

Staying ahead of the learning curve

ANNUAL REPORT 2017-18



Contents

CORPORATE OVERVIEW

Staying Ahead of the Learning Curve	
By focusing on achieving sustainable and profitable growth	02
By focusing on customer centricity	03
By developing deep domain expertise	04
By achieving operational excellence and leveraging technology	05
Corporate snapshot	06
From the CEO's table	08
Board of Directors	10
Financial Highlights	12
Performance at a Glance	13
Corporate Information	14

STATUTORY REPORTS

Management Discussion and Analysis	15
Board's Report	27
Corporate Governance Report	49

FINANCIAL REPORTS

Standalone Ind-AS Financial Statements

Auditor's Report	63
Balance Sheet	70
Statement of Profit and Loss	73
Cash Flow Statement	74
Notes	77

Consolidated Ind-AS Financial Statements

Auditor's Report	128
Balance Sheet	132
Statement of Profit and Loss	135
Cash Flow Statement	136
Notes	139

Notice	196
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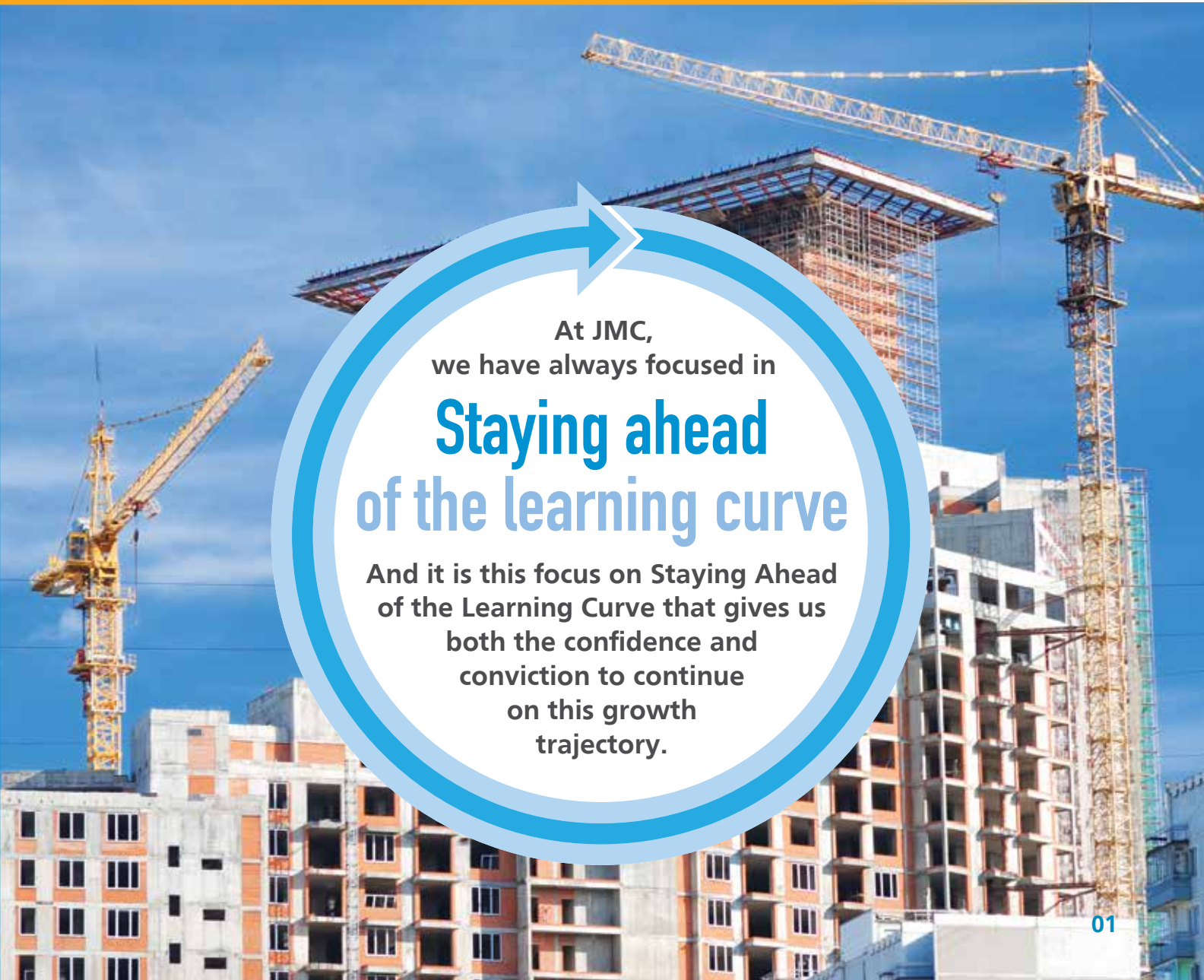
Forward-looking statements/Cautionary statement

