Pick of the Week

KNR Constructions Ltd.

Feb 02, 2026

KNR Constructions Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Construction	Rs. 141.5	Buy in Rs. 139-143 band and add on dips in Rs. 125-129 band	Rs. 155	Rs. 170	3-4 quarters

HDFC Scrip Code	KNRCONEQNR
BSE Code	532942
NSE Code	KNRCON
Bloomberg	KNRC:IN
CMP Feb 1, 2026	141.5
Equity Capital (Rs Cr)	56.2
Face Value (Rs)	2
Equity Share O/S (Cr)	28.1
Market Cap (Rs Cr)	3981
Book Value (Rs)	140
Avg. 52 Wk Volumes	1818770
52 Week High	301
52 Week Low	130

Share holding Pattern % (Dec, 2025)	
Promoters	48.81
Institutions	27.40
Non Institutions	23.79
Total	100

* Refer at the end for explanation on Risk Ratings

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Our Take:

KNR Constructions Limited (KNRCL) is a leading provider of Engineering, Procurement, and Construction (EPC) services across sectors including highways, flyovers, bridges, irrigation, and urban water infrastructure management. Marking its 30th anniversary since inception in 1995, the company has successfully executed more than 9,100 lane kilometres of road projects across 12 Indian states. KNRCL's operational strength is anchored by a world-class fleet of in-house construction equipment with a gross block valued at Rs. 1,417 crore as of Sep 30, 2025, complemented by a dedicated workforce of 2,550 permanent employees. The company's strategic portfolio features a versatile blend of two Annuity-based projects and eight Hybrid Annuity Model (HAM)-based projects. These eight HAM projects represent a combined bid project cost of Rs. 9,618.8 crore. Additionally, the company is in the advanced stages of an asset monetization plan to sell 100% of its shareholding in four of its HAM special purpose vehicles to Indus Infra Trust for an expected consideration of Rs. 1,543.19 crore further strengthening the company's robust financial profile and supporting its strategy to remain asset-light.

As of September 30, 2025, KNRCL held an outstanding executable order book valued at ~Rs. 8,216 crore, providing robust revenue visibility reflecting a significant diversification into the mining sector, which now accounts for 43% followed by Roads-HAM (20%), Irrigation (19%), Pipeline (13%), and Roads-Others (5%). Excluding the mining segment, the current backlog provides revenue visibility for approximately 1.5 to 2 years. The client-wise distribution shows that 80% of the order book consists of third-party contracts (75% state government, 3% central government, and 2% others), while 20% is from captive projects.

Valuation & Recommendation:

KNRCL's outlook is underpinned by strong catalysts across monetization, diversification, and financial resilience. The landmark asset monetization deal executed in December 2025, involving the sale of four HAM projects to Indus Infra Trust for Rs. 1,543.2 crore against an equity investment of Rs. 566.8 cr, will significantly enhance liquidity, fund equity commitments of Rs. 2.9 billion, support capex and working capital, and reduce consolidated debt to near-zero levels. With the end of the NHAI bidding restriction in November 2025, KNRCL is poised to participate in the upcoming tendering cycle, targeting fresh inflows of Rs. 8,000–10,000 crore in FY26, including Rs. 5,000 crore from NHAI. Strategic diversification remains a key growth lever, with long-term revenue visibility from the Banhardih coal mining block, alongside new EPC wins in Telangana worth over Rs. 5,600 crore and expansion into elevated metro rail, railways, solar, and battery storage. Operational excellence continues to differentiate KNRCL, with early project completions earning bonuses such as Rs. 3.3 cr for the Chittoor–Thatchur Highway, while its in-house execution model and Rs. 1,417 cr equipment fleet ensure cost efficiency and rapid mobilization. We expect Revenue/EBITDA/PAT to grow at a CAGR of 7.7%/6.1%/7.9% over FY25–28E.

We think the base case fair value of the stock is Rs.155 (10.6x FY28E EPS) and the bull case fair value is Rs.170 (11.6x FY28E EPS) over the next 2-3 quarters. Investors can buy the stock in the band of Rs 139-143 (9.6x FY28E EPS) and add more on dips to the band of Rs. 125-129 (8.7x FY28E EPS).

