



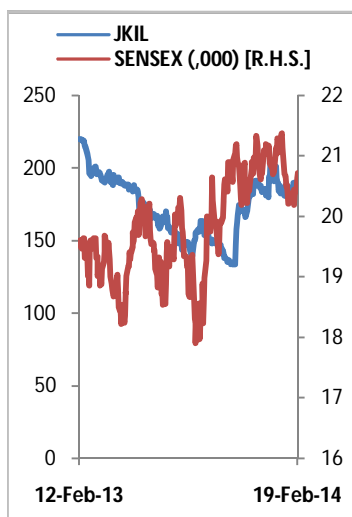
Date: 20th Feb, 2014

Q3FY14 Financial Results Highlight:**Stock information**

Sector:	Construction & Eng.
CMP	₹ 190.0
Target Price	₹ 214.0
Upside Potential	12.6%
BSE Code	532940
NSE Code	JKIL
Bloomberg	JKIL.IN
Reuters	JKIP.BO
Mkt cap (Rs. mn)	5282.0
Equity shares(mn)	27.8
Face Value(INR)	10
52Weeks H/L	227.4/130.1
Sensex	20552.1
Nifty	6091.6

Shareholding as on 31st December 2013 (%)

Promoters	57.4
Mutual Funds/UTI	0.0
FII's	6.2
Bodies Corporate	18.8
Public	15.4
Others	2.2



□ In Q3FY14, J Kumar Infraprojects Ltd (JKIL) posted a revenue of ₹ 2727.4 mn, with a modest growth of 6.6% on Y-o-Y basis, however it has grown by 15.8% on sequential basis. For 9MFY14, JKIL's revenue grew by 7.2% to ₹ 6827.5 Mn.

□ JKIL's EBITDA margin during the quarter stood at 18.3% with an improvement of 140bps on Y-o-Y basis, however it has shown an improvement of 10bps on sequential basis backed by operational efficiency. For 9MFY14, JKIL was able to post decent EBITDA margin of 18.2% Vs. 16.8% in 9MFY13.

□ In Q3FY14, JKIL reported a net profit of ₹ 197 mn, which was flat on Y-o-Y basis, and grown by 12.3% on sequential basis. The Net profit margin during the quarter stood at 7.2% against 7.7% in Q3FY13, with a decline 50bps on Y-o-Y basis. The decline in net profit margin was attributed to substantial increase in interest and depreciation expense. For 9MFY14, net profit margin declined by 50bps to 7.2%

□ During the quarter, JKIL's unexecuted order book stood at ₹ 31362.1 Mn which has declined by 7.1% on sequential basis, however it has declined by ~19.5% on Y-o-Y basis mainly on account of current slowdown in construction sector. JKIL presently has 7 L1 position orders worth ₹ 12650 Mn.

□ The order book position of ₹ 31362.1 mn as on 31st Dec 2013 includes 88.2% from transportation engineering (including flyover and roads), civil construction (9.5%), irrigation project (2.1%) and piling (0.2%).

Valuation:

At CMP of ₹ 190/ share the stock is trading at 6.2x to its FY14E EPS of ₹ 29.0 and at 5.0x to its FY15E EPS of ₹ 35.7. Present healthy order book position and any order additions during the year can provide better revenue visibility in coming years, however we revise our rating from 'BUY' to "HOLD" on JKIL and maintain our target price of ₹ 214/share (which is at 6x P/E on FY15E EPS of ₹ 35.7).

