

Investor Presentation

August 2014



KNR CONSTRUCTIONS LIMITED

KNR House, 3rd & 4th Floor,
Plot No.114, Phase-1, Kavuri Hills,
Jubilee Hills, Hyderabad - 500 033
Phone No. 040-40268759/61/62, Fax No. 040-40268760
E-mail: info@knrcl.com

A WELL ESTABLISHED NAME IN ROADS & HIGHWAY CONSTRUCTIONS

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Content



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- * **Key Business Strengths**
- * **BOT Portfolio**
- * **Order-book**
- * **Business Strategy**
- * **Financial Highlights**

Business Overview

Business Overview

❖ One of the leading companies providing Engineering, Procurement and Construction (EPC) services

- ✓ Major Projects in Roads & Highways – one of the fast growing sector
- ✓ Established presence in Irrigation and Urban Water Infrastructure Management

❖ 20 years of experience of project execution

- ✓ Successfully executed ~5,400 lane km Road Projects
- ✓ Projects executed across 12 states in India

❖ Portfolio of 3 BOT Projects

- ✓ 670 lane Kms Projects in the state of Andhra Pradesh, Karnataka & Kerala
- ✓ 2 Completed Annuity based Projects & 1 Toll based Project under construction

❖ Strong EPC Order-book of Rs. 12,023 mn as of June '14

- ✓ Rs. 11,366 mn in Roads sector
- ✓ Rs. 658 mn in Irrigation

Transformation

Vision

- To develop KNRCL as a Centre of excellence in the field of Infrastructure.
- To add more business verticals to the organization in the fields of Mining, laying of pipelines and Railways

1st BOT Project
in Karnataka
worth Rs.
4,420 mn

Entry in to
Urban water
Infrastructure
with contract
in Bangalore

IPO & Listed on
BSE and NSE

2013

2012

2008

2007

2nd BOT project
worth
Rs.5,920mn in
Andhra
Pradesh

2006

Incorporated
&
Commenced
EPC Business

1995

Early completion
of Biggest Road
Project – Bijapur
Hungund Section
of Rs. 8,250 mn -
11 months ahead
of schedule

3rd BOT Toll
project
worth
Rs.9,005
mn in
Kerala

Management...

Mr. K.Narasimha Reddy – Founder Promoter & Managing Director



- ❖ Over 46 years of experience in the Highway sector
- ❖ Started career in 1968 and engaged in the business of undertaking civil and mechanical contracts
- ❖ Extensive knowledge and experience in multi project planning Scheduling, cost controls in addition to overall construction and multi project management & driving force in taking the company towards greater heights

Mr. K. Jalandhar Reddy – Promoter & Executive Director



- ❖ Over 18 years of experience in the Highway and infrastructure sector
- ❖ Heads the tendering and bidding activities and is in charge of most of the projects in Southern India

Mr. M. Rajesh Reddy – Promoter & Executive Director



- ❖ Over 12 yrs of experience in Highway and infrastructure sector
- ❖ Responsible for monitoring, Project finance and co-ordination of various projects & day to day administration

Supported by Professional Team

Mr. G Sravana Kumar (GM - Finance & Account)

- ❖ A Fellow Member of the Institute of Chartered Accountant of India with 18 years of experience in the areas of finance and accountancy
- ❖ Working with the company since 2006 and has the overall responsibility for the finalization of corporate accounts, taxation, finance and related work

Mr. D. Tirupati Reddy (GM - Projects)

- ❖ Over 24 years of rich experience in various fields of Civil Engineering
- ❖ Working with the company since 14 years as contract specialist and tendering & procurement expert

Mr. T.L Verma (Vice President - Projects)

- ❖ Over 35 years of total experience with ~20 years of experience in Highway sector
- ❖ Working with the company since 2006 on various projects i.e. Bridges and Highways, including construction of Concrete Roads

Mr. MV Venkata Rao (Company Secretary)

- ❖ A Fellow Member of the Institute of Company Secretary of India
- ❖ Working with the company since 2007 and has the overall responsibility towards compliance of Rules & Regulations lay down by various authorities

