



KALPATARU®



JMC Projects (India) Ltd.

A Kalpataru Group Enterprise

Poised for Growth

JMC Projects (India) Ltd.
Annual Report **2019-20**



As JMC Projects continues to pursue its aspirations to further strengthen its position as a prominent player, the Company relies on agile and innovative processes to foster next level growth. The cover design creatively illustrates JMC Projects' enthusiasm to mark its way forward.

Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe", "plan", "anticipate", "continue", "estimate", "expect", "may", "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forwardlooking statement, whether as a result of new information, future events or otherwise.

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You can also find this report online on:

www.jmcprojects.com

At JMC, growth symbolizes our effort, expertise and resilience to deliver better than before.

As we step into another year of opportunities, unlocking new avenues of growth, we remain strongly inspired to sustain the momentum and establish JMC as a force to reckon with in the construction and infrastructure space.

The past few years have been one of our most rewarding years as we delivered remarkable performance across various parameters of growth and profitability, to secure orders and execute projects with our experience and expertise of over three decades. Today, we stand on a solid foundation of growth. Our endeavor is to improve profitability and

exceed expectations on all parameters of growth with our utmost dedication and commitment. Our constant efforts to improve our processes, strengthen our capabilities and execute projects on-time, ensuring the highest quality standards, keeps us motivated to successfully overcome hurdles and create a lasting impression. From firming up our core businesses to growing our international presence, we leave no stone unturned in the pursuit of growth.

To flourish and prosper in a competitive landscape, JMC will continue to focus on best-in-class project delivery, adopting latest technology & digitalisation, practicing best health & safety standards, nurturing talent and growing strength-to-strength across verticals, to fortify its core and remain poised for growth.



All about JMC

JMC Projects (India) Ltd., a subsidiary of the Kalpataru Power Transmission Ltd. (KPTL), is amongst the leading civil construction and infrastructure EPC Companies in India.

With an experience of over three decades, JMC has interest in construction of buildings, transportation, water, industrial and urban infrastructure projects. Over the years, JMC has developed end-to-end capabilities to execute civil works, design & build composite works, MEP, HVAC, structural works, finishing works, utilities, area development etc. It has also executed international projects in places such as Africa and the SAARC countries. JMC also has four road BOOT projects in India that are operational on full toll and full-length basis.



Mission

Building Infrastructure for Better Life



Vision

To be a preferred global EPC partner, delivering sustainable growth and enhancing stakeholder's value through innovative solutions and inspired people.



