

KNR Constructions

14 August 2026

Operator: Good day and welcome to KNR Constructions Limited Q1 FY27 earnings conference call. This conference call may contain forward-looking statements about the company that are based on the company's beliefs, opinions, and expectations as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. K. Venkataramana Rao, General Manager Finance and Accounts, KNR Constructions Limited. Thank you, and over to you, Mr. Rao.

K. Venkataramana Rao – General Manager Finance and Accounts: Good morning, everybody. Thank you for joining us today on the call to discuss the financial results for Q1 FY27. Along with me, I have Mr. K. Jalandhar Reddy, Executive Director and Strategic Growth Advisor, our investor relations advisors. We have uploaded the results and investor presentation on our stock exchanges as well as on our company website. I hope everyone got an opportunity to go through them. We would like to touch upon a few key company and industry updates, after which we will have a question-and-answer session.

The road sector is currently going through a phase of recalibration, with project awards remaining subdued in the initial months of FY27 following the softness witnessed through FY26. During the quarter, NHAI awarded approximately 107 kilometers of projects, while execution also moderated to around 638 kilometers. That said, the government continues to back the sector with a strong spending commitment for FY27. The Union Budget has allocated close to 3.1 lakh crore to the Ministry of Road Transport and Highways, and the road sector capex outlay is up around 8% after two relatively subdued years. This gives us confidence that the groundwork is in place for awarding activity to pick up, even though tendering and awards have been slower to come through in this first quarter.

NHAI has also outlined a revised FY27 plan to award 54 highway and expressway projects covering 2,444 kilometers, worth a combined 1.8 lakh crores across 13 states. Therefore, the near-term awarding environment remains measured. This identified pipeline gives us reasonable visibility for the coming quarters. Overall, while the sector is seeing some moderation right now, we remain positive on the awarding outlook for the rest of the year and believe that the underlying spending pipeline is healthy. Beyond roads, we are also seeing [inaudible] opportunities in railways and urban [inaudible].

Operator: Mr. Rao, sorry for interrupting. Your voice is breaking.

K. Venkataramana Rao – General Manager Finance and Accounts: Is it okay now?

Operator: Yes, please go ahead.

K. Venkataramana Rao – General Manager Finance and Accounts: The government continues to focus strongly on the railway's capacity expansion and modernization, with a record 2.93 lakh crore of capital expenditure allocated to Indian Railways for FY27, going towards capacity augmentation,

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multi-tracking, freight corridors, safety, station redevelopment, and better rail connectivity. This is creating a healthy pipeline of projects across the railway system. The outlook is particularly encouraging for Andhra Pradesh, which has received a record 10,134 crores of railway allocation for FY27, and the operationalization of the South Coast Railway Zone further strengthens the focus on rail infrastructure in the region and supports new project execution.

We see this as an opportunity to gradually diversify our order book into railway civil works, track infrastructure, and related work. With this strong government spending and the growing pipeline across the southern region, railways are gaining increasing importance in our medium-term business mix. Urban mobility is another segment that continues to see healthy activity, with the government supporting the expansion of metro and mass rapid transit across new corridors. Extensions are being planned across key cities, creating a sizeable pipeline across elevated corridors, viaducts, stations, bridges, and related civil work.

As part of our medium-term diversification strategy, we are actively evaluating railway and metro projects as they come up for tender, although our focus remains on selectively pursuing projects where we see adequate execution visibility, attractive returns, and a good fit with our existing capacity. Another emerging opportunity is the battery energy storage system segment, which is expected to grow significantly over the coming year. Overall, we believe that the long-term infrastructure opportunity in India remains intact, although the composition of growth is evolving. Railways will continue to remain our core opportunity, but we see the next phase of growth becoming increasingly diversified across expressways, railways, urban mobility, mining, irrigation, logistics, and emerging areas such as energy storage.

We remain positive on the overall opportunity and will continue to focus on building a strong and diverse order book while maintaining discipline in project selection and returns.

Now, coming to the key updates of the company, the percentage of physical progress as of June 30, 2026, for the HAM projects is as follows: {? Ramnata Tukara ?} to Valancheri is 100% completed; Valancheri to {? Kapprika ?} is 100% completed; {? Mugli ?} to Somwarpet is approximately 91.35% complete; Maripadu to {? Somwarpad ?} is approximately 86.03% complete; Mysuru to Kushalnagar Package 4 is around 20% complete; and Mysuru to Kushalnagar Package 5 is around 18.28% complete.

