

# Infrastructure

## Diversified EPC companies to post strong earnings

Execution is likely to be a mixed bag, with diversified EPC companies such as L&T, KPIL, KEC International and Ahluwalia Contracts are expected to deliver strong performance, while highway companies like KNR Constructions, GR Infra and Ashoka Buildcon may face headwinds due to lower executable order backlogs. We expect KNR/GR's revenue to decline by 21%/8% YoY while KPIL/Ahluwalia Contracts likely to post 20%/14% YoY revenue growth led by strong order backlog. Order inflows have been robust for diversified companies but weaker for highway developers in 1Q26. Despite this, order backlogs remain moderate to strong across companies, with book-to-bill ratios ranging from 2x to 4x for most players. EBITDA margins are likely to remain stable or improve YoY for diversified companies while it is likely to decline for Highway companies amid diversifications. We expect strong PAT growth of 102%/97%/39% for Ahluwalia/KEC/PNC in 1Q26E. Asset monetization remains work in progress for Highway companies. Ahluwalia Contracts and PNC Infratech are our top picks in the sector.

- **Execution to be a mixed bag:** Execution is likely to be a mixed bag with diversified players like L&T, KPIL, and Ahluwalia Contracts likely to report strong performance with YoY revenue growth of 14%/20%/14% led by strong order backlogs. However, highway companies like KNR Constructions and GR Infra are likely to see YoY revenue decline of 21%/8% due to lower executable order backlogs.
- **EBITDA margins likely to improve or remain stable YoY for diversified companies; to moderate for highway companies:** EBITDA margins are likely to improve or remain stable YoY for diversified companies. For Highway companies, we expect margins to decline YoY in most cases given the adverse revenue mix amid diversifications. Among the Highways pack, we expect EBITDA margins of KNR Constructions/Ceigall India to contract sharply by 250bps/150bps YoY due to operating deleverage and adverse revenue mix (share of irrigation revenue likely to fall materially for KNR Constructions in 1Q26E). We expect EBITDA margins for KEC International to expand by 100bps YoY mainly driven by improved margins in the Power T&D vertical. Debt and working capital is likely to rise on a QoQ basis in most cases amid seasonality.
- **Tendering activity sees sharp growth YoY on low base while ordering activity declines on high base of PY in 1Q26:** Tendering activity grew by 150% YoY to INR 3.2tn in 1Q26 on low base of PY (impacted by general elections in 1Q25). Ordering activity declined sharply by 30% YoY to INR 1.8tn in 1Q26 on high base (significant awarding from MSRDC in 1Q25). Among our coverage companies, order inflows for diversified companies like KEC, KPIL and Ahluwalia Contracts have been strong while being weak for highway players like GR Infra, Ceigall India and PNC Infratech. Having said that, order backlogs remain moderate to strong for most companies with order backlog to bill ratio in range of 2x-4x.
- **Highways bid pipeline moderates MoM in July-25:** Highways bid pipeline has moderated to INR 664bn in July-25 from INR 691bn in June-25 (July-24: INR 1.13tn). Of this, NHAI's bid pipeline stands at INR 526bn with HAM/EPC/BOT projects accounting for 39%/40%/21% share. We expect the pipeline to improve over the next couple of months.
- **L&T 1Q26 preview – Order announcements weak; Adjusted PAT likely to grow by 24% YoY:** Order announcements by L&T were weak at c.INR 148bn (average of range) in 1Q26 so far. We expect L&T's P&M (Projects and Manufacturing) order inflows to decline sharply by 31% YoY to INR 378bn. Consolidated order inflows are likely to decline sharply by 21% YoY to INR 558bn. We expect 17%/19% YoY growth in P&M revenue/EBITDA with P&M margins expanding by only 10bps YoY to 7.7% as Infrastructure segment margins yet to see meaningful recovery. Consolidated revenue/EBITDA is likely to grow by 14%/13% YoY to INR 629bn/INR 63bn, with EBITDA margin at 10.1% (down 10bps YoY). We expect adjusted PAT to grow by 24% YoY to INR 34.5bn driven by better execution, higher other income and lower interest costs.