Awards & Recognition



International Award
for 4 Projects



BSI International Merit
Awards for 5 Projects



12 National
Awards



2-Four Star
Awards



15 National Safety Award
in Recognition from
Government of India

Our Business Presence



Buildings

RESIDENTIAL
COMMERCIAL
INSTITUTIONAL
RECREATIONAL



Transportation

HIGHWAYS
ELEVATED CORRIDORS
RAILWAYS
METRO RAIL



Water

INTAKE & TREATMENT
PIPELINE TRANSMISSION
STORAGE & DISTRIBUTION
IRRIGATION



Industrial

POWER PLANTS
INDUSTRIAL PLANTS
FACTORIES
AREA DEVELOPMENT



Urban Infra

TRANSIT TERMINALS
MULTI-LEVEL CAR PARKS
RAILWAY STATIONS
AIRPORTS



Key Highlights

₹ 3,713 Crores

Sales in 2019-20

₹ 411 Crores

Core EBITDA in 2019-20

11.1%

Core EBITDA Margin
in 2019-20

₹ 117 Crores

PBT in 2019-20

₹ 79 Crores

PAT in 2019-20

₹ 9,546 Crores

Order Book as on
31st March 2020

~3,600

Employees as on
31st March 2020

100+

Projects under execution
as on 31st March 2020

105 Million

Safe hours of working in
2019-20

Financial Highlights

	(₹ in Crores)				
Standalone	2015-16 [#]	2016-17	2017-18	2018-19	2019-20
Revenue	2,401	2,328	2,756	3,253	3,713
Revenue Growth (%)	0.1%	-3%	18.4%	18.0%	14.1%
Total Expenditure	2,186	2,117	2,471	2,916	3,381
Operating Profit (PBDIT)	223	225	302	362	359
Core EBITDA****	214	211	285	337	411
Interest	105	84	86	95	125
Profit Before Depreciation and Tax (PBDT)	118	141	217	267	234
Depreciation	52	57	72	78	117
Profit Before Tax (PBT)	66	84	145	189	117
Provision for Income Tax / FBT / Deferred Tax	22	26	39	46	38
Profit After Tax (PAT)	44	58	106	142	79
Equity Share Capital	34	34	34	34	34
Net Worth	638	690	789	923	970
Long Term Borrowings	282	231	314	390	497
Short Term Borrowings (including current maturity of long term debts)	454	406	422	375	353
Total Borrowings	736	637	737	766	850
Capital Employed (Net Worth + Total Borrowings)	1,374	1,327	1,526	1,689	1,819
Debt Equity Ratio (Total)	1.15:1	0.92:1	0.93:1	0.83:1	0.88:1
Debt Equity Ratio (Long Term)	0.44:1	0.34:1	0.40:1	0.42:1	0.51:1
Book Value per Equity Share (₹)*	38.0	41.1	47.0	55.0	57.8
Earning per Equity Share (₹)*	3.2	3.5	6.3	8.5	4.7
Core EBITDA Margin (%)	8.9%	9.1%	10.3%	10.4%	11.1%
Operating Profit Margin (%)	9.3%	9.7%	11.0%	11.1%	9.7%
Profit Before Tax (%)	2.7%	3.6%	5.3%	5.8%	3.1%
Profit After Tax (%)	1.8%	2.5%	3.9%	4.4%	2.1%
Return (Pre-tax) on Average Networth (%)	12.2%	12.6%	19.6%	22.0%	12.3%
Return on Average Capital Employed (%)**	13.4%	12.4%	16.2%	17.6%	13.8%
Order Backlog at the year end***	6,149	7,047	7,616	9,962	9,546
No. of Employees	3,360	3,279	3,324	3,781	3,600

The Figures for the FY 2015-16 are regrouped as per Ind AS requirement.

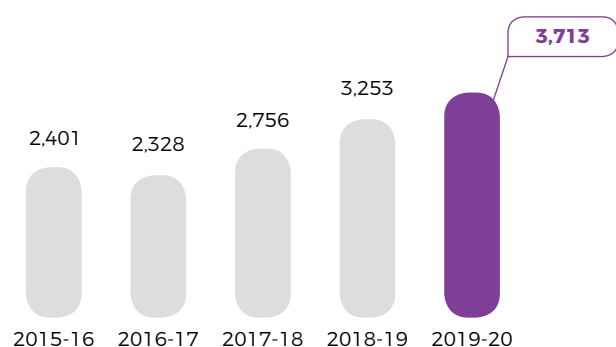
* In FY 2018-19, the Company with requisite approval in place has sub-divided the face value of equity shares of the Company from ₹ 10.00/- each to ₹ 2.00/- each. The record date for the sub-division was 5th October 2018. Book Value per Equity Share and Earnings Per Share (EPS) of previous period have been restated.

** For calculating Return, interest is added back in Profit before tax.

*** Includes orders in the name of Joint Ventures.

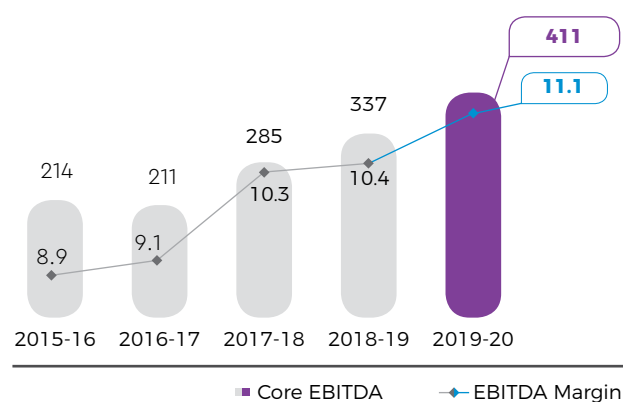
**** Core EBITDA for FY 2019-20 excludes impact of ECL provision made towards loans/advances given to subsidiary. Core EBITDA = Operating Profit (PBDIT) – Other Income

Sales (₹ in Crores)

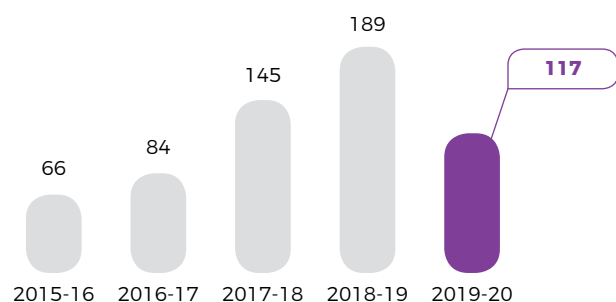


Core EBITDA (₹ in Crores)