As of June 30, 2026, the company has already invested 595 crores out of the revised equity requirement of 805 crores for all our existing HAM projects. The additional equity requirement of 210 crores is to be infused as 125 crores and 85 crores in FY27 and FY28, respectively. You can refer to slide number 26 of the investor presentation for details on each HAM project. The company may require further additional equity investment of around 510 crores for the Chennai ECR and Telangana NHAI HAM projects.

During the quarter, the company, along with its JV partner Shushi Infra and Mining Limited, received a letter of acceptance from South Eastern Coalfield Limited for a coal mining project at Kusmunda in Chhattisgarh. The project has a total value of 3,361 crores, excluding GST, and is to be executed over a period of 8 years.

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As part of the share purchase agreement with IndInfravit Trust, the company completed the transfer of its 100% stake in KNR {? Ramagiri ?} Infra Private Limited and KNR Palani Infra Private Limited. In KNR {? Ramagiri ?}, the company had invested 83 crores in the SPV through equity and subordinated debt and received a total consideration of 227 crores from the purchaser. For KNR Palani, the company had invested 64 crores in the SPV through equity and subordinated debt and received a consideration of 295 crores, including 90 crores of cash surplus as an EPC claim from the purchaser.

On the credit front, CRISIL Ratings reaffirmed the company's long-term bank facility rating at CRISIL AA/Stable and short-term rating at CRISIL A1+, reflecting the company's strong credit profile.

Now, coming to the order book position. As of June 30, 2026, the company's total order book stood at 8,667 crores. This order book does not include the two recently won HAM projects and the mining project. Including the HAM projects and the mining project, the company's total order book stood at 15,234 crores. This is divided into 38% for the road sector, 11% for irrigation projects, 6% for pipeline projects, and 45% for mining projects.

Client-wise diversification is as follows: 71% of the order book is from third-party clients, and the balance of 29% is from captive HAM projects. The third-party order book is also split between state government contracts at 24%, central government contracts at 46%, and the balance of 1% from other private parties.

The current order book will be executable over a period of 3 to 3.5 years, excluding the mining projects. In line with this, the company is targeting order inflows in the range of around 8,000 to 10,000 crores during FY27, comprising a healthy mix of NHAI projects, irrigation projects, and other state government infrastructure works.

Now let me take you through the Q1 FY27 standalone financial performance, followed by the consolidated performance. Revenue for the quarter stood at 436.7 crores. EBITDA for Q1 FY27 stood at 65 crores, and the EBITDA margin was 15%. Net profit for the quarter was 282.3 crores.

Now, coming to Q1 FY27 consolidated financial performance, revenue for the quarter stood at 587.9 crores. EBITDA for Q1 FY27 stood at 96.4 crores, and the EBITDA margin was 16.4%. Net profit for the quarter was 80.7 crores.

Now moving on to the standalone balance sheet, the company continues to remain in a strong balance sheet position. Working capital days stood at 133 days compared to 78 days as of March 2026. Consolidated debt as of June 30, 2026, stood at 1,975 crores compared to 2,438 crores as of March 31, 2026. Net debt to equity on a consolidated basis as of June 30, 2026, stood at 0.9.

Analyst1: Sir, on the execution front, how do we see the entire year for FY27, and what could be the growth in FY28?

Management: For FY27, we are targeting growth because, as you know, we did around 2,000 crores on a standalone basis last year. This year, we will definitely cross more than 2,000 crores, but you can say 10% to 15% more. So, FY27 may be around 2,200 to 2,300 crores. Execution of our Chennai ECR project and Telangana Mahabubnagar project is going to start in Q3. The Kusmunda,

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Chhattisgarh mining project is going to start next month.

That is the outlook for FY27. As far as FY28 is concerned, that year should definitely be a good year because all the projects that we have will be completely started in FY28. We will try to achieve more than 3,000 crores in FY28.

Analyst1: Okay. And sir, for the two new HAMs, when do we expect the AD?

Management: They will start in Q3. That is why we are expecting the AD in Q3.

Analyst1: We expect the AD in Q3, the ADs for the two new HAMs.

Management: Yes, we are expecting the AD in Q3.

Analyst1: And the older mining project, last year's mining project?

Management: Last year's mining project in Chhattisgarh has received only the first stage of forest clearance. The second-stage clearance has not come. It will take a further 8 to 10 months to start the project. However, the project in Kusmunda, Chhattisgarh, which we recently received, is going to start within 1 month.

Analyst1: So the older one will probably start only in FY28.

Management: Yes, only in FY28.

Analyst1: Okay. How is the execution progressing on the water pipeline order, and what revenue are we targeting for the next 2 years, FY27 and FY28?