In this annual report, we have disclosed forward-looking information to enable investors comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically produce/publish, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements would be fully realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise, or if underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The Indian construction space is witnessing steady growth over the past couple of years. Favorable policy measures, growing focus of the Government and its subsequent increased spending have brought renewed optimism in the sector.

At JMC, we encashed our deep domain knowledge, prudent capital management controls and enhanced capabilities to capitalize on these opportunities.

We have delivered strong performance by strengthening our technical and operational capabilities, by implementing past learnings and by further enhancing our customer's satisfaction. Our ability to efficiently deploy capital to strengthen working capital position and sustained focus on integrating IT across all systems and processes is further unleashing our potential.



At JMC,
we have always focused in

Staying ahead of the learning curve

And it is this focus on Staying Ahead
of the Learning Curve that gives us
both the confidence and
conviction to continue
on this growth
trajectory.

Staying Ahead of the Learning Curve

By focusing on achieving sustainable and profitable growth

In a competitive business environment, the resilience of a company is defined by its ability to grow sustainably and profitably. At JMC, we believe that the key to business sustainability in the civil construction sector lies in a combination of moderate, yet sustainable topline growth coupled with higher profitable growth.

At JMC, our focus on achieving sustainable and profitable growth is showcased by:

- **Selective Growth:** JMC avoids stepping up the bidding war in a quest to win orders. Our endeavor is to seek quality orders at healthy margins, lower execution risk and timely payments. We are selective in our pursuit of projects. We focus on projects that are within our core area of expertise, and come from familiar clients and region. This not only helped JMC in augmenting its brand image further, but also translated into increased profit and revenues.
- **Strategic Diversification:** Synergistic extension into different segments within the civil construction space has not just helped the Company with the required diversification, but also in increasing its order book size substantially over the years. Today, the Company has a presence across a wide variety of segments namely, Residential & Commercial Buildings, Factories, Power Plants, Cement Plants, Roads, Bridges & Elevated Corridors, Metros, Water etc.

Although India has always been our main driver of revenues, the Company has been opportunistic enough to leverage on the parent company Kalpataru Power Transmission's international presence to expand into African and SAARC markets.

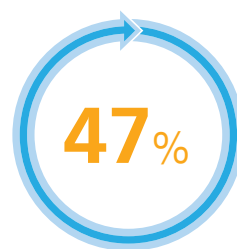
On account of this strategic diversification, the cumulative order book has shown a robust growth of over 11% CAGR in the last 5 years.

- **Persistent Focus on Execution:** One of the key focus areas of the Company is to provide on-time and quality project delivery to all our customers. Our persistent focus on capability building along with the use of advanced IT platform (SAP S4HANA 1610 with Commercial Project Management)

have enabled us to effectively track the progress of each project with focus on quality, thereby enhancing our project management capabilities. The benefits of same will be reflected in our performance from 2019 onwards.

We have also steadily adopted the discipline to bid for projects that are above a certain ticket size, which enables to deploy our management resources properly for timely and profitable execution.

A strong execution of the aforementioned strategies resulted into our bottom line growing faster than our topline, showcasing the strength and competitiveness of JMC.



