



KNR Constructions Limited.

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To, The Manager BSE Limited, P J Towers, Dalal Street, Fort, Mumbai – 400001 Scrip code: 532942	To, The Manager, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. Scrip Code: KNRCON
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Dear Sir/Madam,

Sub: Transcript of Earnings Call for Q2 FY-24 held on 15th November 2023

Ref: Reg. 30 of SEBI (LODR) Regulations, 2015

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we herewith submit to the Exchanges transcript of earnings call held on 15th November 2023.

This is for the information of the Exchange, please.

Thanking you,

Yours Truly,

For **KNR Constructions Limited**

Haritha Varanasi
Company Secretary



“KNR Constructions Limited
Q2 FY2024 Earnings Conference Call”

November 15, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 15th November 2023 will prevail



**MANAGEMENT: MR. S. VAIKUNTANATHAN – VICE PRESIDENT
(FINANCE) – KNR CONSTRUCTIONS LIMITED
MR. K. JALANDHAR REDDY – EXECUTIVE DIRECTOR -
KNR CONSTRUCTIONS LIMITED
MR. K VENKATA RAM RAO – GENERAL MANAGER
(FINANCE & ACCOUNTS) – KNR CONSTRUCTIONS
LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to KNR Constructions Limited's Q2 FY2024 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 "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. S. Vaikuntanathan, VP (Finance), KNR Constructions Limited. Thank you and over to you Sir!

S. Vaikuntanathan: Good afternoon and wishing everyone present on the call a very Happy Diwali and a prosperous new year. Thank you for joining us today on the call to discuss the financial results for Q2 FY2024. Along with me I have Mr. K. Jalandhar Reddy, Executive Director; Mr. K Venkata Ram, General Manager (Finance & Accounts), and Strategic Growth Advisors, our Investor Relation Advisors. We uploaded the results and investor presentation on the stock exchanges as well as on our company website. I hope everyone got an opportunity to go through it. We would like to touch upon a few key company updates and industry events post which we will have a question-and-answer session.

During the quarter we have achieved financial closure of three of our new NHAI HAM projects with a total bid cost of Rs.2005.30 Crores that is number one for Mysore to Kushalnagara HAM project Package 4 of NHAI declared September 27, 2023, as date of financial closure whereas for Package 4 September 21, 2023, has been declared as financial closure date by NHAI. For Marrisudi to Somvarappadu HAM project Package 13 NHAI has declared September 21, 2023, as financial closure date. Further, post closure of the quarter on October 12, 2023, NHAI has issued a provisional certificate of completion for our Magadi-Somwarpet HAM project which is executed by our SPV - KNR Somwarpet Project Infra Private Limited declaring June 27, 2023, as PCOD date. The project has achieved PCOD three days ahead of the revised schedule of completion date.

I would now like to share our perspectives on the significant industry developments. According to CRISIL Infrastructure Yearbook 2023, India's infrastructure spending is projected to double to Rs. 143 lakh Crores between 2024 and 2030 compared to amount spend from 2017 to 2023. This signifies the government's strong determination to enhance the nation's infrastructure and support economic growth through substantial investments in



