ICRA

Years of Unwavering Credibility

INDIAN CONSTRUCTION INDUSTRY

Road-Focused players to face headwinds in near term, with resilience demonstrated by diversified EPC players

MARCH 2026

#35YearsofUnwaveringCredibility

Highlights

ICRA

Click to see full report

Road-focused EPC companies are increasingly constrained by volatile order inflows and execution bottlenecks, reflecting clear sectoral headwinds.

However, diversified EPC players demonstrate resilient growth and healthier financial performance, resulting in distinctly diverging performance trajectories across the sector.

- The Government of India (GoI) continues to advance an expansive infrastructure agenda, reflected in the sharp scaling-up of capital outlay across key sectors. MoRTH continued to account for the largest share of overall capital outlay in the Union Budget 2026–27 (BE); however, its share is on a declining trajectory—from 26% in FY2024 to 24% in FY2027 (BE). Over the past five years, budgetary allocations for MoRTH have moderated, recording a CAGR of around 8%, which has led to lower awarding and resulted in heightened competition and shrinking order-book position for road-focused entities.
- Competitive intensity remains elevated across road EPC segments, with MoRTH/NHAI tenders dominating by drawing 10–15 bidders and median discounts widening to 33%, owing to muted awarding activity. In contrast, awarding activity across other infrastructure segments has remained relatively better, resulting in a comfortable order book position and lower competitive intensity for diversified entities.
- Road-centric EPC companies saw subdued and volatile order inflows, driven by lower awarding activity of MoRTH/NHAI awards over the past three years on account of Bharatmala bottlenecks, land acquisition issues and changes in ministry awarding process. This has resulted in shrinking order books and modest revenue growth, translating into weakening margin performance in recent years. With the phasing out of Atmanirbhar Bharat relief measures, the interest coverage ratios of road-focused EPC players have been worsening with elongated working capital cycles and rising borrowing dependence.
- Diversified EPC companies have maintained strong, broad-based order inflows and superior revenue visibility, supported by Government-funded programmes across water supply, railways, metros, and urban infrastructure. The healthy order book position resulted in higher revenue growth (14% CAGR over FY2020-FY2025), steadier margins and more resilient interest-coverage trends, enabling stronger financial stability than their road-focused peers.

Source: BE: budget estimates; MoRTH: Ministry of Road Transport and Highways; EPC: Engineering, Procurement, and Construction; NHAI: National Highway Authority of India

Agenda

1 Macro Environment

2 Order Book Analysis

3 Competitive Intensity

4 Financial Performance

5 Credit Rating Trends

6 Sector Outlook

Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Senior Vice-President & Group Head	ashish.modani@icraindia.com	022- 6169 3358
Suprio Banerjee	Vice-President & Co – Group Head	supriob@icraindia.com	022- 6114 3443
M Rajashekhar Reddy	Assistant Vice-President & Sector Head	m.rajashekarreddy@icraindia.com	040- 6939 6423
Vamshi Kinnera	Senior Analyst	vamshi.kinnera@icraindia.com	040- 6939 6420

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860

ICRA

Years of Unwavering Credibility

Thank You!

#35YearsofUnwaveringCredibility