CAGR growth of JMC's bottom line in the last five years



Live Projects with a presence in India, Africa & Sri Lanka

Focus Areas:

Design & Build (EPC) Building Projects

Institutional & Commercial Buildings

Water Pipeline Projects

Elevated Corridors

Highways

Irrigation Projects

International Infrastructure Projects



Staying Ahead of the Learning Curve By focusing on customer-centricity

Engaged in the civil construction space for over three decades, we have been successful in creating a credibility of delivering as per the clients' need. Over these years, we have gleaned insights, picked up key trends hinted by our customers and translated consumer needs into reality. Our impeccable reputation for customer sensitivity (in terms of price, quality and delivery) has helped us in accomplishing several repeat orders. We have been successful in buttressing our position as one of the leading organized construction companies in the Indian civil construction space.



The two pillars of JMC that have enabled us to remold our present business model into a more robust and a more customer-centric one are:

- 1. Create a valued customer experience:** At JMC, our key objective is to satisfy our customers by fulfilling their requirements to the minutest details. Our robust IT infrastructure has been instrumental in this, enabling us to prepare efficient designs, undertake robust planning, automate processes and better manage resources. Respecting the customer's interest has allowed the Company to create a strong brand name for itself along with some positive endorsement by its esteemed customers.
- 2. Culture of 360° feedback:** The ability to constantly seek customer feedback and use it to further enhance customer service is critical to maintaining cutting-edge customer-centricity. At JMC, we have built-in a foolproof 360° feedback culture comprising a dedicated team that is in constant touch with our customers. This team focuses on resolving complaints, addressing queries

and gathering further feedback. We have in place a two-way conversation system which created a strong emotional connect with our customers.

Since its inception, the operating ethos of the Company has been to build enduring customer relationships through outstanding service, immaculate quality and timely delivery. This commitment has helped us overcome numerous challenges and sustain the growth momentum.

Customer-centric focus enabled the Company gain the trust and confidence of customers which is validated by the fact that a significant proportion of sales has been due to customer referrals and repeat orders.



Repeat & Referral
Sales for last
2 years

Staying Ahead of the Learning Curve

By developing deep domain expertise

In today's competitive business environment, the success of a company is increasingly dependent on its domain knowledge and expertise. Deep domain knowledge coupled with a niche expertise results in meeting customers' demand as well as ensuring a thorough understanding of the changing trends in the industry. It provides agility and makes the company both relevant and competitive.

At JMC, our deep domain expertise emanates from:

- **Expanding from the Core:** Aligned to India's Infrastructure aspirations, we possess a rich experience of more than three decades in India's EPC space; and we have been strengthening our competencies across regions, markets and customers. At JMC, we strengthened our prequalification credentials during the most challenging market cycles, making it possible for us to bid for larger and more profitable projects. JMC is one of the few companies that have pre-qualification across a wide range of segments in the construction sector. Leveraging proven expertise in the civil construction space coupled with a direct exposure to key trends and developments in the industry. JMC synergistically ventured into several new segments like water, MEP (mechanical, electrical and plumbing), design build and composite jobs and metro railways over the last few years. A presence across the different sub-segments has helped JMC enhance profitability and mitigate the concentration risk. This differentiates the Company and also gives it a competitive edge.
- **Strong Functional Teams:** JMC has worked extensively in building landmark civil engineering and construction projects requiring robust engineering

skills, rich technical expertise and strong execution capabilities. With our team of professionals and highly efficient and experienced execution workforce, we are poised to delivering on our commitments and competencies to meet client's expectations.

The Company's steady performance has attracted and retained experienced and invaluable human capital available within the industry. JMC's philosophy of 'right people at the right place at right time' has proved to be a key differentiator for the Company. Our areas of competence comprises design, construction, project management, procurement, quality assurance, business development, and financial management.

