

BUY

TP: Rs 345 | ▲ 25%

KNR CONSTRUCTIONS

Infrastructure

15 February 2020

Healthy quarter; execution to pick up from Q4

KNR Constructions' (KNRC) Q3FY20 core revenue ex-arbitral awards grew 23% YoY to Rs 5.5bn and core EBITDA margin beat estimates at 22% (+170bps YoY). Higher interest cost and taxes capped growth in core recurring PAT at 5% YoY to Rs 434mn (in line). Order backlog as on Dec'19 stood at Rs 65bn (incl. L1), 2.9x TTM revenues. With one HAM project receiving appointed date (AD for one out of five pending), KNRC's executable order backlog rises to ~90%. We raise FY20/FY21/ FY22 EPS by 5%/9%/4% and have a revised Mar'21 TP of Rs 345.

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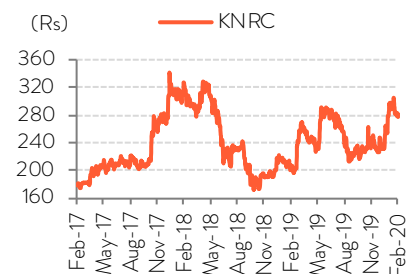
Strong margins: KNRC's Q3 core EPC revenue grew 23.5% YoY to Rs 5.5bn (Rs 5.3bn est.). Led by a favourable revenue mix (high margin irrigation projects), core EBITDA margin expanded 170bps YoY to 21.8% (est. of 19%). Interest cost spiked 95% YoY to Rs 142mn due to interest on mobilisation advances (~Rs 60mn), while higher execution of non-80IA projects kept the effective tax rate high at 28.9% (13% est.). Recurring PAT grew 5.5% YoY, but reported PAT fell 23% to Rs 402mn due to a Rs 67.2mn impaired investment in the Walayar BOT (Toll) project (partly offset by arbitration claim awards of ~Rs 46mn).

Ticker/Price	KNRC IN/Rs 277
Market cap	US\$ 545.0mn
Shares o/s	141mn
3M ADV	US\$ 0.8mn
52wk high/low	Rs 312/Rs 195
Promoter/FPI/DII	55%/3%/31%

Source: NSE

Receivables stretched; leverage under control: Debtor days remained high at 62 days vs. 40 as on Mar'19. As per management, the debtor cycle is likely to remain stretched due to outstanding receivables of Rs 3.2bn from its own SPVs and also due to execution of fast-paced irrigation projects where the collection period is 60-90 days. Gross standalone debt increased by Rs 133mn QoQ to Rs 3.3bn and net D/E remained in check at 0.2x as on Dec'19 (unchanged QoQ).

STOCK PERFORMANCE



Source: NSE

Maintain BUY: We raise FY20/FY21/FY22 EPS estimates by 5%/9%/4% to bake in higher revenue and margins, partially offset by higher interest cost and effective tax rate. We revise our Mar'21 TP to Rs 345 (vs. Rs 340).

KEY FINANCIALS (STANDALONE)

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	19,317	21,373	23,738	30,741	34,039
EBITDA (Rs mn)	3,861	4,270	4,649	5,847	6,297
Adj. net profit (Rs mn)	2,721	2,468	1,910	2,409	2,678
Adj. EPS (Rs)	19.3	17.6	13.6	17.1	19.0
Adj. EPS growth (%)	61.8	(9.3)	(22.6)	26.1	11.1
Adj. ROAE (%)	26.5	19.2	12.6	13.8	13.5
Adj. P/E (x)	14.3	15.8	20.4	16.1	14.5
EV/EBITDA (x)	10.4	9.5	8.8	7.1	6.7

Source: Company, BOBCAPS Research

BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda

Important disclosures, including any required research certifications, are provided at the end of this report.



