



## 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 Q4 FY-24 held on 30<sup>th</sup> May 2024**

**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 30<sup>th</sup> May 2024.

This is for the information of the Exchange, please.

Thanking you,  
Yours Truly,  
For **KNR Constructions Limited**

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“KNR Constructions Limited  
Q4 FY '24 Earnings Conference Call”  
May 30, 2024

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 30, 2024, will prevail.



**MANAGEMENT: MR. K. JALANDHAR REDDY – EXECUTIVE DIRECTOR –  
KNR CONSTRUCTIONS LIMITED  
MR. K. VENKATRAM RAO – GENERAL MANAGER,  
FINANCE AND ACCOUNTS – KNR CONSTRUCTIONS  
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RELATIONS ADVISORS – KNR CONSTRUCTIONS  
LIMITED**



**Moderator:** Ladies and gentlemen, good day and welcome to KNR Constructions Limited Q4 FY24 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 participants' 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. K. Venkatram Rao, GM, Finance & Accounts, KNR Constructions Ltd. Thank you and over to you, sir.

**K. Venkatram Rao:** Good afternoon. Thank you for joining us today on the call to discuss the financial results for Q4 FY24 and for the year 2024. Along with me, I have Mr. K. Jalandhar Reddy, Executive Director and Strategic Growth Advisors, our Investor Relations Advisors. We have uploaded results and the 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.

I would now like to share our perspective on significant industry development. In the fiscal year 2023-24, the Ministry of Road Transport and Highway achieved a milestone by constructing 12,349 km of national highways, marking the second-highest achievement in its history.

For the upcoming years, the momentum is likely to continue with MoRTH commitment to project completion and number of projects in the pipeline, and increased government funding. This is corroborated by the MoRTH's spend of around INR545 billion on highway construction in April 2024, which is 20% of its annual allocated capex.

For the year 2024-25, an industry research report predicts a 5-8% increase in road construction activity which translates to an estimated 13,000 km of new roads to be built. This is further backed by the 100 Days Plan, shared by the MoRTH. This plan is to be implemented after the incoming of the new government.

The plan also includes construction of over 1,700 km of the highway in the first three months post-election and award contracts for over 3,000 km of the project highway. This is indeed very motivating for the industry. For FY24, NHAI spent 99.98% of the revised capital expenditure allocation of INR2.6 trillion, whereas on the award from the Ministry was able to award a total of 8,551 km for FY23-24.

The road construction is one of the country's priorities. India's Road Secretary has unveiled plans to integrate an additional 6,000 km of high-speed highways into the country's road network.

These ambitious endeavours aim to enhance connectivity and improve transportation efficiency across the nation, benefiting both urban and remote areas. Monetisation continues to be important for both NHAI and MoRTH.

Both agencies have progressed well on this parameter. NHAI has exceeded expectations in FY24 by raising INR40,314 crores through various asset monetisation channels, surpassing the target of INR28,868 crores. Notably, NHAI's asset monetisation endeavours have now crossed INR1 trillion mark. Further, NHI has identified 33 highway stretches of a total of 2,741 km for monetisation in FY2025 and MoRTH has set a target of INR600 billion from the asset monetisation in FY25.

Now, coming to the key updates of the company, the percentage of fiscal progress as of March 31, 2024 for the HAM project is as under: Magadi to Somwarpet around 83%, Oddanchatram to Madathukulam around 99%, Ramanattukara to Valanchery approximately 73%, Valanchery to Kappirikkad approximately 75% and Chittor to Thatchur is 51%. As of March 31, 2024, the company has already invested INR488 crores out of INR992 crores revised equity requirement for the eight existing HAM assets.

The additional equity requirement for INR504 crores to be infused as INR350 crores, INR90 crores and INR64 crores for FY25, '26 and '27 respectively. You can refer to slide no. 28 of the investor presentation for the detail on each HAM project.

During the year Q4 FY24, the company received a claim amount of INR135 crores towards principal and INR109 crores towards interest, which were shown in the revenue and other income respectively. And the expenses related to such claim of INR27 crores and tax of INR54 crores also accounted as other expenses and current tax.

During Q4 FY24, the company has made a provision towards impairment of equity of INR55 crores and towards doubtful advance of INR32 crores and towards doubtful trade receivables of INR10 crores for one of its subsidiary companies i.e., KNR Muzaffarpur Barauni Tollway Private Limited as the toll collection of the project is not sufficient to recover the cost of the maintenance and the debt obligation, which were included in other expenses.

And the above two items were included in result for Q4 and that impacted result to that extent. In Q4 FY24, INR9.6 crores collected as toll for Bihar project for that Muzaffarpur-Barauni and for FY24, the total toll collection is INR41.3 crores.

The company received 10th February 2024 as the appointed date for the 6-laning of Marrisudi to Somvarappadu, which is a part of Bengaluru-Vijayawada Economic Corridor.

This project is the Greenfield Highway awarded by the NHAI on HAM model under Bharat Mala Pariyojana Phase-1 in the state of Andhra Pradesh. We are still awaiting the appointed date for 2 HAM project in the state of Karnataka namely, KNR Sriranganatha and KNR Kaveri Limited. The appointed date is yet to be declared.



