



“KNR Constructions Limited
Q1 FY2021 Earnings Conference Call”

August 19, 2020



MANAGEMENT: **MR. VAIKUNTANATHAN - VICE PRESIDENT FINANCE
KNR CONSTRUCTIONS LIMITED**
**MR. K. JALANDHAR REDDY - EXECUTIVE DIRECTOR
- KNR CONSTRUCTIONS LIMITED**
**MR. VENKATRAM RAO – GENERAL MANAGER KNR
CONSTRUCTIONS LIMITED**
**MR. CHINTAPATLA RAMANAIAH – SENIOR VICE
PRESIDENT - KNR CONSTRUCTIONS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to KNR Constructions Limited Q1 FY2021 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 Mr. S. Vaikuntanathan, Vice President Finance KNR Constructions Limited. Thank you and over to you Sir!

S. Vaikuntanathan: Good afternoon friends. I welcome you all on our earnings call for the quarter ended June 30, 2020. Along with me, I have Mr. K Jalandhar Reddy, Executive Director, K Venkatram Rao, General Manager, Finance and Accounts and Strategic Growth Advisors, our Investor Relations Advisors and our Senior VP, Mr.V N Ramana

Let me begin by giving you all brief on the key industry updates and then we will discuss the company’s performance. In the post COVID-19 period, infrastructure is one of the few sectors that is likely to do well going ahead. The thrust to jump start the economy would have to come from government driven expenditure considering that private investment consumption led demand and the exports are all likely to remain weak.

Construction of infrastructure could enable resumption of capital goods production, provide employment opportunities and revive private sector confidence. Rs.111 trillion national infrastructure pipeline built on infrastructure vision 2025 was announced in the pre-COVID period in December 2019.

The NIP integrated infrastructure projects with the goal of becoming US \$5 trillion economy and improve overall quality of life. In the post-COVID-19 world the success of NIP will be dependent on the human capital, innovative funding model and greater technological integration. This would not only provide a timely stimulus for turning the tide on industrial activities as well as improve national competitiveness.

National Highway Authority of India has digitally transferred itself moving to online project management work flow and adopting advanced analytics. India’s target of becoming US \$5 trillion economy rests on the completion of critical infrastructure under NIP. As a part of NIP, the annual expenditure for FY2021 was envisaged at Rs.19.5 trillion and a similar number for FY2022 as well.

Given the sudden shock to the economy and the results and the resultant recessionary pressures there is likely to be a strong reprioritization of resources. Capex from the state government is

expected to decline and that is from central government to increase. Government has been currently prioritizing projects based on three parameters firstly those projects whose preparatory work is over and commencing the same could be done effortlessly, secondly for those projects where either the land is readily available or have achieved financial closure, and thus commencement of execution would be relatively easier and finally for those projects which would help improve economic productivity leading to growth.

The ongoing pandemic forced the industry to press the pause button. The unprecedented crisis has also presented us with an opportunity to revisit how we conceive, design, regulate, build and operate physical infrastructure in our country. In post-COVID, reprioritization and strong implementation, building infrastructure holds the key to reviving the economy and getting back on the growth agenda.

Coming to NHAI awarding, amid the lockdown, there was a lull in awarding of projects by NHAI in the months of April and May 2020, which has picked up in June 2020. NHAI orders in the current bidding stage are worth Rs.50,000 Crores that is 50% in HAM and 50% in EPC. Till July, NHAI has awarded projects of about 460 kilometers against annual target of 4500 kilometer for FY2021 vis-à-vis its target of 3,211 kilometer in financial year 2020.

NHAI has restarted awarding of BOT projects after about three years. Construction across National Highway is picking up. It rebounded to 637 kilometer in May from just 210 kilometer in April. But the key construction months were lost in lockdown and labor migration continues to have. Normalcy returned only after the monsoon. Overall, the construction industry is bracing for 10% to 13% decline in highway construction on year this fiscal.

Now coming to Toll operations. The COVID-19 pandemic induced lockdowns had virtually halted movement of people and goods in April and May but curbs are being lifted. According to a recent CRISIL report, the traffic on national highways is bouncing back with electronic toll collections reaching nearly 75% of pre-COVID lockdown level with the lifting of curbs. The overall ramp up of in toll collection has been faster than initially envisaged. The trends are encouraging so far and sustained for more than two months indicating that it is not only due to pent up demand.

Now coming to the key updates of the company. During the quarter, we have achieved financial closure of our Palani HAM project that is Oddanchatram to Madathukulam on May 22, 2020 and with this all five HAM projects have achieved financial closure. Of these five HAM projects, four projects have received appointed date and constructions activities have already started. The percentage physical of progress as on June 30, 2020 for these four HAM projects is as follows:

Chittoor to Mallavaram is 57.6%, Ramsanpalle to Mangloor 51.5%, Trichy to Kallagam 43%, Magadi to Somwarpeth is 9.30%.

We expect to see the appointed date for Palani HAM project by first week of September. The total equity requirement for all the five HAM projects is 624.28 Crores of which we have already invested 223.49 Crores as on June 30, 2020. The balance equity will be invested over a period of three years with the investment of Rs.250 Crores in balance period of FY2021, Rs.110 Crores in FY2022 and remaining 40.79 Crores in FY2023. You can refer slide number 22 of our investor presentation for details on each HAM projects.

Our deal to diversify three HAM projects that is Trichy to Kallagam, Chittoor to Mallavaram and Ramsanpalle to Mangaloor is on track. As per the agreement, we will completely sell these three HAM projects after COD plus two years, which will help us to free up our equity for new projects.

Our discussion with Cube for sale of 100% stake in KNR Walayar Tollways Private Limited for an enterprise value of Rs. 529 Crores are in the final stage of negotiation. We expect to close the transaction and receive the money within the next couple of months.

The toll collection on BOT toll project has been impacted for 19 days in the month of April 2020, as the toll collection resumed from April 20, as per the direction of NHAI. Post the resumption of total collection of April 20, 2020, the average collection per day were severely impacted due to continuing nationwide lockdown. The toll collection for our Walayar project was Rs. 7 Crores for Q1 FY2021 whereas for our Bihar project, i.e. Muzaffarpur-Barauni project, the collection has been Rs. 10.25 Crores. We have invoked force majeure clause as per the concession agreement and are in discussion with NHAI for eligible compensation.

