## Management Discussion

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Thank you. Good morning, and thank you for joining us today on the call to discuss the financial results for Q2 FY27. Along with me, I have Mr. T. Jalandhar Reddy, Executive Director and CFO, and Shridharji Groth Advisors, our Investor Relations Advisor. We have uploaded results in investor presentation on the stock exchanges as well as our company website. I hope everyone got an opportunity to go through it. You would like to touch upon a key company updates and industry events, post which we will have question and answer session.

The road sector continued to go through a phase of recalibration during the first half of FY27. While construction industry remains subdued, there was some encouraging sign on the project awarding front. National highway construction declined by around 19% year-on-year to 2,369 kilometers during April to September '26. However, fresh project award increased by nearly 63% to 2,236 kilometers during the same period. This is an encouraging development after the subdued awarding activity witnessed over the past 2 years.

The slowdown in construction has largely been due to longer approval timelines and land acquisition challenges and delay in obtaining statutory clearance. While the improvement in award is a positive sign, the key will be how quickly these projects move towards execution. With the ministry targeting construction of 10,000 kilometers of the national highway in FY27, we expect activity to improve in the second half, although the pace of recovery may remain major. uncompetitive front bidding continue to remain aggressive.

At the same time the ministry is placing greater emphasis on quality and safety. recently it has increased the performance security requirement from 5 to 10 percent of the contract value for the contr quality and accountability in infrastructure development. Turning to our key market in southern India, we continue to see a healthy pipeline of opportunities across roads and urban infrastructure. In October, Andhra Pradesh outlined a national highway development pipeline of approximately Rs 1.93 lakh crore.

This includes 107 projects worth around Rs 75,000 crores and 7 major corridors with an estimated investment of approximately Rs 1.18 lakh crores. In Telangana, the focus on urban infrastructure continues, particularly across Hyderabad and other major urban sectors. The state has recently secured central approval for 5 urban infrastructure projects worth approximately Rs 3,892 crores. These include the expansion of Hyderabad Godavari Linkage Drinking Water Supply Scheme, as well as the stormwater drainage and other urban development works.

The Godavari project alone have an investment of around Rs 2,000 crores. We are also seeing continuous development on urban corridors, flyovers, elevated roads in Hyderabad, while similar infrastructure requirements are emerging in Chennai. These developments are relevant for companies such as ours, given our established presence and execution experience in this market. Beyond roads, the railway sector continues to offer opportunities, particularly in the capacity augmentation, freight connectivity, gauge conversion, doubling, and modernization.

Indian Railways has utilized more than Rs 1.14 lakh crores, representing around 39% of the capital expenditure allocated of Rs 2.93 lakh crores. The scale of ongoing railway development program is also significant. Similarly, the continued expansion of renewable energy capacity is driving the need for supporting power transmission and distribution infrastructure, water resources, urban development, and metro rail projects, and also expected to continue to broader infrastructure

opportunities over the medium term.

Another segment where we see a positive outlook is mining. Demand for coal remains strong, supported by the country's energy requirement. Coal India of take during April to October 27 increased by around 9%, 9% year on year to 454.6 million tons. October was particularly strong with Coal India reporting a 19% year-on-year increase in production. We see mining as an important segment for diversifying our revenue base and contributing to growth over coming year. Overall, overall While the near-term execution environment in the road sector remains somewhat challenging, the improvement in the project award is an encouraging development.

The key will be how quickly this project translates into the appointed projects, appointed date, and ongoing execution. At the same time, investment becomes railways, urban infrastructure, water, and mining continue to provide opportunities for the sector. Railway will continue to remain our core business. However, sorry, road will continue to remain our core business. However, we see the next phase of growth being supported by more diversified business mix across highways, mining, and urban infrastructure.

Our focus will remain to be on building a sustainable order book, executing projects efficiently, and maintaining financial discipline. We will remain selective in the opportunities we pursue, with a clear emphasis on timely execution Cash flow and returns. Now coming to the key updates of the company, the percentage of the physical progress as on 30th September 2026 for 4 ham projects is as follows: Margari to Somwarpet approximately 92%, Marupadu to Somwarpet approximately 94%, Mysore to Kusalnagar Package 4 29%, and Mysore to Kusalnagar Package 5 approximately As of September 2026, the company has already invested Rs 193 crores out of Rs 396 crores revised equity requirement for 4 HAM projects.

The additional equity requirement of Rs 202 crores to be infused as Rs 117 and Rs 85 crores in H2FY27 and 28 respectively. You can refer to slide number 26 of investor presentation for detail on each HAM project The company may require further additional equity investment of around Rs 510 crores for Chennai and Telangana NHI dam project. The company received letter of acceptance from Hyderabad Metropolitan Development Authority for construction of elevated corridor from ICCT Ranjarahis to Silpa Layout Flyover Road, Hyderabad and state of Telangana.

The total project cost is Rs 1,396 crores with a construction period of 24 months. The company achieved financial closure for KNR Manyamkonda Infra Private Limited, wholly owned subsidiary of the company, on 1st October 2026 for the HAM project in the state of Telangana. Further, as a part of share purchase agreement with Indus Infra Trust, the company completed the transfer of its equity stake in Balance 2 SPV, namely KNR Guruvayur Infra Private Limited and KNR Ramana Tupara Infra Private Limited.