Key Business Strengths

1. Project execution

Significant experience and Strong track record in timely execution of Projects

❖ Top management active involvement at all stages of Project execution

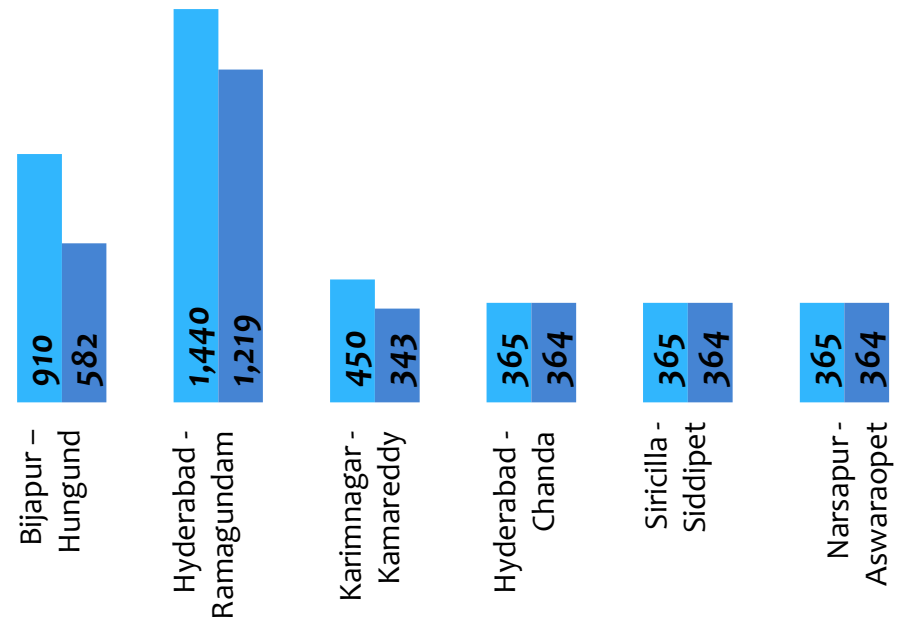
- * Selection of Major Raw Material
- * Selection of construction Camp location

❖ Faster Decision making to ensure project completion on schedule

❖ Received Bonus for completion of construction ahead of schedule

■ Scheduled Completion (Days)

■ Actual Completion (Days)



2. In-house Construction Equipment

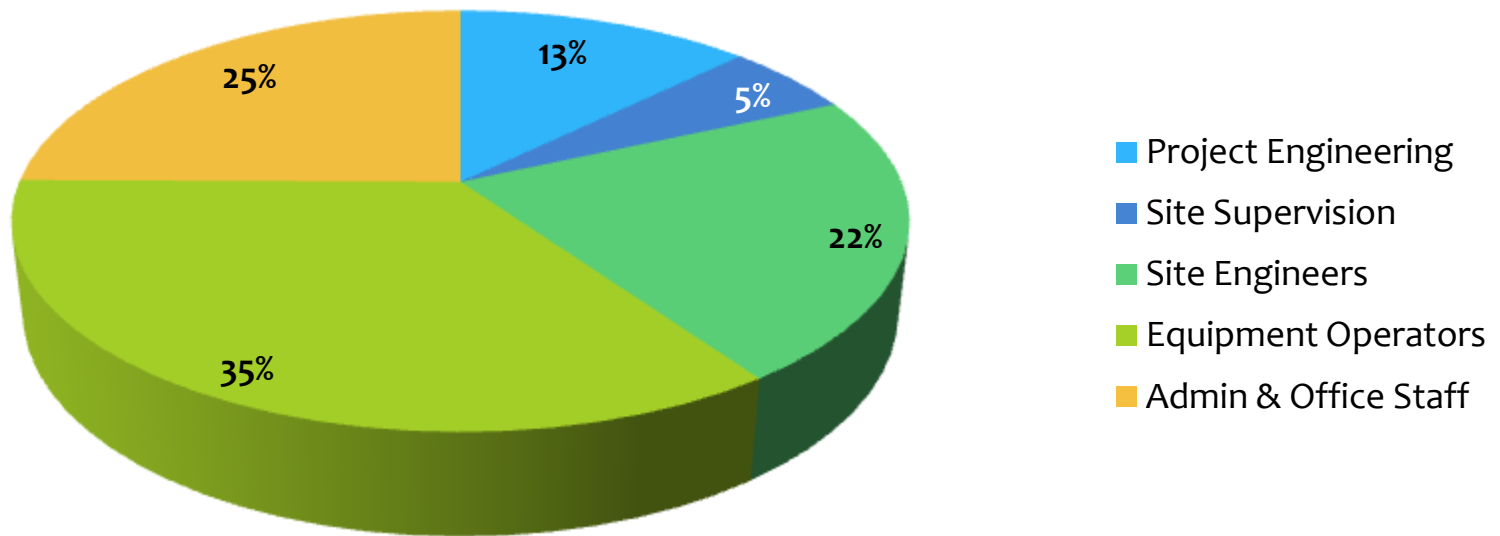
World Class Construction Equipments Use of Right tools for right work

