KNR Constructions Limited.

Date: 21st February 2025 Ref: KNRCL/SD/2025/848&849

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

Dear Sir/Madam,

Sub: Trasncript of Q3FY25 Earnings Call held on 14th February 2025
Ref: Regulation 30 of SEBI (LODR) Regulations, 2015

We refer to the above captioned subject, we herewith submit the transcript of the earnings call held on 14th February 2025.

This is for the information and records of the Exchange, please.

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

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“KNR Constructions Limited

Q3 FY '25 Earnings Conference Call”

February 14, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th February 2025 will prevail.”

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

Moderator: Ladies and gentlemen, good day, and welcome to KNR Constructions Limited Q3 and FY '25 Earnings Conference Call.

This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict.

As a reminder, all participants' lines will be in 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. K. Venkata Ram Rao, General Manager, Finance and Accounts, KNR Constructions Limited. Thank you, and over to you, sir.

K. Venkata Ram Rao: Yes. Thank you. Good morning. Thank you for joining us today on the call to discuss the financial results for the Q3 and 9-month FY '25. Along with me, I have Mr. K. Jalandhar Reddy, Executive Director; and Strategic Growth Advisors, our Investor Relations Advisors.

We have uploaded results and investor presentation on the Stock Exchanges, as well as in our company website. I hope everyone got an opportunity to go through it. We would like to touch upon our key company's update and industry events, post which we will have a question-and-answer session.

The recent union budget for FY '25-'26 reaffirms the government's strong commitment to the infrastructure development with budgetary allocation of INR2.87 trillion for the Ministry of Road Transport and Highways. This substantial investment is poised to accelerate road development, enhance connectivity and strengthen our transport network, paving the way for the more robust and resilient economy.

Although the first 9 months of FY '25 witnessed a slowdown due to macroeconomic factors with approximately 5,853 kilometers the roads constructed, the sector continued to demonstrate a strong foundation for growth with a large chunk of project already to be awarded. The sector has already gained significant traction with the second quarter averaging around 600 kilometers of the projects awarded. The momentum has further increased in Q3 also.

Additionally, the MoRTH is prioritizing corridor-based approach, which will have enhanced user convenience and improve logistics efficiency. As of December 2024, MoRTH has operationalized 4,693 kilometers of the highways speed corridor with a target to reach 4,827 kilometers by the end of FY '25.

Looking ahead, India's ambition vision of 2047 aims to reshape the national infrastructure landscape. Under this long-term road map, the government is set to approve a series of future highway projects, ensuring the seamless expansion of national highway network. Notably, project awards are progressing at a steady and comfortable pace, reflecting continued momentum in the sector.

This increased focus on infrastructure will, not only boost construction activity, but also improve logistics efficiency, create employment opportunity and drive economic progress. With this strategic development, India's road infrastructure sector remains a cornerstone for national growth and connectivity.

Now, come to the key updates of the company. The percentage of physical progress as of December 31, 2024 for the HAM project is as follows: Magadi to Somwarpet, approximately 88% completed; Ramanattukara to Valanchery approximately 90% completed; Valanchery to Kappirikkad approximately 86%; Chittor to Thatchur approximately 84%; Marripudi to Somavarappadu 23%.

As of December 31, 2024, the company has already invested INR589 crores out of the INR990 crores revised equity requirement for all the HAM projects. The additional requirement of INR401 crores to be infused as INR108 crores in 2025, INR205 crores in FY 2026 and INR88 crores in FY 2027. You can refer to the Slide number 23 of the investor presentation for detail on each HAM projects.

In January, the company received letter of acceptance for two irrigation projects in the state of Telangana. Both projects together account for INR429 crores of our share of revenue.

Now, coming to the order book position. As of December 31, 2024, the company's total order book stands at INR3,888 crores. This is divided into 46% for the EPC road projects and HAM project, 26% for the irrigation project and remaining 28% from pipeline project. Client-wise bifurcation is 71% of order book is from the third-party client and balance 29% for captive HAM projects. The third-party order book percentage is further split as state government 58%, whereas 10% is the central government and balance 3% from the other private players.

As to note that, this order book does not account for the two HAM projects totaling to INR1,200 crores as the appointed date is yet to be received. Additionally, it excludes 2 irrigation projects awarded in January '25 value at INR429 crores. Including this, the total order book would be at INR5,517 crores.

The current order book will be executed over a period of 1.5 to 2 years. With the government emphasis on the infrastructure development, we anticipate new order award in the coming quarters. We are aiming for an order inflow of approximately INR6,000 crores to INR8,000 crores by the end of September '25.

Before discussing the financial figure, I would like to highlight that during the quarter, the company received an arbitration claim from one of our associates that is Patel KNR Heavy Infrastructures Limited. This includes INR35.6 crores recorded in the revenue from operation and INR103.5 crores as interest on such claim. That is reflected in other income. The related

expenses of INR1.3 crores has been included in other expenses and resultant tax of INR34.6 crores is accounted under current tax.

Now, let me take through the Q3 and 9 months FY '25 stand-alone financial performance, followed by the consolidated performance. I will start with the quarterly highlights first. The revenue for the quarter stood at INR743 crores. EBITDA for Q3 FY '25 grown by 3% to INR151 crores as compared to INR147 crores in Q3 FY '24. EBITDA margin is at 20.4%. Net profit for the quarter was INR182 crores vis-a-vis to INR86 crores in Q3 FY '24, registering a growth of 113% year-on-year.

Now, coming to 9 months FY '25 highlights. Revenue for 9 months FY '25 stood at INR2,507 crores. EBITDA for 9 months FY '25 grew by 4% to INR508 crores as compared to INR487 crores in 9 months FY '24. EBITDA margin in 9-month FY '25 stood at 20.3%. Net profit for 9 months FY '25 was INR650 crores as compared to INR296 crores in 9 months FY '24.

Now, coming to the consolidated financial performance. I will start with the quarterly highlights first. The revenue for the quarter stood at INR848 crores. EBITDA came in INR256 crores in Q3 FY '25 vis-a-vis to INR226 crores in Q3 FY '24, a growth of 13% year-on-year. EBITDA margin in the current quarter stood at 30.1%. Profit after tax stood at INR248 crores in Q3FY '25 vis-a-vis INR136 crores in Q3 FY '24, a growth of 83%.

