



New Order Holds Key; Retain HOLD

Est. Vs. Actual for Q4FY25: Revenue – MISS; EBITDA Margin– MISS; PAT– MISS

Change in Estimates post Q4FY25

FY26E/FY27E: Revenue: -22%/0%; EBITDA: -33%/0%; PAT: -36%/0%

Recommendation Rationale

- **Low order book:** The company's order book stood at Rs 5,052 Cr as of 31st Mar'25, providing revenue visibility for the next 12-18 months. In Apr'25, the company also received AD for two of its HAM projects worth Rs 1,200 Cr. The lower order book poses a risk to revenue growth.
- **Revision in revenue and margin guidance:** For FY26, the management has guided revenue to be in the range of Rs 2500-3000 Cr due to lower orderbook and EBITDA margins down to 14-15% from 15.5% levels due to an increase in cost that will cause pressure on margins. In this backdrop, we revise our revenue and EBITDA guidance downward.
- **Looking to diversify into other segments:** With a strong bidding pipeline and an improved bidding strategy, the management expects an additional order inflow of Rs 8,000-10,000 Cr in FY26, ensuring a healthy order book moving forward. The management highlighted a strong pipeline of tenders from NHAI in the range of Rs 30,000-40,000 Cr. Additionally, the company plans to diversify by bidding for metro projects, further strengthening its long-term growth prospects.

Sector Outlook: Positive

Company Outlook & Guidance: For FY26, the company anticipates revenue of Rs 2,500-3,000 Cr with EBITDA margins expected to be in the range of 14%-15%.

Current Valuation: 15x FY27 EPS (Earlier Valuation: 15x FY26 EPS) and HAM assets at 1.2x book value.

Current TP: Rs 195/share (Earlier TP: Rs 255/share)

Recommendation: We maintain our **HOLD** recommendation on the stock and rollover our estimates to FY27.

Alternative BUY Ideas from our Sector Coverage

J Kumar Infraprojects (TP- Rs 905/share); GR Infraprojects (TP- Rs 1580/share); HG Infra Engineering (TP - Rs 1530/share)

Financial Performance

KNR Constructions Ltd. (KNRCL) reported revenue of Rs 851 Cr (down 35% YoY) in Q4FY25. EBITDA stood at Rs 118 Cr (down 85% YoY), while PAT stood at Rs 76 Cr (down 62% YoY). The company registered an EBITDA margin of 13.8% (our estimate: 16.1%), compared to 16.3% in Q4FY24. Last year's revenue included an arbitration claim, and PAT included an exceptional gain and higher other income.

Key Financials (Standalone)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	851	14%	-35%	1,025	-17%
EBITDA	118	-84%	-85%	165	-29%
EBITDA Margin	13.8%	20%	-67%	16.1%	-227bps
Net Profit	76	-59%	-62%	108	-30%
EPS (Rs)	2.7	-59%	-62%	3.8	-30%

Source: Company, Axis Research

(CMP as of 30th May, 2025)

CMP (Rs)	211
Upside /Downside (%)	-8%
High/Low (Rs)	415/189
Market cap (Cr)	5932
Avg. daily vol. (6m) Shrs.	1801885
No. of shares (Cr)	281

Shareholding (%)

	Sep-24	Dec-24	Mar-31
Promoter	48.8	48.8	48.8
FIIs	6.7	7.0	6.9
MFs / UTI	29.0	28.3	27.4
Banks / FIIs	0.0	0.0	0.0
Others	15.5	15.9	16.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,359	2,855	3,060
EBITDA	627	414	453
Net Profit	727	255	285
EPS (Rs)	26	9	10
PER (x)	8	23	21
P/BV (x)	2	1	1
EV/EBITDA (x)	9	14	13
ROE (%)	20%	6%	7%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-22%	0%
EBITDA	-33%	0%
PAT	-36%	0%

Relative Performance



Source: Ace Equity

Uttam K Srimal

Sr Research Analyst
 Email: uttamkumar.srimal@axissecurities.in

Shikha Doshi

Research Analyst
 Email: Shikha.doshi@axissecurities.in

Outlook

The road sector is witnessing strong momentum with the recent budget allocation of Rs 2.8 Tn for MoRTH. Additionally, the Andhra Pradesh government plans to award irrigation projects worth Rs 1.5 Lc Cr, presenting significant opportunities for companies like KNRCL. The company's strategy to diversify into other infrastructure segments is a positive move for long-term growth. However, concerns persist regarding delays in the execution of irrigation projects and the lack of new order inflows so far, which could impact near-term growth visibility. Effective project execution and securing fresh orders will be crucial in sustaining growth momentum.

Valuation & Recommendation

We maintain our **HOLD** rating on the stock and value the company at 15x FY27E EPS, and HAM projects at 1.2x book value to arrive at a target price of Rs 195/share. The TP implies a downside of 8% from the CMP.