The KNR Guruvayur Infra was transferred in September. The company has invested around 193 crores through equity and sub-debt and received a consideration of 486 crores. Similarly, for KNR Ramana Tupara, which was transferred in October, the company has invested around 226 crores through equity and sub-debt and received a total consideration of 5 Rs 549 crores. With the transfer of these 2 assets, the KNR has successfully completed the monetization of all 4 ham assets to Indus Infra Trust. Lastly, the exceptional item in Q2 FY27 includes a profit of Rs 292 crores arising from sale of KNR Guruwai to Indus Infra Trust.

Now coming to order book position, as of 30th September 2026, the company total order book stands at Rs 11,709 crores. This order book does not include the recently won 2 HAM projects and HMDF flyover project. Including these projects, the company's total order book stands at Rs 16,355

crores. This order book is divided into 43% for the road projects, 10% for irrigation projects, 5% for pipeline projects, and 42% for mining projects. Client-wise bifurcation is 74% order book is from third-party client and balance 26% from captive hand projects.

With the third-party order book, 30% from the state government contract, 43% from the central government contract, and remaining 1% from the 5-year sector clients. The current order book will be executed over a period of 3, 3 to 3.5 years, excluding the mining project. With in this line, the company is targeting order inflow of range of around Rs 4,000 to Rs 5,000 crores during FY27 with focus on maintaining a diversified mix across road, irrigation, and other sectors. Now let me take through the Q2, Q2 and H1 FY27 standalone financial performance first, followed by the consolidated financial highlights.

The revenue for the quarter stood at Rs 477 crores EBITDA for Q2 FY27 stood at Rs 44 crores and EBITDA margin is at 9.2%. The net profit for the quarter was Rs 281 crores. Revenue for H1 FY27 stood at Rs 914 crores. EBITDA for H1 FY27 stood at Rs 109 crores and EBITDA margin in H1 FY26 stood at 12%. Net profit for H1 FY27 stood at 563 crores. Now coming to Q2 and H1 FY27 consolidated financial performance. The revenue for the quarter stood at Rs 600 crores. EBITDA for Q2 FY27 stood at Rs 147 crores, and EBITDA margin is 24.6%.

The net profit for the quarter was Rs 102 crores. Revenue for H1 FY27 stood at Rs 1,188 crores. EBITDA for H1 FY27 stood at Rs 244 crores, and EBITDA margin in H1 FY26 stood at 25.5%. The net profit for H1 FY27 stood at Rs 183 crores. Now moving on the standalone balance sheet, the company continued to maintain a strong balance sheet. The working capital date stood at 104 days compared to 78 days as of March 26th. The consolidated debt as of 30th December 2026 stood at Rs 1,180 crores as compared to Rs 2,438 crores as of 31st March 2026.

The net debt-to-equity on consolidated basis as of 30th June 2026 stands at 0.22 as compared to 0.49 as of 31st March 2026. With this, we can open the floor for question and answer.

**Operator**
Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is on the line of Shravan Shah from Dollars Capital. Please proceed.

## Questions & Answers

**Shravan Shah - Analyst, Dolat Capital**
Uh, hi sir, uh, thank you for the opportunity. Uh, couple of questions. Uh, so sir, first on, uh, just to get a clarity, uh, that now further we are looking at Rs 4,000 to Rs 5,000 crore of more order inflow by March, uh, 27th.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yes, yes, we are targeting, sir.

**Shravan Shah - Analyst, Dolat Capital**
Okay, so some- Dad just wanted to get up more clarity, uh, how, how many projects in terms of the value that we have bidded and where bid is yet to open. And second, uh, which segments and in terms of the value that we are, we are targeting to, to bid up by March.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Actually, there are a couple of proposals. You know, one, uh, Gebra mine bid has come up which we are now placing it. I think it's on the month end, first of, uh, first or second of December, I think. Yeah. Then apart from that, uh, we are focusing on highway bids only. As such, uh, you know, I have modeled projects of size 2,000-3,000 crore above we are targeting, but the bids are not happening. But, uh, I think in a couple of months they should happen, and, uh, likely hit 1 or 2, that will be enough.

So, and, uh, recently we have backed one, uh, 1,400 crore worth of contract, uh, in Hyderabad city itself, which is, uh, HMDA. So HMDA has a good payment pattern, there is no problem. certain work which we are doing in city, they have little problems in GSMG, what was that. GSMG around 600 crore work contract we are holding. but apart from that, other projects total of around 3000 crore we are reading out, out of which only 600 crore is Hyderabad. So I mean, focusing in city Hyderabad works is that, uh, uh, you know, they reduced the ordering flow from NSE and other state governments.

So which has forced us to enter the city works as a pattern change. These are pattern changings only because to improve the business as well, uh, to survive in the risky times. So these are the steps which were taken, sir. Right now, and some few of solar projects also we are looking at. But however, we will quote a good price, and good price is a viable price. If we guarantee you get it, it's okay. Otherwise, also we don't bother because we have been trying several bids from a longer period which we couldn't get through.

That is one of the area, and Railways, actually we were bidding and, uh, the bids are going a little bit to burst, but still we, we would like to go, go look at the bigger ticket size so that, uh, there is some sensible bidding that can happen in railways also. So that is also under focus. Mainly, actually, as you rightly asked, where am I focusing is that actually the 3,500 to 4,000 to 5,000 crore worth of contracts, if I win from highway, it is good, which I am thinking. And, uh, otherwise also it's good.