	Revenue (₹ mn.)	EBITDA (₹ mn.)	PAT (₹ mn.)	EPS (₹)	P/E (x)	EV/EBITDA (x)	ROE (%)
FY12	9315.6	1499.6	680.7	24.5	7.4	3.4	15.5%
FY13	10006.8	1674.1	757.8	27.3	6.6	3.8	15.1%
FY14E	11507.8	1864.3	806.5	29.0	6.2	3.3	13.1%
FY15E	13694.3	2232.2	992.1	35.7	5.0	2.6	13.0%

KC Research reports are also available on Reuters, Thomson publishers, myiris.com Bloomberg KCSL <GO> and Factset

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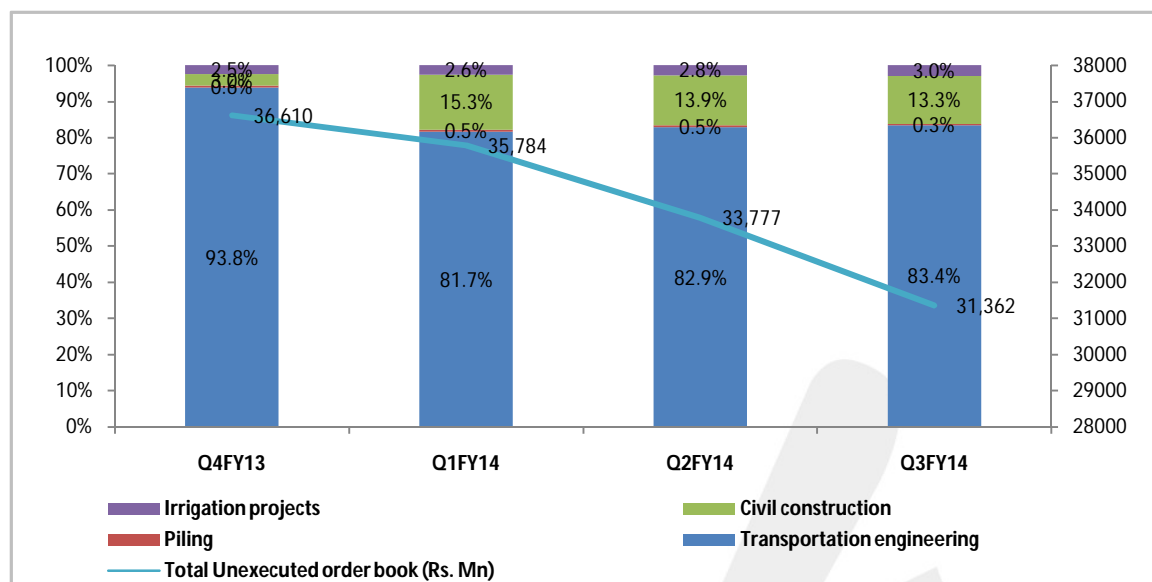


Q3FY14 Financial Result Analysis (₹ in Mn):

DESCRIPTION	Y-o-Y (%)			Q-o-Q (%)		Y-o-Y (%)		
	Q3FY14	Q3FY13	Change	Q2FY14	Change	9MFY14	9MFY13	Change
Net Sales	2689.5	2517.6	-	2319.6	-	7191.3	6680.8	-
Other operating income	37.9	41.2	-	36.0	-	129.3	146.7	-
Net Sales & Other Op. Income	2727.4	2558.7	6.6	2355.6	15.8	7320.6	6827.5	7.2
(Increase) / Decrease In Stocks	-256.9	-310.0	-17.1	-120.0	114.1	-630.4	-960.9	-34.4
Consutruction & other cost	1773.3	1863.2	-4.8	1380.0	28.5	4616.3	5223.6	-11.6
Employee benefit expense	213.0	143.2	48.8	187.7	13.5	566.5	319.0	77.6
Labour charges	272.0	225.1	20.8	196.9	38.1	777.0	544.1	42.8
Other Expenditure	226.2	204.9	10.4	282.0	-19.8	662.0	553.0	19.7
Total Expenditure	2227.5	2126.4	4.8	1926.6	15.6	5991.4	5678.7	5.5
PBIDT (Excl OI)	499.9	432.4	15.6	428.9	16.5	1329.2	1148.8	15.7
EBITDA Margin (%)	18.3%	16.9%	-	18.2%	-	18.2%	16.8%	-
Other Income	25.2	11.5	120.5	21.8	15.6	64.5	35.8	80.1
Operating Profit	525.2	443.8	18.3	450.8	16.5	1393.7	1184.6	17.7
Interest	164.6	108.9	51.2	119.8	37.3	393.7	253.9	55.1
PBDT	360.6	334.9	7.7	330.9	9.0	1000.0	930.7	7.5
Depreciation	85.0	61.9	37.4	79.2	7.4	235.3	170.6	38.0
PBT	275.5	273.1	0.9	251.7	9.5	764.7	760.1	0.6
Tax	78.5	76.5	2.6	75.8	3.5	237.1	234.4	1.2
Net Profit	197.0	196.6	0.2	175.9	12.0	527.6	525.7	0.4
Net Profit Margin (%)	7.2%	7.7%	-	7.5%	-	7.2%	7.7%	-
EPS (Not Annulised)	7.1	7.1	0.4	6.3	12.3	19.0	18.9	0.4

