



“KNR Constructions Limited  
Q2 & H1 FY2022 Earning Conference Call”

November 15, 2021



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LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the KNR Constructions Limited Q2 FY2022 Earnings Conference Call. This conference call may contain certain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. S. Vaikuntanathan, VP Finance, KNR Constructions Limited. Thank you and over to you, Sir!

**S. Vaikuntanathan:** Good afternoon everyone and season’s greetings to all of you present on the call to discuss our financial results for Q2 and H1 FY2022. Along with me, I have, Mr. Jalandhar Reddy, Executive Director, Mr. K. Venkatram Rao, General Manager (Finance & Accounts) and Strategic Growth Advisors - our Investor Relations Advisors.

I would like to highlight a few industry updates first and then we will discuss the company’s performance. Despite multiple headwinds especially due to disruptions caused by the second wave of COVID-19, the pace of highways construction remained robust. During H1 FY2022, 3,824 kilometers of highways were built compared with 3,950 kilometers on a year-on-year basis. A similar trend was observed for contracts awarding.

During H1 FY2022 contracts worth 4,609 kilometers were awarded compared with 5,052 kilometers year-on-year. The pace of highway constructions stood approximately at 42 kilometers per day during the same period. Transport Minister Honorable. Nitin Gadkari has said a target of 40 kilometers per day for FY2022 which we believe is achievable largely driven by a significant fall in COVID-19 cases and a strong pickup in the execution during H2 FY2022. The toll collection has been showing a significant recovery in the past few months and it has in fact shown a robust growth on a subsequent sequential basis. This is largely driven by increased passenger vehicles and goods movement due to the festive season and higher commercial vehicle movement, driven by a significant recovery in the economy. This momentum is expected to accelerate further, going forward.

Over the past few years, NHAI and the government have undertaken various reforms for the road construction sector. This has resulted into a quick turnaround time to pick up in the execution pace and the improved balance sheet of companies in the road construction sector. With the more reforms and initiatives in the pipeline, we expect the pace of highways is expected to pick up further.

The Honourable Prime Minister Narendra Modi recently unveiled the PM Gati Shakti - National Master Plan for Multiple Modal Connectivity. The plan envisages a centralised portal comprising



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all existing and planned infrastructure initiatives of as many as 16 central ministries and departments.

With this initiative, the entire process of infrastructure creation is expected to be streamlined beginning from land acquisition to implementation, connections between local, state and national level government bodies and corporates, to this initiative.

NHAI has recently announced that in order to boost disbursement of compensation of land for land acquisition to the property owner, it will introduce a new system and the amount will be transferred directly to the beneficiaries account through the public finance management system. This will also avoid the blocking of thousands of Crores in banks for months this can be utilized for construction.

Now coming to the key updates of the company; the project execution pace continued the momentum during the quarter. As mentioned in the previous concall the workforce strength has reached the pre-COVID-19 level and the company is not witnessing any shortfall in the workforce. The percentage of physical progress as of September 30, 2021, for the HAM project, is as follows:

Chittor to Mallavaram is at 94%, Ramsanpalle to Mangloor is at 97.8%, Trichy to Kallagam is at 81.9%, Magadi to Somwarpeth is at 45.9%, and Oddanchatram to Madathukulam is 39.2%. During the quarter, the execution has primarily driven by HAM projects. Out of the Rs. 579 Crores of revised equity requirements for all the five HAM projects, the company has already invested Rs. 457.24 Crores as on September 30, 2021. The incremental equity requirement of Rs. 635 Crores to be infused Rs.270 Crores, Rs.230 Crores and Rs. 135 Crores for FY2022, 2023 and 2024 respectively. You can refer to slide #27 of the investor presentation for detail on each HAM projects.

Now I will take you through the key highlights of the quarter in terms of order flow, PCOD, credit rating and an update on stake sales by Cube Highways. Firstly on order inflow the company received an order for the widening of existing service roads of Outer Ring Road, Hyderabad on a bill of quantities basis, worth Rs.312.8 Crores and received one HAM project for a value of Rs.1041.5 Crores. The company has received the PCOD for three projects as follows:

KNR Tirumala Infra Limited achieved PCOD as on May 10, 2021, which is 142 days ahead of the schedule including 90 days of extension of time and eligible for bonus.

KNR Srirangam Infra Limited achieved PCOD as on March 30, 2021, which is 89 days ahead of the schedule including 90 days of extension of time and eligible for bonus.

KNR Shankarampet achieved PCOD as on October 5, 2021.



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The shareholders approved 100% stake sales of KNR Shankarampet Projects Private Limited, KNR Srirangam Infra Private Limited and KNR Tirumala Infra Limited to Cube Highways.

I will now touch briefly upon the equity investment and total consideration to be received as follows:

For KNR Tirumala Infra Private Limited equity investment for the company stood at Rs. 177.1 Crores while the total consideration to be received is Rs. 218.1 Crores implies a book value of 1.2 times approximately.

For KNR Shankarampet equity investment stood at Rs. 125.7 Crores, while the total consideration to be received is Rs. 136.3 Crores implying a book value of 1.1 approximately.

For KNR Srirangam Infra Limited equity investment by the company stood at Rs. 89.5 Crores while the total consideration to be received is Rs. 111.2 Crores implying a book value of 1.2 times approximately.

The cumulative equity investment in these projects stood at Rs. 392.3 Crores while the total consideration to be received is Rs. 455.6 Crores. With the additional amount of inflation of Rs. 122.7 Crores has been passed on to KNRCL with that the return would be 1.5 times approximately. For more details, you may refer to slide #28 of our investor presentation.

Also during the quarter India rating has revised its rating on long-term bank facilities of the company to Ind AA and the short-term rating was reaffirmed at Ind A1+.

The total collection for the Bihar toll project that is Muzaffarpur Barauni collection in Q2 FY2022 and H1 FY2022 has been Rs. 7.4 Crores and Rs. 19.4 Crores, respectively.

Now coming to the order book position as on September 30, 2021, the company has an outstanding order book position of Rs. 6,511 Crores, the EPC road projects and HAM projects constitute 53% of the total order book while irrigation project constitutes the remaining 47%.

Client wise 82% of the order book is from third party clients and the balance 18% is from captive HAM projects. The third-party order book or non-captive order book which accounts for 82% of the total order book position which is skewed between state government contracts with 69% whereas 2% is from central government and balance 11% order is from private players.

The total order book position is Rs. 11,594 Crores including three new HAM projects and one EPC project. With that, the irrigation constitute 27%, roads 28% and HAM 45%. Please refer to page #32 of the investor presentation.

