PICK OF THE WEEK

20th December, 2025

Ahluwalia Contracts India Ltd

Sector: Cement

BUY

CMP	Target Price	Upside
976	1,073	10%

CMP as on 19th December 2025 | Time horizon: 6-9 Months

Why Ahluwalia Contracts India Ltd

- Robust Order Book to Drive Growth
- Strong Order Inflow
- Improvement in EBITDA Margins

About the Company

ACIL is an Engineering and Construction company engaged in delivering state-of-the-art infrastructure and building projects for clients in India. Four decades of a strong, customer-centric approach with a sharp focus on world-class quality have enabled ACIL to deliver projects that have created a lasting legacy.

Investment Rational

A. Robust Order Book to Drive Growth:

- The company has an order book of Rs 18,057 Cr (as of 30th September, 2025) and a YTD order inflow of Rs 5,262 Cr. The order book is primarily composed of Hospitals at 9% (Rs 1,619 Cr), Commercials at 20.6% (Rs 3,711 Cr), Institutional at 3.7% (Rs 661 Cr), Residential at 43.8% (Rs 7,918 Cr), Infrastructure at 22% (Rs 3,997 Cr), and Hotels at 0.7% (Rs 150 Cr). By geography, East constitutes 15%, North 50%, West 30%, South 4%, and Overseas 1%.
- The robust order book provides revenue visibility for the next 2–2.5 years. Hence, ACIL is expected to deliver a strong revenue growth of 19% CAGR over FY25–FY27E and is likely to post improved margins with better execution.

B. Strong Order Inflow:

- The company reported YTD order inflows of Rs 5,262 Cr and holds L1 status in 2 projects worth Rs 1,620 Cr. For FY26, management has guided for order inflows of over Rs 8,000 Cr.
- The bidding pipeline stood at Rs 6,000 Cr for the private segment. It aims to keep 50–60% of its order book weighted toward private sector projects, reflecting its strategic focus on private capex, where it sees stronger visibility and more scalable opportunities.

C. Improvement in EBITDA Margins:

- During Q2FY26, the company reported a sharp improvement in EBITDA margins to 10.9% from 7.3% in the previous year, supported by better execution. With a large executable order book and better operating conditions in H2FY26, margins are expected to sustain, especially with the pickup of the CST project in Mumbai and other large projects. Consequently, double-digit margins are expected from H2FY26.

Outlook & Valuation

- Given its large executable order book and favourable attributes—including a strong and diversified order book, a healthy bidding pipeline, steady order inflows, an asset-light operating model, and emerging opportunities in the construction space—ACIL is well-positioned to generate healthy cash flows and is expected to deliver revenue/EBITDA/PAT growth of 19%/35%/34% CAGR over FY25–FY27E.

  Valuation: Trading at 18x FY27E EPS

Analyst Insights

We recommend a **BUY** with a TP of Rs 1,073, implying an upside of ~10% from the CMP.

Research Analysts

Uttam K Srimal
Sr. Research Analyst
uttamkumar.srimal@axissecurities.in

Shikha Doshi
Research Associate
shikha.doshi@axissecurities.in

Financial Summary

	FY25	FY26E	FY27E
Net Sales (Rs Cr)	4,099	4,871	5,845
EBITDA (Rs Cr)	342	521	620
Net Profit (Rs Cr)	202	314	361
EPS (Rs)	30	47	54
PER (x)	27.2	20.8	18.1
EV/EBITDA (x)	16.0	12.4	10.5
P/BV (x)	3.0	3.1	2.6
RoE (%)	12%	16%	16%

Market Data

No. of Shares	6.7 Cr
Market Cap (Rs Cr)	6,540
52-week High	1,135
52-week Low	620
PER(x)	20.8
BSE Code	532811
NSE Code	AHLUCONT

NEERAJ CHADAWAR

Digitally signed by NEERAJ CHADAWAR
Date: 2025.12.19 18:15:34 +05'30'