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### Exhibit 1. Stock price performance\* (%)

Companies	1M	3M	12M
Ahluwalia Contracts	4.7	20.6	-29.7
Ashoka Buildcon	-6.0	11.3	-11.2
Ceigall India	4.5	6.9	-
GR Infraprojects	-9.8	21.9	-27.5
HG Infra Engineering	-1.4	5.9	-36.0
Kalpataru Projects	2.4	34.9	-11.0
KEC International	-1.4	36.6	3.0
KNR Constructions	-0.7	-0.6	-41.1
Larsen & Toubro	-2.7	17.2	-1.9
NCC	-5.8	8.9	-31.7
PNC Infratech	-3.6	18.2	-42.0
PSP Projects	12.0	19.6	9.5
Ajax Engineering	12.3	15.5	-
<b>NSE Infrastructure</b>	<b>2.9</b>	<b>16.3</b>	<b>1.4</b>
<b>Nifty 50</b>	<b>1.3</b>	<b>13.6</b>	<b>4.6</b>

Source: Bloomberg; \*: as on 9th July, 2025

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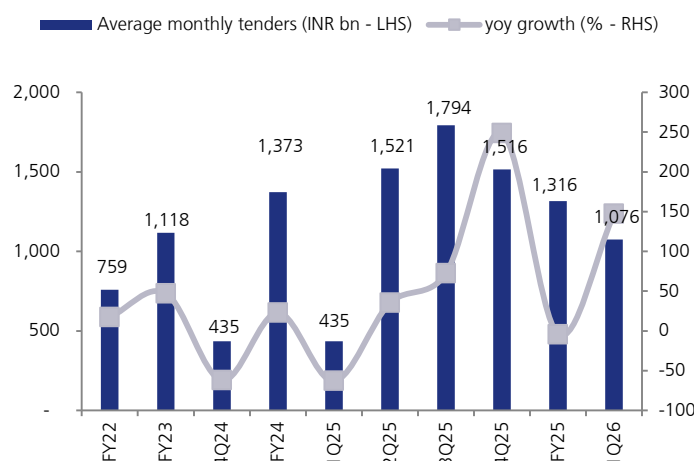
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## Exhibit 1. JM Infrastructure universe

INR mn	Revenue			EBITDA			EBITDA Margin			Adjusted PAT		
	1Q26E	1Q25	YoY	1Q26E	1Q25	YoY	1Q26E	1Q25	4Q25	1Q26E	1Q25	YoY
Ahluwalia Contracts	10,500	9,193	14.2%	1,050	605	73.7%	10.0%	6.6%	10.2%	617	306	101.7%
Ashoka Buildcon	20,084	18,771	7.0%	1,918	1,214	58.0%	9.5%	6.5%	7.3%	859	408	110.4%
Ceigall India	8,351	7,592	10.0%	1,003	1,023	-1.9%	12.0%	13.5%	11.0%	601	587	2.3%
GR Infraprojects	17,500	18,965	-7.7%	2,105	2,466	-14.6%	12.0%	13.0%	17.5%	2,005	1,957	2.5%
HG Infra	16,565	15,059	10.0%	2,567	2,433	5.5%	15.5%	16.2%	14.3%	1,397	1,395	0.1%
Kalpataru Projects	44,663	37,219	20.0%	3,752	3,135	19.7%	8.4%	8.4%	8.4%	1,567	1,166	34.4%
KEC International	50,984	45,119	13.0%	3,568	2,704	32.0%	7.0%	6.0%	7.8%	1,252	636	97.0%
KNR Constructions	6,500	8,193	-20.7%	911	1,356	-32.8%	14.0%	16.5%	13.8%	621	916	-32.2%
Larsen & Toubro	629,010	551,198	14.1%	63,411	56,153	12.9%	10.1%	10.2%	11.0%	34,483	27,857	23.8%
NCC Ltd	51,846	47,133	10.0%	4,775	4,396	8.6%	9.2%	9.3%	9.2%	2,163	2,007	7.7%
PNC Infratech	15,056	13,092	15.0%	1,867	1,583	17.9%	12.4%	12.1%	12.4%	1,348	954	41.3%
PSP Projects	6,504	6,119	6.3%	518	734	-29.5%	8.0%	12.0%	4.6%	193	343	-43.7%
Ajax Engineering	5,168	4,690	10.2%	699	802	-12.7%	13.5%	17.1%	14.7%	597	670	-10.9%