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line with this estimate in FY2024 the target for highway construction has been increased to 13,800 km compared to 10,331 km constructed in FY2023. However active monsoon and ongoing challenges in timely obtaining vacant right of way i.e. ROW has caused a significant decline in highway construction during month of September with only 371 route kilometers being completed. NHAI has ambitious plans. Over the next three years NHAI aims to construct an average of 4500 kilometers of new highways annually. These projects will be monetized by a combination of InVIT and ToT model and this approach enabled NHAI attracting private sector participation and expertise. Industry sources indicate that the government plans to expedite the monetization of operational highways in the upcoming years aiming to raise approximately Rs.2 trillion funds by leveraging the value of existing highway assets, the government aims to unlock capital for further infrastructure development including a sustained investment flow. NHAI is expected to play a crucial part in achieving this target awarding new projects worth over 1.5 lakh Crores before the end of current financial year. Notably NHAI has already taken proactive steps by floating bids for projects worth Rs. 90,000 Crores. Contrary to the estimate stated earlier there is a slowdown in awarding activities. An ambitious target of 12,500 kilometers of new highways is set for FY2024 by MoRTH, NHAI, and NHIDCL. NHAI is poised for meeting half of the set target. This raises concern about meeting the set target and calls for a closer examination of the factors contributing to the subdued activity. Stakeholders will be closely monitoring the situation and looking for strategies to revitalize the awarding process to ensure the timely development of our highway infrastructure. There is a shift in project timelines for bidding EPC and HAM projects. The bidding is delayed and pushed to second half of the fiscal year. In a further development not only have many new highway projects have been shifted from first half to second half of FY2024 but even the bid due dates for several projects originally set for October 2023 have been postponed to November and beyond. This delay in bid due dates raises concern about the overall timeline of further project execution and completion. It suggests that there may be additional factors at play further complicating the awarding and initiation of this project. The industry recognizes the significance of timely resolution of land acquisition as it plays a pivotal role in expediting project execution. By addressing these issues promptly, the government can create a favorable environment for the bidding process and subsequent construction activities. Industry experts remain optimistic that the government authorities will swiftly resolve land acquisition and other pertinent issues thereby making funds available for bidding and construction of proposed new projects. This proactive approach is crucial to achieving the ambitious highway awarding project of 12,500 kilometers before the end of the fiscal year. According to the ICRA report, the anticipated moderation in toll collection growth for FY2024 ranging from 6% to 9% primarily attributed to the softening of Wholesale price



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index that is WPI. Looking ahead to FY2025 we expect the toll collection growth to maintain a steady pace of 6% to 8%.

Now coming to the key update to the company, the percentage of physical progress as of September 2023 for HAM project is as follows: Magadi-Somwarpet 78%, Oddanchatram-Madathukulam is 97%, Ramanattukara-Valancherry is 45%, Valancherry-Kappirikad is 49%, and Chittor-Thatchur is 30%. During the quarter the execution is primarily driven by HAM projects. As of September 30, 2023, the company has already invested Rs.457 Crores out of 992 Crores revised equity acquirement for all the eight HAM projects. The additional equity requirements of 535 Crores will be infused Rs.95 Crores from 311 Crores and 65 Crores and 64 Crores for FY2024, FY2025, FY2026 and FY2027 respectively. You can refer to the slide #27 of the investor presentation for details on each HAM project.

The toll collection for Bihar projects is Muzaffarpur-Barauni in Q2 FY2024 is Rs.9.43 Crores and for H1 FY2024 it is Rs. 21.12 Crores. As mentioned earlier we have received financial closure KNR Ramatheertham Infra Private Limited, KNR Sriranganatha Infra Private Limited, and KNR Kaveri Infra Private Limited. We expect the appointment date for this to be received during Q4 FY2024. India rating and research has maintained its outlook for KNR Constructions, the rating of IND AA stable for long term bank facilities and IND A1 for short term bank facilities. This rating indicates a stable outlook for KNR's credit work in the long run reflecting strong ability to meet its financial obligations.

Now coming to the order book position, as of September 30, 2023, the company has an outstanding order book position of Rs.5,673.2 Crores it comprises of EPC road projects and HAM projects which is around 72% of the total order book while irrigation project comprised of remaining 28%. When broken down by the clients 55% order is from third party clients and balance 45% is from captive HAM projects. The third-party order book on our noncaptive order book accounts for around 55% of the total order book position. The percentage is skewed between state government contracts at 41% and 12% for central government and balance 2% of book is from other projects. The addition of three new HAM projects, the order book position will be Rs.7,453 Crores which comprises of 79% from road project and rest 21% from irrigation. The current order book position remains healthy and provides a clear visibility of execution over the period of next two years. Under the Bharatmala projects a robust project pipeline and completed DPR, detail project report should expedite the projects awarding activity in future. The company is targeting an order inflow of Rs.3,000 to 4,000 Crores for the balance of FY2024. We have been actively pursuing diversification in our operations recognizing a paramount importance in ensuring resilience and sustained growth. Diversification is not merely a strategic choice it is a



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commitment to the future. Our company is resolutely engaged in seeking out lucrative opportunities in new geographies and unconventional project types such as tunnels, railways, irrigation and in other states on metro development. This deliberate effort aims to not only navigate the present challenges but also to position ourselves advantageously for the future. I will request Mr. K Venkata Ram Rao, our GM to present the results for the quarter ended September 30, 2023. Over to Mr. Venkata Ram Rao!

