

KNR Constructions (KNRC IN)

Q1FY27 Result Update

August 15, 2026

 ■ Estimate Change | ☒ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	126		119	
Sales (INR mn)	20,602	25,106	20,602	25,106
% Chng.	-	-	-	-
EBITDA (INR mn)	2,163	2,887	2,163	2,887
% Chng.	-	-	-	-
EPS (INR)	5.4	7.2	5.4	7.2
% Chng.	-	-	-	-

Key Data

KNRL.BO | KNRC IN

BSE Code	532942
NSE Code	KNRCON
52-W High / Low	INR 220 / INR 108
Face Value	2
Sensex / Nifty	78,009 / 24,366
Market Cap	INR 37 bn / \$ 390 mn
Shares Outstanding	281.23 mn
3M Avg. Daily Value	INR 186.05 mn

Shareholding Pattern (%)

Promoters	48.81
FII's	6.29
Mutual Funds	18.85
Domestic Institutions	0.46
Public & Others	25.59
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	5.6	1.8	(6.3)	(33.3)
Relative	4.3	(1.6)	(0.8)	(31.1)

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	33,586	20,967	20,602	25,106
EBITDA (INR mn)	6,259	1,782	2,163	2,887
Margin (%)	18.6	8.5	10.5	11.5
PAT (INR mn)	3,275	1,162	1,522	2,026
EV (INR mn)	35,808	36,136	28,280	26,921
Total Debt (INR mn)	-	-	-	-
C&C Eq. (INR mn)	1,436	1,108	8,964	10,323
EPS (INR)	11.6	4.1	5.4	7.2
Gr. (%)	335.5	(64.5)	31.0	33.1
DPS (INR)	0.2	0.2	0.3	0.3
Yield (%)	0.2	0.2	0.2	0.2
RoE (%)	9.1	2.9	3.7	4.7
RoCE (%)	14.9	3.0	3.6	4.8
EV/Sales (x)	1.1	1.7	1.4	1.1
EV/EBITDA (x)	5.7	20.3	13.1	9.3
PE (x)	11.4	32.1	24.5	18.4
P/BV (x)	0.9	0.9	0.9	0.8

Order book build up continues

Quick Pointers

- FY27 guidance maintained at INR22–23bn revenue
- Mining to drive the next growth phase, while INR80–100bn order inflow target.

KNR Constructions (KNRC) reported muted Q1FY27 performance, with revenue declining 10% YoY and adjusted EBITDA margin at 5%, impacted by delayed commencement of new HAM and mining projects and execution delays in Karnataka HAM packages. However, order build-up remains healthy, with Q1FY27 order book at INR 87bn (4x TTM revenue) and an additional INR 66bn of L1 orders. Including L1 orders, mining accounts for ~45% of the order, followed by roads at ~38%, increasing the company's exposure to the mining segment. Mining projects are yet to enter the execution phase, with Kusmunda MDO expected to commence in Sep'26 and Banhardih likely to commence in FY28. Management reiterated FY27 revenue guidance of INR 22–23bn and expects 30–35% revenue growth in FY28, supported by a meaningful improvement in execution from Q3FY27 as the Chennai ECR HAM, Telangana HAM and Kusmunda MDO projects ramp up. On capital allocation, management indicated that a share buyback is under consideration, while standalone cash stood at INR 3.1bn in Q1FY27 and INR 10bn is awaited from the asset sale. We maintain our HOLD rating with a SoTP-based target price of INR 126/share. While the stock trades below book value, valuations remain demanding at 18x FY28E EPS, limiting near-term upside.

Weak quarter: KNR reported Q1FY27 revenue of INR 4.4bn, down 10% YoY, muted in Q1FY27 due to delayed commencement of new HAM/MDO projects, land acquisition issues in Karnataka HAM projects and initial execution challenges. Revenue included one off of INR 760mn related to related to the IndInfra (Indus Infra Trust) asset monetisation transaction. Adj. Revenue came in at INR 3.6bn (-25% YoY). Adj. EBITDA post one off related expenses of INR 460 mn stood at INR 195mn complying to EBITDA margins of 5.4%. PAT stood at INR 378mn, down 26% YoY. Company reported exceptional item worth INR 2.8 bn related to sale of 2 SPV's to Indus Infra trust.

