



**“Kalpataru Power Transmission and JMC Projects
Q2 FY2021 Earnings Conference Call”**

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Moderator: Good morning ladies and gentlemen. Welcome to the Kalpataru Power Transmission Limited Q2 FY2021 Earnings Conference call hosted by DAM Capital Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an 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 DAM Capital Securities Limited. Thank you and over to you Madam!

Bhoomika Nair: Thank you Jan, good morning everyone. Welcome to the Q2 FY2021 earnings call of Kalpataru Power and JMC Projects. We have the management today being represented by Mr. Mofatraj Munot, Chairman KPTL, Mr. Manish Mohnot, Managing Director and CEO – KPTL, Mr. Ram Patodia – President, Finance & CFO – KPTL, Mr. S.K Tripathi, Deputy Managing Director and CEO - JMC Projects and Mr. Vardhan Dharkar – Director Finance and CFO - JMC Projects. I will now handover the call to the managing for their opening remarks. Over to you Sir!

Manish Mohnot: Thank you Bhoomika. This is Manish Mohnot here. Good morning everyone. I trust all of you are safe and healthy. I am thankful to you for your continued interest in attending this earnings call of KPTL and JMC. I will quickly share an update on our business operations and strategic initiatives before I move into the details of our financial performance for Q2 2021.

KPTL and JMC business operations witnessed significant improvement compared to Q1 2021. Our construction activities, labor availability, supply chains reached almost pre-COVID levels at the end of September 2020. All of our sites are fully operational with productivity levels over 90% across most of the sites. However, extended monsoon, social distancing norms and other COVID related guidelines to some extent limited our performance in Q2 2021. We expect site operations to further improve in Q3 2021.

We have also achieved good progress on sale of T&D assets. We have completed the sale of Jhajjar transmission assets, and have received all cash proceeding to Q2 2021. We have received all approvals for transfer of Alipurduar transmission asset and expect to complete the sale and receive the sale proceeds in November itself. All physical works of Kohima-Mariani transmission assets are complete and we expect full commissioning to happen in the next few days. We expect to close sale of all T&D assets in 2021 subject to requisite approvals.

In JMC, we have made good progress on restructuring of two of our road BOT assets, we expect positive outcome on those assets in the second half of 2021.

We believe these steps will significantly help us to unlock capital and reinvest in future growth and profitability.

Getting into more details on a performance, first at standalone level. At KPTL revenue growth was impacted due to lingering effects of COVID and our revenue was Rs.1,882 Crores in Q2 2021 and Rs.3,341 in half year of 2021. In Q2 2021, our T&D business declined by 5%. Oil and Gas business improved by 30% and railway business declined by 25%. Our subsidiary Linjemontage reported a revenue growth of over 48% to Rs.209 Crores in Q2. As guided earlier, we continue to target revenue growth of 5% to 10% for full year 2021 on standalone and consolidated basis.

Our EBITDA margin was 10.7% for both Q2 and half one reflecting our focus on profitable execution. Our PBT grew by 25% to Rs.201 Crores in Q2 2021 on account of healthy EBITDA and gain on sale of Jhajjar transmission asset. Our PBT margin was 10.7% in Q2 2021. Our PAT also improved by 25% to Rs.159 Crores in Q2 2021 with the margin of 8.4%.

Our net borrowing at the end of September 2020 declined to Rs.818 Crores. We were successful in bringing down our finance cost of the percentage of sales to below 1.2% in Q2 2021 and 1.7% in H1 2021 compared to 2% in FY2020.

Our order book as on September 30, 2020 was at Rs.12,292 Crores. This is excluding the new orders of Rs.668 Crores received in Q3 and declared yesterday. Incrementally, we have L1 position of approximately Rs.2,400 Crores as on date. The L1 order book is a right mix across various segments with 25% coming out of railways, 25% pipeline and balance 50% in T&D. Our order intake plus L1 is over Rs.5,600 Crores till date in current financial year against a guidance of Rs.9,000 Crores to Rs.10,000 Crores of full year 2021.

At JMC, revenue for Q2 was Rs.804 Crores and Rs.1,274 Crores in H1 2020. A decline in revenue was due to pandemic and extended monsoons. However, we remain confident to scale up execution and deliver positive growth for full year 2021.

Lower turnover and non-recovery of cost has affected profitability in JMC, and our core EBITDA margin was 9.1% in Q2 and 7.9% in H1. We remain confident of having annualized EBITDA margins in the range of 10% to 11% as guided earlier for JMC.

Our net debt was Rs.810 Crores at the end of September 2020 at JMC and as per our guidance will maintain debt at around Rs.800 Crores for FY2021.

At JMC we witnessed strong traction in order inflows and order book has reached all time higher Rs.14,227 Crores at the end of September 2020. Our order inflow till date is Rs.6,026 Crores in the current year, largely driven by commercial B&F and water projects. Additionally, we have L1 position of around Rs.400 Crores.

