HOLD (Maintain)

CMP: **INR 107** Target Price: **INR 112 (INR 130)** ▲ 5%

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17 November 2026

India | Equity Research | Results update

KNR Constructions

Construction

Mining the road ahead

Amid a broader infrastructure slowdown, KNR has pivoted towards mining projects, which now form 59% of its order book (OB), though execution is yet to begin. Thus, its OB now stands at INR 117bn, with a further INR 46bn in projects awaiting their appointed date (AD). Notably, the awarding has improved recently, on the back of which, KNR is targeting INR 50bn order inflow (OI) in H2FY27. However, the quarter was marred by weak execution, with revenue at INR 4.8bn (-3% YoY), and EBITDA of INR 0.4bn (-18% YoY), with margin of 9.2% (-166bps YoY), while HAM sales lifted the reported PAT. Management has maintained its revenue guidance of INR 22bn/INR 30bn for FY27/FY28. While the OB appears robust, its high mining share and pending AD on new awards remain key risks to near-term execution. We maintain **HOLD** with a revised TP of INR 112.

A weak print

KNR reported a muted quarter with revenue of INR 4.8bn, flat YoY and EBITDA of INR 439mn (-18% YoY) with margin of 9.2% (-166bps YoY). Consequently, it posted an adj. loss of INR 118mn vs. PAT of INR 279mn YoY. Reported earnings were cushioned by INR 2.9bn gains from HAM asset sales. We expect execution to remain muted over the medium term on account of lower executable OB.

Modest executable OB

KNR reported an OB of INR 117bn, with mining comprising ~INR 69bn. Further, the company received an LoA for one EPC project worth INR 14bn; combined, projects worth INR 46bn are yet to receive AD (ex-OB). Ex-mining, book-to-bill stands at 2.4x trailing revenues. Management expects execution of mining orders to commence and contribute INR 1bn of revenues in H2FY27.

Guidance maintained

Management maintained its revenue guidance of INR 22bn/INR 30bn for FY27/FY28. The company is targeting INR 50bn OI in H2FY27, supported by improving order awarding. FY27 capex is estimated at INR 4bn, while Banhardih mining project (if execution commences) may require up to INR 5bn more. Further, KNR may need INR 5bn of additional equity investment for two HAM projects, (INR 1bn in FY27), with AD expected in the next few months.

Maintain HOLD

We maintain **HOLD** and revise our TP to INR 112 (from INR 130).

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	32,977	20,967	22,016	29,721
EBITDA	5,694	1,781	2,162	3,400
EBITDA Margin (%)	17.3	8.5	9.8	11.4
Net Profit	6,625	1,159	441	2,124
EPS (INR)	23.6	4.1	1.6	7.6
EPS % Chg YoY	49.8	(83.5)	(62.1)	382.1
P/E (x)	4.3	25.8	68.1	14.1
EV/EBITDA (x)	5.0	16.3	15.5	8.6
RoCE (%)	19.9	3.1	1.2	5.4
RoE (%)	18.5	2.9	1.1	5.1

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Market Data	
Market Cap (INR)	30bn
Market Cap (USD)	320mn
Bloomberg Code	KNRC IN
Reuters Code	KNRL.BO
52-week Range (INR)	186 /96
Free Float (%)	51.0
ADTV-3M (mn) (USD)	2.1

Price Performance (%)	3m	6m	12m
Absolute	(19.4)	(17.6)	(36.6)
Relative to Sensex	(24.7)	(26.8)	(33.7)

ESG Score	2024	2025	Change
ESG score	66.4	67.2	0.8
Environment	50.2	51.3	1.1
Social	67.9	66.5	(1.4)
Governance	78.1	80.2	2.1

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	6	15
EBITDA	(1)	(3)
EPS	(73)	(19)

Previous Reports

02-06-2026: Q4FY26 results review

08-02-2026: Q3FY26 results review

Exhibit 1: Quarterly financial highlights

Standalone INR mn	QUARTERLY						
	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	% ch QoQ	% ch YoY
Net Sales	**4,930**	**5,851**	**5,353**	**4,367**	**4,770**	**9**	**-3**
EBITDA	**536**	**306**	**283**	**655**	**439**	**-33**	**-18**
OPM(%)	10.9	5.2	5.3	15.0	9.2	(579 bps)	(166 bps)
Other Income	39	94	289	39	147	273	278
Interest	46	31	30	20	26	25	-45
Depreciation	147	146	139	100	189	90	29
PBT	382	223	403	574	371	-35	-3
Taxes	103	45	210	604	489	-19	377
PAT	**279**	**178**	**192**	**(30)**	**(118)**	**297**	**-142**
Reported PAT	279	176	192	2,823	2,808	-1	906
Order book details							
Order Book	82,159	88,488	86,725	86,674	1,17,088	35	43
Book to Bill Ratio	3.2	3.7	4.1	4.2	5.8		
Balance sheet details							
Net Worth	40,175	-	40,548	-	46,112		15
Debt	738	-	-	-	-		
Cash	561	-	1,108	-	924		65
Inventory	1,584	-	1,327	-	1,745		10
Trade receivables	11,235	-	9,061	-	11,112		-1
Trade payables	2,621	-	2,830	-	3,452		32
Working capital	23,590	-	22,132	-	26,353		12

Source: I-Sec research, Company data

Valuation and outlook

We believe KNR's dwindling OB is a key concern – posing substantial revenue visibility risk. Given the delay in receival of appointed dates for some of its projects, we believe that even if substantial OI is accrued over the next few quarters, revenue for FY28E would still be weak. The company has signed MoUs with NCC and Cube Highways to execute metro and BOT road projects, which could aid in OB accretion. Given the competition and need to build its OB, there could be pressure on margins ahead.