Coming to the project execution, the execution of our EPC as well as HAM projects were impacted in the initial days of lockdown. Once the lockdown restrictions were eased, we saw a gradual improvement in pace of execution at all our project sites. Currently the execution has been slowed due to ongoing monsoon season. However, based on the labor and raw material availability, we see our project execution gradually moving towards optimum level by next quarter barring any further disruptions.

Coming to an order book position. As on June 30, 2020, we have an order book of Rs. 7,209 Crores of which irrigation project constitutes 54% and balance 46% is roads EPC and captive HAM projects. Client wise, 69% of our order book is from third party clients and balance 31% is from captive HAM projects. Our third-party order book or non-captive order book which accounts 69% of the total order book is skewed between state government contracts with 45% whereas 5% is from Central Government and the balance 19% of order book is from other private players. Our order book as on June 30, 2020 does not include EPC component of Palani HAM Project, as we have not yet received the appointed date. Including the EPC component of Palani project, which is 640 Crores, our order book would be Rs.7,849 Crores. Based on our shortlisted projects and the bidding pipeline for the current financial year, we are targeting a further order inflow of around 2,000 Crores this financial year.

Now, I would request Mr. K. Venkatram Rao, our GM to present the results for the quarter ended June 30, 2020.

Venkatram Rao:

Thank you Sir. I hope that you have gone through our results and the presentation that we have circulated and uploaded on our website. I would now present the standalone results for the quarter ended June 30, 2020.

The total revenue for the quarter grew by 3% to Rs.479 Crores in Q1 FY2020 from Rs.465 Crores in Q1 FY2020. Our EBITDA for Q1 FY2021 grew by 5% to Rs.94 Crores as compared to Rs.90 Crores in Q1 FY2020. The EBITDA margin saw a moderate growth of 30 basis points to 19.7% in Q1 FY2021. Net profit for the quarter was Rs.40 Crores as compared to Rs.48 Crores largely due to higher effective rate of tax for Q1 FY2021.

A quick summary for consolidated performance is as follows; the Q1 FY2021 consolidated revenue stood at Rs.523 Crores as compared to Rs.531 Crores in Q1 FY2020. Consolidated EBITDA for Q1 FY2021 was Rs. 130 Crores as compared to Rs.116 Crores in Q1 FY2020 year-on-year growth of 12%. EBITDA margin grew by 310 basis points to 24.9% from 21.8% in Q1 FY2020, Net profit stood at Rs. 42 Crores as compared to Rs. 45 Crores a year earlier.

With this, we now open the floor for question and answer.

Moderator:

Thank you very much Sir! Ladies and gentlemen, we will now begin the question and answer session. We have a first question from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar:

Good evening Sir. Congratulation on good set of numbers. While the execution for Q1 was pretty good, I was trying to figure out how the execution has ramped up in June and July and how the same is going to pan out in next 7 months to 8 months. And on the irrigation whatever orders you got in the Q1 have you started execution of those projects?

K. Jalandhar Reddy:

Q2 part is concerned the execution is little bit geared up but due to rains and all and as you know this is rainy season and lockdown is there; but however, the one good is news that we are able to bring back some part of labors from Bihar, Jharkhand and from UP. So, I think this is good news that they started coming, in another one month to two months around 80% to 85% of the people will be present on the site and then we will be able to do quite a good job in coming I cannot say but this quarter is almost delivering good figures but definitely we will do quite better in Q3 at least I can assure about 80% efficiency in Q3 and if at all there is a vaccine and things are on line and then we will try to achieve the 100% execution.

Mohit Kumar:

100%, 80% is it number compared to last year?

K. Jalandhar Reddy: No, efficiency on the site is different from the figure what I talk is different because these main thing is that the labour are spread in the various areas like C area and bar bending, scaffolding and most of that migrant labor are employed in this, there we have around today if you speak about around 60% of the strength of what we require at present. So, going forward if it is another one month to two months if we are able to improve it by 80%-85% then that is going to be in order. Again if it comes to the truck operator of the equipment and all there also 60% to 65% from the local areas but 40% to 45% from migrant people only, so there also we have some strategies, so the equipment is also now put in place so I mean to say existing in the company, And you have asked about irrigation new project, really it has done mobilization and recently its agreement got over, so definitely we can start in upcoming one month or two months' time. As you know that the loan tying up between the banks are under progress, so as per department resources that within two months they are going to conclude the bank deal then after that we are asked to start.

Mohit Kumar: Sir, one last question, what is status for land acquisition of Oddanchatram-Madathukulam whether they are planning, so what is the status and when expenditure pointed out there to be provided?

K. Jalandhar Reddy: It is almost 72% by August 15. As I was there on August 15 in Tamil Nadu itself and 72% it is there. Now another 8% is expected to be by this month end. So, month end if we are able to deliver I think have been told that CALA has been deposited with the amount and now they are issuing the cheques also, so I think 80% if it is coming by this month end, we have to take the appointed date by this month end itself.

Mohit Kumar: Understood Sir, thank you and best of luck.

Moderator: Thank you. We have next question from the line of Akash Damani from Edelweiss Financial Services. Please go ahead.

Akash Damani: Sir, my first question is on the new irrigation project, what sort of EBITDA margins are we expecting compared to our road construction projects?

K. Jalandhar Reddy: Actually, the irrigation has around 18% to 20% EBITDA margin but you know that payments are also little bit delayed, so really it is working out between 16% and 17%, sometimes even below 16%-15% also. It depends on how would they pay.

Akash Damani: Sir, what is the increment capex expected to be incurred for these new irrigation project?

S. Vaikuntanathan: Right now whatever the equipment we have that we would like to utilize and I think this year I mean to say up to January, we may not have to incur much capex on this but as you know that pump house project is involved in that, so certain cranes and certain equipment which are required they need to be procured in the month of January and really the figures are right now not

with me but we will come out with the figures. The design of the pump house is not finalized, so we are unable to assess on the equipment assessment.

Akash Damani: Okay and if you could give us an update on status of receivables from Telangana government as of today or as of now?

K. Jalandhar Reddy: Around 540 Crores is outstanding as of now. Recently they are doing the process of paying it. I think our bill is admitted by department and it is entered in the system for the payment queue. They say that in another couple of weeks we shall be paid. They really pay within a week, but I am saying couple of weeks because it happens sometimes.