Our road BOT assets witnessed improvement in traffic post relaxation on movement of people and

vehicles due to COVID and our average daily revenue was Rs.52.4 lakhs per day in Q2 as compared to Rs.47.5 lakhs per day achieved in Q2 2020 and Rs.36.6 lakhs achieved in Q1 2021. Hence, Q1 2021 to Q2 2021 has been a significant improvement.

At consolidated level, KPTL consolidate revenue was Rs.3,032 Crores in Q2 2021. Our consolEBITDA is Rs.380 Crores with a margin of 12.5% in Q2 2021 and PAT is at 139 Crores in Q2 2021. Our consol order book is at 26,519 Crores as on 30 September 2020, but if we include L1s and orders received after that we have a visibility of around Rs.30,000 Crores as of today.

YTD FY2021 order inflows at consol level are around Rs.9,251 Crores, additionally we have L1 position of around Rs.2,800 Crores. We have good visibility across all our major businesses and are confident to deliver on our growth targets going forward.

At Shri Shubham, revenue grew by 21% in Q2 2021 to Rs.41 Crores on account of higher utilization of warehousing space and our EBITDA for Q2 was Rs.19 Crores with a margin of 46%. As indicated earlier, Shubham is back into good profitability and PAT is Rs.8 Crores in Q2 2021. We expect Shubham to continue delivering similar results if not better.

I would now like to invite our Chairman, Mr. Mofatraj Munot to provide a bit on the group real estate business and some of the major initiatives taken, post that we can take your questions. Thank you once again. Chairman Sir.

Mofatraj Munot:

Good morning friends, I am sure all of you are apprised of the developments of KPTL and JMC and their subsidiaries. We have been receiving few calls from investors on market reality of the real estate of Kalpataru Limited business and our strategy to reduce the pledge of KPTL share. The real estate business have seen some unprecedented challenges in last five years driven by regulations and the market scenario, but we have seen things improving and have been good demand in MMR on residential real estate driven by liquidity, reducing interest rate and reduced stamp duty. Our sales have also improved with sales touching to Rs.700 Crores for the last three months. Majority of our debt of 80% in real estate corresponds to working capital that is construction finance for ongoing projects and lease rental discounting of completed commercial assets. We are confident of servicing the debt and gradually reducing the same in next one year to three years depending on the lifecycle of the project. We have also started divesting some of our assets including commercial properties, which will also help us to reduce the debt. In October 2019, exactly a year back, our outstanding borrowings against pledged shares was Rs.832 Crores, which has been brought down by Rs.111 Crores to Rs.721 Crores in October 2020. We have concrete plans to reduce this further by about Rs.150 Crores between January 2021 to March 2021 and by another Rs.150 Crores by December 2021.

I am happy to have an individual discussion with key investors on this matter which can be coordinated with Kunal Jain.

Wish you Happy Diwali and Prosperous New Year. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Good morning Sir and congratulations for strong results. I would like to thank the Chairman to give a brief on the group initiatives and the pledge, which were much awaited clarifications required in that side. Coming back on the core business, the first question would be to understand the ordering momentum, you did share with us a strong order inflow pipeline, somehow the pace of order finalization in the core T&D business has been fairly soft. So, how should we look at the inflows for the current year and to what extent in your view can have an impending impact on the growth momentum in FY2022-2023 for us?

Manish Mohnot: Renu, specifically we can answer this, I would like to divide this question into the specific segments we are in. T&D domestic, yes the last six months we have not seen a lot of tenders, but while we speak in the next one month, BOT tenders of more than Rs.10,000 Crores are being bid; in the range of Rs.14,000 Crores to Rs.15,000 Crores being bid by a lot of developers. We have also been short listed by PGCIL on a lot of projects where we were bidding with them on EPC basis. So, my own assessment is between now and December end, you would see huge traction of order inflows coming on T&D domestic either from PGCL or the private sector developers and now the state transmission bids have also started, so yes first T&D was not as good but our own assessment is that we have targeted order inflow of around 2,000 plus Crores and T&D in the current year and that would be achievable in this limited time frame of four to five months.

As far as transmission international is concerned, we have started seeing a lot of traction in some markets. So Middle East we are seeing a lot of traction, we are seeing a lot of traction in the entire Norway, Swedish market we are seeing some traction in CIS and some in Africa and if you see significant portion of our order book growth in the last six months has come from international only. Actually closer to 90% of our orders received were from international division and we see that to continue, we have good visibility of L1 there and that is an area where we believe we will be achieving more than our inflow target of around Rs.4,000 Crores for the current year. We will be doing more than Rs.4,000 Crores in international business in the current year on order inflows.

As far as oil and gas and railways are concerned, yes there was some delay during COVID time, but now the tenders have started and we are L1 in oil and gas and railways put together, the L1 is around Rs.1,200 Crores plus and we expect those LOAs to come in the next few weeks itself and again all the traction has started, all bids on EPC projects, core EPC, electrification, a lot of that has started. While we speak on railways and oil and gas, we have around Rs.4,000 Crores worth tenders submitted which will be opened up in the next few weeks. So from that perspective while there is a delay, but it is not going to have a long term impact, yes current year that is why we have scaled down our revenue

growth to let us say closer to 5% at a standalone level, but going forward on visibility: revenue visibility as well as order book visibility, we should be able to achieve Rs.9,000 to Rs.10,000 Crores, what we have targeted.