FIG 1 – STANDALONE QUARTERLY AND 9M FINANCIAL PERFORMANCE

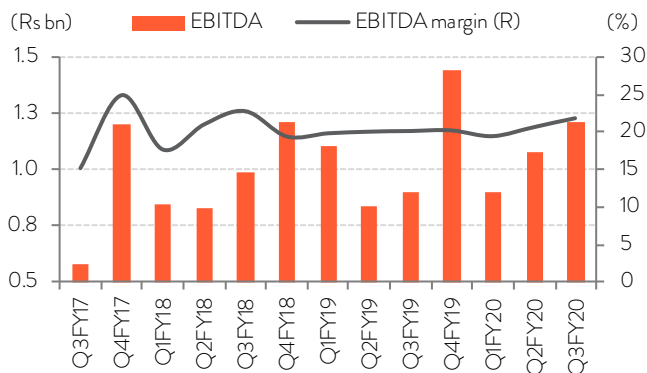
Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Revenue	5,542**	4,489	23.5	5,230*	6.0	15,418	14,215	8.5
Total Expenditure	4,335	3,588	20.8	4,153*	4.4	12,234	11,384	7.5
EBITDA	1,207	901	33.9	1,077	12.1	3,184	2,831	12.5
EBITDA margins (%)	21.8	20.1	171bps	20.6	120bps	20.7	19.9	73bps
Other income	61**	107	(42.9)	38*	60.0	267	372	(28.4)
Interest	142	73	95.1	98	45.0	330	219	50.7
Depreciation	517	450	14.9	475	8.8	1,381	1,203	14.8
PBT	610	485	25.6	542	12.5	1,740	1,782	(2.4)
PBT margin (%)	11.0	10.8	19bps	10.4	64bps	11.3	12.5	(125bps)
Current tax	266**	136	94.9	161*	65.1	566	383	47.7
Deferred tax	(90)	(62)	44.6	(49)	NM	(167)	(202)	NM
Total tax provision	176	74	137.0	112	57.3	399	181	na
Effective tax rate (%)	28.9	15.3	1357bps	20.6	822bps	23.0	10.2	na
Adjusted PAT	434	411	5.5	430	0.9	1,341	1,601	(16.3)
Extraordinary/Exceptional Items	(32)**^	110	NM	271^^	NM	239	110	117.6
Reported PAT	402	521	(22.8)	701	(42.6)	1,580	1,711	(7.6)
Adjusted PAT margin (%)	7.8	9.2	(133bps)	8.2	(40bps)	8.7	11.3	(257bps)
EPS (Rs)	3.1	2.9	5.5	3.1	0.9	9.5	11.4	(16.3)

Source: Company, BOBCAPS Research | *In Q2FY20, revenue is adjusted for award of arbitration claims of Rs 232.3mn (adjusted for receivables of Rs 121.6mn), total expenditure is adjusted by Rs 51.1mn for cost incurred towards claims, and other income is adjusted for interest on arbitration claims of Rs 217.5mn, and these adjustments are restated under exception net of taxes. **In Q3FY20, revenue is adjusted for award of arbitration claims of Rs 36.8mn, and other income is adjusted for interest on arbitration claims of Rs 8.8mn, and these adjustments are restated under exception net of taxes. ^^KNRC has entered into an SPA with CUBE Highways for sale of 100% stake in KNR Walayar Tollways Pvt. Ltd. for an enterprise value of Rs 5.3bn and accordingly impaired its investment for an amount of Rs 67.2mn recorded as exceptional item in Q3FY20; investment in KNR Chidambaram Infra HAM project has been written-off due to deemed termination, resulting in write-off net investments of Rs 40.1mn recorded as exceptional item in Q2FY20.

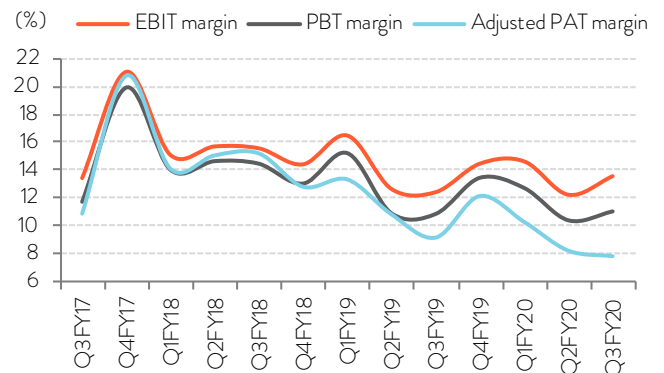
FIG 2 – ORDER BACKLOG AT RS 65.2BN INCL. L1 OF RS 6.4BN; EXECUTABLE SHARE AT 90%

