

**BUY**

TP: Rs 190 | ▲ 101%

**ASHOKA BUILDCON**

Infrastructure

16 November 2019

## Subdued execution, growth to pick up in H2

Ashoka Buildcon's (ASBL) Q2FY20 execution remained muted due to the extended monsoons, with revenue growth at 7.6% YoY. Led by a favourable revenue mix and cost reversals, EBITDA margin increased 140bps YoY to 14.9%. Margin expansion and higher other income (+150% YoY) supported PAT growth of 17% YoY to Rs 727mn (Rs 531mn est.). The Sep'19 order backlog stood at Rs 97.5bn (incl. L1 of Rs 23bn; 2.5x TTM revenues). We raise FY20-FY21 EPS by 9%/15% and roll to a Mar'21 TP of Rs 190 (from Rs 185).

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**Protracted monsoon slowed execution:** ASBL's Q2 revenue growth was subdued at 7.6% YoY to Rs 8.2bn due to the extended monsoons, delayed award of appointed dates (AD) on HAM contracts, and execution slowdown in TOT EPC projects (land hurdles). As a result, management has cut FY20 revenue growth guidance from 25-30% to 20-25%. With AD awarded for the two HAM projects in Oct'19, land acquisition in place for TOT EPC projects (Rs 8.1bn), and AD for the Bundelkhand project guided to come through in Dec'19, we expect revenue to gather pace from H2FY20.

**EBITDA margins expand:** Cost reversals in a couple of projects (>90% complete) led to 140bps YoY margin expansion to 14.9% (12.6% estimated). As per management, future margins should remain stable in the range of 12-13%.

**Gross debt reduces; receivables from power T&D improve:** Better recoveries saw debt decline to Rs 4.6bn as on Sep'19 (Rs 5.8bn as on Jun'19); ASBL has guided for ~Rs 6bn levels by Mar'20. Net D/E was at 0.2x. Power T&D receivables improved to Rs 6.3bn as of Sep'19 from Rs 7.5bn as of Mar'19.

**Maintain BUY:** We raise estimates led by higher margins and other income (partly offset by a high tax rate) and move to a new TP of Rs 190 (vs. Rs 185).

Ticker/Price	ASBL IN/Rs 94
Market cap	US\$ 369.0mn
Shares o/s	281mn
3M ADV	US\$ 0.7mn
52wk high/low	Rs 155/Rs 88
Promoter/FPI/DII	54%/4%/32%

Source: NSE

## STOCK PERFORMANCE



Source: NSE

## KEY FINANCIALS (STANDALONE)

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	24,483	38,206	45,093	51,515	55,131
EBITDA (Rs mn)	2,954	5,152	5,777	6,624	6,879
Adj. net profit (Rs mn)	2,390	3,332	3,521	4,173	4,202
Adj. EPS (Rs)	8.5	11.9	12.5	14.9	15.0
Adj. EPS growth (%)	35.7	39.4	5.7	18.5	0.7
Adj. ROAE (%)	13.1	16.1	14.9	15.3	13.5
Adj. P/E (x)	11.1	8.0	7.5	6.4	6.3
EV/EBITDA (x)	9.4	5.2	5.9	5.1	4.7

Source: Company, BOBCAPS Research

BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda

Important disclosures, including any required research certifications, are provided at the end of this report.