Renu Baid: Which is positive. My second was the on the interest expense if we see in this quarter, it has been a sharp reduction despite at the gross debt or the net debt level being slightly similar even if the debt would have increased towards the end of the quarter, so can you help us share some insight in terms of the mix of the debt that we have on books and the key drivers for this sharp reduction in the interest on Q-o-Q basis?

Manish Mohnot: So, the first key driver is our focus on making sure that capital employed and debt is always very low and you will see that in Kalpataru for the last five years- six years- seven years was not always, so, that is the first key driver. Added to that is the reduction in interest rates across the board whether it was on CP, whether it was on borrowings all of that, third component about borrowings at how much of it is domestic and how much of it is international, so approximately 20% to 25% of our borrowings would be in short term PCFC loans, 60 days-90 days-180 days and that also helps us in some form and that is always there, it used to be at 15%-20% now we are at 20%-25%, we have the volatility and FX was so high, so this was the better form of hedging ourselves. We expect interest cost to sales to be in the range of what we have targeted 1.5% to 1.7% excluding cash inflows which we are expecting out of sale of BOOT assets, once those come in obviously this would come down further and as I said earlier I am expecting at least one of the assets huge cash inflows to come in the month of November itself, so we should see interest rates coming down further on a total basis.

Renu Baid: Sure and last question would be if you can also give some update on JMC as you mentioned the refinancing is due in the next six months, so how should we look at the asset restructuring in JMC, restructuring of these two assets and monetization of the remaining assets and on that backdrop there was a proposed merger plan between JMC and Kalpataru, so should we expect some of these initiatives to materialize in the next financial year, how should we look at the business of the whole from that perspective?

Manish Mohnot: So, let me answer the third question first and for the first and second, I will request Vardhan to answer. From a long-term perspective obviously, there are synergies between the two businesses but a call on merger or consolidation would be taken at a Board level at an appropriate time. I would not like to comment on that today but yes, the businesses have synergies and which we are trying to make sure that synergy is effectively yielding improvement in productivity levels. As far as the status on the restructuring, can I request Vardhan to give a quick update please.

Vardhan Dharkar: As far as restructuring of the two assets is concerned, it is progressing smoothly, and we have made a good progress in last six months. We expect actually in both the cases restructuring exercise to be completed in second half hopefully by February-March we should have restructuring exercise

completed and agreement sign with the lenders.

- Renu Baid:** Okay and the asset monetization of the remaining projects, we have reasonably healthy cash flows?
- Vardhan Dharkar:** Yes, so that is also work in progress that also I am expecting that it should start making progress in coming quarter, but it may take some time before it gets crystalized and signed off.
- Manish Mohnot:** So, Renu let me add on this one, right now the focus is restructuring of these two large assets as we have said earlier and that is target for the current year, as far as the larger monetization of the assets are concerned we would focus a lot more once the restructuring is done, but our focus at least till March is to make sure the restructuring of these two assets is done. The balance component would happen sometime in the next year.
- Renu Baid:** Got it. Thank you so much Sir. I will get back in the queue for more questions. Thank you once again.
- Moderator:** Thank you. The next question is from the line of Jonas Bhutta from Phillip Capital. Please go ahead.
- Jonas Bhutta:** Good morning Sir, and congratulations on a great set of numbers and also reiterating what basically Renu said thanks for the Chairman to clarify on the real estate piece of the business. Sir, my question was more on the other expenses, if you see for the same set revenue quarter-on-quarter our other expense has sort of shot up. Is there anything one off in that or was there a bit of a bunching up of expenses that did not incur in Q1, how should one look at that flowing through in the second half of the year?
- Manish Mohnot:** I do not see any exceptional things in other expenses, but as you rightly pointed out a lot of inward outward freight which goes into other expenses for both international as well as domestic business which did not happen in Q1 got bunched up in Q2. So, that is a small exceptional expense it is not as big as related to cost on divestment of our BOOT assets, but that is not significant that is a very small number. But otherwise it is all business as routine, but a lot of other expenses constitutes freight which has gone significantly in Q2 because Q1 everything was manufactured and ready not only at our plant but even with our suppliers, even our bought out items all of that and that is what is coming there otherwise there is nothing exceptional there.
- Jonas Bhutta:** Okay, and my second question was on the order inflow, so what I got from your comments earlier was the second half may be heavy in orders from railways and in the domestic and you still stick to about Rs.9000 Crores to Rs.10,000 Crores of inflows for the year?
- Manish Mohnot:** Yes, I think you got it right, so it will be all three railways, T&D Domestic as well as oil and gas because oil and gas also lot tenders have been raised and we still continue to be very confident of achieving our Rs.9000 Cores to Rs.10,000 Crores, hopefully on the higher end of it. But we still

continue to be very confident. But while we say so, obviously today on the competitive side and on the volatility there are always challenges. The volatility for various reasons and the competitive pressure, but given our visibility in certain segments, certain markets and certain good markets where we have dominating position, we still are confident we should be there in the range of Rs.9000 Crores to Rs.10,000 Crores.