Now, coming to the order book position, as of March 31, 2024, the company has a total order book position of INR5305 crores. This can be bifurcated as 60% for the EPC road project & HAM project and 19% the total order book is for irrigation project and balance 21% is for pipeline project. The client-wide bifurcation is 61% is order book from the third party and the balance 39% from the captive consumption. Out of 61% of order book of third party is skewed between state government contract of 50% where 9% from central government and balance 2% from other private player.

The order book includes the water supply project in 26 ULBs and sewerage project in 4 ULBs under AMRUT-II awarded by the Government of Telangana amounting to approximately INR1105 crores which is awarded during Q4 FY24. Key note, that this order book does not include contract aggregating to INR1200 crores as we have not received the appointed date for two HAM projects. If we include this, the order book will increase to INR6505 crores.

The current order book position remains stable and provides visibility of execution over around 1.5 years. We are optimistic for new project awarding activities after the results are out and the new government takes chair. The company is targeting an order inflow of INR2000-3000 crores during the next quarters and however the total order inflow for FY24 is targeting around INR5000-6000 crores.

The sustainable growth remains our priority and de-risking an essential part of our strategy. This provides a shield against potential downturn and unexpected events. We continue to explore new geographical and undertake unconventional projects like irrigation, metro, tunnelling, railway, mining, solar, etc. This move is not only to safeguard against any uncertainty, but also ensure a more stable and sustainable growth trajectory in the dynamic business landscape. As of now, the receivables from the Telangana government amount to roughly INR800 crores which include portion awaiting certification.

Now let me take you through the Q4 FY24 and FY24 standalone financial performance first followed by the consolidated financial highlights. I will start with quarterly highlights first. The revenue for the quarter has growth of around 12% year-on-year to INR1315 crores.

EBITDA for Q4 FY24 has a year-on-year growth to INR214 crores as compared to INR212 crores in Q4 FY23. EBITDA remain in Q4 FY24 is at 16.3%. Net profit for the quarter was INR198 crores vis-à-vis to INR129 crores in Q4 FY23. Now coming to FY24 highlights. The revenue for FY24 is INR4900 crores with growth by 9% year-on-year. EBITDA for FY24 witnessed degrowth of 3% to INR701 crores as compared to INRR722 crores in FY23.

EBITDA margin in FY24 stood at 17.1%. Net profit for FY24 was INR494 crores as compared to INR499 crores in FY23 which includes INR138 crores of exceptional profit booked during FY23 on account of sale of our HAM project. Now coming to the consolidated financial performance. I will start with quarterly highlights first. The company recorded a year-on-year growth of 14% in total revenue for INR1,245 crores in Q4 FY23 to INR1,410 crores in Q4 FY24. EBITDA came at INR375 crores in Q4 FY24 vis-à-vis INR246 crores in Q4 FY23.



EBITDA margin in the current quarter stood at 26.5%. Profit after tax stood at INR341 crores in Q4 FY24 vis-à-vis INR142 crores in Q4 FY23 a growth of around 140%. Moving on to FY24 highlights. The revenue for FY24 grew by 9% year-on-year to INR4,430 crores. EBITDA for FY24 was INR1,048 crores as compared to INR917 crores in FY23 registering 14% growth.

EBITDA margin for FY24 stood at 23.7%. Net profit include the external profit grew by 71% year-on-year to INR752 crores. Now moving on the standalone balance sheet. The company continuing to maintain a strong balance sheet. The working capital day stood at 89 days as on 31st March 2024 and 67 days as on 31st March 2023 due to higher irrigation receivables in March 2024. The consolidated debt as of March 24 is INR1,220 crores as compared to INR610 crores as of March 23.

The net debt to equity on consolidated basis as of March 31, 2024 stand at 0.34 times. With this we open the floor for questions and answers.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead. The next question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

**Alok Deora:** Yes. Thanks for the opportunity. Sir I just had a few questions. First on the order inflow which has been pretty subdued and your order book is nearly at around INR6,500 crores. So what is the thought on the order inflow for I mean how are we seeing the order inflow for FY25 and what could be the execution now or any guidance on the execution for FY25 and FY26 based on the current order backlog? Because even within this INR1,200 crores worth of projects are not under execution, I mean not received the appointed date. So, just if you could throw some color on that?

**K. Venkatram Rao:** Jalandhar sir is there. Yes. Hello. Yes. One second. One second. Sir yes. Definitely in respect of right now we have order book of around INR6,500 crores and the result is actually how now we are looking in order book is that definitely for next quarter actually we target to achieve between INR2,000 to INR3,000 crores of order book definitely and year end target is around INR5,000 crores to INR6,000 crores is order book. So, just now Jalandhar sir also has joined. He will also give the order book guidance.

