

February 17, 2026

Steady performance!

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 ₹18,680 crore as of Q3FY26 (4.2x book to bill). Ahluwalia enjoys a healthy balance sheet and is a net cash company.

Q3FY26 Performance: Ahluwalia Contracts reported consolidated revenue of ₹1,061 crore in Q3FY26, up 11.4% YoY, driven by steady execution. EBITDA came in at ₹96.1 crore, up 13.9% YoY, with an EBITDA margin of 9.1%, up 20 bps YoY, supported by a healthy executable order book. Reported PAT stood at ₹54 crore, up 9.5% YoY, reflecting strong operating profit growth.

Investment Rationale

- A healthy orderbook paves the way for revenues going forward:** Ahluwalia maintains a robust order book of ₹18,680 crore as of Q3 (4.2x book-to-bill). The company received order inflows of ₹9,562 crore in 9MFY26 and is currently the L1 bidder for 4 projects worth ~ ₹2,485 crore. We note that inflows have exceeded earlier guidance of ₹ 9000 crore in FY26. With a current bid pipeline of ~₹7,000 crore, management expects total order inflows of ₹5,000 -6,000 crore for FY27. Given that Delhi-NCR contributes 44% of the total order book, execution was hampered owing to NGT bans. The management has guided for Q4 revenue of ₹1,400 crore but tempered its FY26 growth outlook to 10-15% (down from 15-20%). Additionally, FY27 guidance is set at 15-20% growth, supported by a healthy order book. We expect healthy revenue CAGR of ~17% over FY25-28E to ₹ 6569 crore.
- Margins to improve in FY27:** The company reiterated its guidance of double-digit margins in FY26. Consequently, we expect margins to bounce back to 9.8%, 10.1% and 10.3% in FY26, FY27 and FY28 respectively vs. 8.3% in FY25 led by ramp up in execution, driving 27.5% adjusted earnings CAGR over FY25-28E. The return ratios are also expected to improve with RoCEs to reach 22.2% in FY28vs. 18.6% in FY25.

Rating and Target Price

- Given the expertise, strong order book visibility, history of robust execution and balance sheet strength, Ahluwalia is poised for a healthy growth ahead
- We value Ahluwalia at ₹ 1000 i.e. 16x on FY28E EPS (vs. 19x FY27, earlier) and maintain our BUY rating.**

Key Financial Summary

(₹ Crore)	FY22	FY23	FY24	FY25	5 Year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Operating Income	2,692	2,838	3,855	4,099	16.8	4,654	5,594	6,569	17.0
EBITDA	257	304	388	342	17.5	456	565	677	25.5
EBITDA Margin (%)	9.5	10.7	10.1	8.3		9.8	10.1	10.3	
Net Profit	155.2	194.1	375.5	201.7		267.6	343.5	417.7	
Adj. Net Profit	155	194	231	202	25.7	268	343	418	27.5
EPS (₹)	23.2	29.0	56.1	30.1		39.9	51.3	62.4	
P/E (x)	34.7	27.8	14.4	26.7		20.2	15.7	12.9	
EV/EBITDA (x)	19.3	15.8	12.0	13.0		9.8	7.7	6.0	
RoCE (%)	25.0	24.5	22.2	18.6		20.3	21.7	22.2	
RoE (%)	15.0	15.8	23.5	11.2		13.0	14.3	14.8	

Source: Company, ICICI Direct Research



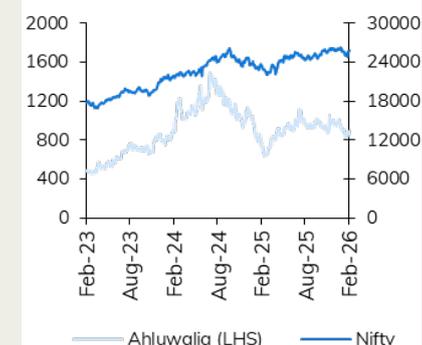
Particulars

Particular	Amount
Market Cap (₹ crore)	5,392
Debt (FY25) (₹ crore)	14
Cash (FY25) (₹ crore)	964
EV (₹ crore)	4,442
52 week H/L (₹)	1175 / 620
Equity capital (₹ crore)	13.4
Face value (₹)	2.0

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	55.3	55.3	55.3	55.3
DII	24.3	24.3	23.8	23.4
FII	12.1	12.4	12.9	13.5
Other	8.3	8.0	8.0	7.8