Jonas Bhutta: Got it, our sales guidance for FY2021 is now at 5% growth YoY?

Manish Mohnot: We are still guiding for a growth of 5% to 10% but realistically it could be at 5% because while we speak of everything improving, but still productivity at the sites has not come back to the pre-COVID levels because we need to give that break of one hour, we need to make sure that we do not have more than three people in a car which is a must. I am not trying to say anything negative about it so, productivity levels are still not there, labor is all there whatever labor we wanted is all at site. So, with that we are still being slightly conservative and saying around 5% but on a consol basis we are still saying 5% to 10%.

Jonas Bhutta: Sure, and last just an observation Sir, we have a buyback for about Rs.200 Crores but so far, we have done about Rs.100 Crores-Rs.120 Crores. Why is there not much sort of scope from getting that done with as in that also principally lingering do you expect to complete the entire Rs.200 Crores by the deadline and when is the deadline of completion?

Manish Mohnot: We have done more than Rs.120 Crores while we speak, our deadline is November end we have an intent to be closer to our targeted numbers and we are just making sure that we are continuously buying whatever is our plan. So we have an intent to be very close to our targeted numbers.

Jonas Bhutta: Got it Sir. Thank you and I will come back in the queue.

Moderator: Thank you. We will move on to the next question that is from the line of Bharat Sheth from Quest Investment Advisors. Please go ahead.

Bharat Sheth: Hi! Sir, good morning, and congratulation on excellent performance, good performance on that really a tough time. Sir, just want to get some sense because of all these COVID thing we have a lot of international projects also, which are either funded by multilateral agencies or EXIM Bank because of that also now with this COVID there is a restriction on the availability of funds as well as travel restrictions delay the things. So, can you give some kind of what is the ground reality and how do we really see over the next couple of years again those international funded projects both for KPTL as well as JMC?

Manish Mohnot: Sure, so Bharat bhai you are right our international projects have different sets of challenges as compared to the Indian projects because they have different regulations in each of the countries have

to abide by them and also lot of African countries have delayed their capex spending because of the COVID and the next six months to twelve months the African continent while we see some traction we might not see too much that is our own assessment. But while we say so Middle East and some of the other countries, we have seen some traction. As far as COVID challenges are concerned majority of the countries may be working today whether it is Middle East, whether it is Africa, whether it is CIS, whether it is SAARC, activities are back to shape and if I look at the neighboring countries of SAARC, Bangladesh, Sri Lanka all projects have started, Thailand projects have started, all Africa wherever we are working whether it is Senegal, Cameroon all projects have started again.

Challenges are that you cannot send labor easily, but wherever we had existing labor strength because all these places we were already there. Wherever we had existing labor strength they have started working and their productivity has improved. New projects sending labor is going to be some challenge because of restrictions in travel but we still have ways and means of making sure that between the existing projects we can utilize the labor. So, to give an example recently on a project we got a chartered flight and shifted 250 of our labor from one country to another, we got that permission, and it was done. So, those initiatives are still being done that is as far as KPTL is concerned.

On the JMC front our international order book was not so high, but yes we got a big order in Mongolia recently and that is something which needs to be delivered in two years and we have started working on it. We are working hard to win at least few more projects, few more large projects in the next couple of quarters in JMC and that is just assets, it is a beginning of a journey for JMC as far as the international is concerned where we are confident that it will pick up very soon and that will be huge component of the order book in the next two years.

As far as targeted guidance on the international revenue we still believe that the international revenue current year will grow at the range of 5% to 10% both for KPTL as well as JMC.

Bharat Sheth: Okay, now again orders in flow what kind of medium term from KPTL and JMC for FY2021. Some kind of a color looking at the ground reality?

Manish Mohnot: As far as FY2021 is concerned, I think we had given a guidance of around Rs.9000 Crores to Rs.10,000 Crores for KPTL and around Rs.6000 Crores for JMC. JMC guidance obviously would get improved to around Rs.8000 Crores, we have already got Rs.6000 Crores and KPTL continues to be at same level. So, on a consol basis we are reasonably sure we should be in the range of Rs.16,000 Crores to Rs.18,000 Crores between KPTL and JMC together.

Bharat Sheth: I am asking for next year any kind of..

Manish Mohnot: It will be very early and very difficult to give guidance on next year lot of things are evolving. I do not want to even get into right now. Focus is on the current year but may be in the next two month-three months we should be able to give you guidance for the next year.

Bharat Sheth: And any color on these Nordic region, oil and gas pipeline, railway, foray into international markets?

Manish Mohnot: We have bid for three-four large projects in oil and gas in the international market couple of them we have lost, couple of them we are still expecting the bids to be open and we have five-six more to be bid over the next three month to four months and will continue foraying in that the team is fully in place our focus is there, we have qualified in majority of the Middle East locations and that would continue to be our focus as far as oil and gas is concerned.