During the quarter the company has advanced an amount of Rs.50 Crores for the acquisition of land at Hyderabad for collateral purposes, but at a later point the management took a decision to



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buy it in the promoters own company and accordingly the advance amount was paid back by the promoter owned company during the same quarter and the transfer of advance will be adjusted upon the registration of such property hence there is no financial impact on the KNRCL. We also want to clarify that KNRCL is not intended in real estate activities.

We have recently executed financing agreements for the HAM projects in Kerala and we have submitted the loan documents to NHAI and awaiting for the FC letter from NHAI.

The company proposed to acquire quarry lands in Kerala as the availability of quarry material is very scarce and two new HAM projects in Kerala require approximately 40 lakh metric tons, with the acquisition of quarry the entire quarry land will be used as captive consumption. The running rate per acre of land in Kerala is running to 2 Crores to 3 Crores per acre when compared with the other states are much less. It is also asset line that the residual value of the quarry is much above the project life.

On completion of the project, the quarry can either be retained or serviced for other projects or can be sold. There are instances in Kerala where infrastructure projects are delayed due to the non-availability of metal and stone aggregates. The investors can refer to Mathrubhumi dated October 21, 2021, where the Kerala government had said that one of the infrastructure projects, is delayed by two years due to non availability of stone aggregates and the KNRCL management they do not want to catch up with this problem so they have taken up a decision to acquire the quarry land, and hence the decision has been taken to acquire approximately Rs. 90 acres of quarry land with an approximate Rs. 100 Crores. The above acquisition of quarry land will be through investment in subsidiaries and acquisition of the company or LLP's holding quarry land due to a restriction of landholding under the Land Ceiling Act of Kerala. The legal vetting is under progress.

The current order book position is robust and provides visibility of execution over the next three years. Robust project pipeline and ready DPR/Detailed Project Reports under the Bharatmala Project should accelerate that project awarding activity, going forward.

The process of submitting 10 bids for the road project is currently underway. The average ticket size of the tender for each project is above Rs.1,000 Crores to Rs.1,200 Crores Based on our shortlisted project in the pipeline for FY2022, the company is targeting a further order inflow of Rs. 2,000 Crores minimum for the remaining part of FY2022.

I will now request Mr. K. Venkatram Rao, our GM to present the results for the quarter and half year ended September 30, 2021. Over to you, Venkatram Rao!

**K. Venkataram Rao:** Thank you, Sir. Let me take you through the Q2 and H1 FY2022 standalone financial performance.



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I will start with the quarterly highlights first. The revenue for the quarter grew by 26% year-on-year to Rs.756 Crores. EBITDA for Q2 FY2022 witnessed a growth of 35% to Rs.168 Crores as compared to Rs.124 Crores in Q2 FY2021.

EBITDA margin in Q2 FY2022 stood at 22.2% an expansion of 154 BPS. The net profit for the quarter was Rs. 95 Crores as compared to Rs. 49.8 Crores in Q2 FY2021, a growth of 91%.

Revenue for H1 FY2022 grew by 38% year-on-year to Rs.1,496 Crores. EBITDA for H1 FY2022 witnessed a growth of 42% to Rs.311 Crores as compared to Rs.218 Crores in H1 FY2021. EBITDA margin in H1 FY2022 stood at 20.8%. Net profit for H1 FY2022 was Rs.168 Crores as compared to Rs.90 Crores in H1 FY2021.

Let me quickly take up through consolidated performance: The company recorded a 28% year-on-year growth in the total revenue from Rs.656 Crores in Q2 FY2021 to Rs.842 Crores in Q2 FY2022.

EBITDA came in Rs.178 Crores in Q2 FY2022 as compared to 171 Crores in the same period last year. EBITDA margin in the current quarter stood at 21.1%. Profit after tax stood at 73 Crores in Q2 FY2022. The revenue for H1 FY2022 grew by 40% year-on-year basis to Rs.1,649 Crores. EBITDA for H1 FY2022 witnessed a growth of 26% to Rs.380 Crores as compared to Rs. 301 Crores in H1 FY2021. EBITDA margin in H1 FY2022 stood at 23.1%. Net profit for H1 FY2022 was Rs.181 Crores as compared to Rs. 196 Crores in H1 FY2021.

Now coming on the standalone balance sheet, the company continues to maintain a strong balance sheet. During the quarter the company borrowed Rs.100 Crores short-term working capital as there was a delay in the realization of receivable from the irrigation project; however, the company has repaid the entire Rs. 100 Crores post September 30, 2021,

The working capital days stood largely stable at 45 days compared to 44 days on a year-on-year basis. The consolidated debt as on September 30, 2021 is Rs.1,375 Crores as compared to Rs. 734 Crores as of March 31, 2021. The net debt to equity as on September 30, 2021 stands at 0.6 times as compared to 0.3 times as of March 31, 2021.

With this, we can 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 Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Thanks for the opportunity. My first question is on this land wherein the company has given advance. So what was the reason behind the company extending this advance for this land and then what was the realization why was it reversed later on so what was the thought process behind it?



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**K. Jalandhar Reddy:** Actually when the land was coming and the company originally thought that for the collateral security purposes they can buy the land because when the limit also goes up then we have to also give the collateral security, we can buy for that purpose but subsequently the decision has been taken by the management that now at present it is not the right time to buy by the KNRCL and so either will ask by the promoter company to buy the same and the money has been given back. Because we have need for the Kerala quarry materials/land so in the next quarter we may have to buy with an investment of around 90-100 Crores worth of quarry land in Kerala and as we explained to you there is a scarcity in land in Kerala and some of the projects widely hit in Kerala because of the non availability of stone quarries which has already been highlighted in the Mathrubhumi paper October 22nd dated issue. So the people can refer to that. So we do not want to get into some cash crunch situation because our projects in two Kerala project is totally EPC worth around Rs. 3,450 Crores and if we have to wait for the want of quarry and the material will be delayed and all our projections also will go for a loss. So having this into account a decision has been taken that let us concentrate in this coming quarter for the investment of the quarry land in Kerala, which is very pertinent and important for the project which will also boost the availability of the land the quarry and which can be used for the captive consumption. K Jalandhar Reddy: Sir one more correction I would like to issue for this thing that is the very small amount we wanted to invest into that land that Rs50s and around anotherRs 5 Crores for the final registration . But later we thought ours is not a real estate company but for a smaller pockets we would be requiring collateral securities as nowadays for the bank guarantee limits are to be given in a very extensive way. Now seven years each bank guarantee for our performance is to be given and guarantee limit is stuck and additional limits are needed and to be increased going forward year-on-year so with every time the banks are asking us to place some new collateral securities for that purpose we wanted to take that again as the VP Finance said their investments are going into the HAM projects so definitely we are now deferring and I do not think we will get such situation to invest in future also.