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	% Var.	Q1'26A	YoY gr. (%)
Net Sales (INR mn)	4,592	4,367	(5.0)	4,833	(10.0)
EBITDA (INR mn)	459	655	43.0	656	-
Margin (%)	10.0	15.0	500 bps	13.6	140 bps
PAT (INR mn)	369	-30	(108.0)	513	(106.0)

Source: Company, PL

Vishal Periwal

vishalperiwal@plindia.com | +91-22-63782549

Shubham Shelar

shubhamshelar@plindia.com | +91-22-66322222

Disha Mudda

dishamudda@plindia.com | +91-22-66322222

Guidance reiterated: Management reiterated a positive medium-term outlook, guiding for FY27 revenue of INR22–23 bn with EBITDA margins of 8–9%, supported by the commencement of the Chennai ECR HAM, Telangana HAM and Kusmunda MDO projects from H2FY27. For FY28, the company targets revenue exceeding INR30 bn, with margins improving to 11–12% as execution gathers pace across HAM and mining projects. KNR is targeting FY27 order inflows of INR80–100 bn, spanning roads, irrigation, energy and state government EPC projects, while maintaining a healthy L1 position of ~INR15 bn. Management also highlighted a growing opportunity pipeline in railways, metro and urban infrastructure, while continuing to pursue projects selectively with a focus on execution visibility, disciplined bidding and return thresholds rather than aggressive order wins.

Mining (MDO): Next Leg of Growth: Mining is expected to emerge as KNR's key long-term growth driver, with the Kusmunda MDO project scheduled to commence from Sep'26, while the Banhardih MDO project is likely to start in FY28 after receiving Stage-II forest clearance. Management expects mining revenue of ~INR1.5 bn in FY27, ramping up to ~INR4 bn annually from Kusmunda, with an additional ~INR5 bn annual revenue opportunity once Banhardih becomes operational. To support execution, the company plans INR3.5–4.0 bn of capex in FY27, while adopting equipment buyback arrangements with Caterpillar and Komatsu to lower maintenance costs, improve fuel efficiency and optimise lifecycle economics. Management remains confident of generating PAT margins above 6% from the mining business. With mining contributing 45% of the current order book, this vertical is expected to significantly diversify KNR's revenue mix and become a meaningful earnings driver over the medium term.

Exhibit 1: Quarterly Estimates

(INR mn)	Q1FY27	YoY gr. (%)	Q2FY27E	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
Sales	4,367	(10)	4,684	(5)	6,143	5	5,409	1
EBITDA	655	(0)	486	(9)	522	70	500	77
Margin (%)	15.0%		10.4%	0	8.5%	0	9.2%	0
Adj. PAT	378	513	251	(10)	330	87	971	405

Source: Company, PL

Q4FY26 Earnings call Highlights

Guidance for FY27 revenue of INR22–23 bn, implying ~10–15% growth over FY26, with execution expected to meaningfully improve from Q3FY27 as the Chennai ECR HAM, Telangana HAM and Kusmunda MDO projects commence. FY28 is expected to be a stronger year with revenue targeted at >INR30 bn. EBITDA margin is guided at 8–9% in FY27 (excluding one-offs) and is expected to improve to 11–12% in FY28 as mining and HAM projects ramp up.

KNR is targeting FY27 order inflows of INR80–100 bn, comprising roads, irrigation, energy and state government EPC projects. Management highlighted an L1 position of ~INR15 bn while actively bidding for metro, railway, pipeline and highway projects, with a continued focus on South India where execution capabilities provide a competitive advantage.

As of 30 June 2026, KNR's reported order book stood at INR8.67 bn, increasing to INR15.23 bn after including the recently awarded HAM and mining projects. Mining now contributes 45% of the order book, followed by roads (38%), irrigation (11%), and pipeline (6%). Excluding mining, the executable order book provides visibility for 3–3.5 years, underpinning medium-term revenue growth.

Execution of the Kusmunda coal MDO project is expected to commence from September 2026, while the older Banhardih/Jharkhand MDO is awaiting Stage-II forest clearance and is likely to begin only in FY28. Management expects mining revenue of around INR1.5 bn in FY27, increasing to ~INR4–5 bn annually from Kusmunda in FY28, with further upside once Banhardih becomes operational.

Mining capex is estimated at INR350–400 mn in FY27, largely for Kusmunda, with cumulative investment potentially reaching INR900–1,000 mn across both mines. Management highlighted several cost optimisation initiatives including buyback arrangements with Caterpillar and Komatsu dumpers every two years, which significantly reduce maintenance costs, improve fuel efficiency and lower lifecycle ownership costs while supporting targeted profitability.