Price Chart



Key risks

- Lower than expected execution
- Heightened competitive intensity impacting margins

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Performance highlights and outlook

- **Guidance:** Management guides for Q4 revenue of ₹1,400 crore but has tempered its FY26 growth outlook to 10-15% (vs. 15-20% prior). Conversely, although it expects topline to grow at 20-25% in FY27 it conservatively guided at 15-20% growth, supported by a healthy order book. Notably, the company reaffirmed its FY26 margin target in the double digits.
- **Orderbook Internals and inflow guidance:** As of Q3 FY26, the unexecuted order book stood at ₹18,680 crore (compared to ₹18,058 crore in Q2 FY26), with the Delhi-NCR region comprising 44% of the total. The portfolio mix is currently 68% private and 32% government. YTD 9M FY26 order inflows reached ₹9,562 crore (including ₹603 crore GST). Management has guided for moderated FY27 inflows of ₹5,000-6,000 crore, reflecting a strategic pivot away from the residential sector toward institutional and commercial projects, such as hotels and airports, due to slowing real estate sales. Notably, the company holds L1 status on four major projects RML (Ram Manohar Lohia) Medical College, Odisha University, Assam Judicial Complex, and Kota Airport collectively valued at ₹2,485 crore.
- **Key Project Updates:**
 - **Gems and Jewellery project:** Following the receipt of approvals and completion of overburden removal by the client, management expects execution and billing to commence in Q1FY27. The project is projected to contribute ~20-25% of the total FY27 revenue target.
 - **CSMT Station Redevelopment:** The management expects to execute work worth ~₹300-350 crore in Q4, followed by execution worth ₹700 crore in FY27.
 - **DLF Dhalia Project:** Management expects this Project to contribute only 40% of prior projections following structural redesigns mandated by new earthquake codes, executed at the client's cost. Despite this, management reiterated an anticipated revenue run-rate of ₹500 crore for FY27.
 - **Central Vista project:** Management expects the project to contribute ~₹1,000+ crore in FY27 revenue, representing ~40% of the total ~₹2,600 crore project value.
 - **Central university project, Himachal Pradesh:** Management expects project completion by Q1FY27 but noted payment delays arising from the dual-funding structure between the Central and State governments.
 - **Chandigarh station:** The project is expected to be completed in Q1FY27.
 - **Projects in Assam State:** The Management noted a lag in construction activity within the state, attributed to execution delays ahead of upcoming elections.
- **Labour Woes:** Management anticipates potential labour headwinds in early March due to seasonal festive disruptions. To mitigate impacts going forward, the company is implementing several de-risking initiatives, including transitioning to offsite workflows, increasing mechanization, and optimizing workforce deployment through targeted training and efficiency measures.

- **Cash Position:** The company stands with ₹22 crore gross debt along with ₹253 crore of cash and ₹587 crore of bank balance.
- **Capex:** The company incurred capex of ₹193 crore in 9MFY26 and has earmarked ₹100 crore for Q4FY26, bringing the projected full-year FY26 capex to ~₹300 crore.

Exhibit 1: Quarter Performance

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Total Operating Income	1060.7	952.0	11.4	1177.3	-9.9	Topline growth driven by healthy execution
Consumption of raw materials	824.9	761.0	8.4	904.3	-8.8	
Employee benefit expenses	115.8	88.5	30.8	120.8	-4.1	
Other Expenses	23.9	18.1	32.1	23.6	1.2	
EBITDA	96.1	84.4	13.9	128.6	-25.2	
EBITDA Margin(%)	9.1	8.9	20 bps	10.9	-186 bps	
Other Income	15.2	14.9	2.3	15.0	1.5	
Depreciation	26.2	18.0	45.4	22.3	17.2	
Interest	11.4	14.5	-21.8	14.9	-23.5	
PBT	73.8	66.7	10.7	106.4	-30.6	
Taxes	19.7	17.3	13.9	27.3	-27.9	
PAT	54.1	49.4	9.5	79.1	-31.6	

Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY26E			FY27E			FY28E
	Old	New	% Change	Old	New	% Change	New
Revenue	4,733.0	4,653.7	-1.7	5,675.0	5,593.8	-1.4	6,568.9
EBITDA	473.0	456.1	-3.6	598.0	565.0	-5.5	676.6
EBITDA Margin (%)	10.0	9.8	-1.9	10.5	10.1	-4.2	10.3
PAT	287.0	267.6	-6.8	387.0	343.5	-11.2	417.7
Diluted EPS (₹)	42.9	39.9	-6.9	57.7	51.3	-11.1	62.4

