

J Kumar Infraprojects Ltd. ₹124

You list. We listen....!!! **Accumulate**



Apr 26, 2019

Company Background

J Kumar Infraprojects Ltd is engaged in construction activities. It designs and constructs roads, bridges, flyovers, subways, over bridges, skywalks & railway terminus/stations, among others. Its core competence and expertise are in the field of Transportation Engineering, Civil Construction, infrastructure development and Piling. Transport Engineering, is the dominant segment in the company's order book which is providing 86% of its business. It comprises roads, metro (underground & elevated) bridges, flyovers, subways, over bridges, skywalks, railway terminus/stations etc. The company designs and constructs these projects as per client's specifications on a turnkey basis. Civil Construction; include both commercial and residential buildings. In the Irrigation segment, the company builds dams, canals, aqueducts & irrigation tanks, spillways, etc. Piling, it entered in this segment in FY06 by acquiring hydraulic piling rigs. Currently, it has 42 such rigs which are used to build pile foundations for buildings and flyovers, marine structures, offshore platforms, etc. It caters to major real estate and infrastructure companies.

Key Highlights

- ➔ Revenue improved by 42.7%, for 9MFY19 to ₹ 18,191.0 million. EBIDTA increased by 44.1% to ₹ 3,207.4 million. PAT also increased by 46.4% to ₹ 1,197.5 million as compared to the same period in the previous year.
- ➔ The order book for 9MFY19 stands at ₹ 1,04,650 million. During the Q3FY19 the company has been awarded the contract worth of ₹ 1,802 million. Order book like from civil it is around 10% and Transportation is around 90% which includes the Metro as well as the Bridges-Flyovers and Dwarka Expressway.
- ➔ Revenue contribution for order book like from civil it is around 10% and Transportation is around 90% which includes the Metro as well as the Bridges-Flyovers and Dwarka Expressway.
- ➔ Metro project in Pune is already started and Ahmadabad will be started soon, these projects will contribute to revenue for another 2-3 years. As the company is earning major revenue from Metro projects.
- ➔ Company is deeply focused in executing projects in Metro Rail and Flyovers.

Key Financials

Year Ended 31 st	Mar 16	Mar 17	Mar 18
Revenue (INR mn)	14,261.0	16,353.6	20,792.5
Rev. growth (%)	5.11	14.67	27.14
EBITDA (INR mn)	2,657.5	2,817.0	3,497.4
Net profit (INR mn)	985.0	1,073.2	1,365.5
Shares outstanding (mn)	75.7	75.7	75.7
EPS (INR)	13.0	14.2	18.1
EPS growth (%)	(54.27)	8.91	27.29
P/E (x)	19.97	18.96	8.85
RONW (%)	9.47	8.00	9.42
ROCE (%)	14.53	13.01	14.14

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Info Codes

Reuters	: JKIP.BO
Bloomberg	: JKIL IN
NSE	: JKIL
BSE	: 532940

Market Data

52 Wk Range (₹)	: 104/301
Shares in Issue (mn)	: 75.7
Market. Cap (bn)	: 9.38
BSE 2 Wk Avg Vol	: 24,000

Share Holding Pattern (%)

Promoters Holding	: 44.13
Public & Others	: 18.84
Corporate Holding	: 08.01
Foreign Institution	: 22.44
Institutions	: 06.58

Investment Theme

J Kumar Infraprojects Ltd is dealing in the field of Transportation Engineering, Civil Construction, infrastructure development, and Piling. Transport Engineering comprises roads, metro bridges, flyovers, subways, over bridges, skywalks, railway terminus/stations, etc. Company is getting almost 55% of orders in Metro Rail projects and its margins also good nearly 17%. It doing excellently well in terms of its order book, in terms of its execution. But recent months the stock is not performing well, because of SEBI ordered for a forensic audit. The company management has the confidence to clear the issue, once it clear the issue, the stock will again start to perform well. Till Q3FY19 it spends a Capex of ₹ 81 crore, for Q4 the Capex may be another ₹ 20 crore. The Capex is in the line of management projections.

Build your dream on our foundation....!!!

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 16	Mar 17	% Chg	Mar 18	% Chg
Net Sales	14,086.3	16,042.6	13.9	20,507.2	27.8
Other Income	174.7	311.1	78.1	285.4	(8.3)
Change in Stocks	(552.9)	934.3	0.0	916.6	0.0
Fuel Charges	8,306.6	10,593.6	0.0	13,004.1	0.0
Employee Exp.	784.3	1,266.9	61.5	1,970.8	55.6
Indirect Taxes	0.0	0.0	0.0	0.0	0.0
Other Exp.	1,959.7	2,610.5	33.2	3,236.9	24.0
Operating Exp.	11,050.6	14,471.0	31.0	18,211.8	25.9
Operating Profit	2,657.5	2,817.0	6.0	3,497.4	24.2
Total Interest	616.5	662.0	7.4	703.4	6.3
Gross Profit	2,041.0	2,155.0	5.6	2,794.0	29.7
Net Dep.	512.1	556.5	8.7	727.4	30.7
Total Taxation	543.9	525.3	(3.4)	701.1	33.5
Net Profit/Loss	985.0	1,073.2	9.0	1,365.5	27.2

4 Years Balance Sheet

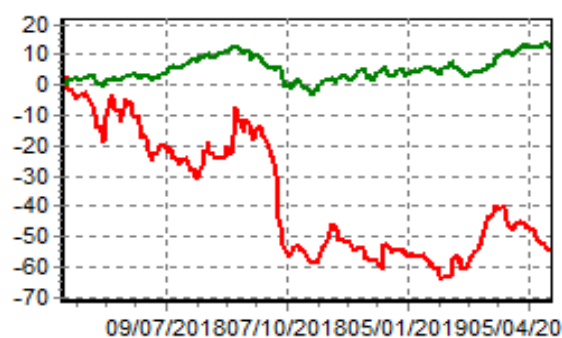
(₹ mn)