**K. Jalandhar Reddy:** I think you are in discussion about order book issues. So I think after election I think there will be lot of tenders which are going to come which we are also eagerly waiting for highway sector concerned. We are also sorted partners to participate into BOT toll projects so that we will be the minor partner and developer portions we will be giving the biggest stake and EPC we will take as a major part.

So in that way we are sorting out the things. So there the BOT toll why I am preferring BOT toll is that there could be some good price switch which could come up and later we exit our minor portion also. So that is the strategy for going forward for this and apart from that HAM projects anyhow we will be bidding them.

Apart from that, sir, we have already sorted MOUs with Nagarjuna Construction Limited (NCC) for metro participation of metro and major irrigation projects also we have sorted one MoU with NCC. So these two areas now we are proceeding sir. I think first bid we are going to face in Bhubaneswar. Bhubaneswar metro we are facing along with NCC and most of other also online, sir.

And railway bids also we are considering even mining bids also we are considering. So going forward the target is about say INR5,000 crores to INR6,000 crores immediately we need to recoup the others which we are trying to do it. Apart from that, I think we are adding some of the discussions with that MSRDC main contractor who have got. So we will take from one project at least from that portion that is what we are now in discussion with. Once we get on to that I think we will also be comfortable to announce that.

**Alok Deora:** So this year based on the orders which we have what kind of growth we are looking at for FY25? What revenue numbers we are looking at?

**K. Jalandhar Reddy:** Sir actually FY25 is going to be little bit dull I believe. I am also not bit confident because all these orders we take and when they get started and all then there will be big issues, but however that Mysuru project is not yet started up as of now. Only that Ongolu project is started from out of that. And again then the INR1200 crores which we backed out of is that micro-irrigation project, public health department. That is also going to start now.

So with all that, I think really if we go -- that's the last year figure that will be the greatest thing what we can do in this. We will try our best in this. And again, the Kerala projects and all are all in the May, May month only it is started. First of May, the rain is started. So it is going on as of now. Then, non-seasonal rain is also little bit bothering us.

So, little bit challenging on this year is there, sir. Whether there will be some ifs and buts, I think we will be able to deliver the last year figure only. So going forward, I think 2026 would be, touch wood, we'll do great. That is what I am thinking.

**Alok Deora:** Sure. And, sir, in terms of margins, we expect it to be in the 16%, 17% range?

**K. Jalandhar Reddy:** Actually it depends on the quality of the orders which we intake. Definitely, I should always focus on such results. After bagging the orders, then we will try to again come back on this, sir.

**Alok Deora:** No problem. Thank you, sir. That is all from my side.

**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, my first question is on the partnership which you are talking about with NCC where you will do metro-projects and irrigation projects.

So what kind of, and also in BOT toll where you will be a small minor partner and then you will be 100% EPC and probably you will sell your stake on projects that are operational. So in the BOT toll, you are looking for a partner. So who will be your major partner there, sir?

**K. Jalandhar Reddy:** Sir, one way -- a few projects we have discussed with Cube. And the second one is under discussion, sir. It is not yet concluded. I think Cube is sorted now. I think after election, depending on the bid size and all, then we will go for MOUs. We are also getting qualification up to INR2,500 crores direct participation into toll projects, sir. Sir, another version is there that around 74% will be held with Cube. Our Cube is offering one more method that they wanted us to give the EPC bid and they want to be the entire developer for that actually. So even that is being sorted out.

**Jiten Rushi:** Sir, can you please pardon me?

**K. Jalandhar Reddy:** More clarity is going to achieve in another couple of 10, 15 days, we will get more clarity on this. This is the method which we are sorting. The partners, I think Cube is now almost discussed and it is in conclusion. And the rest are other parties which are under discussion.

**Jiten Rushi:** So basically, one project you are going to -- applying to bid with Cube and another couple of projects to other partners?

**K. Jalandhar Reddy:** Yes, like that, sir.

**Jiten Rushi:** And, sir, with NCC, what would be your portion like? So NCC is already made...

**K. Jalandhar Reddy:** It is all back-to-back kind of arrangements only, sir. I think 51 -- if I do the project, I'll take 51. If he takes my strength and he will do his project, he will take 51. Like that we have sorted. The MOE is between us.

**Jiten Rushi:** So EPC also will be done...?

**K. Jalandhar Reddy:** We will take back-to-back entire thing and we will do ourselves. And if there is any project by them they want from us, they will take from us and they will do it truthfully.

**Jiten Rushi:** So it is more of a JV where 100% EPC will do in one project and probably another 100% they will do that way?

**K. Jalandhar Reddy:** They will do kind of that way.

**Jiten Rushi:** And, sir, in terms of the other sectors in your opening remarks...

**K. Jalandhar Reddy:** Patel Engineering also we have spoken with, sir, for some tunneling projects and all. I think MOU is yet to do. We are under discussion. Almost -- he said, okay, one bid he has offered also. One bid we have done. We were not successful. But upcoming we will participate.