As far as railway is concerned our focus is lot more in the African market, we are bidding for some projects African and the neighboring market. We have not seen any success as of now, but it is only a matter of time and also given that relatively new segments last six months with limited travels, limited activity at the site level things have got delayed also. But while those are happening at the back end we are making sure that we are ready to completely go in as and when travel has allowed, as and when bid is allowed, as and when client interaction are allowed and it is only a matter of time.

Bharat Sheth: Any update on Indore project Sir?

Manish Mohnot: I think Indore project we committed to exiting the full project in the next year calendar year 2021 as we said earlier we had received OC for the two buildings, balance buildings OC should come in this current quarter latest by February and we have started seeing some traction and we believe calendar year 2021 we should be completely out of this.

Bharat Sheth: Thank you. All the best Sir.

Moderator: Thank you. We will move on to the next question that is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.

Renjith Sivaram: Hi! Sir, good morning. If you can give the revenue breakup in terms of T&D domestic overseas Linjemontage and infrastructure for this quarter and what is your outlook for each of these for the second half?

Manish Mohnot: Sure, I had already guided initially that T&D was at de-growth in the current quarter. T&D as well as Railway, Oil & Gas did well. Specific numbers I can ask Ram to give the specific number but let me give you a quick guidance before that. As far as T&D is concerned for the current year we expect a growth of closer to 5% on international and domestic put together. As far as oil and gas is concerned, we expect that business grow by around 10% to 15% and as far as railway is concerned, we also

expect that business to be growing around 10%. So, on an annualized basis our targeted numbers we should see T&D to be in the range of Rs.5000 Crores, oil and gas to be in the range of Rs.1500 Crores and railways to be in that range. So, we should be in the range of Rs.8000 Crores-Rs.8500 Crores so that Rs.5000 Crores, Rs.1500 Crores, and Rs.1500 Crores-Rs.1700 Crores and Biomass would be around Rs.100 Crores. So, that is the annual break up and for the specific quarters can I request Ram to give you the specific numbers. Ram!

Ram Patodia: On this quarter, transmission line revenue was about Rs.1200 Crores, railway was about Rs.320 Crores, oil and gas Rs.330 Crores that is the numbers.

Renjith Sivaram: On in terms domestic and overseas if you can help us of this Rs.1200 Crores how much was domestic?

Ram Patodia: It was roughly 50-50.

Manish Mohnot: Equal closer to Rs.600 Crores.

Renjith Sivaram: Sir, in between there was World Bank ban and some restriction was there in terms of our participation for World Bank projects. If you can throw some clarity like what is the whole issue and is that going to impact us, what is our reaction to that?

Manish Mohnot: Renjith, from a clarity perspective whatever we have declared is the final approved clarity from World Bank, unfortunately we cannot be declaring more than that. I can only share this was something of 2010 and 2012 where we had forgotten to disclose a requirement in a particular tender, it was a technical error more than anything else. But we might not be able to disclose anything else because of confidentiality agreement signed between World Bank and us. As far as the impact of that, yes, we would not be able to bid for World Bank funded and a few other multilateral funding agencies for the next one year starting October 6, but we have a reasonably good order book and we also have seen traction in some of the other orders which are there in Middle East which are not funded by anyone. So, we see that the impact would not be significant, but the reality is there could be some impact on order book, but it is not going to be significant impact enough to have any impact on our targeted growth and order book numbers.

Renjith Sivaram: Okay, and probably by when can we start bidding for these?

Manish Mohnot: Twelve months, so we have 52 weeks, four weeks have gone, 48 weeks more it is only a matter of time they will all pass by. So, at times next year we are there with two month or three month deadlines of the twelve months, one day after which we can start bidding and after that some compliance program but technically we can start bidding in October next year.

- Renjith Sivaram:** Okay, there was this APMC act which has been passed and is that going to impact our Shubham business in any way will that be a positive for us or is this kind of a non-event?
- Manish Mohnot:** As far as the Shubham warehousing business is concerned the act is a non-event if at all it would be slightly positive, but not significant event as far as Shubham business is concerned.
- Renjith Sivaram:** Okay, and lastly debt if you look at sequentially it has increased a bit in the standalone. What was reason for that and what is our target of debt in the standalone business for the full year?
- Manish Mohnot:** Renjith we continue to be on our targeted nil debt target as of 31st March including the cash flow out of the sale of proceeds. As far as the small variations in that is just driven by the quarter revenue and some inflows and outflows. Our target debt excluding the inflows coming out of BOOT assets is around 1000 Crores at a standalone level. We are much below that now. We at Rs.800 Crores and there is hardly Rs.50 Crores increase, just it is a timing of cash flows sometimes with some specific projects but we are well within our targeted debt and you can see our interest cost levels it is the lowest ever achieved in the history of KPTL.
- Renjith sivaram:** Okay, Sir that is good to hear and all the best.
- Moderator:** Thank you. The next question is from the line of Prashant Jain from HDFC AMC. Please go ahead.
- Prashant Jain:** Good morning Manish and good morning Mr. Mofatraj, Manish your company is doing extremely well lot of things around that so, some comment on mainly for Mr. Mofatraj Munot.
- Manish Mohnot:** Good morning Prashant, I think Prashant specific calls with Chairman we have just said that we could do it separately because given that...
- Prashant Jain:** No, I was not asking for any clarity I just wanted to...
- Manish Mohnot:** Thank you Prashant.
- Prashant Jain:** I just wanted to say that the business is doing extremely good.
- Manish Mohnot:** Thank you very much Prashant.
- Prashant Jain:** Okay.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