K Venkata Ram Rao: Thank you Sir. Let me take you through the Q2 FY2024 and H1 FY2024 standalone financial performance followed by the consolidated highlights.

Before delving into number I would like to highlight that Q2 FY2023 and H1 FY2023 include receipt of the bonus from one of the HAM projects for amount of Rs.7.26 Crores and share of revenue from two of its joint ventures from amount of Rs.24.61 Crores on account of sale of its arbitration claims and therefore the performance on year-to-year basis is not comparable. I will start with quarterly highlight first. The revenue for the quarter grew by 11% year-on-year to Rs.941 Crores. EBITDA for Q2 FY2024 was Rs.166 Crores as compared to Rs.189 Crores in Q2 FY2023. EBITDA margin in Q2 FY2024 stood at 17.7%. Net profit for the quarter was Rs.99.9 Crores as compared to Rs.107.6 Crores in Q2 FY2023.

Now coming to H1 FY2024 highlights, revenue for H1 FY2024 grew by 8% year-on-year to Rs.1871 Crores. EBITDA for H1 FY2024 was Rs.339 Crores as compared to Rs.354 Crores in H1 FY2023. EBITDA margin in H1 FY2024 stood at 18.1%. Net profit for H1 FY2024 was Rs.210.1 Crores as compared to Rs.208.4 Crores in H1 FY2023.

Now coming to consolidated financial performance, I will start with the quarterly highlight first. The company recorded year-on-year growth of 8% in the total revenue to Rs.1038 Crores in Q2 FY2024. EBITDA came in at Rs.232 Crores in Q2 FY2024 as compared to Rs.263 Crores in Q2 FY2023. EBITDA margin in the current quarter stood at 22.3%. Profit after tax stood at Rs.143 Crores in Q2 FY2024 vis-à-vis Rs.99 Crores in Q2 FY2023.

Moving on to H1 FY2024 highlights, the revenue for H1 FY2024 grew by 4% year-on-year to Rs.2019 Crores. EBITDA for H1 FY2024 was Rs.447 Crores as compared to Rs.475 Crores in H1 FY2023. EBITDA margin in H1 FY2024 stood at 22.2%. Net profit for H1 FY2024 was Rs.276 Crores as compared to Rs.189 Crores in H1 FY2023.

Now moving on to standalone balance sheet, the company continued to maintain its strong balance sheet. The working capital days stood at 65 days compared to 62 days in June 2023. The consolidated date as of September 30, 2023, is 734 Crores as compared to 611 Crores



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as of March 31, 2023. The debt-to-equity on consolidated basis as of September 30, 2023, stands at 0.24 times as compared to 0.22 times in March 2023. With this we can open the floor for question and answer. Over to you!

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shравan Shah from Dolat Capital. Please go ahead.

Shравan Shah:

Thank you Sir. Relatively a better performance so congratulations on that. Sir now first the important things on the order inflow, so till last quarter we were looking at Rs.4,000 Crores to Rs.5,000 Crores, I understand there is a slowdown from the NHAI side so two, three aspects first is there any projects where we are L1, second in Rs.3,000 Crores to Rs.4,000 Crores that additionally we are looking at how much are we looking at from the NHAI and is there any state projects particularly MSRDC or where we are looking at and also the new segments whether it is a metro or any other so that is one and how much of the value of projects that we have already bided and where the outcome is yet to come?

K. Jalandhar Reddy:

Our inflow from NHAI is completely getting postponed as we are well aware about that. So we were targeting about say Rs.4,000 Crores plus this year to be added. Last quarter was entirely a rainy season and actually this month also November I am sure it does not rain, 50% of November it has rained; now we are getting clear weather so we hopefully do better in coming days but would like to answer that order inflow. We are sourcing all the orders which are coming from railway. We have started joint venture for tunneling projects with Patel Engineering limited and a few of the projects with NTC we are participating in JV just to make ourselves comfortable to return to new sector. So, in railways now we are starting our bid as well we are planning in tunneling projects which are coming from northeast part of India, Himachal all that places the tunneling projects have come up, so we are also focusing those, and we will now even look at the mining projects also which we have on the pipeline. We want to bid now, so when making alignments discussions are going on with JV partners also for that and certain certificate and in a new format, we have to take certificate. So, in some places in the mining projects, we are ourselves directly qualified. So, we are trying all these factors and then the railway bid also has got postponed. We are seeing some postponement. So hopefully there should be some clarity between February and March because after that is going to be election time. So, I think before election time they will call up much more tenders and they will go for election saying that this many projects we want to do, and we are doing like that. So, the political scenario which we are trying to observe and as of now what we heard from the various departments, so this time we were not ourselves expected to irrigation, not only for irrigation and highways we are



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even focusing on separate other projects like that. For the time being we are even participating in many other sectors.

