KEYNOTE

INITIATING COVERAGE

Ahluwalia Contracts (India) Ltd.

Riding India's infrastructure boom

Buy

Current Price: Rs. 837 | Market Cap: Rs. 56 Bn

4th August 2026

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KEYNOTE

Ahluwalia Contracts (India) Ltd. | Initiating Coverage Report

Riding India's infrastructure boom

Ahluwalia Contracts (India) Ltd. (ACIL), incorporated in 1979, is an integrated EPC Company focused on civil construction and building-linked infrastructure projects. The Company executes institutional buildings, hospitals, commercial complexes, residential projects, hotels, airports, metro stations and railway station redevelopment projects for public and private sector clients. As of Q4 FY26, ACIL had 53 ongoing projects across 16 states in India and one overseas project in Nepal. Over the years, ACIL has strengthened its execution capabilities through mechanisation, pre-cast / off-site construction, in-house integrated manufacturing and digital project monitoring, enabling it to move from smaller contracts towards larger-ticket EPC projects.

Large order book conversion to drive medium term growth

ACIL's order book has scaled meaningfully over the last few years, supported by large public and private sector orders. As of FY26, the Company had a gross order book of ~Rs. 297 Bn and unexecuted order book of ~Rs. 211 Bn, translating into an order book to revenue ratio of ~4.6x. While execution remained subdued in FY25 and FY26 due to client-side and industry-wide delays, projects such as Central Vista are expected to support execution recovery from FY27. We expect ACIL to deliver ~17.6% revenue CAGR over FY26-FY29, led by conversion of its existing order book and execution ramp-up across large projects.

Private mix shift to support margin expansion

ACIL's order book mix has shifted meaningfully towards private-sector projects, with private orders increasing from ~17% of unexecuted order book in FY23 to ~61% in FY26. This shift is expected to be margin accretive, as private-sector projects generally offer ~100-150 bps higher EBITDA margins compared to public-sector orders, along with relatively better working capital terms. With management aiming to maintain a balanced order book mix of ~50:50 or 60:40 in favour of private-sector orders, we expect EBITDA margin to improve from ~9.5% in FY26 to ~10.5% by FY29.

Moving into the big leagues

ACIL has gradually moved towards larger ticket-size EPC projects, improving its pre-qualification credentials for large public-sector building orders. The Company's pre-qualification threshold has increased from ~Rs. 5-8 Bn in FY18 to ~Rs. 10-11 Bn in FY20 and further to more than Rs. 25 Bn in FY26, following the Central Vista order. Management indicated that only around four players meet similar qualification criteria for such large projects. This reduces the need for joint ventures, improves execution control and places ACIL in a smaller qualified bidder pool, supporting better bidding discipline.

View and Valuation

We expect ACIL's growth over FY27-FY29 to be driven by execution of its large unexecuted order book, improving contribution from private-sector projects and gradual recovery in delayed large orders. With ~89% contracts as of Q4 FY26 under escalation clauses and a net debt-free balance sheet, ACIL is well placed to absorb near-term cost volatility. Considering these dynamics, we value ACIL at ~20x FY28E EPS and initiate coverage with a BUY rating, implying an upside of ~31.2%.

BUY

CMP Rs. 837

TARGET Rs. 1,098 (+31.2%)

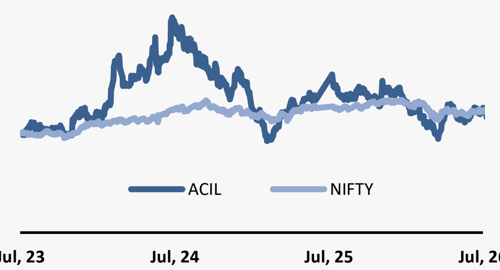
Company Data

Bloomberg Code	AHLU:IN
MCAP (Rs. Bn)	56.1
O/S Shares (Mn)	67
52w High/Low	1,078/ 645
Face Value (in Rs.)	2
Liquidity (3M) (Rs. Mn)	35.8

Shareholding Pattern %

	Jun 26	Mar 26	Dec 25
Promoters	55.3	55.3	55.3
FIIs	14.1	13.7	13.5
DIIs	22.3	22.3	23.4
Non-Institutional	8.3	8.6	7.8

ACIL vs Nifty



Key Financial Data

(Rs. Mn)	FY26	FY27E	FY28E
Revenue	45,652	54,782	64,643
EBITDA	4,344	5,487	6,636
Net Profit	2,656	2,994	3,678
Total Assets	42,648	49,080	54,840
ROCE (%)	16%	16%	16%
ROE (%)	14%	14%	15%

Source: Company, Keynote Capitals Ltd.

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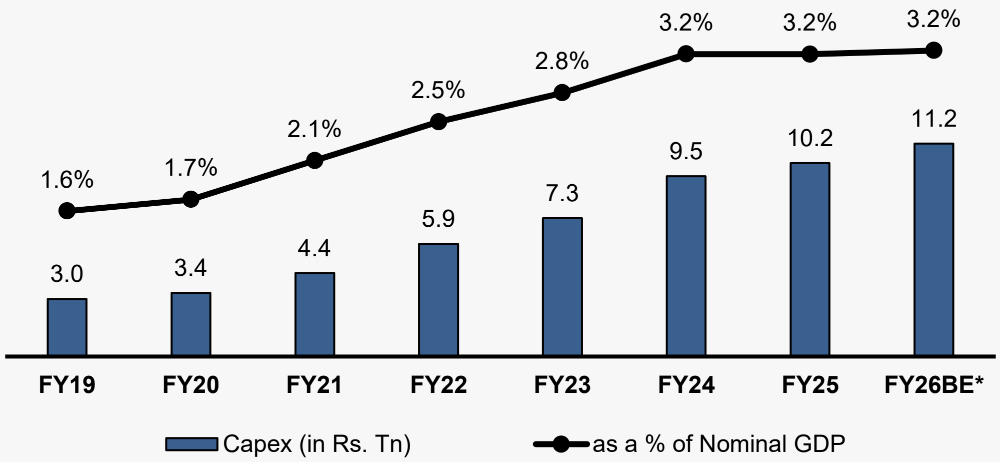
Content

The Indian Infrastructure sector

The construction sector remains one of the key contributors to India's economic growth, accounting for ~7.7% of India's nominal GDP, contributing ~Rs. 27 Tn in FY26E as per ministry of statistics. The sector benefits from both public infrastructure spending and private capital formation, making it closely linked to the country's investment cycle. Apart from its direct contribution to GVA, construction also has strong linkages with sectors such as cement, steel, building materials, labour, transport and financial services.

The government's continued focus on infrastructure creation, supported by schemes such as National Infrastructure Pipeline (NIP), PM Gati Shakti, Bharatmala, Sagarmala, Smart Cities, PMAY and Urban Infrastructure development, has kept the construction cycle strong. This has created sustained opportunities for EPC contractors across infrastructure, building construction and industrial construction.

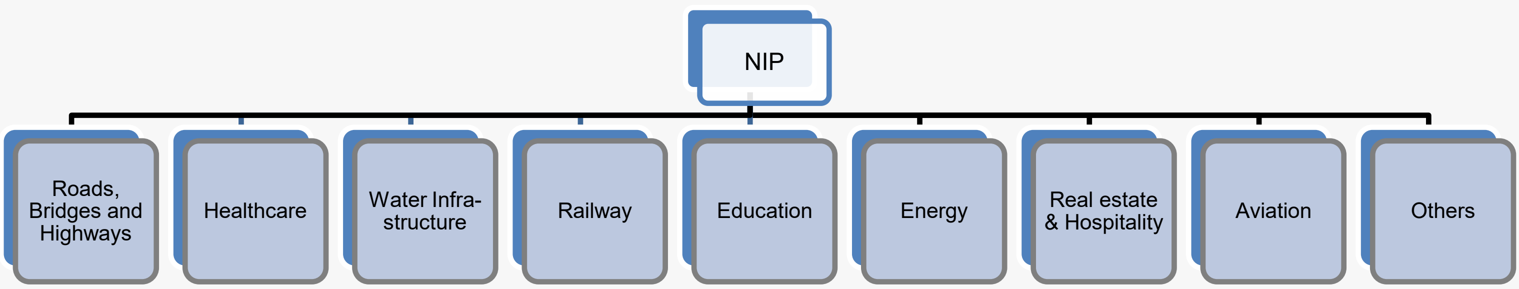
Indian Government's Capex (in Rs. Tn) over the years and as a % of Nominal GDP



According to RBI and the National Institute of Public Finance and Policy, every rupee spent by the government of India on infrastructure leads to Rs. 2.5-3.5 increment in GDP.

Source: Ministry of Finance, Ministry of Statistics,, Keynote Capitals Ltd
**Budget Estimate.*

National Infrastructure Pipeline (NIP)



Source: India Investment Grid, Keynote Capitals Ltd.

The NIP remains a large multi-sector project pipeline for India's infrastructure development. As per the updated NIP data, the pipeline comprises 10,797 projects with an aggregate project value of ~$ 2,532 Bn.

Infrastructure spending from private sector

Moreover, on the private side, the infrastructure spending is robust. Commercial and Residential market is expected to grow at CAGR of 9.6% as per Mordor Intelligence, growing from ~$ 585 Bn in FY26 to ~$ 926 Bn in FY31, driven by demand in Metro cities in form of GCCs, urbanization, rising disposable income, availability to finance properties through home loans and EMIs, REITs as well as through better governance in form of RERA act.

RERA act enforces builders to allocate ~70% of advance received into dedicated escrow accounts and to be spent only on construction related expenses. This prevents the previous cases of frauds, money laundering and indefinite delays from builders.

Structure and functioning of various allotment model for infrastructure

Particulars	EPC	BOT Annuity	BOT Toll-based	HAM
Meaning/role of the model	Developers only carry out construction & the cost is completely borne by the government	Developers construct, operate for a specific period, and transfer back to the government against annuities	Developer constructs & operates for a specific period during which he is allowed to collect tolls and recoup costs	Combination of EPC and BOT, partially financed by government and developer in a fixed ratio
Responsibility of the developer	Designing the project as per specifications and complete the same within a specified period	Construction and maintenance of the project during the concession period	Construction and maintenance of the project during the concession period	Designing, building, financing, operating, and transferring at end
Revenue stream	Payments on either fixed milestones or based on percentage of the work done	Fixed annuity from the government over concession period	Tolls collection over the concession period, generally regulated by a governing authority	40% in ten payments during the construction period, and the rest 60% plus profits as annuities over concession period
Financing risk	By client	By contractor	By contractor	By contractor (60%) & client (40%)
Revenue risk	By client	By client (government)	By contractor	By client (government)
Operation & Maintenance	By client	By contractor	By contractor	By contractor

Note: The concession period is the period starting from the appointed date and ending on the transfer date
Source: MoRTH, NHAI, Keynote Capitals Ltd.

Overview of Indian EPC Industry

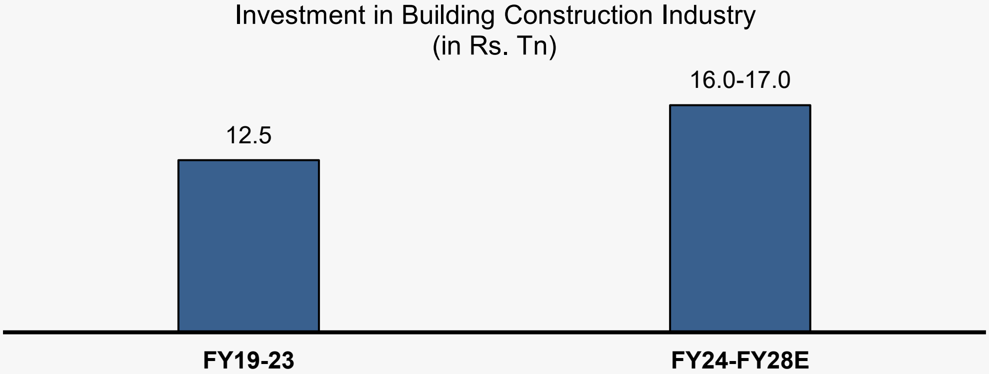
Indian EPC sector can be broadly classified into 3 distinct segments, Building Construction, Infrastructure Construction and Industrial/Manufacturing Construction.

ACIL is primarily a building EPC contractor, with selective exposure to infrastructure-linked buildings such as railway stations, airports and metro stations.

Building Construction: It covers residential, commercial, institutional and healthcare projects such as residential towers, offices, malls, hotels, hospitals and educational institutions.

Infrastructure Construction: It covers transport, logistics and urban infrastructure assets such as roads, bridges, airports, canals, railway infrastructure, metro depots and warehouses.

Industrial/Manufacturing Construction: It covers factories, manufacturing plants, power plants and other specialised industrial facilities.



