

# Ashoka Buildcon

## Muted performance

Ashoka Buildcon (ASBL) reported revenue/EBITDA/APAT of INR 14.2/1.2/0.4bn a miss of (-20.5/-6/-20.1%) against our estimates. EBITDA margin: 8.4% (-82/193bps YoY/QoQ), lower than our estimate of 7.1%, owing to weak margins in legacy projects. ASBL expects to record double-digit EBITDA margins post Q2FY26 on the back of new order execution. The OB as of Sep'24 stood at INR 111.04bn (~1.44x FY24 revenue), excluding additional LOA for Projects received post Sept'24 worth INR43.2bn and L1 of INR 2.65bn. Furthermore, ASBL guided order inflow of INR 40-50bn for H2FY25, while participating in bids worth INR 650bn. Business-wise, the OB is well-diversified with HAM (Roads)/EPC (Roads) /power T&D/railways/EPC (buildings) comprising of 6.8/47.5/35.5/5/5.2% respectively. ASBL has guided FY25 revenue to be flat on a YoY basis. On the HAM portfolio, ASBL has already invested INR 10.7bn; the balance equity requirement in its existing NHAH HAM assets is INR 1bn as of Sep'24, which will be infused in H2FY25 itself. Given the stable OB, improving visibility on asset monetisation, and margin expansions on the back of new order execution, we maintain BUY. However, we have increased our SOTP to INR 302/sh (11x Dec-26E EPS roll forward) while factoring in a higher valuation for HAM assets (1.4x P/BV).

■ **Q2FY25 financial highlights:** Revenue: INR 14.2bn (-9.2/-24.5% YoY/QoQ, a miss by 21%). EBITDA: INR 1.2bn (-17.3%/-2% YoY/QoQ, a miss by 6%). EBITDA margin: 8.4% (-82bps/193bps YoY/QoQ, vs. our estimate of 7.1%). RPAT/APAT: INR 362/362mn (-49.2/-11.3% YoY/QoQ, a miss of 20%). ASBL guided FY25 revenue to continue be flat on a YoY basis. Moreover, ASBL expects to record double digit margins post Q2FY26, a delay from its earlier timeline of H2FY25 onwards, this will be supported by new order executions kicking in which would help the margins to expand.

■ **Robust order pipeline set to bolster order book:** The OB as of Sep'24 stood at INR 111.04bn (~1.44x FY24 revenue), excluding additional LOA for Projects received post Sept'24 worth INR43.2bn and L1 of INR 2.65bn. Region-wise contribution stands at 42.2/20.8/10.6/8.7/8.7/3.8/1.2% for West/South/North/East/ Central/North/North East respectively. Client-wise, State/Central/Overseas/ HAM/Private clients contributed 51.5/24.4/10.6/7.6/5.8% respectively. The standalone gross/net debt as of Sep'24 stood at INR 22.5/20.9bn vs. INR 14.4/9.3bn as of Mar'24.

### Financial Summary (INR mn)

| Particulars       | 2QFY25 | 2QFY24 | YoY(%) | 1QFY25 | QoQ (%) | FY24   | FY25E  | FY26E  | FY27E   |
|-------------------|--------|--------|--------|--------|---------|--------|--------|--------|---------|
| Net Sales         | 14,176 | 15,613 | (9.2)  | 18,771 | (24.5)  | 77,267 | 76,108 | 89,807 | 110,014 |
| EBITDA            | 1,190  | 1,439  | (17.3) | 1,214  | (2.0)   | 5,765  | 5,860  | 8,532  | 11,111  |
| APAT              | 362    | 713    | (49.2) | 408    | (11.3)  | 2,688  | 1,465  | 3,640  | 5,642   |
| Diluted EPS (INR) | 1.3    | 2.5    | (49.2) | 1.5    | (11.3)  | 9.6    | 5.2    | 13.0   | 20.1    |
| P/E (x)           |        |        |        |        |         | 24.5   | 45.0   | 18.1   | 11.7    |
| EV / EBITDA (x)   |        |        |        |        |         | 13.1   | 15.2   | 10.8   | 8.5     |
| RoE (%)           |        |        |        |        |         | 7.5    | 3.8    | 8.8    | 12.3    |

Source: Company, HSIE Research

### Change in Estimates (INR mn)

| Particulars  | FY25E  |        |         | FY26E  |        |         | FY27E   |         |         |
|--------------|--------|--------|---------|--------|--------|---------|---------|---------|---------|
|              | New    | Old    | Chg (%) | New    | Old    | Chg (%) | New     | Old     | Chg (%) |
| Net Revenues | 76,108 | 82,289 | (7.5)   | 89,807 | 92,164 | (2.6)   | 110,014 | 108,016 | 1.8     |
| EBITDA       | 5,860  | 6,419  | (8.7)   | 8,532  | 8,295  | 2.9     | 11,111  | 10,910  | 1.8     |
| Margins (%)  | 7.7    | 7.8    | (10.0)  | 9.5    | 9.0    | 50.0    | 10.1    | 10.1    | 0.0     |
| APAT         | 1,465  | 2,367  | (38.1)  | 3,640  | 3,753  | (3.0)   | 5,642   | 5,773   | (2.3)   |

Source: Company, HSIE Research

## BUY

|                         |         |
|-------------------------|---------|
| CMP (as on 13 Nov 2024) | INR 233 |
| Target Price            | INR 302 |
| NIFTY                   | 23,559  |

| KEY CHANGES        | OLD            | NEW           |               |
|--------------------|----------------|---------------|---------------|
| Rating             | BUY            | BUY           |               |
| Price Target (INR) | 280            | 302           |               |
| EPS Change (%)     | FY25E<br>-38.1 | FY26E<br>-3.0 | FY27E<br>-2.3 |

### KEY STOCK DATA

|                              |             |
|------------------------------|-------------|
| Bloomberg code               | ASBL IN     |
| No. of Shares (mn)           | 281         |
| MCap (INR bn) / (\$ mn)      | 65/776      |
| 6m avg traded value (INR mn) | 621         |
| 52 Week high / low           | INR 285/131 |

### STOCK PERFORMANCE (%)

|              | 3M    | 6M   | 12M  |
|--------------|-------|------|------|
| Absolute (%) | (0.4) | 40.6 | 66.9 |
| Relative (%) | 1.2   | 33.8 | 47.3 |

### SHAREHOLDING PATTERN (%)

|                 | Jun-24 | Sep-24 |
|-----------------|--------|--------|
| Promoters       | 54.47  | 54.47  |
| FIs & Local MFs | 19.32  | 17.79  |
| FPIs            | 7.63   | 7.95   |
| Public & Others | 18.57  | 19.80  |

Pledged Shares - -

Source : BSE

Pledge share as a % of total shares

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