- Jiten Rushi:** But, sir, in irrigation we are already qualified. What I understand, you are already qualified. Why do you need to go for a partnership?
- K. Jalandhar Reddy:** There are certain irrigation projects, sir, wherein we will be requiring some expertise. Minor portions I will be requiring a partner, some portions actually wherever the -- I think dams and powerhouse, we have not completed. Once we complete 90%, that certificate is useful for us.
- Jiten Rushi:** Dams and lift irrigation you said, right?
- K. Jalandhar Reddy:** Yes, lift irrigation and everything.
- Jiten Rushi:** Lift irrigation, which you'll complete...
- K. Jalandhar Reddy:** Then only the certificate is valid. That is the problem. Until such time, you have to depend on outside.
- Jiten Rushi:** Sir, on the tender pipeline, can you highlight what is the current outstanding tender pipeline, which you have bid for and when it will open? And any targeted tender pipeline, which you are planning to bid for?
- K. Jalandhar Reddy:** Sir, I think there is nothing like target pipeline. There were some irrigation tenders were there in Telangana, but I think if the government is changing, so what view they will take, I don't know, really. Two projects were there in irrigation sector which we gave the bids and they have not opened and it is kept pending almost by six months onwards.
- So once they open only, we will know. But whether they will open or they will go for re-tendering, which we don't know. In fact, they have asked for extension. We have given extension, bid extension. We will have to see, sir.
- Jiten Rushi:** Sir, right now there is no outstanding tender pipeline. We will be bidding everything afresh now going forward?
- K. Jalandhar Reddy:** Yes, sir, going forward only. Actually, there is lot of gap that has come up in last year's order inflows and aggression was there, so winning was a bit challenging. So I think going forward, that's why we are not completely depending on highways. We are starting tunneling projects in...
- Jiten Rushi:** Solar also you mentioned, mining in -- solar EPC also you mentioned. Any joint venture with any partners for solar EPC?
- K. Jalandhar Reddy:** Solar EPC, sir, I don't require a partner. I am qualifying directly.
- Jiten Rushi:** Sir, you are qualified directly.
- K. Jalandhar Reddy:** Yes.
- Jiten Rushi:** And mining also you are qualified directly.



- K. Jalandhar Reddy:** And for NTPC kind of projects, we may need a partner. For other areas, I am qualifying myself.
- Jiten Rushi:** Okay, sir, that's it from my side. Thank you and all the best.
- K. Jalandhar Reddy:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Hi, sir. Sir, just to dwell on the same thing in terms of the order inflow and the execution that we are looking at for FY'25 and '26. So broadly trying to understand first the INR6,500-odd crores. So obviously two HAM projects we haven't received the appointed date. So also help me when we are likely to get the appointed date? And out of that how much execution we can look at in FY'25. That is one aspect. So removing that, the remaining INR5,300 crores order book, out of that how much we can do execution in FY'25?
- K. Jalandhar Reddy:** Sir, actually FY'25 is concerned, I think most of the order book should be executed by this time because I think Kerala projects and all other projects they are likely to be completed in coming year only. In fact, I think after June, July, I think they are on extension also because of some excessive rains and there were some school issues and all that. So a little bit extension we have taken.
- So I think those all need to be completed in this year-end only, most of them. Except in that, that payment is not received in the irrigation portions. So we have put a court case on it to get the payment because we cannot wait for a long time that government should dissolve and we will not be -- if they don't pay and all again we will have issues.
- So that's why we have even gone to the court for that payment. So I think if they don't continue to pay us or they don't show any courtesy to pay us then we will have to stop that project also. So there a little bit ifs and buts are there. That's why I am little bit not comfortable on giving the right figures in this year's execution.
- Shravan Shah:** But this irrigation when we are saying we are going to court, this is for package 4 we are talking about?
- K. Jalandhar Reddy:** Yes sir, package 4. Package 5 I think partially we are receiving the payment. Package 3, - there is outstanding is not much. So, we are doing it, no problem.
- Shravan Shah:** Okay, okay. And for the 2 HAM projects when we are likely to get the appointed date and how much execution we can look at in FY25?
- K. Jalandhar Reddy:** Sir, pardon me sir. Mysuru 2 packages. I think because of these elections and all then there is only 50% land is acquired 45% land in one other project. So, I think they said after election code is completing I think all the officers will be put on job and 1 -1.5 month they will clear on that. So, expecting somewhere in July end or August 2nd week kind of that.