I, I did not have, uh, other sectors like coal mining or some other mining sector. And, uh, otherwise also, you know, MSRTC has come up with the new tenders right now. I think the old tenders which have been cancelled, they again come up with the new tenders. So which we will also be likely to focus on that. So I think hopefully there is some light that we can get. And now that ordering pressure is also a little less there when compared with the other few months, so now it's okay,

**Shravan Shah - Analyst, Dolat Capital**
Sir. Got it, got it. Great. Uh, so now on, on the revenue front and the margin front, so, uh, obviously, uh, first, uh, if you can just spell out in terms of any change in terms of the guidance on the revenue front for this year, next year. So last time we were looking at Rs 2,200-2,300 crore for this year and the next year Rs 3,000 crore plus. So just wanted a broad sense there and also the margin, and then would like to understand in terms of the segment-wise how the revenue will pick up, particularly on the mining front.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yes, sir. Actually, revenue in the sense revenue guidance as we have given, I think we would like to stick As of now, we are not likely to change anything because the ordering flow expected where we have committed for these things are okay as of now in line, we can say. But margin-wise, as you rightly said, they have come down because the market level is also come down and there is a lot of pressure on due to this war situation. [Foreign Speech] Or due to the current dollar fluctuation and

inflation that is happening all over the thing.

With all that, I think there is a lot of pressure that is coming onto the balance sheet, sir. We can say straight away that the EBITDA levels have fallen because of these many reasons. And you know, we were trying to keep up the staff the same amount of You know, manpower. So overheads are likely increased and the harder book is the turnover that is happening is lesser. So that is also giving a little bit pressure on the things and the equipment is also unutilized for longer periods. In the past one or two years, the hundred percent utilization has not happened.

So now I think they are rolling back into. Action from upcoming days. I think, uh, coal mining, one, one, one, one handy mine is also likely to start in another 4-5 months. If it is starting also next year onwards, we can clock revenues out of that. So focusing on- definitely I think we will try to do something better, but, uh, at this point of time, uh, I can only stick to the figures which I have given.

**Shravan Shah - Analyst, Dolat Capital**
Got it, got it. But, but in the second half, if we have to pencil in, in terms of the margin and next year, so at a standalone level, how, at a percentage level, how we can, we can look at? So this second half of FY27 and next year, how one can look at the EBITDA margin?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Actually, the second half, you can expect the similar pattern because nothing is great that is happening except that mining project [Foreign Speech] projects are starting actually that is also the Gudgaluru project which I was telling that 1700 crore one that we only project Darpati is having some royalty issue dev is the big Because of which I think the work is not started. I think, uh, by this month end, uh, the issues will be resolved and then, uh, project will start. Because once we pay the royalty, we may not get back.

So we are holding it on to that. We are thinking that actually the land and everything is ready for that. It's only that royalty- if I- without paying royalty, I cannot even bring any product to the road. So that is another problem. So because that, I think it is stuck. I think another couple of weeks the problem should get resolved and we should start working on it.

**Shravan Shah - Analyst, Dolat Capital**
So, so next year, next year onwards, once we have the, the ham which will be, uh, picking up the both the 2 new ham, most likely we should be having the AD maybe in next one or or one odd month, so that the contribution and even the mining contribution will be significantly increasing. So can we, can we look at kind of a 13% EBITDA margin for, for next year, FY28? Is, is doable?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Ah, the 13%, uh, uh, can't guarantee answer because now not only the overhead that is, uh, increasing, it is very- it is the input prices that are getting changed. Even food Food prices have gone up, everything has gone up, you know. Because of this, uh, the issues are a little bit there, but I, I'll be needing a little more calculation on, uh, for upcoming assumptions and then come on to it.

**Shravan Shah - Analyst, Dolat Capital**
Got it. So lastly, mining, put together both the projects in this year, next year, uh, how one can look at in terms of the revenue. And the irrigation, anything update in terms of the payment which we were expecting from the from the state government

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yes sir this one concerned with mining project sir I think we will be clear last October we have prokt about [Foreign Speech] around 17 crore worth of turnover we have made they and this one we are targeting about 20 We'll have to see what happens. Apart from that, we are also focusing on the Banhadi mine, which has not started, but I think then 4-5 months it will take, so it will come on the next year itself. Once the concern to the irrigation project payments- yes, likely last time I said you said that there is some movement.

If we get some payment by this month end, it will be good. That's what we are struggling. I think hopefully for second week of December we shall receive some amounts.

**Faisal Hawa - Analyst, H.G. Hawa and Company**
Okay, so previously

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Also Finance Minister also has committed to pay us because they have water shortfall in this Hyderabad, so they are hurrying it up now.

**Shravan Shah - Analyst, Dolat Capital**
So that last time you said that

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
So let's wait for one more couple of three four months, then I think we will have a good news. That's what I'm thinking.

**Shravan Shah - Analyst, Dolat Capital**
Okay, okay. Ballpark any idea that by March how much we can we can get the the the payment?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
If we get, I think they are considering to pay around six hundred crore and the balance that Aria also will get through. Once Aria gets through, then it will take another three four months to get paid. I think the process of RE is taking another 2 months. So this is the situation, correct?