**Parikshit Kandpal:** So the question was not from stopping it invests into industrial land or quarry land but this was a non-industrial and a non-quarry land so that was intending to invest? Historically we have never seen KNR getting into real estate you have some land bank in the company but it is like totally directionally changing the company. I mean the signalling to the market is that you are changing your business model and you are getting into commercial real estate which is not our business so just wanted to understand that any assurance from you that in future this kind of thing will not repeat at our end we are not looking to do anything related to the real estate in the KNR listed developer, just wanted your thoughts?

**K. Jalandhar Reddy:** Yes, 100% we have already discussed and every time we are supposed to buy some quarry lands and other lands and which are even earlier purchased quarry lands are for the project purpose .and lands are still lying with us so definitely there is no meaning in investing in lands when we have to invest into new projects and to take up new irrigation projects; however, we never intent to develop any real estate projects and we do not have any intension. Only for the purpose of the collaterals and all small pockets we may take but now we defer to invest it because going



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forward most of the HAM projects are going to be bidden by the company so definitely we do not want to waste any single penny towards the investment of other than our lookouts. I mean to say other than the company performance this is not the infrastructure thing.

**Parikshit Kandpal:** My second question is historically we have seen that promoters being invest at the personal level in real estate and then eventually what happens is that the real estate becomes big and then eventually the listed entity gets impacted either the shares get pledged to raise loans so just wanted if you can just clarify even at the personal level you have any major plans of developing real estate and whether we just have an impact on the same are you getting it?

**K. Jalandhar Reddy:** No, actually it is a 100% no because we do not have time in doing our own business and rather than just for a family settlement my father that is Mr. KN Reddy who is our MD is taking the property just for his investment stake but I think he never intent to develop or neither he is interested in developing it, because it is to lot of time devotion and all other and see one thing is that our expertise is not into real estate that we understand very well. We just bought the property and as of now many properties were purchased but none of the property was developed and we never intent to develop. I can give an assurance to you that even now in our personal level we are not developing, if we want anything we may give it to a professional developer and let him handle that and none of the proceedings or for that purpose the promoter landing into certain debt issues will never happen.

**Parikshit Kandpal:** Thanks for the assurance Sir. Just my last question on the Kerala land acquisition so if you can commercially quantify or give commercial sense all that kind of prudent for landed while if we got some aggregate can be sourced by owing this land and secondly what is the market price and second thing is when you intent to sell this land after the project is sold what kind of realizations you expect versus the investment you are making in this land?

**K. Jalandhar Reddy:** Sir actually as you know that in Kerala from the Ramanattukara to Valanchery and Valanchery to Kappirikkad there are two projects both put together the BPC is crossing more than Rs. 4,500 Crores wherein the aggregate required for these projects is about 43 to 45 lakh metric tons and the quantity is very good Sir; however, there is aggregate available in the market it is available at a higher cost. Today for example I would like to tell you that we made an agreement three months ago with locals to buy such an aggregate subsequently we have made an agreement with them at Rs.19 per CFT later it has moved to Rs.23 now they are asking for. So within a span of three months the prices varied so much so we do not give guarantee going forward of what sort of prices we will have. Second, the major problem is that earlier we have done the projects in Trivandrum bypass as you can remember that there we do not own a quarry and we have started with Rs.16 per CFT and today we have completed project at Rs.33 per CFT. So that the aggregate cost was never constant and every time we were paying a premium to these guys. So this time we have thought we will buy a quarry of course the acquisition cost of a quarry is both the quarries put together it is almost crossing around Rs. 96, 97 crores so which is again it keep the project cost in control. Second thing even after considering this buying cost at least 50%





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depreciation you consider and make a calculation the projection cost is not crossing more than present I mean to say around Rs.15 per CFT we will be able to produce and use onto the project. So it is a complete win, win situation for the company to buy these quarries and going forward the valuation left maybe today the Green Tribunal has given a direction for the quarry beyond about there is a blasting radius for the quarries there ,earlier it was around 100 meters now it is increased to 200 meters by Green Tribunal. They have challenged in the court and now the court is taking some decision and there is no clarity from that so many of the quarries are likely to shut down in the market also there will be a lot of scarcity due to scarcity if the demand is heavy as you know that entire corridor from Calicut to Trivandrum it is now being developed apart from that Mahe Bypass and other few projects are also come up so because of these many projects are so intense place, the quarry aggregate cost is completely going to go up and we are expecting a huge demand there. That is why we are buying it and definitely after we complete the project we may keep it if we have any future projects to be done or otherwise we sell it at a price and that price may not be less, less than whatever we are acquiring cost it could be more or a little bit paid.

**Parikshit Kandpal:** Okay Sir that is all from my side thank you and all the best. Thanks for the time.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

**Ashish Shah:** Thank you for all the assurance and clarification given earlier. I would not repeat those questions. I just have one question on our shareholding so the promoters in the recent past have diluted some of the shareholding and we stand at about 51% so do you have an assurance that we probably do not go below 51% with the current shareholder.

**K. Jalandhar Reddy:** We have decided to be at 51% as you know that Mr. KN Reddy, my father he wanted certain amount for his family settlements and that he has already taken and as the final call he took that the holding should not be less than 51% which MD Sir has decided and now he is directed everybody not to sell at any cost.

**Ashish Shah:** On the irrigation side of the business Sir if you can just talk a little about the progress of the projects where we are on the Palamuru Project given that the NGT has stopped the construction we discussed about the outstanding receivable etc. it can be helpful Sir?

**K. Jalandhar Reddy:** Yes, Venkat, please go ahead.

**K. Venkatram Rao:** Sir as per irrigation progress is concerned NGT recently t given stay for the Palamuru irrigation project so definitely we have to follow that and now we started mobilizing our resources from that project to other site actually and other than the Palamuru drift irrigation all other projects in a very good shapes like Mallanna Sagar is almost open and as far as package IV is concerned that is our pump house project that it also doing well actually so there is no issue on that but



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definitely as far as this Palamuru lift t irrigation project i due to this NGT notice definitely now we are planning to stop the work.