Particulars (Rs mn)	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Order inflows	-	-	-	-	5,607	39,750	-	-	-	10,278	8,473	8,500	4,063
Order backlog	42,381	37,689	33,388	35,872	33,326	23,266	19,800	18,315	15,408	40,156	46,338	51,468	58,883
Book-to-bill (x)	3.1	2.4	1.9	2.1	1.9	1.2	1.0	0.9	0.8	1.9	2.3	2.4	2.6
Order backlog break-up													
Roads	36,065	32,118	28,380	27,283	24,328	16,519	15,446	13,685	12,194	38,421	36,596	32,956	42,331
Irrigation	6,316	5,571	5,008	8,562	8,998	6,747	4,337	4,613	3,199	1,721	9,728	18,505	16,544
Others	-	-	-	27	-	-	17	17	15	14	14	8	8
Total order backlog	42,381	37,689	33,388	35,872	33,326	23,266	19,800	18,315	15,408	40,156	46,338	51,468	58,883
% share													
Roads	85.1	85.2	85.0	76.1	73.0	71.0	78.0	74.7	79.1	95.7	79.0	64.0	71.9
Irrigation	14.9	14.8	15.0	23.9	27.0	29.0	21.9	25.2	20.8	4.3	21.0	36.0	28.1
Others	-	-	-	0.1	-	-	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Total order backlog	100	100	100	100	100	100	100	100	100	100	100	100	100
Order backlog including L1 projects	42,381	37,689	33,388	35,872	44,771	63,016	59,550	58,065	55,158	59,006	65,188	66,818	65,233
Book-to-bill (x)	3.1	2.4	1.9	2.1	2.5	3.3	3.0	2.9	2.7	2.8	3.2	3.1	2.9

Source: Company, BOBCAPS Research

FIG 3 – EBITDA MARGIN TREND

Source: Company, BOBCAPS Research

FIG 4 – EBIT, PBT AND PAT MARGIN TREND

Source: Company, BOBCAPS Research

Earnings call highlights

- Order inflows:** Order inflows remained healthy at ~Rs 21bn in FY20 YTD. So far, KNRC has won two irrigation subcontracting projects (~Rs 17bn), from Navayuga Engineering and Mega Engineering in the state of Telangana (with the latter running as per schedule). Execution at the Navayuga site is moving slowly due to land acquisition issues. Management expects execution on this project to pick up pace from Q1FY21. In Q3, KNRC also won two road maintenance contracts worth Rs 4.1bn in the state of Telangana.
- Revenue from irrigation segment:** The share of revenue from irrigation segment in Q3FY20 stood at Rs 1.65bn (~30% of revenue) and in Q2FY20 it was at Rs 950mn. The share of revenue for 9MFY20 stood at ~20%.
- Identified bids:** The company aims to bid for NHAI projects over Feb-Mar'20 in the states of Karnataka, Tamil Nadu, Kerala, Madhya Pradesh, Uttar Pradesh, Bihar and West Bengal. It is also targeting bids for 8-9 upcoming irrigation projects (likely to come up for bidding in Mar'20).
- FY20 guidance:** Management expects FY20 revenue at ~Rs 23.5bn, order inflows at Rs 10bn-15bn (for the remainder of FY20; NHAI HAM projects), EBITDA margin at 18-19%, effective tax rate at 25%, capex at Rs 1.5bn (9M capex at Rs 1.2bn), and Mar'20 net D/E at 0.2x.
- FY21 guidance:** Management expects FY21 revenue at ~Rs 27.5bn, order inflows at Rs 25bn-30bn, EBITDA margin at 18-19%, effective tax rate at 30%, and capex at Rs 1.8bn-2bn.
- Toll collection:** Gross toll collection at the Muzaffarpur/Walayar BOT projects stood at Rs 1.5mn/Rs 1.9mn per day in Q3FY20. Collections remains weak at Muzaffarpur due to ongoing major bridge repairs on part of the project stretch, resulting in traffic diversion. This repair work is likely to be completed

in the next 6-8 months, post which the lost traffic is likely to be recouped. Current gross toll collection run-rate at Muzaffarpur stands at Rs 1.7mn/day.