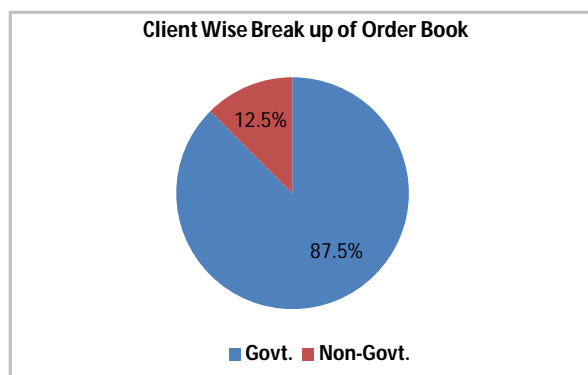
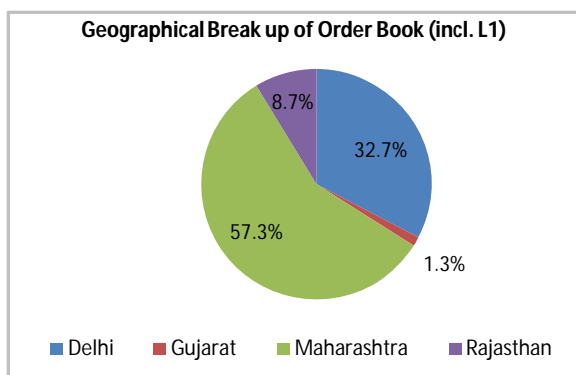


Unexecuted order book break-up:



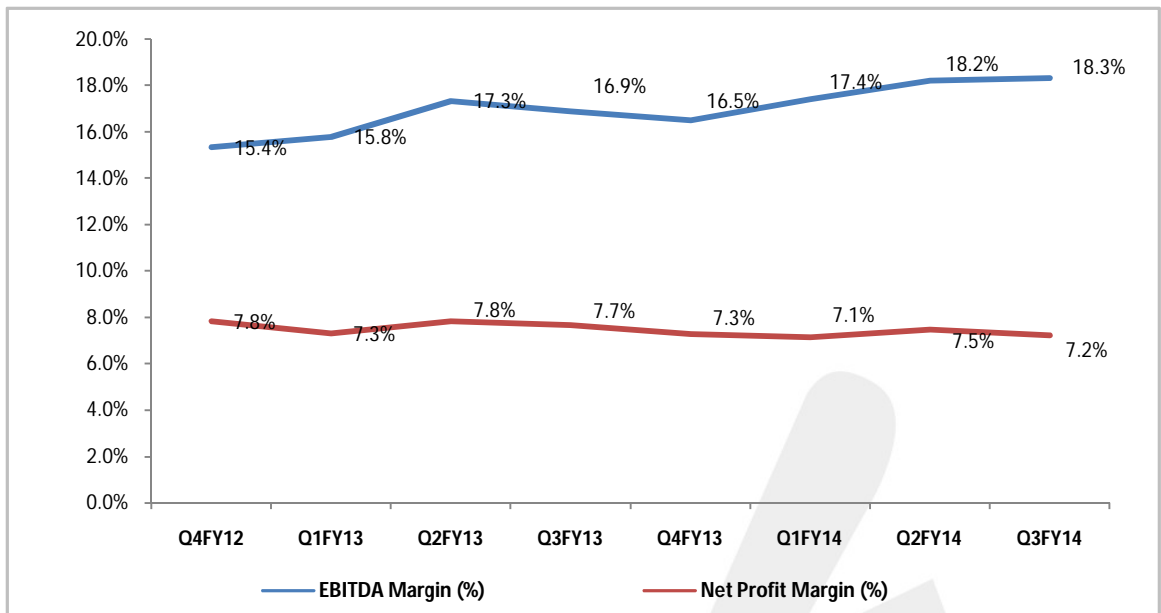
JKIL- L1 Order Backlog as on 30st December 2013