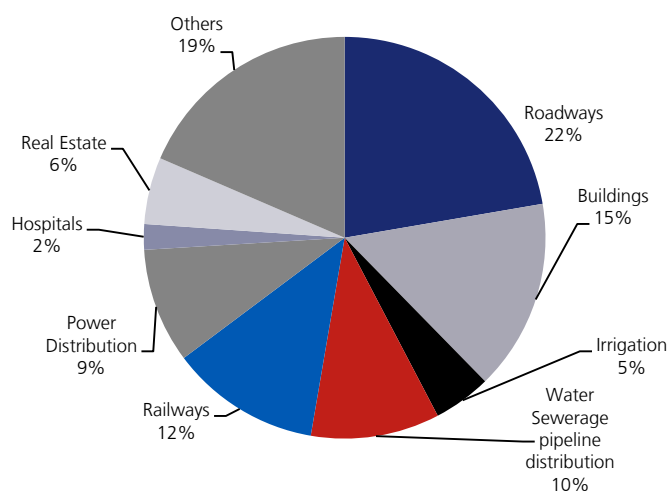
Source: Company, JM Financial

## Exhibit 2. Moderation in tendering activity during 1Q26



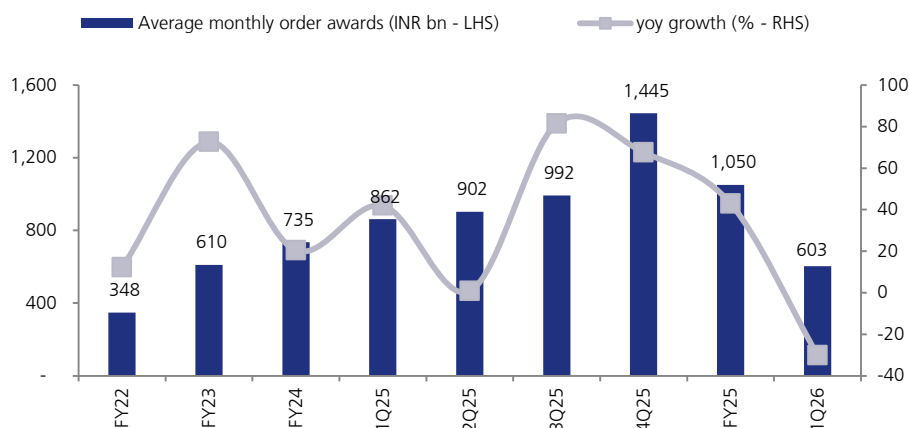
Source: Projects Today, JM Financial

## Exhibit 3. Sectoral mix of tendering activity in 1Q26



Source: Projects Today, JM Financial

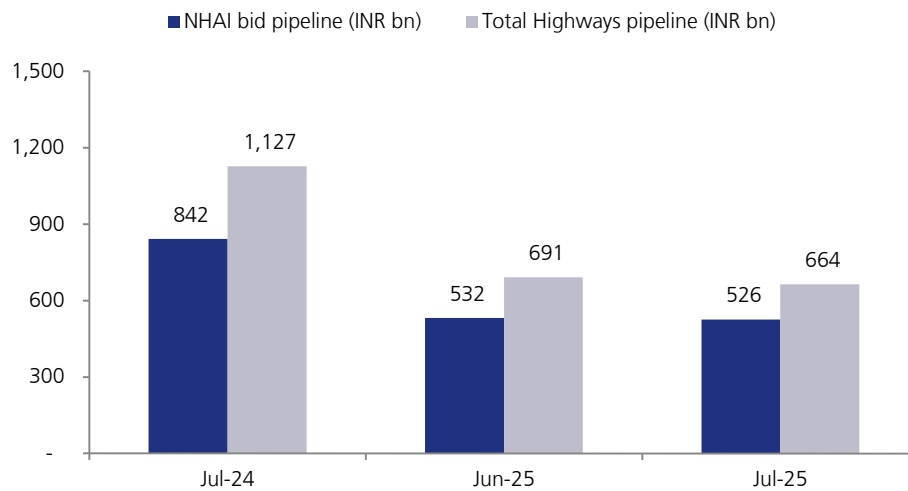
## Exhibit 4. Weak ordering activity in 1Q26



Source: Projects Today, JM Financial

**Exhibit 5. Highways bid pipeline moderates to INR 664bn\***

Bid pipeline	No of projects	Value (INR bn)
<b>NHAI</b>	<b>39</b>	<b>526</b>
- EPC	21	212
- HAM	15	203
- BOT	3	111
<b>NHIDCL</b>	<b>1</b>	<b>3</b>
<b>MoRTH</b>	<b>28</b>	<b>135</b>
<b>Total</b>	<b>68</b>	<b>664</b>

Source: Projects Today, JM Financial; \*as on 3<sup>rd</sup> July-25**Exhibit 6. Trends in Highways bid pipeline**