Shravan Shah: Got it Sir. So just to further delve on that so two, three aspects first how many value of projects we have participated and where bid is yet to open?

K. Jalandhar Reddy: Four projects in irrigation in Telangana and they are yet to open. Two of them are open, but I think two of them we are L1 but because of the political scenario we do not know what is going to happen.

K Venkata Ram Rao: As the company policy on receipt of LOA only we will inform to stock exchange so that is why we have not informed but in two projects we are L1 actually what the information we got from the department.

Shravan Shah: So only two projects we are L1 and the rest we are not so apart from that any other projects that we have bided and yet the outcome has not come?

K. Jalandhar Reddy: None.

Shravan Shah: Let us assume that Rs.3000 Crores to Rs. 4,000 Crores that we are looking at to add this year in terms of the new orders and assume let us say we get Rs.1,000 Crores or Rs.2,000 Crores in terms of how we will be compensating the same in the next year, so then the next year are we confident that we will be able to get much higher order inflow to compensate whatever the shortfall is there for this year?

K. Jalandhar Reddy: It should be because NHAI has got very big robust pipeline that is there. No doubt initially there should be a lot of aggression also which we are expecting, but going forward little bit things will be normalized in the second, third quarter of next year, second quarter at least.

Shravan Shah: Apart from NHAI has mentioned that Rs.90,000 Crores bids is already there and Reddy Sir you have mentioned that you are looking at mining projects, tunneling projects, railway, So any broader value in terms of how much value of projects that are we planning to bid by end of March apart from the road sector?

K. Jalandhar Reddy: Andhra Pradesh we had three projects one is Rs.350 Crores and another one is around Rs.1,350 Crores there is a tunnel in that railway project and other one which we are trying in Odisha is about Rs.1,100 Crores or it is Rs.950 Crores I am not very sure about it that is from railways and there have been many projects about Rs.12,000 Crores in a tenure of around 12 years. So those pockets are there and apart from that irrigation we are even



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looking at a lot of projects from various states like Maharashtra and Karnataka, there are two, three bids only in Karnataka which we are focusing and most of them we are focusing from Jharkhand even for UP, also there are projects in Madhya Pradesh.

Shravan Shah: Sir these Rs.12,000 Crores mining projects that we will be bidding in JV, so 50:50 JV and this is in which state, Sir?

K. Jalandhar Reddy: Jharkhand.

Shravan Shah: Jharkhand. So, this will be 50:50 JV?

K. Jalandhar Reddy: Actually, Sir that is what I said. We were trying to take the certificate in the format that they require. So, we were successfully able to take the formatted certificate. I think we are directly qualified there.

Shravan Shah: Sorry Sir just for clarification we will be bidding solely and not through the JV for mining projects?

K. Jalandhar Reddy: The wording which they asked is transporting word they use. Obviously due to the earth work we have done transporting, so they think the certificate as they ask, we need to take it from the department. We are now trying. If we are unsuccessful in taking that we will probably go with JV.

Shravan Shah: Sir I just wanted to clarify on the guidance front broadly so I understand this time in terms of the margin may be slightly lower, but from the third quarter again we will come back to 19% to 20% kind of EBITDA margin and the revenue guidance what we have talked Rs.4,000 Crores will it be slightly higher Rs.4,100 Crores to Rs.4,200 Crores possible in this year?

K. Jalandhar Reddy: Yes, quite possible Sir, but we are facing little bit rainy problems in the areas otherwise we would have done much, much better than that. We will try our best. We are even trying towards it.

Shravan Shah: On the EBITDA margin front from the third quarter will it come back again to 19.5% to 20% kind of a number for at least two quarters?

K. Jalandhar Reddy: Margins because of extended rains and all they are coming down because the overheads are going up and turnovers are coming down. So due to that, that impact will be there Sir, 3% impact will be there and nowadays the new orders which we are going to start that Mysuru



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two projects and that Guntur one project they have little bit lesser margins than what we have expected earlier, so little bit decline is there Sir that we have to accept.