- **Stake sale in Walayar project to Cube at equity value of Rs 3.9bn:** In Jan'20, KNRC entered into an SPA with Cube Highways for 100% stake sale of KNR Walayar Tollways Pvt Ltd (BOT-Toll project) for an EV of Rs 5.3mn (equity value at Rs 3.9bn and gross outstanding debt at Rs 1.4bn). KNRC's investment in the project stands at Rs 4bn. According to management, the deal is likely to be concluded in Mar'20 on receipt of NOC from the lenders and NHAI (expected by end of Feb'20).

The first tranche monetisation proceeds of Rs 3.6bn will be used to pay off promoter debt of Rs 1.9bn and the remaining proceeds will likely fund capex & working capital as well as investments in new HAM projects. The balance Rs 600mn would come in over the next ~1.5 years, pending income-tax assessment. We have not considered this stake sale in our valuation pending approvals from the authorities.

- **Leverage:** Of the standalone gross debt of Rs 3.3bn as on Dec'19 (Rs 3.2bn as on Sep'19/Rs 2.6bn as on Mar'19), promoter debt stood at Rs 1.9bn. Net D/E remained under control at 0.2x (unchanged QoQ).
- **Bank limits:** As on Dec'19, KNRC's fund/non-fund-based limits stood at Rs 1.4bn (80-90% utilised)/Rs 16bn (80% utilised).
- **Tax regime:** With outstanding MAT credit of Rs 600mn (to be utilised over ~1.5 years), management has decided to follow the old tax regime and is likely to shift to the new tax rate from FY22.
- **Dec'19 key balance sheet items:** Gross debt stands at Rs 3.3bn (includes Rs 1.9bn of promoter debt), debtors at Rs 3.5bn, MAT credit at Rs 600mn, cash and bank balance at Rs 80mn, mobilisation advances at Rs 2bn and gross block at Rs 10.7bn.
- **Arbitration:** KNRC has total ongoing arbitration claims of ~Rs 9bn, of which ~Rs 4bn is related to JV projects and ~Rs 5bn related to projects at the parent level. Of these, the company has been awarded claims of ~Rs 6bn (~Rs 4bn for JV projects and balance at parent level).

FIG 5 – STATUS OF FIVE HAM PROJECTS

HAM project (Rs mn)	Awarding authority	Km	Lane	BPC	EPC cost (net of GST)	TPC	Equity	Grant [^]	Debt	Equity invested up to Dec'19	AD	Land availability status	Work completed as on Dec'19 (%)
Trichiraopalli - Kallagam, Tamil Nadu*	NHAI	38.7	4	10,206	7,464	9,100	962	4,318	3,820	481	01-Mar-19	90%	25.4
Ramsanpalle - Mangloor, Telangana*	NHAI	46.8	4	12,340	8,438	10,456	1,351	4,936	4,169	536	02-May-19	85%	34.8
Chittor - Mallavaram, Andhra Pradesh*	NHAI	61.1	6	17,301	11,607	14,555	1,433	7,393	5,730	725	04-Jan-19	98%	35.2
Magadi - Somwarpeth, Karnataka	KSHIP	166	2	11,445	9,000	11,276	1,221	7,485	2,570	26	12-Feb-20	70%; over 80% land is likely to be available in next 3-6 months; Equity investment of Rs 420mn/ Rs 800mn in FY20/FY21	NA
Oddanchatram - Madathukulam (Pkg -2), Tamil Nadu	NHAI	45.38	4	9,200	6,707	8,790	900	3,680	4,210	1	CA signed on 6-Dec-19	AD likely by end of May'20; Equity investment of Rs 450mn each in FY21/FY22	NA
Total				65,312	46,734	58,493	5,867	29,852	22,319	1,769			

Source: Company, BOBCAPS Research | *Monetised: 100% stake sale agreement entered into with Cube Highways; the company will transfer equity in a phased manner subject to achievement of certain conditions. [^]Grant includes estimated Price Index Multiple of Rs 821mn | Note: BPC – Bid Project Cost, AD – Appointed Date, CA – Concession Agreement, TPC – Total Project Cost

Valuation methodology

A strong Rs 65bn order backlog (incl. L1) substantially raises KNRC's EPC revenue visibility over the next two years – we model for a revenue CAGR of 17% over FY19-FY22. Additionally, the company's positive operating cash flows, lean working capital and low net D/E (0.2x as on Dec'19) will help it fund new HAM projects.