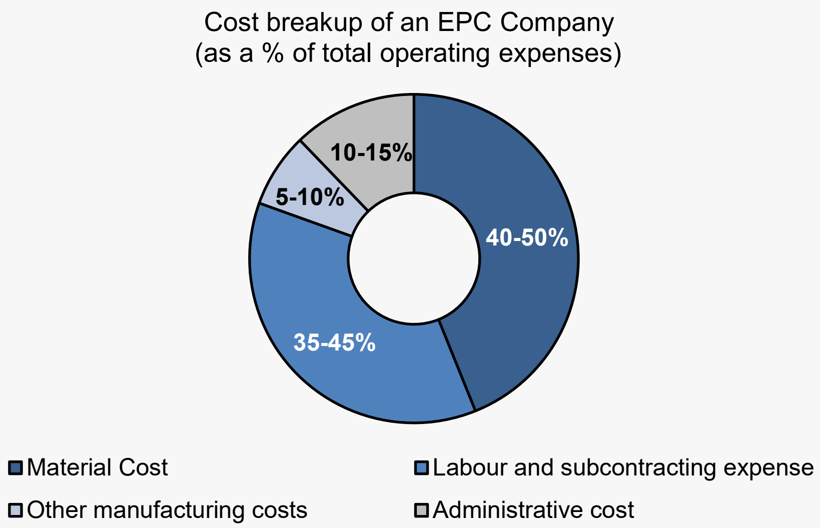
Source: CRISIL MI&A, Keynote Capitals Ltd.

~87.5% of the investment is dedicated to residential projects while ~12.5% is towards social and commercial projects.

As per CRISIL MI&A, building construction industry will grow by ~30%, from Rs. 12.5 Tn investment in FY19-FY23 to Rs. 16.0-17.0 Tn in FY24-FY28E.

This growth is majorly poised by continued urbanization, steady income profiles, expected growth in employment generating sectors as well as rising affluence and propensity to spend on real estate by mid-income buyers on the residential segment front as well as major government initiatives such as Pradhan Mantri Awas Yojana for affordable housing

Unit economics and cost structure of an EPC company



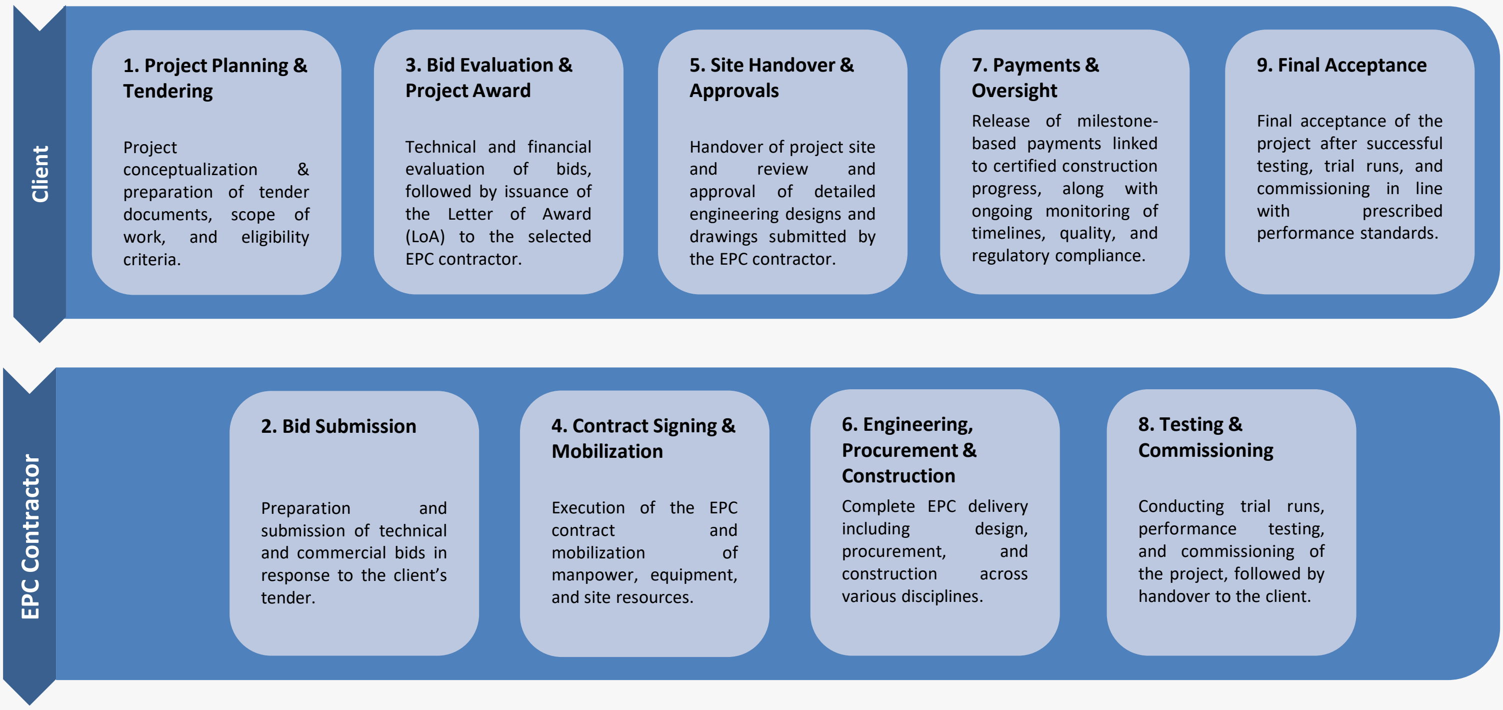
Source: Company, Keynote Capitals Ltd. estimates

Subcontracting expense includes both labour as well as material cost.

In EPC Companies, a large proportion of operating costs comprises direct costs, with both material and labour cost combining to be 75-85% of the cost and overall direct construction cost rising to 85-90%, with balance cost dedicated to fixed administrative costs and salaries. This nature of direct costs limits the scope for meaningful operating leverage and to achieve economies of scale.

As per our estimates, a typical EPC company would derive anywhere between 8-10% EBITDA margins per project, with higher long term EBITDA margin dictating strong and timely execution and more specialized order whereas lower long term EBITDA margin dictates less value addition and specialization of orders.

How government EPC contracts are tendered and awarded



Source: Company, Keynote Capitals Ltd.

Difference between Public and Private tenders

Particular	Public	Private
Tender Transparency	Tenders are published openly on government portals such as CPPP and GeM.	Tenders are not open to public. Large tenders are invited to 4-5 pedigree contractors by blue chip developers like DLF.
Bidding Criteria	EPC tenders are generally awarded only after bidders meet technical criteria such as similar project execution, and financial criteria such as minimum turnover, net worth and solvency. However, qualification requirements in several EPC tenders have been relaxed over the past decade, increasing participation from smaller contractors.	Driven by RERA, imposing significant penalties for delays. Private developers prioritise timely completion, safety and relationship.
Awarding Criteria	Usually to the L1 (lowest) bidder. Government cancels tender if L1 is higher than ~10% of quoted initial tender value.	Final award is based on bidding price, relationship, negotiation and timeline agreements.
Margin Profile	Lower as high competition can dilute margins.	100-150 bps higher than public contracts as competition is lower and there is higher bidding discipline.
Working Capital	Government provides mobilization advances which are interest-bearing. There can also be payment delay due to fiscal tightening in state government due to election or any other reason.	RERA mandates private developer to dedicate ~70% of advance to be given for construction expense only, allowing timely delivery of funds to EPC players, if mobilization advances are issued, they are generally interest free.
Escalation Clause	Almost all contracts include escalation clause which are Wholesale Price Index (WPI) linked and minimum wage indices. The escalation is paid with a lag of a quarter.	Raw materials such as Cement, Steel, Sand, Blocks contain base rate and any additional cost is passed through directly, with no lag. Certain contracts do not provide labour-cost escalation.

Source: Company, Keynote Capitals Ltd.

Key traits of EPC Companies

1. **Limited room for operating leverage:** Material, labour and subcontracting expenses form a large part of project costs, while fixed operating costs typically account for only ~5-10% of the overall cost base. As variable costs rise broadly in line with revenue, the scope for meaningful margin expansion through scale remains limited.
2. **Working capital intensive:** EPC companies must fund project execution before receiving the corresponding cash from clients. Unbilled revenue, trade receivables, retention money and fixed deposits pledged against bank guarantees can therefore absorb significant capital. Net working-capital days typically range between ~60-90 days, but may exceed ~180 days depending on client profile, order size, billing milestones and collection timelines.
3. **Low Margin and higher fixed asset turnover:** EPC companies generally operate at modest margins due to intense competition and the high proportion of pass-through material and subcontracting costs. However, the business is relatively asset-light, as contractors typically own only essential machinery and equipment and rent additional requirements based on project needs. This supports higher fixed-asset turnover.
4. **Execution depends partly on the client:** Project timelines can be affected by factors outside the contractor’s control, including delays in land availability, statutory approvals, environmental clearances, design changes, funding availability and client certification. Such delays can slow execution, increase working-capital requirements and affect profitability.
5. **Seasonality:** Construction activity is influenced by weather conditions and local restrictions. Monsoons can slow on-site work, while pollution-related construction bans in regions such as the NCR can temporarily halt execution in winter. Consequently, revenue recognition and cash flows may vary across quarters.
6. **Regional presence and client relationships matter:** Local execution experience provides access to established labour networks, subcontractors and suppliers, while also improving familiarity with regional regulations and approval processes. Client relationships and execution track record are particularly important in private-sector projects, while public-sector orders depend more heavily on technical qualification and competitive bidding. This creates regional concentration among several players, with PSP Projects having a strong presence in Gujarat, Capacite Infraprojects in Mumbai, and ACIL and B L Kashyap in Delhi NCR and Haryana. Expanding into a new geography typically requires time to establish execution capabilities, vendor networks and client confidence.

The current shift in automation driven by labour scarcity

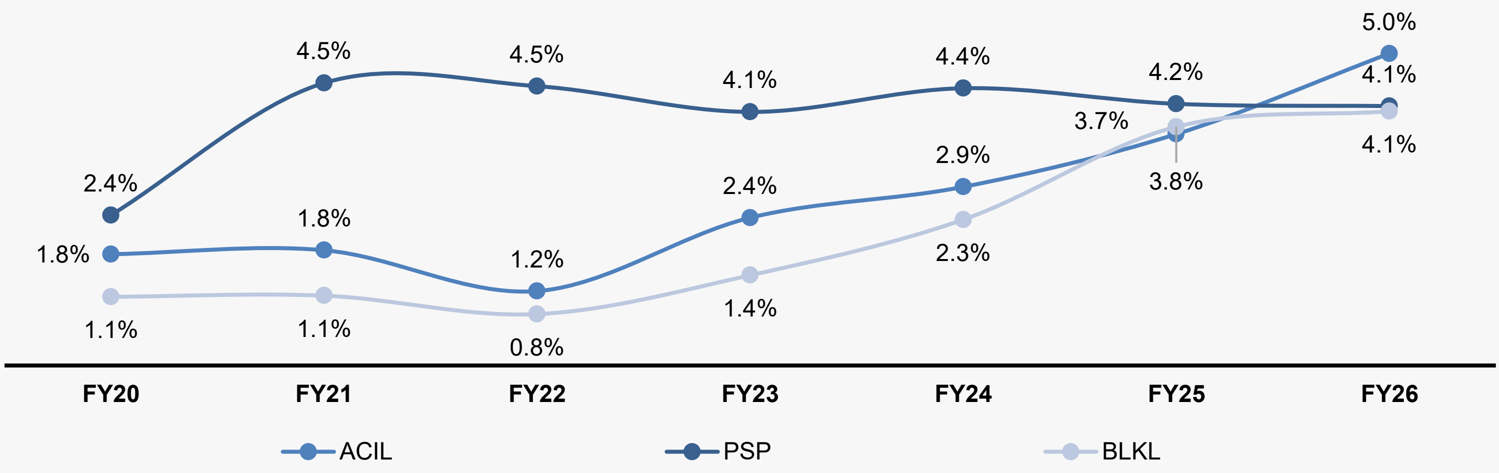
The Indian construction industry is facing a structural shortage of skilled labour, especially in trades such as carpentry, bar bending, shuttering and finishing work. The issue is more pronounced because ~80-90% of skilled labour availability comes from a few states such as Bihar, Jharkhand and West Bengal, making execution vulnerable to festivals, elections, seasonal migration and regional disruptions.

At the same time, project sizes and execution timelines have become more demanding. Large public projects, high-rise residential towers, airports, hospitals and redevelopment projects require faster execution, higher quality control and greater standardisation. This is pushing contractors to reduce dependence on manual labour and move towards mechanisation.

The industry is therefore increasingly investing in CNC-based steel fabrication, aluminium formwork, system shuttering, electronic batching plants, tower cranes, pre-cast components and off-site construction capabilities. Increasing capex spend in order to insulate against the supply and dependency on labour.

As per ACIL's management, Industry will evolve over next 3-5 years towards higher capex before maturing.

Average Capex as a % of revenue for major building EPC players



Source: Company, PSP Projects Ltd (PSP), B L Kashyap Ltd (BLKL), Keynote Capitals Ltd.