Management: There were initially some challenges in the water pipeline project, but the project is progressing well now. Around 830 crores is left in the order book. This year, we are definitely targeting somewhere around 300 to 400 crores, with the balance in the next year.

Analyst1: For the year as a whole, what margin are you targeting for FY27 and FY28?

Management: As you have seen in Q1 as well as Q2, the margin will remain the same. However, definitely from Q3, once execution of our HAM projects and our mining project starts, the Q3 and Q4 margins should improve. EBITDA will be somewhere around 11% to 12% in Q3 and Q4. Definitely, next year should be better because once all the projects are operating at full capacity, and once turnover is higher, our EBITDA will also be higher. We can achieve an average EBITDA of around 12% to 13%.

Analyst1: In the next year.

Management: Yes.

Analyst1: And for FY27, it could be somewhere around 9% to 10%.

Management: Yes, because Q3 and Q4 will be only around 10% to 11%. The average will be around 8% to 9%.

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Analyst1: Okay. Lastly, on the irrigation recoveries, what are our expectations? How do you see those coming down? Do we have any discussions with the ministry?

Management: Yes, sir. In the recent discussions and developments this week, there has been a positive discussion with the Finance Ministry as well as with the irrigation department, because the lower rainfall is creating an expected water shortage crisis in Hyderabad city.

Management: Our Package 4 project is very suitable for them to pump out water during emergencies and for other requirements. Therefore, they are now considering speeding it up. They thought they would pay us in installments, and they also asked us to continue working at an accelerated pace. This discussion was held earlier as well by the Chief Minister's office, but right now they are very serious. They are talking about installment payments.

They said that they would pay us around 80 to 90 crores every month under this arrangement. Almost 650 crores is outstanding on that project. There is also a revised estimate, or RE, of more than 700 to 800 crores. They said that the 650-crore amount would be paid in 6 to 7 installments. They may have spoken about 10 installments, but we said that would not be possible. If they go for 10 installments, it would run over a year's time, and we would lose a significant amount towards interest payments alone because the delays have been substantial, and we cannot accept any further delay.

They said they would try to adjust it into 5 to 6 installments. If they pay the first installment, we will definitely see that something is happening on that front. This is some positive news that I am sharing. We will have to see what happens later, but I think they are serious this time. They are serious this time, I think.

Analyst1: So, for this year, can we expect something around 600 crores from the government in FY27?

Management: Yes, 600 crores. They were talking about 5 to 6 installments for the 650 crores. Regarding the revised estimate, I have submitted it. As you know, there is a technical committee, and the technical committee has cleared that the revised estimate has to be sanctioned by the government. I think the committee was constituted by the state government itself. They have decided that this is a genuine claim and that it could be paid.

It requires approval from the Finance Ministry as well as the Irrigation Ministry after the committee's recommendation. Then they should issue a government order, after which it will come up for payment. That may be a 5- to 6-month process. Once they complete these payments, they will start doing that as well. That is the position. Right now, this is all the information I have.

Analyst1: So how should we expect that now...? Can we expect 400 to 500 crores to come in this year?

Management: Yes, of course, I am expecting that.

Analyst1: Okay. Lastly, out of the irrigation order book of 60-85 crores as of June, what would be the unbilled portion where revenue has already been recognized?

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Management: Around 825 crores is there.

Analyst1: 825 crores recognized already?

Management: Yes.

Analyst1: Okay. And what would be the HAM debtors as of June?

Management: HAM debtors as of June were 178 crores.

Analyst1: Okay. Thank you, sir. Those were my questions.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Shrawan Shah of Dolat Capital. Please go ahead.

Shrawan Shah – Dolat Capital: Hello, sir.

Management: Hello, sir. Good morning.

Shrawan Shah – Dolat Capital: Good morning, sir. How are you, sir?

Management: Good, sir. Please go ahead.

Shrawan Shah – Dolat Capital: I have a couple of questions. First, what is the value of LI currently? Second, what is the value of the projects that we have bid for where the bids are yet to be opened?

Management: Around 1,500 crores of LIs have been announced, but I think the LOAs are yet to be issued. A few are in Chennai and a few are in Hyderabad city. Apart from that pipeline, we have submitted a couple of bids. I am not very sure about what is happening there.

Shrawan Shah – Dolat Capital: Okay. Second, in terms of capex in Q1, how much have we incurred? Now that the Kusmunda mining project will also start, how much capex will we need to incur for both mining projects? How much are we planning to spend in FY27 and FY28?

Management: The first mine we spoke about, the Bandhadi mine, still has some land acquisition pending. We expect that the land acquisition may take around 5 to 6 months. After that, we will have to deploy equipment. We will need approximately 350 to 400 crores of equipment there.