Moving to 9 months FY '25 highlights. The revenue for 9-month FY '25 grew by 25% year-on-year to INR3,778 crores. EBITDA for 9 months FY '25 was INR1,404 crores as compared to INR673 crores in 9 months FY '24, registering 109% growth. EBITDA margin for 9 months FY '25 stood at 37.2%. Net profit grew by 142% year-on-year to INR994 crores.

Now, moving on the stand-alone balance sheet. The company continued to remain a strong balance sheet. Working days stood at 69 days compared to 71 days as of September '24. The consolidated debt as of December 2024 is INR1,486crores (it was wrongly mentioned as INR 14,086 crores during the call) as compared to INR1,220 crores in March 31, 2024. The net debt to the equity on consolidated basis as of December stood at 0.33 compared to 0.34 as of March '24.

With this, we can open the floor for question and answers.

Moderator: We have our first question from the line of Shravan Shah from Dolat Capital. We'll move on to the next participant. The next question is from the line of Ravi Naredi from Naredi Investments.

Ravi Naredi: Jalandhar Reddy, it is so far good result. We received so many arbitration claims this year. How many more in pipeline? Can you describe this?

K. Jalandhar Reddy: So actually, for the claims concerned, there is no much pending as of now. I think due to Vivad Se Vishwas scheme, we could get settled with all other claims and very minor claims are there, one Penchalakona-Yerpedu project, there is a claim about, say, INR15 crores whose receivables through this Vivad Se Vishwas maybe INR11 crores and all. That's all the claims for this thing concerned.

And there are a couple of other claims in some HAM model projects and Madurai to Ramanathapuram project, there is a claim. And there is a claim in around INR300 crores, I think, in Madurai-Ramanathapuram. And this Dindigul-Bangalore package, there is Coimbatore to Pollachi,. That project also has about, say, INR150 crores plus claims.

But the arbitration is still to commence. I think those claims were launched, and we have asked for some consultation committee, there is a consultation committee in NHAI for settlements of these claims. If they defer with our argument, then probably we would go for other forum like go to arbitration and then they can start that to the channel.

Ravi Naredi: Okay. And we have INR5,200 crores 12 months top line, while we have only INR5,500 crores value of contract in hand, which is equal to 1 year. Will you comment on this?

K. Jalandhar Reddy: Yes. Actually, as 1, 1.5 years onwards, there is no significant orders which have been received by the company because there is a big slowdown in NHAI was the major client in our industry to get the jobs from highway and HAM model or toll model projects. So those were completely -- there were tenders, but not in large numbers like they used to happen in every year.

So the rally was very small and the aggression in the market was very heavy. Some tenders went at 20%, 25% HAM model, 20%, 25%, it is unimaginable. Certain tenders have gone in that way. So there is aggression in the market a little bit, but there is a huge pipeline, which is there in NHAI's website, as you can also see it, we have keenly studied on certain around 60 -- 70, 80 projects we have studied as of now.

So we were making our moves as and when these tenders come up, we can put a bid. So there's a lot of time which we have got. So there's a keen study is being done utmost design care was taken, almost all the care was taken. So hopefully, we should be able to get out with this -- apart from this, the highway NHAI divisions.

We are also participating through state government projects in highway sectors like Tamil Nadu is coming out with a few projects and Karnataka is coming out with a few projects. And irrigation projects are also in a major way that are coming from MP projects, which we are focusing now. And in Rajasthan, there is an interesting thing that we have in HAM model irrigation projects, which are also there on the board, which we are preparing our bids to submit over there.

And apart from that, urban infrastructure projects are coming up in large-scale in Tamil Nadu as well in Telangana as well in Andhra Pradesh also. So those areas also like flyovers and all other many infrastructure development projects in the cities and all that coming up, so which we are also focusing there.

Apart from that, recently, we have placed bids in open mining operation contracts. So those areas also we have given our bids. And we continue to go on them. And certain other care also has been taken. There are large-scale projects like INR5,000 crores, INR8,000 crores, INR7,000 crores size of projects which are coming out on BOT toll model, for which I think we have spoken to Adani, and we have submitted Agra-Gwalior bid EPC bid to them. So hopefully, if it goes well, then we would get the EPC, that's kind of arrangement which we have got.

Apart from that, we are also thinking to give some certain bids where Cube is also participating in toll bids. So there also, we would like to go. So there is quite an interest which we are capturing. I think an extensive efforts and hard efforts are being made by us to get enough order book in hand. Our target is to have around INR8,000 crores minimum in coming 2, 3 months' time.

Ravi Naredi: So by 31st March, we might receive some NHAI contract?

K. Jalandhar Reddy: Actually, we may be bidding, but I don't think the bids will get open by that sooner. Now we submit the bid, it is taking almost 45 to 50 days to open it also. So probably most of the bids could be submitted. I think most of the tenders, which may happen in March. So those tenders, we will be definitely placing our bids.

Ravi Naredi: Okay. And what is the status of our debtors amount from Telangana government?

K. Jalandhar Reddy: Actually, that we have given a court case also. As a safer sake I have given, but we have even spoken -- department had a serious meeting with us stating that when do you pay us. Then the department and Minister that Mr. Uttam Kumar Reddy (it was wrongly mentioned during the call as Mr. Uday Basu) who is the Minister of Irrigation in Telangana, who also spoken to us saying that this Link 5 projects, which is in the pump, we were doing Pump House project, which comes under Link 5 of that Kaleshwaram thing.

So that is with the bank funding. So they are trying to solve, but I think it is not solved as of now. So we were expressing that . Either you take in the budget or you get that resolved so that we get paid. Otherwise, so much payment we cannot wait. So they were asking us to withdraw the case and always said, no, we cannot withdraw as you have delayed beyond our expectations. Mostly 1 and 1.5 years, it is delayed.

So the interest part itself is becoming huge in this. So we said, okay, let the interest also to be collected. If you pay the principal, we will continue to fight for the interest part, which we have clarified with the department.

Ravi Naredi: Okay. Okay. So how much amount due today as on today?

K. Venkata Ram Rao: Sir, certified is INR577 crores for package 4 bills are certified by them actually that we have to get the money immediately. And around INR400 crores actually we did the work, but bill has yet to be certified. So put together around INR977 crores is there in that particular project.

Ravi Naredi: And in the last 6 months, we do not receive any single pie?

K. Venkata Ram Rao: For this project, we have not received, sir. For another project, one Vettam project was there, that we received INR37 crores in the month of January actually.