Michael Porter's Five Forces Framework (Building EPC sector)

Threat of New Entrants - Medium

Entry barriers are low for small and mid-sized projects but increase significantly for large EPC contracts due to qualification criteria, execution track record, financial strength, bank guarantees, equipment base, and client relationships.

Competitive Intensity - Very High

The industry is fragmented with numerous listed and unlisted players competing aggressively on price. Low product differentiation, tender-based bidding, high fixed costs, and the need to replenish order books result in intense competition and margin pressure.

Bargaining Power of Buyers - High

Government agencies and large private developers have significant negotiating power. Contracts are typically awarded through competitive bidding, making price the primary differentiator. Customers can also impose stringent payment terms, performance guarantees, and penalties for delays.

Threat of Substitutes - Very Low

There is no practical substitute for engineering and construction services. Infrastructure, commercial buildings, industrial plants, and residential projects must ultimately be physically constructed. The only "substitution" is postponement or cancellation of projects rather than an alternative solution.

Bargaining Power of Suppliers - Low

Commodity suppliers (steel, cement, pipes, etc.) generally have limited pricing power due to multiple vendors. However, specialized subcontractors, skilled labour, and niche equipment providers can gain bargaining power during periods of high industry activity or labour shortages.

About Ahluwalia Contracts (India) Ltd

Incorporated in 1979, Ahluwalia Contracts (India) Ltd. (ACIL) is an integrated EPC Company focused on civil construction and building-linked infrastructure projects. The Company provides turnkey construction solutions across engineering coordination, procurement, civil works and project execution for public and private sector clients across India.

ACIL's project portfolio spans institutional buildings, hospitals and medical colleges, corporate offices, commercial complexes, high-rise residential projects, hotels, airports, metro stations and railway station redevelopment projects. As of Q4 FY26, the Company had 53 ongoing projects across 16 states in India and 1 overseas project in Nepal.

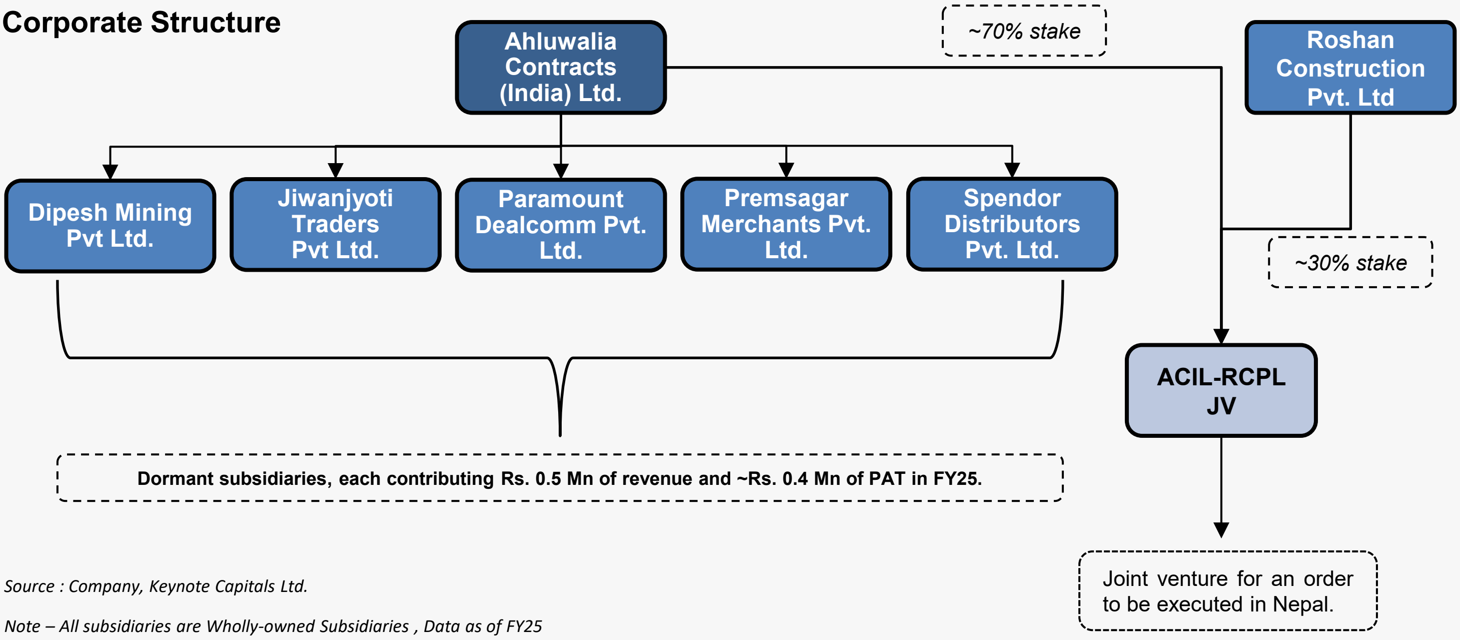
The Company has executed projects for marquee public-sector clients such as AIIMS, CPWD, NBCC, IITs, IIMs, DMRC and airport / railway authorities. On the private side, ACIL has worked with reputed developers, corporates and healthcare chains such as DLF, Brookfield, Bennett & Coleman, Bharti, Godrej, Signature Global, Max Healthcare, Fortis and Apollo Hospitals.

ACIL's key differentiation lies in its execution discipline, strong balance sheet and in-house project capabilities. The Company has largely operated with a net debt-free balance sheet since FY17, supported by strong liquidity and conservative bidding practices. As of Q4 FY26, ~89% of its contracts had escalation clauses, helping protect project economics against raw material and labour cost volatility.

The Company is also strengthening execution through higher mechanisation and captive equipment ownership. ACIL owns a large equipment base, including over 99 tower / hydra cranes and more than 175 batching plants and concrete pumps, which supports faster execution, better quality control and lower dependence on external vendors. In addition, the Company is increasing its use of pre-cast components, off-site construction, advanced shuttering systems and digital monitoring tools.

With a robust unexecuted order book of ~Rs. 211 Bn (excluding GST) and a gross order book of ~Rs. 297 Bn (excluding GST) as of Q4 FY26, and close to five decades of proven expertise in executing technically complex, high-value projects, ACIL remains well-positioned to contribute meaningfully to India's infrastructure development.

Corporate Structure



Source : Company, Keynote Capitals Ltd.

Note – All subsidiaries are Wholly-owned Subsidiaries , Data as of FY25

Evolution of ACIL

Origins, Capabilities & Institutional Listing
1979-2011

ACIL was incorporated in 1979 by Mr. Bikramjit Ahluwalia, consolidating earlier partnership firms to instantly scale operational bandwidth. The Company executed landmark projects like the Chancery Building for the Embassy of India in Dubai in 1992 and the Commonwealth Games Village in 2010.

During this period, ACIL heavily invested in vertical integration, developing in-house capabilities for electro-mechanical works, plumbing, and design to eliminate reliance on third-party sub-contractors.

It converted to a Public Limited Company in 1990, launched its first public issue in 1996, listing on DSE, JSE and CSE, and achieved wider market recognition with BSE and NSE listings in 2007 and 2009.

The Downturn & Strategic Clean-Up
2012-2015

Following early highs, the Company faced severe operational turbulence. Income dropped significantly, and EBITDA margins turned negative by FY13 due to troubled, delayed private sector contracts.

To gain escape velocity, management initiated a strict turnaround plan. The Company withdrew from loss-making legacy contracts, aggressively pivoted toward Government sector projects, and renegotiated contract prices to include escalation clauses. A promoter infusion of Rs. 495 Mn reinforced liquidity, helping the Company successfully return to profitability by FY15.

Transition to EPC & Margin Resurgence
2016-2021

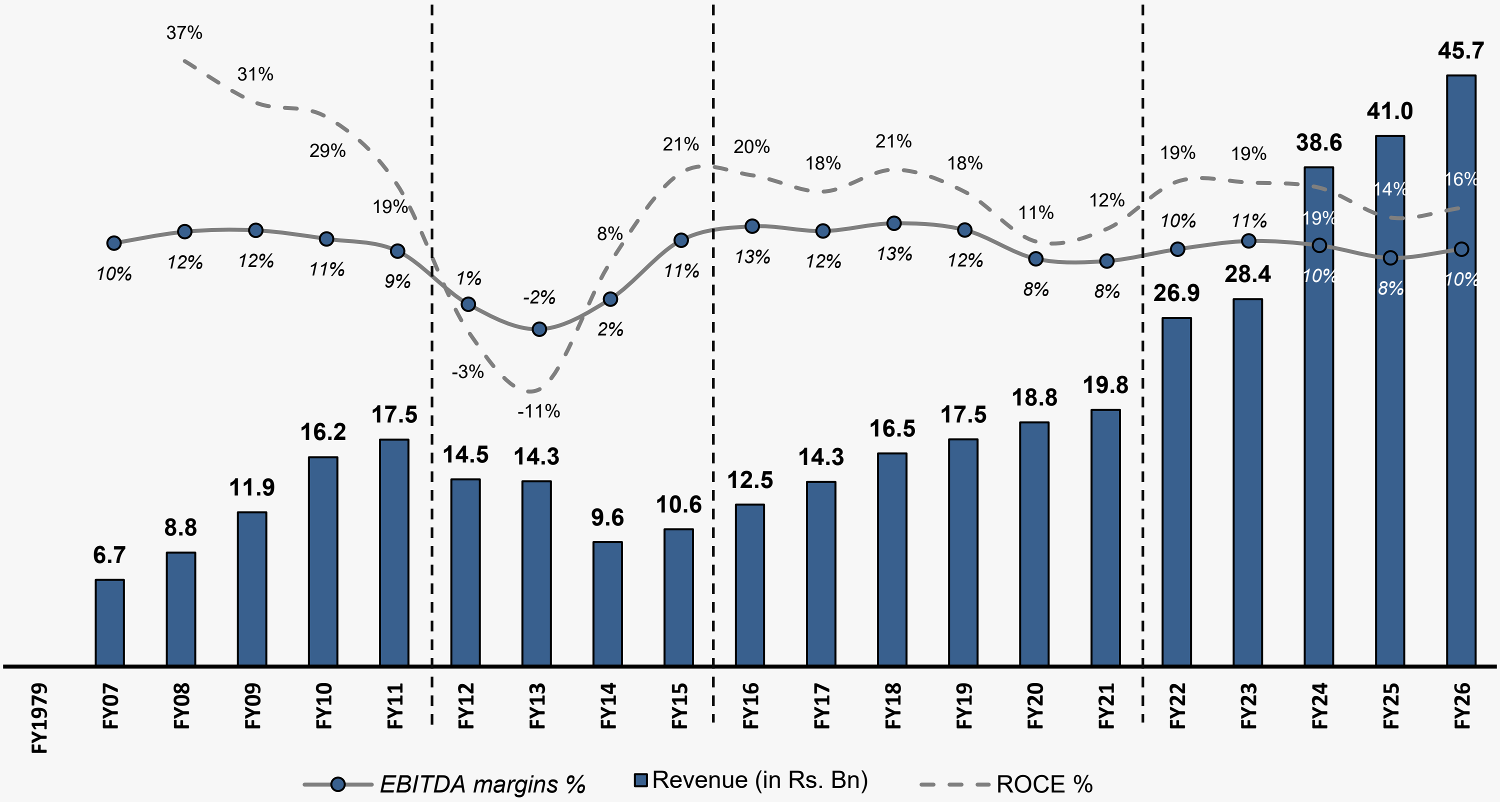
Having cleaned its balance sheet, ACIL successfully transitioned from a plain civil contractor into a true Engineering, Procurement, and Construction (EPC) turnkey player with strong in-house capabilities.

The Company adopted a highly disciplined bidding approach, refusing to chase revenue indiscriminately and focusing exclusively on high-margin, favorable-term public projects. This strategic repositioning led to steady revenue growth, scaling from Rs. 10.6 Bn in FY15 to Rs. 19.8 Bn by FY21, while consistently achieving its highest historical EBITDA margins ranging between 12.7% and 13.9% pre-covid.

Mega-Scale Expansion & Digitization
2022 onwards

The pandemic caused severe site disruptions, but the Company rebounded with an aggressive bidding spree for mega infrastructure upgrades like AIIMS, airports, and railway stations. The gross order book swelled to a colossal Rs. 296.8 Bn by FY26, with independent project capacities exceeding Rs. 25 Bn.

To balance intense public sector competition, ACIL strategically shifted focus back to blue-chip private developers. Simultaneously, the Company is investing heavily in digital transformation through SAP and AI analytics, alongside mechanized pre-cast construction, to manage massive scale and combat structural labour shortages.