**Shravan Shah - Analyst, Dolat Capital**
Okay, got it, sir. Thank you.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yeah, thank you.

**Operator**
Thank you. The next question is from the line of Shivam Goradi from ICICI Securities. Please proceed.

**Shivam Goradi - Analyst, ICICI Securities**
Uh, yeah, hi, thanks for the opportunity. Just one question from my side. How is the order pipeline looking like, and have we identified certain projects to bid for, and are we in L1, uh, NCC projects as of today?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, actually, as sir already explained to you, as of now, actually, we have only just around Rs 400

crores worth of project there, there in the L1 as of, as of today. And as far as the order book is there, as you know, right now we have almost Rs 16,000 crores of order book consisting of at least Rs 6,800 crores for the mining. If you exclude that also, we have almost Rs 10,000 crores of order book. And as you told that we are targeting around Rs 4,000 to Rs 5,000 crores order book by this FY27, it consists of some project in mining and definitely road sector that we are always trying to get project in that sector only.

But due to this aggressive competition, actually we are not very much sure. But definitely we will try to achieve actually project in roads, railways, and mining sector.

**Shivam Goradi - Analyst, ICICI Securities**
Uh, thank you, sir. Just a clarification, the Rs 5,000 crores will be for H2 only, right? H2A?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Pardon?

**Shivam Goradi - Analyst, ICICI Securities**
The Rs 5,000 crores target of inflow Will be for H2FY27 only.

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, yeah, yeah, correct, correct.

**Shivam Goradi - Analyst, ICICI Securities**
Okay, so thank you, thank you,

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Thank you,

**Operator**
Thank you. Before we take the question, the next question, we would like to remind participants that you may press star and 1 to ask a question. To ask a question, you may press star and 1 on your touchtone telephone. The next question is from the line of Faisal from HG Hava. Please proceed. Mr. Spencer, your line has been unmuted. Please proceed with your question. Due to no response from the current participant, we move on to the next. The next question is from the line of Vasudev from Novama.

Please proceed.

**Vasudev Ganatra - Analyst, Nuvama**
Yeah, thank you for the opportunity. So excluding this exceptional item we had, what would have been our adjusted PAT for this quarter? And also last quarter we had some Rs 76 crores of EPC claims. So this quarter also, do we have any one-offs like such in revenue and cost?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Is this quarter apart from this exceptional item we do not have any other one-off item and adjusted PAT actually for this quarter is actually 30 crore second. OK

**Vasudev Ganatra - Analyst, Nuvama**
Of course, OK sir. And sir, in our irrigation pipeline and mining projects, you know, what is the kind of revenue

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yes, for, for mining projects, actually for irrigation project, we, we, for this quarter we did actually very only 10 crores of the turnover in this quarter we did. And for the entire year is only 20 crores, around 2% actually for the entire 6 months. And mining project has not started, so we have not any- there is no revenue of mining project as such in the balance sheet as of now. But as we explain you is in mining sector we are targeting around you can say around hundred crore of the turnover in in balance six months from the mining project and irrigation project actually almost all project is completed and all project is almost in we are just because majorly package four so we so we don't have much you can say only sub package three is that we that we are going to execute in this balance six month and there order book is package three order book is is three point nine crore is that actually south of that we may execute because Recently only they have given the some land actually.

So now we will start executing some portion of the work, but it may, may be around 50 to 60 crores we can execute in that is 3 months.

**Vasudev Ganatra - Analyst, Nuvama**
Okay, and sir, on the pipeline project?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Pipeline project is as of is left out is around 750 crores is there. So maybe around 300 crores we will execute in next 6 months.

**Vasudev Ganatra - Analyst, Nuvama**
Sure, sir. And so just in terms of some bookkeeping questions, our segmental split of revenue for this quarter, the CapEx that we have done, and our target for the full year, and what is our outstanding receivables from Telangana government now?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Actually, receiver outstanding receivables is from irrigation is right now 660 crores is there. And ham is 330 crores. With, with unbilled, it is coming to around 1,400 crores are there with the unbilled.

**Vasudev Ganatra - Analyst, Nuvama**
Okay. And CapEx,

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, CapEx for this 6 months will be CapEx of around 220 crores, so the CapEx. And for entire year, it may go up to around 400 crores.

**Vasudev Ganatra - Analyst, Nuvama**
Okay, and lastly, sir, your segmental split of revenue for this quarter.

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
For this quarter, actually we did around 28% revenue from our road EPC work, 48% from the ham work, irrigation is just 2%, and back-to-work subcontract we did around 21%.

**Vasudev Ganatra - Analyst, Nuvama**
Okay, sure. So that's it from my side. Thank you.

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Thank you.

**Operator**
Thank you. Before we take the next question, we would like to remind participants that you may press star and 1 to ask a question. To ask a question, please press star and 1 now. The next question is from the line of Bhavin Modi from Anand Rajiv. Please proceed.

**Bhavin Modi - Analyst, Anand Rathi**
Hi sir thank you for the opportunity my first question is sir you know how much amount is still you know pending from the three SS that we gov you know monetized so how much amount is pending to received or

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
In three SS actually even we we have transferred the entire equity to game This withhold is majorly consisting of that GST which will be supposed to get from the authority and from the industry.

