

13 August 2025

India | Equity Research | Results Update

Ashoka Buildcon

Construction

A weak print as execution misses the mark

Ashoka Buildcon (Ashoka) reported a weak Q1FY26 with execution impacted amid early monsoons. As a result, revenue came in at INR 13bn (-30% YoY), its lowest in the last 10 quarters. That said, EBITDA margins expanded to 9.3% (+290bps YoY), albeit with a lower PAT of INR 0.3bn (-25% YoY). Management sees Q2 similar Q1, while execution to pick up in H2FY26. Its guidance of 10% revenue growth for FY26 is likely to encounter some stress, in our view. Hence, we revise our earnings. In more favourable light, its OB is steady at INR 159bn (+15% YoY) with a promising order pipeline of INR 3.4trn from NHAI (INR 0.8trn near-term visibility). Deals should see completion by Sep'26E, enabling net cash inflow of ~INR 15bn; thus, allowing debt levels to ebb. The stock is trading at 8x EV/EBITDA (2-year forward) vs. its historical average ~10x. We retain **BUY**; TP revised to INR 220 on inexpensive valuations.

Weak print...

Ashoka reported a disappointing set of results as its execution was impacted by the early onset of monsoons. It reported revenue of INR 13bn (-30% YoY); EBITDA stood at INR 1.2bn (flat YoY) with margins of 9.3% (+290bps YoY). PAT stands at INR 0.3bn (-25% YoY).

...leads to concerns on meeting the FY26 guidance

We estimate Q2FY26 also to be similar to Q1FY26 on the execution front. Given the guidance of 10% growth in revenue, execution has to ramp up in H2FY26 – INR 50bn has to be executed, would be the highest in its history. In our view, the company may fall short; hence, we have revised our estimates.

Book-to-bill steady at 2.4x TTM revenues

OB stands at INR 159bn (+15% YoY). It received orders worth INR 23bn during the quarter. Order pipeline remains promising with NHAI's target of INR 3.4trn to be awarded in FY26 – INR 0.8trn remains visible in the near term.

Deals expected to close by end of H2FY26

Ashoka expects the first tranche of the deal to be closed by H1FY26, receiving proceeds worth INR 15bn in FY26. The company plans on utilising the cash to lower its gross debt level to <INR 2–3bn (vs. INR 21bn, as of Mar'25).

Maintain BUY; TP revised to INR 220

We maintain **BUY** with a revised TP of **INR 220** (vs. INR 259), primarily on the back of cheaper valuations and potential near-term cash flows.

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	70,614	74,145	81,560	89,715
EBITDA	5,469	5,551	6,330	6,757
EBITDA Margin (%)	7.7	7.5	7.8	7.5
Net Profit	1,970	2,284	3,492	4,248
EPS (INR)	7.0	8.1	12.4	15.1
EPS % Chg YoY	(39.4)	15.9	52.9	21.6
P/E (x)	25.6	22.1	14.5	11.9
EV/EBITDA (x)	10.2	7.7	6.2	5.6
RoCE (%)	7.2	7.0	9.0	8.9
RoE (%)	5.0	5.5	7.9	8.9

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Market Data

Market Cap (INR)	50bn
Market Cap (USD)	576mn
Bloomberg Code	ASBL IN
Reuters Code	ABDL.BO
52-week Range (INR)	319 /158
Free Float (%)	45.0
ADTV-3M (mn) (USD)	3.2

Price Performance (%)	3m	6m	12m
Absolute	(5.3)	(22.5)	(26.8)
Relative to Sensex	(2.7)	(27.8)	(27.5)

ESG Score	2023	2024	Change
ESG score	67.6	72.8	5.2
Environment	53.7	62.2	8.5
Social	68.2	75.7	7.5
Governance	76.5	79.0	2.5

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	(5)	(5)
EBITDA	(9)	(9)
EPS	(17)	(11)

Previous Reports

27-05-2025: [Q4FY25 results review](#)

01-01-2025: [Company update](#)

Exhibit 1: Quarterly consolidated financials (INR mn)