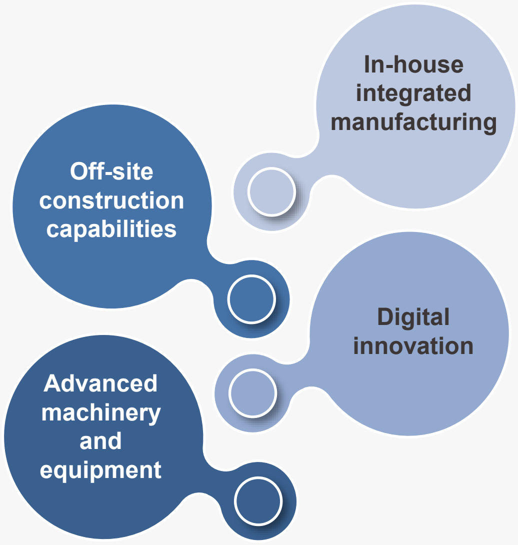


Source: Company, Keynote Capitals Ltd.

Capabilities of ACIL

Manufactures pre-cast structures using Russian KUB 2.5 technology, fabricates pre-engineered structural steel components across dedicated off-site factories, and processes finishing materials like pre-cut stones and tiles for ready-to-assemble delivery.

Deploys heavy-duty tower and mobile cranes, utilizes large-scale batching plants and concrete transit mixers, operates boom pumps and load excavators, and maintains an ultra-modern carpentry workshop with a seasoning plant.



Executes electromechanical, plumbing, and firefighting works, designs and installs building facades and structural glazing, performs low-voltage and interior finishing, and offers comprehensive architectural design services.

Utilizes Building Information Modeling (BIM) and "digital twins" for virtual project planning, implements digital solutions to mobilize and monitor workforce productivity, and deploys integrated software to ensure real-time visibility over inventory, purchases, and equipment utilization.

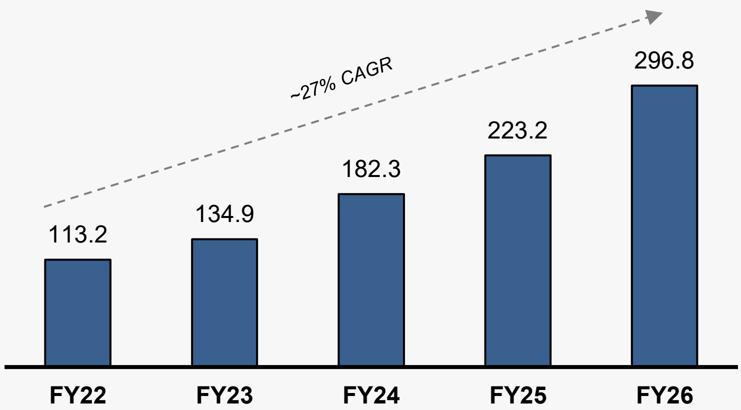
Source: Company, Keynote Capitals Ltd.

ACIL has been strengthening execution through mechanisation, off-site construction, pre-cast components, in-house integrated manufacturing and digital monitoring. These initiatives support faster execution, improve site productivity and reduce dependence on site-level labour intensity, which is relevant amid ongoing skilled labour shortages in the construction industry. The capability base also supports ACIL's eligibility for larger EPC projects, where technical credentials and execution track record remain critical.

As per our estimates, the Company has pre-qualified for public orders north of Rs. 25 Bn.

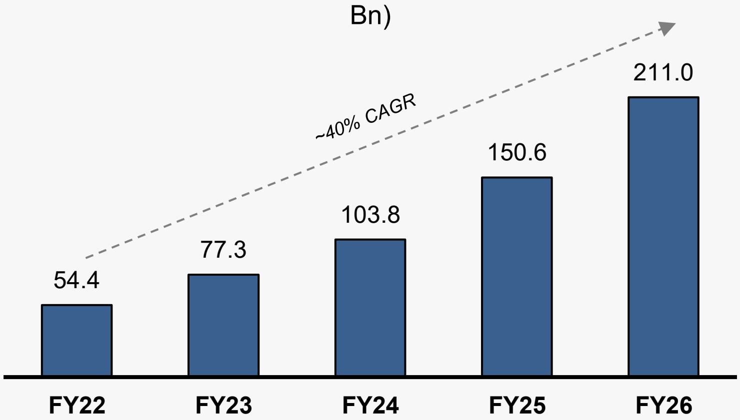
Order book of ACIL

Order book excluding GST (in Rs. Bn)



Source: Company, Keynote Capitals Ltd.

Unexecuted order book excluding GST (in Rs. Bn)



Source: Company, Keynote Capitals Ltd.

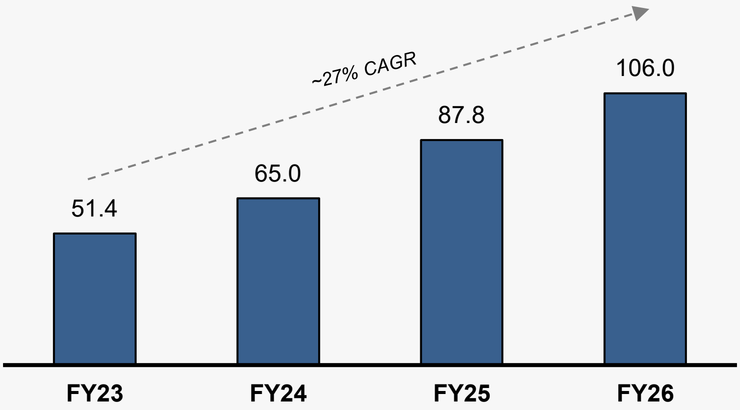
The Company's order book has scaled up sharply over FY22-26, with the unexecuted order book growing faster than revenue. This reflects strong order inflows across public and private sector projects, but also indicates slower conversion of certain orders into revenue. As a result, ACIL's unexecuted order book/revenue ratio increased from 2.7x in FY23 to 4.6x in FY26. Given that large building EPC projects generally take ~2-2.5 years to execute, the current order book provides strong revenue visibility for the next few years.

Top 10 projects of ACIL

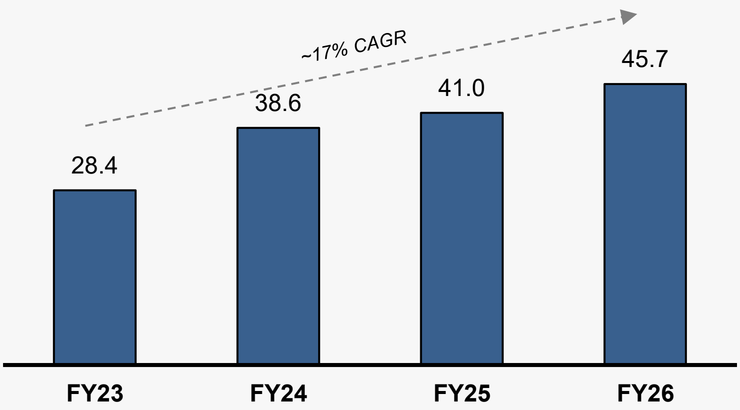
Project	Location	Project type	Client	Order value (in Rs. Mn) ex GST	Unexecuted order value (in Rs. Mn) ex GST
Central Vista	New Delhi	Institutional	Public	26,014	26,014
India Jewellery Park	Mumbai	Commercial	Private	21,570	21,570
The Dahlias DLF 5	Gurugram	Residential	Private	20,890	20,514
Re-development of CSMT	Mumbai	Infrastructure	Public	20,763	15,774
Signature Global Business Park	Gurugram	Commercial	Private	13,070	11,695
DLF City Centre	Gurugram	Commercial	Private	10,947	8,784
Lal Bahadur International Airport	Varanasi	Infrastructure	Public	8,935	5,311
Whiteland Corporation Ltd	Gurugram	Residential	Private	8,210	8,100
Bihar Animal Science University	Patna	Institutional	Public	7,948	1,932
Bihar State Tourism Development Corporation Ltd	Sitamarhi	Institutional	Public	7,328	7,328
Total				**145,675**	**127,022**
% of total order book and unexecuted order book respectively				**49%**	**60%**

Source: Company, Keynote Capitals Ltd.

Order inflow excluding GST (in Rs. Bn)*



Revenue (in Rs. Bn)



Source: Company, Keynote Capitals Ltd
**Order inflow calculated as*
(closing unexecuted order book – opening unexecuted order book + revenue)
It does not include any cost escalation and/or projects dropped

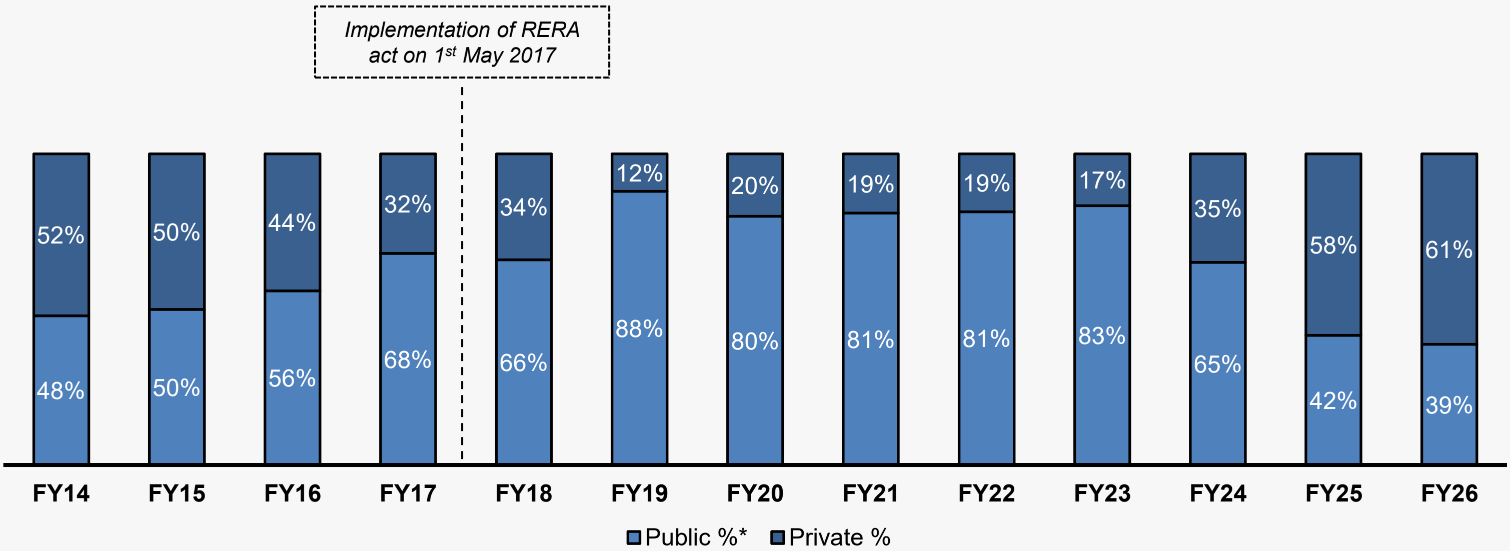
However, revenue growth has not kept pace with the increase in order inflows in the last two years. While the Company continued to win large orders, execution in certain projects was impacted by project-specific disruptions. The CSMT redevelopment project, ACIL's fourth-largest order with a contract value of ~Rs. 20.7 Bn excluding GST, progressed slower than expected due to design-related issues and pending clearances. In FY25, execution was also impacted by general elections, labour movement during festivals, prolonged monsoons, delayed site handovers, and NCR pollution-related construction restrictions, where NCR-linked projects accounted for ~32% of the unexecuted order book.

In FY26, the execution environment remained challenging as NCR exposure increased further to ~48% of the unexecuted order book, increasing the impact of construction restrictions in the region. In addition, state election-related delays in select regions, slower fund flows, labour availability issues, and supply-chain delays for critical building components also impacted execution.

Going ahead, execution is expected to improve as state elections in West Bengal, Assam, and Bihar are behind, while preliminary designs for larger projects such as Central Vista and CSMT have been confirmed. Management expects the current order book to be executed over the next 2–2.5 years, providing strong revenue visibility from the Rs. 211.0 Bn unexecuted backlog despite macro-economic headwinds.

Public and private order book mix

Unexecuted order book mix (%) of the Company over the years



Source: Company, Keynote Capitals Ltd
**Includes orders from Central Government, State Government as well as from Government of Nepal*

ACIL's shift towards public-sector projects was a deliberate response to the stress witnessed in the private real estate cycle. After facing delayed approvals, payment disputes and stretched receivables in certain private projects during FY10-FY14, the promoters infused ~Rs. 495 Mn in FY15 to ease borrowings. Thereafter, the Company reduced leverage, operated as a largely net debt-free Company from FY17 and moved its order book towards government-backed projects.

This strategy helped ACIL remain insulated from the broader private real estate stress in the latter half of the decade. Several developers such as Unitech, Jaypee Infratech, Amrapali, HDIL and DSK Group faced liquidity stress, stalled projects, insolvency proceedings or regulatory action during this period. ACIL's higher public-sector concentration and cleaner balance sheet helped it avoid material exposure to this cycle.