The company remains debt free on a standalone basis, while consolidated debt reduced to INR1,972 mn from INR2,438 mn in Mar'26, improving net debt/equity to 0.39x. Standalone cash stood at INR310 mn, while consolidated cash was INR430 mn, providing sufficient liquidity to fund upcoming mining capex and HAM equity commitments.

Outstanding receivables from the Telangana Kaleshwaram Package-4 project remain elevated at ~INR1.3 bn, taking total irrigation receivables to ~INR1.4–1.45 bn. Management indicated discussions with the state government have turned constructive, with proposals to release dues in 5–6 instalments instead of the initially proposed ten. Management expects INR400–600 mn collections during FY27, subject to government approvals.

Of the total equity investment of INR8.1 bn, the company has invested INR6 bn as of Jun-26. The incremental equity requirement is Rs2.1 bn to be infused in FY27/FY28.

Execution on the Mysore–Kushalnagar Packages IV & V had remained slow due to land acquisition and local issues; however, management stated that nearly the entire project land has now been handed over, enabling execution to accelerate from Q2/Q3FY27. The company targets completion of both packages by Apr–May 2027, while Chennai ECR and Telangana HAM projects are also expected to achieve appointed dates during Q3FY27

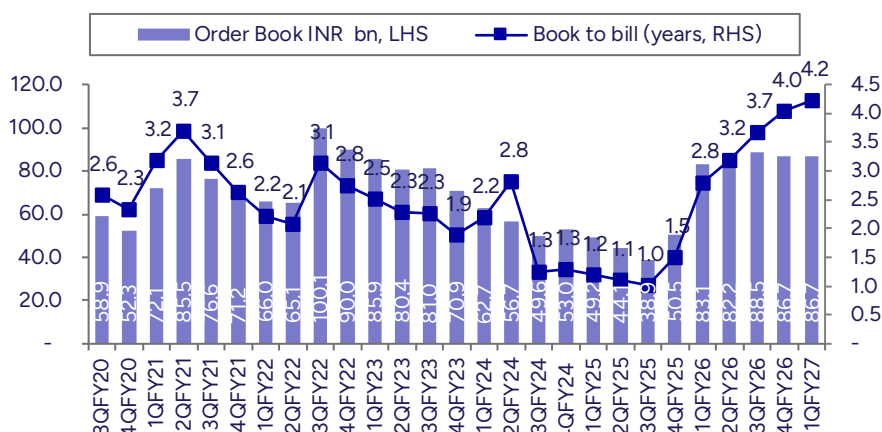
Management acknowledged that a share buyback is under active consideration, with discussions currently underway at the Board level. However, any capital return decision will balance shareholder returns against upcoming HAM equity commitments and mining capex requirements, reflecting a conservative capital allocation approach.

Exhibit 2: Q1FY27 Result Overview (INR mn)

Particulars (INR mn)	Jun-26	Jun-25	YoY gr. (%)	Jun-26 E	%Var	Mar-26	QoQ gr. (%)	FY27	FY26	YoY gr. (%)
Net Sales	4,367	4,833	(10)	4,592	(0)	5,353	(18)	20,602	20,967	(2)
EBIDTA	655	656	(0)	459	0	283	131	2,163	1,782	21
EBITDA margin (%)	15%	14%	1	10%		5.3%	10	10.5%	8.5%	200
Other income	39	217	(82)	213	(1)	289	(86)	716	639	12
PBIDT	694	874	(21)	672	0	572	21	2,879	2,422	19
Depreciation	100	150	(34)	147	(0)	139	(29)	687	582	18
Interest	20	34	(40)	33	(0)	30	(33)	150	142	5
Pre-tax profit	574	689	(17)	492	0	403	43	2,042	1,698	20
Tax (current+deferred)	605	177	242	123	4	210	187	521	536	(3)
Profit after tax	2,823	513	450	369	7	192	1,368	1,522	1,162	31
Adj Profit after tax	378	513	(26)	369	0	192	96.31	1,522	1,162	31

