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Strong performance; momentum to sustain in H2...

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 ₹ 18,058 crore as of Q2FY26 (4.1x book to bill). Ahluwalia enjoys a healthy balance sheet and is a net cash company (free cash of ~₹615 crore in Q2FY26).

Q2FY26 Performance: Ahluwalia Contracts reported consolidated revenue from operations of ₹1,177 crore in Q1FY26, up 16.4% YoY, driven by healthy execution. EBITDA came in at ₹128.6 crore, up 75.2% YoY, with an EBITDA margin of 10.9%, up 367 bps YoY, on a benign base. Reported PAT stood at ₹79 crore, up 106.1% YoY, given the strong operating profit growth

Investment Rationale

- Healthy revenue growth visibility on order book:** Ahluwalia has a strong order book of ₹18058 crore as of Q2 (4.1x book to bill). It has received order inflows of ₹ 4374 crore in H1FY26 while it is also L1 for two projects worth ~₹1620 crore. Current bid pipeline is at ~₹6500 crore and the company reiterated expectations of total order inflows of ₹ ~8000 crore for FY26. While NCR region has seen construction ban from 12th November, 2025, the company sounded confident on overall execution pace in FY26 and reaffirmed its guidance for a topline growth of 15%-20% for FY26 with stronger H2, aided by healthy pipeline of orders and ramp up in execution pace. Given the robust orderbook, we expect strong revenue CAGR of ~17.7% over FY25-27E to ₹ 5675 crore.
- Margins to improve in FY26:** The company reiterated its guidance of double-digit margins in FY26 with stronger H2FY26. We highlight EBITDA margin for H1FY26 is 9.8% vs. 6.9% in H1FY25, up 292 bps YoY. Consequently, we expect margins to bounce back to 10% and 10.5% in FY26 and FY27, respectively vs. 8.3% in FY25, driving 38.5% adjusted earnings CAGR over FY25-27E. The return ratios are also expected to improve with RoCEs to reach 23.4% in FY27 vs. 18.6% in FY25.

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 healthy growth ahead
- We value Ahluwalia at ₹ 1160 i.e. 19x on FY27E EPS and maintain our BUY rating**

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	5,675	17.7
EBITDA	154	257	304	388	342	17.5	473	598	32.2
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	287	387	38.5
EPS (₹)	11.5	23.2	29.0	56.1	30.1		42.9	57.7	
P/E (x)	85.2	42.4	33.9	17.5	32.6		22.9	17.0	
EV/EBITDA (x)	40.1	24.0	19.7	15.0	16.5		12.0	9.1	
RoCE (%)	16.7	25.0	24.5	22.2	18.6		21.7	23.4	
RoE (%)	8.8	15.0	15.8	23.5	11.2		13.8	15.7	

Source: Company, ICICI Direct Research



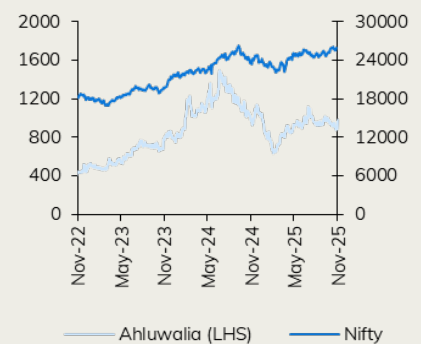
Particulars

Particular	Amount
Market Cap (₹ crore)	6,598
Debt (FY25) (₹ crore)	14
Cash (FY25) (₹ crore)	964
EV (₹ crore)	5,648
52 week H/L (₹)	1175 / 620
Equity capital (₹ crore)	13.4
Face value (₹)	2.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	55.3	55.3	55.3	55.3
DII	24.7	24.3	24.3	23.8
FII	12.5	12.1	12.4	12.9
Other	7.5	8.3	8.0	8.0

Price Chart



Key risks

- Lower than expected execution
- Heightened competitive intensity impacting margins

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Performance highlights and outlook



- **Guidance:** The company maintained its revenue growth guidance of 15-20% in FY26, supported strong unexecuted orderbook. It also reaffirmed that it would be targeting double digit margins in FY26. It added that H2 would be stronger than H1.
- **Orderbook Internals and inflow guidance -**
 - The unexecuted order book as of Q2FY26 stood at ₹18058 crore (vs. ₹16,582 crore in Q1FY26). The order inflow for FY26YTD is at ₹ 4374.1 crore.
 - Management has reiterated guidance of order inflows for FY26 of ~₹8,000 crore. As of now, the company has already been declared L1 in the OUTF project in Bhubaneswar and the Ram Manohar Lohia hospital project in Delhi totalling ₹1,620 crore
 - Geographically the order break-up is North - 50%, West - 30%, East - 15%, South – 3.6% and Overseas (Nepal)- 1.3%.
 - The government and private segments form 29.6% and 69.4% and overseas governments form 1.3% of the overall project.
- **Labour Woes:** The company highlighted that Labour availability has been disrupted by events such as festive season and elections in Bihar. To mitigate these issues, the company is actively reducing its dependency on labour by increasing mechanization and adopting more refined shuttering systems to address the carpenter shortage.
- **Key Project Updates -**
 - **Gems and Jewellery project:** The Gems and Jewellery project has received environmental clearance, with ground clearance and excavation currently underway under the client's scope, while the company has begun work on engineering and design. Work on the ground is expected to commence in another two months. In terms of revenue contribution, while FY26 is not expected to see much, FY27 is targeted to account for ~30-35% of the total order value.
 - **CSMT Station Redevelopment-** The design for the CST redevelopment project is getting closed, and work has begun above the track, with the largest greenfield building already out of the ground. The company is doubling its structural steel fabrication capacity in the next 2-3 months after receiving the required clearances. For revenue, FY26 is expected to be about ₹400 crore for the full year, with around ₹250 crore in H2, and FY27 is expected to contribute ~40% of the order value.
 - **White Land Project:** It is on schedule to begin in December as planned, with execution expected to start in FY27, and the outstanding order book for the project has increased due to an expansion in scope.
 - **Signature Global Project:** has picked up and is now out of the foundation stage.
- **Cash Position:** The company has total cash of approximately ₹1,000 crore, of which about ₹419 crore is restricted, resulting in free cash of roughly ₹615 crore.
- **Capex -** The company is planning capex of ₹350-400 crore for FY26, revised down from the earlier guidance of about ₹500 crore.