Akash Damani: Okay but we did not receive anything this quarter, right?

K. Jalandhar Reddy: No, after February we have not received because actually the payments were lined up and budgets were made by the state government, because of this COVID, lot of diversion of funds that has happened for COVID management, so it has been delayed.

Akash Damani: Thanks Sir. That is it from my side. Thank you.

Moderator: Thank you. We have next question from the line of Kalpit Narverkar from Allianz Global Investors. Please go ahead.

Kalpit Narverkar: Congratulation on a good set of result, I had one question. In the last earnings call, you had mentioned that NHAI ordering might gain some traction in July-August, so has that come through and what is the sort of orders prospects that you see, are you in the L1 bidders in any of the orders recently?

K. Jalandhar Reddy: Frankly speaking we have submitted almost 7 tenders whose result is about to come out in this month end or first week of next month and we are in process of submitting another two to three bids in this month and seven to eight bids in the month of September.

Kalpit Narverkar: Sir, what would be the cumulative order value?

K. Jalandhar Reddy: Actually, each bid is around 1500 Crores, 1200 Crores. Each size is different.. Three, four are there with ticket size of 500 Crores, 600 Crores also.

Kalpit Narverkar: Considering the number of bids that you made, Rs. 2000 Crores target for this year seems achievable, right? And are you primarily targeting roads now?

K. Jalandhar Reddy: Of course. What is happening is that all HAM projects which are undertaken by us almost three HAM projects were in progress during the last year, they are all falling above 60%-50% levels, so hopefully by March, we would be completing that and going for CODs on those one, so now

we are eager to acquire three more projects of about Rs. 1000 Crores. Right now that is the target what we have.

Kalpiti Narverkar: In these new orders that are targeting, has the competitive scenario within this NHAI orders has it changed, any material change in that front, has the number of bidders increased or anything or people are bidding more aggressively or anything of that sort?

K. Jalandhar Reddy: Yes, more of aggression is there now and number of bidders also have gone up and there is a new comer who has entered.

Kalpiti Narverkar: Thank you. That is it from my side.

Moderator: Thank you. We have next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: First of all, congratulation on good set of numbers. Coming to this tenders that we are talking, so you said seven tenders that are yet to be opened, so is there any HAM project out of that that we have bid and yet to open?

K. Jalandhar Reddy: Yes, HAM projects only, I think we have submitted three Kerala tenders and some state government tenders are there, Tamil Nadu state government tenders are there and one more Tamil Nadu HAM project is there.

Shravan Shah: Okay and all this would be Rs. 1,000+ Crores each?

K. Jalandhar Reddy: Two projects of Tamil Nadu state government are around Rs. 500 Crores size, and five projects are above Rs. 1,000 Crores.

Shravan Shah: Okay and is there any change in terms of terms and condition in this Tamil Nadu state HAM project?

K. Jalandhar Reddy: Utility shifting is also as a part of contract, earlier they use to give us as the separate contract but now they made it as part of contract. So, even that utility shifting becomes debt equity part.

Shravan Shah: Okay and in 40-60 EPC HAM that ratio is the same and O&M also you need to bid separate O&M or O&M is linked to the PPP?

K. Jalandhar Reddy: Everything is as same as earlier contract. There is no big change but there is a new document, which is going to come up. I think we have been asked to present our advisors and a meeting can happen in any time. The NHBF has given us the instructions to place any observation, any change that we want to have, If it is meaningful they want us to present to them. We also being part of National Highways Builders Federation, we will also try to participate in the meeting, which is held by the ministry.

- Shravan Shah:** So, this is primarily for the bank rate, the difference right now which bank rate has come down, so to monetize our further assets., Is that the main focus that we will be pushing our thought or what other suggestions that you would be?
- K. Jalandhar Reddy:** Exactly
- Shravan Shah:** Sir, I need some couple of balance sheet numbers in terms of mobilization advance and retention money and gross debt and cash?
- Venkatram Rao:** Mobilization advance is Rs. 102 crores , what we have received from the client and retention money receivables is Rs. 163 Crores and gross debt as of June 30, on standalone basis, it is Rs.334 Crores and consolidated debt is Rs. 1,048 Crores.
- Shravan Shah:** Okay and have we received any of the release of the bank guarantee related to the whatever the changes the government has done in terms of the performance, whatever we have done?
- K. Jalandhar Reddy:** Certain projects have been released. Like in Hubli they have released the retention money bank guarantee in the ratio whatever we have completed the work and many other places also they are in a process of releasing.
- Shravan Shah:** Okay, and in Kerala project we are expecting next two month to three months the deal would be done. Is that our expectations?
- K. Jalandhar Reddy:** Yes, the solid negotiations that are happening because of the COVID there had been certain impact which they are bringing on to the screen and whose detail calculations and detail understanding is being done. I think we are in an edge of closing these issues so, I think another in couple of months we can expect these deals to go through. But right now, it is very premature to say anything but still we have hope around 90% we are going with this.
- Shravan Shah:** That is it from my side. I have couple of more questions I will be in queue. Thank you and all the best.
- Moderator:** Thank you. We have next question from the line of Nitin Dharmawat from Aurum Capital. Please go ahead.
- Nitin Dharmawat:** Thank you for the opportunity. Couple of questions you mentioned about payments from the Telangana government. I wanted to know about NHAI what is the situation - are we receiving the payments or there are some delays over there? If so how much is the delay if you can provide some details about that and second is about the consolidated debt, what is the consolidated debt now?
- Venkatram Rao:** Consolidated debt is Rs.1,048 Crores as of June 30, 2020 and as far as payment from the NHAI is concerned there is no issue - the payment is prompt. And recently under Atmanirbhar package