Key Concall Highlights

- **Order book:** As of Q4FY25, the company's order book amounted to Rs 5,052 Cr. The breakdown of the order book is as follows: 16% from the Roads-HAM segment, 35% from the Roads-Others segment, 19% from the Irrigation segment, and 30% from the Pipeline segment. Within road projects other than HAM, 53% is contributed by state governments, 30% by the central government, and the remaining 1% by other entities. The company is eligible for a bonus of Rs 3 Cr for the early completion of one of its projects.
- **HAM Portfolio:** Currently, the company has 8 under-construction HAM projects and has received AD for 2 projects in Apr'25.
- **Equity Investments in Subsidiaries:** The total equity requirement for the 8 HAM projects is Rs 990 Cr, with equity invested till 31st Mar'25 standing at Rs 651 Cr. The balance equity investment required is Rs 210 Cr in FY26 and Rs 130 Cr in FY27.
- **Telangana Irrigation Project:** As of 31st Mar'25, Telangana irrigation project receivables stood at Rs 1,200 Cr, comprising Rs 700 Cr in debtors and Rs 500 Cr in unbilled revenue. Despite receiving Rs 150 Cr in Feb'24, no further payments have been received since then. The company is actively engaged with the state government to resolve these payment issues and expects resolution by Jan'25.
- **Working capital days:** The company's working capital days increased to 93 days in Q4FY25, compared to 69 days in Q3FY25. The company incurred a Capex of Rs 22 Cr in FY25. The management has guided that no additional Capex will be incurred in FY26.

Key Risks to Our Estimates and TP

- Lower project awarding and delay in appointed date may impact revenue growth projection.
- Higher input costs may impact margins

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	2,898	0	3,737	0	-22%	0
EBITDA	414	0	617	0	-33%	0
PAT	255	0	401	0	-36%	0

Source: Company, Axis Securities Research

Result Review Q4FY25

(Rs Cr)	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Change (QoQ)	% Change (YoY)
Sales	851	743	1314	14%	-35%
Other Op. Inc	0	0	0		
Total Revenue	851	743	1,314	14%	-35%
Expenditure					
Cost of material consumed	374	339	515	10%	-27%
Subcontract expenses	49	8	33	553%	48%
Spreading & assortment expenses	194	121	282	60%	-31%
Employee Cost	41	41	43	-1%	-5%
Other Expenses	75	83	227	-10%	-67%
Total Expenditure	733	592	1100	24%	-33%
	118	152	214	-22%	-45%
EBIDTA	13.8%	20.4%	16.3%	-656bps	-246bps
	19	117	124	-84%	-85%
Oth. Inc.	4	3	11	20%	-67%
Interest	22	23	33	-3%	-32%
Depreciation	0	0	0	#DIV/0!	0%
Exceptional Item	110	242	294	-54%	-63%
PBT	35	60	96	-42%	-64%
Tax	76	182	198	-59%	-62%
PAT	2.7	6.5	7.1	-59%	-62%
EPS (Rs)	851	743	1314	14%	-35%

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Net sales	4091	3359	2855	3060
Other operating income	0	0	0	0
Total income	4091	3359	2855	3060
Cost of materials consumed	1660	1466	1185	1255
Contribution (%)	59.4%	56.3%	58.5%	59.0%
Other Expenses	1730	1265	1256	1353
Operating Profit	701	627	414	453
	142	452	43	46
Other income	843	1,079	457	499
PBIDT	125	90	100	101
Depreciation	29	13	11	12
Interest & Fin Chg.	0	-15	0	0
Pre-tax profit	689	960	345	385
Tax provision	196	234	90	100
PAT	494	727	255	285

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	4,238	4,648	4,890	5,209
Net Block	366	300	220	138
CWIP	2	0	0	0
Right to use assets	5	3	3	3
Investments	662	786	886	986
Wkg. cap. (excl cash)	1311	1097	926	993
Cash / Bank balance	235	144	346	303
Other assets	1657	2319	2510	2785
Capital employed	4,238	4,648	4,890	5,209
Equity capital	56	56	56	56
Reserves	3169	3889	4144	4429
Minority Interests	0	0	0	0
Borrowings	0	0	0	0
Other Liabilities	1012	703	690	723

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
PBT	689	959	345	385
Depreciation	125	90	100	101
Interest Expense	21	12	11	12
Changes in Working Capital	-407	-737	-22	-303
Others	8	-372	-43	-46
Tax Paid	-218	-217	-90	-100
Net Cash from Operations	218	(264)	302	50
Capex	-78	-20	-20	-20
Investment	-191	-68	-100	-100
Others	112	235	31	40
Net Cash from Investing	(158)	147	(89)	(80)
Borrowings	500	265	0	0
Interest Expense	-22	-12	-11	-12
Dividend paid	-7	-7	0	0
Others	-500	-265	0	0
Net Cash from Financing	(29)	(19)	(11)	(12)
Net Change in Cash	31	(136)	202	(43)
Opening cash	186	217	81	283
Closing cash	217	81	283	240