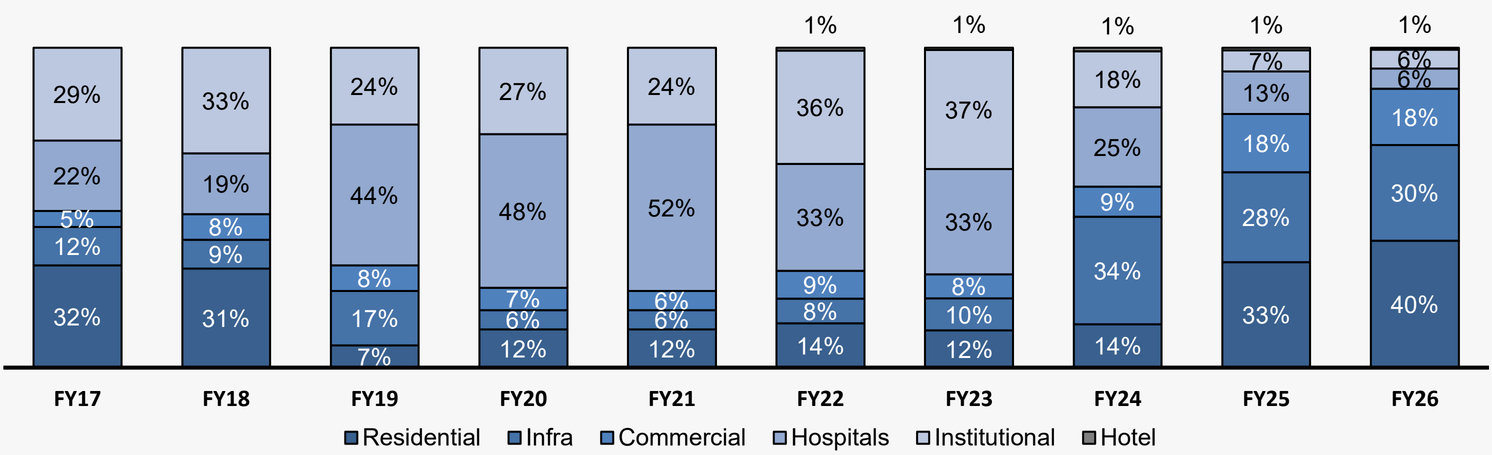
However, the public-sector mix also had limitations. From late FY17, entities such as NBCC and CPWD, backed by a strong infrastructure pipeline, started diluting qualification criteria for procuring orders. This allowed smaller and less organised contractors to bid for projects where entry barriers were earlier higher.

To avoid overcrowded smaller-ticket tenders, ACIL shifted towards larger-ticket orders, where technical qualification, balance sheet strength and bank guarantee capacity restricted weaker players. This was visible in active project count, which reduced from ~80 smaller projects in FY14 to ~45 projects by FY19. This shift helped ACIL avoid unorganised competition to an extent. However, over time, even larger public-sector contracts started facing margin pressure as smaller contractors moved up the ticket-size curve and large highway / infrastructure EPC players entered building EPC. As a result, public-sector projects remained competitive, limiting EBITDA margin expansion.

Post-Covid and RERA-led consolidation, the private sector has become more organised. ACIL has therefore increased private-sector exposure again, with private orders rising from ~17% of unexecuted order book in FY23 to ~61% in FY26. However, the current shift is selective, with focus on large and verified clients such as DLF, Smart World, Max Healthcare and other established institutions. Private contracts generally offer ~100-150 bps higher EBITDA margins, faster decision-making and better execution flexibility. In the long run, the Company expects to maintain a 50:50 mix or 60:40 mix in favour of private-sector orders.

Segmental order book mix

Segmental order book mix (%) of the Company over the years



Source: Company, Keynote Capitals Ltd

Segments	What it includes	Current Project example
Residential	High-rise apartments, luxury housing, affordable housing and township projects.	The Dahlias DLF 5, Gurugram, for Rs. 20.9 Bn
Infra	Railway station redevelopment, airports, metro stations, passenger terminals, water and effluent treatment projects.	Redevelopment of CSMT railway station, Mumbai for Rs. 20.8 Bn
Commercial	Corporate offices, IT parks, retail complexes, industrial buildings, factories and data centres.	Indian Jewellery Park, Mumbai, for Rs. 21.6 Bn
Hospitals	Multi-speciality hospitals, medical colleges and cancer institutes	Tata Memorial Centre, Parel, Mumbai, Rs. 7.2 Bn
Institutional	Universities, campuses, schools, auditoriums, convention centres and administrative buildings	Bihar Animal Science University, Patna, for Rs. 7.9 Bn
Hotels	Luxury hotels, 5-star/7-star hospitality assets and hospitality hubs	The Edition, Sector 66, Gurugram, for undisclosed amount

Source: Company, Keynote Capitals Ltd

ACIL's segmental order book mix has evolved over the years based on the nature of orders available in the market. The Company started with a higher share of residential and institutional projects, while hospitals became a larger part of the order book during the period when ACIL executed multiple government hospital projects such as AIIMS Jammu, AIIMS Kalyani and AIIMS Nagpur. This shift was largely order-driven rather than a structural change in the Company's execution capabilities.

We believe the margin profiles are similar for all 6 segments the Company is operating in. The mix shifts based on end client demand.

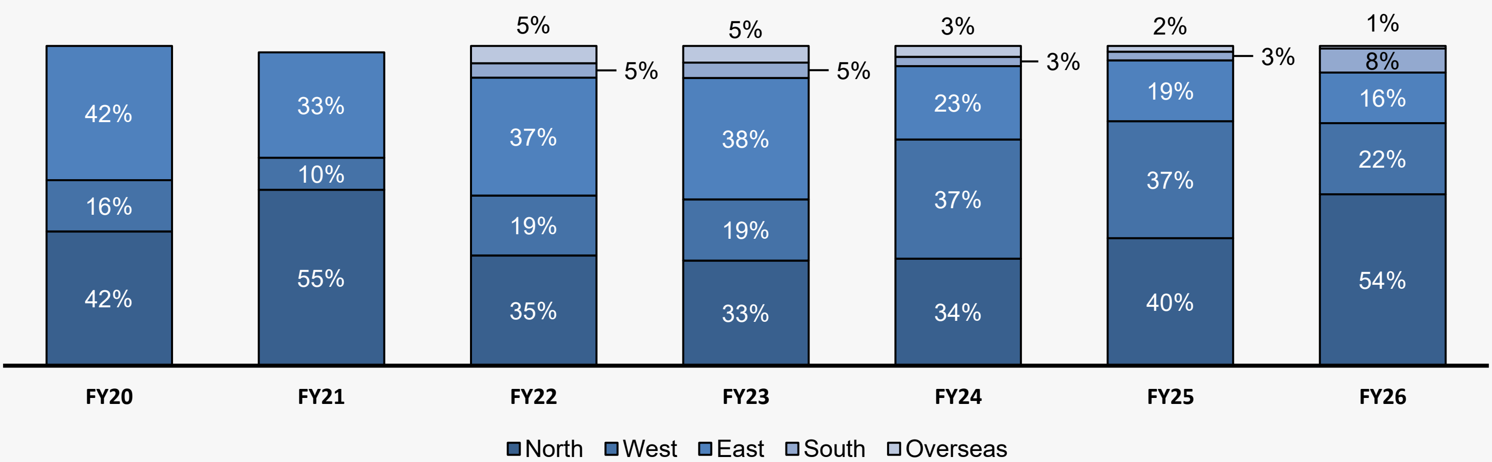
Unlike sectors where each segment requires a completely different operating model, most of ACIL's building construction segments have broadly similar execution requirements. Whether the Company executes residential towers, hospitals, institutional buildings, commercial complexes or hotels, the core capabilities remain civil construction, structural execution, MEP coordination, project management and timely delivery. Hence, the Company's segment mix has remained flexible and largely depends on client demand, ticket size, bidding discipline and working-capital comfort.

The Company has also started exploring selective adjacencies such as data centres and water infrastructure. ACIL executed a data center order for Adani ConneX/Google worth ~Rs. 2.1 Bn in FY23, but management has indicated that it does not intend to pursue smaller ticket-size data centre projects aggressively, as the Company prefers larger orders above ~Rs. 8 Bn. Similarly, ACIL entered the water and effluent treatment space with the Dharavi wastewater treatment facility order worth ~Rs. 5.6 Bn in FY24. Management believes this can be a niche and potentially margin-accretive opportunity, especially if larger opportunities emerge in India or the Middle East.

Overall, the segmental mix does not indicate a sharp pivot into unknown areas. Instead, ACIL continues to operate largely within its core construction capabilities, while selectively testing adjacent opportunities where project size, client quality and margin profile fit its internal criteria.

Regional and state-wise order book mix

Regional order book mix (%) of the Company over the years



Source: Company, Keynote Capitals Ltd

Source: Company, Keynote Capitals Ltd

Top 10 States	FY23	FY24	FY25	FY26
Haryana	3%	16%	28%	31%
Maharashtra	19%	37%	36%	22%
Delhi	6%	8%	4%	14%
Karnataka	4%	3%	3%	8%
Uttar Pradesh	2%	2%	5%	6%
Bihar	20%	9%	7%	6%
West Bengal	3%	1%	4%	4%
Assam	10%	8%	4%	4%
Odisha	5%	4%	2%	1%
Himachal Pradesh	10%	3%	1%	0%
Total unexecuted order book (in Rs. Bn)	**77.3**	**103.8**	**150.6**	**211.0**

Source: Company, Keynote Capitals Ltd
Darker colour represents higher mix for the financial year

ACIL has historically been a North India-focused contractor, with strong execution presence in Delhi-NCR. Over time, the Company expanded into other regions, particularly Eastern India, where competition was relatively lower and large institutional/government projects were available. This helped ACIL build execution credentials outside its traditional home market, especially in states such as Bihar, Assam and West Bengal.

The regional mix continues to remain led by North India, which accounted for ~54% of the unexecuted order book in FY26. Within this, Haryana and Delhi together formed ~45% of the total unexecuted order book, largely supported by projects in Gurgaon and Delhi. While this provides execution familiarity and strong client access in its core market, it also exposes the Company to NCR-specific disruptions such as pollution-related construction restrictions.

In recent years, ACIL has increased its presence in Western and Southern India in a calibrated manner. The combined share of West and South increased from ~16% in FY20 to ~30% in FY26, largely led by Maharashtra and Karnataka. This expansion has been selective, as the Company has historically avoided entering unfamiliar markets without comfort on client quality, project economics and local execution conditions.

For instance, ACIL avoided Gujarat despite it being a large construction market, as private contracts were largely perceived to favour local contractors, while government projects often witnessed aggressive bidding at levels materially above or below estimates, increasing the risk of project cancellation or poor profitability respectively. Similarly, the Company had earlier avoided South India to prevent stretching management bandwidth and entering unfamiliar local regulatory environments.

As per the management, the Company had bid aggressively for “Diamond Bourse” constructed in Surat, Gujarat. However, as it was a private contract, the project was handed over to local player (PSP Projects) at a much higher bid.

The Company has also taken limited overseas exposure through the National Police Academy project in Nepal, awarded in Q1 FY23 for ~Rs. 4.4 Bn. The project was undertaken through a JV with Roshan Construction Pvt. Ltd., where ACIL held ~70% stake and contributed technical and value-engineering expertise, while the local partner supported execution and working capital management. The project was initially expected to be completed in ~2.5 years; however, as of Q4 FY26, ~Rs. 1.8 Bn remains unexecuted, implying that ~41% of the project is still pending. The completion timeline has now been extended to late FY27/FY28, highlighting the additional execution complexity in cross-border projects and reliance on local partners.

Clientele

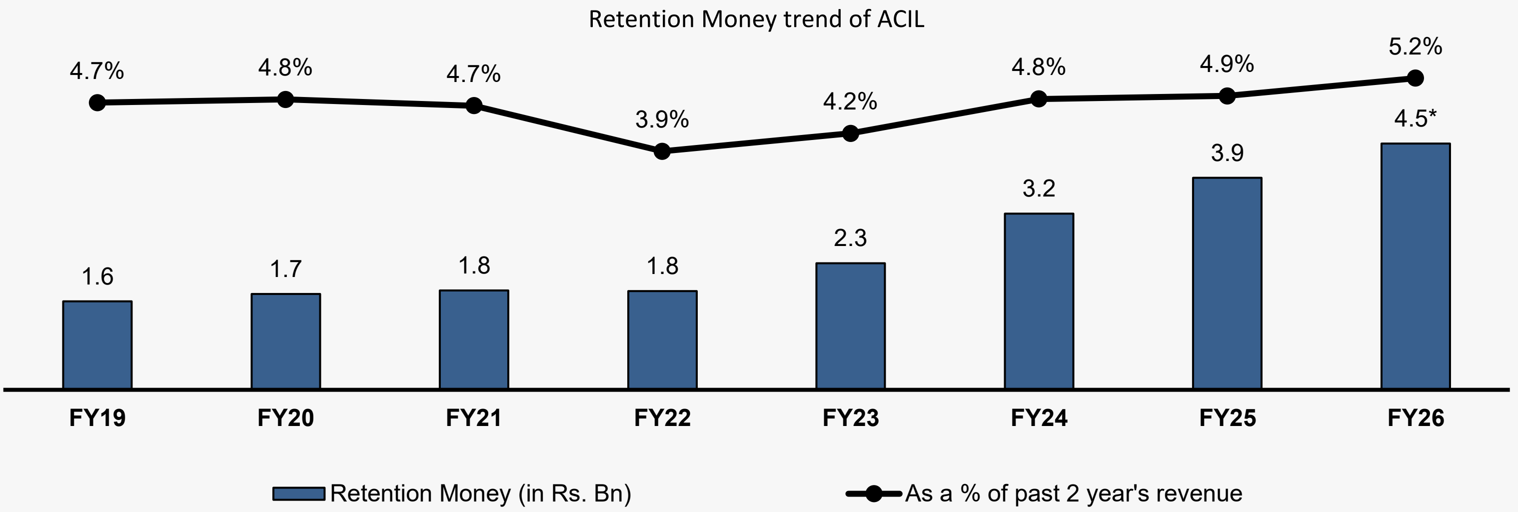
Source: Company, Keynote Capitals Ltd

ACIL's client base reflects its execution track record across public institutions, government agencies, private developers, healthcare operators, educational institutions and corporate clients. Historically, the Company's order book was largely driven by public-sector projects awarded by clients such as CPWD, NBCC, AAI, AIIMS, RITES, DMRC, IITs and IIMs.