Financial Summary: (Standalone)

(Rs cr)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	493	856	-42.4	479	2.9	3956	3234	2175	3226	4038
EBITDA	54	138	-61.2	62	-13.1	688	508	270	484	608
APAT	28	154	-81.8	45	-38.4	424	328	181	332	413
Diluted EPS (Rs)	1.0	5.5	-81.8	1.6	-38.4	15.1	11.7	6.4	11.8	14.7
RoE-%						14.2	9.2	4.6	8.7	9.5
P/E (x)						9.4	12.1	22.0	12.0	9.6
EV/EBITDA						5.5	7.7	13.1	8.3	5.8

(Source: Company, HDFC Sec)

Q2FY26 Result Review:

The company reported standalone revenue of Rs. 493 crore for the quarter, down 42% YoY. EBITDA stood at Rs. 53.6 crore, a sharp 61% decline from Rs.138 crore in Q2FY25. Profit After Tax fell to Rs. 27.9 crore, down 82% YoY from Rs. 154 crore.

Key developments:

- Total Order Pipeline: Including recently won projects for which Letters of Acceptance (LoA) were received but not yet added to the backlog, the total value is Rs. 87,478 million. Segmental Composition: The order book is diversified into Mining (43%), Roads-HAM (20%), Irrigation (19%), Pipeline (13%), and Roads-EPC/Others (5%). Management is targeting fresh order inflows of Rs. 8,000 crore to Rs. 10,000 crore by the end of FY26.
- Mir Alam Tank Bridge: KNRCL received an LoA from Musi Riverfront Development Corporation Limited for an iconic bridge across Mir Alam Tank in Hyderabad worth Rs. 319.24 crore (excluding GST) with a 24-month construction period.
- GHMC EPC Flyovers: Secured two major projects in Telangana: A multilevel flyover/grade separator at Khajaguda and IIIT Junctions worth Rs. 4,591 million. A 3-lane flyover at Kukatpally "Y" junction worth Rs. 72.8 cr.
- Mining Sector: The company secured its first major mining project (development and operation of the Banhardih coal block in Jharkhand) in a joint venture, with KNRCL's share valued at Rs. 3552.4 cr.
- MSRDC Update: KNRCL is waiting for the LoA for the Bhandara-Gadchiroli project (with Patel Engineering) where land acquisition has reached approximately 60%.
- Completed Projects: The company received a completion certificate for the Rs. 1,180 crore Coimbatore Elevated Highway (Avinashi

Road) in October 2025. Additionally, two HAM projects (Ramanattukara and Guruvayur) achieved provisional completion in July 2025.

- In December 2025, KNRCL executed share purchase agreements to sell 100% shareholding in four HAM SPVs to Indus Infra Trust for an expected consideration of Rs. 1,543.2 cr. This deal is expected to close by September 30, 2026, freeing up significant equity for new bidding opportunities.
- The company is aggressively bidding for state highway and flyover projects in Tamil Nadu (including ADB-backed projects), Maharashtra (MSRDC), and Madhya Pradesh. They are also exploring new verticals in Elevated Metro Rail, Railway projects, and Solar/Battery Storage EPC.
- NHAI Bidding: Following a settlement regarding structural issues at the Ramanattukara project, KNRCL and its promoters agreed to a "silent period" and resumed participation in NHAI bids starting December 1, 2025.

Key Triggers and Developments:

Robust Order Backlog providing Revenue visibility:

Robust Order Book: As of September 30, 2025, KNRCL holds an outstanding executable order book valued at Rs. 8,215.9 crore. The portfolio is highly diversified, with Mining projects accounting for 43%, followed by Roads-HAM at 20%, Irrigation at 19%, Pipeline projects at 13%, and other road projects at 5%. Excluding the mining segment, the current order book provides revenue visibility over 1.5 to 2 years. The client-wise distribution shows that 80% of the order book comes from third-party contracts (75% state government, 3% central government, and 2% others), while 20% is derived from captive projects. When including recently won projects not yet added to the backlog, the total order value increases to Rs. 8,747.8 crore.