Source: Projects Today, JM Financial

## Exhibit 7. Key highlights for the quarter

Company	Key highlights
Ahluwalia Contracts	Revenue to grow by 14% YoY to INR 10.5bn led by strong order backlog. EBITDA to grow sharply by 74% YoY due to lower base in PY (impacted by provisions and project mix). EBITDA margins to improve sharply by 280bps on adjusted basis to 10%. PAT to double YoY due to higher revenue/margins and low base. Order inflows have been robust at INR 15bn in 1Q26.
Ashoka Buildcon	Revenue likely to grow moderately by 7% YoY to INR 20bn due to weak executable backlog as new orders will take time to contribute materially to execution. EBITDA margins to expand by 300bps YoY to 9.5% on low base (adjusted base: 8.6%). Adjusted PAT to double YoY despite moderate revenue growth, due to low base impacted by one-offs.
Ceigall India	Revenue likely to grow by 10% YoY to INR 8.4bn due to receipt of AD in Southern Ayodhya Bypass project. EBITDA margins to decline sharply by 150bps YoY to 12% (+100 bps QoQ) due to project mix. Adjusted PAT growth muted at 2% YoY to INR 601mn impacted by lower margins.
GR Infraprojects	Revenue/EBITDA to decline by 7%/8% YoY on adjusted base due to weak executable order backlog. EBITDA margins to contract by 20bps YoY to 12% on adjusted base (ex of bonus/claims). Finance costs to decline sharply by 47% YoY due to lower debt levels. Expect Adjusted PAT to grow moderately by 2.5% YoY despite revenue/EBITDA decline led by higher other income and lower interest/depreciation expenses.
HG Infra	Revenue/EBITDA to grow by 10%/6% YoY as 53% of Mar-25 order backlog awaits appointed dates. EBITDA margins to decline by 70bps YoY to 15.5% on high base of PY (up 120bps QoQ). Interest costs to increase sharply by 63% YoY due to higher debt levels. Adjusted PAT to remain flat YoY at INR 1.4bn in 1Q26. Order inflows stood at INR 10.7bn in 1Q26.
Kalpataru Projects	Revenue/EBITDA to increase by 20% each YoY backed by robust order backlog. Improvement in JJM payments can be seen but not as expected. JJM receivables likely to remain flat QoQ at c.INR 15bn. Consolidated order inflows have been robust at INR 72bn in 1Q26 (standalone order inflows: c.INR 65bn).
KEC International	Revenue/EBITDA to increase by 13%/32% YoY. EBITDA margins to improve by 100bps YoY to 7% mainly driven by improved margins in T&D vertical. Interest costs likely to reduce by 6% QoQ due to lower average debt levels during the quarter. Order inflows have been robust at INR 56bn in 1Q26.
KNR Constructions	Execution to be impacted substantially due to weak order backlog and muted execution in irrigation vertical amid delayed receivables. Irrigation receivables remain elevated at c.INR 12.7bn with no major recoveries in 1Q26. EBITDA margins to decline materially by 250bps YoY due to adverse revenue mix and operating deleverage. Order inflows improved sharply to INR 36bn during 1Q26.