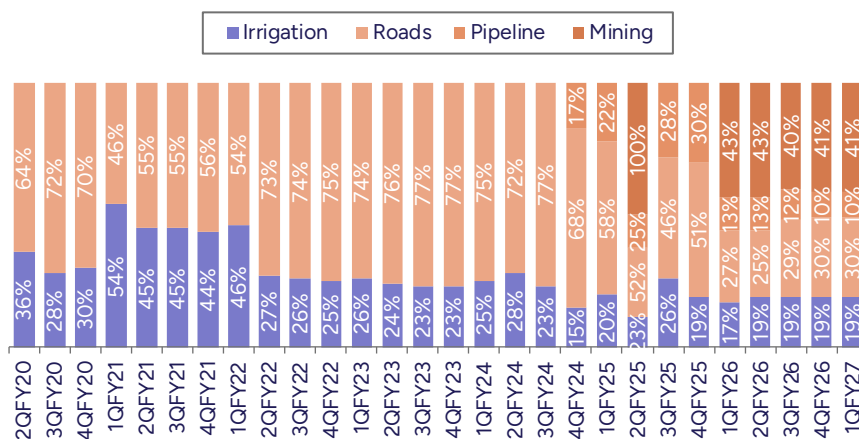
Source: Company, PL

Exhibit 3: Order book visibility at 4x TTM revenue



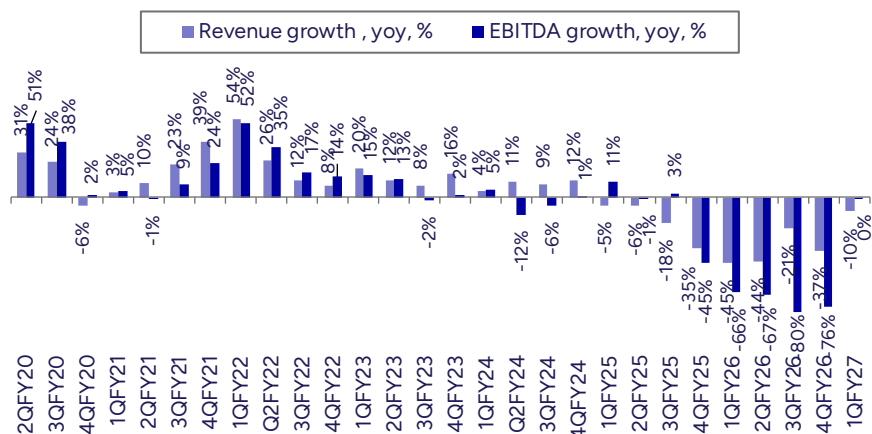
Source: Company, PL

Exhibit 4: Order Book: Segment wise concentration



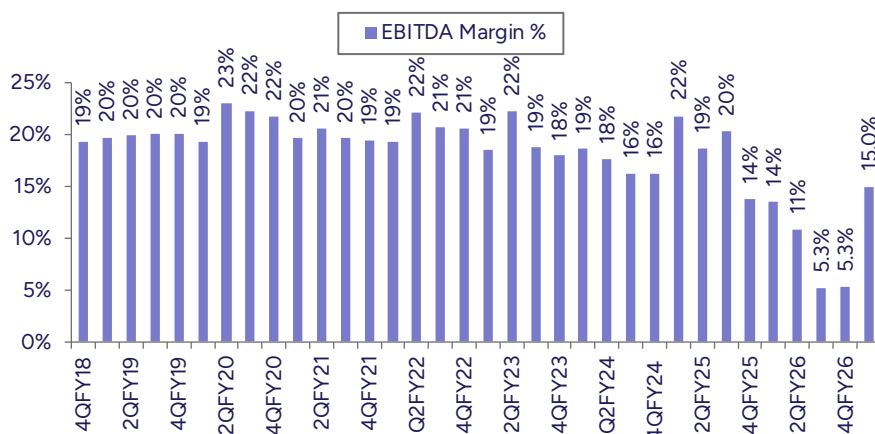
Source: Company, PL

Exhibit 5: Revenue muted YoY



Source: Company, PL

Exhibit 6: EBITDA margin trend



Source: Company, PL

Exhibit 7: Key annual operational and financial metrics

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Order Book	71,179	90,008	70,921	53,048	50,518	86,725	111,647	142,066
Order Inflow	45,908	51,555	18,351	23,037	5,262	35,524	45,524	55,524
Book to bill x	2.3	2.5	2.1	1.5	1.5	3.3	4.8	5.1
Revenue	27,026	32,726	37,438	40,910	33,586	20,967	20,602	25,106
Change yoy, %	20%	21%	14%	9%	-18%	-38%	-2%	22%
EBITDA	5,358	6,777	7,217	7,010	6,259	1,782	2,163	2,887