Regarding the Kusmunda mine, which is now moving into execution, we were issued the LOA 1.5 months ago. They are insisting that we start the work. They have specified a minimum capacity of 100 tons for starting the overburden removal. We do not have that equipment, so we have started procuring it.

The appointed date is currently expected in the first week of September. In fact, they were insisting that we take the appointed date from August itself, but there is heavy rainfall in Kusmunda during August. We are trying to prepare the road widening and other requirements because the haul road has not been prepared. We are widening it because, for the movement of 100-ton equipment, a 30-meter-wide road is required.

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We are unable to complete that work because it is raining every day. Therefore, we are refusing to take the appointed date during the rainy season and then be asked to make progress, which could create issues for us. They are considering this, and I think they are discussing the appointed date for the first week of September. Most probably, from the first week of September onward, conditions should become dry. We are also expecting that.

The project should come into operation from the first or second week of September. We have also purchased sufficient equipment. Around 500 to 600 crores of equipment needs to be deployed. We are planning to use some old equipment, which is why I am giving a broad range of 500 to 600 crores. Certain old equipment can be used for coal transportation and related activities, and we are trying to use it.

Shrawan Shah – Dolat Capital: So, is the total capex for Kusmunda 500 to 600 crores, or are we referring to 500 to 600 crore dumpers?

Management: No, sir, everything together. We need surface miners, dumpers, excavators, dozers, and equipment for haul road preparation and road maintenance. Graders will be used for road maintenance, along with supporting equipment such as lighting equipment and other equipment, including coal dumpers and surface miners. We are referring to all of that together.

Shrawan Shah – Dolat Capital: So, both projects together would involve capex of approximately 900 to 1,000 crores. How much have we already spent in Q1, and how should we look at the capex for the full year FY27?

Management: We spent nothing in Q1. These expenditures are coming up in Q2. We have already placed orders worth approximately 200 to 250 crores. We will place the remaining orders because the land is not fully available there either.

However, on the available land, we are trying to start with around 46 hectares, which they are supposed to provide to us. That will run our operations for 1 to 1.5 years. Meanwhile, the Riddi village has to be acquired. If we acquire the Riddi village within 1 year, we will definitely be able to create a clear stretch for another 2 to 2.5 years. That is how the plan is progressing.

Shrawan Shah – Dolat Capital: We incurred only 14 crores of capex in Q1?

Management: Yes.

Shrawan Shah – Dolat Capital: If we have to build a number for capex for FY27 and FY28, including mining and other projects, how much capex should we factor in? Accordingly, how should we look at depreciation, and when will it start increasing?

Management: We will incur all this capex in phases. The Kusmunda work is progressing, so there will be higher expenditure there. The Jharkhand project will take a further 9 to 10 months to start. As far as Kusmunda is concerned, the capex will definitely be incurred in phases.

This year, we may spend somewhere around 250 to 300 crores, and the balance will be spent next year if land is available. The department is insisting on full mobilization and is assuring us that they will not keep our equipment idle. The South Eastern Coalfields Limited, or SECL, is working on one

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patch, of which they are using only 45% to 50%. The other patch is available for work. They are telling us that, unless the Riddi village is vacated, they will accommodate us there as well.

Therefore, I think there is some substance to what they are saying. If they insist, we will have to undertake 60% to 70%, or even 80%, mobilization this year.

Shrawan Shah – Dolat Capital: So next year, the capex would be around 500 to 600 crores. On a phase-wise basis, broadly, should we expect FY28 capex of around 400 to 500 crores or 500 to 600 crores?

Management: This year, you can take Kusmunda at 400 crores. We will incur 400 to 450 crores, and we may touch 450 crores. If Bandhadi happens, we will have to incur around 200 crores this year. We can use a lot of old equipment there, and there is no restriction on using higher-capacity equipment. We are free to use whatever equipment we have for the mining work. If our road equipment is not busy, I can deploy it there and undertake the mining work.

Shrawan Shah – Dolat Capital: How should we look at depreciation? It was 10 crores in this quarter.

Management: I could not obtain the exact figure. I have asked our team to calculate it properly. If you take Kusmunda overall, as an example, it involves around 500 to 600 crores of equipment; you can take 550 crores for this purpose. The turnover that we can expect from that equipment is around 400 crores. Depreciation is therefore charged heavily.

I do not know what level of EBITDA that will generate because it is not like roads. In roads, we used to deploy equipment equivalent to 10% of the entire project cost. Every year, even if I take a 1,500-crore project, 700 to 800 crores would directly come in a year. That is distributed in a proper manner for highways.