- NHAI is told that whatever the grants to be received they will give on monthly instalment basis. So on that basis we have for Tirumala project and Trichy project we got **grant on proportionate basis** only. So, as far as NHAI is concerned there is no delay in payments.
- Nitin Dharmawat:** Wonderful. Thank you so much. If I have any additional questions I will come in the queue.
- Moderator:** Thank you. We have the next question from the line of Venkatesh Balasubramanian from Tokyo Marine Asset Management. Please go ahead.
- Venkatesh B:** You mentioned that you are expecting around Rs. 2,000 Crores of orders in the remaining nine months of the year. Can you please tell us what was the order into the first quarter in the current year?
- Venkatram Rao:** These two irrigation projects we got in the current year, so Rs.2300 Crores of order has added in this Q1 and balance nine months we are expecting some Rs.2000 Crores of orders.
- Venkatesh B:** Okay, did I just hear you are already L1 in Rs.2000 Crores of orders?
- Venkatram Rao:** No, we are targeting to achieve Rs.2000 Crores order in next nine months.
- Venkatesh B:** Okay, fine. Now, given that the biggest problem quarter which was the first quarter when you had the lockdown problem and now you have some visibility and how things are panning out in the monsoons and you are expecting that by the start of the third quarter 85% of the labor would be back in action. What kind of revenues and margins can you do for the full year?
- K. Jalandhar Reddy:** Sir, actually it depends on what we can get out of new irrigation projects, which we have received. The major thing what we have is around Rs.2500 Crores worth of contracts., If we are able to do quite a good numbers from these two projects definitely we will come to a good conclusion whatever the projections which we have given. I think we will try to touch last year numbers and do better also. But the main thing is now we have been asked to hold down these projects because the loan processing between state government and the irrigation department or government of Telangana is being under progress. So, we have been asked to stop the projects for two months so if they give us permission to progress, I think at least Rs.300 Crores- Rs.400 Cores we would like to execute out of these project also which is an add on or otherwise we touch the last year figure it will be a great thing for us, that is what I mean to say.
- Venkatesh B:** Basically what you have communicating is you should definitely do Rs.2,250 Crores kind of numbers but it could be another Rs.200 Crores-Rs.300 Crores depending on how the execution on the irrigation projects go?
- K. Jalandhar Reddy:** Yes, somewhere around like that. If in Q2 if we are able to do better, then things are okay. We are also facing certain problems, say to that what is happening in Tamil Nadu if they are finding COVID positive they are doing the lockdown at projects site for 15 days. Certain areas they are

reacting very weirdly. I can say that due to that we may have little bit ifs and buts but we will try to boost the execution.

Venkatesh B: Okay, and what about margins I mean last year margins were extremely high at 21.7%, so will we come close to that number or you are expecting some kind of contraction in the current year?

K. Jalandhar Reddy: Depends actually what is happening., Now the diesel prices are steeply gone up and steel prices, cement prices are also not under control so here it is quite difficult to say. In the last year bitumen, diesel, steel, cement prices and all other prices were in control that time, we could achieve those figures. But here we can't commit same old figures.

Venkatesh B: What was your cash flow from operations in the first quarter of the current year and how much was it in the first quarter of last year?

Venkatram Rao: Sir, this detail we will work out and we will give you separately.

Venkatesh B: Thank you very much.

Moderator: Thank you. We have next question from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

Vibhor Singhal: Thanks for taking my question Sir. Congratulations on great set of numbers. Sir, few questions from my side. I do not know if you have mentioned this in your opening remarks maybe I missed that. So, as we are standing today in the mid of August what would be our total execution level in terms of let us say what percentage of capacity are we executing at this point of time and also what would be the labor availability across the sites on an average for the company?

K. Jalandhar Reddy: In irrigation projects at least we have say around 90% strength for the day shift but night shift is completely off because the truck operators and excavator operators all were absent. But I think as the irrigation projects are concerned, we are able to achieve around 70% efficiency Then if you go to the highway segment we have around 60 project efficiency. The labor are also around 55% to 60% because the laborer who are there during lockdown period and for three months they have left and new laborer have come. So the old labor were replaced by new labor and by this month end we are likely to receive few more laborers in each project site. So, we are arranging separate buses because they should not interact with the public transportation and the end up getting the COVID and then they spoil the entire environment at the project site. So, we are taking utmost care to bring them here. Even after that they are taking time and are hesitant to come at some places and all that but still we are able to manage, around 55% to 60% labor strength now. Also because of the rainy season the efficiency is also falling, otherwise it is okay.

Vibhor Singhal: Sure, Sir. Secondly Sir, on the balance sheet side as we still have around Rs.500 Crores of receivable from Telangana government and we also saw that in this quarter our debt has

increased around Rs.120 Crores. So, do you see that because of maybe as you mentioned that some payment delays from government body the debt might go up further in this year or do you think the debt will come down in the next two to three quarters?

Venkatram Rao: Out of debt of around Rs.330 Crores what is in one off the disbursement in SPV that we got in the first week of July of around Rs.125 Crores. So, if you see debt as on today it is around is only Rs.230 Crores. One disbursement it got delayed so that is why debt was there in that quarter but definitely after receiving these receivables from the government of Telangana the debt is going to be further reduced.

Vibhor Singhal: So, you believe debt can come down from current levels by March next year?

Venkatram Rao: Definitely based on this payments cycle from the government of Telangana.

Vibhor Singhal: Sir, my last question is basically on the order book and our strategy going ahead. So, in the last two years I mean because of the recent four irrigation orders that we have won we have now 54% of the order book is almost in the irrigation now. Now, that you are also bidding for around 15 projects in the road segment. So, going forward do you want to maintain this 50:50 kind of a ratio in the order book or do you think that this irrigation just happened to come altogether and that is why we got a booster and we will continue to focus only on road segment as our primary segment?

K. Jalandhar Reddy: Actually as you said it is right because now the projects are there and we could win the project means our bids were successful and thankfully we got these projects. Actually the main problem in Telangana project is they do not give you any mobilization advance. So, more than 50%-70% of the bidders who are not willing to come because okay there is payment problem. There are not even giving the advance so people are not showing the interest. That is why I think we are able to have some good margin and then we are exposing ourselves to a little bit risk. But, going forward there are not ample projects that are available. But with this experience if at all the rivers interlinking program is being taken up by central government or different states definitely we are there in a right place with the experience to do the work. and so we will not go against the hope the highway for to leave out because that is our basic business.

Vibhor Singhal: Great to hear that. Thank you so much for taking up questions and wish you all the best.

Moderator: Thank you. We have next question from the line of Priyankar Biswas from Nomura. Please go ahead.

Priyankar Biswas: Good afternoon Sir. Again coming back to this irrigation project now as you had highlighted that these are state government projects and of course payment issues are there as well. So, what do you expect working capital levels to be going forward and what is the status of the financial closure for this projects?, Are the banks willing to come forward, have the government

departments at this juncture as we speak have enough money to actually go forward with the payments. So, how do you see the situation?