Shravan Shah: Thank you and all the best Sir.

Moderator: Thank you very much. The next question is from the line of Niteen S Dharmawat from Aurum Capital. Please go ahead.

Niteen S Dharmawat: Thank you for the opportunity. Sir as you mentioned that there is a slowdown in awarding the project and our order book has also come down now to Rs.5,600 odd Crores versus Rs.6,200 Crores and during last quarter you mentioned that we are expecting some projects to be awarded, but looks like there is some delay over there so what is the way forward over here in this quarter, what is the visibility about the award of new projects and what is the order book that we are targeting now?

K. Jalandhar Reddy: We are targeting about Rs.4,500 Crores plus only we are targeting. As I earlier said in various sectors like railways and irrigation, NHAI, highway projects, irrigation projects all put together, so this is going to be okay for us. Even mining we are even trying in this. So hopefully we get the orders what we require in this year Sir.

Niteen S Dharmawat: During this year or during this quarter?

K. Jalandhar Reddy: Actually, it seems to be a little bit difficult for this quarter Sir because all the tenders are getting postponed, and I think they are lining up for the pre-election thing only. We will have to wait for pre-election rally.

Niteen S Dharmawat: I understand and the revenue guidance that we have provided, we are maintaining that as of now?

K. Jalandhar Reddy: Yes, we are maintaining.

Niteen S Dharmawat: Got it. Thank you so much and wishing all the best.

Moderator: Thank you. The next question is from the line of Ashish Shah from JM Financial. Please go ahead.

Ashish Shah: Good afternoon, Sir. Sir first thing is you can just come again on that railways part because the voice was not clear one could not make out. So, we said that we have already bid for



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these railway projects or that is something that we are planning to do can you clarify that Sir?

K. Jalandhar Reddy: Railways project the time is extended actually otherwise it would have been done in the last month 24th now it has gone to this month 24th.

Ashish Shah: Right and these are what these are line doubling, line tripling kind of projects or these are total composite scope?

K. Jalandhar Reddy: This is tunnel and other structure work.

Ashish Shah: What is the total value of these contracts which we have bid for, and we are awaiting opening of the tenders?

K. Jalandhar Reddy: Some irrigation projects are there Sir that is all. Three irrigation projects we have put on bid. I think all are open, out of two bids we are standing L1 I think but LOI is not issued, and we do not know because of the election scenario here.

Ashish Shah: I was asking in railways what was the total value of the contracts which we have bid for?

K Venkata Ram Rao: No, we are supposed to bid actually.

Ashish Shah: Supposed to bid and not yet bid but what would be the approximately value what we are planning to bid?

K Venkata Ram Rao: All put together around Rs.3,000 Crores.

Ashish Shah: Around Rs.3,000 Crores worth of projects. Sir secondly on the irrigation side in Telangana, so if you can just help with remaining order value for some of the major projects, we have like the Palamuru and the two packages of Kaleshwaram what would be the outstanding order book of these projects?

K Venkata Ram Rao: Sir for package 4 officially it is Rs.850 Crores, our package three actually it is Rs.493 Crores and Vettam is Rs,132 Crores, Mallanna Sagar is Rs.56 Crores, all put together is around Rs.1,594 Crores irrigation project.

Ashish Shah: Right and Sir in this particularly package four, so because this is the pump irrigation, so do we have now the visibility to continue with the residual value because I think what is left now is largely the value of the pumps that we need to install, the earth work, etc., may have



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been done, so any visibility that we have on progressing with the remaining value? My question is that we have been waiting for this quarry to be emerged in the pump house package because it needs tie up from the financial institutions, so do we have enough visibility to proceed with this Rs.850 Crores residual value or we will still pause and see what happens?

K. Jalandhar Reddy: I think the election result is out by third of the upcoming month, so I think it is very near and within 20 days we will get to know what to do and all that, until such time we will continue to work on that project because almost project is completed about 50% and at this stage if you stop it also I do not think things will go in our favor.

Ashish Shah: Right and Sir we have opened the LCs for the pumps, have we already ordered out?

K. Jalandhar Reddy: I think most of the part has come, but the main pumps need to come. Main pumps I think we need to flow around another Rs.200 Crores to this thing that we will do only after the election.