We have trimmed our EPC multiple to 8x, from 10x earlier, on account of lower executable OB, multiple projects waiting for AD and higher composition of mining orders in the OB.

Due to lower-than-expected guidance and a shrunken OB, we lower our FY27 estimates. Thus, we reiterate our **HOLD** rating on KNR and revise our TP to INR 112 (from INR 130).

Key risks: 1) Muted OI; and 2) margin improvement.

Exhibit 2: SoTP-based valuation

Particulars	Rationale	INR mn	Multiple (x)	Value (INR mn)	Value per share (INR)
EPC	8x FY27E earnings	2,124	8.0	16,992	60
BOT	1.2x Equity Invested	1,019	1.2	1,223	4
HAM	1.2x Equity Invested	3,954	1.2	4,745	17
HAM (sold to Indus InvIT Trust)	2.43x Equity Invested	2,257	2.4	5,491	20
Remaining deal value	1x	2,950	1.0	2,950	10
Target price (INR)				**28,451**	**112**

Source: I-Sec research, Company data

Exhibit 3: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	48.8	48.8	48.8
Institutional investors	25.6	22.7	19.8
MFs and others	18.9	17.2	13.3
FIs/Banks	0.0	0.0	0.0
Insurance	0.5	0.1	1.5
FIIs	6.3	5.4	5.0
Others	25.6	28.5	31.4

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Net Sales	**32,977**	**20,967**	**22,016**	**29,721**
Operating Expenses	3,110	2,475	2,422	3,269
EBITDA	**5,694**	**1,781**	**2,162**	**3,400**
EBITDA Margin (%)	17.3	8.5	9.8	11.4
Depreciation & Amortization	903	582	726	956
EBIT	4,792	1,200	1,436	2,444
Interest expenditure	(130)	(142)	(150)	(194)
Other Non-operating Income	4,510	631	536	590
Recurring PBT	**9,179**	**1,696**	**1,830**	**2,847**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	2,136	534	1,390	723
PAT	7,042	1,162	441	2,124
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(209)	(2)	-	-
Net Income (Reported)	**6,834**	**1,161**	**441**	**2,124**
Net Income (Adjusted)	**6,625**	**1,159**	**441**	**2,124**

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	33,667	39,459	30,643	28,559
of which cash & cash eqv.	1,436	1,108	(3,518)	(10,870)
Total Current Liabilities & Provisions	7,048	6,293	6,566	8,803
Net Current Assets	**26,619**	**33,166**	**24,077**	**19,755**
Investments	8,525	3,805	10,244	11,629
Net Fixed Assets	3,026	2,424	5,699	10,743
ROU Assets	-	-	-	-
Capital Work-in-Progress	4	1	1	1
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	1,276	1,151	951	951
Total Assets	**39,450**	**40,548**	**40,972**	**43,080**
Liabilities				
Borrowings	**-**	**-**	**-**	**-**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	562	562	562	562
Reserves & Surplus	38,887	39,985	40,410	42,517
Total Net Worth	**39,450**	**40,548**	**40,972**	**43,080**
Minority Interest	-	-	-	-
Total Liabilities	**39,450**	**40,548**	**40,972**	**43,080**

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**(608)**	**(5,713)**	**4,904**	**(907)**
Working Capital Changes	(7,651)	(6,875)	4,464	(3,031)
Capital Commitments	698	604	(3,274)	(5,044)
Free Cashflow	**(1,306)**	**(6,317)**	**8,179**	**4,137**
Other investing cashflow	**(209)**	**(2)**	**-**	**-**
Cashflow from Investing Activities	489	602	(3,274)	(5,044)
Issue of Share Capital	568	(61)	(16)	(16)
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	(1,359)	4,844	(6,439)	(1,385)
Cash flow from Financing Activities	(791)	4,783	(6,455)	(1,401)
Chg. in Cash & Bank balance	**(910)**	**(328)**	**(4,826)**	**(7,352)**
Closing cash & balance	1,436	1,108	(3,718)	(10,870)

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	25.0	4.1	1.6	7.6
Adjusted EPS (Diluted)	23.6	4.1	1.6	7.6
Cash EPS	26.8	6.2	4.1	11.0
Dividend per share (DPS)	(0.1)	(0.1)	(0.1)	(0.1)
Book Value per share (BV)	140.3	144.2	145.7	153.2
Dividend Payout (%)	(0.2)	(1.4)	(3.7)	(0.8)
Growth (%)				
Net Sales	(18.8)	(36.4)	5.0	35.0
EBITDA	(14.9)	(68.7)	21.4	57.3
EPS (INR)	49.8	(83.5)	(62.1)	382.1
Valuation Ratios (x)				
P/E	4.3	25.8	68.1	14.1
P/CEPS	4.0	17.2	25.7	9.7
P/BV	0.8	0.7	0.7	0.7
EV / EBITDA	5.0	16.3	15.5	8.6
P / Sales	0.9	1.4	1.4	1.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
Operating Ratios				
Gross Profit Margins (%)	26.7	20.3	20.8	22.4
EBITDA Margins (%)	17.3	8.5	9.8	11.4
Effective Tax Rate (%)	23.3	31.5	75.9	25.4
Net Profit Margins (%)	21.4	5.5	2.0	7.1
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.0	0.0	0.1	0.0
Net Debt / EBITDA (x)	(0.3)	(0.6)	1.6	(0.2)
Profitability Ratios				
RoCE (%)	19.9	3.1	1.2	5.4
RoE (%)	18.5	2.9	1.1	5.1
RoIC (%)	19.9	3.1	1.2	5.4
Fixed Asset Turnover (x)	9.8	7.7	5.4	3.6
Inventory Turnover Days	16	18	25	34
Receivables Days	127	123	143	149
Payables Days	31	38	37	41

Source Company data, I-Sec research

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