**Ashish Shah:** Sir this quarter if you can help me what was the total execution on the irrigation side because when I see your order backlog actually that seems to have kind of remained at a very similar level from Q1 to Q2 but obviously we would have executed some recently drawing out of irrigation side.

**K. Jalandhar Reddy:** Sir this quarter in the irrigation side, we did around 30% of work and HAM we did 46% of work and back to back is 6% and our other EPC road work is around 18%.

**Ashish Shah:** Sure, so has there been any increase in the value of any of the projects which is why probably the order backlog seems to be very similar?

**K. Jalandhar Reddy:** Sir there is some change of the scope that has happened actually in some projects so with that they are slightly increased in the value of some project.

**Ashish Shah:** Lastly give the status of land for one of the packages we have got about Rs. 700 Crores in Bengaluru how are we in terms of starting t starting the execution of that project and if you can also update on the package IV how is the execution progressing on that?

**K. Jalandhar Reddy:** This Mangloor projects Sir which is start from Periyar Shanti to Bantwal that project...

**Ashish Shah:** Reddy Sir I am sorry actually I was talking about the Kaleshwaram package IV the pump house project, basically what is the progress there on the irrigation side and also on the package III where we had some issue on the land and we were not very clear on when are we going to start the work there?

**K. Jalandhar Reddy:** As far as package IV is concerned execution is going well actually we completed around 20% of the work there and already got around Rs. 250 Crores and further bills we already put and we are expecting that money by next month-end. As far as package III is concerned that is with KNR HES JV that work is still land acquisition is the issue still on and we have not started the work actually so until we have clarity of the land we have not even mobilized our resources to the project so right now we are working in only package IV.

**Ashish Shah:** Sir lastly if you can give the outstanding receivables total receivables that are pending?

**K Venkatram Rao:** The total receivable from irrigation is as of now around Rs. 700 Crores is pending out of Rs. 700 Crores around Rs. 120 Crores from Mallanna Sagar and Rs. 300 Crores is from backed up that is for the lift irrigation and around Rs. 240 Crores from package IV of Kaleshwaram and some small amount of around Rs. 50 Crores for KP Sagar and Yedula. The two put together around Rs. 700 Crores receivables are pending from irrigation as of now.



- Ashish Shah:** Thank you very much. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.
- Shravan Shah:** Thanks for the clarification previously and also congrats on the good performance particularly on the EBITDA margin and PAT front. So now the question is on the gross block front so even if I remove the Rs. 50 Crores for the land so the cash flow for the first half stands at Rs. 120 odd Crores and if I look at the plant and equipment from March to now so it is Rs. 65 odd Crores so Rs. 55 odd Crores has gone in which asset so it is not part of plant and equipment and continuing to that now have we done anything in till September in terms of the Kerala land acquisition so that is why the amount in the cash flow is higher and also capex now for the full year is how much so we have already said Rs. 90 to 100 Crores would be spending for the quarry in Kerala so for the full year now what is the number stand for the capex.
- K. Venkatram Rao** As far as the gross block is concerned definitely increment in the plant and machinery is around Rs. 60 Crores Sir and because for other projects like for our this Bengaluru project and other starting project we have taken the land of around Rs. 14 Crores of land that is for quarry land actually we have bought in these projects and with this gross block is around Rs. 100 Crores is there and around Rs. 20 Crores we have given an advance for acquiring of machinery so that is why in cash flow it is showing around Rs. 120 Crores but net purchases around Rs. 100 Crores this is the first question and what was the second?
- Shravan Shah:** Total capital.
- K. Venkatram Rao** Total capital for this year we expect that because now we are taking that this Rs. 100 Crores of quarry land for Kerala we will buy but we just want to again reiterate that because in Kerala there is a land ceiling act is there in that case any company cannot require more than 15 acres of land in that state so we have to acquire that land through wholly-owned KNR subsidiaries company and in some cases we are also thinking to acquire the company in which this land is there so we are just working out the mechanism but overall requirement will be around Rs. 100 Crores but that may through some direct purchase or something from investment in our subsidiaries company so with this total requirement for this year it may go up to Rs. 250 Crores excluding this 50 acres what we already did against that we got the money also.
- Shravan Shah:** Just to clarify so it may happen that the Kerala 90-100 Crores from the standalone in terms of the capex the amount can be bigger so apart from that if I remove that Rs. 100 Crores the Rs. 150 Crores capex for the full year so that is how I look at the number?
- K. Venkatram Rao** Yes correct.
- Shravan Shah:** So secondly sir two things first in the initial we said in terms of the bid 10 bid store not clear in terms of the voice in terms of the value so are all the 10 bids that we have bid or planning to



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bid and in the HAM or irrigation secondly in terms of the value also of that and secondly in terms of the equity for the HAM project that was not able to get the clearly the number so if you can repeat that?

**K. Venkatram Rao:** Yes, what we have told is there is a robust project pipeline and already DPRs under the Bharatmala project which should accelerate the project awarding activity going forward. The process of submitting 10 bids of the road project is currently underway. The average ticket size is from Rs. 1,000 Crores to 1,200 Crores based on the irrigation project and the order backlog, what we are expecting is we are targeting an order inflow of around Rs. 2,000 Crores to 2,500 Crores before the financial year 2022.

**Shravan Shah:** The breakup of the equity investment that I think Rs. 635 odd Crores you said so if you can repeat the entire number for 2022, 2023, 2024.

**K. Venkatram Rao:** Yes, equity requirement we already put as of date around Rs. 457 Crores but we have to further put around Rs. 635 Crores out of this balance for the remaining year we are going to put around Rs. 270 Crores for FY2022 and for FY2022-2023 we may put around Rs. 230 Crores and of around Rs. 135 Crores we will put in 2023-2024.

**Shravan Shah:** Just further clarification that the three HAM that we sold to the Cube so that till now we invested around Rs. 354 odd Crores so that money would be out of balance sheet by March-end?

**K. Venkatram Rao:** Out of these two projects definitely because two projects we got PCOD in the month of May 2021 that it is Srirangam and Tirumala and as per NHAI guidelines we can dilute to the extent of actually 49% within and after that after six months we can do it entirely so one project to Shankarampet that we got in the month of October so that may spillover that 51% in the next year but other these two projects could be able to complete before March only.

**Shravan Shah:** And in terms of the guidance revenue EBITDA margin from here any of upward revision?

**K. Venkatram Rao:** So far our because as you know there in Q3 extensive rains are there and what is happening in Q3 most of the project is yet to start like Kerala, Mangloor, we have not got the appointed date in Kerala. We are expecting appointed date somewhere in the mid of December so that is why we are thinking that Q3 may not be that it may be little lull because there was extensive rain in this part of the country so that is why our guidelines we are keeping around Rs. 3,000 Crores as of now and EBITDA we are targeting around 18% to 19%.