SL NO	Name Of The Machinery	Qty
1	Tippers	502
2	Excavators	120
3	Compactors	60
4	Concrete Mixers And Pumps	41
5	Loaders	37
6	Pavers	33
7	Graders	31
8	Cranes	28
9	Tractors	26
10	Batching Plants	19
11	Rollers	18
12	Trailers	15
13	Crushers	13
14	Compressors	11
15	Hot Mix Plants	10
16	Dozers	9
17	Wet Mix Plants	9
18	Drum Mix Plants	7
19	Loaders Cum Excavators	6



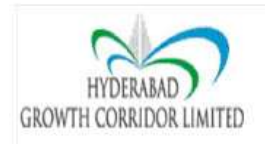
3. In-house Execution Team

In-house team of ~700 Qualified and experienced employees
led by proven management team



* - Supported by ~1,500 off roll employees

4. Reputed Clientele

	National Highways Authority of India (NHAI)		Andhra Pradesh Road Development Corporation (APRDC)
	Ministry of Road Transport & Highways (MoRTH)		Hyderabad Growth Corridor Limited (HGCL)
	Karnataka State Highway Improvement Project (KSHIP)		Karnataka Road Development Corporation (KRDCL)
	Madhya Pradesh Road Development Corporation Limited (MPRDCL)		Bruhat Bangalore Mahanagara Palike (BBMP)
	Uttar Pradesh State Highways Authority (UPSHA)		NMDC Limited

4. Reputed Clientele (cont.)

	A.P. Irrigation (Government of Andhra Pradesh)		GMR Projects Private Limited
	Engineers India Limited (Government of India Undertaking)		Sadbhav Engineering Limited
	Public Works Department (Government of Arunachal Pradesh)		Oriental Structural Engineers Pvt. Ltd.

BOT Portfolio

BOT Portfolio – Completed Projects

	Particulars	Patel KNR Infrastructures limited	Patel KNR Heavy Infrastructures Limited
Project Detail	Stake	40%	40%
	Project Type	Road-Annuity	Road-Annuity
	State	Karnataka	Andhra Pradesh
	JV Partner	PEL	PEIL
	Client	NHAI	NHAI
	Length(KM)	60.00	48.00
Terms	Concession Start Date	26 th March 2007	2 nd March 2008
	Concession Period	20 Years	20 Years
	COD	21 st December 2009	11 th June 2010
Financials	Project Cost	Rs. 4,429.0 mn	Rs. 5,920.0 mn
	Equity(30.06.2014)	Rs. 370.0 mn	Rs. 543.8 mn
	Debt(30.06.2014)	Rs. 3431.40 mn	Rs. 5,049.5 mn
	Securitized	Yes	Yes
	Semi-Annuitiy - 36 Instalments	Rs. 329.4 mn	Rs. 443.7 mn