**FIG 1 – STANDALONE QUARTERLY AND HALF-YEARLY PERFORMANCE**

Particulars (Rs mn)	Q2FY20	Q2FY19	YoY (%)	Q1FY20	QoQ (%)	H1FY20	H1FY19	YoY (%)
<b>Revenue</b>	<b>8,223</b>	<b>7,644</b>	<b>7.6</b>	<b>8,768</b>	<b>(6.2)</b>	<b>16,991</b>	<b>14,482</b>	<b>17.3</b>
Construction / Contract cost	6,262	5,997	4.4	6,916	(9.5)	13,177	11,471	14.9
Employees cost	435	341	27.8	431	0.9	867	648	33.7
Other expenditure	297	269	10.5	326	(8.9)	624	513	21.6
Total expenditure	6,994	6,607	5.9	7,673	(8.9)	14,668	12,632	16.1
<b>EBITDA</b>	<b>1,229</b>	<b>1,037</b>	<b>18.5</b>	<b>1,095</b>	<b>12.3</b>	<b>2,324</b>	<b>1,850</b>	<b>25.6</b>
EBITDA margin (%)	14.9	13.6	138bps	12.5	246bps	13.7	12.8	90bps
Other income	392	157	149.1	342	14.6	734	523	40.3
Depreciation	271	166	63.9	266	2.0	538	301	78.3
<b>EBIT</b>	<b>1,349</b>	<b>1,029</b>	<b>31.2</b>	<b>1,171</b>	<b>15.3</b>	<b>2,520</b>	<b>2,071</b>	<b>21.7</b>
EBIT margin (%)	16.4	13.5	295bps	13.4	306bps	14.8	14.3	53bps
Interest	231	130	78.3	214	8.2	445	301	47.8
<b>PBT</b>	<b>1,118</b>	<b>899</b>	<b>24.4</b>	<b>957</b>	<b>16.8</b>	<b>2,075</b>	<b>1,770</b>	<b>17.2</b>
PBT margin (%)	13.6	11.8	184bps	10.9	268bps	12.2	12.2	-1bps
<b>Tax</b>	<b>391</b>	<b>278</b>	<b>40.7</b>	<b>310</b>	<b>26.0</b>	<b>702</b>	<b>510</b>	<b>37.5</b>
Effective tax rate (%)	35.0	30.9	407bps	32.4	255bps	67.4	57.6	984bps
<b>Adjusted PAT</b>	<b>727</b>	<b>621</b>	<b>17.1</b>	<b>647</b>	<b>12.4</b>	<b>1,374</b>	<b>1,260</b>	<b>9.0</b>
Exceptions	-	-	-	-	NM	-	-	NM
<b>Reported PAT</b>	<b>727</b>	<b>621</b>	<b>17.1</b>	<b>647</b>	<b>12.4</b>	<b>1,374</b>	<b>1,260</b>	<b>9.0</b>
Adjusted Pat margin (%)	8.8	8.1	72bps	7.4	147bps	8.1	8.7	-62bps
<b>EPS (Rs)</b>	<b>2.2</b>	<b>2.2</b>	<b>-</b>	<b>2.3</b>	<b>(4.0)</b>	<b>4.5</b>	<b>4.5</b>	<b>0.6</b>

Source: Company, BOBCAPS Research

## Earnings call highlights

- FY20 guidance:** Management has guided for revenue growth of 20-30%, EBITDA margin of 12-13%, order inflow of Rs 40bn-60bn, capex of ~Rs 1bn, effective tax rate of ~28% and net D/E of 0.2-0.3x.
- High other income:** The sharp 150% YoY increase in other income to Rs 392mn in Q2 was mainly due to interest income of ~Rs 160mn on advances given to subsidiaries.
- Bid pipeline:** ASBL intends to participate in the NHAI bid pipeline of Rs 600bn-Rs 700bn that it estimates will come up over remaining part of FY20. The company also plans to participate in upcoming bids for the Ganga Expressway and Defence Corridor in Uttar Pradesh.
- Land status at HAM projects:** Tumkur-Shivamoga (Pkg I) and Tumkur-Shivamoga (Pkg II) were awarded AD in Oct'19 and have more than 80% of land in the 3H stage. According to management, 100% of the land will be available in next six months. In the HAM project of Tumkur-Shivamoga (Pkg IV), land availability stands at ~40% in the 3H stage. Management expects to sign the concession agreement soon, once ~80% of land is in the 3G stage.

(currently ~45%). AD is likely to be awarded five months after signing the concession agreement.

▪ **Equity commitments in HAM & CGD projects:**

- So far ~Rs 4.7bn have been invested in HAM projects. Further equity likely to be infused in H2FY20/FY21/FY22 totals Rs 1.6bn/Rs 2.2bn/ Rs 190mn.
- Equity investment in the CGD business stands at ~Rs 510mn (ASBL share of 51% stake), with no further commitment in the next 2-3 years.