Equity requirements for existing HAM contracts are unlikely to be a concern due to its recent deal with Cube (49% stake to be monetised during the construction period). We have not considered this stake sale in our valuation as Cube will begin investing only once 90% of right of way (ROW) is available and ~50% execution stands completed.

The stock is trading at 14.6x/11.6x/10.4x FY20E/FY21E/FY22E standalone earnings, after adjusting Rs 70/sh for the value of its assets. These valuations are fairly attractive considering KNRC's impressive execution track record, strong balance sheet, superior margins and favourable return ratios. We raise FY20/FY21/FY22 earnings estimates by 5%/9%/4% to bake in higher Q3 revenue and margins, partly offset by higher interest cost and effective tax rate assumptions. Our Mar'21 target price moves to Rs 345 (vs. Rs 340). Maintain BUY.

FIG 6 – REVISED ESTIMATES

(Rs mn)	FY20E			FY21E			FY22E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenue	23,705	23,738	0.1	29,173	30,741	5.4	33,145	34,039	2.7
EBITDA	4,160	4,649	11.8	5,102	5,847	14.6	5,787	6,297	8.8
EBITDA margin (%)	17.5	19.6	204bps	17.5	19.0	153bps	17.5	18.5	104bps
Adjusted PAT	1,818	1,910	5.1	2,215	2,409	8.8	2,579	2,678	3.8
PAT margin (%)	7.7	8.0	38bps	7.6	7.8	24bps	7.8	7.9	9bps

Source: BOBCAPS Research

For our SOTP model, we value:

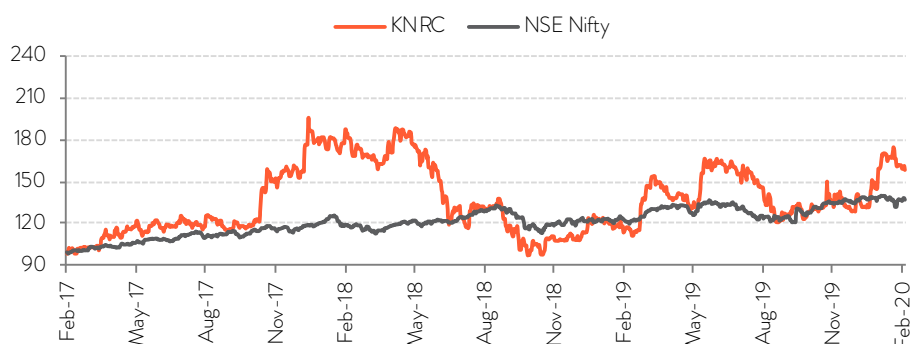
- (i) the EPC business at Rs 267/sh based on 14x Mar'22E earnings;
- (ii) BOT assets at Rs 35/sh on P/BV basis (P/BV of 1x for invested equity in the two assets as on Mar'21E); and
- (iii) HAM projects at Rs 44/sh on P/BV basis (P/BV of 1-1.2x for equity investment in five projects as on Mar'21E).

FIG 7 – MAR'21 SOTP-BASED TARGET PRICE OF RS 345

Business (Rs mn)	Basis of valuation	Value	Multiple (x)	Valuation	Value per share (Rs)
Standalone business (EPC)	P/E (x) on Mar'22E earnings	2,678	14.0	37,489	267
Equity investment in BOT and HAM road assets	Equity investment as on Mar'21E	10,295	-	11,044	79
Equity investment in BOT projects	P/BV	4,878	-	4,878	35
- Walayar		3,974	1.0	3,974	28
- Muzaffarpur		903	1.0	903	6
Equity investment in HAM projects	P/BV	5,417	-	6,166	44
- Trichiraopalli-Kallagam		962	1.2	1,155	8
- Ramsanpalle-Mangloor		1,351	1.2	1,621	12
- Chittor-Mallavaram		1,433	1.2	1,719	12
- Magadi-Somwarpeth		1,221	1.0	1,221	9
- Oddanchatram-Madathukulam		450	1.0	450	3
Target price (Rs)		-	-	48,533	345
O/s shares (in mn)					141