K. Jalandhar Reddy: As far as working capital level is concerned we are really geared up but due to delay in Telangana project of course I can say that we have some issues. But frankly speaking the margins are also good so we are likely to continue working on it and because of this COVID only this much delay is there. Otherwise we are not expecting much delay on this. However, we have taken certain small loans and we are paying them back also and moreover only Telangana state has this problem but none other states has any other problem. We are working in Tamil Nadu, Karnataka and we have no issues so. As for working capital is concerned, we should not be facing any problem at least for this year. I think if outstanding amount of around Rs.500 Crores plus which is outstanding from Telangana government is paid by this month end, we will be comfortably running the show without any hassle.

Priyankar Biswas: But Sir, for the other states projects like let us say the Karnataka- so there is an element of multilateral funding like the KSHIP project is ADB funded but in this case there is no such elements right?

K. Jalandhar Reddy: Actually for the new order which we got we are trying to tie up banks and state government to come to an agreement for loans. So, there should not be any problem. The ongoing work in KP Sagar is completed when it comes to the Mallanna Sagar. Mallanna Sagar is almost 50%-55% is completed now. I think by this October, November end we will be completing the project. As for outstanding they have promised to pay by this couple of weeks, so I think that there will not be any problem. The left ones will be on the Vattem project. Vattem project is also on the progress but we will watch and go on it because if we are starting new project entire equipments have to be diverted there and we will have a right to stop that project for some time unless they arrange the payment.

Priyankar Biswas: So, let us say the financial tie up takes up bit longer then you would not risk your working capital so may be you can slow down the execution then if the understanding correct?

K. Jalandhar Reddy: Yes, actually what happens if this loan is tied up for these pump house project and the canal project then I can divert my equipment and do some work here so that I can get the payment and that Palamuru Lift Irrigation it is belongs to that Vattem project belongs to that Palamuru Lift Irrigation. So, Palamuru project they are not giving much importance, but they asked us to do the work since the Vattem project is under priority. So, it will not be any problem. After COVID I think we will not have problems..

Priyankar Biswas: That is all from my side. Thank you.

Moderator: Thank you. We have next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.

- Ravi Naredi:** Thank you very much. Sir, any new more claim to be received in near future in next three months from NHAI?
- K. Jalandhar Reddy:** Actually the claims are under process. I cannot say right now but there some settlements are going on with NHAI and KNR. There we may get certain claims in this year but cannot say when we will get.
- Ravi Naredi:** Sir we already so two toll roads Walayar or Muzaffarpur-Barauni again that you are telling say the deal will be final this year so I could not understand what is going on?
- K. Jalandhar Reddy:** For Walayar Vadakkanchery project we are in discussion with Cube Highways and final negotiations between both the parties is under progress. But, because of the COVID there has been certain impact leading to rise in project insurance cost. There has been certain matters which they have put forward, so all these we are under discussion and if we are able to close this I think in a couple of months we will be able to sell the project.
- Ravi Naredi:** But it is only Walayar only not Muzaffarpur-Barauni right?
- K. Jalandhar Reddy:** Walayar only, the Muzaffarpur-Barauni project has got augmentation issue in coming three to five years. I really cannot say when it is going to happen. But there is augmentation issue so of the buyers are yet to get interested to come forward because soon after they will land into augmentation and the valuations and all they are not sure of.it, And the time period left is very small for that which is the problem.
- Ravi Naredi:** Thank you very much.
- Moderator:** Thank you. We have next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good evening Sir. Thanks for taking my question and congratulations on good set of numbers. Sir, my first question would be on the order backlog break up for the irrigation project we have around Rs.3,870 Crores of irrigation projects. Can you please give us breakup of the order backlog and like KP Sagar, Yedula, Palamuru, the two irrigation projects and the recently won two projects if you can just give us break up of order backlog?
- K Venkatram Rao** Yes, for KP Sagar it is Rs.84 Crores, for Yedula it is Rs.12 Crores and for Mallanna Sagar it is Rs.518 Crores, for Vattem it is Rs.847 Crores.
- Jiten Rushi:** One JV project is also there?
- K. VenkatRam:** For JV project it is Rs.77 Crores
- Jiten Rushi:** And balance is for the two new projects?

- K. Venkatram:** Yes, Rs.1,600 Crores and Rs.695 Crores.
- Jiten Rushi:** Last time you said Rs.417 Crores?
- K. Venkatram:** Yes Sir, actually initially we thought only 60% work we will execute but now we have discussed with the JVs and now entire 100% portion we are executing
- Jiten Rushi:** Sir, if we see about Telangana so, Telangana I think we have not booked any revenue this quarter looking at the order backlog. So, what is the unbilled portion and the outstanding receivable portion from Telangana I think it should be more than Rs.540 Crores, right Sir?
- K. Venkatram:** The total receivables actually from the Telangana government as of June it is Rs.526 Crores and after that we have done some work, but which is not certified, that is around Rs.180 Crores. So, put together if you see around Rs.680 Crores is the receivables plus work certified and work done but not billed as on date.
- Jiten Rushi:** Sir, just Rs.680 Crores includes receivable of how much?
- K. Venkatram:** Receivables of Rs.127 Crores
- Jiten Rushi:** And balance is unbilled revenue?
- K. Venkatram:** Yes, unbilled revenue is Rs.440 Crores, and around Rs.180 Crores of the work done but not certified
- Jiten Rushi:** Not certified. So, that is a big number actually?
- K. Venkatram:** Yes
- Jiten Rushi:** Sir, can you give the retention money, cash and bank balance, receivables as of June and on total unbilled revenue as on June Sir?
- K. Venkatram:** This retention money is Rs.163 Crores actually, and cash balance is of around Rs.16 Crores as of June 30.
- Jiten Rushi:** And unbilled total?
- K. Venkatram:** Total unbilled is Rs.441 Crores, majorly from is irrigation segment
- Jiten Rushi:** So unbilled is majorly from total irrigation only nothing from other projects?
- K. Venkatram:** Yes, majorly the unbilled portion from irrigation only because balance HAM projects and road projects where we have done the work, there is no unbilled portion..