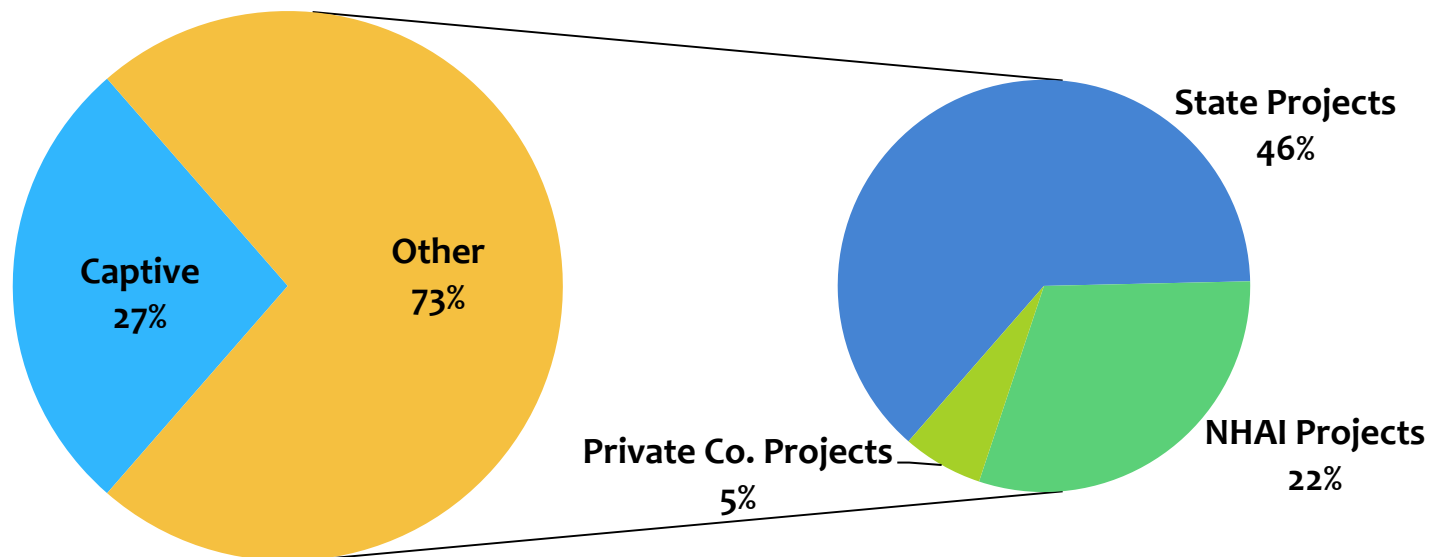
BOT Portfolio – Under Construction

	Particulars	KNR Walayar Tollways Private Limited
Project Detail	Stake	100%
	Project Type	Road-Toll
	State	Kerala
	JV Partner	-
	Client	NHAI
	No of Lane	Two to Four
	Length(KM)	54.00
Terms	Concession Start Date	18 th May 2013
	Concession Period	20 Years
	Scheduled COD	15 th Nov.2015
	Revenue Sharing	Grant
Financials	Project Cost	Rs. 9,005.1 mn
	Equity (Including Grant)(30.06.2014)	Rs. 2,258.1 mn
	Debt (30.06.2014)	Rs. 2,581.3 mn
	Current Status	59% of Work Completed
	Toll Revenue Expected	Rs. 378.2 mn in 1st year and Rs. 783.3 mn in 2nd Year