Ashish Shah: Got it lastly is there any discussion for the monetization of the upcoming HAMs, the newer ones which we have in the portfolio or that is something which is going to take?

K. Jalandhar Reddy: It is in the discussion stage Sir. I think MoUs are on. I think right now some sort of clarifications and all and the final stages are all there to enter into MoU kind of thing.

Ashish Shah: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

Jiten Rushi: Good afternoon, Sir. Thank you for taking my question. Sir on the first question on the NHAI bid pipeline, so you highlighted almost Rs.90,000 Crores is the pipeline; in terms of value what are we going to bid for in the coming two to three months?

K. Jalandhar Reddy: Actually, the bids are there and plenty number it is there. We are now trying to focus more than Rs.800 Crores tender only because down below are likely to go at a bad price, which we have already experienced in the last tendering season. So definitely a little sensible bidding is likely to happen above Rs.800 Crores to Rs.1,000 Crores plus only. So definitely we are now focusing on those projects and certain projects which are just adjacent to the ongoing projects and on those we will be bidding even the below cost that being add-on



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thing will be. So those things will focus on the lesser price, but we will do about Rs.800 Crores plus only Sir.

Jiten Rushi: So, you will be bidding as you said some adjacent projects. So, what would be those value terms and how much you will be participating in south in terms of value out of these 800 Crores?

K. Jalandhar Reddy: Rs.800 crores is the limit which we are just telling and there are certain projects going around our quarry areas and there are around our interested areas or the adjacent projects where we are working those areas, there are some smaller projects also which we would like to focus on.

Jiten Rushi: What would be the value of those projects?

K. Jalandhar Reddy: Even the lesser price we would like to quote those areas and the new areas and all we are focusing above Rs.800 Crores.

Jiten Rushi: My question was like you said that you are focusing on specific areas where you have quarries and ongoing projects and offer interest, so can you give value of how many projects are in those areas and what is the value you are targeting in those areas?

K. Jalandhar Reddy: That I do not have it Sir, but I can share it later.

Jiten Rushi: Got it and Sir initially you said there are some projects of irrigation in AP, so those projects are already awarded that is what I understand. I think though Telangana projects awarded AP still the bids are yet to open am I right?

K. Jalandhar Reddy: Yes Sir.

Jiten Rushi: What would be the value Sir, you said?

K. Jalandhar Reddy: Rs.3,000 Crores.

Jiten Rushi: So, the AP irrigation is around Rs.3,000 Crores, this would get awarded when Sir you have already participated in the bid right and when and when is the tender going to open, Sir?

K. Jalandhar Reddy: I think two of them got opened, two of them we were L1 and post elections only we will get to know all the detail because during election the election code is there, soon after they open



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the tenders, they are likely to see LoI, now the election code has been announced so they stopped all that.

Jiten Rushi: During the first participant question, your voice was not clear so it was difficult to understand what you were trying to say, so I just wanted to understand like what is the project in which you have already participated and bids are yet to open, if you can just repeat, pardon that I could not hear you well, you said mining around Rs.12,000 Crores in Jharkhand and then some irrigation projects in various states you said but there was some other projects also which you highlighted in the first question so can you please highlight that if possible?

K. Jalandhar Reddy: If you look at that some railway projects which we had in our mine on which we are studying, big study is going on in Andhra Pradesh we have one tunneling project say Rs.1,350 Crores.

Jiten Rushi: Tunneling for railway.

K. Jalandhar Reddy: Tunnel with railway and formation all that is there in that. Apart from that we have some Rs.850 Crores project is also there but there is no tunnel over there but only formation, structures all that is there. We have project in Odisha about Rs.1,100 Crores I am not very sure Rs.1,050 Crores or Rs.1,100 Crores it should be around that.

Jiten Rushi: That is for railways that Rs.1,050 Crores for railways Odisha?

K. Jalandhar Reddy: Odisha and apart from that we were also focusing on some Jharkhand area. There is a mining bit about say Rs.12,000 Crores which is about 12 years' time, within 12 years' time we have to execute that. There I said my certificate which I have the experience according to their terminology. They use is that formation of rest by transporting it like that they have asked one wording to be added into our certificates. Now we are focused on our irrigation department and NHAI department because without transporting we have not done any network, so they say directly we are qualifying with that. If we do not get such qualification mean if they are not giving the certificates, then we can even go with the joint venture partner to start that. Apart from that we are also thinking of doing irrigation projects from Maharashtra, MP and some extent UP, some extent we have project in various areas like Telangana we have participated. Andhra Pradesh we are not participating we have not taken a single tender also as of now, but we would look at even Odisha also we are looking at.