Sr. No.	Name of the Project	Client	Contract value (Rs. in Mn)
1	Construction of Terminal Facilities for Inland Water Transport (Passenger and Ro-Ro Services) along East Coast of Mumbai at Ferry Wharf and Nerul (Package: EWT-1)	MSRDC	3240
2	Design and Construction of Infrastructure for Passenger Water Transport along West of Mumbai Nariman Point and Juhu (WWT-1)	MSRDC	3550
3	Construction of Elevated Road/Fly over Bridge from Ferry Wharf to P.D. Mello Road and Eastern Freeway (at Orange Gate) [Package - EWT-3].	MSRDC	680
4	Design and Construction of Depot approach viaduct for Navi Mumbai Metro Line 1	CIDCO	690
5	Design and Construction of four Foot Over Bridges on Ghodbunder road at various locations in TMC limits, Lumpsum.	TMC	180
6	ES- 136 Training of Mithi River (Widening & Deepening of R.C.C. Retaining wall and service Road) from Pipeline Road to Filterpada in 'S' ward, Group No. 5.	MCGM	480
7	W266 Concreting of various roads in Western Suburbs	MCGM	3830
Total			12650

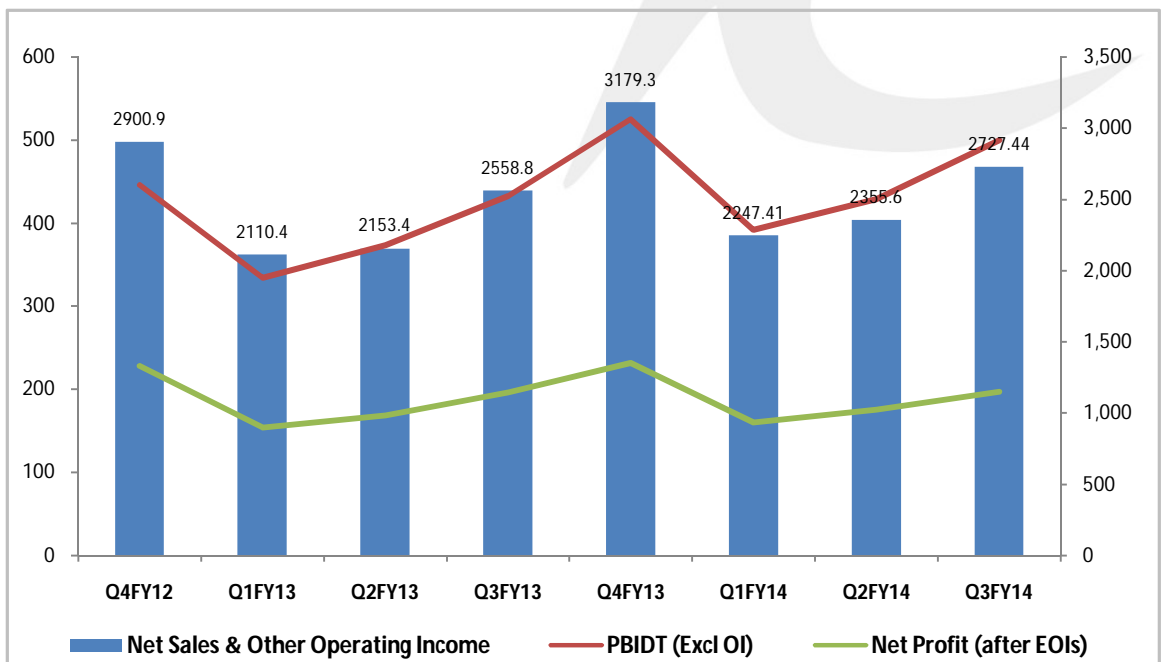


Source: KC Research, Company

EBITDA margin & Net profit margin trend between Q4FY12-Q3FY14:



Sales, EBITDA and PAT trend between Q4FY12-Q3FY14 (₹ in Mn):





Annual Income Statement (₹ in Mn)

Particulars	FY11	FY12	FY13	FY14E	FY15E
Revenue	9492.1	9315.6	10006.8	11507.8	13694.3
Sales Growth (%)	24.2%	-1.9%	7.4%	15.0%	19.0%
Total Operating Expenses	8057.5	7816.0	8332.7	9643.6	11462.1
EBITDA	1434.6	1499.6	1674.1	1864.3	2232.2
EBITDA margin	15.1%	16.1%	16.7%	16.2%	16.3%
Other Income	70.9	67.3	88.5	70.8	56.6
Gross Profit	1505.4	1566.9	1762.6	1935.1	2288.8