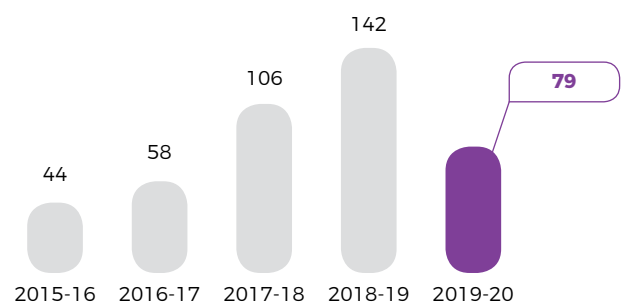
EBITDA Margin (in %)



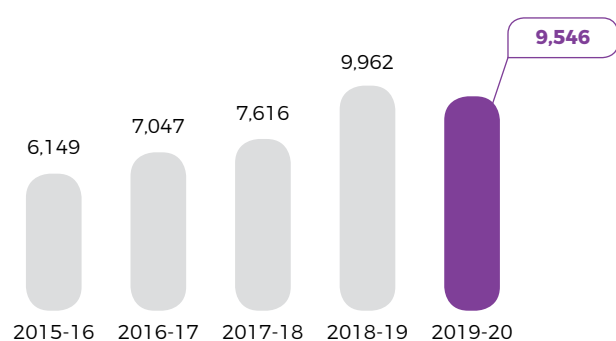
PBT (₹ in Crores)



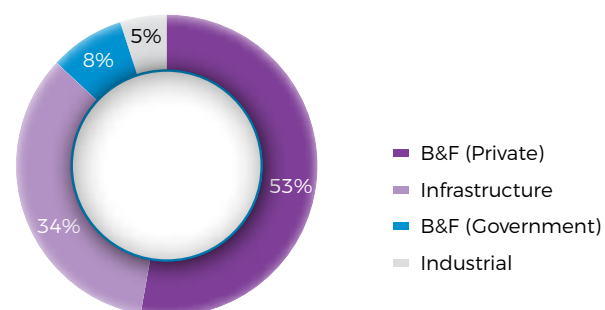
PAT (₹ in Crores)



Order Book (₹ in Crores)



Order Book Composition as on 31st March 2020



Message from CEO



We are entering the next fiscal year with great optimism, to deliver strong performances and create value for all stakeholders despite challenges.



Shailendra Kumar Tripathi

CEO and Deputy
Managing Director

Dear Shareholders,

I am pleased to write to you at the end of another fiscal year where JMC continued to deliver sustained performance and now have a solid foundation for future profitable growth. Amid an uncertain economic environment and challenging industry dynamics, we continued to perform with resilience. This performance has been supported by our relentless focus on building our capabilities, disciplined approach to bidding, diversifying in selected profitable markets, foraying into newer geographies, providing best-in-class project delivery and improving profitability.

We, at JMC, leverage our deep domain knowledge, responsiveness, agility, scale and brand reputation to capitalize on growing opportunities. Over the years, we have grown to establish JMC as a renowned brand in the civil construction sector especially in the building, water, highways and urban infrastructure segments, with the capability to deliver exponential results at any given point of time. Further, our strong compliance and governance system, skilled and competitive workforce and technology-led processes have augured well for our growth.

Performance Highlights – 2019–20

The disruptions in operations due to Covid-19 pandemic in March-20, impacted our financial performance for the fourth quarter and consequently for full 2019–20. Our revenue from operations increased by 14%, from ₹ 3,253 Crores in 2018–19 to ₹ 3,713 Crores in 2019–20. Growth was supported by well-planned execution in Buildings & Factories (B&F) and infrastructure business. Our core EBITDA increased by 22% to ₹ 411 Crores in 2019–20, as compared to ₹ 337 Crores in the previous year. Our EBITDA margin increased by 70 bps to reach an all-time high of 11.1% in 2019–20 due to a favourable project mix, focus on timely completion and various cost optimisation initiatives. However, our profit after tax declined by 44% to ₹ 79 Crores in 2019–20 as we have made an Expected Credit Loss (ECL) provision of ₹ 80 Crores for loans and advances given to Kurukshetra Expressway Private Limited, our road BOOT JV.

We continue to focus on optimising our working capital management with focused efforts on collection and timely project completion. Our net debt was ₹ 735 Crores and net debt to equity ratio at 0.76 times as of 31st March 2020.