- Jiten Rushi:** In terms of execution, Reddy Sir was saying that we can do Rs.200 Crores to Rs.300 Crores of execution from the newer irrigation projects. So, that is something which you are talking about this year, if at all the financial tie up happens on time. Or else if financial tie up does not happen then we will be not able to book for Rs.200 Crores to Rs.300 Crores revenue from two irrigation projects this year. Right Sir, is the understanding correct Sir?
- K. Venkatram:** Yes, correct
- Jiten Rushi:** Are we looking to for any additional borrowings because now we are looking the invest into equity if you win more HAM projects and looking at the Telangana situation if at all the payments can get delayed, though we hope that it should come on time. So will debt levels go up in next couple of months or next quarter?
- Venkatram Rao:** Actually we are not really expecting debt level to go up because whatever are the receivables we have to receive from government of Telangana, for that we are pushing hard and we expect that at least within one month or this quarter we should receive the money. And other than this, the Cube deal is also under final discussions. So, we expect that when these two events will happen, then whatever the equity requirements of around Rs.250 Crores in this balance period will suffice. So, we are really not seeing any debt level to rise in the balance sheet.
- Jiten Rushi:** Sir, on the depreciation what is the run rate expected because this quarter the depreciation was down steeply sequentially. So, what could be run rate expected Sir, depreciation because usually for irrigation work have higher depreciation in terms of execution?
- Venkatram Rao:** Right now we have around Rs.75 Crores of net block in the irrigation projects only and this year we are not expecting any capital additions. There may be around Rs.100 Crores or Rs.120 Crores will be the capex for this year and Q1 we have incurred only Rs.15 Crores of the capex. So, this year we expect that depreciation could be in the range of around Rs.40 Crores per quarter. Around Rs.150 Crores to Rs.160 Crores will be the maximum depreciation for this year.
- Jiten Rushi:** Sir, Rs.100 Crores to Rs.120 Crores capex you said for Road Project, the new projects are with you?
- Venkatram Rao:** For Road projects and even some irrigation projects where we have to buy some cranes . all put together. We are not going to increase much capex in this year.
- Jiten Rushi:** Okay Sir, this Rs.75 Crores what is the gross block for that Sir?
- Venkatram Rao:** Gross block is around Rs.300 Crores.
- Jiten Rushi:** Rs.75 Crores is net block and Rs.300 Crores gross block. Okay Sir, that is it from my side and all the best.

- Moderator:** Thank you. We have next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir, congratulations on very good set of numbers. Sir, my question is this quarter what was the irrigation revenue in the mix?
- Venkatram Rao:** Around Rs.108 Crores in this quarter.
- Parikshit Kandpal:** What was the revenue in June-2019 quarter on irrigation?
- Venkatram Rao:** In June 2019 quarter, it was around Rs.57 Crores.
- S. Vaikuntanathan:** This quarter we did around 23% and corresponding to last quarter it was only 13% of revenue.
- Parikshit Kandpal:** Still I am not able to understand because with 50%-55% labor you have been able to surpass last years number and even if I say irrigation is not a major contributor. So when you are saying that 80% labor when it becomes available in next couple of months which will be at an efficiency of 80-85%. So, can you explain why despite in almost one and a half month of operations we start we were able to surpass last years of revenue despite the irrigation not contributing a very big amount?
- K. Jalandhar Reddy:** What happened as you see that old orders have been already completed. So there is no revenue from that Pollachi-Coimbatore and then Coimbatore fly over which was not completed and then the irrigation project also, two of them are already completed.
- Parikshit Kandpal:** Your execution despite one and half months of operation being shut is more than last years execution and even when I was trying to see the mix of irrigation and roads, so the irrigation contribution which has gone up by Rs.50 Crores, I understand that has not that meaningfully gone up despite having higher labor. On roads, the labors were less, still we have been able to do very good number on roads. How is the execution much better than last year, I am trying to understand that?
- K. Jalandhar Reddy:** The figures have come up means either the number of orders are increased one thing and few projects which have got completed in the last quarter, whose revenue were unbooked or unbilled and certain miscellaneous items which were not billed because of non-completion, all that got billed., For Pollachi-Coimbatore project, in last bill we got quite a good sum. So, two or three projects which were completed in last quarter have contributed to good revenues.
- Venkatram Rao:** In GHMC work, we did around Rs.40 Crores in this quarter. We had not envisaged, we are going to do this much of work in this quarter due to lockdown and no traffic. State government had pushed hard and almost Rs.40 Crores of work we did in one quarter itself. So this has contributed actually a lot which we had not expected..

- Parikshit Kandpal:** My second question is you said that the debtors, is Rs.127 Crores, unbilled is Rs.441 Crores and work in progress is Rs.180 Crores right?
- Venkatram Rao:** That is Rs.180 Crores. That is up to up to July end.
- Parikshit Kandpal:** In debtors out of Rs.127 Crores how much will be NHAI debtors and how much will be NHAI unbilled amount out of Rs.441 Crores?
- Venkatram Rao:** Out of Rs.475 Crores of debtors as of June 30, 2020, Rs.127 Crores debtors are related to the irrigation and balance Rs. 348 debtors are from non-irrigation. So out of Rs.348 Crores, around Rs.200 Crores is the debtors from Tirumala. We actually got around Rs. 125 Crores in the first week of July. So out of Rs.348 Crores, Rs.200 Crores debt is pertaining to project Tirumala and some other SPV like Somwarpeth and others. So out of Rs.348 Crores we received around Rs.180 Crores in the first week of July. So, right now as of other than irrigation, actually there is no much challenges in debtors..
- Parikshit Kandpal:** Irrigation is totally Rs.750 Crores of exposure on the balance sheet as of now, so Rs.127 Crores.
- Venkatram Rao:** Around Rs.680 Crores receivables as of date
- Parikshit Kandpal:** Reddy Sir said that we are expecting in a couple of weeks' time how much of payment against the Rs. 680 Crores?
- K. Jalandhar Reddy:** Around Rs.440 Crores.
- Parikshit Kandpal:** Recently, Andhra Pradesh CM Mr. Jagan Mohan Reddy has said that he is now looking to restart all the stuck projects and making some payments to the contractors, for the stuck project. Even I think on the irrigation side they were looking to revive some of the projects where the central government has asked Telangana to make a DPR for the time being and stop the projects on irrigation. So, I would say starting how do you view the opportunity of the order intake or the bid opportunity in Andhra Pradesh because still now we have stayed away from the state projects in AP. So we have NHAI projects there, we have bid there but I wanted to know how do you see that AP ordering opportunity panning out for you, whether you will bid for those projects?
- K. Jalandhar Reddy:** In AP, we would like to bid but at what margins we bid that is to be decided. Definitely I would like to go for bidding this time but I would like to also factor in the delays of payments there. So that is one of my concern, otherwise we are open to do it.
- Parikshit Kandpal:** But, the central government has told Telangana government to stop irrigation projects and prepare and give a DPR and then look at proceeding. Will it impact any of our projects in Telangana?