- Parikshit Kandpal:** Hi! Sir, congratulations on great set of numbers. I had one question to Chairman Sir. So he had said that about Rs.700 Crores of sales have happened in the last three months, just wanted to know how would be the break up from the completed inventory in this sales of Rs.700 Cores if you can tell that?
- Manish Mohnot:** Parikshit, on specific real state numbers we would like to have one to one call right because those are for a private entity, we will be happy to arrange a call with the promoter team whenever post Diwali and you could have this discussion at that point of time.
- Parikshit Kandpal:** Okay, the second question was on TBCB, you spoke about getting into some understanding for getting bidding of the EPC part. If you can highlight how big the opportunity could be and when it can get materialized?
- Manish Mohnot:** Parikshit, as I said earlier, we have around Rs.10,000 Crores to Rs.15,000 Crores of tenders being submitted and a TBCB where the PGCIL would be a large player. They invite EPC tenders and they sign a kind of MoU with selected bidders I am unable to disclose the exact number because that is a very confidential number but yes, we have been short listed on a lot of projects by them and that bidding would happen soon and if they win we would have the EPC project within 24 hour to 48 hours. So, unfortunately there is a confidential agreement we cannot share anything till the day of the bidding yes, but a lot of projects will be going along with that, that is the only thing I can share. One and second, I can share that we are confident of achieving our targeted Rs.2000 Crores plus on the TLD side for the current year.
- Prashant Kandpal:** The other question was we did bid for the HSR, the High Speed Rail project which you participated, we could not win that. Are there any more packages that we can quantify than any other packages we looking to bid for our project?
- Manish Mohnot:** SKT you would like to answer that question!
- SK Tripathi:** Yes, HSR we will keep bidding. There are three-four corridors government has announced and those biddings will happen in the next year and the year after that. I think HSR is going to be continuous. Projects will keep coming, we will look for the suitable opportunity and suitable size and strategize our biddings depending on the opportunity.
- Prashant Kandpal:** Lastly on the collections on the real estate side, how is the traction now because we have seen recovery in the real estate market even Southern market or Western markets across India, we have seen broad-based recoveries. How has been the collection momentum on the real estate side, FCD is BMC, B&F collection on the real estate side?
- SK Tripathi:** Collections overall as I said in the last call also that particularly on the South it has been exceptionally good beyond our expectations and that is how we have been able to pull on and in the current quarter

also there is a good response and I see no major concern on that side as far as the collections are concerned. North as such we have a very little exposure so overall situation remains optimistic as far as the collections are concerned. Government side we have some concerns in Q2 but as the things are panning out even the government side looks better. Overall, the collection side will be at same momentum as we have seen in Q1 and Q2 in JMC.

Moderator: Thank you. The next question is from the line of Ashutosh Mehta from Edelweiss. Please go ahead.

Ashutosh Mehta: Two questions, firstly if you look at your railway business we have actually declined about 20% whereas the other players they have actually reported about 25% to 30% so even though I believe that we would converge over there but any specific reason for such a diluting in this quarter specifically?

Manish Mohnot: I think it is just a mix of the projects it is just the mix of the projects in terms of what projects you were doing at a given point of time one, and the second our railway order books has a lot to with the electrical not as much on civil, civil is done lot more by JMC so that is where the competitor has both of them so that is where you would see some difference in numbers and as you rightly said on an annualized basis we believe railways business will still grow, Q1 was a challenge and Q2 was just about the mix of projects, they have done well as a business in Q2 also they have delivered closer to Rs.400 Crores which is a very good number. So, it is only about the timing more than anything else and a mix of projects because for us it comes in both KPTL and JMC.

Ashutosh Mehta: Right got it. Sir secondly, you did mention about your plans to be debt free at the consol level also by March 2021, now one of the things it does hinges on the successful sale of or closure of deal of Kohima, now Sir we have seen earlier also that when we have actually sold this Alipurduar to CLP there were some issues, so do you think that it could actually delay the process by about three months to six months, is there a chance?