Larsen & Toubro	P&M segment order inflows to decline by 31% YoY to INR 378bn. P&M segment revenue/EBITDA to grow by 17%/19% YoY in 1Q26. P&M margins to expand slightly by 10bps to 7.7% as Infrastructure segment margins yet to see recovery.
NCC Ltd	Revenue/EBITDA to grow moderately by 10%/9% as execution is yet to pick up in recent order wins. EBITDA margin to remain flattish YoY at 9.2%. Adjusted PAT to grow moderately by 8% YoY to INR 2.2bn. Order inflows stood at INR 33bn in 1Q26.
PNC Infratech	Revenue to grow by 15% YoY on adjusted base of PY (includes claims and bonus) in 1Q26. EBITDA margins to expand by 40bps YoY to 12.5% backed by improved project mix. PAT to grow sharply by 39% YoY led by strong growth in EBITDA and other income despite sharply higher interest expenses. Order inflows at INR 2.4bn are muted in 1Q26.
PSP Projects	YoY numbers are not comparable as PY includes INR 640mn received from SDB thereby boosting revenue and margins in 1Q25. Revenue is likely to grow by 6% YoY to INR 6.5bn (up 19% YoY on adjusted base). EBITDA margins to decline sharply by 400 bps YoY to 8% (flat YoY on adjusted base). Adjusted PAT to decline sharply by 44% YoY to INR 193mn. Order inflows weak at INR 1bn in 1Q26.
Ajax Engineering	We expect SLCM volumes to grow by 12% YoY in 1Q26. Overall, we expect revenue growth of 10% YoY. EBITDA margins are likely to decline sharply by 360bps YoY amid transition to CEV-5 emission norms and high base of PY. PAT likely to decline by 11% YoY to INR 597mn in 1Q26.

Source: Company, JM Financial

## Exhibit 8. L&amp;T Quarterly results expectations

Consolidated (INR mn)	1Q26E	1Q25	YoY	4Q25	QoQ
Revenue	629,010	551,198	14.1%	743,923	-15.4%
EBITDA	63,411	56,153	12.9%	82,025	-22.7%
EBITDA Margin	10.1%	10.2%		11.0%	
Adj PAT	34,483	27,857	23.8%	50,225	-31.3%
Order inflow	557,500	709,360	-21.4%	896,130	-37.8%
P&M segment (INR mn)	1Q26E	1Q25	YoY	4Q25	QoQ
P&M order inflows	377,500	544,400	-30.7%	720,930	-47.6%
Revenue	450,955	386,230	16.8%	568,730	-20.7%
EBITDA	34,801	29,360	18.5%	56,311	-38.2%
EBITDA Margin	7.7%	7.6%		9.9%	

Source: Company, JM Financial

**Exhibit 9. Order backlog to remain moderate to strong across companies**

INR bn	June-25 order backlog	Order backlog to bill (x)	1Q26 Order inflow	FY26 guidance	% achieved# in FY26
Ahluwalia Contracts	162	3.8	15	70-80	20%
Ashoka Buildcon	154	2.1	25	100-120	23%
Ceigall India	100	2.9	-	55	0%
GR Infraprojects	174	2.7	-	200	0%
HG Infra	147	2.4	11	110	10%
Kalpataru Projects International (Standalone)*	622	3.2	72	260-280	27%
KEC International (Consolidated)	339	1.5	56	300	19%
KNR Constructions	80	2.6	36	80-100	39%
NCC Ltd	606	3.1	34	220-250	14%
PNC Infratech	165	3.1	2	150	2%
PSP Projects	67	2.7	1	40-50	2%