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement				
	₹ crore			
(Year-end March)	FY25	FY26E	FY27E	FY28E
Operating Income	4,098.6	4,653.7	5,593.8	6,568.9
Growth (%)	6.3	13.5	20.2	17.4
Raw Material Cost	1,799	1,996	2,428	2,871
Employee Cost	352	433	475	526
Other Expenditure	1,606	1,768	2,126	2,496
Total Op Expenditure	3,757	4,198	5,029	5,892
EBITDA	342	456	565	677
Growth (%)	(12.0)	33.4	23.9	19.8
EBITDA Margin (%)	8	10	10	10
Other income	55	58	64	74
Depreciation	67	100	111	127
EBIT	331	414	518	623
Interest	58	54	56	61
Exceptional items	-	-	-	-
PBT	273	360	462	562
Tax	71	93	119	144
Rep. PAT	202	268	343	418
Adj. Net Profit	202	268	343	418
Growth (%)	(12.5)	32.7	28.4	21.6
EPS (₹)	30.1	39.9	51.3	62.4

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement				
	₹ crore			
(₹ Crore)	FY25	FY26E	FY27E	FY28E
Profit after Tax	202	268	343	418
Depreciation	67	100	111	127
Interest	58	54	56	61
Others	(58)	(58)	(64)	(74)
Cash Flow before wc changes	268	363	446	532
Net Increase in CA	(190)	(281)	(476)	(494)
Net Increase in CL	344	247	418	434
Net CF from op. activities	422	329	388	472
Net purchase of Fixed Assets	(191)	(350)	(200)	(200)
Others	45	36	26	35
Net CF from Inv. Activities	(146)	(314)	(174)	(165)
Proceeds from share capital	0	(1)	6	6
Debt Proceeds/Repayment	(31)	-	-	-
Interest paid	(58)	(54)	(56)	(61)
Dividend paid	(3)	(5)	(6)	(6)
Net CF rom Fin Activities	(92)	(60)	(56)	(61)
Net Cash flow	184	(45)	159	246
Opening Cash	780	964	920	1,079
Closing Cash	964	920	1,079	1,325

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet				
	₹ crore			
(Year-end March)	FY25	FY26E	FY27E	FY28E
Liabilities				
Equity capital	13	13	13	13
Reserves & Surplus	1,785	2,047	2,390	2,808
Networth	1,798	2,060	2,404	2,821
Loan Funds	14	14	14	14
Deferred Tax liability	(35)	(35)	(35)	(35)
Total Liabilities	1,777	2,039	2,382	2,800
Assets				
Net Block	461	711	800	872
Capital WIP	7	7	7	7
Non-current Investments	41	47	56	66
Othe non-current assets	122	139	167	196
Inventories	339	385	463	544
Trade Receivables	813	923	1,109	1,302
Cash & Bank Balances	964	920	1,079	1,325
Loans & Advances	1	1	1	1
Other current assets	923	1,048	1,259	1,479
Total current assets	3,040	3,276	3,911	4,651
Total Current liabilities	1,894	2,140	2,558	2,992
Net Current Assets	1,146	1,136	1,352	1,659
Total Assets	1,777	2,039	2,382	2,800

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
Reported EPS	30.1	39.9	51.3	62.4
Adj. EPS	30.1	39.9	51.3	62.4
BV per share	268.5	307.5	358.8	421.2
Operating Ratios (%)				
EBITDA Margin	8.3	9.8	10.1	10.3
EBIT/ Net Sales	6.7	7.7	8.1	8.4
PAT Margin	4.9	5.8	6.1	6.4
Inventory days	30.2	30.2	30.2	30.2
Debtor days	72.4	72.4	72.4	72.4
Creditor days	75.4	75.4	75.4	75.4
Return Ratios (%)				
RoE	11.2	13.0	14.3	14.8
RoCE	18.6	20.3	21.7	22.2
RoIC	34.5	32.2	35.2	37.6
Valuation Ratios (x)				
P/E	26.7	20.2	15.7	12.9
EV / EBITDA	13.0	9.8	7.7	6.0
EV / Net Sales	1.1	1.0	0.8	0.6
Price to Book Value	3.0	2.6	2.2	1.9
Solvency Ratios (x)				
Debt / EBITDA	0.0	0.0	0.0	0.0
Net Debt / Equity	(0.5)	(0.4)	(0.4)	(0.5)

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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