Order Book & Business Strategy

Order-book Break-up

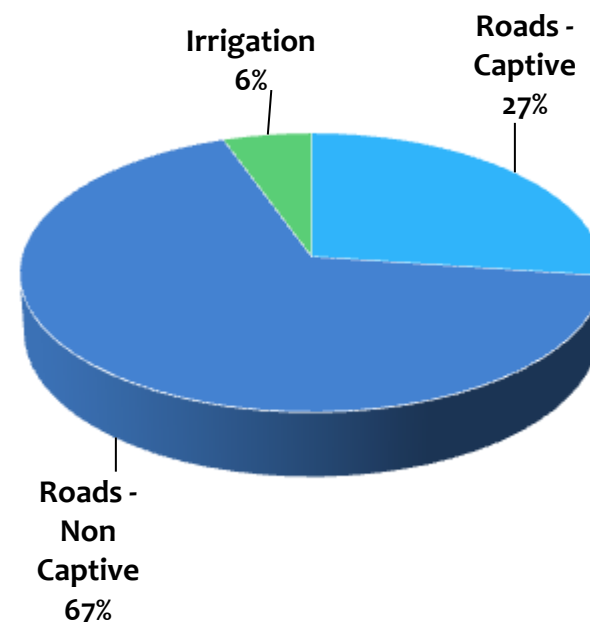
Order book of Rs. 12,023 million as on 30th June 2014



Order-book Highlights

Order book of Rs. 12,023 million as on 30th June 2014

Key Projects	Rs. mln
Four laning of Walayar – Vadakkancherry (Captive BOT Project)	3,268
Rehabilitation and upgradation of existing Penchalakona to Yerpedu section	2,093
Flyover Coimbatore city	1,461
Upgradation of the Road from Magadi NH-48 to Koratagere of SH-3 in Ramnagara and Tumkur Districts	704
2 laning of State Road from Gobuk – Mariyang – Sijhon Nallah in Arunachal Pradesh under Arunachal Pradesh Package of SARDP-NE	574
Top 5 Road Projects	8,099
Other Road Projects	3,266
Irrigation Projects	658
Total	12,023



Business Strategy

- ❖ **Capitalise on Opportunity of huge Infrastructure development in Country**
 - ✓ Maintain performance & competitiveness developed in existing business and leverage the expertise developed in the sectors
- ❖ **Focus on securing EPC contracts from reputed concessionaires**
- ❖ **Focus on Projects involving Higher degree of engineering skills**
- ❖ **Continuously explore growth opportunity by forming strategic Joint Venture (JVs) relationship**
 - ✓ Mutual benefits through sharing of resources and business skills for entering into other field of business
 - ✓ Successfully executed projects in JVs with Patel Engineering, GVR Infra Projects, Backbone Projects, JKM Infra Projects, Srilaxmi Engineering Company, SLMI Infra Projects Pvt Ltd, NCC

Financial Highlights

Standalone Financial Results

Rs. Million	Q1 FY15	Q1 FY14	YoY
Total Revenue	2,364.8	2,076.5	14%
Operating Expenses	1,727.3	1,479.3	
Employees Expenses	85.3	83.4	
Other Expenditure	241.7	226.9	
EBITDA	310.5	286.8	8%
EBITDA margin	13.1%	13.8%	
Other Income	28.5	17.7	
Interest	29.7	37.6	
Depreciation	153.6	143.1	
PBT	155.7	123.8	26%
Tax *	(42.2)	12.8	
Profit After Tax	198.0	111.0	78%
PAT margin	8.4%	5.3%	

Reduction in income tax is mainly due to ;

- 1) Rs 43.5 million claimed for deduction of profits under Section 80 IA for the eligible projects executed during the quarter and
- 2) Deferred Tax Asset is increased by Rs.46.4 million due to higher depreciation as per useful life defined under the Companies Act 2013 or reassessed by the company