**Shravan Shah:** Sir last time we said Rs. 3,400 Crores so now we are saying Rs. 3,000 Crores.

**K. Venkatram Rao:** No, we said Rs. 3,000 only actually.

**Shravan Shah:** Okay no issues I have more questions I will come in queue. Thank you and all the best.



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- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Thanks for taking my question. Sir just two questions from my side; Sir you have explained the entire details of the capex number that we are expecting the land and the excluding the land we are expecting around Rs. 180 Crores of capex for the plant, machinery and equipment. So will that be sufficient to take care of the current order book including L1 of around Rs. 11,000 Crores that we have or do you believe for the irrigation projects or maybe aware HAM projects we might need to make a similar kind of a capex next year also?
- K. Venkataram Rao** Sir for capex definitely because as you know most of the approval like Kerala and Mangloor this project work will be done mostly in the next year only so this capex we told for this year definitely for next year for these two Kerala projects other than this land because another land we require a lot of machineries so further next year capex requirement will be there for two assets.
- Vibhor Singhal:** Sir related question regarding the capex in the P&L was basically on our depreciation number Sir. Sir and it was more of a bookkeeping question there was a depreciation number that has been coming down over the past year and this year as well despite we are doing more and more capex so is there some change in the that working that we had adopted because this number has come down so for our estimates what should be the number that we should be looking at?
- K. Venkataram Rao** Sir the depreciation number definitely in the last quarter depreciation number is based on how much acquisition it depends upon that so as you know last year March 2021 we did only Rs. 100 Crores of acquisition that is why that year depreciation was less but this year now because we have already started acquiring the land so this year this depreciation has been increased last year it was for the quarter of around Rs. 26 Crores was there actually but this year it is around Rs. 30 Crores, Rs. 35 Crores is there so in future also we think that depreciation will be somewhere around Rs. 35 Crores to 40 Crores range only.
- Vibhor Singhal:** Depreciation has come down significantly from FY2020 number in FY2020 we use to have it at around Rs. 40 Crores to Rs. 50 Crores kind of a quarterly run rate?
- K. Venkataram Rao** Because that year if you see 2018-2019, 2019-2020 at that year we did every year around 200 Crores actually we acquired the assets that is why that bigger depreciation was more but last year 2020-2021 we acquired only 100 Crores of assets and this year also we are acquiring these assets but basically in the land because these are the land and land we cannot come to depreciation so this year addition will be there so excluding land we could able to get that depreciation on that so this year we think that it will be somewhere between Rs. 35 Crores to Rs. 40 Crores ranges.
- Vibhor Singhal:** Got it, Sir. Sir my next question, the last question is on the quarry land that we are acquiring so now that we are looking to acquire this quarry in Kerala and we have a sizable part of our order is also in the state this year so as to prevent us from making higher cost payment for the aggregate



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so do you believe it could lead to an increment of jump in EBITDA margins or let us say in next year or a year after compared to the current level.

**S. Vaikuntanathan:** Whatever we have projected we will maintain. This question the days to come only we can answer in the next year how it is being operated at all but overall there should be some improvement but we have to wait and see.

**K. Venkataram Rao:** Expecting some claims coming up we will see Sir once the claims or anything gets realized then we will know and claims we cannot say when it will happen and what will going to happen.

**Vibhor Singhal:** Sir one last question if can squeeze I do not know you have already answered it what is the expected appointed date that we are expecting for the HAM project are over an appointed date timeline?

**S. Vaikuntanathan:** The financial closure is expecting at any time for the two HAM projects we have presented the document .may be today or tomorrow it should come the appointed date you may have to wait. I

**K. Jalandhar Reddy:** Appointed date Sir appointed date is concerned first I will speak about the Mangloor project I think the Mangloor project is around 85% to 90% the land is available so this is again required for 90% to be required, and the application has gone to NHAI headquarters, I think on or before 20th it should happen for the Periyar Shanti, Bantwal part and the Kerala project concerned we have started the dismantling of the structures. There are heavy structures that are outstanding in the project. It is almost it is passing through small towns and villages like Kottakkal and Valanchery there are thckly populated places also it is passing through so all that dismantling is now started. I think if we are able to dismantle everything in the coming one, one and a half months at least 90% of the carriage WAY WILL BE available in each of the project .Definitely will be taken Sir and we are expecting somewhere in January it should happen .AS of now the department says we have 75% position that means the revenue department and in another one, one and a half months they will achieve the 90% part which they are confidently saying we will have to confirm this by dismantling the structure and taking over the position on the land.

**Vibhor Singhal:** Got it so this is for the Kerala project?

**K. Jalandhar Reddy:** Kerala project Sir, these two are the major ones and the Periyar Shanti, Bantwal is also around almost Rs. 1,100 Crores plus so it with the land acquisition, by this 20<sup>th</sup> we would get one and rest are all we are waiting for the next January.

**Vibhor Singhal:** Thank you so much for taking my questions and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Faisal Hawa from H.G Hawa & Co. Please go ahead.



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**Faisal Hawa:** How should do we feel this Rs. 700 Crores of irrigation connections could be recovered by us and secondly, sir are we looking at any kind of foreign tie-ups for developing the airports or metros or any kind of thing it could give us revenue three to four years time and do you not feel that we will need a bigger order book now to sustain our revenues at a much higher level now that the entire company's revenue range has increased so can we not look at some Rs. 7,000 Crores to 8,000 Crores of odd like this year itself?

**K. Jalandhar Reddy:** Yes. Sir, we have just planning also. I think railways we want to make an entry because as you know that Prime Minister's policy of investing on infrastructure is very huge this time and huge, big projects are going to come up so definitely we want to have our role in it that Rs. 100 lakh Crores policy so we are definitely there for that and for which whatever the tie-ups that are required we are making and we would be in competition for this.

**Faisal Hawa:** And receivable on the irrigation front?

**K. Jalandhar Reddy:** Irrigation projects are coming up definitely we welcome that provided we could have assured funds.