- Moderator:** The participant got disconnected. Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.
- Parvez Qazi:** Hi, good afternoon sir. Couple of questions from my side. Sorry, I joined a bit late. So, apologize if these questions have been answered. What is the total pending receivables from the Telangana irrigation project?
- K. Venkatram Rao:** Sir, total pending receivables Certified receivables is INR600 crores and with all uncertified put together is around INR800 crores.
- Parvez Qazi:** Got it. Secondly, in terms of how much equity we still need to put in our HAM projects and if you could give us how much do we need to infuse in FY25 and 26?
- K. Venkatram Rao:** Sir, we have to put around INR500 crores actually for the equity in our HAM project. So, out of that around INR350 crores in this year actually FY25 and around INR90 crores in FY26 and balance INR64 crores in FY27.
- Parvez Qazi:** Got it. And lastly, I mean in this quarter results there were a lot of claims etc. and I mean in your results we have given detailed notes on accounts regarding what proportion or what has been accounted in terms of revenues, taxes, other expenses etc. I mean if we adjust for all those one offs in terms of revenues, other expenses etc. then our EBITDA margin seems to be quite low I mean in single digit. Is that fair?
- K. Venkatram Rao:** No, no, no. It is not like if you exclude all these things actually one-off even then our EBITDA for this quarter is 17.24% and for the year is 17.4%. So, I think there is some miscalculation in the working that we can have discussed separately and I will clarify you.
- Parvez Qazi:** Sure, that's it from my side and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Shubham Shelar from IDBI Capital. Please go ahead.
- Shubham Shelar:** Yes, sir. Thanks for the opportunity. Sir, in terms of order inflow, we mentioned two things that for FY25, INR5,000 to INR6,000 odd crores and further we mentioned 2 to 3 months we are targeting INR2,000 to INR3,000 odd crores of orders. So, is this the initial 2 to 3 months order inflow target that is linked with the 100 days plan of MoRTH?
- K. Venkatram Rao:** Yes, total year we have planned for, INR5,000 to INR6000 crores and immediately we are targeting in INR2,000 to INR3,000 crores. So, that is our target actually.
- K. Jalandhar Reddy:** It's not that sir entire, INR5,000 to INR6000 crores are to be achieved in this year and whichever is possible we are trying to flow in and get that.
- Shubham Shelar:** Okay. So, actually I mean my purpose of asking this question is this INR2,000 crores to INR3,000 crores like you know the target is heavy like zeroed down to particular sectors where exactly it will be coming or it is open as of now?

- K. Venkatram Rao:** It is open as of now but we are exploring in all the sectors like our sir told that metro, BOT toll, HAM, railway, mining, solar so all these sectors are there that's why we have achieved that we are planning to achieve that target.
- Shubham Shelar:** Okay, okay. Right sir. And then this, the MoRTH target of 100 days the 3,000 odd kilometer which you mentioned to be awarded in 100 days in your initial commentary so are the tenders out in the market or this will start fresh after the new government formation happens the ministerial location happens after that things will move?
- K. Venkatram Rao:** Definitely, they have targeted actually 2,700 kilometer but that has to, that took a month this new government will form and they have already made 100 days plan of around 1,700 kilometer of the highways actually so that definitely plans are there so post election we expect that this should be materialized.
- K. Jalandhar Reddy:** We will have to see only whether they come up with HAM or as I heard mostly I am hearing that they will go with toll only that we should notice that's it. Jobs are going to come there is no problem with that.
- Shubham Shelar:** Got it, got it sir, got it. Okay, thank you so much.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rati. Please go ahead.
- Prem Khurana:** Yes, thank you for taking my questions. Sir, I want to understand a little bit on this transaction or the arrangement that you want to have with the cube highways. So I think I mean at least in last quarter the thought process was we would go as a preferred construction partner. We don't intend to kind of invest in these assets and I mean if I heard you right.
- K. Jalandhar Reddy:** First preference is given for that. In that case if it is required 20%-25% of the portion we can participate right now and later we can close it up. That's what we are thinking. For that also because to open up more opportunities for the company only. That's it. It will only give us more play area.
- Prem Khurana:** Sure. But I mean so just to clarify if cube is open to give it to you without any equity commitment does it mean that margins could be a little lower because obviously then you are a pure subcontractor versus I mean if you commit money they will let you make some more money. Is it the thought process or which is why I mean you are open to kind of consider that investment or...
- K. Jalandhar Reddy:** Actually what it is that cube has an understanding they made a first understanding that let me give the EPC contract for that and that price is fixed for me and we shall do the project in time and give them.
- Prem Khurana:** Okay. Sure.

**K. Jalandhar Reddy:** But we are also certain few partners they are not getting qualification there are new developers who have come they are not getting qualification so what they want us to do is that they want to take our strength and bid so there I am taking 26% partnership and complimenting the bids.

**Prem Khurana:** And exact commitment would be decided even before we get into I mean even before the...

**K. Jalandhar Reddy:** Yes according to the bidding criteria eligibility criteria I mean how much ever I have to contribute I have to contribute at this stage later I may quit out of that kind of thing.

**Prem Khurana:** Sure. So I want to understand I mean let's say whenever you decide when to exit the 26% that is with you and you want to sell it to the other partner right the exit value would be decided beforehand or it will be done at the time when the project is complete you have COD

**K. Jalandhar Reddy:** We are discussing that only we want them that way what I am saying I will come as a partner but I may not be able to do major portion. Equity also you may give in my name I mean I can give in at the time of giving it but later after my final completion of the project. I may offer to get back my equity and then quit. So with a fixed interest rate which they are offering or at the time of that valuations they will do realistic valuations they will do. And then they will do some sort of NPV calculations to get out of it. Both the options are there sir which whichever is safe for the company which we would like to close upon. The major thing is to get the EPC business that is only target which I am looking at now.