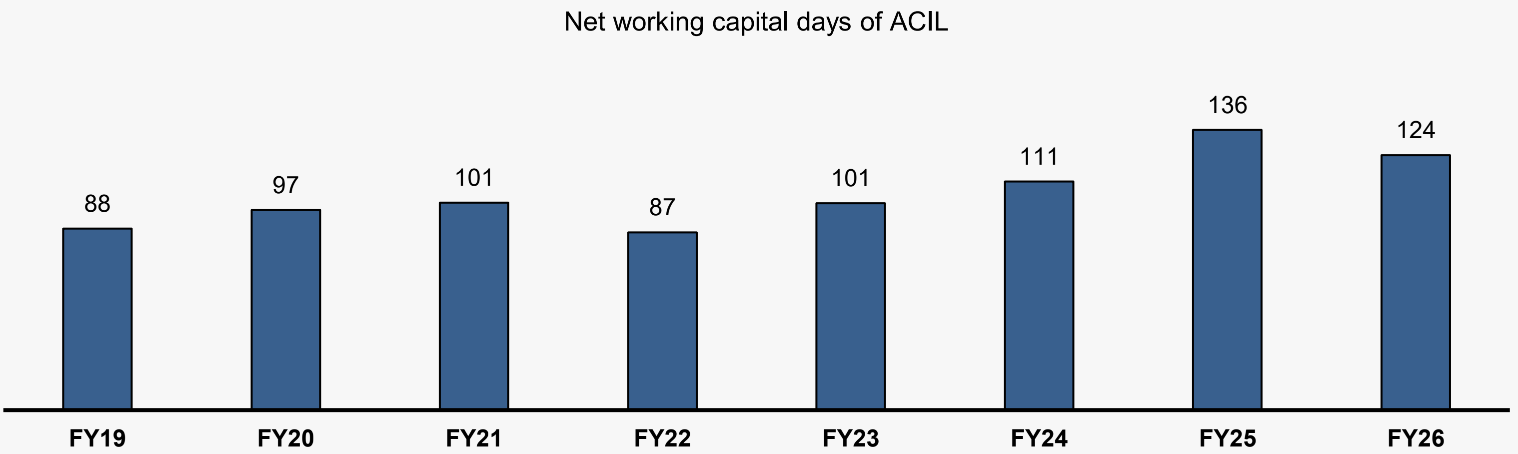
Over the last few years, ACIL has increased its exposure to private-sector clients, where margins are typically higher by ~100–150 bps and working capital terms are relatively better. The Company's private client base includes large real estate developers such as DLF, Signature Global, Whiteland, Godrej, Birla Estates, Brigade and Emaar. DLF is currently ACIL's largest private client, led by large-ticket projects such as DLF Dahlias and DLF City Centre.

ACIL has also executed projects for corporate and institutional clients such as AdaniConneX, Bharti, Brookfield, Tata Group, ITC, Infosys and Havells. In healthcare, the Company has worked with marquee hospital chains such as Max Healthcare, Fortis and Apollo Hospitals. This diversified client base supports ACIL's ability to qualify for large public and private EPC orders while reducing dependence on any single end-market.

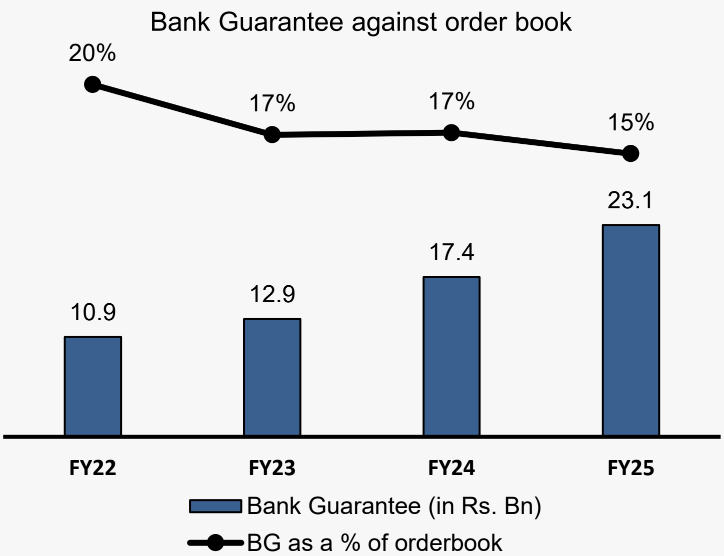
Financial Metrics

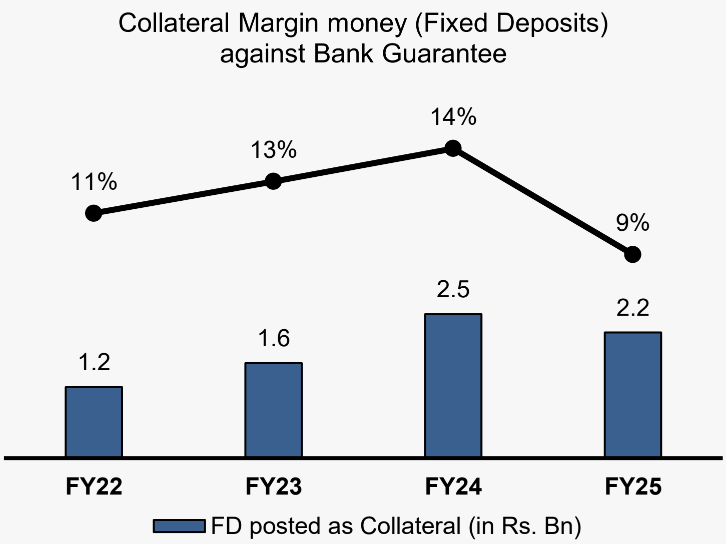


Source: Company, Keynote Capitals Ltd
**Data as per Q4 FY26 commentary*



Source: Company, Keynote Capitals Ltd
*Net Working Capital Cycle = ((Average Current Assets – Average Current Liabilities)*365)/Revenue .*





Source: Company, Keynote Capitals Ltd

Peer Comparison

For peer comparison, we have considered PSP Projects Ltd. (PSP), Capacite Infraprojects Ltd (CIL), and B. L. Kashyap and Sons Ltd. (BLKSL)

PSP has a balanced order book across public and private clients, with ~35% of orders from the government sector and ~65% from private clients. The Company has a strong presence in Gujarat, where it is executing marquee projects such as the SMC High-Rise in Surat, Phase 2 of the Sabarmati Riverfront in Ahmedabad, and multiple commercial and residential projects in GIFT City. Beyond Gujarat, PSP has expanded its presence across Rajasthan, Maharashtra, Karnataka, Uttar Pradesh and New Delhi.

CIL has relatively higher public-sector exposure, with ~57% of its order book coming from government entities and PSUs, while private clients account for the remaining ~43%. Residential projects contribute ~62% of the order book, followed by mixed-use projects at ~29% and institutional projects at ~9%. The Company has a strong presence in Mumbai and has completed more than 60 projects across India, including MMR, PMR, NCR, Varanasi, Bengaluru, Chennai and Hyderabad.

B. L. Kashyap is predominantly focused on private-sector projects, which accounted for ~95% of its order book as of FY26, while public-sector projects contributed ~5%. Its order book is evenly distributed between commercial and residential construction, contributing ~48% and ~47%, respectively, with the balance coming from institutional projects. The Company has a strong presence in Haryana, Karnataka and Tamil Nadu, along with projects in Delhi and Uttar Pradesh.

Particular	ACIL	PSP	CIL	BLKSL
Financials (as of FY26)				
Revenue (in Rs. Bn)	45.7	31.5	26.2	13.8
10 year revenue CAGR %	*13.8%*	*20.9%*	*16.8%*	*5.2%*
EBITDA %	9.5%	6.0%	16.3%	7.4%
Net Profit (in Rs. Bn)	2.7	0.6	1.9	0.0
Net Profit %*	5.7%	1.8%	7.3%	0.1%
10 year Net Profit CAGR %	15.3%	9.3%	19.7%	*NA*
Unexecuted order book (in Rs. Bn)	**211.0**	**134.5**	**135.0**	**53.0**
Unexecuted order book/revenue (x)	**4.6**	**4.3**	**5.2**	**3.8**
Gross debt to equity (x)	0.0	0.3	0.1	0.6
Cash conversion cycle (days)^	11	70	-4	138
Net working capital cycle (days)**	124	73	158	83

Source : Company, PSP Projects Ltd, Capacite Infraprojects Ltd, B. L. Kashyap Ltd., Keynote Capitals Ltd
**Net Profit/(Revenue + Other Income)*
^Cash Conversion Cycle = DSO+DIO-DPO
***Net Working Capital Cycle = ((Average Current Assets – Average Current Liabilities)*365)/Revenue .*

Management Analysis

Key Managerial Personnel

Name	Designation	Experience (with ACIL/overall)	Description
Mr. Bikramjit Ahluwalia	Chairman & Managing Director	47+/58+	A veteran of the construction industry with over 50 years of experience. He is the Founder and Promoter of ACIL, having led the Company since its incorporation in 1979. Before establishing ACIL as a corporate entity, he operated through his proprietorship, M/s. Ahluwalia Construction Group. As Chairman and Managing Director, he is the primary architect of the Company's strategic vision and its evolution into a leading EPC player.
Mr. Shobhit Uppal	Deputy Managing Director	32+/32+	An Electrical Engineer from NIT Kurukshetra with over 32 years of industry experience, Mr. Shobhit Uppal serves as the Deputy Managing Director at Ahluwalia Contracts (India) Ltd. Son-in-law to the Chairman and Managing Director, Mr. Bikramjit Ahluwalia, he is a former President of the Indian Buildings Congress (IBC). His expertise spans administration, supply chain management, audits, and digitization, alongside a strong track record of securing and executing major infrastructure projects.
Mr. Vikas Ahluwalia	Whole Time Director	24+ / 24+	A Civil Engineer from R.V. College of Engineering with over 20 years of industry experience, Mr. Vikas Ahluwalia serves as the Whole-Time Director of the Company. Son of the Chairman and Managing Director, Mr. Bikramjit Ahluwalia, he is instrumental in driving the Company's operational excellence and project execution. His expertise spans project management, infrastructure development, and construction execution, with a proven track record of successfully delivering landmark projects across India, including the Mumbai Metro Depot, the Jolly Grant Airport in Dehradun, Sion Hospital, and the Chandigarh Railway Station, along with major developments in Assam and other regions.
Mr. Sanjiv Sharma	Whole Time Director	7+ / 30+	He has an M.Tech in Civil Engineering with Honours from IIT Roorkee and brings over 30 years of construction industry experience. He served as an Engineer In-charge at the Central Public Works Department (CPWD) from 1993 to 2007. Throughout his tenure at ACIL, he has demonstrated exceptional technical expertise on landmark projects, including the SEBI building where he oversaw critical elements such as curtain glazing and aluminium composite panel cladding. His deep knowledge of construction technology and proven track record make him instrumental in managing the Company's operations and business growth.
Mr. Satbeer Singh	Chief Financial Officer	15+ / 19+	A Chartered Accountant from ICAI, he joined the Company in October 2010 as General Manager (Finance & Accounts) and was promoted to Chief Financial Officer from FY16. With over 15 years of tenure at ACIL, he has demonstrated consistent career progression and plays a key role in the Company's financial management and governance.

Source: Company, Keynote Capitals Ltd.