- **Status of HAM projects under execution:** ASBL has applied for provisional commercial operation date (PCOD) in the Kharar-Ludhiana project. However, execution on the outstanding order backlog of Rs 3.3bn is likely to move slowly due to land acquisition issues. The company is likely to apply for PCOD in the Ranastalam-Anandpuram project in Q1FY21.

- **Toll collection:** Toll collection remained muted in Q2 due to lower traffic, led by the economic slowdown and revised norms for multi-axle vehicles. Gross toll collection for the quarter declined 6.2% YoY to Rs 2.4bn (down 1.5% YoY to Rs 2.3bn on like-to-like basis).

- **Shift to new tax rate:** Adoption of the new tax regime resulted in remeasurement of deferred tax assets and thus a one-time tax adjustment of Rs 89.2mn. As a result, the effective tax rate for the quarter remained elevated at 35%.

- **Bank limits:** The fund-based limit stands at ~Rs 5bn (~Rs 4bn utilised) and non-fund-based limit at Rs 40bn. Total bank limit is at Rs 45bn.

**FIG 2 – SEGMENTAL BREAKUP OF REVENUE**

Particulars (Rs mn)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
<b>Revenue</b>									
- Construction & contract related	3,382	6,148	6,607	6,353	7,140	10,195	12,202	8,302	7,757
- BOT (Toll)	77	87	69	94	71	78	75	84	97
- Sale of goods (RMC, etc.)	328	354	347	390	433	378	798	382	370
<b>Total</b>	<b>3,787</b>	<b>6,589</b>	<b>7,023</b>	<b>6,837</b>	<b>7,644</b>	<b>10,651</b>	<b>13,074</b>	<b>8,768</b>	<b>8,223</b>
<b>% growth YoY</b>									
Revenue									
- Construction & contract related	(17.1)	26.4	16.5	(4.5)	111.1	65.8	84.7	30.7	8.6
- BOT (Toll)	(8.7)	44.3	(38.4)	19.4	(7.7)	(11.0)	8.0	(10.8)	36.4
- Sale of goods (RMC, etc.)	24.0	11.9	9.6	10.2	32.1	6.7	129.7	(2.1)	(14.7)
<b>Total</b>	<b>(14.5)</b>	<b>25.7</b>	<b>15.1</b>	<b>(3.5)</b>	<b>101.9</b>	<b>61.6</b>	<b>86.2</b>	<b>28.2</b>	<b>7.6</b>

Source: Company, BOBCAPS Research

**FIG 3 – ORDER INFLOW BREAKUP (RS 97.5BN INCLUDING L1 PROJECTS; 77% EXECUTABLE)**

Particulars (Rs mn)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
<b>Order backlog</b>									
- Roads EPC (Third Party - non-captive)	20,984	19,211	20,191	27,669	26,231	25,420	21,240	20,661	18,093
- Roads EPC (BOT/HAM - captive)	22,829	23,058	22,367	56,845	53,716	48,934	56,024	50,359	38,145
- Power T&D	17,288	17,157	15,931	23,312	17,690	13,568	10,624	8,250	7,162
- Railways	-	-	-	-	-	7,451	7,726	10,946	10,677
- CGD	-	-	-	-	-	-	966	162	778
<b>Total</b>	<b>61,101</b>	<b>59,430</b>	<b>58,488</b>	<b>1,07,830</b>	<b>97,637</b>	<b>95,373</b>	<b>96,580</b>	<b>90,378</b>	<b>74,855</b>
<b>Book-to-bill ratio (x)</b>	<b>3.0</b>	<b>2.7</b>	<b>2.6</b>	<b>4.8</b>	<b>3.7</b>	<b>3.1</b>	<b>2.7</b>	<b>2.4</b>	<b>1.9</b>
<b>Order backlog share (%)</b>									
- Roads EPC (Third Party - non-captive)	34.3	32.3	34.5	25.7	26.9	26.7	22.0	22.9	24.2
- Roads EPC (BOT/HAM - captive)	37.4	38.8	38.2	52.7	55.0	51.3	58.0	55.7	51.0
- Power T&D	28.3	28.9	27.2	21.6	18.1	14.2	11.0	9.1	9.6
- Railways	-	-	-	-	-	7.8	8.0	12.1	14.3
- CGD	-	-	-	-	-	-	1.0	0.2	1.0
<b>Order inflow</b>	<b>-</b>	<b>4,500</b>	<b>6,621</b>	<b>55,695</b>	<b>-</b>	<b>7,451</b>	<b>14,332</b>	<b>-</b>	<b>10,795</b>