- **Focus on Inclusive Growth:** Foreseeing a bright future of construction industry in India, at JMC, we embarked on the implementation of a number of multi-pronged strategies to empower our sub-contractors, vendors, industrial partners, etc. We are entering into long-term mutually beneficial contracts with our partners so that they become part of the entire project lifecycle ensuring timely and within budget delivery of the project.
- **Health, Safety and Environment Consciousness:** Public and project safety is paramount to our employees,



our subcontractors, our customers, and our business. We continuously improve our environmental, safety, and health programs to protect our workforce and increase their well-being. We continued our journey toward zero incidents by focusing on learning from high-potential events. We are especially proud to note that FY 2017-18 was one of the safest years in the history of JMC. A broader and deeper emphasis on HSE gives us edge in marquee clients especially when bidding against global companies.



JMC's order book from the water and irrigation segment as on 31 March, 2018



Staying Ahead of the Learning Curve

By achieving operational excellence and leveraging technology

In the business of civil construction, a number of factors impact the profitability of a company. While external factors are beyond powers of any company, constantly improving internal factors are critical to performance and growth.

High labor productivity coupled with state-of-the-art technology has led to process and cost-efficiency in the Company. Our various performance improvement initiatives have helped in bringing down the cost, thereby increasing our profits.

At JMC, we have initiated numerous initiatives. Some of the notable steps include:

- Implemented Best-in-class ERP:** The Company has been a torchbearer in the industry in terms of technology adoption. While in the past, we adopted the advanced IPMS (Integrated Project Management System) ERP system, in FY 2017-18 we upgraded to the ultra-modern SAP S4HANA 1610 with CPM (Commercial Project Management) 2.0. This makes us the first Indian Construction company to adopt it and implement in a record time. The upgradation was done under the flagship project 'Optimus', which is an SAP-led business transformation project. It offers the advantage of scalability and sustainability, standardization across business and swiftness with real-time updates. Moving key functional areas like finance & accounts (F&A), project management group (PMG), projects, stores and procurement under its ambit, will result in higher benefits across the length and breadth of the organization in terms of reduced turnaround times, increased efficiency and better co-ordination.
- Prudent working capital management:** At JMC, we are



consciously focusing on the timely collection of the accounts receivables including retention monies. At the same time, we have reworked our debt management and have been able to bring down our finance cost from 4.4% of sales in FY 2015-16 to 3.1% in FY 2017-18. We have been successful in getting two of our Road BOOT assets refinanced at a lower interest rate. As part of our future strategy, we have decided to focus on our EPC business given that it provides the advantage of lower capital deployment.

- Leveraging Technology for Robust Operations:** Implementing GPS enabled plant and machinery systems, proactive preventive and corrective measures for equipment breakdown as well as detailed and regular fuel monitoring. These, along with



surveillance systems, effective scrap management and implementation of BIM Technology for early conflict resolution have helped the Company with real-time information and data, thus allowing the management to take important business decisions at the right time based on real-time data.

Further, to reduce the financial impact of theft and pilferages, we installed surveillance cameras across all our sites.

Leveraging our technologically advanced operations, JMC is delivering efficient operations and high productivity, thereby resulting in higher profits.

Corporate snapshot

From asset transformation to customer-focused sales transformation

From investments in growth markets to new business segments

From reporting profitable growth to generating cash

JMC is strengthening competencies and capabilities to ensure a sustainable and profitable growth for its stakeholders

About JMC:

JMC Projects (India) Limited ("JMC Projects" or "JMC"), a US\$ 400 million Engineering, Construction, Projects Company, is one of the leading construction companies in India with operations spread globally across SAARC and Africa. It is certified under ISO 9001:2015 (Quality Management), ISO 14000:2004 (Environment Management) and BS OHSAS 18001:2007 (Occupational Health & Safety).

It addresses critical needs in key sectors – Infrastructure (Highways, Flyovers, Elevated Corridors, Metros, Railways, Bridges, Water Projects, Smart City Projects), Construction

of Buildings (High-rise, Integrated Township, Residential, Commercial, IT Parks, Institutional, Hospital, Sports Complex, Tourism), Industrial & Power projects among others.