**Prem Khurana:** True sure and the second was on this NCC arrangement that you have how would we decide? I mean who would get to keep the EPC let's say, there is a project in the market. And you both want to have that project I mean there could be a situation wherein NCC would say I want to keep it. And you could also I mean there could be a situation wherein you say I want to keep it. So how would you decide because you said we'll decide before hand and which is how accordingly we will structure it wherein I will own majority and I will get to keep and whether NCC decides to wants to have the EPC, they will take the majority.

But there could be some sort of disagreement some project wherein I mean if you both are interested how would the arrangement work there?

**K. Jalandhar Reddy:** So what we take, we have that Bhubaneswar I will tell you example with Bhubaneswar project there are three packages in it, the Bhubaneswar metro which we are now placing on fifth of this month, I think coming month. So there the -- if we win one project KNR is doing. If we win two projects one will be done by NCC one will be done by KNR. And we are choosing my project this is my project so the rest of it like that

**Prem Khurana:** Okay, sure. And sir I missed your comment on the irrigation this year I mean if you could help me understand. When do you expect the INR600 crores specially for the package 4 because a large part of this is already certified the government has already acknowledged the payment is due. When do we expect this money to come to us? And how would this shape up our pace of execution on irrigation projects because the money has been stuck for a while now?

**K. Jalandhar Reddy:** Yes sir what happened, we have given as a court case we are not receiving this payment please make us, to get the payment along with the interest. And so we have already given in the court for getting that as a claim. Then what happened, there was a discussion with the department saying that the NABARD loan which was there now that is not active. So whether they are going to make it active or whether they will pay from their own budgeted allocations, which has to be decided by the current government.

I think they will -- they said after these elections we will try to resolve this, that's what they said. But however we could not wait for so long time. We've been waiting for one and half year now. So we have given a court case for that because it is a huge amount so we cannot take risk for that.

**Prem Khurana:** Sure and since we have taken them to the court does it mean the work would stop now or how would this work? And we still have...

**K. Jalandhar Reddy:** Actually sir according to the thing which now we are continuing only, we have not stopped it. But we are just waiting for the decision to come out from the government of Telangana on these NABARD funded projects

**Prem Khurana:** Sure sir I have one more. Can I ask or I can come back in the queue

**K. Jalandhar Reddy:** Go ahead sir you can finish

**Prem Khurana:** Just one last, I think Venkat sir in opening remarks, you said we are expecting some INR2,000 crores, INR3,000 crores of order by June itself which is essentially we are almost there. I mean is it fair to assume there is some project wherein there are advanced stages to get that project in place which is why you would commit INR2,000 crores - INR3,000 crores by June? And is it fair to assume I mean this is I mean some sort of arrangement with someone I mean who has been able to manage the success with some project at MSRDC which is why you are confident that way?

**K. Jalandhar Reddy:** MSRDC they are under discussion with the major players who have got the project to take back to back contract with them and do it because I am also not having the qualification to win into that MSRDC because they were asking express highways completion. So I haven't done any express highway as of now, only that Greenfield express highway now I am doing, which have not yet completed.

So they are on the around 50%-60% only the progress, so once that is until such time I am also thinking if they give us the back to back arrangement the contract. At least 40%-50% of the certificate, official certificate I would get it. So that's why I want to work as a subcontract also for this. So we are now under discussion with various players. Recently only three days ago they have opened the tender they have announced the L1 and all.

So I think discussions are going on sir. I think as soon we conclude I think definitely we will come back to you.



- K. Venkatram Rao:** I told next quarter not by June
- Prem Khurana:** Sorry next quarter. And how could the margins be different with these MSRDC project because these will be subcontract let's say compared to...
- K. Jalandhar Reddy:** Definitely the margins are little bit diluted sir, there is no doubt in that. Actually this one I want to do for company's future because now the time is going to be for express highways only. You might have seen lot of green field highways they are doing NHAI. And all the major cities they are being connected with express highways only they are now planning. So I think it's better choice to do one project under someone also. If you get the experience that is going to be further rocking for us I think it will be added advantage to the company for future participations.
- Prem Khurana:** Sure sir. Thank you very much this is really helpful. And all the very best for future.
- K. Jalandhar Reddy:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from ICICI securities. Please go ahead
- Mohit Kumar:** Good evening sir. And thank for the opportunity. My question is on the – again cube tie up, is it a blanket tie up? Are you going to evaluate each and every project which is up there for the bidding? Or is it for the few selective projects which you are looking for? And is it fair to assume that you look only for the southern based project not the Pan India list?
- K. Jalandhar Reddy:** Sir actually the BOT Toll really I would like to restrict myself to be in southern part of India. May be UP, Bihar also I am considering to go but north east part of India I am not interested because there are also likely projects could come up. But the traffic regularities are very heavy there and the working season is very less. So delivering timely also there are difficulties there. So rest of the areas we can think of doing it sir but first preference is given to southern part of India so that we have everything under control here.
- Mohit Kumar:** Sir, I believe Cube Highways were looking to bid for each and every project, right, BOT project?
- K. Jalandhar Reddy:** Yes, definitely sir. They are under -- they said first special choice he will give me that's what he said, let me speak sir.
- Mohit Kumar:** Okay. First Right of refusal.
- K. Venkatram Rao:** We will identify the project with them actually and that project will be exclusive with us also.
- Mohit Kumar:** Okay. Understood sir. And sir what is the BOT pipeline as you see today is it fair to say it's around INR35,000 crores worth?
- K. Jalandhar Reddy:** Around yes I have seen around -- we have selected almost around 12 projects. 12 projects we have selected about all INR2,000 crores, INR3,000 crores ranging from that actually. There are couple of projects on INR1,000 crores, INR1,050 crores also INR500 crores also but most of