K. Jalandhar Reddy: These people are again started fighting back. There has been dispute between Telangana and Andhra Pradesh state for water, so these all force central government to take such step but we have asked them whether is it going to impact our ongoing projects They said you go on with the existing project. Sp we do not have any problem on that.

Parikshit Kandpal: Just lastly on the Cube deal Sir. I know it is necessary to quantify, so will it come down by 10% or 20% - so how much of discount we will be passing over, any approximate range you can give?

K. Jalandhar Reddy: It is premature to say anything but I think they were coming for negotiations in two to three areas., There is one area that there is a sudden increase in the project insurance an maintenance cost insurance.. Second thing is that there was a revenue shortage during the COVID period and lockdown period, which they want to talk about so that proper calculation are undertaken. So we are also open if it is really a loss rather I will have to continue with those losses. So whatever the losses which are there, that we would like to properly calculate and take the impact of that in our books and then leave the project. So that is under the stage of discussion.

Parikshit Kandpal: Okay but intent is to exit the project, our intent to move out of the project and take the money?

K. Jalandhar Reddy: Yes Sir, we are positive towards that. If they are very unreasonable, we cannot do anything. ut if they are reasonable enough then we will be okay to go with that.

Parikshit Kandpal: Thank you. That is all from my side.

Moderator: Thank you. We have next question from the line of Alok Deora from YES Securities. Please go ahead.

Alok Deora: Congratulations on great set of numbers. Just couple of questions, one is Sir the debtor days has been rising since the last several quarters and now we have taken some more irrigation projects so where do we see this heading because you are also mentioning that debtor level is quite challenging while we are getting higher margins but where do we see the debtor position ending up?

K. Jalandhar Reddy: Before this COVID things were almost okay. There were delays but not more than 90 days delays earlier. But due to COVID actually the funds have got diverted, so definitely there are disruptions in Telangana government payments. And except this I think everything is in order. We have submitted up to last month bills and whatever we have submitted they are ready to pay in couple of weeks, so I think it should be okay, I do not think this will get further worsen - so that is what we are expecting. The new projects, which are already tied up with the banks and it is only the documentation has to be happen between the state government and the bank.

Alok Deora: Have we received any payment post June like in this one and half months?

- K. Jalandhar Reddy:** No, actually last payment was done during February and in March we were supposed to be paid quite a good sum, but the COVID has ruined our situation.
- Alok Deora:** Yes, because of the changing mix I think the debtor days has been rising
- K. Jalandhar Reddy:** Yes, actually in our track record we never had such situation but this time we are facing this.
- Alok Deora:** So, one more question, so what is the competitive intensity on the road EPC segment, how do you see that shaping up?
- K. Jalandhar Reddy:** For road EPC, there are very less number of tenders which have been announced. In every bid has around 15 to 16 bidders. So the intensity is quite high.
- Alok Deora:** We had participated in some of these?
- K. Jalandhar Reddy:** Generally we tried participating. We have participated in one or two EPC bids and that to certain areas like the Gujarat and Expressways because it is highly crowded, but our cost was not working, a. We thought we will not win the bid and that is why we have stopped that but we would like to bid in all upcoming projects in MP, Maharashtra and even for Expressway.
- Alok Deora:** That is all from my side. Thank you so much.
- Moderator:** Thank you. We have next question from the line of Rohit Natarajan from Antique Stock Broking. Please go ahead.
- Rohit Natarajan:** Thank you for this opportunity. Congratulations on this good numbers. Sir, my first question is to understand the labor availability in the road projects because what I am given to understand is you have close to 3,000 laborers at site and out of that maybe close to 80% is actually machine and remaining 20% is where the migrant labors situation comes into play. So 80% is not an issue for you, ideally you should have 80% worker availability but the figures that you are talking about is 60% labor availability so I am just trying to reconcile what that number looks like and how is the laborers basically be there?
- K. Jalandhar Reddy:** I was saying that 60% labor is available as of today. We have received new set of laborers but the old set of labor which was about 30% to 40% of total laborers who were there working at the project sites during the lockdown period have left, once these new laborers came. So there has been some plus and minus and that why it has fallen to 60% level, otherwise as you said it could have gone up to 80% also. But I think must be having in first week of September good set of labor numbers at sites. We have been organizing, about 200-250 members by this month end itself So definitely if they come then the things are going to improve. We are even organizing almost seven to eight buses for them. And if this thing is successful and further if we do another attempt, definitely we should be having enough laborers on site.

- Rohit Natarajan:** Sure Sir. My second question is more to do with fund availability at the Telangana government, there are certain news where CM KCR has said that funds should be consolidated and immediate priority is to do the works on Palamuru-Ranga Reddy, Seetamma Sagar and Farakka Barrage. So Kaleshwaram Lift Irrigation is not in the picture, is that the way we should read it?
- K. Jalandhar Reddy:** Really we are not understanding about this political set of statements. But we have been asked to work and we are working and as long as we are paid we are okay with doing it. But as you know the new set of projects which we have received, we have been asked to stop for two months-three months unless that loan tie up is done between state government and banks. So maybe they have cited that reason only but nothing else they have said.
- Rohit Natarajan:** Sure Sir. That is it from my side. Thank you.
- Moderator:** Thank you. We have next question from the line of Vinod Modi from Reliance Securities. Please go ahead.
- Vinod Modi:** Thank you for the opportunity. My question basically pertains to your margin . You said in your statement that it would be challenging for you in terms of maintaining last year EBITDA margins especially with fact that you are saying because of sharp rise in cement, bitumen as well as other input costs. It would be difficult for you to last year's of margin maintain, so does it essentially mean that these irrigation projects do not carry any sort of pass through?
- K. Jalandhar Reddy:** Everything has a pass through but when it comes to WPI, the component of cement and steel is very less. And if there is a rise in cement about Rs. 1000 a ton it gets reflected only Rs. 400 or something - so around 60% is off from the escalated prices. So, that is where we have impact. Even for steel the case is the same. There was POL and all they multiply with 10% but in fact they are incurring about say some time in 12% to 15% we are clocking so the differential we will be losing.
- Vinod Modi:** Okay, got it. So, essentially the cement prices which affect the loss because I understand cement takes a lot in terms of consumption for its irrigation project. So I think prices of movement of cement prices matters a lot for the margin - that is what you wanted to say compared to other inputs?
- K. Jalandhar Reddy:** I am really not worried much on the state government projects. I am really worried for National Highway project because the revenue contribution from National Highway is almost 60%. So there I will have issues and as WPI problems will also come up there.
- Vinod Modi:** With the kind of irrigation projects that you have added in recent months or so of course your capex would be significantly higher in FY2022 if not in FY2021. So can you give me broad ballpark number for this capex for FY2022, it would be helpful?