Source: Company, BOBCAPS Research

**FIG 4 – GROSS EXTERNAL DEBT PROFILE\***

Debt (Rs mn)	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Project debt	44,911	45,416	46,357	46,542	47,025	48,864	49,591	50,529	52,722
Standalone debt	1,398	2,549	78	1,148	3,880	5,928	7,199	5,810	4,581
NCDs (ACL)	-	-	-	-	-	-	-	-	1,500
<b>Consolidated debt</b>	<b>46,309</b>	<b>47,965</b>	<b>46,435</b>	<b>47,690</b>	<b>50,905</b>	<b>54,792</b>	<b>56,790</b>	<b>56,339</b>	<b>58,803</b>
<b>Standalone debt break-up</b>									
- Equipment loan	705	818	1,041	1,102	1,131	2,370	2,445	2,372	2,276
- Working capital	693	1,731	37	46	2,749	2,058	3,254	1,938	805
- NCDs	-	-	-	-	-	1,500	1,500	1,500	1,500
<b>Total gross debt</b>	<b>1,398</b>	<b>2,549</b>	<b>1,078</b>	<b>1,148</b>	<b>3,880</b>	<b>5,928</b>	<b>7,199</b>	<b>5,810</b>	<b>4,581</b>

Source: Company, BOBCAPS Research | \*Excludes debt taken from subsidiaries

**FIG 5 – REVENUE MIX**

Revenue break-up	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
Roads	3,760	7,365	9,380	6,840	6,440
Power T&D	3,380	2,480	2,980	1,470	1,400
<b>% share</b>					
- Roads	52.7	74.8	75.9	82.3	82.1
- Power T&D	47.3	25.2	24.1	17.7	17.9

