HOLD (Maintain)

CMP: **INR 555** Target Price: **INR 575 (INR 780)** ▲ 4%

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17 November 2026

India | Equity Research | Results Update

Ahluwalia Contracts India

Infrastructure

Navigating a foggy terrain

Ahluwalia entered FY27 on a firm footing, having closed FY26 with 11% revenue growth, a 9.5% EBITDA margin and an all-time-high OB of ~INR 211bn. The story, however, shifted materially in FY27. Q1FY27 margin declined to 4.3%, as steep minimum wage hikes in Haryana and UP coincided with a one-off hit from AIIMS Jammu, prompting management to rule out double-digit margins for the year. Q2 brought partial relief. Revenue grew 24% YoY to INR 14.6bn as slow-moving projects gathered pace. EBITDA margin climbed to 7.6%, partly due to cost pass-throughs taking effect, but stayed well short of the YoY base, pulling PAT down 29% YoY. Management reiterated its guidance of 15% revenue growth in FY27 and 15–20% in FY28. It expects H2FY27 margins at Q2 levels and 8.5–9% for FY28, taking double-digit margin off the table for now. Order book (OB) remains a bright spot at 3.9x book-to-bill. Maintain **HOLD**.

Margin pressure overshadows strong revenue growth

Ahluwalia reported a weak set of results in Q2. While revenue growth was strong at 24% YoY, margin declined to 7.6% (-334bps YoY). As a result, EBITDA came in at INR 1.1bn (-14% YoY). Earnings were further impacted by higher depreciation cost (+56% YoY), leading to a 29% decline YoY to INR 559mn.

The cost base still finding its level

Material cost jumped 44% YoY in Q2, which management attributed to timing issue in some EPC contracts; this should balance out over the respective project's lifecycle. Minimum wage hikes in Haryana and Uttar Pradesh, which impacted labour cost across NCR projects in Q1, continue to impact profitability. Nonetheless, ~50% of its clients without a labour escalation clause have agreed to compensate for wage hikes so far, which could provide some relief.

OB: A full plate at 3.9x book-to-bill

Ahluwalia's OB, as of Sep'26, stood at INR 196.3bn, with a book-to-bill ratio of 3.9x. Some of the key projects, including the Central Vista and CSMT, are expected to see an execution ramp-up through FY27–28.

Uncertainties cloud near-term outlook

Ahluwalia has highlighted that construction restrictions in the NCR are expected to impact execution in Q3FY27. Nonetheless, the Central Vista and Max hospital projects are exempt from the restrictions. On guidance, management maintained the revenue guidance at 15% for FY27 and 15-20% for FY28. However, it expects H2 margins to be similar to Q2 levels and indicated a part of the cost impact to transcend to FY28, with EBITDA margin guidance of 8.5–9%.

Maintain HOLD

Maintain **HOLD** with a revised TP of INR 575 (INR 780 earlier).

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	40,986	45,652	52,728	61,955
EBITDA	3,418	4,358	3,709	5,342
EBITDA Margin (%)	8.3	9.5	7.0	8.6
Net Profit	2,015	2,653	1,764	2,736
EPS (INR)	30.1	39.6	26.3	40.8
EPS % Chg YoY	(12.1)	31.7	(33.5)	55.1
P/E (x)	18.5	14.0	21.1	13.6
EV/EBITDA (x)	7.8	6.5	8.3	5.7
RoCE (%)	14.1	15.6	10.4	14.0
RoE (%)	11.8	13.7	8.2	11.6

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Market Data

Market Cap (INR)	37bn
Market Cap (USD)	396mn
Bloomberg Code	AHLU IN
Reuters Code	AHLU.BO
52-week Range (INR)	1,078 /500
Free Float (%)	45.0
ADTV-3M (mn) (USD)	0.6

Price Performance (%)	3m	6m	12m
Absolute	(33.7)	(30.1)	(37.1)
Relative to Sensex	(38.9)	(39.2)	(34.2)

ESG Score	2024	2025	Change
ESG score	62.9	62.9	0.0
Environment	39.5	42.2	2.7
Social	66.5	66.9	0.4
Governance	78.6	76.2	(2.4)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	0.4	(1.7)
EBITDA	(17.1)	(10.4)
EPS	(24.5)	(14.8)