Source: Company, JM Financial; \*: Order backlog and book to bill is on standalone basis while order inflows and inflow guidance are on a consolidated basis; #: as a % of average of the range

**Exhibit 10. Movement in Aluminium, Copper and China rebar prices**

Average prices (USD/t)	Aluminium	Copper	China rebar
1Q25	2,525	9,756	529
2Q25	2,382	9,211	493
3Q25	2,574	9,191	508
4Q25	2,626	9,352	483
1Q26	2,450	9,519	466
YoY	-3.0%	-2.4%	-11.9%
QoQ	2.0%	1.8%	-5.0%

Source: Bloomberg, JM Financial

## Exhibit 11. Valuation matrix

Company	CMP <sup>^</sup> (INR)	Mkt Cap <sup>^</sup> (INR bn)	EPS CAGR (FY25-28E) (%)	EPS				P/E (x)				RoE (%)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
L&T	3,576	4,917	17.7	105.9	130.3	150.4	172.7	33.6	27.4	23.8	20.7	14.9	17.2	17.4	17.4
L&T P&M business			12.3	68.7	84.9	97.5	97.5	36.5	29.5	25.7	22.5				
KEC International	897	239	41.3	20.5	39.6	50.8	58.0	43.6	22.7	17.6	15.5	11.6	18.2	19.9	19.2
Kalpataru Projects International	1,200	205	28.2	39.9	54.5	71.1	84.1	30.0	22.0	16.9	14.3	10.5	12.3	14.3	14.9
NCC	226	142	20.4	12.7	15.3	19.1	22.3	21.9	14.8	11.8	10.1	11.2	12.2	13.7	14.0
GR Infraprojects*	1,278	124	11.9	81.0	83.9	103.3	113.4	18.2	15.2	12.4	11.3	10.4	9.8	10.9	10.7
GR Infra core business			22.7	41.4	50.3	66.2	76.4	30.9	25.4	19.3	16.7				
KNR Constructions	219	62	13.8	12.3	13.1	15.5	18.1	25.0	16.7	14.1	12.1	9.6	8.9	9.7	10.2
HG Infra	1,113	73	12.9	79.8	87.2	103.8	114.7	17.5	12.8	10.7	9.7	20.0	18.0	18.0	16.7
PNC Infratech	303	78	31.3	14.8	25.1	30.1	33.5	26.5	12.1	10.1	9.0	7.4	11.1	12.0	12.0
Ashoka Buildcon*	206	58	41.2	7.5	13.2	17.6	21.1	30.5	15.6	11.7	9.8	5.4	8.8	10.7	11.4
Ashoka Buildcon Core			53.3	5.4	10.8	16.1	19.5	42.2	19.0	12.8	10.5				
Ceigall India	272	47	21.4	14.9	19.2	24.0	26.7	22.5	14.1	11.3	10.2	19.4	17.0	17.9	16.7
Ahluwalia Contracts	998	67	34.0	30.1	50.2	63.7	72.4	35.8	19.9	15.7	13.8	11.8	17.1	18.2	17.4
PSP Projects	759	30	50.0	14.2	34.2	41.5	48.1	46.2	22.2	18.3	15.8	5.3	10.7	11.7	12.2
Ajax Engineering	685	78	15.1	22.7	24.6	29.5	34.7	26.5	27.9	23.2	19.7	24.8	21.7	21.0	20.1

Source: Company, JM Financial; Core EPS (ex of interest income from subsidiaries); ^: as on 9<sup>th</sup> July-25

## APPENDIX I

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