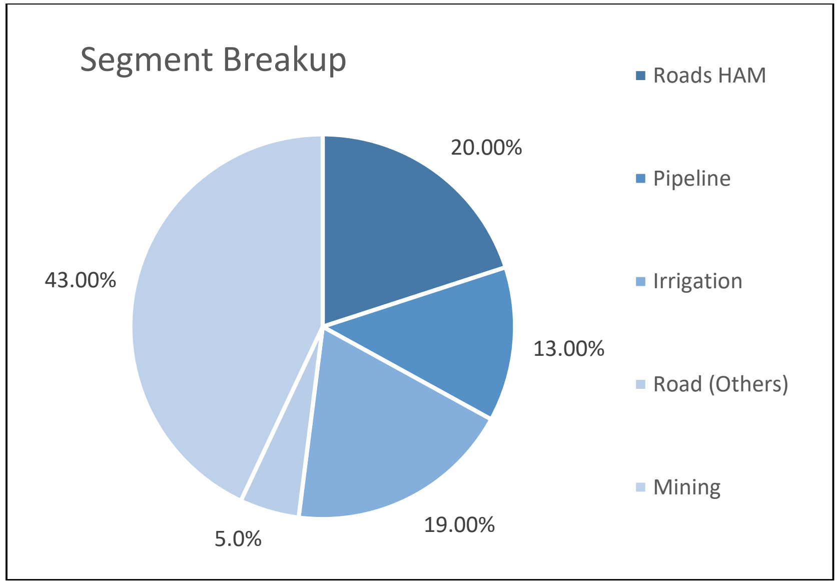
MDO Order: Company received a letter of acceptance from Patratu Vidyut Utpadan Nigam Ltd (subsidiary of NTPC and JBVNL JV) for Development and Operation of Banhardih Coal Mining Block in the State of Jharkhand. This is a joint venture project worth Rs. 4,800 cr for a contract period of 5 years with KNR Constructions Ltd having 74% stake and Harsha constructions Pvt ltd with 26% stake. This massive order almost doubles the book to bill ratio (2.3x) for the company and demonstrates the company’s efforts to revive the order book.

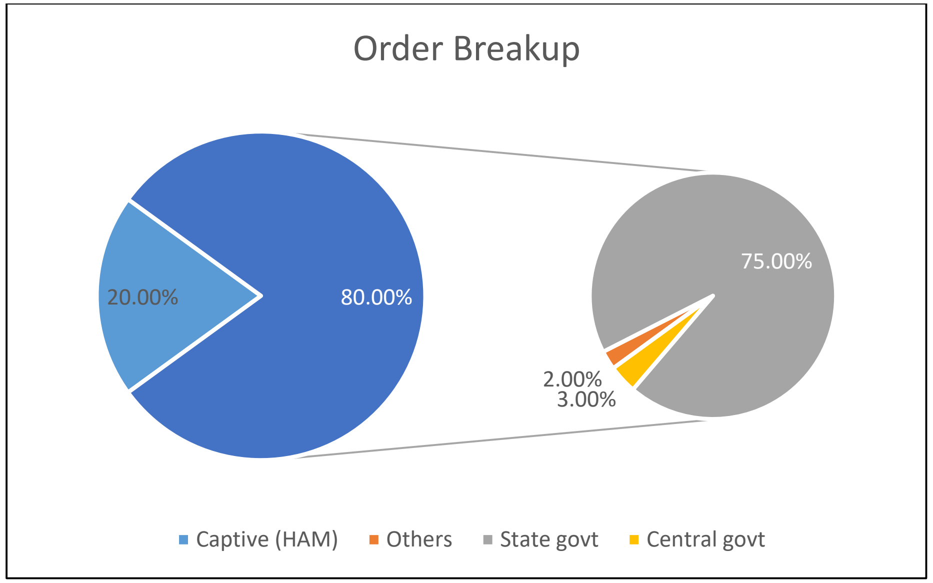
The Order pipeline remains robust, with strong order inflows expected in FY26. The company is actively bidding for new projects across highways, irrigation, and urban infrastructure, with a strong presence in Tamil Nadu, Karnataka, Telangana, and Andhra Pradesh. KNR is also expanding into new segments like mine development and BOT toll projects in collaboration with Adani and Cube Highways. With the government’s emphasis on the infrastructure development Company is targeting an order inflow of approximately Rs. 8,000 crore to Rs. 10,000 crore by the end of FY26.

KNRCL is strategically targeting fresh order inflows of Rs. 8,000 crore to Rs. 10,000 crore by the end of FY26 to bolster its current executable order book, which stood at Rs. 8,215.9 crore as of September 30, 2025. While the broader industry pipeline for roads and highways remains robust at approximately Rs. 3.5 trillion, the company is specifically aiming to secure around Rs. 5,000 crore from upcoming NHAI HAM and EPC projects.