Source: Company, Axis Securities Research

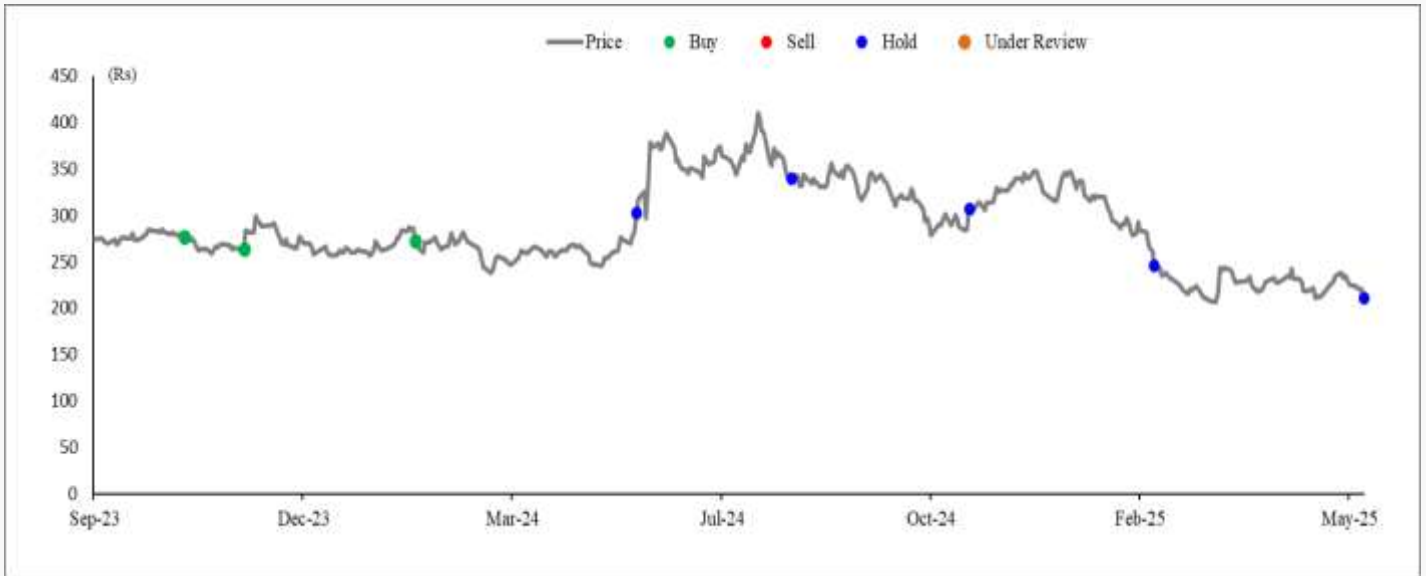
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Growth Indicator	9%	-18%	-15%	7%
Sales Growth	-3%	-11%	-34%	9%
EBITDA Growth	-1%	47%	-65%	12%
PAT Growth				
Profitability Ratios	17.1%	18.7%	14.5%	14.8%
EBITDA Margin	12.1%	21.6%	8.9%	9.3%
Adjusted net margin				
	1.26	0.85	0.68	0.68
EFFICIENCY RATIOS (x)	11.1	11.2	13.0	22.1
Total Asset Turnover	122	135	135	135
Fixed Asset Turnover	24	21	21	21
Debtor days	29	41	41	41
Inventory days	116	116	116	116
Payable days				
Cash Conversion Cycle (days)	0.00	0.00	0.00	0.00
Leverage ratios	-0.07	-0.04	-0.08	-0.07
Debt to equity	24	49	36	37
Net debt to equity				
Interest coverage	17.6	25.8	9.1	10.1
Per Share Data	115	140	149	159
Diluted EPS (Rs)	0.3	0.0	0.0	0.0
Book value per share (Rs)				
DPS (Rs)	16.6%	20.3%	6.3%	6.6%
Return Ratios	24%	27%	9%	9%
Return on equity				
Return on capital employed	14	8	23	21
Valuation Ratios	2.1	1.5	1.4	1.3
P/E	9.9	9.5	14.3	13.1
P/BV	9%	-18%	-15%	7%
EV/EBITDA	-3%	-11%	-34%	9%

Source: Company, Axis Securities Research

KNR Constructions Price Chart and Recommendation History



Source: Axis Securities Research

Date	Reco	TP	Research
17-Oct-23	BUY	310	AAA
16-Nov-23	BUY	305	Result Update
12-Feb-24	BUY	310	Result Update
31-May-24	HOLD	280	Result Update
19-Aug-24	HOLD	330	Result Update
14-Nov-24	HOLD	285	Result Update
17-Feb-25	HOLD	255	Result Update
02-Jun-25	HOLD	195	Result Update

Disclaimer

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts

and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.