Compensation and skin in the game

Particulars	FY21	FY22	FY23	FY24	FY25
% Promoter Holding	58.0%	55.3%	55.3%	55.3%	55.3%
Management Salary* (Rs Mn)	41.4	43.5	44.3	58.7	62.1
As a % of PAT	5.4%	2.8%	2.3%	1.6%	3.1%

Source: Company, Keynote Capitals Ltd. ** including contribution to PF and other funds and ESOP expenses*

Top shareholders >1% (Public Shareholders)

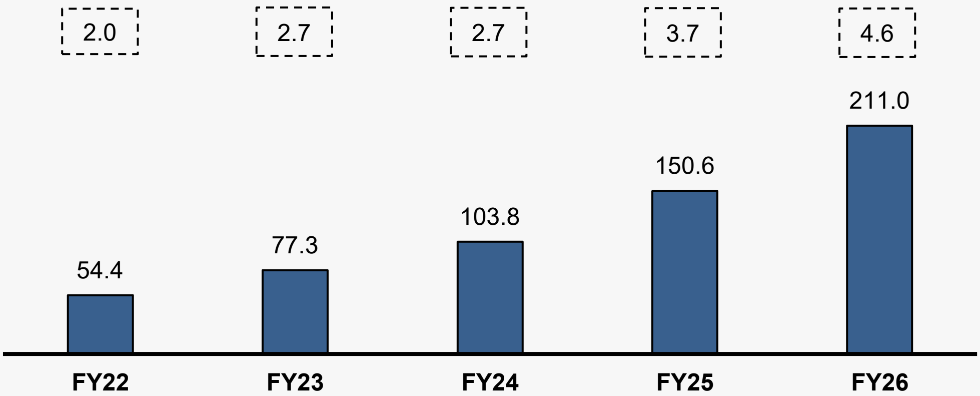
Name	FY22	FY23	FY24	FY25	FY26
SBI Small Cap Fund	7.7	7.7	7.4	8.1	8.5
Nalanda India Equity Fund Ltd	5.8	5.8	5.8	5.5	5.5
Axis MF Trustee Ltd	5.9	5.9	6.0	4.8	4.8
DSP Tax Saver Fund	5.2	5.2	3.9	3.7	3.6
Nalanda India Fund Ltd	4.1	4.1	3.8	2.8	2.5
Government Pension Fund Global	-	-	-	-	2.5
Canara Robeco	1.3	1.0	1.3	1.3	1.3
Franklin India Smaller Companies Fund	4.4	3.6	2.5	1.7	-
Aditya Birla SunLife Trustee Ltd	1.7	1.6	1.2	1.2	-
Max Life Insurance Diversified Equity Fund	-	1.2	-	-	-
HSBC Global Investment Funds – Asia ex Japan Equities	1.8	-	-	-	-

Source: Company, Keynote Capitals Ltd.

Opportunities

Large order book conversion to drive medium term growth

Unexecuted order book excluding GST (in Rs. Bn) and order book to revenue ratio (x)



Source: Company , Keynote Capitals Ltd

ACIL's unexecuted order book has scaled sharply over the last few years, increasing the order book/revenue ratio to ~4.6x in FY26. While this provides strong medium-term revenue visibility, revenue growth moderated in FY25 and FY26 as execution in certain large orders slowed down due to project-specific and external disruptions.

A key reason was the slow progress in the CSMT redevelopment project. At the close of FY25, the pending execution for CSMT stood at ~Rs. 19 Bn (excluding GST), accounting for ~12.6% of the ~Rs. 151 Bn unexecuted order book that was expected to be executed in FY26. The project was delayed during the design approval stage, restricting execution during the year. In addition, election-related disruptions in states such as Bihar, West Bengal and Assam impacted fund flows and labour availability, as workers travelled back to their respective states. These three states together contributed ~14% of ACIL's FY26 unexecuted order book.

With election-related disruptions easing and design approvals now in place for key projects such as CSMT, execution is expected to improve from FY27. Moreover, the Central Vista project, awarded in Q4 FY26 for ~Rs. 26 Bn, can become an important near-term growth driver for the Company. The project has a strict completion timeline of ~24 months, much shorter than other large-ticket projects such as India Jewellery Park, where the completion timeline is more than 40 months.

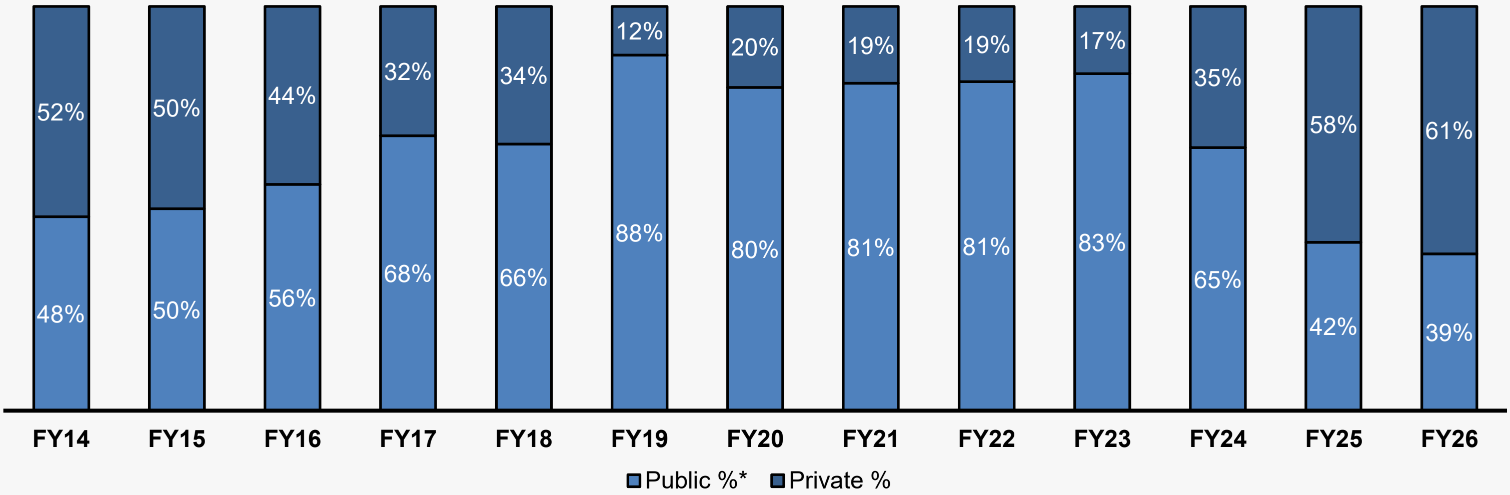
Management expects Central Vista to contribute meaningfully from FY27, with monthly execution potential of ~Rs. 1.0–1.5 Bn and targeted execution of at least ~Rs. 10.0 Bn during the year. Similarly, the CSMT project is expected to recover after design clearance, with management targeting execution of ~Rs. 6.0 Bn in FY27. In addition, DLF Dahlias is expected to contribute ~Rs. 3.0–3.5 Bn, while India Jewellery Park is likely to see limited execution of ~Rs. 1.0 Bn as it remains under design and administrative processing.

ACIL's order inflow pipeline also remains healthy with the Company being L1 bidder in two projects worth ~Rs. 16.2 Bn, including RML Hospital in Delhi and a university project for the Government of Odisha in Bhubaneswar. Further, the Company has a bidding pipeline of ~Rs. 150 Bn as of Q4 FY26. Based on its historical bid-win ratio of ~17–20%, this pipeline can potentially translate into incremental order inflows of Rs. 25.5–30.0 Bn, supporting ACIL's FY27 order inflow target of ~Rs. 80 Bn.

Considering the elevated order book/revenue ratio of ~4.6x, easing execution bottlenecks in key projects, and a healthy order inflow pipeline, ACIL has a visible runway to deliver ~15–20% revenue growth in FY27 and sustain growth over the medium term.

Shift towards private order books

Order book mix (%) of the Company over the years



Source: Company , Keynote Capitals

ACIL had consciously shifted towards public-sector EPC contracts after witnessing stress in the private real estate sector during FY10–14. This shift helped the Company protect its balance sheet and avoid weak private counterparties during a period when several developers faced liquidity stress, project delays, insolvency proceedings and consolidation. As a result, public-sector orders increased to as high as ~88% of the order book during FY19.

However, the public-sector order book also came with certain limitations. Government clients such as CPWD and NBCC gradually diluted technical qualification criteria in select tenders, increasing participation from smaller contractors and intensifying competitive pressure. This led to lower bidding spreads, margin compression and, in certain cases, a longer working capital cycle.

With private-sector real estate now more consolidated post-RERA, ACIL has started increasing its private-sector exposure in a calibrated manner. The Company is not returning to broad-based private real estate exposure, but is selectively bidding for projects with stronger counterparties such as DLF, Signature Global, Smart World, Max Healthcare and other established clients. This is visible in the private-sector's share of order book, which increased from ~17% in FY23 to ~61% in FY26.

Private-sector contracts generally offer ~100–150 bps higher EBITDA margins compared to public-sector orders, along with faster decision-making and better execution flexibility. Going ahead, management expects to maintain a balanced public-private mix, broadly in the range of 50:50 to 60:40 in favour of private orders, while continuing to bid for public-sector projects where unit economics remain attractive, as seen in the Central Vista order.

This mix shift can support EBITDA margin improvement towards double digits over time and improve ROCE, provided the Company maintains bidding discipline, client selection and working capital control.

Moving into big leagues

ACIL has gradually moved towards larger ticket-size projects, improving its pre-qualification credentials in large EPC tenders. The Company's pre-qualification threshold has increased from ~Rs. 5–8 Bn in FY18 to ~Rs. 10–11 Bn by FY20, and further to more than Rs. 25 Bn in FY26 as per our estimates, following the award of the Central Vista project for Rs. 26.0 Bn without needing to form any JV. This places ACIL among a limited set of contractors eligible to independently bid for large public-sector building EPC orders.

Management indicated that only four players met pre-qualification criteria for orders such as the Central Vista Project, with ACIL now operating in the same pre-qualification bracket as larger players such as L&T and Tata Projects.

Without pre-qualification, ACIL would have had to form a joint-venture to bid for the project, reducing execution control and potentially diluting margins

The higher pre-qualification threshold also reduces competitive intensity. As project size increases, eligibility depends on prior execution experience, financial strength, bank guarantee capacity, technical manpower and completion track record, rather than price alone.

Strong balance sheet and escalation clauses protecting downside

ACIL's balance sheet discipline has improved materially since the stress cycle witnessed during FY10–14. During that period, delayed receivables, weak private-sector counterparties and limited escalation protection in certain contracts led to higher working capital pressure, with debt/equity increasing from ~0.6x in FY10 to ~1.3x by FY13. Following promoter infusion of ~Rs. 495 Mn in FY15, the Company tightened its bidding framework, reduced leverage and placed greater emphasis on client quality, payment terms and contract structure.

Since FY17, the Company has largely operated with a net debt-free balance sheet, even as its order book has scaled meaningfully. This provides flexibility to support bank guarantee requirements, mobilization and working capital needs across multiple large-ticket projects, without materially increasing financial risk.

The current contract structure also offers better protection against input-cost volatility. As per management commentary in Q4 FY26, ~89% of ACIL's contracts contain some form of escalation clause. In public-sector contracts, escalation is largely linked to WPI and wage indices, while private contracts generally include base-price pass-through for key materials such as steel, cement, aggregates, Ready Mix Concrete (RMC) and aluminium. Even within fixed-price private contracts, ACIL typically ring-fences major raw material risks through arrangements such as client-supplied steel or base-price protection for cement.

With current geopolitical unrest, ACIL is much better positioned compared to the previous private-sector cycle where limited escalation protection and weaker counterparties exposed the Company to both cost inflation and receivable stress. As ACIL executes a larger order book across Central Vista, CSMT, DLF Dahlias and India Jewellery Park, its net debt-free balance sheet and escalation-protected contract mix should support execution scale while limiting downside risk from raw material volatility.

Challenges

Concentration risk in private sector

ACIL's order book mix has shifted sharply towards private-sector contracts over FY23–26. Private orders increased from ~17% of unexecuted order book in FY23 to ~61% in FY26.

While this shift is margin accretive, as private contracts typically offer ~100–150 bps higher EBITDA margin compared to public-sector orders, it also increases dependence on a smaller set of large private clients. ACIL is currently working with stronger counterparties such as DLF, Godrej, Birla Estates, Signature Global, Smart World and Max Healthcare, which reduces counterparty risk versus the earlier private-sector cycle. However, higher concentration also makes timely execution and client relationship management more critical.

DLF is one of the largest private-sector clients in ACIL's current order book. Based on FY26 unexecuted order book of ~Rs. 211.0 Bn and private-sector share of ~61%, ACIL's private unexecuted order book stood at ~Rs. 128.7 Bn. Disclosed DLF-linked projects account for at least ~Rs. 29–30 Bn, translating into ~23% of ACIL's private unexecuted order book. This includes large projects such as DLF Dahlias and DLF City Centre.

While DLF has a strong balance sheet with reducing debt, its balance sheet also includes large customer advances, which increases the importance of timely project delivery. Any material delay from the side of ACIL could affect client relationships, repeat order prospects and future private-sector order inflows.