Previous Reports

18-08-2026: Q1FY27 results review

02-06-2026: Q4FY26 results review

Exhibit 1: Standalone quarterly financial highlights

INR mn	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	% ch QoQ	% ch YoY
Net sales	**11,773**	**10,607**	**13,223**	**11,258**	**14,637**	**30.0**	**24.3**
EBIDTA	**1,286**	**974**	**1,236**	**482**	**1,109**	**129.8**	**(13.8)**
OPM (%)	*10.9%*	*9.2%*	*9.3%*	*4.3%*	*7.6%*	*329 bps*	*-334 bps*
Other income	150	152	254	157	142	(9.9)	(5.5)
Interest	149	114	123	164	147	(10.6)	(1.1)
Dep & Amort	223	262	288	322	348	8.3	56.2
PBT	1,064	750	1,080	153	755	392.0	(29.0)
PAT	791	550	801	114	559	389.3	(29.3)
Reported PAT	791	540	801	114	559	389.3	(29.3)
EPS	11.8	8.2	12.0	1.7	8.3	389.3	(29.3)
Order book details							
Book Backlog	1,80,576	1,86,795	2,10,963	2,06,635	1,96,279	(5.0)	8.7
Book to Bill Ratio	4.2	4.2	4.6	4.4	3.9		

Source: I-Sec research, Company data

Valuation and outlook

Ahluwalia is well positioned through its asset-light model, strong balance sheet, consistent free cashflow generation and robust return ratios. Over FY19–26, its revenue and EPS have grown at 15% and 12%, respectively. Ahluwalia's OB stood at ~INR 196.3bn (book-to-bill of ~3.9x), as of Sep'26.

While attributes such as a strong and diversified OB and a healthy bidding pipeline are favourable, the near-term outlook is clouded by uncertainties around its profitability. The company ruled out its earlier guidance of double-digit EBITDA margin for FY27 at the start of the fiscal. The material cost inflation and increase in labour costs continue to weigh on the margins. Though we expect the impact to gradually subside in next 4-6 quarters, the uncertainties weigh on the near-term outlook. Given this, we have revised our estimates downwards, factoring in lower EBITDA margins than estimated earlier. We maintain the stock at **HOLD** with a revised TP of **INR 575** (INR 780 earlier). We have also reduced the multiple given the uncertainties, valuing the stock at 14x FY28E earnings (16x FY28E earlier). We continue to monitor the margin trajectory.

Upside risks: 1) Better-than-expected project execution; and 2) better-than-expected profitability.

Downside risks: 1) Lower-than-expected project execution; and 2) lower-than-expected profitability.

Exhibit 2: Revision in earnings

INR mn	FY27E			FY28E		
	Earlier	Revised	YoY (%)	Earlier	Revised	YoY (%)
Revenue	52,500	52,728	0.4%	63,000	61,955	-1.7%
EBIDTA	4,476	3,709	-17.1%	5,960	5,342	-10.4%
PAT	2,337	1,764	-24.5%	3,213	2,736	-14.8%

Source: I-Sec research

Exhibit 3: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	55.3	55.3	55.3
Institutional investors	36.1	36.4	36.0
MFs and other	21.8	21.7	21.3
Banks/ FIs	0.5	0.6	0.6
Insurance Cos.	0.0	0.0	0.0
FIIs	13.7	14.1	14.0
Others	8.6	8.3	8.7

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Net Sales	**40,986**	**45,652**	**52,728**	**61,955**
Operating Expenses	4,369	5,325	6,098	6,801
EBITDA	**3,418**	**4,358**	**3,709**	**5,342**
EBITDA Margin (%)	8.3	9.5	7.0	8.6
Depreciation & Amortization	666	980	1,346	1,463
EBIT	2,752	3,378	2,363	3,879
Interest expenditure	581	505	639	745
Other Non-operating Income	554	715	643	538
Recurring PBT	**2,724**	**3,588**	**2,368**	**3,672**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	709	935	604	936
PAT	2,015	2,653	1,764	2,736
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	10	-	-
Net Income (Reported)	**2,015**	**2,643**	**1,764**	**2,736**
Net Income (Adjusted)	**2,015**	**2,653**	**1,764**	**2,736**