Our order book remains firm and well diversified across B&F and Infrastructure business. We have made concentrated efforts to diversify our order book within the B&F business by focusing more on commercial and institutional buildings. In 2019-20, we received an order inflow of ₹ 3,364 Crores taking our order book value to ₹ 9,546 Crores as on 31st March 2020.

Strategy on Track

Over the past decade, our strategy to focus on selected markets and clients with sound basis for long-term growth and profitability has paid off well and our financial and operational metrics have improved. Our focus to maintain a disciplined bidding approach for winning new business enables us to sustain long-term profitable work instead of chasing revenue growth.

We have recorded substantial progress in expanding our client base, especially in the commercial and institutional B&F business. We continue to secure repetitive orders from our B&F clients, which is testimony to our impeccable reputation for customer relationship through outstanding service, timely delivery and immaculate quality.

Our international business strategy continues to evolve, combined with dedicated business development efforts. On the international business front, we continue to actively bid for road, highways and water projects, leveraging KPTL's strong presence in international markets. We are confident about expanding to several new countries in the coming years across Africa and SAARC markets.

We have maintained a razor-sharp focus on building and driving our core asset-light EPC business by systematically expanding our operations in B&F and

infrastructure segments. The prime objective of adopting this strategy was to ensure lean operations and concentrate on what we do best. We are also pro-actively working to improve long-term operational viability of our Road BOOT assets through restructuring mechanisms.

Continued Focus on Digitalization and People Development

In the digital space, we are continuously evaluating various technologies that results in better project outcomes throughout the project life cycle. We are planning to integrate various digital technologies like analytics, digital dashboards, geo and aerial technologies, Artificial Intelligence (AI) etc. with our SAP ERP system to optimise and improve our processes and project monitoring.

We believe, a motivated workforce is the biggest differentiator for any organization and we aim to foster a diverse work culture that is inclusive and accommodating. We understand that our people are fundamental to our operational success. Therefore, we try to nurture a workplace that is engaging, rewards performances, is safe and encourages inclusion. The Company continued its focus on retention and development of talent, launching various training programs leveraging digitalization. We have also implemented Human Capital Management System to transform our HR practices and deployed best industry practices to effectively manage our human resource.

Outlook

Ensuring the safety and well-being of our employees and their families was our highest priority. We enabled work from home as soon as lockdown was announced and I commend our project execution teams that started construction

works as soon as lockdown conditions were relaxed. We are also grateful to our clients who continue to support us in the midst of such challenging times.

Although the external environment presents a slightly worrisome picture, due to the outbreak of Covid-19, we are confident and prepared to handle these uncertainties.

Infrastructure development has always been a crucial driver of economic growth. The government has continuously focused on the country's infrastructure development. The report of National Infrastructure Pipeline Task Force estimates total infrastructure investment of ₹ 111 Trillion during the period 2020-25. This along with several other development plans augurs well and provides significant growth opportunities for civil construction EPC companies.

JMC will continue to take measures to improve its competitiveness and strengthen its capabilities. Our strategy will focus on prudence, profitable growth and operational excellence.

In conclusion, I would sincerely thank our customers, the board, the management and most importantly, the dedicated employees for their consistent support and commitment to JMC.

Regards

Shailendra Kumar Tripathi

CEO and Deputy Managing Director

Our Priorities - Poised for Growth

Transforming the way we deliver our projects remains at the core of our strategic priorities to position ourselves for future growth and ensure enhanced returns. Over the past few years, we have made good progress across all segments.

Going forward, we seek to embrace new technologies, adopt more digitisation for project delivery, build a strong and diversified order book and grow margins to capitalise on emerging opportunities across India and the global EPC market. With strategic objectives to deliver exceptional results, our emphasis lies on improving our operational and financial performance. Moreover, we strive to maximize our efforts to extend our consideration towards safety, environment, social and people development.

Improving Efficiency through Digital Platforms

With an aim to ensure efficiency in our project delivery, we have designed lean and integrated processes powered by technology and digital frameworks. We have taken various initiatives around digital dashboards and apps for monitoring construction progress. We are increasingly using drone and aerial solutions for project monitoring and surveys. GPS based solutions are being used to track movement of plant, machinery and vehicles. We have also developed web-based solutions for providing training to our employees at project locations. We are now planning to integrate various digital initiatives with our ERP SAP S4 HANA to enable real-time tracking and reconciliation of project progress and costs, along with optimisation of asset utilisation in plants, machinery and equipment. At JMC, the shared goal is to systematically exploit the opportunities

that digitalization offers, with an aim to continuously increase efficiency, raise execution quality, control cost

and improve project controlling mechanisms.