Ravi Naredi: Sir, Jalandhar Reddy, you are a so senior person in the industry, and we hope definitely you will do something for company, and we wish all the best.

K. Jalandhar Reddy: Yes, yes. Thanks for having trust in us, and we'll try our best in this.

Moderator: We have our next question from the line of Shravan Shah from Dolat Capital. Mr. Shravan, we request you to rejoin. We have our next question from the line of Jainam Jain from ICICI Securities.

Jainam Jain: Yes. So, sir, my first question is, what would be our margin, revenue and order inflow guidance for this year for FY '26?

K. Jalandhar Reddy: Actually, sir, FY '26 is concerned, I think the projection is that we are expecting a little lesser projections only from this year as the order book is very less and it is coming to an end also. And -- where we can do the job in irrigation and all, there is a little bit problem in payments. So that's how we expect around 10% to 15% dip which we are expecting in the top line. But bottom line concerned, it may be at par or a little bit good only.

Jainam Jain: Sorry, what did you said for the bottom line?

K. Jalandhar Reddy: Actually, it could be at par because the turnover is coming down. But since the claims and all were received, so saving will be there in that.

Jainam Jain: Okay. So we will be maintaining margins that we've been maintaining right now roughly around 16%, 17%?

K. Jalandhar Reddy: Yes, I think, yes, sir. I think...

K. Venkata Ram Rao: Sir, we will be somewhere around 15% definitely, we could be able to achieve, sir.

Jainam Jain: Okay. And what about order inflow? Like how are we seeing the order inflow for next year?

K. Jalandhar Reddy: Order inflow is concerned, sir, that we have just spoken about it that we are seriously focusing on various sectors like highways and irrigation projects as well. We are also focusing on mining operation projects. Apart from that, there are a lot of state government projects, which we are focusing there also we expect jobs to come down.

And apart from that, we are also sorting partners who can do the concession and they can give us EPC model like Adani and Cube Highways and all, which we have spoken and MOU is are under discussion with Adani (it was inadvertently mentioned during the call as done). So certain progress is there in that side also.

So there's a serious effort which we are also keeping on it, sir, as the order book is serious concern to our company as of now. So definitely, we try to do a better job here. I'm also targeting about, say, near about INR10,000 crores order book inflow coming 2, 3, 4 months' time.

Jainam Jain: Yes. So, sir, coming to the order pipeline, like what is the amount of project that we have quoted for right now? And like how much we are expecting to win within the March month itself for the tenders which will be opening before the March?

K. Jalandhar Reddy: I think there is no that this thing is there now because the tenders are still not yet happened, major tenders, which we are focusing on them. So in March, we expect a little bit lesser figures

because if at all any state government tenders that happens, then there is a chance of winning tenders.

Otherwise, NHAI concerned, even if there is a big rally in March also, they get open in April or May. So kind of that. So another 3 months to 4 months' time, reasonably, we should be having the order in hand, that is what we are targeting.

Jainam Jain: Okay, sir. And sir, coming to the working capital, can you just give some numbers on the unbilled revenue, mobilization advance, inventory, debtors and creditors number as of now? As of December '24?

K. Venkata Ram Rao: Yes. As far as debtors is concerned, debtors is INR1,221 crores of debtors.

Jainam Jain: Okay.

K. Venkata Ram Rao: And unbilled revenue is INR113 crores, sir. And retention is INR300 crores. And mobilization advance is INR30 crores.

Jainam Jain: Okay. And sir, what about inventory, creditors?

K. Venkata Ram Rao: Inventory is INR196 crores, sir. And creditors is INR332 crores.

Jainam Jain: Yes. So, sir, what's the issue with the Kushalnagar project? Like we achieved the financial closure of 1.5 years back and still we haven't received the appointed date for that. Like how are we seeing it progressing further?

K. Jalandhar Reddy: So the Mysuru projects you are talking about?

Jainam Jain: Yes.

K. Jalandhar Reddy: Yes, Mysore to Kushalnagar. Yes. Actually, sir, that they have received the clearance from forest department to go ahead. So there is a land now being handed over to the concessionaire. I think in a week's time, we shall be commencing those projects.

Jainam Jain: In the week time, okay.

K. Jalandhar Reddy: Yes, sir. Actually, the Package 5 has full length land, but Package 4 is not that much -- not to the expected level like 80% is there. But still NHAI is pushing us to take. And since I also need some break, so at least to run the projects, I will need the job in hand. So I'm also cooperating NHAI to go ahead.

Moderator: We have our next question from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: My first question was on the EBITDA margins. So they are a little elevated from what we have guided at about 17%. So just some clarification on whether this is due to many of the projects nearing the end in the portfolio mix. Would that be the reason? Or you are seeing lower raw material or raw material prices coming down?

K. Venkata Ram Rao: Definitely, sir, most of the projects is there, our road projects are there, almost 80% is completed. The project are on the fag end and also that irrigation, which is our very good contribution in EBITDA, their portion of the total turnover is also reducing. So basically, these are the main reason actually. So that's why there is a little bit low in our EBITDA.

Lokesh Manik: Fair enough. Fair enough. Sir, my second question was on your previous comment on Package 4. So although we do appreciate you are very risk averse, but do you see any risk on that front because you said they are just 80% of the land acquisition and not towards your comfort level, but also given the reputation of the customer, that is NHAI. So are you seeing any risk in terms of that front going down, there may be some bottlenecks towards once you start the project or commence the project?

K. Venkata Ram Rao: Generally, sir, as per the contract condition, 80% land is there, we will take the appointed date and balance 20% while execution of the project actually. So it will come actually. And as per the concession agreement, whatever the land they will hand over within 180 days from the appointed date. On that land only we have to do the entire work.

And on that basis, they will give the PCOD. So we are very much clear that as per the agreement, whatever the land is there as on appointed date plus 6 months, we have to execute the work on that land and we have to get the PCOD. So really, we are not facing much issue in this because we have so far completed actually almost 5 HAM projects and still 4 are there. So we have seen that, that issue has not come actually in any of our project as of now.

Lokesh Manik: Right, right. Any update on the metro projects where you are planning to diversify?

K. Jalandhar Reddy: So actually, metro project is concerned, the tenders which we have quoted, we have lost the tenders. I think we are waiting for upcoming tenders, sir.

Lokesh Manik: And railways?