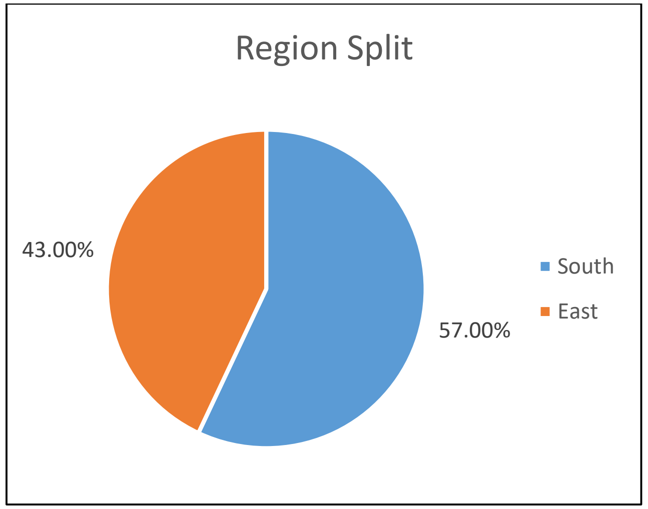
In addition to central projects, KNRCL is aggressively pursuing a diversified state government and infrastructure pipeline valued between Rs. 3,000 crore and Rs. 4,000 crore. This includes significant opportunities such as Rs. 4,000 crore in Tamil Nadu (including ADB-backed projects), Rs. 2,200 crore from MSRDC in Maharashtra, Rs. 2,000 crore in Andhra Pradesh, and major flyover and riverfront development works in Telangana.

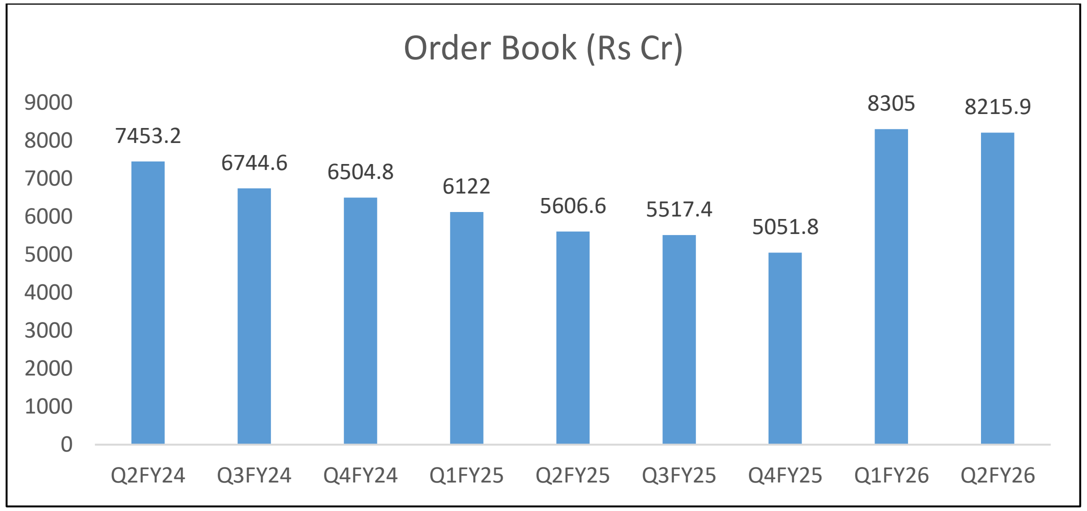
Although the company and its promoters observed a silent period for NHAI bidding following a settlement agreement, this restriction concluded on November 30, 2025, positioning the company to participate in the strong tendering cycle anticipated between January and March 2026. Despite high competitive intensity in the sector, management believes that NHAI's recent measures to tighten RFP norms and increase entry barriers will favor technically and financially strong contractors like KNRCL, supporting their efforts to secure these vital orders.





(Source: Company, HDFC Sec)





(Source: Company, HDFC Sec)

Strong balance sheet supported by healthy liquidity: The company continues to maintain a fundamentally strong balance sheet with a healthy net worth of Rs. 4,018 crore as of September 2025. However, working capital days significantly increased to 144 days in the second quarter of FY26, up from 93 days in March 2025, primarily due to delayed payments for irrigation projects in Telangana. Consolidated debt as of September 30, 2025, rose to Rs. 2,338 crore, compared to Rs. 1,865 crore in March 2025.

Capex for the first half of FY26 was minimal at Rs. 3 crore, with management guiding for a total full-year expenditure of only Rs. 30–40 crore. The company's liquidity is currently impacted by substantial outstanding receivables and unbilled revenue from the Telangana government totaling Rs. 1,350 crore, of which Rs. 720 crore is currently recognized as unbilled revenue.