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Net sales	18,771	14,176	17,920	19,748	13,106	-33.6	-30.2
EBIDTA	1,214	1,190	1,633	1,432	1,222	-14.6	0.7
OPM (%)	6.5%	8.4%	9.1%	7.3%	9.3%	207 bps	286 bps
Other income	237	413	237	376	285	-24.2	20.1
Interest	663	706	829	766	841	9.8	26.9
Depreciation	224	249	253	256	234	-8.9	4.4
PBT	565	648	789	786	433	-44.9	-23.4
PAT	408	362	605	596	306	-48.7	-25.0
Reported PAT	408	361	605	596	305	-48.8	-25.3
EPS	1.5	1.3	2.2	2.1	1.1	-48.7	-25.0
Order Book Details							
Order inflow	26,311	-	71,450	4,228	22,916	442	-13
Order backlog	1,37,900	1,11,040	1,64,570	1,49,050	1,58,860	7	15
Book to Bill (x)	1.7	1.4	2.2	2.1	2.4	3351 bps	7374 bps

Source: I-Sec research, Company data

Outlook and valuation

Ashoka has created a strong brand over the years with stable revenue growth of 15% CAGR over FY19–24 to INR 77bn. Amidst a year of subdued road bidding, Ashoka's OB stands at INR 159bn. With a strong bid pipeline of INR 3.4trn in FY26, it expects OI of INR 100–120bn, revenue growth of 10% and EBITDA margin of 10%, in FY26. It recently finalised a deal for the 11 HAM assets removing an overhang on the stock, the stake sale is being done at a higher value than expected earlier. We maintain BUY with a revised TP of INR 220 (earlier INR 259).

Risks: 1) Delays in project completion leading to lower revenues. 2) Low order inflow.

Exhibit 2: Valuation

Particulars	Rationale	INR mn	Multiple (x)	Value (INR mn)	Value per share (INR)
EPC	8 xFY27E earnings	3,492	8	27,240	97
HAM	2.1x FY26E equity invested	11,150	2.1	23,415	83
BOT	Deal valuation	16,182	1.7	26,701	95
Obligation to PE				(15,600)	(56)
Total				59,256	220
Shares outstanding					281

Source: I-Sec research, Company data

Exhibit 3: Earnings revision table (INR mn)

Particulars	FY26E			FY27E		
	Old	New	Chg %	Old	New	Chg %
Revenues	77,676	74,145	-5%	85,443	81,560	-5%
EBITDA	6,070	5,551	-9%	6,919	6,330	-9%
PAT	2,749	2,284	-17%	3,911	3,492	-11%

Source: I-Sec research, Company data

Q1FY26 conference call: Takeaways

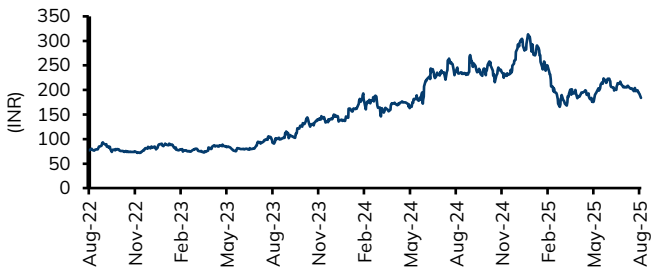
- Weak execution on account of early onset of monsoon
- **Guidance for FY26 maintained**
 - Execution to pick up in H2FY26, Q2 to be similar to Q1FY26; management expects Q3+Q4 to deliver INR 50bn in revenue from existing OB
 - Revenue guidance of 10%
 - EBITDA margins at 9-10%
 - OIs for the year at INR 100-120bn
- **Order inflow: During the quarter it booked 3 new orders**
 - LoA for railways order worth INR 5.7bn
 - Secured contract to design, implement, operate and maintain traffic management system in Maharashtra – INR 13.9bn
 - Covers 5 circles: Pune, Mumbai, Nagpur, Marathwada and Konkan
 - Revenue recognition based on incidence captured (over speeding, seat belt, lane cutting etc.)
 - O&M contract for 10 years
 - Maximum IRR capped at 18%; beyond which revenue to be shared with authority
 - New order in Guyana worth ~INR 6bn
- **Monetization – extended to Sep'30**
 - Expect to complete by Sep'25-end
 - 5 BOT assets + 5 HAM assets
 - Total 11 HAM assets would be acquired by Edelweiss –
 - 5 by Sep'25-end +
 - 4 by Dec'25-end +
 - 2 in Jun'26
 - Value for 11 HAM assets stands at INR 23 bn
 - Earlier, it had sold off its road toll assets at a value of INR 25bn. It would –
 - utilise proceeds to give an exit to Macquarie in these assets
 - see net cash inflow of INR 10bn
 - look to reduce its debt by INR 10bn in FY26.
- **Pipeline from NHAI with near-term visibility stands at INR 0.75trn**
 - The company shall –
 - bid for almost everything in the EPC and HAM segments
 - selectively bid for BOT projects
 - Strong opportunity in railways and T&D segment
 - Limited opportunity overseas; the company had also participated in a Croatia bid recently