Here, the business is completely equipment-based and labor-based, and HSD, or diesel, is the third major component. These three are the major components; there is not much else. We have taken on a fairly difficult project, but I am very confident. While quoting the bid and assessing the project, including after the bid, we collected a lot of practical data from various other players and from different manufacturers.

Based on that data, I am very confident that we will be able to achieve PAT levels of more than 6%.

Shrawan Shah – Dolat Capital: Broadly, will we depreciate the capex over 7 to 8 years? Is that how one should look at it?

Management: We are evaluating different methods. One method we have broadly considered relates to the dumpers. Caterpillar is offering a buyback policy every 2 years. This works out much cheaper for us because the maintenance cost for the dumpers increases significantly after the second year. Therefore, we are also planning to use the buyback method.

They assure us of approximately 75% of the value after 2 years. We would use the equipment completely for 2 years and then replace it with new equipment. This would ensure that the efficiency of the trucks remains good, fuel efficiency remains good, and maintenance is lower. Considering the capital cost we incur, or the differential capital cost we incur, we remain profitable

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under this arrangement. Such methods are available for Caterpillar equipment.

Management: We have also placed an order for Komatsu dumpers. Because of the urgency, we also had to choose Caterpillar-grade equipment as well as Komatsu equipment. Komatsu is also offering a similar type of buyback arrangement. We insisted on it, and they agreed. Therefore, we will have that arrangement.

However, certain equipment such as surface miners and some dozers do not have this type of arrangement. Coal equipment also does not have such an arrangement. For those, we will have to use the equipment for 5 years, scrap it, and then purchase new equipment. We are following a 5-year cycle for those assets.

Shrawan Shah – Dolat Capital: Okay. Got it, sir. Thank you, and all the best.

Management: Surface miners are higher-cost equipment, and we will continue using them for 8 years. Each surface miner costs approximately 13 crores, and we currently require 4 units. If there is any delay, we may have to add 1 more, taking the requirement to up to 5 units. That itself becomes a larger investment. Therefore, we will continue using those for the longer period.

There is a specific pattern that we have decided on, through which the company can achieve good margins.

Shrawan Shah – Dolat Capital: Okay. Got it, sir. Thank you, and all the best.

Management: You are welcome. Thank you.

Operator: Thank you. The next question comes from the line of Faisal Halal with {? HG Avat Company ?}. Please go ahead.

Faisal Halal – HG Avat Company: Now that the capex for the coming year is primarily on account of the mining project, why are we not giving a larger dividend or undertaking a suitable buyback?

Management: We are considering a buyback and will come back on that. Most of the decisions are being taken. The final meeting needs to be concluded before we come back with further details.

Regarding the capex, the coal mines will definitely require capex, and certain maintenance capex is also required. Most of the projects have been completed, and the equipment used there has become somewhat older and is no longer viable for operations. We have decided to replace that equipment with new equipment.

However, we have completed the two Kerala projects, the Mangalore project, and Avinashi. Wherever we can accommodate the existing equipment from those projects, we will try to do so. After that, we will replace only the equipment that is required. We will sell the remaining equipment and be ready to deploy it on the next order that comes in.

Faisal Halal – HG Avat Company: It is very heartening to note that mining, which was not even a major vertical for us, has now become 45% of our total order book.

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Management: The ticket size looks larger, but our turnover will be much lower. The 3,300-crore order size looks large, but it can give us only 350 to 400 crores of turnover. The Kusmunda mine is also a 5,000-crore project, out of which my share is approximately 75%, which amounts to 3,500 crores.

There are many conditions and requirements to be completed. One project has to be completed in 5 years, while Kusmunda has to be completed in approximately 8 years. That is how the order book should be viewed.

Faisal Halal – HG Avat Company: Is it envisaged that, in the future, many such sectors will enter our order book and become significant for us, such as solar EPC, data centers, large bridges, or dam projects?

Management: Most flyovers are coming in EPC mode, so only minimal working capital will be required. Regarding other highway projects, we own most of the equipment. Wherever there is an equity commitment, we are keeping the funds reserved.

The reason for not taking an early decision on the buyback proposal is that we are keeping funds reserved for our future requirements, both for equity commitments and capex. Keeping these factors in mind, we are moving forward. This is the cautious approach that we are trying to take.

Faisal Halal – HG Avat Company: Regarding the Telangana outstanding, do you feel that once the first installment comes through, the remaining installments will come without follow-up, or will you have to visit the government every month and try to recover the amounts?

Management: We have decided to make all the necessary visits and recover at least that amount because we need to follow up every time. This is the need of the hour. I badly need that money now, so I am making significant efforts on that front. I do not want to leave it unresolved.