**Bhavin Modi - Analyst, Anand Rathi**
Okay, got it. And for the fourth asset, how much is pending?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
The fourth asset, we, we are going to- this, this accounting will come in the Q3 of this asset, so Q3 of this quarter. But in fact, withhold will be around 130 crores, will be withhold will be there in four assets. fourth April [Foreign Speech]

**Bhavin Modi - Analyst, Anand Rathi**
Okay so second thing is with respect to the you know the receivables. So the receivables has increased because I believe you know it's because of the HAM assets you know so friend can we expect you know the deployment in the SPV and you know the trade receivables

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
This care, our this Mysore project and our Ongole assets will be there. So ham assets based on our funding position of the parent company, we go for disbursement from the bank and get the money. So there is no challenges to get the money from the ham assets. Definitely as per irrigation sector is care almost sixty crores funding receivables is there from the irrigation and basically that consists of [Foreign Speech] December [Foreign Speech] most [Foreign Speech] March [Foreign Speech] major portion of certified bills.

**Bhavin Modi - Analyst, Anand Rathi**
Got it. and sir third question is second capex, right? And second, with respect to the, you know, uh, CapEx for the mine business, I believe the revenue, you know, on a, on a, uh, broader part will start getting recognized from the next year, but we will be recognizing the depreciation, right, from this year itself. Is my understanding right?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, this as far as definitely out of Rs 220 crores of the mining assets, what the assets in, in our balance sheet almost 180 crore is pertaining to the mining assets and rest 40 crore pertaining to other other other other projects for basically road and other assets so this year 8 out of 400 around 300 320 is pertaining to the mining assets and rest is the road assets.

**Bhavin Modi - Analyst, Anand Rathi**
Okay

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
And what [Foreign Speech] so will have to invest another 400-500 crore [Foreign Speech] capex so they don't know when it is going to start I think 4-5 months we are expecting it to start actually [Foreign Speech] court has a lot of importance so they want to start immediately and I think high level pursue

**Bhavin Modi - Analyst, Anand Rathi**
And if I'm not wrong, till date we have incurred around 180 crore of capex, right?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
500 crore. Each is taking 500 crore worth of equipment. Okay. I think 370-380 crores we have already spent, right, on this Kushmunda? And then further we may have to [Foreign Speech] 60-70 crore even EV also they so [Foreign Speech] 120 crore is they so [Foreign Speech] about its 500 it is happening [Foreign Speech] after that again on Banarasi also

**Bhavin Modi - Analyst, Anand Rathi**
Another 500 crore

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Because it has to be completed in 5 years almost okay so we would

**Bhavin Modi - Analyst, Anand Rathi**
Be So if I'm not wrong, we will be spending almost thousand crore of capex, right? For these two mines.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yes, yes, sir. So for most,

**Bhavin Modi - Analyst, Anand Rathi**
So then most of the proceeds that we got, you know, from the monetization, you know, will get be, you know, utilized here in the capex, right? Mine capex, right?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Mine capex as well as equity investment in our ham projects also.

**Bhavin Modi - Analyst, Anand Rathi**
Got it. Understood, understood. Yeah, that's it from my side.

**Operator**
Thank you. The next question is from the line of Deepak Shri Arvind Joshi from Ambit Capital Private Limited.

**Deepak Shri Arvind Joshi - Analyst, Ambit Capital Private Limited**
Hello, sir. Uh, so yeah, so the mining project that you recently received about 33-

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Voice is not audible. Not, not clear. Uh, so

**Deepak Shri Arvind Joshi - Analyst, Ambit Capital Private Limited**
The mining project that you've recently received, uh, about Rs 3,300 crores, that's, uh, as part of a JV, right? So, uh, but you've included the entire Rs 3,300 crores in your, uh, order book. So wouldn't we have to consider 51% of that, uh, as it's, uh, in a JV?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, yeah, actually our portion only we have considered. So 3,300 is our portion only what we have considered in our, this, in our rules. So entire work is going to executed by us only. Even the other partner is going to give entire work back to back to us. That's why entire 3,300 has been considered in our model.

**Deepak Shri Arvind Joshi - Analyst, Ambit Capital Private Limited**
Okay, got it. So the project cost itself is 3,300 crores. Uh, or you've included?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
It is more actually what is our margin, what is the royalty we supposed to pay to them actually. So after royalty, net amount has come to us. So 3,300 is the our portion of the work that we are going to execute.

**Deepak Shri Arvind Joshi - Analyst, Ambit Capital Private Limited**
Okay, got it. And could you help us with the remaining equity requirement? How much would be done in '27 and '28?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, yeah, actually, uh, if we consider this our 4 assets. So equity requirement will be- equity requirement will be Rs 395 crores. Out of Rs 395 crores, already we have infused actually Rs 192 crores. So the rest, rest is Rs 202 crores is required for these 4 assets. Out of Rs 202, we are expecting around Rs 110 crores we are going to put in FY27 and balance Rs 85 crores in the FY28. And this excludes our 2 ham projects of ECR Chennai and Telangana where equity requirement is Rs 510 crores. That we have to see if we are getting appointed date in by this month, then we may require to put some equity in there.

Otherwise we have to increase in the next year.