them are bit above this thing INR2,000 crores to INR3,000 crores even INR4,000 crores projects also there. But I am not eligible so I may take a partner. And all the order book it is only the question that you get one project which is INR3,000 crores INR3,500 crores. It is sorting our most of the problems

**Mohit Kumar:** Last question on solar opportunity how do you think about EPC solar is it going to a big part of your pipeline or you are looking at very, very few projects which will not contribute meaningfully to the top line. Why I am asking this question because solar EPC margins will be between single digit right?

**K. Jalandhar Reddy:** Sir actually I have participated to three tenders they were disastrous. Actually I was -- somehow we managed to get on to top four but when it is gone with the auction opportunity, the reverse auction we were bit failure, that's the major thing. And the prizes they went at not even single digit -- so I think little bit bigger league is going to help in this, that's what I am thinking now

**Mohit Kumar:** Understood. So you are going to...

**K. Jalandhar Reddy:** Kind of testing water is running on that type.

**Mohit Kumar:** Understood. Thank you all the best sir, thank you.

**Moderator:** Thank you. The next question is from the line of Bharani from Avedus Park. Please go ahead

**Bharani:** Good evening sir. My first question is on the FY'24 adjusted revenue EBITDA PAT can you tell me that? Like adjusted for all the claims, one-offs, requirements everything can you give me the FY '24 revenue EBITDA and PAT adjusted?

**K. Venkatram Rao:** FY '24 you say revenue - revenue will be actually INR3955 crores and EBITDA will be INR690 crores and percentage is 17.4% and PBT will be INR573 crores and PAT will be INR440 crores.

**Bharani:** Okay. And when we are saying that we will achieve flat kind of performance in FY '25 in revenues we are talking about this INR3955 crores?

**K. Venkatram Rao:** Yes. Correct.

**Bharani:** And margins would be lower than 17.4% achieved in FY '25?

**K. Venkatram Rao:** As sir told because margin is based on what are the projects we are getting existing projects are there even new HAM projects it is we have quoted little bit aggressively to get these three new HAM projects definitely to maintain that even 17% margin is really challenging but our guidance is between 15%-16% definitely we could be able to deliver.

**Bharani:** Okay, my last question is on the BOT projects can you refresh us on the some of the important parameters on BOT like in the earlier cycle we used to remember the qualification criteria would be based on networth, the complete exit after three years, so what are the now parameters which are important like that have they changed or are they similar?





- K. Venkatram Rao:** Because this model concession agreement actually it has to get actually they have sent to offer the comments but still it has not been finalized actually. So once this agreement is going to be finalized, so definitely we can be able to tell actually what is there in old one and new one so as of now...
- Bharani:** Broadly it will be 25 year concession period?
- K. Venkatram Rao:** That's why it will depend upon the project actually how they are saying some is 20 years definitely it is not like HAM 15 years it will be 20 years and above so they have given some relaxation for termination payment also so differences are there actually but it is yet to be they have offered comments from all the stakeholders. So once this comment will come and it will be finalized then we will come back to you
- Bharani:** And qualification is based on highest revenue share, how will it be this time?
- K. Venkatram Rao:** Definitely, based on that only, revenue share only.
- Bharani:** Is the same it is the same?
- K. Venkatram Rao:** It is the same only.
- Bharani:** Revenue share and the exit will be after 1 year or 3 years exit by the equity partner developers?
- K. Venkatram Rao:** That has to see actually. It has not - this document has not come for public domain, it is just only they are expecting they have asked for the comments actually
- Moderator:** The next question is from the line of Ankita Shah from Elara. Please go ahead.
- Ankita Shah:** Yes hi, what is the timeline expected for the receivables that are pending from Telangana?
- K. Jalandhar Reddy:** Actually ma'am that the new government is yet to decide on that these are having that NABARD loan things. So whether they are going to resolve the NABARD thing with the loans thing with the banks and then central government or they will allow from their budget which the decision is yet to be taken after this election only. So we are waiting literally for this decision to come out
- Ankita Shah:** Any other large receivables apart from this in the receivables apart from this?
- K. Jalandhar Reddy:** Large receivables is nothing only this pending is only with this
- K. Venkatram Rao:** Other than this actually HAM receivables are there around INR695 crores but that we are not drawing the debt because as of March also we are having the sufficient cash flow. So based on our cash flow requirement at the parent level we will draw the money. But that is that's why that HAM receivables is not a challenge
- Ankita Shah:** And any claims or adjustments further are you expecting in the near term?