K. Jalandhar Reddy: Major capex has to be done on the irrigation projects which is pump house project. So that pump house project designs have not come up. So we are in the process of getting the designs approved. And then once the designs are in place then definitely what size of cranes we will be requiring, what size of gantry we will be requiring, what sort of railing equipment we will be requiring are going to be decided. And we would also be requiring telescopic booms. At So these requirements only gets finalized once we get the designs. So definitely we are waiting for that to happen and pump house project is a very prestigious project for us. So we do not have complete details with us to workout and tell you that figure.

Vinod Modi: Okay. Got it. Thank you.

Moderator: Thank you. We have next question from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Thank you for taking my question. Most of my questions have already been answered just two if I may. One was I think over the last two quarters what we have seen is essentially for our hybrid annuity projects - for instance in this quarter for Chittoor-Mallavaram our estimated equity number has gone up and grant is down by similar number. And I think we saw this with Ramsanpalle to Mangalore as well. So what could explain this, I mean lowering of grant and equity going up. Secondly related to this would be essentially when Cube invest money assuming you let them invest money. I understand you do not want them to invest money now because you want to have your IRRs in place but if they were to invest the money for 49% would that 49% would be calculated on new raised equity or it will be still the old equity numbers that you had given us at the time of that deal?

Venkatram Rao: What happened in Tirumala project, the same thing has happened in Ramsanpalle also. This project has been funded by HDFC Bank and after that they have downsold to a different lender. One of the lenders' condition was that they would not consider a project inflation multiples in the source of finance. So what they told that actually whatever inflation portion on the grant should be excluded and it will be passed through the EPC contractor. So corresponding we have reduced the grant and increased the equity component and now whatever the inflation is coming from the NHAI it will be passed through the EPC contractor. So there will be small change in the financial model. But what we did with that actually there is no change because now whatever the inflation is coming it is passed through the EPC contractor. That is one and second aspect in respect of the Cube - where the three projects we are in the process of selling. That sale will happen on COD date but we have already formalized the valuation method. So we will plugin this figure there and we will arrive at the value. So as of now because we have done the valuation based on the old model and real valuation depends upon the balance completion cost that we will arrive only on the COD date. So once on the COD date we will plugin these figures and we will come out with the valuation.

- Prem Khurana:** Okay and second question is this quarter the tax rate is almost 30% odd so what could be the number for the full year?
- Venkatram Rao:** Sir, because this quarter 80IA project contributed only 12% in our revenue and balance 88% is from the non-80AI project. And future I think this trend will go up. So this year we may end with this same around effective tax rate of 30%.. This year we will utilize the MAT credit entirely and go to new tax regime.
- Prem Khurana:** Sure. Thank you.
- Moderator:** Thank you. We have next question from the line of Vijay Kumar from Spark Capital. Please go ahead.
- Vijay Kumar:** I was referring to your opening remarks where you sounded positive on governments capex in infra space increasing. So I am asking whether there is any concrete evidence from your interaction with Ministry of Roads or Ministry of Finance or with NHAI that indicates that this likely to happen or is it only hope?
- K. Jalandhar Reddy:** Right now it is a hope and we ourselves believe that the incremental on infrastructure sector is going to fetch overall the scenario and the revenue completion and employment generation everything could happen so we want to give good thrust on that. So right now it is a hope. I am not able to interact with any of the officials because I am unable to go to Delhi because of this COVID.
- Vijay Kumar:** Understood. Sir, the other way of looking at it is of course NHAI does land acquisition every year and of course 30% of its expenditure every year goes into the land acquisition so whether that has again have picked up materially in the last one or two months, do you know anything like that?
- K. Jalandhar Reddy:** Actually they are pushing very hard for the land acquisition. There is a bit incremental progress is there in land acquisition, but I can say that it is not sufficient., NHAI is also now announcing the tenders after 80% of the land availability so things are slightly improving.
- Vijay Kumar:** Understood. So, what I am asking is these 4,500 kilometers of target for FY2021. So you are telling most of it would be tendered only with 80% land in possession. Is that the right way of understanding?
- K. Jalandhar Reddy:** Yes
- Vijay Kumar:** So, coming to this bank funding. So in the past bank financial closures have been big hindrance for timely execution for HAM projects. Again there too are you seeing any positive commentary and view from the banks that this year whenever projects are awarded it will be financially closed on time or is it going to be similar to earlier experience?

- K. Jalandhar Reddy:** I am hearing positive news for us but banks also have not increased their appetite is what I have heard. So they are also selective is what I have been told.
- Vijay Kumar:** Final question, you had mentioned that we had booked revenues related to projects which were completed last quarter and some miscellaneous income in this quarter, what would that number be?
- K. Jalandhar Reddy:** We will provide the same separately
- Vijay Kumar:** Okay Sir. Thank you.
- Moderator:** Thank you. So, ladies and gentlemen due to time constraint that was the last question. I would now like to hand the conference over to Mr. S Vaikuntanathan for closing comments. Please go ahead.
- S. Vaikuntanathan:** Thank you everyone for participation on earning call. In case of further queries, you may get in touch with Strategic Growth Advisors, our Investor Relations Advisors and feel free to get in touch with us. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen on behalf of KNR Constructions, that concludes this conference call. Thank you for joining with us. You may now disconnect your lines.