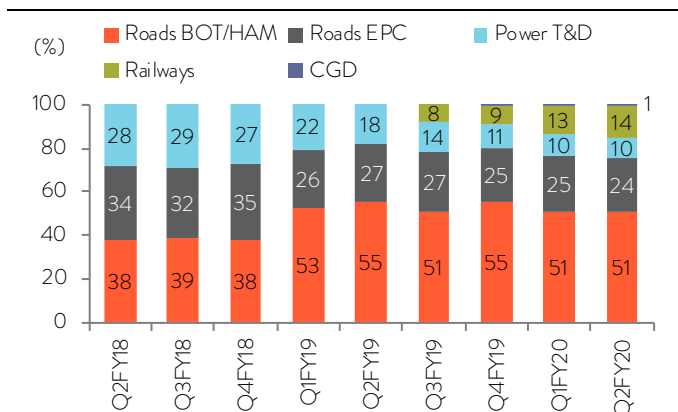
Source: Company, BOBCAPS Research

**FIG 6 – GROSS TOLL COLLECTION TREND**

Gross toll collections (Rs mn)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
Belgaum Dharwad	208	231	224	230	217	233	235	237	213
Dhankuni Kharagpur	757	783	849	893	888	867	884	905	915
Bhandara Project	150	168	174	167	160	168	178	174	168
Durg	185	202	207	195	193	199	207	198	190
Jaora - Nayagaon	503	530	523	516	516	497	490	460	432
Sambalpur Baragarh	141	166	180	180	173	181	184	171	166
<b>Total ACL projects</b>	<b>1,945</b>	<b>2,080</b>	<b>2,158</b>	<b>2,181</b>	<b>2,147</b>	<b>2,146</b>	<b>2,177</b>	<b>2,145</b>	<b>2,085</b>
Ahmednagar -Aurangabad	64	81	69	94	71	78	75	84	97*
Waiganaga Bridge	71	77	80	75	71	74	79	77	72
Katni Bypass	44	53	57	58	48	55	54	60	50
<b>Total Non-ACL projects</b>	<b>179</b>	<b>211</b>	<b>205</b>	<b>227</b>	<b>191</b>	<b>206</b>	<b>207</b>	<b>220</b>	<b>219</b>
Others	214	244	90	123	174	6	5	8	52
<b>Gross toll collections</b>	<b>2,337</b>	<b>2,534</b>	<b>2,454</b>	<b>2,530</b>	<b>2,512</b>	<b>2,358</b>	<b>2,389</b>	<b>2,373</b>	<b>2,355</b>
<b>Like-to-like revenue (ex-others)</b>	<b>2,123</b>	<b>2,291</b>	<b>2,364</b>	<b>2,407</b>	<b>2,338</b>	<b>2,352</b>	<b>2,384</b>	<b>2,365</b>	<b>2,303</b>
<b>% growth YoY</b>									
Belgaum Dharwad	17.0	21.6	16.6	7.2	4.2	1.0	4.6	3.0	(2.1)
Dhankuni Kharagpur	16.3	14.3	15.6	13.6	17.2	10.7	4.0	1.3	3.1
Bhandara Project	22.1	30.7	23.8	6.8	7.0	0.3	2.1	4.3	4.9
Durg	27.0	31.1	35.5	2.5	4.0	(1.5)	(0.2)	1.6	(1.1)
Jaora - Nayagaon	180.5	186.2	170.8	9.1	2.7	(6.1)	(6.4)	(11.0)	(16.3)
Sambalpur Baragarh	(66.7)	(63.1)	(61.4)	23.8	22.3	9.2	2.0	(4.6)	(4.1)
<b>Total ACL projects</b>	<b>14.3</b>	<b>16.1</b>	<b>14.8</b>	<b>10.9</b>	<b>10.4</b>	<b>3.2</b>	<b>0.8</b>	<b>(1.6)</b>	<b>(2.9)</b>
Ahmednagar -Aurangabad	(12.6)	(11.3)	10.2	45.5	10.1	(3.7)	8.1	(10.8)	36.2
Waiganaga Bridge	2.9	5.8	2.4	(0.9)	1.1	(4.8)	(1.0)	2.4	1.5
Katni Bypass	3.6	12.2	11.2	4.8	11.0	2.8	(5.3)	3.1	2.9
<b>Total Non-ACL projects</b>	<b>(3.1)</b>	<b>(0.1)</b>	<b>7.3</b>	<b>16.0</b>	<b>6.8</b>	<b>(2.5)</b>	<b>0.9</b>	<b>(2.9)</b>	<b>14.8</b>
<b>Gross toll collections</b>	<b>21.3</b>	<b>20.6</b>	<b>13.7</b>	<b>4.9</b>	<b>7.5</b>	<b>(7.0)</b>	<b>(2.6)</b>	<b>(6.2)</b>	<b>(6.2)</b>
<b>Like-to-like revenue (ex-others)</b>	<b>12.6</b>	<b>14.4</b>	<b>14.1</b>	<b>11.4</b>	<b>10.1</b>	<b>2.7</b>	<b>0.8</b>	<b>(1.7)</b>	<b>(1.5)</b>

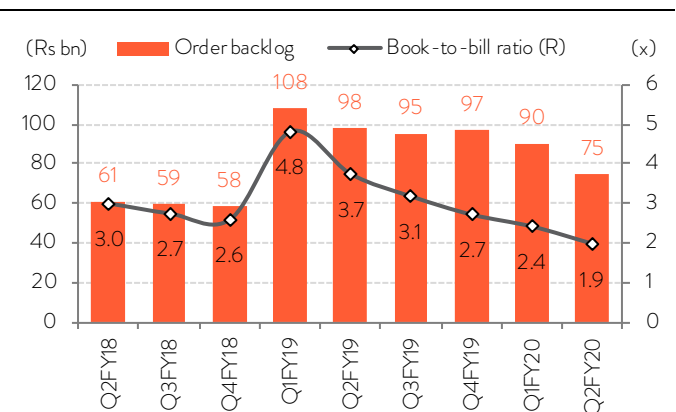
Source: Company, BOBCAPS Research | \*Includes claims