**Faisal Hawa:** The Rs. 700 Crores of irrigation is pending how soon we feel we can recover it.

**K. Venkata Ram Rao :** Sir out of Rs. 700 Crores around Rs. 250 Crores is there from that package IV actually and for that we already raised the bill and we expect that this money will come definitely by end of next month actually so this money will come and as far as Vector is concerned there is definitely NGT has put the stay but we are already because we have done the work actually and this bill has been certified so we already putting pressure on the government to release this money so we expect that some portion of Mahe we will going to release by next month and Mallanna Sagar also will so we can say by end of March we should able to realize the pending receivables as well as Mallanna Sagar and package IV is no issue because it is already backed by banker so once we did the work and government will put their part of the equity we can able to get the money so as far as receivables is concerned from irrigation side we can say that there is high visibility is there by end of March 2022 we should able to realize the entire pending receivables.

**Faisal Hawa:** Our cash flow from operations is negative so is it an optical this thing because we have not drawn loans into a subsidiary or is it one we are managing because of this irrigation receivable?

**K. Venkataram Rao:** That way we going to have we have this cash flow from the operating activities the expenses, but for this quarter Rs. 111 Crores is there know that is only.

**Faisal Hawa:** No cash flow from the operation it is showing negative?

**K. Venkataram Rao** You are talking about the consolidated basis or standalone?

**Faisal Hawa:** Consolidated basis.



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- K. Venkataram Rao** Like consolidated because that will be increased on the financial assets because whatever the receivables are there we have to put in under the financial assets receivables because that was an expenditure we have to incur actually towards the acquisition of that asset so we have to show under financial assets. So due to that reason, it is showing but if you see, you see the standalone cash flow it is positive only.
- Faisal Hawa:** It is because of this total HAM accounting at it?
- S. Vaikuntanathan:** Yes this is the total HAM accounting yes correct.
- Faisal Hawa:** Thank you.
- Moderator:** Thank you. The next question is from the line of Barni Vijaykumar from Spark Capital. Please go ahead.
- Barni Vijaykumar:** Good morning. Sir, what is the portion of the order book coming from the Palamuru project where NGT stay notice has been given now in the current order book and how it will be addressed will it be scrapped from the order book?
- S. Vaikuntanathan:** Right now we have completed around 70% of the work on that project so it is around 30% is pending so it is around Rs. 250 Crores is the pending order book as of now from that project.
- K. Jalandhar Reddy:** The project will not be cancelled as because the government has once again taken time till January 15 to submit the DPR and so they are making all efforts to complete the DPR and then get the approval so the project is almost 70%; most of the projects has come.
- Barni Vijaykumar:** From the receivable situation from irrigation of around Rs. 700 Crores you said the package IV Rs. 240 Crores will be received by end of say November December and from Mallanna Sagar and Palamuru project which is Rs. 120 plus 300, Rs. 420 crores you said it will come by March 2022.
- K. Venkatarama Rao:** Yes, correct Sir.
- Barni Vijaykumar:** So from the Rs. 700 crores, 420 plus another 240 that is around Rs. 650 Crores will be received by end of March 2021.
- K. Venkatarama Rao:** Yes, correct Sir.
- Barni Vijaykumar:** One thing that we are noticing specifically on the road bids is that either it is getting delayed or players are not winning several projects so very few players have won projects in the first half so what is happening on the overall bidding scenario competition and will NHAI and the entire sector see the targets being met in terms of bidding and getting new projects?





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- S. Vaikuntanathan:** It is happening. Biddings are happening. The bids are definitely on the board has generally you can see about southern part there has been now tenders come up and as you know the DPRs are some new Express Highways like Hyderabad-Bengaluru and then Hyderabad-Mumbai these all expressways that are planned and apart from these Bengaluru I mean to say Karnataka, Tamil Nadu also are there in the pipeline and this time we are also focusing if we have bigger projects are come up in northeastern part of India where we are now planning to get on that. Apart from that there is a good scope from new 22 expressways which have been planned by Mr. Narendra Modi and interlinking of states goes to national highways those are also on pipeline. I think so but there is now aggression is there as the bids are not happening and they are just getting postponed every time. Recently these are supposed to bid in some Kerala projects and which have got postponed by 10 days and some ministry projects also were there they are also getting postponed because some land problems are there and we have some new features to be added to the project so they are deferring with the same. Somehow I think again March is nearing so they have huge big targets before March definitely the scope and there is some good targets to be achieved by NHAI so definitely the bids are going to happen before March for this fiscal.
- Barni Vijaykumar:** Yes, Sir thanks for answering my questions and all the best.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar Qazi:** Thanks for taking my question and congrats on the good set of numbers so a couple of questions from my side first what was the standalone debt at the end of Q2 and has it come down during the current quarter?
- K. Venkatarama Rao:** Yes, so the end of Q2 actually debt was Rs. 100 Crores was there but again that our cash balance is there so net debt is around Rs. 65 Crores was there as of the end of Q2 and whatever this Rs. 100 Crores short-term loan was there which has been repaid actually as of now it has been repaid.
- Parvez Akhtar Qazi:** As of now we do not have too much of gross debt right?
- S. Vaikuntanathan:** Yes, there would not be any. Some working capital utilization will be there but as far as this debt like any term loan like debt no term loan is there as of now.
- Parvez Akhtar Qazi:** Sir what would be the land availability for the Chittor-Thatchur HAM project the one that we got the LOA?
- K. Jalandhar Reddy:** Chittor, Thatchur actually the land is available. The debt EV is about say 80%, 85% and now recently we have in a few days back we have done the agreement also for this project. I think they have five months to acquire and they are very confident that they will be getting before time about 90% of the land that is required for happening the appointed date, Sir. So from today around five months it will take.