Jiten Rushi: And Sir last thing from my side in terms of guidance. So for this year revenue you said around Rs.4,100 Crores -Rs.4,200 Crores is possible in EBITDA would be the steady state



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guidance which you will give but what will be the guidance for FY2025 in terms of revenue, order inflow because we expect the spillover of order inflows next year where we are not able to recoup this year where we are talking about Rs.5,000 Crores to Rs.6,000 Crores?

K. Jalandhar Reddy: See even if I do not get orders the balance order whatever leftover needs to be executed in the upcoming year only. So that to about say Rs.7,500 Crores balance is there but I think we can assure about 15% growth we can even take. If we add up new orders and by this we are able to work on it definitely we are going to do much better but Sir right now the figures are a little bit clumsy because I cannot imagine that this is going to come and I am planning it when its not yet come so that is not going to be a wise part on me that I can add and tell you let me try out that.

Jiten Rushi: That 15% steady state revenue growth we can assume for FY2025 and Sir capex guidance for 2024 and 2025 Sir?

K Venkata Ram Rao: For this year we did around Rs.60 Crores in the first six months, so we expect that it will be somewhere around Rs.100 Crores to Rs.120 Crores for this year and next year suppose we are getting new orders actually otherwise normal Rs.100 Crores to Rs.130 Crores will be there. If we are getting new orders in new sectors, then definitely requirement may go up.

Jiten Rushi: That is all from my side. Thank you and Sir wish you Happy Diwali to you and your team.

Moderator: Thank you. The next question is from the line of Vasudev from Nuvama. Please go ahead.

Vasudev: Thank you for the opportunity, Sir. Sir I just wanted to know that the pending equity requirement of Rs.535 Crores this is including the three projects where appointed date is pending or excluding those three projects?

K Venkata Ram Rao: That pending equity requirement what is happened for old five projects actually and that it will be supposed to put equity of Rs.732 Crores. We already put equity at Rs.456 Crores on that project and for this balance here we are going to put Rs.95 Crores in 2023-2024 and 2024-2025 we put around Rs.180 Crores and for new three HAM projects which we accept it may come in Q4 of this year, their equity requirement is Rs.258 Crores for that this year we do need to contribute anything but next year actually it is 2024-2025 maybe we need to require to put Rs.130 Crores and 2025-2026 around Rs.65 Crores and 2026-2027 balance Rs.55 Crores.



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- Vasudev:** That is helpful Sir and next question is if you can tell me how much is our pending receivables from the Telangana state government?
- K Venkata Ram Rao:** Sir pending receivables as of date actually including unbilled is around Rs.650 Crores are there.
- Vasudev:** Sir just one last question if you can give me the revenue split for the quarter between road and irrigation?
- K Venkata Ram Rao:** For this quarter actually irrigation contributed 24%, HAM contributed 47%, road EPC contributed 23% and back-to-back is 5%.
- Vasudev:** Sure, Sir that was helpful. That is, it from my side.
- Moderator:** Thank you. The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited. Please go ahead.
- Uttam Kumar Srimal:** Yes, Sir thanks for the opportunity and congratulations on good set of numbers. Sir my questions pertains to the competitive intensity currently so how do you see the competitive intensity panning out in both HAM and EPC projects moving ahead?
- K Venkata Ram Rao:** Sir actually as far as competitive intensity because you know for last six months actually NHAI has not awarded the project so really as of now there is nothing in place but what we expect that now NHAI they are coming on very lower side more project around Rs.600 Crores to Rs.800 Crores of projects they are coming so definitely on that project intensity will be very, very high so that is why we are targeting to quote more than Rs.800 Crores on the projects where we may expect that intensity may be little bit lower but definitely we have to see.
- Uttam Kumar Srimal:** Couple of data points what was our receivables, unbilled revenue and retention money this quarter?
- K Venkata Ram Rao:** Unbilled around Rs.665 Crores.
- Uttam Kumar Srimal:** Receivables and retention money?
- K Venkata Ram Rao:** Receivables as of September Rs.840 Crores and retention is Rs,210 Crores.
- Uttam Kumar Srimal:** That is all from my side and all the best to all of you.