K. Jalandhar Reddy: Railways also, we have lost tenders. We didn't get anything, but we will continue to focus on this.

Moderator: The next question is from the line of Bhavin from Anand Rathi Institutional Equities.

Bhavin: I just wanted to get your insights that we have placed bids for the MDO projects, mining projects. So what do you feel is the chances of probability as our background project is a bit different from MDO projects?

K. Jalandhar Reddy: Sir, actually, these projects, many operation projects that we have evaluated carefully and whatever the price that has come, we put it down. Just is the first project. So I don't have a big feel that what happens there and all. But regularly, it's a complete machinery-oriented project. So the operations are likely to continue for 5 years. So we expect a good outturn, but EBITDA is not as good as highways or irrigation kind of that.

Bhavin: Right, sir. Right. And sir, second thing, as a company's policy, we probably try to maintain the EBITDA margins. We generally do not compromise on that. So when you say -- you previously

mentioned there is a lot of competition in NHAI projects. So then what is the strategy the company is adopting? Like we will be directly bidding for the NHAI projects or we will then go -- we will have a back-to-back arrangement of EPC projects to maintain our margins. So how are we strategizing?

K. Jalandhar Reddy: Actually, sir, toll project concerned, I'm going as an EPC player. And HAM project continues to -- actually, I was even qualifying for INR5,000 crores projects in this. So definitely, the large-scale projects also there in the bid, like Assam, there is around INR5,200 crores project was there. So we are focusing on such projects. So the ticket size this time, luckily, even PMO is reviewed last year and they said to go for large-scale projects only because the quality is deteriorating with the small-scale contractors and all. So that was the call taken by the NHAI.

Bhavin: Okay. So just wanted to know out of curiosity, what is our limit for the HAM project, like how much is the cutoff? Like are we able to bid for INR3,000-plus projects, INR3,000 crores plus projects? Or what is the limit? Or you don't know we are not eligible for INR5,000 crores plus project?

K. Jalandhar Reddy: We are eligible. We are eligible for INR5,000 crores project means all such categories which are there, they can be qualified, right?

Bhavin: Okay. And sir, just last question. Sir, we have experience in the BOT toll projects side previously. So -- and seeing the government preference of PPP. So shouldn't we strategize to participate in the BOT toll projects. I understand there's a traffic risk involved. But...

K. Jalandhar Reddy: Yes, you're right question, sir. I got the question. Most of the bids are coming on this greenfield highway projects, sir. There is a little bit predictions are not so encouraging. I don't think some sort of confusions are there. Wherever I'm very clear with the traffic growth and all there, I'll try to participate on my own also. As we have enough equity in hand, we can focus, sir, but our equity is very precious, so we want to put in good ones, not in any other...

Bhavin: Right. Got your point And sir, last thing about the monetization plan. We were under discussion and the share purchase agreement was in advanced stage. So what is the update on that like for the four matured assets?

K. Venkata Ram Rao: Sir, this SPA is in discussion, sir. So we expect that we should be able to sign the, I mean, the SPA for these 4 assets by end of Q1. And after that, actually, we have to go because Palani project, we got the PCOD. So immediately after that, we'll go for NHAI and lenders approval. So we expect that by end of June, actually, you should be able to monetize our 1 asset, Palani, and other 3 assets, we are expecting PCOD by March. So maybe by December end, actually, we should monetize the other three assets.

Bhavin: Okay, sir. Okay, sir. Sir, I have got a few balance sheet questions. So I will join back the queue and come back again.

Moderator: We have our next question from the line of Vaibhav Shah from JM Financial.

Vaibhav Shah: Sir, my call dropped off. So sorry if the questions are repeated. Sir, firstly, you mentioned that 10% to 15% revenue decline. So that is for FY '25, right?

K. Venkata Ram Rao: FY '25. Yes.

Vaibhav Shah: Yes. And for FY '26, what are we targeting?

K. Venkata Ram Rao: Because these are the projects when we are going to receive based on that, actually FY '26 revenue will be there. But if we get suppose any HAM project, it is taking almost 1 year to start that project. Even EPC project also, it will take at least 6 months to start. So definitely, '26 also, we are also thinking that if we could able to at least par something INR3,500 crores to INR4,000 crores we are target '26.

But definitely, '27 will be the good because a lot of the projects what we are targeting in Q1 and Q2 of this FY '26. So '25 will be around 10% to 15% degrowth and '26 will be somewhere INR3,500 crores to INR4,000 crores.

Vaibhav Shah: Sir, secondly, on order inflow side, we have received around INR430-odd crores in year-to-date. So for FY '25, what will be our guidance and same for FY '26, if you can just split in annual terms?

K. Venkata Ram Rao: Sir, for FY '25 now time is not only 1.5 months is there. So that's why our ED, sir, told that we are targeting between INR8,000 crores to INR10,000 crores order book in next 3 to 4 months actually. So -- because March is almost 1.5 months, so we are not very much sure, but target is that, between 3 to 4 months, we should get at least INR8,000 crores to INR10,000 crores of order book.

Vaibhav Shah: So by Q1 we should around INR8,000 crores to INR10,000 crores of new inflows?

K. Venkata Ram Rao: Yes, sir, that we are targeting it.

Vaibhav Shah: Okay. And sir, secondly, on the HAM, so when do we expect to receive the ADs for both the HAM?

K. Venkata Ram Rao: Actually, sir, has already explained for Package 5 actually that we are expecting in a week time actually. So maybe you can say around 10 days actually, we'll get. And other one is maybe by end of March.

Vaibhav Shah: But execution would largely be start in next year only in Q1?

K. Venkata Ram Rao: This one will start. First Package 5 will start execution actually. Package 4 may take some time.

Vaibhav Shah: Okay. And sir, you mentioned that Package 4 certified and unbilled around INR977 crores. And what about Package 3? So total receivables would be how much?

K. Venkata Ram Rao: Package 3, actually, total Package 3 will be around INR120 crores is there, Package 3. So total irrigation receivables, including unbilled as of date is around INR1,200 crores is there. Out of that, INR600 crores is certified and the balance INR600 crores is uncertified.

Vaibhav Shah: And sir, lastly, on the irrigation side. So our order book is roughly INR900 crores -- INR990 crores. It is constant for last couple of quarters. So actual revenue potential would be somewhere around INR400-odd crores incrementally?

K. Venkata Ram Rao: Yes, yes, it will be incrementally around INR500 crores will be there

Vaibhav Shah: Okay. And sir, lastly, in terms of EBITDA margin, it should be around 16%, 16.5% going ahead?

