CMP: ₹ 942 | Target: ₹ 1120 (19%) | Target Period: 12 months | BUY

August 19, 2025

Order book provides strong growth visibility…

About the stock: Ahluwalia Contracts (India) Limited is a leading construction company operating across residential/commercial complex, hotels, hospitals, institutional/corporate offices, IT parks, Railway station redevelopment, metro station/depot, parking lot etc.

- The order book stood at ₹ 16,582 crore as of Q1FY26 (4x book to bill). Ahluwalia enjoys a healthy balance sheet and is a net cash company (net cash including liquid investments of ₹ 920 crore in Q1FY26).

Q1FY26 Performance: Ahluwalia Contracts reported consolidated revenue from operations of ₹1,005 crore in Q1FY26, up 9.3% YoY, driven by steady execution. EBITDA came in at ₹86 crore, up 43% YoY, with an EBITDA margin of 8.6%, up 203 bps YoY, as base quarter had cost pressure. Reported PAT stood at ₹51 crore, up 67% YoY.

Investment Rationale

- **Healthy revenue growth visibility on order book:** Ahluwalia has a strong order book of ₹ 16,582 crore as of Q1 (4x book to bill). It has received order inflows of ₹3,889 crore in FY26 till date. It has a current bid pipeline of ~₹5000 crore and it expects new order inflows of ₹ ~8000 crore for FY26. With healthy pipeline of orders and execution pace expected to pick up, it has guided for a topline growth of 15%-20% for FY26 (vs. 10-15%, earlier). H2FY26 is likely to witness a strong growth. Given the robust orderbook, we expect strong revenue CAGR of ~16.1% over FY25-27E to ₹ 5522 crore.

- **Margins to improve in FY26:** The management remains confident of delivering healthy profitability in FY26, with EBITDA margins expected to sustain in the double digits. Q1FY26 already saw margins improve to 8.6% (vs. 6.6% YoY), driven by strong execution and completion of earlier slow-moving orders. We expect margins to bounce back to 10% and 10.5% in FY26 and FY27, respectively vs. 8.3% in FY25, driving 36% adjusted earnings CAGR over FY25-27E.

Rating and Target Price

- Given the expertise of 5 decades, strong order book visibility, history of robust execution and balance sheet strength, Ahluwalia is poised for a robust growth recovery ahead

- **We value Ahluwalia at ₹ 1120 i.e. 20x on FY27E EPS and maintain our BUY rating**

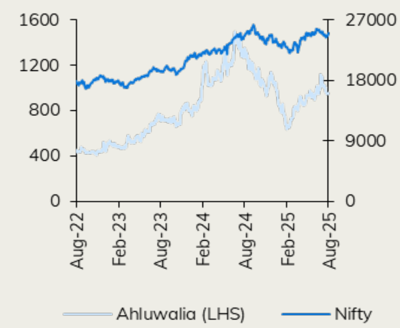
Particulars

Particular	Amount
Market Cap (₹ crore)	6,310
Debt (FY25) (₹ crore)	14
Cash (FY25) (₹ crore)	964
EV (₹ crore)	5,360
52 week H/L (₹)	1364 / 620
Equity capital (₹ crore)	13.4
Face value (₹)	2.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	55.3	55.3	55.3	55.3
DII	25.0	24.7	24.3	24.3
FIIs	12.9	12.5	12.1	12.4
Other	6.9	7.5	8.3	8.0

Price Chart



Key risks

- Lower than expected execution
- Heightened competitive intensity impacting margins

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Key Financial Summary

(₹ Crore)	FY21	FY22	FY23	FY24	FY25	5 Year CAGR (FY20-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Operating Income	1,982	2,692	2,838	3,855	4,099	16.8	4,733	5,522	16.1
EBITDA	154	257	304	388	342	17.5	471	582	30.5
EBITDA Margin (%)	7.8	9.5	10.7	10.1	8.3		10.0	10.5	
Adj. Net Profit	77	155	194	231	202	25.7	293	374	36.2
EPS (₹)	11.5	23.2	29.0	56.1	30.1		43.7	55.8	
P/E (x)	82.2	40.9	32.7	16.9	31.4		21.7	17.0	
EV/EBITDA (x)	38.5	23.0	18.9	14.4	15.8		11.9	9.1	
RoCE (%)	16.7	25.0	24.5	22.2	18.6		21.7	22.6	
RoE (%)	8.8	15.0	15.8	23.5	11.2		14.1	15.2	