I will go and sit there on the committed date, and I will not return unless they issue the check. That is how we are planning to proceed. Let us see how it goes.

Faisal Halal – HG Avat Company: So this will not happen automatically. You will have to keep following up every month.

Management: They say it is automatic and that, once they start, they will pay us 70 crores or 80 crores every month, whatever they have committed. But unless you push things, they will not happen.

The situation in the Telangana government is different now. Earlier, we used to receive payments without even visiting them. We would submit the bill and receive the payment. Relying on that assumption, I took on a larger order book and landed in this issue.

Faisal Halal – HG Avat Company: To your credit, you have never taken any Andhra Pradesh orders, even though you have been very close to the state and have always been careful about outstanding payments.

Management: We will still try to keep a close watch on it and push very hard. Pardon? Pardon?

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Faisal Halal – HG Avat Company: You have always avoided Andhra Pradesh orders, so you have been very careful with outstanding payments. These are accidents that sometimes happen in business, and I do not think we can blame the management for this.

Management: Yes, sir. Thank you. That is right.

Operator: Thank you. The next question comes from the line of Nitin from Orum Edge. Please go ahead.

Nitin – Orum Edge: Thank you for the opportunity. My line was disconnected during the initial part, so I wanted to understand what exactly we are planning in the storage space, what capabilities we are developing, and what we want to achieve from it. Are we taking any revenue guidance for that segment?

Management: Are you talking about battery storage?

Nitin – Orum Edge: Yes, sir.

Management: Initially, we tried some bids in battery storage, and they went very badly. Right now, we are preparing some bids, but I am not very sure about winning a contract because the way things are moving in India is not favorable. There is also the risk associated with the increasing dollar price and other external factors. Each bid has its own assigned risks. We are proceeding cautiously, and that is all.

Nitin – Orum Edge: Understood. You mentioned the total mining project revenue and our share. If I had to understand the expected total revenue from the 15,000-crore-plus order book, over what period will it be executed based on our current understanding?

Management: As I said, excluding mining, the order book will be executed over 3 to 3.5 years. Regarding the mining projects, one project is for 5 years and the other project is for 8 years. The projects will be completed according to those timelines.

Nitin – Orum Edge: What will be the revenue guidance and EBITDA guidance for this year? I may have missed it if you have already covered it.

Management: This year, we are targeting revenue of approximately 2,200 to 2,300 crores, with EBITDA of around 8% to 9%. Next year should be a good year. We are trying to cross 3,000 crores, with EBITDA of around 11% to 12%.

Any new orders that we add in the coming days will add to our expectations, but we have not taken any new orders into consideration.

Nitin – Orum Edge: As the previous participant also asked about the buyback, this may be the right time considering our valuations. What amount are you considering? I know that the decision is subject to the board, but there must be some amount or percentage that you have kept in mind to allocate towards the buyback. Will it be a market buyback or some other mechanism?

Management: A concluding meeting is supposed to take place on that matter. After that, we will try to come out with the details. Right now, everything is only under consideration. The board meeting

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will decide the matter.

Nitin – Orum Edge: Okay, sir. Got it. Thank you, and I wish you the best.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Vasudev with Nuvama. Please go ahead.

Vasudev – Nuvama: Thank you for the opportunity. Can you guide us on the revenues that we are looking to generate from irrigation, pipeline, and mining projects in FY27 and FY28?

Management: After adjusting for the unbilled amount, the irrigation order book is almost down to only 800 crores. A major portion of that is a back-to-back project, and one package, Package 3, is also there. This year, irrigation revenue may be around 200 crores only. The pipeline order book is definitely around 800 crores, and we will generate approximately 300 to 400 crores from pipeline projects this year.

Vasudev – Nuvama: What kind of revenue can we expect from mining this year and next year?

Management: This year, we are planning approximately 150 crores. There are 2 mining projects, but by March we can start only 1 of them. That project is starting in September, and they require 100-ton dumpers.

Those dumpers are likely to be delivered by the end of November. By the time we put them into operation, a few more days will pass. Therefore, we will be able to undertake solid execution only in the last quarter. However, the opportunity begins in September with partially available equipment, and we will do whatever best we can. We are expecting 150 crores, plus or minus 30 to 40 crores. You can say the range may be 20 to 30 crores around that figure.

Vasudev – Nuvama: How much can we target from the mining project next year?

Management: 400 crores.

Vasudev – Nuvama: Both projects?

Management: No, I am talking only about Kusmunda. If Banhardi starts, it could be around 500 crores per annum, but we do not know when it will start. That is the problem.