**K. Jalandhar Reddy:** There are few claims which we are expecting under Vivad Se Vishwas there has been some deferment with the NHAI as per that, they are not supposed to touch the award issues but in few of our projects like in AP07 which is an annuity model Telangana project they have said certain claims were not reasonable so we will cut down, so the cutting down we have not accepted. If they resolve, I think the legal division is viewing it very differently how can you touch when it was not asked to touch the award issues because once it is awarded means it is awarded by an expert agency like arbitration tribunal.

So there even some places that AP07 which I am talking about that single bench also we won the case in single bench also, now it is with the double bench court .So once these issues are there they cannot go into challenging the award portion which they are doing that is why we are not accepting that I think the legal division is after that to resolve with the technical division if it is resolved we may get it or otherwise we will get through the courts itself. So except that I think there is not much.

**Ankita Shah:** Thank you so much

**K. Jalandhar Reddy:** There is small claims from Orissa is there and AS18 is also there AS18 also that is there in the courts only it will go with courts. AS18 is signed we are getting, AS15 we are not getting we are getting from court AS15.

**K. Venkatram Rao:** For that we have signed supplementary agreement our portion is around INR70 crores that we will get in coming quarter and other AS18 and AP7 we have not accepted and we have gone for the court.

**Moderator:** Thank you. The next question is from the line of Faisan Hawa from HG Hawa. Please go ahead.

**Faisan Hawa:** So, sir, on the railway part can we expect something to happen soon or will that also take time? And from your experience as a stroller do you mean to say that most people are bidding at negative margins or there are no margins at all?

**K. Jalandhar Reddy:** According to me, there was no margins at this time whatever the bids I have examined literally no margins.

**Faisan Hawa:** Okay. And about the railway sir?

**K. Jalandhar Reddy:** Railway is actually, sir, that we are now placed on one bid I think another bid we are going to place in coming couple of months -- that was -- there was also a little bit aggression was there I have seen some aggression now.

**Faisan Hawa:** So, I mean, do we now have to jump the old policy and going for orders at all costs and or do you still maintain the discipline that you have shown over so many years?

**K. Jalandhar Reddy:** As of now, we were trying to maintain our discipline but I think the now market is teaching everybody a different lesson because of that lots and lot of job scarcity that is there in the phase. So, definitely there is little bit aggression is there in this. So, unless if you cut down little bit



margins like 2%, 3%, 4% definitely it may not be possible for you to win the job at all, we have taken some calls by which we were successful in that Mysuru and Ongolu bids and going forward we would like to cut down margins by 3% to 4% I think.

**Moderator:** Sir, your line is not audible. Please rejoin the queue. The next question is from the line of Veenit from Investec. Please go ahead.

**Veenit:** Good afternoon, sir, thanks for the opportunity. Just wanted to clarify that we are not eligible for any expressway projects? Bidding for any expressway project?

**K. Jalandhar Reddy:** Actually sir, NHAI is not asking any special criteria for expressways but MSRDC they put that they need only express highways to be done.

**Veenit:** Okay, so, does that mean that we are not completely out of the race for any state government expressway projects but it will depend on a case-to-case basis? Depending on whatever the terms of the bidding are?

**K. Jalandhar Reddy:** Yes, sir.

**Veenit:** Okay. Thank you so much, sir.

**Moderator:** Thank you. The next question is from the line of Shika Doshi from Axis Securities. Please go ahead.

**Shika Doshi:** Yes. Thank you for the opportunity. So, I would like to ask what is the capex that you expect for FY '25.

**K. Venkatram Rao:** Actually, this year we did around INR80 crores of capex because if definitely further for '25 it is based on when we are getting this project actually as of now the capex requirement is not there. Only the regular capex we have to incur but suppose we are getting some big project actually, immediately so definitely then capex requirement will be there but we are expecting somewhere around INR100 crores to INR120 crores will be there actually.

**Shika Doshi:** Okay. And could you give an approximate amount that we are expecting from this Vivad se Vishwas scheme in for FY '25.

**K. Venkatram Rao:** Right, we've asked you, sir, we are right to sign only one agreement as of now so we are expecting around INR70 crores out of that. So right now, one is there which we are expecting in this year and others is anyway we have gone to the court actually. So that when it will come depends upon the outcome from the court proceedings only.

**Shika Doshi:** This is expected in the first half or the second half of the year?

**K. Venkatram Rao:** Mostly, in first half because we already signed that agreement. So, we expected in first half it should come.



*KNR Constructions Limited  
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**Shika Doshi:** Okay, sir. Thank you.

**Moderator:** Thank you. As there are no further questions from the participants that will be the last question for the day, I will now like to hand the conference over to the management for closing comment over to you, sir.

**K. Venkatram Rao:** Yes. Thank you all for joining us on this call. Please reach out to our investor relations consultant strategic growth advisor or us directly should you have any further clarification. We can now close the call. Thank you.

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