Source: Company, ICICI Direct Research

Performance highlights and outlook

- **Orderbook Internals and inflow guidance -**
  - The unexecuted order book as of Q1FY26 stood at ₹16,582 crore (vs. ₹15,775 crore in Q4FY25), executable over the next 2-2.5 years. Including new inflows of ₹3,889 crore till July 2025, the order book has further risen to ~₹18,671 crore.
  - Geographically the order break-up is North - 42.2%, West - 33.8%, East - 18.3%, South - 4.1% and Overseas (Nepal)- 1.6%.
  - The government and private segments form 35% and 63.4% and overseas governments form 1.6% of the overall project. On contract type, ~55% is item-rate and 45% EPC, which provides margin stability.
  - Management has guided for FY26 order inflows of around ₹8,000 crore, broadly similar to FY25 levels. As of now, the company has already been declared L1/L2 in projects worth ~₹1,796 crore.
- Topline and Margin Guidance - The company has reiterated its guidance of 15-20% revenue growth in FY26, supported by a robust order book and healthy execution pipeline. On the margin front, management remains confident of sustaining double-digit EBITDA margins for FY26, with Q1 margins already improving to 8.6% (vs. 6.6% YoY). The improvement is expected to accelerate in H2FY26 as seasonality eases, slow-moving projects near completion, and a higher share of private sector orders aid profitability. The third and fourth quarters are expected to be the strongest for margins.
- Labour Woes - Management reiterated that Q1 and Q2 are seasonally weaker for the construction industry due to monsoon disruptions and labour shortages. This trend was visible in Q1, though the company still delivered YoY growth ahead of peers. Execution is expected to improve from H2FY26 onwards, once labour availability normalizes post-monsoon.
- Key Project Updates -
  - CSMT Station Redevelopment- Management highlighted that most design clearances and approvals are now in place, and execution is ramping up. Around 17-20% of the work is already complete, and the project is now expected to achieve a monthly run-rate of ₹60-70 crore going forward. Revenues of ₹400-500 crore are targeted from this project in FY26. Completion timeline remains around 2-2.5 years (FY28).
  - India Jewellery Park (Mumbai)- The client has now received the required environmental clearance, and ground-breaking is expected within two months post-monsoon. Revenue contribution in FY26 will be modest, with a meaningful ramp-up expected from FY27. The total project value is ₹2,000+ crore.
  - DLF Dhalia Project- The project is wrth ₹2,000 crore comprising eight towers (7.3m sq. ft.) to be executed over ~40 months. Ahluwalia will begin work from September 2025. Expected annual revenue run-rate of ~₹500 crore. Management also reiterated its strong relationship with DLF, with a total exposure of ~₹5,500 crore across multiple projects.
  - Chapra Project (Bihar)- Scope of work has been expanded by ~₹160 crore. Earlier delays due to funding constraints are now resolved, and execution has picked up. Management expects to complete this project within FY26.

   - Bihar Animal University- Execution has accelerated sharply, with ₹50+ crore billed in July alone. The project is on track for completion within FY26.

- Cash Position: The company has a strong cash position with cash and liquid investments of ₹920 crore and borrowings of only about ₹2 crore.

- Capex - The company incurred ₹62 crore of capex in Q1FY26. For the full year FY26, management has guided for a significantly higher capex of around ₹500 crore (vs. ~₹190 crore in FY25), driven by investments in high-rise construction equipment such as cranes. The elevated capex is linked to execution of large-scale projects, with spending expected to normalize to ~₹200 crore in FY27.