EBITDA Margin %	19.8	20.7	19.3	17.1	18.6	8.5	10.5	11.5
PAT	2,515	3,680	4,110	752	3,275	1,162	1,522	2,026
Change yoy, %	7.7	46.3	11.7	-81.7	335.5	-64.5	31.0	33.1
PAT Margin %	9.0	11.7	13.3	12.1	21.6	5.5	7.4	8.1
WC as a % of sales	33%	28%	43%	40%	70%	143%	96%	73%
Net debt (INR bn)	-1,163	-1,669	-1,942	-2,346	-1,436	-1,108	-8,964	-10,323
Net debt/ equity (x)	-0.06	-0.07	-0.07	-0.07	-0.04	-0.03	-0.21	-0.23
Capex (INR bn)	939	2,939	516	728	181	-222	3,500	1,000
CFO (Rs. bn)	2,920	3,432	129	2,178	-2,637	427	6,412	3,577
CFO/ EBITDA	55%	51%	2%	31%	-42%	24%	296%	124%

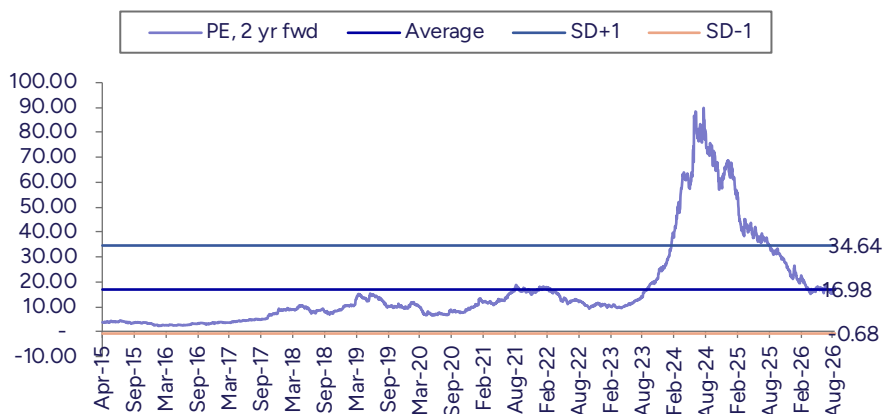
Source: Company, PL

Exhibit 8: TP of KNRC at INR119/sh

Particulars	FY28E
PAT	2,026
Target Multiple (x)	9
Total Equity value	18,233
No of shares (mn)	281
EPC value per share (Rs)	65
Value of BOT & HAM projects (Rs)	62
Target price (Rs)	126