JMC's integrated capabilities span the spectrum of 'EPC' solutions with Safety, Quality and On-time delivery as the 3 pillars.

Over three decades of a strong, customer-focused approach and a sharp focus on world-class quality have enabled it to maintain a leadership position in its

major lines of business. Characterized by professionalism, high standards of Corporate Governance and Sustainability, JMC continues to evolve, seeking better ways of engineering to meet emerging challenges leveraging the power of People-Processes-Technology.

JMC has executed three road BOOT projects, through its Wholly-Owned Subsidiary Companies and one road BOOT project in Joint Venture. All the four road BOOT projects are now fully operational on full toll and full-length basis.





With an order book CAGR of 11% during the last five years (financial year ending 2018) and a bottom-line CAGR of 47% during the same period, JMC is one of the leading construction enterprises of the country.

Heartening recognition for our passion:

Excellence in Training and Development Award and Innovative Retention Strategy Award from World HR Congress 2018

Best Construction Company 2017 Award from CARE Ratings

RoSPA Gold Award for Safety 2017

National Safety Awards 2017 for various Projects

SAP ACE Award 2018 for Technology Innovation and Business Transformation

British Safety Council International Safety Award for Performance in 2017

Our presence

Headquartered in Mumbai and with its registered office at Ahmedabad, India, the Company functions through its regional offices located in Bengaluru, NCR Delhi, Thane and Kolkata.

In terms of project presence, the Company has expanded not only in India but also in countries outside India like the SAARC countries and in Africa.

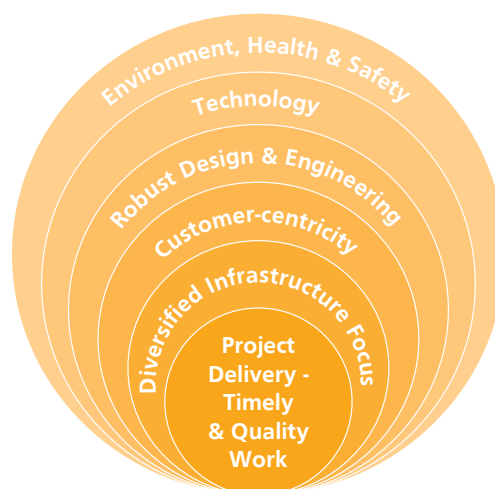
Our expanding horizon

Starting as a civil construction company in 1986, JMC has expanded its horizon in the realm of civil engineering and the entire gamut of construction segments. Today, the Company is engaged in the construction of highways, expressways, bridges, flyovers, townships, tall buildings, hospitals, industrial units and power plants among others. Over the years, it has undertaken the creation of some of the important edifices across the nation.