Financial Highlights



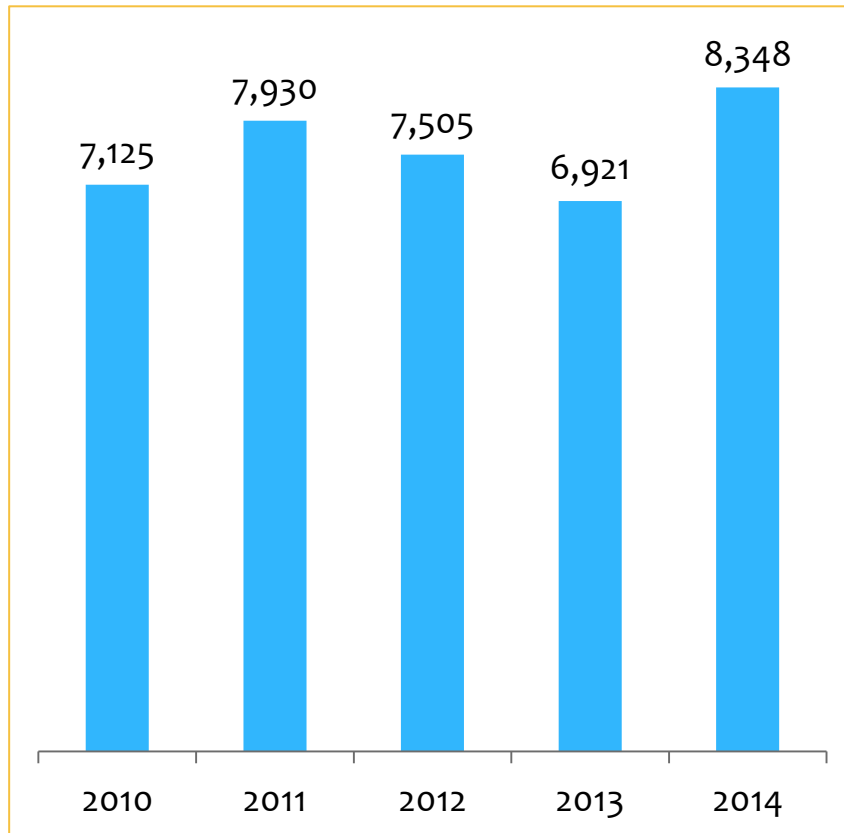
Financial Year	2010	2011	2012	2013	2014
Turnover	Rs. 7,124.66	Rs. 7,930.31	Rs. 7,505.04	Rs. 6,921.25	Rs. 8,347.95
	\$118.63	\$132.04	\$124.96	\$115.24	\$139.00
Profit before Tax (PBT)	Rs.826.20	Rs.897.32	Rs.784.18	Rs.670.17	Rs.668.84
	\$13.76	\$14.94	\$13.06	\$11.16	\$11.14
Profit after Tax (PAT)	Rs.502.80	Rs.568.25	Rs.527.60	Rs.521.30	Rs.609.82
	\$8.37	\$9.46	\$8.78	\$8.68	\$10.15
Earnings Per Share (EPS)	Rs.17.88	Rs.20.21	Rs.18.76	Rs.18.54	Rs.21.68
	\$0.30	\$0.34	\$0.31	\$0.31	\$0.36
Net Worth	Rs.3,007.90	Rs.3,519.68	Rs.4,023.60	Rs.4,520.92	Rs.5,106.49
	\$50.08	\$58.60	\$66.99	\$75.27	\$85.02