K. Venkata Ram Rao: That's because now turnover is depleting. So we expect that EBITDA in the range of around 15% actually between 15% to 15.5% will be there.

Moderator: We have our next question from the line of Faisal Hawa from H.G. Hawa.

Faisal Hawa: There is a big drop in employee expense, as well as finance costs even quarter-on-quarter. Finance cost has halved and employee cost has almost gone down by 25%. What is the key reason for that? Second is, sir, on the...

K. Venkata Ram Rao: Finance cost, is higher than in last quarter, actually, we have received a lot of -- some of the claims actually. For that finance expenses also, it is included in the finance cost also. So that was included in finance cost of last year.

And as far as employee expense is concerned because there was variable pay actually, we paid in the last quarter till Q2 of our management. So that variable pay is only onetime thing, so that's why it was there in more in Q2, but not there in Q3.

Faisal Hawa: And sir, what do we expect to gain from this HAM portfolio that we are going to sell these 4 projects? So I believe that 1 project will be sold off by June and the rest will be sold off by December. So what is the gain on the equity that we have invested? What is the gain that we are expecting on them? And second, sir...

K. Venkata Ram Rao: One of them. We are also discussing with that, gain will be definitely very good actually. we can say, but it will be very good prices, definitely better than what the deal we did actually earlier.

Faisal Hawa: So -- and sir, what is the -- is it the right statement to make, sir, suppose in 1 year's time, we get about INR1,200 crores irrigation dues from Telangana government and we make another, say, from the equity portfolio, we make another similar amount. So is it the right statement to make that we will be having almost INR2,400 crores free cash flow in 1 year from now?

K. Venkata Ram Rao: But we have to invest in our equity also INR400 crores is there. We have to invest in our equity contribution. We have to do the capex for our future project...

Faisal Hawa: The company will also earn some money in the next 4 quarters, some more money from existing orders and revenue.

K. Venkata Ram Rao: Definitely, your statement is to the extent it's true, but subject to considering all these costs also BOT project.

Faisal Hawa: And sir, what is the...

K. Venkata Ram Rao: And we are also targeting BOT toll project where actually suppose we have to put some marginal equity also. So that also we have to put from all these money. So whatever the cash flow available for next 1 year of you're telling almost INR2,400 crores, it is going to be utilized on all these basis.

Faisal Hawa: In a recent newspaper article, it was also mentioned that most of the HAM projects taken up by many EPC projects are in not any state of any completion and been left even halfway. Is that true? That's one.

And second is, is it true that in BOT projects, we would be having a maximum of 3 to 4 players only who would be competing against us?

K. Venkata Ram Rao: As far as HAM is there, definitely because you have seen that almost last 2 years actually, how the bidding has been there. It is very, very aggressive bidding. So definitely, it has the impact on the quality and the delay in that project. So we know that actually because some projects are there quoted as minus 25%, minus 30%. We don't know actually how it is going really viable as far as we're concerned. So we are thinking that, that might be the reason that's why there is definitely real poor construction quality or delay in the project. So that might be the reason what we are expecting.

As far as BOT toll is there, definitely toll project also, we are looking on that. So if some toll project, as already ED sir is telling that we are already in tying with Adani and tying with Cube actually to do the EPC work for their BOT toll assets. So we are also working in that area also.

Faisal Hawa: But is the competition limited to only 4 to 5 players in BOT?

K. Venkata Ram Rao: Because what is happening in BOT toll because equity contribution is more. So you have to be very good. So right now, limited actually 3 to 4 players are there who can be able to put the equity. if the BOT toll project is coming between INR2,000 crores to INR2,500 crores of the size. So definitely that much equity contribution actually -- like KNR actually, we can also individually bid 1 to 2 projects, not more than that because that equity is huge actually. So that's why we are tying up with other investors or other developers actually to do their BOT toll.

Faisal Hawa: And sir, what is the chances that we get that MSRDC order, which we felt that we could get from Patel Engineering now that the Maharashtra elections are over?

K. Jalandhar Reddy: Sir, actually, that there is some LOA delays because of the land acquisition. When we have spoken to the authorities, they said they will take a couple of months to clear that and issue LOA.

Faisal Hawa: Okay. So we plan to complete this Karnataka project for which appointed date will be received in the next 1 week, we plan to just concentrate on that and complete it in next financial year so that our revenues are...

K. Jalandhar Reddy: Yes, sir. We will continue to focus that completions, yes. Definitely. All the resources and all everything we will put and try to finish with bonus and all that. We are targeting that, sir.

Moderator: We have our next question from the line of Ketan Jain from Avendus Spark.

Ketan Jain: Sir, my question is on what is the type of NHAI pipeline are you seeing in terms of kilometers and value in EPC, HAM and BOT separately?

K. Jalandhar Reddy: Pardon, sir?

Ketan Jain: What is the size of orders in NHAI tenders, which is currently going to come up in HAM and EPC, BOT is how much, sir?

K. Jalandhar Reddy: Actually, sir, the size of orders, they started with -- even today, there are INR800 crores, INR700 crores projects are there. But recently, they have started withdrawing those such size projects, and they are just trying to group bigger size projects, like INR2,000 crores, INR3,000 crores levels they are now, I think, putting on a bid.

So definitely, we are waiting for that move, sir, because the smaller contractors, really, they are creating huge havoc in the bids and taking at a very bad price. And they are also ruining the quality of the roads, which was noticed by our Sri Narendra Modiji also. So I think the corrective measures have been started to be taken up. We hope for the better...

Ketan Jain: I was asking the total value of projects, total value of projects.

K. Jalandhar Reddy: Value of projects as of now, I think we have around, say, INR55,000 crores, I think, for NHAI.

Ketan Jain: And how much is HAM and EPC?

K. Jalandhar Reddy: HAM, EPC, I've not bifurcated so if you want I would like to do it and send it to you.

Ketan Jain: Okay. But around INR55,000 crores of projects, right, sir?

K. Jalandhar Reddy: Yes. Actually, it is there, but I don't have it right now. That's the point.

Ketan Jain: Understood. Okay. Sir, if you can help us with the adjusted revenue, EBITDA, PAT for 9 months and 3Q?