Manish Mohnot: So, first correction Alipurduar was sold to Adani not to CLP so that is the first correction. Second, yes I understand from your comment that getting those approvals could be some challenge but since we are expecting commissioning in a day or two we still have good five months to work on it, we have already applied everywhere to get the approvals in place and we were very hopeful that either way we should get clarity in the next three weeks to four weeks I am hoping that we get the approvals and once we have that clarity we still have four odd months, if you look at Alipurduar also we got the clarity sometime in June-July and as of now we are expecting the money to be in the bank in November, we still would have three months to four months and we have now understood the process well so we are still targeting March but yes there a risk between March and April, our target is March and we are working hard to achieve in March, let us keep our fingers crossed. We will keep you updated, our target is March, and we are working hard for it.

Ashutosh Mehta: Sorry, was not Alipurduar sold initially to CLP?

- Manish Mohnot:** Yes, initially it was to CLP then to Adani.
- Ashutosh Mehta:** But Sir, at pick point that there was some issues with the CLP deal and hence it was later sold to Adani and I was just talking about that delay that could happen with Kohima, but Sir I got your point?
- Manish Mohnot:** We are working hard to make sure we have the initial approvals at the earliest.
- Ashutosh Mehta:** Got it. Thank you so much and wish you all the very best.
- Moderator:** Thank you. The next question is from the line of Rohit Balkrishnan from Vriddhi Capital. Please go ahead.
- Rohit Balkrishnan:** Thank you for the opportunity. I had two questions, one you just answered on CLP, the other was if you can just give some outlook on the domestic T&D, how do you see it, you have given a guidance for this year but early part of the year everybody was quiet happy before COVID about domestic transmission sort of picking up so just wanted to get your sense on the remaining part of the year and probably also the next year specific to the domestic transmission.
- Manish Mohnot:** So, I think from our perspective last couple of years we have been clear that domestic T&D would not see the kind of growth we had seen historically and I have been very vocal about it that we do a business 5% to 10% at least for three years to five years it would be a good number. We stick to our projection, a growth which would be more in the range of 5% to 10% only and we have said that in the past also, driven by lot of factors, driven by the kind of investment going into the sector, driven by the kind of investments in the generation sector and all of that. So, as far as T&D is concerned we continue a target a growth of more in the range of 5% to 10%, as I said earlier you will see a huge inflow of orders coming into the second half. First half all the tenders were late for various reasons and that would continue going for the next couple of years because next couple of years also they have huge plan on TBCB which is already disclosed by CEA and by the relevant authorities so as per the TBCB and state orders are concerned that would grow but it would still not be as high as what we have seen way back in 2012 to 2016 period so limited growth but definitely some growth.
- Rohit Balkrishnan:** Sir, just to clarify on this CLP asset sale of Kohima if I have to replace what you said essentially you will get clarity in the next three weeks to four weeks either way and if does not happen you are still confident that you will be able to find alternate buyers as you have done in the other project, is that the fair understanding?
- Manish Mohnot:** Yes but I am still confident that we will get the relevant approvals I still believe that the relevant approvals should come in as we might not have to walk the path of looking at alternate buyers. In the worst case if need to walk that path the timeframe we still have a lot of time but personally I am very confident we will get the approvals to go ahead with the deal with the existing buyer itself.

- Rohit Balkrishnan:** Okay. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Mayank Bhandari from B&K Securities. Please go ahead.
- Mayank Bhandari:** Thanks for the opportunity. This is Mayank from B&K Securities. Sir, my first question is regarding your prospects in the international market for the railways and oil & gas business I think you had highlighted that in the last con call that we are kind of close to winning very significant order in the railways and oil and gas, right now we have qualification in couple of more countries so any particular view or further update on that?
- Manish Mohnot:** So, good morning Mayank. I think you were right we had said that traction has improved, we have qualified in a lot of geographies and I stick to that. We have qualified in a lot of geographies, tenders have been submitted but do I have a visible L1 which would come in this quarter I would say no. We have bid for lot of tenders, some of them we are hoping to get, none of them have been opened, some of them we have lost but the good part is we have qualified in majority of the countries so the traction has started and it is only a matter of time.
- Mayank Bhandari:** Okay and you also said that Africa the capex slowed so is it like you have commented for across the sector T&D, railways?
- Manish Mohnot:** We have seen a lot of African countries delaying their capex right primarily because of all these issues of COVID and moratorium on their existing loans and some of them so there are still some countries which are having capex but lot of them has got delayed across all the sectors it is not only for the T&D and that would take maybe few quarters for it come back so it is only a delay, it is not as much about the opportunity not being there.
- Mayank Bhandari:** Sir, lastly on other income side we have this quarter Rs.37 Crores of other income vis-à-vis Rs.9 Crores QoQ and Rs.25 Crores in Q2 FY 2020. Sir, is the forex gain significant here or is there any breakup here?
- Manish Mohnot:** So, I think it is primarily out of dividend from subsidiaries, we have dividend from some of our subsidiaries including JMC, including our international subsidiary, including our BOOT subsidiaries, so it is business as routine it is just that the dividend has been slightly higher than the previous year which is good news otherwise the business is routine, the dividend finally coming in from all our subsidiaries.
- Mayank Bhandari:** Okay Sir. Thank you for the clarification.
- Moderator:** Thank you. The next question is from the line of Neeta Shah from Quest Investment. Please go ahead.