In a significant recent development, KNRCL executed share purchase agreements on December 24, 2025, to monetize 100% of its shareholding in four HAM SPVs (KPIPL, KRGIPL, KGIPL, and KRIPL). The company is expected to receive a total consideration of Rs. 1,543.2 crore against an invested equity of Rs. 566.83 crore in these assets, representing an attractive 2.8x return. Across its entire eight-project HAM portfolio, the total revised equity requirement is Rs. 991 crore, with Rs. 698 crore already infused as of September 2025. The remaining equity commitment of Rs. 292 crore is scheduled to be infused over FY26 (Rs. 175 crore) and FY27 (Rs. 117 crore).

Diversification by the JV method: KNRCL has established a significant partnership with NCC, recently winning a major coal mining project in Jharkhand through a 74:26 JV. Additionally, the company has a KNR-NAVAYUGA-NCC JV (60% stake) and has signed MoUs with NCC to execute metro projects. KNRCL maintains a long-standing relationship with Patel Engineering through multiple joint operations, including the KNR–Patel JV (51%) and Patel–KNR JV (50%). They are currently waiting for a Letter of Acceptance for a major MSRDC project (Bhandara-Gadchiroli) in Maharashtra as a combined entity. The company successfully secured the development and operation of the Banhardih coal mining block in Jharkhand in a joint venture with Harsha Constructions Pvt Ltd,. To secure EPC work, KNRCL is in active discussions with major developers like IRB and Cube Highways to bid for large-scale projects together.

Industry Triggers

India is methodically building the foundational architecture required for long-term economic transformation, aiming to become the world's third-largest economy by 2030 with a GDP of USD 7.3 trillion. The Union Budget 2026-27 reinforced this trajectory with a capital expenditure outlay of Rs. 12.2 lakh crore, reflecting a 11.5% increase over the previous year. Large-scale framework programs such as the National Infrastructure Pipeline (NIP), PM Gati Shakti, and the Gati Shakti National Master Plan continue to facilitate robust investment across the infrastructure value chain.

India's road infrastructure is undergoing unprecedented modernization, boasting the second-largest network in the world at over 63 lakh km as of March 31, 2025. Robust government spending has seen the Ministry's expenditure on road infrastructure increase 6.4 times between 2013-14 and 2024-25, with National Highway (NH) length growing by nearly 60% to reach 1,46,204 km. This growth is supported by a nearly threefold improvement in operational efficiency, with NH construction speed accelerating to approximately 34 km per day in 2024-25. Focused development through expressways and enhanced regional connectivity is significantly reducing logistics costs and boosting national competitiveness.

The National Highways Authority of India (NHAI) remains a pivotal driver of this transformation through the Bharatmala Pariyojana and other mission-mode programs. NHAI has tightened bidding criteria to ensure projects are awarded to contractors with proven technical and financial strength, while deploying network survey vehicles to improve highway maintenance and performance.

Growth is also evident in the water, power, and railway sectors, which serve as critical enablers of agricultural and industrial productivity. The Jal Jeevan Mission has been extended until 2028 to achieve 100% rural tap water coverage, with a budgetary allocation of Rs. 67,670 crore for FY 2026-27. Simultaneously, the government is prioritizing the electrification of railways, development of greenfield airports, and the expansion of renewable energy grids to improve transport efficiency and environmental resilience. Strategic initiatives like the Pradhan Mantri Kisan Sinchayi Yojana (PMKSY) continue to modernize irrigation systems through the adoption of water-saving technologies and precision irrigation.

Risks & Concerns:

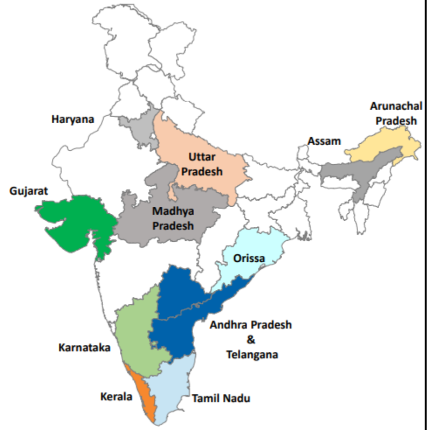
- A significant slowdown in project awarding by the National Highways Authority of India (NHAI) and state governments has hindered the company's ability to replenish its backlog.
- Project progress has been hampered by extended monsoon conditions and delays in receiving appointed dates for new projects, pushing meaningful revenue recovery to FY27
- Rising prices for critical materials like steel, cement, and fuel can erode profit margins, particularly for fixed-price contracts where cost escalations may not be fully recoverable.
- The construction industry is subject to aggressive bidding from both domestic and international players, which may compress margins and reduce the success rate for new project awards.
- As part of a settlement agreement, the company and its promoters were barred from participating in NHAI bids until November 30, 2025, limiting their ability to secure central government work during much of FY26.