**Deepak Shri Arvind Joshi - Analyst, Ambit Capital Private Limited**
Okay, got it. Thank you, sir. That's it from my

**Sudeep Bora - Analyst, AMBIT Capital Private Limited**
End.

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Thank you.

**Operator**
Thank you. The next question is from the line of Sudip Bora from Ambat Capital. Please proceed.

**Sudeep Bora - Analyst, AMBIT Capital Private Limited**
Hello. Yeah, yeah, thank you for the opportunity, sir. My question was regarding the like stages of the ham projects and one EPC projects. Project that we have won in Telangana. So like, how are we looking at it, like, uh, in terms of appointed date and the construction work to start? Like, is it

possible in '27 or like second half of '28, or what timelines are we looking at?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
So actually, the city works are likely to start- actually, I think recently we have received one Rs 1,400 crore I think 95 crore worth, which can, uh, we need to do the agreement actually. Agreement time is almost a month. Within a month we have to do, and then after that I think we can start the work. But there could be some land problems. So the main thing is committing turnover, I think it's going to be a bit issues because, you know, cities, they may have to do some land acquisition, partial, all that.

But I think 50% of the stretch is clear, so we can, uh, do quite a good performance in this third quarter. That's right, fourth quarter. And considering that ham model project which you asked about, I think by this first week of December we'll be taking the appointed data. I think there is an issue related to holding up of that appointed date is only for that royalty, zero royalty, zero issued by Government of Telangana during the bid time, and that is not communicated to the concerned department.

So they are not allowing us to take out the material without royalty. So without royalty, we cannot even take any small construction material to the road. So that is a major problem which is now stuck with. So I think the ministry, Ministry of Revenue, Revenue Ministry, and that, uh, you know, the document has now gone to the Secretary Chief Secretary. In fact, he is likely to issue the zero royalty, zero to the concerned department. I think this may happen in another couple of weeks. Plus or minus 1-2 weeks extra, we can take it as the government process is involved.

So I think by first, second week of- first week of December, we are expecting the quantity date to happen. From that onwards, we start doing the project. Maybe initially we will have to do structures and exhaust only, so a little bit lesser turnover is expected. But I think fourth quarter we pay pickup quite good then I think the first quarter next next year we come to little bit of all all type of activities. yes sir.

**Sudeep Bora - Analyst, AMBIT Capital Private Limited**
Okay, sir, thank you for this. Next question was on Mysore Kushalnagar package 4 and 5. so early arrear I think we h we are downsizing in terms of these projects because, uh, the entire ROW is not available. So what's the current status on this?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yes, sir. Now that they made it available, almost, uh, most of the- except around the 7-8 kilometers, most of the area is now clear. So we are working on that, sir. The balance is also- the balance is also likely to come up in our 2-3 months' time. So I think it's going to take full value of the project. There may be some plus or minus, uh, change of scope could be there. That is separately accounted.

**Sudeep Bora - Analyst, AMBIT Capital Private Limited**
Okay, so no material reduction in scope as of now, that is what you're emphasizing, right?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yes.

**Sudeep Bora - Analyst, AMBIT Capital Private Limited**
Okay, okay, sir. Thank you, thank you.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Because they recently hand out the structures, so time is taking.

**Sudeep Bora - Analyst, AMBIT Capital Private Limited**
Okay, okay, got it. Thank you, sir. Those were my questions.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Thank you.

**Operator**
Thank you. The next question is from the line of Shravan Shah from Doris Capital. Please proceed.

**Shravan Shah - Analyst, Dolat Capital**
Hi, sir. Uh, sir, on depreciation front, so, uh, From Q1 to Q2, obviously the mining capex is leading to increase from Rs 10 crore to Rs 19 crore. So how one can look at half depreciation? And let's assume the Banari mine, we will be doing a capex maybe in either in the 4th quarter end or maybe in Q1 FY29. So put together this Rs 1,000 crore capex, then how one can look at the FY28 R depreciation.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
So actually the development feels happening sir now, so in development I think whatever the bill that is happy hand to mouth only, we can't expect anything good in the this day, but net of 5% profits we are expecting out of this mining project sir, I think bain kind of that. So because it's been a tough and competitive world, just to make some values and just to make ourselves a little bit comfortable during- due to our hard efforts, these works were quoted. So definitely I think we were expecting, uh, this Kushmunda mine and the FY28, we want to clock around Rs 400 crore Turnover.

And, uh, again, Bhanghadi, if it starts, another 300 we can expect if it starts, uh, in the first week, first quarter of that, because it's the initial startup, the development and all will take place. And even mobilization also to happen, because we haven't started the mobilization because we don't know when they are giving up the land. So just keeping the ID in and all, it may not work. Nowadays, you know, even manufacturers, they are taking a lot of time to supply the equipment. On order, they are making now.

**Shravan Shah - Analyst, Dolat Capital**
Okay. Yeah. So sir, on, on, uh, coming back to on the depreciation front, so, uh, roughly, uh, particularly the second half and from next year, uh, assuming from the, uh, April onwards we will start the Banahari mine also. So broadly, this Rs 1,000 crore, can we assume that over a kind of a 6-year period we will be depreciating? So kind of a Rs 160-170 crore kind of a depreciation will be there. And for particularly the second half, obviously, uh,

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Our calculation is, uh, 5 years depreciation we have done in the mid-time. But, uh, if you take it for 7 years, I think it will be more thing. But you know, nowadays the equipment, uh, in mine, they're running for almost 20 hours a day. So expecting that big cycle may not happen. So 5 years cycle, what we have taken is just the higher side, which I'm feeling actually. Therefore, competitive sake, I have taken it, but I'm not very sure of that delivery.