Vasudev – Nuvama: Understood. Regarding the EBITDA margin, we are guiding for 8% to 9% for the full year, and you said around 11% to 12% in the second half. However, in Q1 we already achieved approximately 15%. Was there any one-off, especially since our subcontracting expenses were also quite low during the quarter?

Management: As we already told you, in this quarter we upstreamed cash surplus of around 19 crores, including GST, in our transaction with the investor. That was included in our Q1 results. Therefore, the EBITDA appears to be 15% this year.

Vasudev – Nuvama: Excluding that, what would our EBITDA margin be?

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Management: It would be around 5.5%.

Vasudev – Nuvama: Could you help me with the segment-wise revenue split for the first quarter?

Management: In the first quarter, irrigation contributed only 3%. HAM contributed 70%, and our EPC work contributed 25%.

Vasudev – Nuvama: On the capex front, at the company level, what is the overall capex that we are planning for FY27?

Management: As already informed, we incurred around 14 crores in Q1. For FY27, we are planning approximately 350 to 400 crores. Mining capex will account for a larger portion, and including mining capex, the total will be around 350 to 400 crores.

Vasudev – Nuvama: Understood. I have just a few bookkeeping questions.

Vasudev – Nuvama: Just 2 questions. What were the standalone debt, cash, and outstanding receivables from Telangana at the end of the first quarter?

Management: Standalone debt is nil, and consolidated debt is {? 1,975 crores ?}. Standalone cash is 310 crores, and consolidated cash is 435 crores.

Receivables from Telangana relating to Package 4 are 1,300 crores. Overall receivables from irrigation are around {? 1,400–1,450 crores ?}.

Vasudev – Nuvama: Understood. That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Bhavin Modi with Anand Rathi. Please go ahead.

Bhavin Modi – Anand Rathi: Thank you for the opportunity. My first question is with respect to the order book. We have an order book of around 8,700 crores. What is the amount of unbilled revenue factored into that order book? Second, what is the amount relating to Somwarpet, which we have excluded this time and kept under others?

Management: The total unbilled amount in our order book as of now is around 1,220 crores. Regarding your second question on Somwarpet—

Bhavin Modi – Anand Rathi: Last time it was around 153 crores. What is the unexecuted order book this time?

Management: It is 100 crores.

Bhavin Modi – Anand Rathi: For the 1,220 crores, can you provide the breakup of the unbilled revenue for roads, irrigation, and pipelines?

Management: Irrigation is around 825 crores, and the remaining amount is around 400 crores.

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Bhavin Modi – Anand Rathi: Thank you. My second question relates to the unexecuted order book. The Mysuru-Kushalnagar packages have still not picked up. What is the reason, and what are we planning for this year?

Management: Two or three months ago, they handed over the entire land. Earlier, we had only 5 to 6 kilometers in hand for Package 5, and for Package 4 also only 30% to 35% of the land was available.

The local public suddenly protested and demanded a service road. Wherever they wanted the service road, they blocked the highway construction itself. This was taken up with the government, and the central government, through NHAI, made an agreement with the state government that the state government would acquire the land and hand it over for execution of the service roads.

It took a long time to provide police protection and vacate the people who were obstructing the work. Recently, about 2 months ago, they vacated the entire land and handed it over to us. Execution has now accelerated, and I think things will move better from this quarter onward.

We are also making arrangements to achieve PCOD by December for the land that has been made available to us. Around 30% to 40% of the land was available, and we would like to achieve PCOD on that portion while executing the balance. Otherwise, if revenue does not start on the project, more IDC and related costs will be incurred. We have started planning accordingly as well.

Bhavin Modi – Anand Rathi: What revenue are we factoring in from these 2 projects for the rest of the year?

Management: The entire project has to be completed. We are planning to complete the entire project by April, or by the end of the coming April or May at the latest. We want to close it by then.

Bhavin Modi – Anand Rathi: Regarding the recent mining order that we won, it was in partnership on a 50:50 basis, correct? Are we receiving 100% of the EPC on a back-to-back basis? Is that why we have taken the entire amount into our order book?

Management: Yes, we are undertaking 100% of the EPC by taking it on a back-to-back basis.

Bhavin Modi – Anand Rathi: Most road players are also entering the elevated metro space. We have still not entered, although there must be some work or team building happening in the elevated metro space. How are we looking at that space? Have we started bidding for elevated projects?

Management: We bid for the Odisha Bhubaneswar elevated metro project, but subsequently the bid went at an unhealthy price, so we did not participate further. It was later cancelled as well. However, we are continuing our efforts in this area.