Source: Company, BOBCAPS Research

FIG 8 – RELATIVE STOCK PERFORMANCE



Source: NSE

Key risks

- **Slowdown in road sector capex:** Capex in the road sector has witnessed some revival over the last two years. Any slowdown in project awarding would impact the company's growth and our estimates.
- **Delay in execution of projects in hand:** Execution delays due to land acquisition hurdles or delay in appointed dates or other regulatory bottlenecks could adversely affect KNRC's revenue prospects.
- **Execution risk:** While KNRC has excellent execution skills, a potential entry into new segments and geographies exposes it to execution risks. Also, with the average size and complexity of projects increasing, the company faces the challenge of completing large projects within the stipulated time and cost.

FINANCIALS (STANDALONE)

Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue	19,317	21,373	23,738	30,741	34,039
EBITDA	3,861	4,270	4,649	5,847	6,297
Depreciation	(1,341)	(1,681)	(1,903)	(2,209)	(2,422)
EBIT	2,520	2,589	2,746	3,638	3,875
Net interest income/(expenses)	(231)	(291)	(478)	(574)	(486)
Other income/(expenses)	393	444	338	378	383
Exceptional items	0	0	0	0	0
EBT	2,682	2,741	2,606	3,442	3,772
Income taxes	39	(273)	(696)	(1,033)	(1,094)
Extraordinary items	0	165	239	0	0
Min. int./Inc. from associates	0	0	0	0	0
Reported net profit	2,721	2,633	2,150	2,409	2,678
Adjustments	0	0	0	0	0
Adjusted net profit	2,721	2,468	1,910	2,409	2,678

Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Accounts payables	2,184	2,236	2,276	2,948	3,264
Other current liabilities	0	0	0	0	0
Provisions	184	164	195	291	280
Debt funds	2,204	2,641	3,250	3,950	1,500
Other liabilities	3,508	3,518	4,878	6,089	6,966
Equity capital	281	281	281	281	281
Reserves & surplus	11,297	13,862	15,944	18,297	20,918
Shareholders' fund	11,578	14,143	16,225	18,578	21,200
Total liabilities and equities	19,658	22,703	26,824	31,856	33,210
Cash and cash eq.	438	130	794	218	457
Accounts receivables	3,560	3,794	5,594	6,675	7,332
Inventories	2,124	3,162	3,902	4,885	5,409
Other current assets	0	0	0	0	0
Investments	5,976	7,078	8,386	11,471	11,921
Net fixed assets	3,315	3,710	3,307	3,098	2,176
CWIP	0	0	56	56	56
Intangible assets	0	0	0	0	0
Deferred tax assets, net	1,408	1,739	1,597	1,597	1,597
Other assets	2,836	3,090	3,187	3,855	4,262
Total assets	19,658	22,703	26,824	31,856	33,210

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Net income + Depreciation	4,062	4,314	4,053	4,619	5,100
Interest expenses	231	291	478	574	486
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(2,490)	(1,820)	(1,374)	(742)	(405)
Other operating cash flows	0	0	0	0	0
Cash flow from operations	1,804	2,785	3,157	4,450	5,181
Capital expenditures	(2,035)	(2,076)	(1,556)	(2,000)	(1,500)
Change in investments	(11)	(1,101)	(1,309)	(3,084)	(450)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(2,045)	(3,177)	(2,865)	(5,084)	(1,950)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	763	438	609	700	(2,450)
Interest expenses	(231)	(291)	(478)	(574)	(486)
Dividends paid	(66)	(68)	(68)	(68)	(56)
Other financing cash flows	(32)	5	129	0	0
Cash flow from financing	434	84	193	58	(2,992)
Changes in cash and cash eq.	192	(308)	485	(576)	239
Closing cash and cash eq.	438	130	615	218	457

Per Share

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20E	FY21E	FY22E
Reported EPS	19.3	18.7	15.3	17.1	19.0
Adjusted EPS	19.3	17.6	13.6	17.1	19.0
Dividend per share	0.4	0.4	0.4	0.4	0.4
Book value per share	82.3	100.6	115.4	132.1	150.8