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Moderator: Thank you. The next question is from the line of Ronald Siyoni from Sharekhan limited. Please go ahead.

Ronald Siyoni: Good afternoon, Sir. I had just one question regarding the other expenses like this quarter we had seen very high other expense so was there a one-off in this?

K Venkata Ram Rao: Sir in other expenses what has happened we have one project that KNR Tirumala that project has got the final completion certificate so on that project actually there was some descope actually in the overall project cost to the extent of around Rs.12.7 Crores so that has been charge up in this period actually that one-off is there. In this quarter actually we have subscribing a to electoral bonds one to the extent of 10 Crores so that is two one-off items are there in other expenses.

Ronald Siyoni: So approximately Rs.22-23 Crores one-offs are there so that the margins are subdued for Q2?

K Venkata Ram Rao: Yes, Sir correct.

Ronald Siyoni: Thank you very much and best of luck.

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

Shravan Shah: Hi Sir. Sir Kerala two HAM projects so how much now we are expecting to execute so both the outstanding order book is close to Rs.1,773 Crores so how much are we planning to execute in the second half, and will the remaining be executed in the FY2025 entirely?

K Venkata Ram Rao: Definitely this year we may execute around 50% actually in this project and balance 50% definitely in the next year so you can say Rs.800 Crores we are expecting before this financial year.

Shravan Shah: Got it and broadly if we look at in terms of the irrigation so in the second half how much one can look at the execution from the irrigation and how one can look at the FY2025?

K Venkata Ram Rao: Because irrigation outstanding book is as of now around Rs.1,600 Crores so we expect that around maybe Rs.400 Crores to Rs.450 Crores will be there in this next six months Sir and balance will be in the next actually.

Shravan Shah: So broadly the remaining Rs.1,200 odd Crores most of would be executed in FY2025?



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- K Venkata Ram Rao:** Yes correct.
- Shravan Shah:** Got it and in this monetization that we said that with the Cube it is at final stage so whenever we will be doing this bid so this will be four HAM projects and the cash that we will be getting that will be the entirely in FY2025 or that is some money that we can get in the FY2024 also?
- K Venkata Ram Rao:** Because one project the we have received PCOD so that project we may expect to complete in 2024 and other project because we have to complete the construction that project is going to complete in next year so that monetization will happen in next year only.
- Shravan Shah:** Got it Sir. Thank you.
- Moderator:** Thank you. The last question is from the line Nikhil Kanodia from HDFC Securities. Please go ahead.
- Nikhil Kanodia:** Good afternoon, Sir. Sir I believe that you said that the receivables from the Telangana government as on date is Rs.650 Crores so if you can give me the receivable amount as on September?
- K Venkata Ram Rao:** Generally, this we work out as on date but as of September receivables is Rs.118 Crores actually but unbilled, we will work out as on date actually, so September receivables is Rs.118 Crores.
- Nikhil Kanodia:** Telangana projects, right?
- K Venkata Ram Rao:** Yes, Telangana irrigation only.
- Nikhil Kanodia:** What is the cash that we would have received till date from those projects?
- K Venkata Ram Rao:** After that we received cash of around Rs.120 Crores and we have billed around Rs.140, total Rs.650 Crores is there as of date actually.
- Nikhil Kanodia:** Sir do you mind repeating in the sectors wherein you are looking to diversify since like we are not witnessing much on the road sector so which all sectors are you willing to diversify and what preference?
- K Venkata Ram Rao:** As our ED Sir told we are looking to diversify in the railway sector, in irrigation other than Telangana state and mining development and tunnel project, in tunnel project some project



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in railway actually tunneling projects are coming so we are looking in these sectors and metros also, so we are okay to do what are the construction-related activities actually in infrastructure space.

Nikhil Kanodia: Understood. Thank you for answering the questions and all the best Sir.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for the closing comments. Please go ahead Sir.

S. Vaikuntanathan: Thank you all for joining us on this call. Please reach out to our investor relations consultant, strategic growth advisors or us directly if you have any further queries. You can now close the call.

Moderator: Thank you. On behalf of KNR Constructions Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.