1 USD = Rs. 60.059

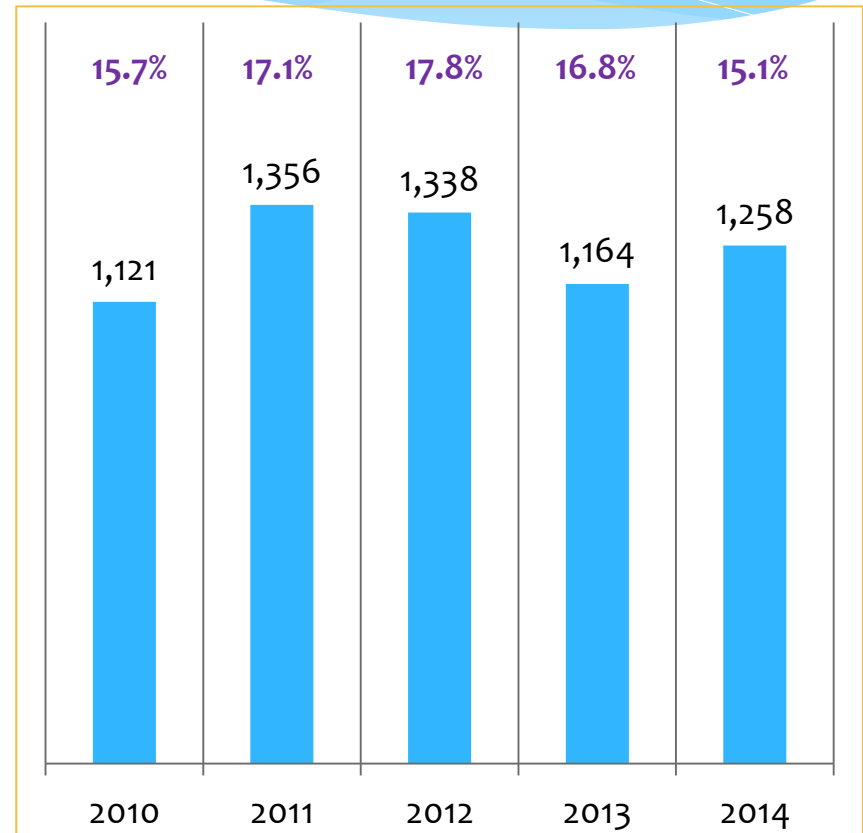
All figures in million except EPS

Financial Highlights

Revenue



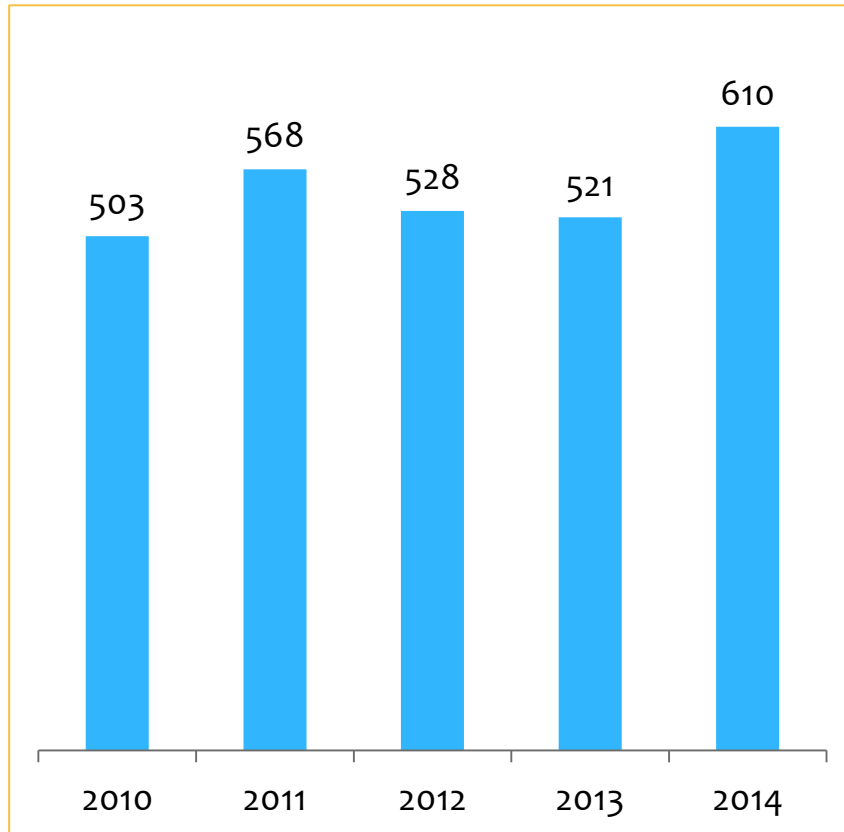
EBITDA & Margin (%)