- Neeta Shah:** Congratulations for good set of numbers. I had couple of technical questions. First being could you help us with the breakup of international territory wise how much we expect from which part of the country?
- Manish Mohnot:** I would request if you could do one to one call with Kunal on this specific details, we do not have it right now but if you could do a one to one call with Kunal, Kunal would be happy to help you with the details.
- Neeta Shah:** For domestic T&D how much broad classification between TBCB and state how would pan out to be?
- Manish Mohnot:** So, as far our planned order inflow in the next six months I think significant portion would come to TBCB, more than 70% to 80% and there could be some small orders coming from the state bids, 10% to 20%.
- Neeta Shah:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Rachit Kamath from Anand Rathi. Please go ahead.
- Rachit Kamath:** Thank you for taking my question. Broadly I have three questions pertaining to JMC. So, my first question pertains to the revenue breakup for the quarter and what kind of mix that you are envisaging for the whole year FY2021 in terms of B&F segment and infra segment?
- SK Tripathi:** So, Rachit currently it is 60% B&F and 40% infra and at the year end it may go to the level of 55-45 in that range so this will be the range of revenue by the end of financial year.
- Rachit Kamath:** So, basically when in Q1 we saw that infra was higher segment than B&F. Started again to come back to normal somewhere 60% - 40% ratio?
- SK Tripathi:** So, if you look at Q2 it is basically again gone to back to 60-40 and going further Q3 and Q4 they both will move parallelly and at the yearend it will be in the 45-55 ratio or 52-48 something like that.
- Rachit Kamath:** Sir, my second question pertains to the BOT toll assets because of the moratorium that you have taken on we did not require to support these assets in H1 of FY2021, but given the fact that now the moratorium has come to an end we might be required to, even though we are looking at restructuring so just wanted to take your sense as to what kind of infusion support that you are looking at and let us say in H2?
- Vardhan Dharkar:** As you rightly said first half there was no support that we provided to the road assets. Second half also I expect that the support will be at the lower level than what we had provided in the last year second half, exact number may be once we are able to conclude our discussions with the lenders I will be able to provide but I expect it to be much lower than what it is, last time when we had a call I said

that the full year support is expected to be lower than Rs.50 Crores I expected to be much lower than Rs.50 Crore going forward.

Rachit Kamath: Okay but this is based on the assumptions that we would be able to restructure these assets on time by March 2021, is that correct?

Vardhan Dharkar: I think the discussions are progressing smoothly, I expect that to get concluded by year end.

Rachit Kamath: Sure Sir. My last question pertains to the order book we have recently seen a infrastructure order book led by water supplier orders come through at a very healthy phase and they are already almost 40% to 45% kind of the order books right now, with the B&F segment always been the bread and butter in the sense it is 55% recently. I think in the outlook sometime back the management has just indicated that we are looking to foray more into international orders apart from the Rs.700 Crores that we are recently targeted, so what kind of order book mix that can we expect in the coming year let us say by this year-end or let us say over the next two years to three years period in terms of B&F, infra and international orders?

Vardhan Dharkar: So, today also if you look at our order book ratio is almost 50-50 with the infra and when I say infra it includes international, but if you break international separately it could be 50-40-10 currently. Now, going forward next year and the year beyond we will see a good shift happening towards the infra side and the ratio will get reversed may be next year because infra side particularly on the water and the international put together we are seeing traction on the domestic side and international also last two years to three years the areas where we have worked they will fructify this year partly and we see some more good orders to come in the later part of this year or the next year. So, if you look at may be the year after this ratio could be 60% infra and 40% B&F and within the 60% of the infra it could be about 40% domestic and 20% international, this is where we are targeting to move to increase the international order book, things are in place and teams are working and we are hopeful that we will be able to achieve this point of mix in the next one and half year to two years' time.

Rachit Kamath: So, basically Sir had said that on the Africa side capex is being postponed and given the fact that I think we mostly done of our works in Ethiopia and only recently we have just taken our first order in Mongolia so what kind of geography are you looking at for the next one year to one and half year, which are the countries are we looking at in a broad sense?

SK Tripathi: So, we are basically focused on east and west Africa side so the orders which we are chasing are of the segments where we are, we are basically chasing the multilateral funded projects. We do not see a great slowdown in terms of the funding from these multilateral agencies, the local funding of the individual countries have come down but that is not the circuit where we are, so we do not think an attempt to bid the local funded jobs and the international agencies funding remains more or less at a same level like the pre-COVID levels so that is not a concern for us.



Moderator: That was our last question. I now hand the conference over to Ms. Bhoomika Nair for her closing comments.

Bhoomika Nair: Thanks on behalf of all of us for answering all the queries and particularly the Chairman for giving clarifications on how the group is really looking at, thank you very much Sir for taking time out and answering all the queries and all the participants.

Manish Mohnot: Thank you very much. Wishing all of you a Happy Diwali and a prosperous New Year. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of DAM Capital Securities Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.