K. Venkata Ram Rao: Yes. Actually, for Q3 FY '25, the adjusted EBITDA is around 16.57%, amounting to INR117 crores. And adjusted PAT actually for Q3 will be INR78.35 crores, sir, around 11%. For 9 months, adjusted EBITDA is 16.4%, amounting to INR390 crores. And PAT is concerned, it is INR252.59 crores, amounting to 10.6%.

Ketan Jain: Understood, sir. Sir, my next question is like how is the progress on the Andhra Pradesh capital city project? Are we seeing any tenders for that?

K. Jalandhar Reddy: Yes, sir. Actually, they have called on some small-scale projects which are supported by that INR200 crores, INR300 crores level projects have been already on the bid. Right now, the ticket size is smaller and competition is going to be as envisaged there. So we were waiting for the bigger scale projects to come down.

So that INR200 crores, INR300 crores level projects have already come up. So now I think -- what I mean to say is that, the capital growth is now being planned. I heard that the CRDA, that

Capital Development Authority is now being formed and they have been given serious tasks to take up the construction.

Ketan Jain: Understood. Understood, sir. Sir, my last question is on -- you spoke about orders in Tamil Nadu, Karnataka and the BOT project with Adani, the Gwalior project with Adani. Sir, if you could help us in the size of these projects, Tamil Nadu and Karnataka, what are the sizes of these projects?

K. Jalandhar Reddy: Actually, Tamil Nadu, actually, which now I think we are preparing a bid about, say, INR1,900 crores size project for some flyover project, and around INR900 crores for highway projects, and around 1 more flyover in Coimbatore which is coming up at INR600 crores, I think. Yes.

Ketan Jain: Understood. And what about the Adani BOT project, what would be that size, EPC?

K. Jalandhar Reddy: Sir, Adani BOT that -- I think INR3,400 crores is the estimated cost, that Agra-Gwalior.

Ketan Jain: Agra-Gwalior, correct. And last year, the Karnataka and Telangana, sir?

K. Jalandhar Reddy: Karnataka, Telangana, sir -- Karnataka, I think there are 2 projects only of size around INR1,600 crores and 1 is about INR1,800 crores. The 2 projects are there at the state government side. And Karnataka, that is Karnataka, sir. And Telangana also, there have been certain bids which have now floating. I think it is in the pipeline. It's not yet announced, around INR1,900 crores, flyover is coming up and INR900 crores, another flyover is coming up. Those are also areas also we are focusing now.

Ketan Jain: Understood. I'm sorry, just last thing, sir, you also spoke about Rajasthan irrigation, any size of those things? What type of projects are there?

K. Jalandhar Reddy: Actually, yes, they have started from INR500 crores, but even INR5,000 crores project is also there in that.

Ketan Jain: Okay. INR500 crores to INR5,000 crores.

K. Jalandhar Reddy: Yes, quite big, also there. INR500 crores is only 1 project, but rest of all INR1,900 crores and other projects are about, say, INR3,000 crores like that. INR2,000 crores INR3,000 crores, even INR5,000 crores is there.

Moderator: We have our next question from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Are you able to hear me now, clearly?

K. Jalandhar Reddy: Yes, sir.

Shravan Shah: Yes. Sir, most of the questions has been answered, just a couple of things. So total size of irrigation in terms of the opportunity in MP and Rajasthan would be how much?

K. Jalandhar Reddy: MP, not yet come, sir. Actually, that we went to the department and we have collected some data that is not yet announced actually. In pipeline, they are signing for Ministry approval and all

that. So those are about, say, INR25,000 crores worth of contracts in different 4, 5 projects in the number.

And Rajasthan, as I mentioned that it is irrigation projects, HAM model they are coming up. They are also varying from INR500 crores to INR5,000 crores, it is there. Almost 6 projects are there.

Shravan Shah: So total would be INR25,000 crores, INR30,000-odd crores the size?

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

Shravan Shah: Okay. And in terms of for HAM, the equity requirement from us, let's say, if we win INR3,000 crores, how would it would be in terms of broadly -- for normal road, we have a 40/60, EPC 40. So here, how it would be? And in terms of the equity requirement, let's say, if it is of INR1,000 crores project for simplicity, how much equity we will be needing?

K. Jalandhar Reddy: Sir, actually, equity concerned, HAM model around 12% to 15% could be the equity of the project size. So definitely, I think we are now focusing about, say, INR2,000 crores to INR5,000 crores projects.

So maybe it depends on the project size only, sir. Right now, it is quite difficult to say what will be the requirement. But I think we are well geared up. We have enough cash inflow. Once we get paid from that irrigation department also, we were through with that problem.

Shravan Shah: So for Rajasthan irrigation, HAM, I'm asking. So there also the 12% to 15% kind of equity is needed and not the road I'm asking.

K. Jalandhar Reddy: Rajasthan only needed, sir. It is not in MP and all. It is coming with the EPC model only.

Shravan Shah: Okay. And then in terms of the irrigation, obviously, you have explained, but do we see that any kind of a payment? Obviously, INR60 crores we have received in January, any more likely to come in by March or maybe, let's say, by June?

K. Jalandhar Reddy: Yes, we are focusing likely to come up from the...

Shravan Shah: Okay. Okay. And let's say, if we get a INR10,000-odd crores in order inflow, so I'm assuming that the INR3,400 crores is from Adani toll and maybe Patel MSRDC project there also would be close to INR2,000 crores, INR2,500-odd crores. So both these put together would be close to INR6,000-odd crores. So maybe only just INR4,000 crores, we will be needing from other things.

So let's say, if we get it by, let's say, by June and from July to March, how much more than we will be looking at or we will -- then we'll stop for some time and then we'll look at? And also in these projects will -- in terms of the margin level, that at least we will be maintaining 15.5% to 16-odd percent, 15% to 16% margin will be there even if it is a subcontract rate?

K. Jalandhar Reddy: Sir, actually, now it is all the predictions only, assumptions only. We will try our best, but it is more better to take between 14% and 13%. But we will try our best to get delivered because it's

all upcoming projects, and we do not know what sort of strategies the bidders are going to adapt and the designs which we are also taking up. So right now, we will take it granted like that, sir.

Shravan Shah: Okay. And then individually, when we are talking that we can also bid the toll projects. So there only we are looking at INR2,000-odd crores or less than that projects only we can bid on a stand-alone basis?

K. Jalandhar Reddy: I didn't get the question, sir.

Shravan Shah: I'm saying when we are saying that we can also bid the BOT toll projects on a stand-alone basis, there we are looking at only INR2,000 crores or less than that kind of a size. But are the projects are there less than INR2,000 crores BOT toll?