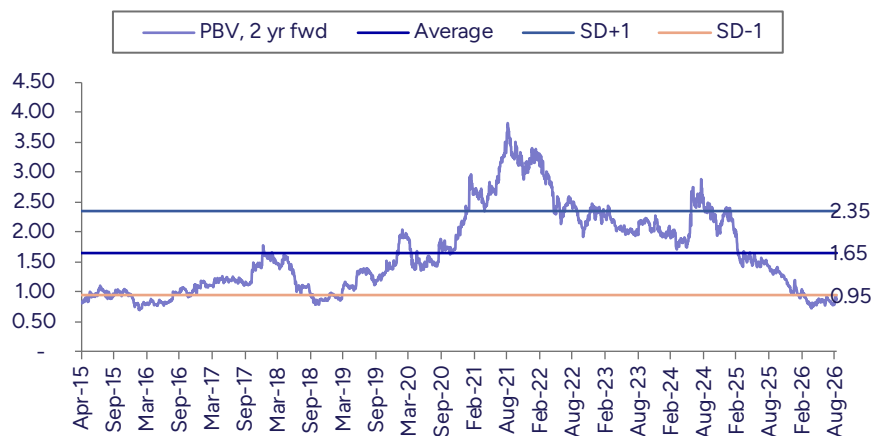
Source: Company, PL

Exhibit 9: KNRC PE band continues to be at its averages



Source: Company, PL

Exhibit 10: KNRC PB band continues to be below BV



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	33,586	20,967	20,602	25,106
YoY gr. (%)	(17.9)	(37.6)	(1.7)	21.9
Cost of Goods Sold	14,664	7,640	4,769	2,977
Gross Profit	18,922	13,328	15,833	22,128
Margin (%)	56.3	63.6	76.9	88.1
Employee Cost	2,896	1,512	944	589
Other Expenses	9,766	10,033	12,726	18,652
EBITDA	6,259	1,782	2,163	2,887
YoY gr. (%)	(10.7)	(71.5)	21.4	33.5
Margin (%)	18.6	8.5	10.5	11.5
Depreciation and Amortization	903	582	687	831
EBIT	5,357	1,201	1,476	2,056
Margin (%)	15.9	5.7	7.2	8.2
Net Interest	130	142	150	160
Other Income	4,517	639	716	824
Profit Before Tax	9,594	1,698	2,042	2,719
Margin (%)	28.6	8.1	9.9	10.8
Total Tax	2,337	536	521	693
Effective Tax Rate (%)	24.4	31.6	25.5	25.5
Profit After Tax	7,257	1,162	1,522	2,026
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,275	1,162	1,522	2,026
YoY gr. (%)	335.5	(64.5)	31.0	33.1
Margin (%)	9.8	5.5	7.4	8.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,275	1,162	1,522	2,026
YoY gr. (%)	335.5	(64.5)	31.0	33.1
Margin (%)	9.8	5.5	7.4	8.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,275	1,162	1,522	2,026
Equity Shares O/s (mn)	281	281	281	281
EPS (INR)	11.6	4.1	5.4	7.2

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	17,897	17,878	21,378	22,378
Tangibles	663	663	663	663
Intangibles	-	-	-	-
Acc: Dep / Amortization	14,872	15,453	16,140	16,972
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net Fixed Assets	3,689	3,088	5,901	6,070
Tangibles	3,689	3,088	5,901	6,070
Intangibles	-	-	-	-
Capital Work In Progress	4	1	1	1
Goodwill	-	-	-	-
Non-Current Investments	7,899	3,181	4,181	5,881
Net Deferred Tax Assets	1,276	1,151	1,151	1,151
Other Non-Current Assets	1,764	2,131	2,237	2,349
Current Assets				
Investments	-	-	-	-
Inventories	1,603	1,327	1,275	1,536
Trade Receivables	12,450	8,715	7,902	8,254
Cash & Bank Balance	1,436	1,108	8,964	10,323
Other Current Assets	1,965	2,631	2,585	3,148
Total Assets	46,498	46,841	48,308	51,093
Equity				
Equity Share Capital	562	562	562	562
Other Equity	38,887	39,985	41,437	43,392
Total Network	39,450	40,548	41,999	43,955
Non-Current Liabilities				
Long Term Borrowings	-	-	-	-
Provisions	68	60	60	60
Other Non Current Liabilities	26	26	26	26
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade Payables	3,080	2,799	2,691	3,242
Other Current Liabilities	3,845	3,342	3,467	3,744
Total Equity & Liabilities	46,498	46,841	48,308	51,093

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	9,709	1,837	2,192	2,879
Add. Depreciation	903	582	687	831
Add. Interest	(2,918)	(241)	(716)	(824)
Less Financial Other Income	4,517	639	716	824
Add. Other	-	-	-	-
Op. Profit before WC Changes	7,693	2,178	2,163	2,887
Net Changes-WC	(8,163)	(1,149)	4,770	1,384
Direct Tax	(2,167)	(602)	(521)	(693)
Net Cash from Op. Activities	(2,637)	427	6,412	3,577
Capital Expenditures	(181)	222	(3,500)	(1,000)
Interest / Dividend Income	2,920	114	716	824
Others	(1,269)	(634)	(1,107)	(1,812)
Net Cash from Inv. Activities	1,470	(298)	(3,890)	(1,988)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	-	-	-	-
Dividend Paid	(70)	(70)	(70)	(70)
Interest Paid	(117)	(163)	(150)	(160)
Others	-	-	-	-
Net Cash from Fin. Activities	(187)	(233)	(220)	(230)
Net Change in Cash	(1,353)	(105)	2,302	1,359
Free Cash Flow	(2,818)	649	2,912	2,577