**Shravan Shah - Analyst, Dolat Capital**
Okay, okay.

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
6 to 7%, 7 years you can assume.

**Shravan Shah - Analyst, Dolat Capital**
Yeah, and for for this second half how how one can look at the depreciation because Banari will not be there in terms of the depreciation only the Kusumda. So this nineteen crore depreciation of the second quarter how it will inch up in third and fourth quarter?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
It will be around around thirty crores will be there. You know you can say per quarter in the next for next two quarter. It will be around thirty crores per quarter.

**Shravan Shah - Analyst, Dolat Capital**
Okay, okay. And and once we get the appointed date for both the ham in let's say in in next one month odd. So out of this five hundred ten crore, how much we need to put in equity by March and in FY twenty eight? How one can look at in terms of the equity investment?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
[Foreign Speech] because Definitely, whatever our existing assets and project is there, first we will put equity there, and with our surplus cash we will go for our- so that's why we may have to put not much. Maybe out of 500 crores we have to put somewhere around 100 crores in these assets. Actually, that's all, not more than that.

**Shravan Shah - Analyst, Dolat Capital**
Okay, 100 crores. But next year then we have to put maybe 300

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Or rest to rest 150 crore you can consider in the next year.

**Shravan Shah - Analyst, Dolat Capital**
Okay okay okay caught it sir thank you thank

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
You. okay thank

**Operator**
You. thank you. The next question is from the line of Faisal Hawa from N G Hawa and Company. Please proceed.

**Faisal Hawa - Analyst, H.G. Hawa and Company**
Hello. Sir, [Foreign Speech] sir my first question is that is there any progress on the Tamil Nadu order which was to come for the flyover but it has been stuck due to the

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Government changing. yes sir actually that government change has happen and they form the committee. now the committee is giving a final report project is required [Foreign Speech] so now that they are also recommending this project is required, so I think the panel meeting was held this last week. so a couple of weeks we should get appointed date for this and it should start. yes

**Faisal Hawa - Analyst, H.G. Hawa and Company**
Sir. and second there is news in the overall some more orders coming, uh, in Telangana also. So, uh, you feel that those tenders could come through by the 4th quarter of this financial year, and maybe we could bag many of those because of our proximity to these areas?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
I think they all should happen. Even in Hyderabad, there is a triple R is coming up, and that other road, that Amravati is coming up. There are many works which are there, uh, and, you know, we are also studied almost round 20-20 all projects this recently so we hopeful [Foreign Speech] we [Foreign Speech] hopeful actually two target what we have is around 4,000 to 5,000 crore in this year end the target to achieve the orders so out of which I think we may recoup most orders from hive

**Faisal Hawa - Analyst, H.G. Hawa and Company**
So you, you feel that there could, there could be a lot of, uh, tenders coming in the 4th quarter for Andhra Pradesh and Telangana? Yeah, the ticket size

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Is big. All the projects are having around 40,000 crore worth of contract and mostly on hand. So definitely that bidding is going to be a little bit sensible only. So let's focus on that and try to get the good project in hand. Is

**Faisal Hawa - Analyst, H.G. Hawa and Company**
It a, is it a right statement to make that you have in your mind connected the Andhra, the Telangana receivables coming to the buyback, uh, going through? Because we are now having more than enough sufficient funds, but we have yet not decided on the buyback either at promoter level or tender level or even at the market buyback level from, uh, company.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
You know, I'm waiting for that something to happen on the irrigation patent now that there's rushing for this water crisis so there is a positive outcome from that financial ministry of financial they called us and you submit all your details of billing and all that they ask for details now that they're gearing up to pay I think of December we should get paid. That is the scenario which we are now hearing. So I think positively, if it goes well, I think definitely we'll have some good cash in hand.

You know, recently the- there have been proposals were there earlier, also one year onwards we were thinking like that after this sale proceedings we will do that and all that we have planned. But recently, you know, we have the most capital-intensive project we have received, wherein we have to render CapEx in that Kushmunda mine. Further, there is a requirement which is coming up for the Jaffran mine also, around 500, 500 plus they are coming up. So whatever we are receiving, I think they have held up for that actually.

So certain portion which now we are thinking to resolve on the front of What we get through irrigation projects, partial proceedings may go there for further investment on those projects as well. Certain requirement is also coming up in city works. You know, city works we have got some high flyover projects around three thousand crores. Adabuk is there. So here the little bit working capital we have to maintain in a high actually, you know, uh, DSNB is due from 3 months and 4th month is also due this month.

So with that, I think capitals are blocking here, but I think, uh, they get paid by this weekend, next week, or this weekend only we will get paid what we are hearing. But the thing is that the split bit of capital is increasing, lot of requirements, fund requirements are coming, and, uh, definitely we are unable to take calls on that actually. Otherwise, we are eagerly interested. You know, now the order book has raised to Rs 16,000 crore, and further we are confident of achieving, uh, say Rs 5,000 to Rs 6,000 crore, or Rs 4,000 to Rs 5,000 crores at least.