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- Parvez Akhtar Qazi:** So we expect it is by probably the end of this sector?
- K. Jalandhar Reddy:** Yes five months, it take five months time I think maybe by April we will be able to start the project and actually time is also there from agreement to appointed date and FC to FC we have around five months time.
- Parvez Akhtar Qazi:** The last question when we said we need about Rs. 635 Crores of incremental equity does that also include this Chittor-Thatchur HAM project?
- K. Venkataram Rao:** Yes it also includes Sir it is includes this Thatchur-Chittor also Sir.
- Parvez Akhtar Qazi:** Sure thanks that is it from my side and all the best sir.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Thanks for taking my question and congratulation on a good set of numbers. Sir just a quick few questions, Sir you said on the Bengaluru section of EPC you will get that appointed date on the 20th of this month right Sir?
- K. Jalandhar Reddy:** Yes actually we have already given our consent 90% current availability and that joint memorandum has been signed and sent to headquarters at Delhi. I think overall it takes it to announce it from 20th it will take another five days to announce. Actually, in fact, we were told around 15th Mr. Nitin Gadkari is likely to inaugurate those projects but I think somehow it is deferred the date is deferred so before that I think we have given the consent for 90% carriage fee availability they would go for appointed date.
- Jiten Rushi:** Sir on the new segments are you targeting any projects from the airport runway projects or some other?
- K. Jalandhar Reddy:** Now we have not given any thought in the airports and all because the 2 lakh kilometer to be developed in highway sector by Narendra Modi himself he said he would get the Gati Shakti program apart from that there would be lot more other projects also coming up in the urban development sector also as well railways also there is equal importance so these things were now open and we were all like having more projects from irrigation itself, railways also come up and railways require engineering and civil engineering work, we are open to bid on that. Of course, WHILE we talk towards airport development also but we have just waited what sort of project they are going to come up and how they are going to touch the company in a better way because the competition we are having more in that airport also today so definitely instead of 40:30 world, we will have to live with it some joint venture partner to keep ourselves open to do it.
- Jiten Rushi:** Focus would be on roads and irrigation as of now?
- K. Jalandhar Reddy:** Yes, and you can also see we are open to even begin ports and metros.



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- Jiten Rushi:** Or even metros.
- K. Jalandhar Reddy:** Yes even metros.
- Jiten Rushi:** Sir just one question Venkat sir on the bank limits so what is the utilization levels and fund based and non-fund bases.
- K. Venkatram Rao:** Actually fund base it is almost we would say nil actually because there it is more debt and fund base it might be around Rs. 30 Crores to 40 Crores utilization there as of now.
- Jiten Rushi:** What is the total availability on the fund based?
- K. Venkatram Rao:** Fund base Rs. 145 Crores.
- Jiten Rushi:** Non-fund base now.
- K. Venkatram Rao:** Non-fund base is total Rs. 1,915 out of that around 50% is utilization Rs. 1,000 Crores will be utilization year-on-year.
- Jiten Rushi:** That is all from my side. All the best Sir, Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Harsh Bhatia from Emkay Global. Please go ahead.
- Harsh Bhatia:** Thanks a lot for the opportunity. My question pertains to just an extension of what you have already alluded to for NHAI. With the recent NHAI InvIT of Rs. 5,000 Crores that is almost closed and foreign entities almost picking up half the state we have seen fairly good response so what sort of additional dialogue are you saying developing in this space with respect specifically KNR as well as for the overall road sector with such money flowing in what sort of additional dialogue it is getting developed any colour you will have to provide?
- K. Jalandhar Reddy:** Repeat your question, Sir?
- Harsh Bhatia:** With the NHAI InvIT of Rs. 5,000 Crores closing in with the recent InvIT that NHAI did what sort of additional dialogue are you say in developing the road space like how does it pan out specifically for KNR as a road player as well as for the overall industry anything specific you would like to highlight I think you have already highlighted so many measures that NHAI has taken anything specifically with regards to this point?
- K. Jalandhar Reddy:** Yes the recent whatever it is proposed we already highlighted 10 to 12 projects we have identified and we will also try to bid for all our projects and we have said before this yearend financial year-end that we proposed at least to the aim for some Rs. 2,000 Crores to 2,500 Crores worth. That is the position now.



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- K. Jalandhar Reddy:** Definitely with this recent infusion of InVIT money to NHAI now NHAI may go with this to build up this year we have seen that they are targeting to award but there was awarding delays, awarding is getting postponed but now with this money included in NHAI it will accelerate the pace of awarding actually and NHAI and we have also in the second quarter for this year there will be the awarding activity we will see significant increase in awarding equity of NHAI.
- Harsh Bhatia:** That is helpful Sir. Sir last question from my side is there any regulatory mechanism in place that may not allow us to sell this aggregate composite to our competitors just in case the moderate prices?
- S. Vaikuntanathan:** Repeat Sir
- Harsh Bhatia:** Is there any regulatory mechanism in place that does not allow us to sell the quarry aggregate material to our competitors just in case the market demands so maybe the prices become really good.
- K. Jalandhar Reddy:** You are talking about Kerala I believe right.
- Harsh Bhatia:** Kerala related quarry acquisition.
- K. Jalandhar Reddy:** Actually what we now intend to buy is that this quarry has a ten-year provision for quarry operations one thing and second Sir one quarry is again be around 8 acres of permission and the second one is having around 10 acres of permission so here the quantity required Sir it is about 43 lakh minimum that is coming up it may vary 45 also. So looking at this the production to our price it is becoming bit essential and we may be quite increase the pace up to the project completion period later we can definitely plan to sell them and there is no doubt we get a very good price.
- Harsh Bhatia:** That is really helpful sir. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital Market. Please go ahead.
- Shravan Shah:** Thank you. Sir regarding three HAM where we have this is the PCOD that the Cube one, so now how much so outstanding order book is Rs. 277 odd Crores so how much descopeing can happen so out of that how much order book can be removed?
- K. Venkatarama rao:** Maybe around Rs. 100 Crores descopeing might be there because in Tirumala we are expecting descopeing and from Srirangam, so these two projects we are expecting descope. As far as Shankarampet Projects and some Ramsanpalle Mangloor project is there would not be any descopeing but Tirumala and the Srirangam put together around Rs. 100 Crores descopeing will be there.



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- Shravan Shah:** Second Chittor Rs. 9 Crores odd early completion bonus so are we booking in this quarter or third quarter or fourth quarter.
- K. Venkataram Rao:** No. This will be booked essentially as far as with the first annuity which has given 30th in November it should book in this quarter only.
- Shravan Shah:** So the entire will be part of the standalone revenue so to that extent our EBITDA margin will be higher?
- K. Venkatarama Rao:** No with this definitely because against that there would not be any cost what are the cost incurred is there so this should go to EBITDA only.
- Shravan Shah:** The last time we spoke about a Rs. 70 odd Crores kind of arbitration from Odisha so when it can come and how much of this Rs. 70 Crores is EBITDA or Rs. 70 Crores is revenue that will be there and if that is the revenue then how much would be the EBITDA from that?
- K. Venkatarama Rao:** This Rs. 70 Crores definitely we are expecting that came but when it is come we as of now already NHAH has gone to the court and proceeding is going on but definitely whatever the Rs. 70 Crores is there against that some legal and arbitration expenses are there so mostly around 80% will definitely go to EBITDA only but not EBITDA because it contains other income also interest income will be there so if you say in PBT it will go almost 80%.
- Shravan Shah:** Second is Sir data point on the retention money so both retention money withheld and the retention money and the mobilization advance received and mobilization advance paid and the unbilled revenue?
- K. Venkataram Rao:** This retention money is around Rs.192 Crores is there, the asset side against that Rs. 111 Crores is there towards liability side and mobilization advance received is Rs. 136 Crores and what you ask, Sir?
- Shravan Shah:** Mobilization advance paid to a subcontractor?
- K. Venkataram Rao:** It will be around Rs. 110 Crores.
- Shravan Shah:** And unbilled revenue.
- K. Venkataram Rao:** Unbilled revenue will be around Rs. 392 Crores.
- Shravan Shah:** And the irrigation debtors I know you have given the breakup but the HAM and EPC debtors if you can spell so Rs. 600 odd Crores the half-yearly debtors are showing Rs. 603 in current assets so if you can help me in terms of the breakup of that.