K. Jalandhar Reddy: Actually, sir, right now, generally, wherever it's very lucrative, I would like to think about it. As of now, I haven't seen any bids which are a bit of lucrative like Agra-Gwalior, definitely, it is out of my budget. So I haven't given a thought for that. But we would like to see some upcoming projects, which they are now considering. Mostly, if I get any idea on that the traffic inflows are good and all that, then I'll take my views on it, sir. As of now, I think any bid which have been -- have selected not such good ones actually.

Shravan Shah: Okay. And lastly, the MDO one, so in terms of the size, let's say, from the EPC revenue perspective, how much that would be? And do we also need to put in equity how much equity we would be needing?

K. Jalandhar Reddy: Where, sir, where?

Shravan Shah: MDO, mining project, which you have mentioned.

K. Jalandhar Reddy: Actually, sir, mining concerned, it is main capex only that happens. So it depends on the size of the project and depends on the demand what they make in the project actually. Right now, what we have placed around 200 to 300 Volvos are required. So we have around 200 Volvos. So we -- another 100 Volvos we need to buy when that project comes up. Recently, we put that Singrauli, which I'm talking about.

Shravan Shah: So in terms of the EPC size, how much it will be if we -- let's say, if we win this, which we have bid, so will it be INR1,000 crores, INR2,000 crores or it will be a much bigger project?

K. Jalandhar Reddy: That's all, sir, INR1,200 crores only.

Shravan Shah: Okay. And, sir, the recent 2 projects that we have won, that we will be getting or starting the execution by March the last 2 projects that we have received INR430-odd crores?

K. Jalandhar Reddy: All the EPCs, yes, they can be started. But HAM and all it is going to take time. The financial closure time minimum itself is there. And before agreement 2 months is there. So almost 8 months' time, it will go away. And even the land acquisition, if it is not there, again, there will be some issues. A little bit delays, we are expecting around 7 to 8 months from the HAM model or BOT toll also for that matter.

Shravan Shah: Got it. And so, broadly, when we say in FY '25 or let's say, FY '26, INR3,500 crores to INR4,000-odd crores revenue that we will be doing, but if we get the INR10,000-odd crores kind of inflow by June, for FY '27, then we should be having a INR4,700 crores plus kind of revenue that one can look at?

K. Jalandhar Reddy: If it is happening really.

Moderator: The next question is from the line of Vasudev from Nuvama Wealth.

Vasudev: So, sir, first question is, if you can give what is the progress on the pipeline and the irrigation projects? And also, like how much revenue have we recognized in these segments in Q3? And how much we expect in Q4 and FY '26?

K. Venkata Ram Rao: So for this quarter, actually, we did revenue of around INR112 crores that is around 16% from irrigation. And for 9 months, it is around INR370 crores, that is around 15.7%. So we expect that around same INR100 crores, we will do in the next quarter also because almost all the projects of irrigation is completed.

Only this our pipeline project that will start contributing in this quarter. And other 2 irrigation recently, what we received in the January, definitely, they will start contributing somewhere from the next year Q2 onwards only.

Vasudev: Okay. Sure, sir. And sir, just a couple of data points, what would be our stand-alone debt, cash and the capex guidance, again, like what we did in Q3 and how much are we expecting in Q4 and FY '26?

K. Venkata Ram Rao: Yes. Stand-alone debt is around INR27 crores and stand-alone cash is around INR19 crores. Consolidated debt is INR1,486 crores and consolidated cash is INR87 crores. 9 months capex is around INR20 crores. So for our existing order book, definitely, we may not look at the capex.

We are targeting to receive INR8,000 crores to INR10,000 crores of the order book in the next 3 to 4 months. So based on receipt of the LOA and based on our mobilization, so definitely, we have to rework actually what is the capex is going to come in the next year.

Moderator: The next question is from the line of Saket Kapoor from Kapoor Co..

Saket Kapoor: Sir, thank you for a very descriptive analysis of the number and the business environment. Sir, but when we investors analysts analyze the current state of affair for EPC players across the board, there are pain points in terms of receivables. There are pain point in terms of visibility.

And even, sir, just 2, 3 participants earlier, you were clarifying or giving answer in terms of speaking to the PMO and getting further understanding on how the visibility and the execution cycle will get back to its original proportion. So can you give the investors and analysts the thought process has been how these 9 months have been for EPC in general for the country?

And what are the key bottlenecks currently being faced, whether it is the Jal Jeevan scheme, whether it is -- has been told by you that the visibility is not there? So just if you could paint the picture, you people are in the business for a very, very long time. So just a few more color on it would suffice, sir.

K. Venkata Ram Rao: Right. Sir, definitely, if you see what your question is, it is very content what we will say is that, definitely, you have seen that almost last 2 years actually, there are not much awarding is there. And whatever the awarding is there, that is also very, very aggressive. If you see the EPC projects, they are going on minus 40% like that. And as far as even HAM is there, that is also going between minus 25% to minus 30%.

So if we have bided some of the projects, there also, we are always in somewhere H2, H3 level only. We could not be able to get that level. So these are really pain point. We really do not understand actually how these things are going. But this is a market that's why it is just a lost of opportunity if you see that almost last 2 years, not much award has come to the listed players. So a lot of unlisted players have come in this sector actually.

And NHAI also they have downsized the project size. They are project size of between INR600 crores to INR700 crores are coming, not a big project. So due to this, what has happened that this qualification for a lot of small players are coming and they are quoting aggressively.

And this addressability has to complete it with their poor quality and even delay in construction. So due to this reason, actually, as you know the last 1 month the PMO has reviewed that. And again, we are expecting that they will increase the order side because what has happened, if we are getting any project of INR600 crores to INR700 crores, and we are getting project like Kerala, it will be somewhere of INR2,500 crores.

If we are going project with INR2,500 crores, definitely, we could be able to do a good work actually because almost efforts will be the same only. So that's why we expect that now NHAI will accumulate all the small, small projects and make as a big one. So really, it will help to the industry and help to the company like us. So these are the paining points are there in our industry, and we are definitely in a different, different forum actually through our NHBF or through whatever the discussion we are having with NHAI, we are always telling that.

And as far as BOT toll projects are there. So basically, what is happening as we are the EPC company, so toll is most driven to the toll revenue. So we may not have that expertise in expecting that because as far as construction is concerned, definitely, if any engineering is requirement, we are there.