Valuations Ratios

Y/E 31 Mar (x)	FY18A	FY19A	FY20E	FY21E	FY22E
EV/Sales	2.1	1.9	1.7	1.3	1.2
EV/EBITDA	10.4	9.5	8.8	7.1	6.7
Adjusted P/E	14.3	15.8	20.4	16.1	14.5
P/BV	3.4	2.8	2.4	2.1	1.8

DuPont Analysis

Y/E 31 Mar (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	101.5	90.0	73.3	70.0	71.0
Interest burden (PBT/EBIT)	106.4	105.9	94.9	94.6	97.3
EBIT margin (EBIT/Revenue)	13.0	12.1	11.6	11.8	11.4
Asset turnover (Revenue/Avg TA)	107.8	100.9	95.9	104.8	104.6
Leverage (Avg TA/Avg Equity)	1.7	1.6	1.6	1.7	1.6
Adjusted ROAE	26.5	19.2	12.6	13.8	13.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Ratio Analysis

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
YoY growth (%)					
Revenue	25.3	10.6	11.1	29.5	10.7
EBITDA	68.2	10.6	8.9	25.8	7.7
Adjusted EPS	61.8	(9.3)	(22.6)	26.1	11.1
Profitability & Return ratios (%)					
EBITDA margin	20.0	20.0	19.6	19.0	18.5
EBIT margin	13.0	12.1	11.6	11.8	11.4
Adjusted profit margin	14.1	11.5	8.0	7.8	7.9
Adjusted ROAE	26.5	19.2	12.6	13.8	13.5
ROCE	23.0	18.9	16.7	18.7	18.4
Working capital days (days)					
Receivables	67	65	86	79	79
Inventory	40	54	60	58	58
Payables	41	38	35	35	35
Ratios (x)					
Gross asset turnover	2.6	2.3	2.2	2.4	2.4
Current ratio	1.5	1.7	1.8	1.7	1.7
Net interest coverage ratio	10.9	8.9	5.7	6.3	8.0
Adjusted debt/equity	0.2	0.2	0.2	0.2	0.0

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

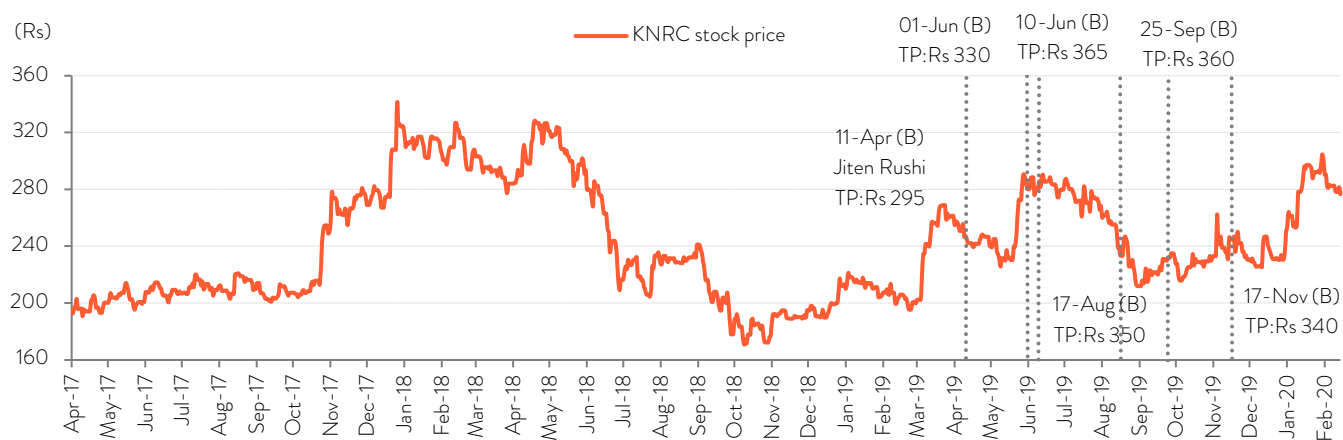
ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

HISTORICAL RATINGS AND TARGET PRICE: KNR CONSTRUCTIONS (KNRC IN)



B – Buy, A – Add, R – Reduce, S – Sell

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