**FIG 7 – SEGMENTAL ORDER BACKLOG BREAKUP**



Source: Company

**FIG 8 – STRONG ORDER BACKLOG OF RS 75BN\***



Source: Company | \*Rs 97.5bn including L1 projects

## Valuation methodology

ASBL offers an attractive combination of strong earnings growth, low leverage and compelling valuations. We believe an uptick in traffic movement along its toll-road stretches will improve predictability of cash flows from operational assets. Further, with a well-capitalised balance sheet and core focus on the roads segment, the company is positioned to exploit upcoming growth opportunities offered by India's roads sector, especially from the Rs 600bn-Rs 700bn bid pipeline expected to flow from NHAI in the remaining part of FY20.

We model for a 13% standalone revenue CAGR over FY19-FY22 led by a strong order backlog of Rs 97.5bn as on Sep'19. All the five HAM projects won in Q4FY18 are under execution – this should propel revenues from H2FY20.

Post the Q2FY20 result, we increase our FY20/FY21 EPS forecast by 8.7%/14.5% to build in margin expansion and higher other income, partly offset by a higher effective tax rate. ASBL is trading at 7.5x/6.4x FY20E/FY21E standalone earnings. We reiterate BUY and roll valuations forward to a revised Mar'21 SOTP-based target price of Rs 190 (from Rs 185).

### FIG 9 – REVISED ESTIMATES

(Rs mn)	FY20E			FY21E		
	Old	New	Change (%)	Old	New	Change (%)
Revenue	44,308	45,093	1.8	50,641	51,515	1.7
EBITDA	5,568	5,777	3.8	6,308	6,624	5.0
EBITDA margin (%)	12.6	12.8	24bps	12.5	12.9	40bps
Adjusted PAT	3,239	3,521	8.7	3,644	4,173	14.5
PAT margin (%)	7.3	7.8	50bps	7.2	8.1	91bps

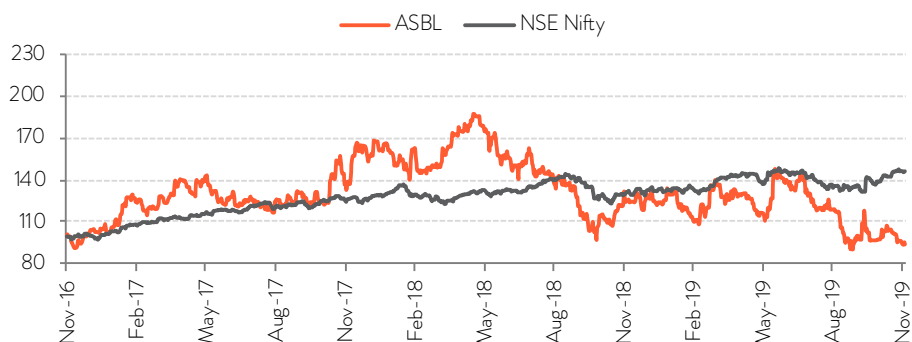
Source: Company, BOBCAPS Research

For our SOTP model, we value (i) the standalone business at Rs 116/sh based on 8x Mar'22E earnings, and (ii) operational, HAM and CGD assets (61% stake in ACL assets and pro-rata stake in own assets) at Rs 73/sh using DCF and P/BV, assuming cost of equity of 12-17% for operational assets and 0.5-1x P/BV for equity invested up to Mar'21E in HAM and CGD projects.