We have undertaken a lot of segmental construction, which is helping us in this regard. We have also started a JV with NCC for these projects.

Bhavin Modi – Anand Rathi: Are there any back-to-back arrangements with leading groups such as Adani or NCC, or with large road players such as Welspun? Are any discussions ongoing?

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Management: In fact, KNR wanted us to participate with them. The prices and other terms were not suitable, and we were asking for some pre-tender understanding. I think the discussion is ongoing.

I am considering certain southern projects because if we go with third parties on projects outside the South, the extended rainy season and related delays may prevent us from delivering on time. At least in the South, things are under control. Therefore, we would like to work with private players only in the South. We are evaluating certain bids, but those bids have not materialized as of now.

Bhavin Modi – Anand Rathi: Geographically, there are many bids coming up in Madhya Pradesh and especially through UPIDA. Are we open to those states and geographies?

Management: I do not meet the qualification criteria for UPIDA because they require experience in constructing express highways. My express highways have not yet been completed. They are asking for Greenfield expressway experience, and we have completed only 1 such project. Therefore, I do not meet the qualification for UPIDA and am not participating in those bids. I am participating in the remaining bids.

Bhavin Modi – Anand Rathi: Thank you. Thanks a lot.

Management: Okay, sir.

Operator: Mr. Modi, are you done with your question?

Bhavin Modi – Anand Rathi: Yes.

Operator: Thank you. The next question comes from the line of Rajashree Maitra with Incred. Please go ahead.

Management: Please go ahead.

Rajashree Maitra – Incred: Thank you for the opportunity. This question has already been addressed regarding the EBITDA margin of 5.5%. What is the exact quantum of the one-off that has been booked? I did not get the number.

Management: The one-off added approximately 76 crores to revenue, and approximately 30 crores was also recorded on the expenditure side. Therefore, we have considered a net amount of 46 crores in EBITDA as a one-off.

Rajashree Maitra – Incred: Thank you.

Operator: Thank you. A reminder to all participants that you may press star and 1 to ask a question. The next question comes from the line of Sudeep Borah with Ambit Capital Private Limited. Please go ahead.

Sudeep Borah – Ambit Capital: Thank you for the opportunity. You have discussed this earlier, but I wanted to understand the margin and IRR profile for the mining projects. What range are we looking at?

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Management: For the mining projects, while bidding, we considered PAT levels of approximately {? 6 plus ?}. I am currently unable to provide a detailed calculation because I have not calculated the equipment component. Generally, we have an understanding of how EBITDA is generated on highway projects.

In the mining sector, approximately 500 to 600 crores of equipment is deployed, and annual turnover of around 400 crores is expected. This is to continue for an 8-year period. Certain equipment is replaced on a buyback basis every 2 years, while certain equipment is replaced after 5 years. We need to prepare a detailed calculation for all of that, after which we will arrive at the EBITDA levels. Otherwise, PAT levels of more than 6% are possible, according to our estimate.

Sudeep Borah – Ambit Capital: Understood. I also wanted to confirm the outstanding order book numbers for a few projects, such as the multi-level flyover at IIT Hyderabad and the 2 EPC projects, one being the {? GHMC ?} project and the Shankarpally road at MGIT.

Management: For Khajaguda to IIT Junction, the closing order book is 459 crores. For MGIT to Manikonda, which I think is the project you are asking about, the order book is around 83 crores.

Sudeep Borah – Ambit Capital: What about the 3-lane flyover at Kukatpally? Is that completed?

Management: No, the V-Junction flyover is still there and has not been completed. There is still an order book of 72 crores. The project has to start.

Sudeep Borah – Ambit Capital: These were my questions. Thank you.

Management: Thank you.

Operator: Thank you. We have a question from the line of Vaibhav Shah with JM Financial. Please go ahead.

Vaibhav Shah – JM Financial: What was the revenue from the water pipeline order in Q1?

Management: Revenue from what?

Vaibhav Shah – JM Financial: Revenue from the water pipeline order.

Management: Revenue from the water pipeline was only 7 crores.

Vaibhav Shah – JM Financial: Out of the 830-crore order book, what will be the unbilled portion in water pipelines?

Management: The water pipeline project is already a back-to-back project, so there will not be any unbilled portion in the water pipeline project. It is back-to-back work.

Vaibhav Shah – JM Financial: Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of the question-and-answer session. I now hand the conference over to the management for

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closing comments.

Management: Thank you all for joining us on this call. Please reach out to our investor relations consultant, Strategic Growth Advisors, or to us directly should you have any further queries. We can now close the call. Thank you, everybody.

Management: Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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