PRIVATE CLIENT GROUP | kotak Securities

Dated: 17 Nov 2025

KNR Constructions (KNR) - SELL

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.166	Rs.155

Rationale:

- Standalone revenue/EBITDA/adj PAT de-grew ~44%/67.5%/67.5% yoy, respectively.
- Reported weak Q2FY26 performance impacted by subdued order backlog, slowdown in project awarding by both MoRTH and NHAI and extended monsoon.
- Q2FY26 has been muted interms of order inflows.
- Management remains optimistic about a strong revival in H2FY26.
- We downgrade our earnings estimates by ~40% for FY26E-27E to factor in the weak execution.
- Maintain SELL with the revised SoTP based fair value of Rs170 (from Rs170 earlier).

Positives:

- Management expects the cycle to turn favorable by Q4FY26, with NHAI tenders resuming from January–March 2026.
- Expects to secure additional orders worth Rs8,000–10,000 cr by the end of FY26.
- KNR remains confident of achieving revenue growth in FY27, driven by improved execution.

Negatives:

- Total order book as of September 30, 2025, stood at Rs8,748 cr is not sufficient enough to give revenue growth visibility for the coming years.
- Revenue guidance of about Rs1,800–1,900 cr for FY26 is lower than Rs2000-2500cr guided earlier.
- There were execution delays in irrigation projects owing to pending payments.

(SoTP: sum of the parts, EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PAT: Profit after tax)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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