Exhibit 1: Quarter Performance

Particulars	Q2FY26	Q2FY25	YoY (%)	Q3FY23	QoQ (%)	Comments
Total Operating Income	1177.3	1011.5	16.4	1004.9	17.2	Topline growth driven by healthy execution
Consumption of raw material	904.3	832.3	8.7	805.6	12.3	
Employee benefit expenses	120.8	89.0	35.7	91.1	32.5	
Other Expenses	23.6	16.8	40.4	21.8	8.5	
EBITDA	128.6	73.4	75.2	86.3	48.9	
EBITDA Margin(%)	10.9	7.3	367 bps	8.6	233 bps	
Other Income	15.0	11.7	28.0	15.9	-5.5	
Depreciation	22.3	16.6	34.6	20.7	7.5	
Interest	14.9	16.0	-7.1	11.9	24.6	
PBT	106.4	52.5	102.6	69.5	53.0	
Taxes	27.3	14.1	93.1	18.4	48.9	
PAT	79.1	38.4	106.1	51.2	54.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY26E			FY27E		
	Old	New	% Change	Old	New	% Change
Revenue	4,733	4,733	0.0	5,522	5,675	2.8
EBITDA	471	473	0.5	582	598	2.8
EBITDA Margin (%)	10.0	10.0 	5 bps	10.5	10.5 	0 bps
PAT	293	287	-2.0	374	387	3.4
Diluted EPS (₹)	43.7	42.9	-2.0	55.8	57.7	3.4

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Operating Income	3,855.3	4,098.6	4,732.5	5,674.7
Growth (%)	35.8	6.3	15.5	19.9
Raw Material Cost	1,839	1,799	2,073	2,497
Employee Cost	282	352	388	437
Other Expenditure	1,345	1,606	1,798	2,143
Total Op Expenditure	3,467	3,757	4,259	5,077
EBITDA	388	342	473	598
Growth (%)	27.7	(12.0)	38.4	26.4
EBITDA Margin (%)	10	8	10	11
Other income	37	55	66	78
Depreciation	67	67	93	104
EBIT	358	331	447	572
Interest	48	58	60	52
Exceptional items	195	-	-	-
PBT	505	273	386	521
Tax	130	71	99	134
Rep. PAT	375	202	287	387
Adj. Net Profit	231	202	287	387
Growth (%)	18.8	(12.5)	42.4	34.7
EPS (₹)	56.1	30.1	42.9	57.7

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Profit after Tax	375	202	287	387
Depreciation	67	67	93	104
Interest	48	58	60	52
Others	(42)	(58)	(66)	(78)
Cash Flow before wc changes	448	268	374	464
Net Increase in CA	(437)	(190)	(321)	(477)
Net Increase in CL	287	344	282	419
Net CF from op. activities	299	422	335	406
Net purchase of Fixed Assets	(117)	(191)	(350)	(200)
Others	20	45	41	41
Net CF from Inv. Activities	(97)	(146)	(309)	(159)
Proceeds from share capital	(1)	0	(1)	6
Debt Proceeds/Repayment	42	(31)	-	-
Interest paid	(48)	(58)	(60)	(52)
Dividend paid	(3)	(3)	(5)	(6)
Net CF rom Fin Activities	(10)	(92)	(66)	(52)
Net Cash flow	192	184	(40)	196
Opening Cash	588	780	964	924
Closing Cash	780	964	924	1,120

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity capital	13	13	13	13
Reserves & Surplus	1,587	1,785	2,066	2,453
Networth	1,600	1,798	2,080	2,466
Loan Funds	45	14	14	14
Deferred Tax liability	(33)	(35)	(35)	(35)
Total Liabilities	1,612	1,777	2,058	2,445
Assets				
Net Block	337	461	718	813
Capital WIP	7	7	7	7
Non-current Investments	64	41	48	57
Othe non-current assets	89	122	141	169
Inventories	316	339	392	470
Trade Receivables	780	813	938	1,125
Cash & Bank Balances	780	964	924	1,120
Loans & Advances	1	1	1	1
Other current assets	788	923	1,065	1,278
Total current assets	2,665	3,040	3,321	3,993
Total Current liabilities	1,550	1,894	2,175	2,594
Net Current Assets	1,116	1,146	1,145	1,399
Total Assets	1,612	1,777	2,058	2,445

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Reported EPS	56.1	30.1	42.9	57.7
Adj. EPS	34.4	30.1	42.9	57.7
BV per share	238.8	268.5	310.4	368.2
Operating Ratios (%)				
EBITDA Margin	10.1	8.3	10.0	10.5
EBIT/ Net Sales	8.3	6.7	8.0	8.7
PAT Margin	6.0	4.9	6.1	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	13.8	15.7
RoCE	22.2	18.6	21.7	23.4
RoIC	39.1	34.5	34.0	37.7
Valuation Ratios (x)				
P/E	17.5	32.6	22.9	17.0
EV / EBITDA	15.0	16.5	12.0	9.1
EV / Net Sales	1.5	1.4	1.2	1.0
Price to Book Value	4.1	3.7	3.2	2.7
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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