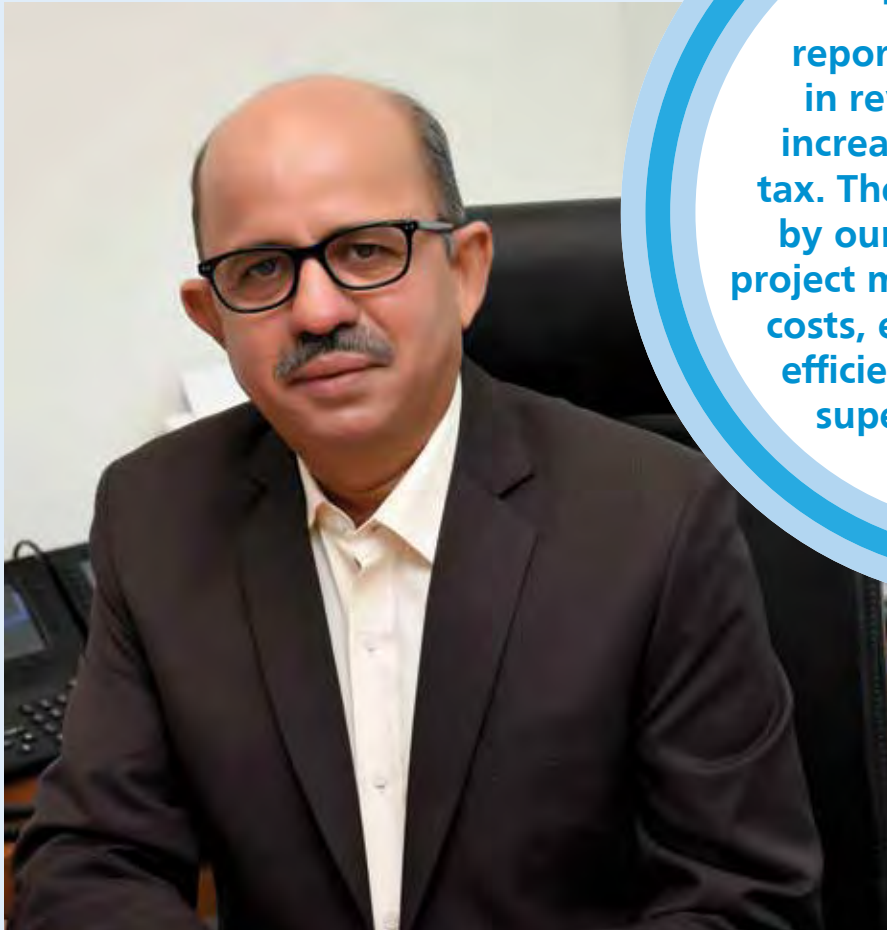
Some of our landmark projects include IIM Ahmedabad, Supreme Court of India Additional Office Building, Bangalore Metro, Delhi Metro, Asian Heart Hospital, Vardhaman Mahavir Medical College, Kalpana Chawla Medical College, Infosys Campus Pune, CMC TCS Kolkata, Syntel SEZ Pune, Coal India HQ Kolkata, RMZ Ecoworld Bangalore, Huawei Tech Park Bangalore, Sikka Thermal Power Plant Jamnagar, Bajaj Auto Plant Chakan, Maruti Suzuki Plant Manesar etc.



Our Key Distinguishers



From the CEO's table



During the year, JMC reported a 18% increase in revenues and a 82% increase in its profit after tax. The growth was driven by our efforts to improve project management, optimize costs, enhance operational efficiency and implement superior construction technology.

Dear Shareholders,

It gives me great pleasure in reporting another year of commendable and holistic performance by the Company. Though various developments impacted the growth of the construction industry, it was a strong push by the Government to pace-up infrastructural projects that positively influenced our performance. We reported strong earnings and commendable growth in both volume and market share.

FY 2017-18 can be rightly summed as a year of creating sustainable growth and investing in the future. While for many companies in the industry, it was a year to get back on the track, for JMC it meant:

Moving Faster, Growing Bigger, Getting Stronger

FY 2017-18 saw us execute a record ₹ 2,756 crore of projects. The performance was driven by our persistent efforts towards operational improvement and consolidation as we prudently invested in better technologies and IT infrastructure. While on one hand, we kept improving internal competencies, on the other, we kept exploring new opportunities and extending operations both vertically and horizontally.

We strengthened presence in the strategic sectors of highways, urban infrastructure, complex buildings and industrial units, and extended in the areas of water supply

and irrigation. We strategically enhanced capabilities to undertake MEP (Mechanical, Electrical and Plumbing) jobs. We continued to consolidate presence in both Indian and international market on the back of strong track record of project deliveries.

In line with our strategy to strengthen IT, we successfully implemented the latest SAP-based transformation project 'Optimus' which will greatly improve our process efficiencies. We are in the stage of adopting Critical Chain Project Management to bolster execution abilities. Further, we have developed deeper customer-centric approach, to better understand clients, respond faster to the changing industry trends and match expectations.

With this, we have considerably strengthened our competencies. We are now a multi-geography, multi-sector player having the ability to offer integrated one-stop solutions and handle complex projects.

Business optimism

I believe these are interesting times for the industry. The macro is positive with GDP