Company Background:

KNR Constructions Limited (KNRCL) is a leading provider of Engineering, Procurement, and Construction (EPC) services across sectors including highways, flyovers, bridges, irrigation, and urban water infrastructure management. Marking its 30th anniversary since inception in 1995, the company has successfully executed more than 9,100 lane kilometres of road projects across 12 Indian states. KNRCL's operational strength is anchored by a world-class fleet of in-house construction equipment with a gross block valued at Rs. 1,417 crore as of Sep 30, 2025, complemented by a dedicated workforce of 2,550 permanent employees. The company's strategic portfolio features a versatile blend of two Annuity-based projects and eight Hybrid Annuity Model (HAM)-based projects. These eight HAM projects represent a combined bid project cost of Rs. 9,618.8 crore.

Sr. No.	State	No. of Projects	Project Value (Rs. Mn)
1	Tamil Nadu	13	52,027
2	AP & Telangana	31	50,473
3	Karnataka	15	33,176
4	Kerala	2	17,068
5	Madhya Pradesh	4	6,619
6	Uttar Pradesh	10	4,549
7	Assam	2	4,038
8	Arunachal Pradesh	1	3,468
9	Gujarat	1	2,550
10	Orissa	1	1,866
11	Haryana	1	118
	Total	**81**	**1,75,952**

*Projects executed in last 25 years



(Source: Company, HDFC Sec)

BOT Portfolio:

	Particulars	Patel KNR Infrastructures limited (PKIL)	Patel KNR Heavy Infrastructures Limited (PKHIL)
Project Details	Stake	40%	40%
	Project Type	Road-Annuity	Road-Annuity
	State	Karnataka	Telangana
	JV Partner	PEL	PEIL
	Client	NHAI	NHAI
	Length (KM)	60.0	53.0
Terms	Concession Start Date	26th March 2007	2nd March 2008
	Concession Period	20 Years	20 Years
	COD	21st December 2009	11th June 2010
Financials	Project Cost (Rs. mn)	4,420.0	5,920.0
	Equity (30.09.2025) (Rs. mn)	*370.0*	*648.7*
	Debt (30.09.2025) (Rs. mn)	*736.2*	*521.2*
	Securitized	Yes*	Yes**
	Semi-Annutiy - 36 Instalments (Rs. mn)	329.4	443.7

PKIL securitized its project loan through issuance of non-convertible debentures to LIC of India & raised Rs. 4,090 mn in April 2010. The said proceeds were used to retire the existing high cost project loan and unsecured loans of promoters and to meet the issue expenses.

*PKHIL securitized its project loan through issuance of non-convertible debentures to L&T Infrastructures Finance Company Limited and raised Rs 4000 mn in Sept. 2013. The said proceeds were used to retire the existing high cost project loans (Other than the ECB of USD 25 Millions availed from the Standard Chartered Bank , London) and unsecured loans of promoters and to meet the issue expenses.

(Source: Company, HDFC Sec)

HAM Portfolio:

	Particulars	Magadi - Somwarpet	Oddanchatram - Madathukulam	Ramanattukara - Valanchery	Valanchery - Kappirikkad	Chittor -Thatchur	Marripudi to Somvarappadu	Mysore to Kushalnagara (Pkg V)	Mysore to Kushalnagara (Pkg IV)
Project Detail	SPV Name	KNR Somwarpet Infra Pvt. Ltd.	KNR Palani Infra Pvt. Ltd.	KNR Ramanattukara Infra Pvt. Ltd.	KNR Guruvayur Infra Pvt. Ltd.	KNR Ramagiri Infra Pvt. Ltd.	KNR Ramatheertham Infra Pvt. Ltd.	KNR Sriranganatha Infra Pvt. Ltd.	KNR Kaveri Infra Pvt. Ltd.
	Stake	100%	100%	100%	100%	100%	100%	100%	100%
	Project Type	Hybrid Annuity	Hybrid Annuity	Hybrid Annuity	Hybrid Annuity	Hybrid Annuity	Hybrid Annuity	Hybrid Annuity	Hybrid Annuity
	State	Karnataka	Tamil Nadu	Kerala	Kerala	Andhra Pradesh	Andhra Pradesh	Karnataka	Karnataka
	Client	KSHIP	NHAI	NHAI	NHAI	NHAI	NHAI	NHAI	NHAI
	No of Lanes	Two	Four	Six	Six	Six	Six	Four	Four
	Length(KM)	166.0	45.4	39.7	37.4	34.7	29.1	83.4	26.6
	Concession Period	9 Years	17 Years	17.5 Years	17.5 Years	17 Years	17 Years	17 Years	17 Years
Financials	Bid Project Cost (Rs. mn)	11,445.0	9,200.0	23,675.0	21,400.0	10,415.0	6,650.0	6,903.0	6,500.0
	Total Project Cost (Rs. mn)	11,276.0	7,920.0	21,500.0	19,594.0	9,309.1	7,716.8	7,981.2	7,387.3
	Grant (Rs. mn)^	7,485.0	3,945.4	10,250.0	9,242.5	4,501.7	3,372.2	3,506.3	3,301.6
	Estimated Equity (Rs. mn)	1,221.0	804.6	2,250.0	2,091.5	961.5	874.6	895.0	817.2
	Estimated Debt (Rs. mn)	2,570.0	3,170.0	9,000.0	8,260.0	3,845.9	3,470.0	3,579.9	3,268.5
	Status*	AD: 5th Oct. 2020	AD: 5th Oct. 2020	AD: 21st Jan. 2022	AD: 21st Jan. 2022	AD: 25th Jan. 2023	AD: 10th Feb. 2024	AD: 07th April 2025	AD: 30th April 2025
	PCOD / COD	27th June 2023	2nd Sept. 2022	18th July 2025	17th July 2025	16th Dec. 2024	-	-	-
Progress	*% Physical Progress*	*89.9%*	*100.0%*	*99.4%*	*98.3%*	*97.1%*	*55.8%*	*5.5%*	*0.0%*
	Equity Invested (Rs. mn)	*1,232.6*	*644.0*	*1,999.6*	*1,834.5*	*813.7*	*454.0*	*14.8*	*1.0*
	Grant Received (Rs. mn)	*7,485.0*	*4,386.6*	*10,944.5*	*10,043.4*	*4,670.7*	*1,968.0*	*0.0*	*0.0*
	Debt Already Drawn (Rs. mn)	*2,187.0*	*2,450.0*	*6,500.0*	*7,250.0*	*3,250.0*	*1,500.0*	*0.0*	*0.0*

* - AD: Appointed Date

^Grant includes estimated Price Index Multiple of Rs. 4,222.5 mn

(Source: Company, HDFC Sec)

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

(Source: Company, HDFC Sec)

Standalone Financials:

Income Statement

(Rs cr)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	3956	3234	2175	3226	4038
Growth (%)	***5.7***	***-18.2***	***-32.7***	***48.3***	***25.2***
Operating Expenses	3268	2726	1906	2742	3431
EBITDA	**688**	**508**	**270**	**484**	**608**
Growth (%)	***-4.7***	***-26.1***	***-46.9***	***79.4***	***25.6***
EBITDA Margin (%)	***17.4***	***15.7***	***12.4***	***15.0***	***15.1***
Depreciation	125	90	61	71	76
Other Income	33	51	50	51	52
EBIT	**596**	**469**	**259**	**464**	**583**
Interest expenses	29	13	16	21	31
PBT	**567**	**456**	**242**	**443**	**552**
Tax	141	128	61	112	139
PAT	**494**	**726**	**181**	**332**	**413**
Share of Asso./Minority Int./EO	68	397	0	0	0
Adj. PAT	**424**	**328**	**181**	**332**	**413**
Growth (%)	***5.8***	***-22.6***	***-44.8***	***82.9***	***24.7***
EPS	15.1	11.7	6.4	11.8	14.7

Balance Sheet

Particulars	FY24	FY25	FY26E	FY27E	FY28E
SOURCE OF FUNDS					
Share Capital	56	56	56	56	56
Reserves	3169	3889	3817	3732	4828
Shareholders' Funds	**3226**	**3945**	**3874**	**3788**	**4885**
Minority Interest	0	0	0	0	0
Total Debt	0	0	0	0	107
Net Deferred Taxes	-137	-128	-168	-193	-193
Other Non-curr. Liab.	22	12	27	27	27
Total Sources of Funds	**3110**	**3830**	**3732**	**3622**	**4825**
APPLICATION OF FUNDS					
Net Block & Goodwill	371	303	590	669	783
CWIP	2	0	5	10	10
Investments	728	853	1053	1153	1153
Other Non-Curr. Assets	142	180	236	211	186
Total Non Current Assets	**1243**	**1336**	**1884**	**2044**	**2132**
Inventories	221	160	125	186	233
Debtors	1364	1245	477	619	653
Cash & Equivalents	217	144	449	4	583
Other Current Assets	1057	1637	1374	1613	2606
Total Current Assets	**2858**	**3186**	**2424**	**2422**	**4074**
Creditors	274	308	185	336	443
Other Current Liab & Provisions	717	384	392	508	939
Total Current Liabilities	**991**	**692**	**576**	**844**	**1381**
Net Current Assets	1868	2494	1848	1578	2693
Total Application of Funds	**3110**	**3830**	**3732**	**3622**	**4825**

