamlining, which will come back in this year, just a rough cut number?
- Manish Mohnot:** Our approximate number, which is struck in due to GST and other taxation is around 200 Crores and we expect that significant portion of this should be get released in the current year.
- Amber Singhania:** And in the JMC?
- Manoj Tulsian:** JMC it is around 40 to 45 Crores.
- Amber Singhania:** Secondly Sir, last time you mentioned that we could also looking to infuse some or bring in some private equity investments in our Shubham Logistics probably in this year, so what is the status in that, is there any thought process of the same this year or we will wait for Shubham to be breakeven level?
- Manish Mohnot:** So, we continue to explore opportunities where strategic partners could come in to look at further growth of Shubham. As of now we have not seen much development on it and we are completely focused on the operational improvement as and when we see some developments we will definitely keep all you involved.

- Moderator:** Thank you. The next question is from the line of Charanjeet Singh from B&K Securities. Please go ahead.
- Charanjeet Singh:** Good morning Sir. Thanks for the opportunity. Sir, my key question is on the state transmission capex if you could tell us like how large was the market in FY2108 and we could understand that may because of GST there would have been some disruptions and market would have been not that strong, so there could have been a much higher growth expectation if FY2019 in this market, so how larger this could be in FY2019, how large is the private transmission capex, which is going to happen in FY2019?
- Manish Mohnot:** Charanjeet, if I look at the financial year 2019 and if I look at the visibility, which I have as of today for tenders to be bid in the next three to four months, we have approximately 3000 Crores to 4000 Crores of tenders, which have come from SEBs for transmission and substations, we have around 1500 to 2000 Crores of tenders to be bid in the private sector space and a similar number we have which is for PowerGrid, so in the next three to four months we have visibility of 7000 to 8000 Crores of tenders to be bid in all the space. SEBs as far as the previous year is concerned, yes there were some impact in Q2, Q3 because of the GST, but we saw again a lot of orders as well as lot of tenders coming up in Q4, so I think from an overall basis the number of SEBs for the current year could be anywhere in the range of 10000 to 12000 Crores of tenders to be bid for.
- Charanjeet Singh:** Sir, on the PGCIL side the projects which revenue coming these are the TBCB contracts which they would have won or these are already fixed line the nominated basis, which they get, how is that pipeline?
- Manish Mohnot:** I think a significant portion of orders are in the TBCB projects, which they are bidding and winning, but we also seeing a lot of projects coming on nomination basis primarily Northeast and a few strategical projects.
- Moderator:** Thank you. Next question is from the line of Sandeep Baid from Quest Investment. Please go ahead.
- Sandeep Baid:** Good morning. Manoj Ji, You mentioned that about 80 Crores has come in through the arbitration award against bank guarantee and you also mentioned that this does not reflect in the P&L, so wanted to understand whenever you decided to book it as income, how much will be the impact on the profitability? And secondly also mentioned that there are few arbitration awards, which are pending, what kind of inflow can we expect on that over the next 12 months and how much of that is already reflecting if at all in the revenue line?
- Manoj Tulsian:** Good morning Sandeep. With respect to your first question, since we got around 75% of the total amount whenever it will come in to the P&L, it should be close to around 100 Crores. And with respect to your second query, we have one more arbitration award where we are expecting anything

around 30 odd Crores to come at best. This is subject to clearance by NHAI and again whenever that will reflect into P&L maybe once we get to win that at High Court level then that should be another 40 odd Crores.

Moderator: Thank you. The next question is from the line of Subramaniam Yadav from Subhkam Ventures. Please go ahead.

Subramaniam Yadav: Sir, my question pertains to the earlier caller only, this arbitration amount pertains to which project, is it for Rohtak-Bawal?

Manoj Tulsian: No, this is with respect to road EPC, which we had done long back. It was a road EPC done in almost 2008–2009.

Subramaniam Yadav: So this 80 Crores amount you are would be coming to P&L in Q1 also?

Manoj Tulsian: No, as per policy only when we win it at the level of High Court then only it gets recognized in the P&L, because NHAI has already gone to the court against the arbitration award.

Subramaniam Yadav: Sir, what about the status of the Rohtak-Bawal arbitration what we have put in NHAI?

Manoj Tulsian: That is going on, it is right now going on. I think we get the order possibly in the next six months time maximum at arbitration level.

Moderator: Thank you. The next question us from the line of Nirav Vasa from B&K Securities. Please go ahead.

Nirav Vasa: Thank you very much for the opportunity. I just wanted to get some incremental insights on the rail electrification opportunity. There was some talk that mega orders, which would have electrification of good 200 kilometer at a stretch could be awarded, so can you help with us some insights as to by what time are this mega projects expected to be tendered and while dealing with Indian Railways what percentage of the bill amount is getting cleared as of now?

Manish Mohnot: As far as the mega orders are concerned we have seen some RFQs being floated. We have submitted the tenders for some of them and we have got qualified in it. I personally believe that few tenders should be coming in the next few weeks while we speak and there are around six RFQs quoted if I am not mistaken and all of them should come in the next four to six weeks as far as the tendering stage is concerned which the tenders might happen in a month or two, so quarter two I think all of them should get awarded. On your second question how much of it is stuck, so typical payment terms for them is 10% advance, 70% of material gets paid once the material reaches site, 10% gets paid once it is installed that is for RVNL and 10% is the retention and there are few projects like Konkan and all of them where even for material they pay you once it is installed so they do not pay the 70% once it

reaches site, so some of that comes only when it is installed at the site, so there the payment cycle is slightly higher than the typical RVNL or Core project.

Nirav Vasa: Actually what I wanted to understand is that with the implementation of GST assuming if you are raising of bill of Rs.100 for rail electrification, what is the amount that you are getting reimbursed and what is the amount that it getting stuck because of some differentiation in calculation of taxes and those things?

Kamal Jain: As on today what we are getting is 12% towards the GST so around 4% to 5% related to GST amount is getting blocked for which we have to provide the CA certificate or antiprofitteering after getting the certificates from our vendors, so to the time being 4% to 5% additional amount is getting blocked in case of railway projects.

Moderator: Thank you. The next question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.

Ankit Babel: Sir, could you guide for the interest cost for FY2019 both in JMC standalone and Kalpataru standalone?

Manish Mohnot: As far as FY2019 is concerned, I think we believe that our interest cost as a percentage of sales should be in the range of 1.7% to 1.75% for KPTL over the range of 1.7%. As far as JMC is concerned it should be in the range of 3% of revenue. It will not exceed 3%.

Ankit Babel: My second question is the ordering inflow in KPTL was around Rs. 9300 Crores this year, standalone, so why we are not expecting any growth in this number, you have guided for 9 to 10 Crores of inflows only for FY2019?

Manish Mohnot: Our own belief is that we will not see a lot of traction in some of the international Middle East as well as some of the domestic markets on transmission and even if there will be some orders the competitive intensity is so high that we might not be able to get orders at the margin levels at which we would like to deliver, so given our projections we believe that 9000 to 10000 Crores would be a reasonable number to get this year without diluting the margin levels.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Ms. Bhoomika Nair for closing comments. Thank you and over to you Madam!

Bhoomika Nair: On behalf of IDFC Securities, I would like to thank everyone for being on the call, particularly the management for taking timeout and giving us an opportunity to host the call. Wishing you all the very best Sir. Thank you so much.

Manish Mohnot: Thank you Bhoomika. Thank you everyone.



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Moderator: Thank you very much. Ladies and gentlemen, on behalf of IDFC Securities, that concludes this conference. Thank you for joining us. You may now disconnect you lines.