Exhibit 4: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	54.5	54.5	54.5
Institutional investors	24.0	22.4	21.5
MFs and others	15.5	14.9	14.2
FIs/Banks	0.0	0.0	0.0
Insurance	0.0	0.0	0.0
FIIIs	8.5	7.5	7.3
Others	21.5	23.1	24.0

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Net Sales	70,614	74,145	81,560	89,715
Operating Expenses	2,390	2,581	2,787	3,010
EBITDA	5,469	5,551	6,330	6,757
EBITDA Margin (%)	7.7	7.5	7.8	7.5
Depreciation & Amortization	982	1,078	1,143	1,208
EBIT	4,487	4,473	5,187	5,549
Interest expenditure	(2,964)	(2,019)	(1,181)	(556)
Other Non-operating Income	1,264	632	651	670
Recurring PBT	2,787	3,086	4,656	5,664
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	817	802	1,164	1,416
PAT	1,970	2,284	3,492	4,248
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(1)	-	-	-
Net Income (Reported)	1,970	2,284	3,492	4,248
Net Income (Adjusted)	1,970	2,284	3,492	4,248

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	76,214	68,115	74,250	79,042
of which cash & cash eqv.	2,405	5,971	8,806	10,087
Total Current Liabilities & Provisions	31,326	32,524	35,415	38,595
Net Current Assets	44,888	35,590	38,835	40,446
Investments	12,622	6,577	6,710	6,843
Net Fixed Assets	3,079	4,414	4,689	7,369
ROU Assets	-	-	-	-
Capital Work-in-Progress	163	150	150	150
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	60,752	46,730	50,383	54,807
Liabilities				
Borrowings	20,587	4,587	4,587	4,587
Deferred Tax Liability	(1,838)	(1,838)	(1,838)	(1,838)
provisions	1,910	1,604	1,765	1,941
other Liabilities	-	-	-	-
Equity Share Capital	1,404	1,404	1,404	1,404
Reserves & Surplus	38,690	40,974	44,466	48,714
Total Net Worth	40,094	42,378	45,870	50,118
Minority Interest	-	-	-	-
Total Liabilities	60,752	46,730	50,383	54,807

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	(10,322)	16,098	4,386	5,302
Working Capital Changes	(13,275)	12,736	(249)	(154)
Capital Commitments	(997)	(2,399)	(1,418)	(3,888)
Free Cashflow	(9,325)	18,497	5,805	9,190
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(997)	(2,399)	(1,418)	(3,888)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	6,160	(16,000)	-	-
Dividend paid	-	-	-	-
Others	2,457	5,867	(133)	(133)
Cash flow from Financing Activities	8,618	(10,133)	(133)	(133)
Chg. in Cash & Bank balance	(2,701)	3,567	2,835	1,281
Closing cash & balance	2,405	5,971	8,806	10,087

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	7.0	8.1	12.4	15.1
Adjusted EPS (Diluted)	7.0	8.1	12.4	15.1
Cash EPS	10.5	12.0	16.5	19.4
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	142.8	151.0	163.4	178.5
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	(8.6)	5.0	10.0	10.0
EBITDA	(13.5)	1.5	14.0	6.8
EPS (INR)	(39.4)	15.9	52.9	21.6
Valuation Ratios (x)				
P/E	25.6	22.1	14.5	11.9
P/CEPS	17.1	15.0	10.9	9.3
P/BV	1.3	1.2	1.1	1.0
EV / EBITDA	10.2	7.7	6.2	5.6
P / Sales	0.7	0.7	0.6	0.6
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	11.1	11.0	11.2	10.9
EBITDA Margins (%)	7.7	7.5	7.8	7.5
Effective Tax Rate (%)	29.3	26.0	25.0	25.0
Net Profit Margins (%)	2.8	3.1	4.3	4.7
NWC / Total Assets (%)	14.1	-	-	-
Net Debt / Equity (x)	0.1	(0.2)	(0.2)	(0.2)
Net Debt / EBITDA (x)	1.0	(1.4)	(1.7)	(1.8)
Profitability Ratios				
RoCE (%)	7.2	7.0	9.0	8.9
RoE (%)	5.0	5.5	7.9	8.9
RoC (%)	7.2	7.0	9.0	8.9
Fixed Asset Turnover (x)	22.5	19.8	17.9	14.9
Inventory Turnover Days	17	12	13	13
Receivables Days	87	94	96	96
Payables Days	71	76	77	77

Source Company data, I-Sec research

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