Balance Sheet as on 31 st	Mar 15	Mar 16	Mar 17	Mar 18
SOURCES OF FUNDS	13,059.2	16,463.2	18,279.1	20,891.5
Equity Share capital	322.3	378.3	378.3	378.3
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	7,568.6	12,539.1	13,529.8	14,709.4
Secured Loans	5,154.4	3,537.4	4,168.5	5,652.0
Unsecured Loans	13.9	8.4	202.5	151.8
USES OF FUNDS	13,059.2	16,463.2	18,279.1	20,891.5
Gross Block	6,040.4	4,809.9	6,163.4	8,930.5
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	1,739.7	511.1	1,048.9	1,769.6
Net Block	4,300.7	4,298.8	5,114.5	7,160.9
Capital Work in Progress	632.6	675.3	712.3	1,261.8
Investments	11.3	1,789.4	3.3	150.4
Current Assets	10,121.9	11,030.4	19,322.1	22,325.4
Less : Current Liabilities	3,732.0	2,913.4	9,169.3	12,435.3
Total Net Current Assets	6,389.9	8,117.0	10,152.8	9,890.1
Misc. Expenses not writtenoff	1,724.7	1,582.7	2,296.2	2,428.3
NOTE				
Book Value of Unquoted Investments	0.8	1.2	1.2	1.4
Market Value of Quoted Investments	4.1	1,788.2	2.1	149.0
Contingent Liabilities	8,916.7	10,125.2	22,634.9	24,243.4
Dividend (%)	40.0	40.0	40.0	40.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Mar 18	Jun 18	Sep 18	Dec 18
Net Sales	9,023.1	6,184.2	5,146.9	6,860.0
Cost Of Sales	7,828.5	5,184.6	4,237.4	5,746.6
Operating Profit	1,194.6	999.6	909.5	1,113.4
Other Income	98.8	63.4	91.1	30.5
Adjusted PBDIT	1,293.4	1,063.0	1,000.6	1,143.9
Financial Expenses	212.5	215.0	209.2	207.1
Depreciation	218.4	249.8	255.0	263.5
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	862.5	598.2	536.4	673.3
Tax Charges	314.8	196.3	182.5	231.6
Reported Profit	547.7	401.9	353.9	441.7
Extra Ordinary Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	547.7	401.9	353.9	441.7

52 Week Index Relative Percentage Appreciation

J Kumar Infra vs SENSEX
Risks Associated

- ➔ SEBI ordered to exchanges to appoint an independent auditor for the forensic audit. Regarding this, it has submitted all the documents which were asked by SEBI were duly provided by the Company except certain documents which were more than eight years old and so were not in possession of the Company. Now the company is waiting for a reply.
- ➔ Company has maximum concentration of the projects in Mumbai which poses a challenge in case of any uncertainties. To overcome this risk company is diversifying its projects and is now looking beyond Mumbai.

Scope of Growth

- ➔ During the Q3FY19, the company got NBCC and Dwarka Express projects. Out of these two projects, NBCC has not yet started because of some land issue there and Dwarka project already started. The Dwarka will contribute around ₹ 250 crores for topline for FY20.
- ➔ For 9MFY19 its Employee expenses have risen by 35.5% to ₹1,842.5 million, because of the company got a variety of work to perform that specialized work, company recruits some highly qualified people.
- ➔ The government has been increased in allocation around ₹ 600 billion towards infrastructure development, also supporting an additional budgetary allocation towards MoRTh which has increased to ₹ 710 billion it will booster for the sector.
- ➔ Company was estimated in bagging new orders in the range of ₹ 40-50 billion for FY19, of which 50-60% order book focused would towards Metros while the balance will be distributed among civil work, roads, flyovers, etc.
- ➔ Company had invested in tunnel boring machines, invest in these 3 machines have now gone live from September 2018. This investment opens up more opportunities from this business segment. The investment's in tunnel boring machines leads to de-risk from its existing revenue model.

In a Nutshell

J Kumar Infraprojects, promoted by Jagdishkumar M Gupta and his family. The company was incorporated on December 2, 1999, by the name of J. Kumar & Company (India) Pvt Ltd. It has four operational areas like; Transport Engineering, Civil Construction, Irrigation Projects and Piling. Transport Engineering is the dominant segment in the company's order book which is providing nearly 85-90% of the Company's business. In this segment major revenue generation project is Metro. Under the Civil construction segment, it constructs both commercial and residential buildings. Dams, canals, aqueducts & irrigation tanks and spill ways are construct under Irrigation projects. In the piling segment, it has a large fleet of construction equipment and machinery including 4 Tunnel Boring Machines and 42 hydraulic piling rigs. Company is focusing on piling segment to improve the operation and then segment revenue will increase, the company will de-risk its existing revenue model. For FY18 company sales grew by 28% to ₹ 20,507.18 million, expenditure also rose by 27% to ₹ 18,725.84 million, EBITDA higher by 24% to ₹ 3,497.39 million and net profit also spiked by 27% to ₹ 1,365.51 million. Board of Directors announced a dividend of ₹ 2 per equity share. Company has decided to participate in smaller projects with order sizes ranging from ₹ 2-10 billion and has enforced this view by expressing interest in bidding for Metro lines 5, 6 and extension of line 7. Metro projects will be spread across Mumbai, Delhi, Ahmedabad, Pune and Surat. Mumbai Metro elevated lines 2A and 7 are expected to be completed by 2019 and underground project by 2021.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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