Interest	277.0	366.2	406.4	426.7	426.7
EBDT	1228.4	1200.7	1356.2	1508.3	1862.1
Depreciation	158.5	188.8	244.0	339.4	424.3
PBT	1069.9	1011.9	1112.2	1168.9	1437.8
Tax	330.5	331.1	354.4	362.4	445.7
Net Profit	739.4	680.7	757.8	806.5	992.1
Net Profit Margin (%)	7.8%	7.3%	7.6%	7.0%	7.2%
EPS	26.6	24.5	27.3	29.0	35.7
Equity	27.8	27.8	27.8	27.8	27.8
P/E	5.9	6.5	5.8	5.4	4.4

Balance Sheet (₹ in Mn)

Particulars	FY11	FY12	FY13	FY14E	FY15E
EQUITIES & LIABILITIES					
Shareholder's fund	3782.1	4390.0	5034.3	6156.9	7610.0
Non-Current liabilities					
a) Long-term borrowings	90.1	474.3	859.1	773.2	695.9
b) Deferred tax liabilities (Net)	36.3	42.5	51.4	53.9	56.6
d) Long-term provisions	4.0	8.5	1.6	1.8	2.0
Current Liabilities					
a) Short-term borrowings	1430.9	972.6	1244.3	1617.6	2102.9
b) Trade payables	357.7	509.4	909.5	955.0	1002.8
c) Other current liabilities	658.3	2024.9	3369.3	3807.3	4302.3
d) Short-term provisions	154.4	135.4	113.1	147.0	191.1
TOTAL	6513.8	8557.6	11582.7	13512.7	15963.5
ASSETS					
Non-current Assets					
a) Fixed assets					
i) Tangible assets	1140.7	1468.3	2088.9	2611.1	3263.8
iii) Capital work-in-progress	597.6	597.6	1012.5	1063.1	1116.3
b) Non-current investments	1.0	1.0	1.0	1.0	1.0
c) Other non-current assets	683.4	920.3	1192.7	1371.6	1577.3
Current assets					
a) Inventories	1562.3	2759.6	3949.6	4344.6	4779.0
b) Trade receivables	1018.4	888.5	1147.1	1238.9	1338.0
c) Cash & Bank balance	468.3	1138.8	1119.0	1556.4	2227.4
d) Short-term loans & advances	890.4	535.2	788.6	985.8	1232.2
e) Other current assets	151.7	244.9	283.7	340.4	408.5
TOTAL	6513.7	8554.2	11583.0	13512.7	15963.5