But that is when toll revenue is there, that we cannot expect, we cannot predict. If we have to predict toll, which is very difficult actually. So that is not our cup of tea. But even then we have to bid actually. So that's why these are the pain points actually. And always we are telling to our different authorities. So we expect that now all these things will come to the shape and we again regaining in the industry.

Saket Kapoor: Sorry sir, you mentioned about minus 40% and minus 23% and the numerical number is about the size of the projects that have been awarded or what were you referring to that, sir?

K. Venkata Ram Rao: Sir, if suppose INR700 crores projects are there. So minus 40% it is coming. That is the HAM project, quote by the -- you can say the winning bidder will be around minus 35% to 40%.

Saket Kapoor: Okay. Sir, then the projects will not be profitable and those will not see the day of light going ahead?

K. Venkata Ram Rao: Yes. That's why it is going to the poor construction quality and delay of the project. So that's why it is happening.

Saket Kapoor: Okay. But then they are getting qualified, sir, if they are quoting below and these will be serious issues to the nation, because these infrastructure are for public.

K. Venkata Ram Rao: But sir, as of now, NHAI bidding criteria is L1 only. There is no other criteria other than L1. So they are following that criteria. So until there is some sensible bidding or they will change some bidding criteria like until that, it will be the same.

Saket Kapoor: Okay. And we have highlighted this to the authorities that these are the anomalies or the misproportion done by these players. We have already highlighted these aspects.

K. Venkata Ram Rao: Definitely, in different forum, we are already highlighting actually.

Saket Kapoor: Okay. And last second point is, sir, regarding the issuance or the receivable part, sir. Are we seeing there is also there any limitation of fund crunch from the exchequer in terms of releasing the payments or the payment terms are in order as per the order award and the rules?

K. Venkata Ram Rao: Sir, as far as NHAI is concerned, definitely, NHAI is good payment master. So we are not saying any delays as far as NHAI is concerned. But definitely, receivable from the state government authorities, that is based on their own commitment, based on their fund position of the respective states. So there is really challenges there. But as far as NHAI or MoRTH is there, they are good pay master.

Saket Kapoor: Okay. And last point on the, sir, INR10,000 crores order booking, sir, which you mentioned that you are anticipating. So what are we building in, in terms of this INR10,000 crores gardening of order? Yes, I'm joining the queue, sir. Actually, it was an extension only since I will not get an opportunity. So please allow me just to complete, please.

K. Venkata Ram Rao: Okay. On this question, sir, again, sir, please.

Saket Kapoor: Sir, what gives us the visibility of this INR10,000 crores order booking, which we are eyeing within 3 to 4 months order book we will create? And again, what kind of margins are we looking to close these orders with and the execution period? If you could just give some more color to it, sir?

And just to add to it also, sir, I will join the queue. INR1,400 crores net debt is on account of these receivable dues longer than the time limits also give that? The debtors days are much

higher than what the normal cycle is? How much proportion, you mention that also? That's all from my side.

K. Venkata Ram Rao: Sir, as far as order book is concerned, definitely in our call, ED sir explained how we are targeting between this INR8,000 crores to INR10,000 crores order book that is definitely from the different sector like Rajasthan irrigation and some project in Madhya Pradesh irrigation and some MSRDC project and some project in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka.

So all this put together, actually, we are targeting something between INR8,000 crores to INR10,000 crores and one of the projects with this Agra-Gwalior bid also. So if we accumulate so we are really seeing that there is a visibility that we will get actually between INR8,000 crores to INR10,000 crores of order book in the next 3 to 4 months.

So as well as profitability is concerned, definitely, actually, we have to work out actually which sector we are getting. If it is irrigation, definitely, we expect that there will be good margins will be there. So we have to really see in which sectors we are getting this order book. On that basis, only we can comment actually on that our profitability.

So as far as receivables are there, that INR1,200 crores receivables are there. Out of that, around almost INR600 crores receivable from the irrigation department and around INR590 crores receivables from our HAM project. So HAM project receivables is based on our fund position in the parent company. We will go into draw actually because what is happening in the last quarter, we have the sufficient cash because a lot of the cash has come from the claims.

So we utilized that cash actually in this year. So that's why debtors has not been -- as far as HAM debtors is concerned, that is a steady growth. But now we expect that now the company required cash to execute the work in this Q4. So definitely, there will be some disbursement in the SPV we will take that debt actually in SPV level.

Moderator: We have our next question from the line of Bhavin from Anand Rathi Institutional Equities.

Bhavin: Sir, can you just help me with the breakup of the debtors? Like what are the outside debtors, what are the HAM SPV debtors? Can you just help me with that number?

K. Venkata Ram Rao: Sir, just now -- HAM debtors will be around INR590 crores actually HAM debtors. And irrigation debtors is INR600 crores.

Bhavin: Okay, sir. Sir, if you can help me with the revenue breakup? So in this quarter, what is the revenue come from the SPV HAM from the EPC project, road projects and from the irrigation? So can you just help me with that breakup?

K. Venkata Ram Rao: Actually, HAM contributed almost 60% actually in this quarter and our irrigation is around 16% and our road EPC is 23%.

Moderator: We have our next question from the line of Parth Thakkar from JM Financial.

Parth Thakkar: Sir, I just wanted to ask that there was a sharp decline in the employee expenses. So would this be the run rate going forward? Or will it bounce back to previous levels?

K. Venkata Ram Rao: Actually, what has happened in last quarter, there was some variable payment to our management actually. So that's why it was more. But around INR40 crores to INR45 crores, that will be the employee benefit will continue will to be there.

Parth Thakkar: Okay. And are we still targeting to recover INR600 crores from the Telangana government for the irrigation in this quarter?

K. Venkata Ram Rao: Yes, definitely. Actually, sir told that we are rigorously following with the government actually to get this money.

Parth Thakkar: And also last question, sir, what would be our pipeline project revenue for FY '25 and FY '26?

K. Venkata Ram Rao: 2025, '26, maybe actually, we will execute around maybe around INR300 crores to INR400 crores will be there in FY '26 and '27.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to the management for closing comments. Over to you, sir.

K. Venkata Ram Rao: Thank you all for joining us on this call today. Please reach out to our Investor Relations Consultant, Strategic Growth Advisors or us directly, should you have any further queries. We can now close the call. Thank you.

K. Jalandhar Reddy: Thank you very much.

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