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	32,092	35,992	42,195	49,095
of which cash & cash eqv.	9,641	8,174	5,360	5,899
Total Current Liabilities & Provisions	14,102	16,776	22,351	26,122
Net Current Assets	**17,989**	**19,216**	**19,844**	**22,973**
Investments	902	865	865	865
Net Fixed Assets	3,657	5,383	6,537	6,074
ROU Assets	-	-	-	-
Capital Work-in-Progress	69	65	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	**22,618**	**25,529**	**27,246**	**29,912**
Liabilities				
Borrowings	**140**	**38**	**(12)**	**(62)**
Deferred Tax Liability	**(352)**	**(354)**	**(343)**	**(324)**
provisions	-	-	-	-
other Liabilities	4,829	5,245	5,350	5,457
Equity Share Capital	134	134	134	134
Reserves & Surplus	17,867	20,466	22,117	24,707
Total Net Worth	**18,001**	**20,600**	**22,251**	**24,841**
Minority Interest	-	-	-	-
Total Liabilities	**22,618**	**25,529**	**27,246**	**29,912**

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**2,401**	**(41)**	**(1,678)**	**146**
Working Capital Changes	386	(2,694)	(3,442)	(2,590)
Capital Commitments	(1,271)	(1,721)	(1,090)	463
Free Cashflow	**3,672**	**1,680**	**(588)**	**(317)**
Other investing cashflow	**-**	**(425)**	**(570)**	**(642)**
Cashflow from Investing Activities	(1,271)	(2,146)	(1,660)	(179)
Issue of Share Capital	(36)	(54)	(113)	(145)
Interest Cost	581	505	639	745
Inc (Dec) in Borrowings	(310)	(102)	(50)	(50)
Dividend paid	(48)	(81)	(113)	(145)
Others	521	452	161	167
Cash flow from Financing Activities	709	720	524	572
Chg. in Cash & Bank balance	**1,838**	**(1,467)**	**(2,814)**	**538**
Closing cash & balance	9,641	8,174	5,360	5,899

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	30.1	39.6	26.3	40.8
Adjusted EPS (Diluted)	30.1	39.6	26.3	40.8
Cash EPS	40.0	54.2	46.4	62.7
Dividend per share (DPS)	60.0	100.0	140.0	180.0
Book Value per share (BV)	268.7	307.5	332.2	370.8
Dividend Payout (%)	2.0	2.5	5.3	4.4
Growth (%)				
Net Sales	6.3	11.4	15.5	17.5
EBITDA	(12.0)	27.5	(14.9)	44.0
EPS (INR)	(12.1)	31.7	(33.5)	55.1
Valuation Ratios (x)				
P/E	18.5	14.0	21.1	13.6
P/CEPS	13.9	10.2	12.0	8.9
P/BV	2.1	1.8	1.7	1.5
EV / EBITDA	7.8	6.5	8.3	5.7
P / Sales	0.9	0.8	0.7	0.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
Operating Ratios				
Gross Profit Margins (%)	19.0	21.2	18.6	19.6
EBITDA Margins (%)	8.3	9.5	7.0	8.6
Effective Tax Rate (%)	26.0	26.1	25.5	25.5
Net Profit Margins (%)	4.9	5.8	3.3	4.4
NWC / Total Assets (%)	36.9	43.3	53.2	57.1
Net Debt / Equity (x)	(0.6)	(0.4)	(0.3)	(0.3)
Net Debt / EBITDA (x)	(3.0)	(2.1)	(1.7)	(1.3)
Profitability Ratios				
RoCE (%)	14.1	15.6	10.4	14.0
RoE (%)	11.8	13.7	8.2	11.6
RoIC (%)	14.1	15.6	10.4	14.0
Fixed Asset Turnover (x)	13.6	10.1	8.8	9.8
Inventory Turnover Days	31	29	44	43
Receivables Days	75	64	86	86
Payables Days	78	69	72	72

Source Company data, I-Sec research

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