J Kumar Infraprojects Ltd-Q3FY14 Result Update



Cash Flow Statement (₹ in mn)

Particulars	FY11	FY12	FY13E	FY14E	FY15E
Cash and Cash Equivalents at Beginning of the year	792.3	468.3	1138.8	1119.0	1556.4
Cash Flow From Operating Activities					
Net Profit before Tax & Extraordinary Items	1069.9	1011.9	1112.2	1168.9	1437.8
Adjustment For:					
Depreciation	158.5	188.8	244.0	339.4	424.3
Interest (Net)	277.0	366.2	406.4	426.7	426.7
Interest & rent received	-67.3	-61.5	-88.5	-70.8	-56.6
Prov. & prelim. Exp. W/O (Net)/ provision for Gratuity	13.2	12.7	0.0	0.0	0.0
Total Adjustments (PBT & Extraordinary Items)	381.4	505.8	561.9	695.4	851.0
Op. Profit before Working Capital Changes	1451.4	1517.7	1674.1	1864.3	2288.8
Adjustment For					
Inventories	-429.7	-1190.9	-1190.0	-395.0	-434.5
Trade receivables	-335.1	130.0	-258.7	-91.8	-99.1
Short-term loans & advancesLoans & Advances	-673.5	355.2	-253.4	-197.2	-246.4
other current assets	-3.0	-103.3	-38.8	-66.7	-78.1
Other Non-current assets	436.0	-245.4	-272.4	-178.9	-205.7
Current liabilities & short term borrowings	-355.3	1060.0	2012.9	909.7	1091.1
Total (OP before Working Capital Changes)	-1360.6	5.6	-0.3	-19.8	27.3
Tax Paid	-370.5	-343.1	-354.4	-362.4	-445.7
Cash Generated from/(used in) Operations	-279.8	1180.2	1319.4	1482.1	1870.3
Net Cash from Operating Activities	-279.8	1180.2	1319.4	1482.1	1870.3
Purchased of Fixed Assets(net)	-867.5	-516.4	-620.6	-522.2	-652.8
Financial/Capital Investment :					
Purchase/sale of Investments(net)	-0.8	0.0	-513.0	0.0	0.0
Interest & rent Received	67.3	61.5	88.5	70.8	56.6
Net Cash Used in Investing Activities	-800.8	-454.8	-1045.1	-451.4	-596.1
Proceeds from Issue of shares (incl share premium)	4.0	0.0	0.0	0.0	0.0
Proceed from Other Long Term Borrowings	1102.8	384.2	384.8	-85.9	-77.3
Dividend Paid	-72.9	-72.9	-272.6	-80.7	-99.2
Interest Paid	-277.0	-366.2	-406.4	-426.7	-426.7
Net Cash Used in Financing Activities	756.9	-54.9	-294.2	-593.3	-603.2
Net Inc/(Dec) in Cash and Cash Equivalent	-323.7	670.5	-19.8	437.4	671.0
Cash and Cash Equivalents at End of the year	468.3	1138.8	1119.0	1556.4	2227.4

Key Financial Ratios:

Valuation Ratio	FY11	FY12	FY13	FY14E	FY15E
Operating Margin (%)	15.1%	16.1%	16.7%	16.2%	16.3%
Net Margin (%)	7.8%	7.3%	7.6%	7.0%	7.2%
Debt/ Equity (x)	0.40	0.33	0.42	0.39	0.37
ROE (%)	19.6%	15.5%	15.1%	13.1%	13.0%
EV/EBITDA (x)	3.26	3.38	3.84	3.28	2.62
EV/Sales (x)	0.49	0.54	0.64	0.53	0.43
P/E (x)	6.77	7.35	6.60	6.20	5.04
P/BV (x)	0.96	1.09	1.05	0.86	0.69
EPS (Rs)	26.6	24.5	27.3	29.0	35.7

Source: Company, KC Research

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