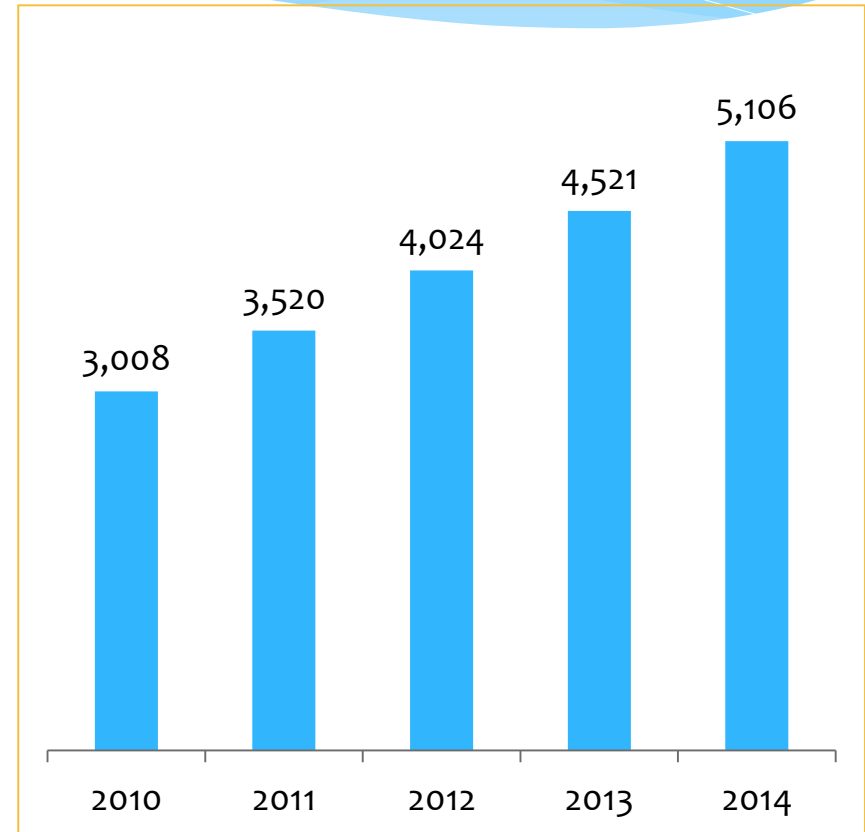
Rs. in Million

Financial Highlights

Net Profit



Net worth



Rs. in Million

Balance sheet

Rs. in Million	2014	2013	Rs. in Million	2014	2013
Shareholder's Fund	5,133	4,557	Non-Current Assets	5,482	4,496
Share capital	281	281	Fixed Assets	2,640	2,940
Reserves & Surplus	4,852	4,275	Non-current Investments	248	301
Minority Interest	--	--	Deferred Tax Assets (Net)	118	36
Non-Current Liabilities	1,081	1,415	Long Term Loans & Advances	1,612	642
Long term borrowings	83	36	Other Non-Current Assets	863	576
Other Long Term Liabilities	986	1,368	Current Assets	4,064	5,045
Long Term Provisions	11	11	Current Investments	152	182
Current Liabilities	3,332	3,568	Inventories	341	297
Short Term Borrowings	498	636	Trade Receivables	1,171	1,213
Trade Payables	786	1,063	Cash & Cash Equivalents	112	72
Other Current Liabilities	1,622	772	Short Term Loans & Advances	1,466	2,337
Short Term Provisions	425	1,098	Other Current Assets	823	943
Total Equity & Liabilities	9,546	9,541	Total Assets	9,546	9,541

Other Businesses

**Irrigation & Water
Management
Projects**

And

**Urban Water
Infrastructure
Management**



- ❖ Strong growth opportunity in development of Agricultural Infrastructure
- ❖ Execution of Irrigation & Water Supply Projects with Joint Venture Partners
- ❖ Executed 3 Projects in Andhra Pradesh & 1 Project in Bihar
- ❖ Executed an Urban Water Infrastructure project in the State of Karnataka



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For further information, please contact:

Company :

KNR Constructions Ltd
CIN: L74210DL1995PLC238364

Mr. G Sravana Kumar
(GM - Finance & Account)

sravan_1967@knrcl.com

www.knrcl.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285

Mr. Jigar Kavaiya / Mr. Gaurang Vasani

kjigar@sgapl.net / vgaurang@sgapl.net

www.sgapl.net