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	4,930	5,851	5,353	4,367
YoY gr. (%)	(44.2)	(21.3)	(37.1)	(9.6)
Raw Material Expenses	1,661	1,649	2,004	1,743
Gross Profit	3,269	4,202	3,349	2,624
Margin (%)	66.3	71.8	62.6	60.1
EBITDA	536	307	283	655
YoY gr. (%)	(67.5)	(79.7)	(75.9)	-
Margin (%)	10.9	5.3	5.3	15.0
Depreciation / Depletion	147	146	139	100
EBIT	389	161	144	555
Margin (%)	7.9	2.8	2.7	12.7
Net Interest	46	31	30	20
Other Income	39	94	289	39
Profit before Tax	382	223	403	574
Margin (%)	7.7	3.8	7.5	13.1
Total Tax	103	46	210	605
Effective Tax Rate (%)	26.9	20.8	52.2	105.3
Profit After Tax	279	176	192	(30)
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	279	176	192	(30)
YoY gr. (%)	(70.1)	(77.5)	(74.4)	(105.9)
Margin (%)	5.7	3.0	3.6	-
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	279	176	192	(30)
YoY gr. (%)	(70.1)	(77.5)	(74.4)	(105.9)
Margin (%)	5.7	3.0	3.6	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	279	176	192	(30)
Avg. Shares O/s (mn)	-	-	-	-
EPS (INR)	1.0	0.6	0.7	1.3

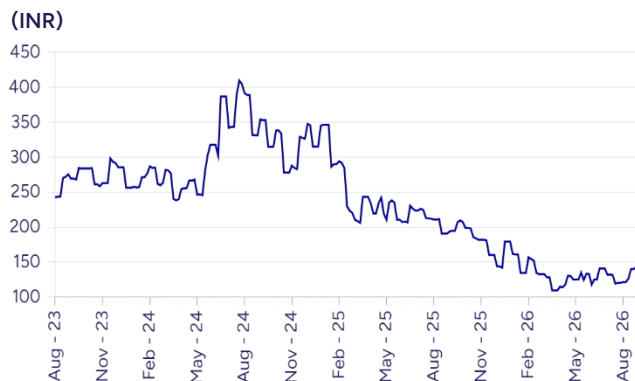
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	11.6	4.1	5.4	7.2
CEPS	14.9	6.2	7.9	10.2
BVPS	140.3	144.2	149.3	156.3
FCF	(10.0)	2.3	10.4	9.2
DPS	0.2	0.2	0.3	0.3
Return Ratio (%)				
RoCE	14.9	3.0	3.6	4.8
ROIC	11.8	2.1	3.4	4.7
RoE	9.1	2.9	3.7	4.7
Balance Sheet				
Net Debt : Equity (x)	-	-	(0.2)	(0.2)
Net Working Capital (Days)	119	126	115	95
Valuation (x)				
PER	11.4	32.1	24.4	18.4
P/B	0.9	0.9	0.9	0.8
P/CEPS	8.9	21.4	17.2	13.6
EV/EBITDA	1.1	1.7	1.4	1.1
EV/Sales	5.8	20.5	13.3	9.5
Dividend Yield (%)	0.2	0.2	0.2	0.2
FCFF Yield (%)	-7.6	1.7	7.8	6.9
PEG Ratio	-	-0.5	0.8	0.6

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Jul-26	HOLD	119	130
2	02-Jun-26	HOLD	119	129
3	08-Apr-26	HOLD	124	114
4	09-Feb-26	Hold	148	152
5	05-Oct-21	Accumulate	314	289
6	13-Aug-21	Accumulate	314	286
7	05-Jul-21	Accumulate	253	245
8	21-May-21	Accumulate	253	227
9	06-Apr-21	Accumulate	243	210
10	12-Feb-21	Accumulate	243	222

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Adani Energy Solutions	HOLD	1752	1724
2	Ahluwalia Contracts (India)	BUY	1045	853
3	Ashoka Buildcon	BUY	150	114
4	CESC	BUY	216	167
5	Coal India	Accumulate	472	410
6	Dilip Buildcon	Accumulate	507	422
7	H.G. Infra Engineering	Accumulate	670	569
8	Indian Energy Exchange	Hold	135	124
9	IRCON International	HOLD	136	126
10	JSW Energy	Buy	646	562
11	KNR Constructions	HOLD	119	130
12	NCC	BUY	195	146
13	NTPC	BUY	450	351
14	PNC Infratech	BUY	271	210
15	Power Grid Corporation of India	BUY	331	272
16	PSP Projects	Accumulate	1062	951
17	Rail Vikas Nigam	SELL	165	228
18	BITES	BUY	267	216
19	Tata Power Company	Accumulate	414	371

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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Prabhudas Lilladher Pvt. Ltd.

Corporate Office: 6th Floor, Tower 2B South Annex, One World Centre, 841, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

Registered Office: 3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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