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- K. Venkataram Rao:** Out of this around Rs. 602 crores, HAM would be Rs. 225 Crores, irrigation is around Rs. 223 Crores and the rest is around EPC work.
- Shravan Shah:** Just to clarify this Vandavasi EPC the appointed date when the appointed date will come?
- K. Venkataram Rao:** See Vandavasi it is already there the projects in the revenue because this is the state project once you sign the agreement it will start. There is no appointed date like that so once you sign the agreement that so already we will sign the agreement it is already started.
- Shravan Shah:** Okay because the order book was the same in Q1, Q2 so that is what I thought?
- K. Venkataram Rao:** No, this we have put not at certification because the order book based on certification we will remove from order book so we have not raised any bill actually on that but this quarter we are going to raise the bill.
- Shravan Shah:** That is it from my side. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Niteen Dharmawat from Aurum Capital. Please go ahead.
- Niteen Dharmawat:** Thank you for the opportunity. My question is related with this notification which the government had given October 29, wherein it has mandated to release 75% of all the running bill in 10 working days in balance 25% within 28 working days so do you see the impact of that on the cash flow of our company. So currently it is restricted I understand only on the central funds so can you please throw some light on that.
- Moderator:** I am sorry to interrupt, but Mr. Niteen we cannot hear you properly Sir your voice is breaking.
- Niteen Dharmawat:** I was talking about this notification of 29th October of the government wherein some funds have to be released 75% funds have to be released within 10 working days and remaining within 28 working days so do you see any impact of that on the cash flow of our company?
- K. Venkataram Rao:** Basically as far as our major projects are there, that is from NHAI so definitely NHAI is very good to RELEASE. We are not seeing any real delays from the receivables from the NHAI but our concern is there from irrigation projects or that already we have explained to you what is our strategy and out of that so as far as EPC work is concerned from NHAI there is no delay on such irrigation so we really do not think really there is any issue on that because other than NHAI we have HAM project on HAM project based on the availability of funded parent company and we will draw the money from SPV so really we are not seeing actually that notification is going to impact us very much.
- Niteen Dharmawat:** Got it. Thank you so much.



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**Moderator:** Thank you. The next question is from the line of Faisal Hawa from H.G Hawa & Co. Please go ahead.

**Faisal Hawa:** Sir orders as far as our consent of roads have always been a concern for me because we get the orders right at the end of the financial year and by the time we go for an appointed date and financial closure and all, we have some period where we have a slower revenue due to lack of order like the next month in the next quarter the Kerala order cannot be executed and the irrigation order has various other problems so why is the company not going a little more aggressive on bagging some more orders so that at least our revenue growth is not affected and so there should not be any one-off which we are affected due to lack of orders?

**K. Jalandhar Reddy:** No we are targeting around Rs. 2,000 Crores, 2,500 Crores by this March end plus or minus one-two months sir because we do not have to pick up an order in a very competitive market and it is like there is a lot more job which is yet to come up as per PM mouthpiece itself we have heard about the order sizes that are going to come up so definitely that 2 lakh kilometer is being targeted in coming five years so there is no taker also if such order comes out. Definitely, there is a good market which will be available in this that the target is to grab about Rs. 2,500 Crores to 3,000 Crores as the KNR colony going to be completed and they seems like coming out in March and Magadi what that it is under the way it is also going to come up in the month of March April so to that tune we would need to have orders so definitely we are focusing on that.

**Faisal Hawa:** Sir, secondly, this I mean can we have a position about the instead of selling our project to Cube or something we have our own InvITs where we can again increase margins by another 1.5%, 2% something like what we are doing?

**K. Venkatram Rao:** Always we have options open whenever things are just coming up. Our three projects we have done from SPA before the appointed date also so these things definitely if they are not violating we do not want to violate any because already in place the commitments are already given so going forward we can think of doing all these.

**Faisal Hawa:** Sir now only 6 to 7 banks in India are in a position to lend over Rs. 1,000 Crores at one go to any project and at the same time, many road construction companies are not in a position to take more orders because of balance sheet concern so do not you see a severe consolidation happening going forward in the next one or two years because at one point the banks are not there to lend more than Rs. 1,000 Crores for the project sanction and on the other side the road construction companies are also not in a good balance sheet position?

**K. Jalandhar Reddy:** Yes this will rather it will be like a good news or la bad news we cannot say this but at this point of time the banks are really open to take for companies like us we are conservatively looking at the orders what we are targeting and we do not have a plan to have more big orders than what we can handle with and second the banks are looking at a successful player is always be given a priority and then they are look at that very positively. Thank God it is there with us and we want to keep up this position going forward. Definitely the funding is going to happen to our project



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that we had a strong HOPES with projects. So there should not be any problem of that such time and as you said yes on the few banks are looking at and definitely the work scope which is going to come up is going to be weak so Government of India must be having a background in that to come out in a big scale and even the banks to gear up to fund these projects. There will be some scheme out also from the Government of India as of now. What is the scheme, nobody has an idea but that will be something in the hands of the government.

**Faisal Hawa:** For the present one or two years it looks like a clear consolidation within the industry?

**K. Jalandhar Reddy:** REPEAT SIR

**Faisal Hawa:** For the present one or two years it looks like a very clear consolidation within the industry.

**K. Jalandhar Reddy:** Maybe there Sir now so many people have got the project may be in the days to come it will become effective.

**Faisal Hawa:** Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen this was the last question for today I would now like to hand the conference over to Mr. S. Vaikuntanathan for closing comments.

**S. Vaikuntanathan:** Thank you all for joining us this call. Please reach out to our IR Consultants, Strategic Growth Advisors or directly if you have any further queries. Stay safe we can now close the call. Thank you very much.

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