### FIG 10 – SOTP-BASED MAR'21 TARGET PRICE OF RS 190

Business	Basis of valuation	Mar'21 value (Rs mn)	Mar'21 value (Rs mn)
(a) Value of ABL assets	NPV/P/Bv for CGD business	7,922	28
(b) Value of ABL is ACL assets	NPV/P/Bv for HAM projects (pro-rata stake of 61%)	12,652	45
<b>(I) Total value of assets (a+b)</b>		<b>20,574</b>	<b>73</b>
<b>(II) Value of standalone business</b>	<b>8x P/E on Mar'22E earnings</b>	<b>32,430</b>	<b>116</b>
<b>Total (I + II)</b>		<b>53,004</b>	<b>190</b>
O/s share (mn)		281	

Source: Company, BOBCAPS Research

**FIG 11 – RELATIVE STOCK PERFORMANCE**

Source: NSE

### Key risks

- **Slowdown in road sector capex:** Capex in the roads sector has witnessed some revival over the last two years. Any slowdown in project awarding would impact the company's growth and our estimates.
- **Delayed execution of projects in hand:** Delays in execution of projects in hand due to hurdles in land acquisition, slow award of appointed dates or other regulatory bottlenecks could adversely affect ASBL's revenue. In addition, its IRR for under-construction projects can be dampened by execution delays.
- **Slowdown in traffic:** Slowdown in economic activity in areas where ASBL's toll BOT projects are based may lead to below-expected revenue collection, resulting in negative free cash flows. This may cause the company to infuse further equity from its standalone balance sheet to support its BOT SPVs.

## FINANCIALS (STANDALONE)

### Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Total revenue</b>	<b>24,483</b>	<b>38,206</b>	<b>45,093</b>	<b>51,515</b>	<b>55,131</b>
EBITDA	2,954	5,152	5,777	6,624	6,879
Depreciation	(532)	(763)	(1,128)	(1,306)	(1,528)
EBIT	1,936	3,482	3,665	4,285	4,327
Net interest income/(expenses)	(485)	(907)	(984)	(1,033)	(1,024)
Other income/(expenses)	978	1,157	1,347	1,353	1,351
Exceptional items	0	0	0	0	0
EBT	2,915	4,640	5,011	5,637	5,678
Income taxes	(524)	(1,307)	(1,490)	(1,464)	(1,476)
Extraordinary items	0	(470)	0	0	0
Min. int./Inc. from associates	0	0	0	0	0
<b>Reported net profit</b>	<b>2,390</b>	<b>2,862</b>	<b>3,521</b>	<b>4,173</b>	<b>4,202</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>2,390</b>	<b>3,332</b>	<b>3,521</b>	<b>4,173</b>	<b>4,202</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Accounts payables	6,097	8,867	10,419	11,939	12,839
Other current liabilities	6,727	6,649	7,968	9,130	9,063
Provisions	604	700	826	947	1,018
Debt funds	1,599	7,883	8,033	6,533	5,033
Other liabilities	4,980	6,866	8,153	9,047	9,576
Equity capital	936	1,404	1,404	1,404	1,404
Reserves & surplus	18,327	20,717	23,878	27,691	31,532
Shareholders' fund	19,263	22,120	25,281	29,094	32,936
<b>Total liabilities and equities</b>	<b>39,269</b>	<b>53,086</b>	<b>60,680</b>	<b>66,690</b>	<b>70,465</b>
Cash and cash eq.	1,235	550	679	705	1,394
Accounts receivables	10,117	15,513	14,097	16,153	17,589
Inventories	5,031	7,623	8,580	9,832	10,641
Other current assets	1,996	1,215	3,064	3,511	3,844
Investments	13,462	13,641	14,234	14,234	14,234
Net fixed assets	2,174	3,799	3,686	3,379	3,352
CWIP	150	55	41	41	41
Intangible assets	0	0	0	0	0
Deferred tax assets, net	349	518	518	518	518
Other assets	4,755	10,171	15,782	18,317	18,852
<b>Total assets</b>	<b>39,269</b>	<b>53,086</b>	<b>60,680</b>	<b>66,690</b>	<b>70,465</b>