Financial Summary

Exhibit 1: Profit and loss statement				₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E
Operating Income	**3,855.3**	**4,098.6**	**4,732.5**	**5,522.3**
Growth (%)	35.8	6.3	15.5	16.7
Raw Material Cost	1,839	1,799	2,082	2,430
Employee Cost	282	352	379	425
Other Expenditure	1,345	1,606	1,801	2,085
Total Op Expenditure	3,467	3,757	4,262	4,940
EBITDA	**388**	**342**	**471**	**582**
Growth (%)	27.7	(12.0)	37.7	23.6
EBITDA Margin (%)	**10**	**8**	**10**	**11**
Other income	37	55	65	75
Depreciation	67	67	87	105
EBIT	358	331	449	552
Interest	48	58	57	52
Exceptional items	195	-	-	-
PBT	505	273	392	500
Tax	130	71	99	126
Rep. PAT	**375**	**202**	**293**	**374**
Adj. Net Profit	**231**	**202**	**293**	**374**
Growth (%)	18.8	(12.5)	45.3	27.7
EPS (₹)	**56.1**	**30.1**	**43.7**	**55.8**

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement				₹ crore
(₹ Crore)	FY24	FY25	FY26E	FY27E
Profit after Tax	375	202	293	374
Depreciation	67	67	87	105
Interest	48	58	57	52
Others	(42)	(58)	(65)	(75)
Cash Flow before wc changes	448	268	372	456
Net Increase in CA	(437)	(190)	(321)	(400)
Net Increase in CL	287	344	282	351
Net CF from op. activities	**299**	**422**	**333**	**408**
Net purchase of Fixed Assets	(117)	(191)	(500)	(100)
Others	20	45	40	44
Net CF from Inv. Activities	**(97)**	**(146)**	**(460)**	**(56)**
Proceeds from share capital	(1)	0	(1)	6
Debt Proceeds/Repayment	42	(31)	-	-
Interest paid	(48)	(58)	(57)	(52)
Dividend paid	(3)	(3)	(5)	(6)
Net CF rom Fin Activities	**(10)**	**(92)**	**(63)**	**(52)**
Net Cash flow	**192**	**184**	**(190)**	**299**
Opening Cash	588	780	964	775
Closing Cash	**780**	**964**	**775**	**1,074**

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet				₹ crore
(Year-end March)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity capital	13	13	13	13
Reserves & Surplus	1,587	1,785	2,072	2,446
Networth	1,600	1,798	2,085	2,460
Loan Funds	45	14	14	14
Deferred Tax liability	(33)	(35)	(35)	(35)
Total Liabilities	**1,612**	**1,777**	**2,064**	**2,438**
Assets				
Net Block	337	461	873	868
Capital WIP	7	7	7	7
Non-current Investments	64	41	48	56
Othe non-current assets	89	122	141	165
Inventories	316	339	392	457
Trade Receivables	780	813	938	1,095
Cash & Bank Balances	780	964	775	1,074
Loans & Advances	1	1	1	1
Other current assets	788	923	1,065	1,243
Total current assets	2,665	3,040	3,171	3,870
Total Current liabilities	1,550	1,894	2,175	2,527
Net Current Assets	1,116	1,146	995	1,343
Total Assets	**1,612**	**1,777**	**2,064**	**2,438**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Reported EPS	56.1	30.1	43.7	55.8
Adj. EPS	34.4	30.1	43.7	55.8
BV per share	238.8	268.5	311.3	367.2
Operating Ratios (%)				
EBITDA Margin	10.1	8.3	10.0	10.5
EBIT/ Net Sales	8.3	6.7	8.1	8.6
PAT Margin	6.0	4.9	6.2	6.8
Inventory days	29.9	30.2	30.2	30.2
Debtor days	73.9	72.4	72.4	72.4
Creditor days	66.3	75.4	75.4	75.4
Return Ratios (%)				
RoE	23.5	11.2	14.1	15.2
RoCE	22.2	18.6	21.7	22.6
RoIC	39.1	34.5	30.1	35.3
Valuation Ratios (x)				
P/E	16.9	31.4	21.7	17.0
EV / EBITDA	14.4	15.8	11.9	9.1
EV / Net Sales	1.5	1.3	1.2	1.0
Price to Book Value	4.0	3.5	3.0	2.6
Solvency Ratios (x)				
Debt / EBITDA	0.1	0.0	0.0	0.0
Net Debt / Equity	(0.5)	(0.5)	(0.4)	(0.4)

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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