So with all that, I think we can even reach the levels of what we have earlier done. So with all that, I think definitely we should be comfortable enough to take over certain stocks at this level. Actually, the thing is that the requirements for the company also is very important what we are giving. Actually, I think you understood that.

**Faisal Hawa - Analyst, H.G. Hawa and Company**
Yeah, but, uh, I mean, even at promoter level we could do some buyback, you know, where- because we have

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Money, we have money. Sorry, like But anyhow, actually, no, nothing actually. So what it is, the promoter level, I think we have very less funds. So we only get salaries, and that is, you know, some family settlements happened for orders these days, and certain real estate properties were also bought in. So with that, I think a little bit tightness is there in our front actually. Yes, actually it's the right opportunity for us to take over that in top because its sizes are tempting right now.

**Faisal Hawa - Analyst, H.G. Hawa and Company**
Yeah, because we are now at 20. One

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Day video actually below [Foreign Speech] I was very eager actually [Foreign Speech]

**Faisal Hawa - Analyst, H.G. Hawa and Company**
Okay.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
I'll try my best in this time.

**Faisal Hawa - Analyst, H.G. Hawa and Company**
Okay, thank you. Thank you for answering my question so well. Appreciate it. Thank you.

**Operator**
Thank you. The next question is from the line of Bhavin Modi from Anandzathi. Please proceed.

**Bhavin Modi - Analyst, Anand Rathi**
Hi sir, thank you. Sir, can you just put it in the order book, you know, what is the portion of the unbilled revenue in the road project irrigation pipeline?

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, this unbilled revenue in road is will be irrigation is around 830 crores is there. and and balance is basically road actually south of 1300 cross if you know this 30 balance is basically road and other sector okay and order book of irrigation you know so 1600 is the south of 1600 you can remove 800 so net order book will be around 800 only they have

**Bhavin Modi - Analyst, Anand Rathi**
Mining projects or maybe the irrigation pipeline project. So our road now stands at around Rs 7,500 crore. So when can we expect, you know, our core EPC businesses, you know, like road or maybe that metro or the railway, you know, to reach around Rs 15,000 crore? Uh, I do see, you know, still we as a KNR, we don't have, you know, presence in the bidding in the railway projects as well as the metro projects. And we see a lot of metro projects, metro rail projects coming up. So what are your thoughts on that?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Everything is going tight right now. You know, I've opened- I've placed a bid for -9% where the bid has opened at -30% in railways. Also the micros, also we tried our best, but still we are trying with NCC. But anyhow, now that we got enough structural orders, you know, that You know that Chennai flyover is almost 2,000+ crores, and in Hyderabad city we have 3,000+ worth of contracts in the Hyderabad city itself. So I think around 5,000+ crores we have in structures itself. So I think going for metros, okay, we can go, but you know, as a sector change, it will be there.

But right now we are, our structural teams are completely busy.

**Bhavin Modi - Analyst, Anand Rathi**
We have

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Even increased the teams now actually.

**Bhavin Modi - Analyst, Anand Rathi**
Got it, got it. So but sir, how can you speak about, you know, the Chennai project, you know, flyover project, or you know, the Hyderabad flyover project, right? So how is the competition there? So is it like, you know, normal competition we see in the NHM world project?

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
As Hyderabad concerned, the competition is less because everybody has got a fear that they are not getting paid. So the most of the contractors are not got paid actually. So many, uh, this thing, many of these things, uh, everybody's opinion, there is no mobilization advance also. These people don't pay mobilization advance. The contract has no clause. up mobilization advance so the most of the players are don't want to beat you that way we'll be able to get good price that is main thing.

**Bhavin Modi - Analyst, Anand Rathi**
I

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Think we got in plus. inside of plus plus so they have to mention actually. the prices are good. only thing is if they give the land and pose

**Bhavin Modi - Analyst, Anand Rathi**
So then what gives us the confidence, you know, to enter into, you know, such regions or such projects, right? Apart from, you know, the better margins.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Yes, I, I have, uh, you know, uh, in the beginning only I answered this question actually. You know,

out of, uh, this 3,000 crore order what we have in Hyderabad city, around 600 crores is a little bit, uh, time-delaying payment. GSMC this department actually on this but present [Foreign Speech] delay payments [Foreign Speech] funds are little bit unplanned but HFDA and the Musi River Development Corporation they have ready panchit [Foreign Speech] So most of the order, I mean 3000 out of 3000 only 600 is out.

**Bhavin Modi - Analyst, Anand Rathi**
Got it. So got it.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
So there is no place in advance, at least the margin is a little bit more so we can do the project.

**Bhavin Modi - Analyst, Anand Rathi**
Got it. Thank you, sir.

**Jalandhar Reddy - Executive Director and Chief Financial Officer, KNR Constructions Limited**
Well,

**Operator**
Thank you. That was the last question for today. I now hand the conference over to the management for the closing comments. Over to you, sir.

**K Venkata Ram Rao - General Manager, Finance and Accounts, KNR Constructions Limited**
Yeah, thank you. Yeah, thank you all for joining us on this call. Please reach out to us or our investor relationship consultant, strategy growth advisor, or us directly should you have any further queries. We can now close the call. Thank you. On

**Operator**
Behalf of KNR Constructions Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.