Regional concentration & external supply and regulatory disruption

ACIL's order book to revenue conversion is heavily exposed to external execution disruptions such as NCR construction restrictions, labour availability, supply-chain bottlenecks and material movement constraints.

The Company is heavily concentrated in NCR with projects in New Delhi and Gurgaon. As of FY26, ~48% of ACIL's order book consists of projects in NCR, up from ~32% in FY25. As this region is exposed to heavy smog in the periods of winter, the regulatory bodies have introduced pollution control measures, restricting and/or banning construction activities for 3-4 months, beginning from late October and ending by early February .

Labour availability is another structural execution constraint. Management has indicated that the construction industry remains heavily dependent on a few labour-supplying states such as Bihar, Jharkhand and West Bengal, which together account for ~80–90% of skilled workforce availability. During festivals and elections, labour availability can fall sharply, with site productivity reducing to ~30–40% in affected periods.

Supply-chain disruptions can further delay execution. Management highlighted that delivery timelines for electrical panels and switchgear increased from ~2 months to more than ~4 months during periods of global supply disruption. Domestic disruptions such as crusher strikes, transport restrictions and local agitations can also affect the availability of aggregates, sand, stone, RMC and other construction inputs.

While escalation clauses insulate ACIL from raw material price volatility to a large extent, they do not protect against execution delays caused by supply shortages. Such delays can defer revenue recognition, stretch working capital and impact the Company's medium-term growth trajectory.

Timeline adjustment from clients

In large-ticket EPC projects, revenue conversion starts only when the client is ready with final designs, statutory approvals, site handover, funding and timely decisions. Therefore, even after an order is awarded, execution can remain slow if the project is not fully ready at the client's end.

This was visible in the CSMT redevelopment project, where the ~Rs. 20.7 Bn order was delayed for more than a year due to design revisions after the initial concept did not comply with local building norms.

Similar client-side delays have also occurred across other public and private projects :

Project	Order value	Nature of Client	Nature of client-side delay	Impact
DLF Dahlias	~Rs. 20.9 Bn	Private	Structural redesign required due to updated earthquake-code compliance	Initial execution ramp-up delayed
Signature Global / DXP	~Rs. 13.1 Bn	Private	Limited work fronts handed over initially	Slow start despite order award
Bihar Animal Science University, Patna	~Rs. 7.9 Bn	Public	Existing buildings on campus were not vacated and handed over on time	Execution slowed due to limited site availability
Charbagh Railway Station, Lucknow	~Rs. 5.4 Bn	Public	Railway Board and environmental approvals were not in place	Project did not take off; ACIL sought foreclosure
Gardanibagh Housing Project, Patna	~Rs. 5.0 Bn+	Public	Environmental clearance delays and PIL-related bottlenecks	Execution stalled for multiple quarters
Bihar Hospital — Chhapra	~Rs. 4.3 Bn	Public	Funding constraints and delayed payments from state agency	Execution slowed at advanced stage
Bihar Hospital — Nalanda / Rahui	~Rs. 3.8 Bn	Public	Funding constraints and delayed payments from state agency	Execution slowed at advanced stage
Kolkata Auditorium	~Rs. 3.1 Bn	Public	Mid-project design change to increase seating capacity from 2,000 to 2,600	Site stalled due to redesign and fresh approvals

Source: Company ,Keynote Capitals Ltd

These delays contributed to slower execution and muted revenue growth in FY25 and FY26 despite a strong order book. The risk becomes more relevant as ACIL scales towards larger ticket-size projects, with the top 10 orders forming ~60% of FY26 unexecuted order book. With 53 ongoing projects as of Q4 FY26, delays in design approvals, site handover, funding or client decision-making in a few large projects can defer revenue conversion even when headline order book visibility remains strong.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	**40,986**	**45,652**	**54,782**	**64,643**	**74,340**
Growth %		11%	20%	18%	15%
Construction Expenses	33,199	35,971	43,166	50,935	58,576
Employee Expenses	3,516	4,399	5,279	6,068	6,792
Other Expenses	851	937	851	1,004	1,154
EBITDA	**3,420**	**4,344**	**5,487**	**6,636**	**7,818**
Growth %		27%	26%	21%	18%
Margin%	8%	10%	10%	10%	11%
Depreciation	666	980	1,506	1,869	2,182
EBIT	**2,754**	**3,364**	**3,981**	**4,767**	**5,635**
Growth %		22%	18%	20%	18%
Margin%	7%	7%	7%	7%	8%
Interest Paid	581	505	484	405	446
Other Income & exceptional	554	715	530	590	719
PBT	**2,726**	**3,575**	**4,027**	**4,952**	**5,909**
Tax	709	931	1,047	1,287	1,536
PAT	**2,017**	**2,643**	**2,980**	**3,664**	**4,372**
Profit from associates	4	13	13	14	0
Minority interest	0	0	0	0	0
Net Profit	**2,021**	**2,656**	**2,994**	**3,678**	**4,372**
Growth %		31%	13%	23%	19%
Shares (Mn)	67.0	67.0	67.0	67.0	67.0
EPS	**30**	**40**	**45**	**55**	**65**

Balance Sheet

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Cash, Cash equivalents & Bank	3,185	3,081	3,641	4,726	7,701
Current Investments	6,459	5,094	5,278	5,374	5,386
Debtors	7,849	7,335	9,313	10,989	12,638
Unbilled revenue*	3,909	6,880	7,396	7,757	7,434
Inventory	3,392	3,422	4,317	5,094	5,858
Short Term Loans & Advances	8	13	13	13	13
Other Current Assets	5,318	5,966	5,966	5,966	5,966
Total Current Assets	30,120	31,791	35,924	39,919	44,996
Net Block & CWIP	4,677	6,403	7,897	8,613	8,661
Long Term Investments	0	0	0	0	0
Deferred Tax Assets	352	354	354	354	354
Other Non-current Assets	1,911	4,100	4,905	5,953	7,028
Assets held of sale	0	0	0	0	0
Total Assets	**37,059**	**42,648**	**49,080**	**54,840**	**61,040**
Creditors	8,472	8,149	9,928	11,715	13,472
Provision	65	61	61	61	61
Short Term Borrowings	108	20	20	20	20
Other Current Liabilities	5,549	8,563	9,434	9,590	9,650
Total Current Liabilities	14,194	16,793	19,443	21,386	23,204
Long Term Debt	32	18	18	18	18
Deferred Tax Liabilities	0	0	0	0	0
Other Long Term Liabilities	4,849	5,249	6,081	6,275	6,351
Total Non Current Liabilities	4,881	5,266	6,099	6,293	6,368
Paid-up Capital	134	134	134	134	134
Reserves & Surplus	17,850	20,455	23,404	27,027	31,333
Shareholders' Equity	17,984	20,589	23,538	27,161	31,467
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	**37,059**	**42,648**	**49,080**	**54,840**	**61,040**

Cash Flow

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Pre-tax profit	2,726	3,575	4,027	4,952	5,909
Adjustments	666	621	1,473	1,698	1,909
Change in Working Capital	1,189	-420	-710	-1,726	-1,271
Total Tax Paid	-987	-968	-1,047	-1,287	-1,536
Cash flow from operating activities	**3,594**	**2,808**	**3,743**	**3,637**	**5,010**
Net Capital Expenditure	-1,880	-2,654	-3,000	-2,586	-2,230
Change in investments	-1,767	-499	-184	-96	-12
Other investing activities	416	581	530	590	719
Cash flow from investing activities	**-3,230**	**-2,572**	**-2,654**	**-2,093**	**-1,523**
Equity raised / (repaid)	0	0	0	0	0
Debt raised / (repaid)	-310	-102	0	0	0
Dividend (incl. tax)	-31	-37	-45	-55	-66
Other financing activities	-184	-204	-484	-405	-446
Cash flow from financing activities	**-524**	**-343**	**-529**	**-460**	**-511**
Net Change in cash	-161	-107	560	1,084	2,976

Valuation Ratios

	FY25	FY26	FY27E	FY28E	FY29E
Per Share Data					
EPS	30	40	45	55	65
Growth %		31%	13%	23%	19%
Book Value Per Share	268	307	351	405	470
Return Ratios					
Return on Assets (%)	6%	7%	7%	7%	8%
Return on Equity (%)	12%	14%	14%	15%	15%
Return on Capital Employed (%)	14%	16%	16%	16%	16%
Turnover Ratios					
Asset Turnover (x)	1.2	1.1	1.2	1.2	1.3
Sales / Gross Block (x)	6.4	5.2	4.7	4.5	4.4
Working Capital / Sales (%)	37%	34%	29%	27%	27%
Receivable Days	68	61	55	57	58
Inventory Days	36	35	33	34	34
Payable Days	85	84	76	78	78
Working Capital Days	19	11	12	13	14
Liquidity Ratios					
Current Ratio (x)	2.1	1.9	1.8	1.9	1.9
Interest Coverage Ratio (x)	5.7	8.1	9.3	13.2	14.3
Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
Net Debt to Equity	-0.5	-0.4	-0.4	-0.4	-0.4
Valuation					
PE (x)	27.5	17.1	18.3	14.9	12.5
Earnings Yield (%)	4%	6%	5%	7%	8%
Price to Sales (x)	1.4	1.0	1.0	0.8	0.7
Price to Book (x)	3.1	2.2	2.3	2.0	1.7
EV/EBITDA (x)	13.5	10.5	9.2	7.6	6.5
EV/Sales (x)	1.1	1.0	0.9	0.8	0.7

Source: Company, Keynote Capitals Ltd. Estimates

**Based on Q4 FY26 Commentary from management*

Valuations

Particulars	FY26	FY27E	FY28E
Unexecuted Order Book (Rs. Mn)	**210,963**	**221,181**	**226,537**
Growth (%)	*40%*	*5%*	*2%*
Order Inflow* (in Rs. Mn)	106,017	65,000	70,000
Growth (%)	*21%*	*-39%*	*8%*
Revenue (in Rs. Mn)	**45,652**	**54,782**	**64,643**
Growth (%)	*11%*	*20%*	*18%*
Order Book to Revenue (x)	4.6	4.0	3.5
EBITDA margins (%)	9.5%	10.0%	10.3%
Net Profit (in Rs. Mn)	**2,656**	**2,994**	**3,678**
Outstanding Shares (in Mn)	67.0	67.0	67.0
EPS (in Rs.)	**39.7**	**44.7**	**54.9**
Exit P/E (x)			20
Target Price (in Rs.)			1,098
CMP (in Rs.)			837
% Upside/ (Downside)			**31.2%**

Source: Company , Keynote Capitals Ltd Estimates
**Order inflow calculated as (closing unexecuted order book – opening unexecuted order book + revenue) . It does not include any cost escalation and/or cancelled projects*

ACIL's growth over FY27E-FY29E is expected to be primarily driven by execution of its large unexecuted order book. The Company ended FY26 with an unexecuted order book of ~Rs. 211.0 Bn and order book to revenue ratio of ~4.6x, providing strong revenue visibility for the next 2-3 years. While revenue growth remained subdued over FY24-FY26 due to client-side and industry-wide execution delays, we expect execution to recover from FY27E as projects such as CSMT and Central Vista begin contributing meaningfully.

We estimate ACIL to deliver revenue growth of ~20%, ~18% and ~15% in FY27E, FY28E and FY29E, respectively. We have built in moderate order inflows of Rs. 65.0 Bn, Rs. 70.0 Bn and Rs. 75.0 Bn over the same period, compared to Rs. 106.0 Bn in FY26, as near-term industry headwinds such as labour shortage and supply constraints may keep fresh ordering growth subdued. However, given the scale of the existing backlog, muted order inflow growth should not materially constrain revenue growth in the near term.

The Company's EBITDA margins are expected to improve from ~9.5% in FY26 to ~10.3% by FY28E, led by higher contribution from private-sector orders, which typically offer ~100-150 bps higher margins compared to public-sector contracts. However, higher capex towards mechanisation and execution equipment is expected to increase depreciation in the near term, partly moderating Net Profit growth.

Considering these factors, we estimate ACIL to deliver Net Profit of ~Rs. 3.7 Bn and EPS of ~Rs. 54.9 by FY28E. The Company's median P/E ratio over the past five years has been ~23.5x. In light of improving execution, strong order book visibility and margin expansion from the private-sector mix shift, we initiate coverage on ACIL, valuing the Company at ~20x FY28E EPS with a BUY rating, implying an upside of ~31.2%.

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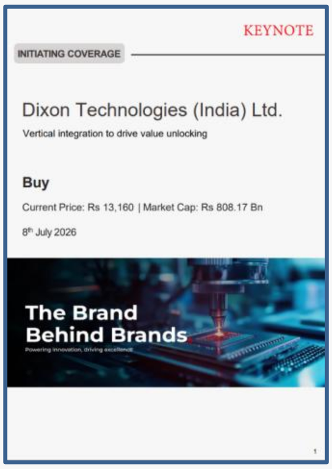

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