Source: Company, BOBCAPS Research



**Cash Flows**

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Net income + Depreciation	2,923	3,625	4,649	5,480	5,729
Interest expenses	485	907	984	1,033	1,024
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(113)	(7,948)	(2,717)	(2,593)	(1,680)
Other operating cash flows	0	0	0	0	0
<b>Cash flow from operations</b>	<b>3,295</b>	<b>(3,416)</b>	<b>2,917</b>	<b>3,919</b>	<b>5,074</b>
Capital expenditures	(987)	(2,273)	(1,000)	(1,000)	(1,500)
Change in investments	(398)	(179)	(593)	0	0
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(1,385)</b>	<b>(2,452)</b>	<b>(1,593)</b>	<b>(1,000)</b>	<b>(1,500)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(406)	6,284	150	(1,500)	(1,500)
Interest expenses	(485)	(907)	(984)	(1,033)	(1,024)
Dividends paid	(360)	0	(360)	(360)	(360)
Other financing cash flows	(62)	(194)	0	0	0
<b>Cash flow from financing</b>	<b>(1,313)</b>	<b>5,183</b>	<b>(1,195)</b>	<b>(2,893)</b>	<b>(2,885)</b>
<b>Changes in cash and cash eq.</b>	<b>596</b>	<b>(685)</b>	<b>129</b>	<b>26</b>	<b>689</b>
<b>Closing cash and cash eq.</b>	<b>1,235</b>	<b>550</b>	<b>679</b>	<b>705</b>	<b>1,394</b>

**Per Share**

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20E	FY21E	FY22E
Reported EPS	8.5	10.2	12.5	14.9	15.0
Adjusted EPS	8.5	11.9	12.5	14.9	15.0
Dividend per share	1.1	0.0	1.1	1.1	1.1
Book value per share	68.6	78.8	90.1	103.6	117.3

**Valuations Ratios**

Y/E 31 Mar (x)	FY18A	FY19A	FY20E	FY21E	FY22E
EV/Sales	1.1	0.7	0.8	0.7	0.6
EV/EBITDA	9.4	5.2	5.9	5.1	4.7
Adjusted P/E	11.1	8.0	7.5	6.4	6.3
P/BV	1.4	1.2	1.0	0.9	0.8

**DuPont Analysis**

Y/E 31 Mar (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	82.0	71.8	70.3	74.0	74.0
Interest burden (PBT/EBIT)	150.5	133.2	136.8	131.6	131.2
EBIT margin (EBIT/Revenue)	7.9	9.1	8.1	8.3	7.8
Asset turnover (Revenue/Avg TA)	66.4	82.7	79.3	80.9	80.4
Leverage (Avg TA/Avg Equity)	2.0	2.2	2.4	2.3	2.2
Adjusted ROAE	13.1	16.1	14.9	15.3	13.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

**Ratio Analysis**

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
<b>YoY growth (%)</b>					
Revenue	21.6	56.1	18.0	14.2	7.0
EBITDA	21.7	74.4	12.1	14.7	3.8
Adjusted EPS	35.7	39.4	5.7	18.5	0.7
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	12.1	13.5	12.8	12.9	12.5
EBIT margin	7.9	9.1	8.1	8.3	7.8
Adjusted profit margin	9.8	8.7	7.8	8.1	7.6
Adjusted ROAE	13.1	16.1	14.9	15.3	13.5
ROCE	17.2	22.2	19.3	19.6	18.5
<b>Working capital days (days)</b>					
Receivables	153	149	115	115	116
Inventory	76	73	70	70	70
Payables	92	85	85	85	85
<b>Ratios (x)</b>					
Gross asset turnover	5.6	6.3	5.8	5.9	5.5
Current ratio	1.2	1.5	1.5	1.5	1.6
Net interest coverage ratio	4.0	3.8	3.7	4.1	4.2
Adjusted debt/equity	0.0	0.3	0.3	0.2	0.1

Source: Company, BOBCAPS Research

## Disclaimer

### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

**ADD** – Expected return from >+5% to +15%

**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

### HISTORICAL RATINGS AND TARGET PRICE: ASHOKA BUILDCON (ASBL IN)



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