(Source: Company, HDFC Sec)

Cash Flow Statement

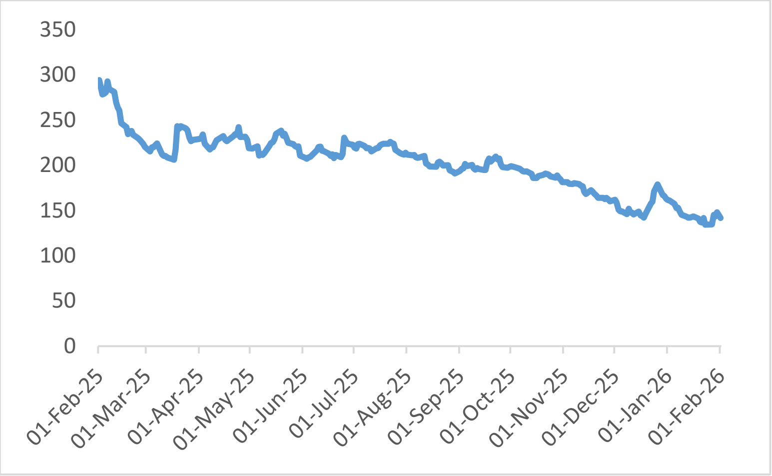
(Rs cr)	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	567	456	242	443	778
Non-operating & EO items	131	131	0	0	0
Interest Expenses	21	12	16	21	31
Depreciation	124	90	61	71	76
Working Capital Change	-407	-736	420	-178	270
Tax Paid	-218	-217	-61	-112	-139
OPERATING CASH FLOW (a)	**218**	**-264**	**679**	**245**	**1,016**
Capex	-73	-18	-195	-155	-190
Free Cash Flow	145	-282	484	90	826
Investments	-85	165	-200	-100	0
Non-operating income	0	0	0	0	0
INVESTING CASH FLOW (b)	**-158**	**147**	**-395**	**-255**	**-190**
Debt Issuance / (Repaid)	0	0	1	26	26
Interest Expenses	-22	-12	-16	-21	-31
FCFE	38	-128	268	-5	821
Share Capital Issuance	0	0	0	0	0
Dividend	-7	-7	-17	-17	-17
Others	0	0	0	0	0
FINANCING CASH FLOW (c)	**-29**	**-19**	**-32**	**-12**	**-22**
NET CASH FLOW (a+b+c)	**31**	**-135**	**251**	**-22**	**804**

Key Ratios

(Rs cr)	FY24	FY25	FY26E	FY27E	FY28E
Profitability Ratios (%)					
EBITDA Margin	17.4	15.7	12.4	15.0	15.1
EBIT Margin	14.2	14.5	9.6	12.8	13.2
APAT Margin	10.7	10.2	8.3	10.3	10.2
RoE	14.2	9.2	4.6	8.7	9.5
RoCE	14.3	8.8	5.2	9.6	9.0
Solvency Ratio (x)					
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.2
Net D/E	-0.1	0.0	-0.1	0.0	-0.1
PER SHARE DATA (Rs)					
EPS	15.1	11.7	6.4	11.8	14.7
CEPS	19.5	14.9	8.6	14.3	17.4
BV	114.7	140.3	137.7	134.7	173.7
Dividend	0.2	0.2	0.5	0.5	0.5
Turnover Ratios (days)					
Debtor days	125.9	140.5	80.0	70.0	59.0
Inventory days	20.4	18.1	20.9	21.0	21.0
Creditors days	25.3	34.8	31.0	38.0	40.0
VALUATION					
P/E	9.4	12.1	22.0	12.0	9.6
P/BV	1.2	1.0	1.0	1.1	0.8
EV/EBITDA	5.5	7.7	13.1	8.3	5.8
Dividend Yield (%)	0.2	0.2	0.4	0.4	0.4
Dividend Payout (%)	1	2	8	4	3

(Source: Company, HDFC Sec)

Price chart



(Source: Company, HDFC sec)

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HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.
These stocks
have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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