

Ashoka Buildcon | BUY

Weak quarter; Asset monetization key to deleveraging

Ashoka Buildcon's (ABL) 4Q25 PAT at INR 596mn (down 35% YoY) was below JMFe/consensus estimate of INR 886mn/INR 935mn due to lower revenue and margins. EBITDA margins at 7.3% missed JMFe of 9% due to adverse revenue mix. Backed with robust bid pipeline of c.INR 1.4tn spread across Highways, Railways and Power verticals, ABL expects order inflows of INR 100-120bn for FY26E. Due to delay in start of execution of newly won projects, ABL has lowered its revenue growth guidance from 15% to 10% for FY26E with EBITDA margins of 10%+. ABL is confident of ramping up execution in 2H26. ABL targets to complete monetization of 5 BOT assets by June-25 but only 1st tranche of payment will be received in Jul'25 while remainder will come in FY27 (earlier entire proceeds were supposed to come in FY26). It also expects to monetize 10 HAM assets in FY26 and 1 in FY27. Monetization proceeds will be used to pare debt. Given the lower execution and higher debt levels amid delay in asset monetization, we have cut EPS by 14%/5% for FY26/27E. We maintain BUY with revised SOTP based price target of INR 292.

- **4Q25 PAT missed JMFe due to lower revenue/margins:** ABL's revenue/EBITDA declined by 21%/23% YoY to INR 19.7bn/INR 1.4bn (JMFe of INR 22.5bn/INR 2bn) due to lower executable backlog. Interest costs grew by 24% YoY to INR 766mn (JMFe: INR 850mn). Gross debt remained flat QoQ at INR 20.6bn as of Mar-25 (Mar-24: INR 14.4bn). PAT declined sharply by 35% YoY to INR 596mn (JMFe: INR 886mn).
- **Execution to improve in 2H26; lowers revenue guidance:** ABL received order inflows of c.INR 86bn in FY25, taking its order backlog to INR 149bn (2.1x TTM revenues) as of Mar-25. Backed with robust bid pipeline of c.INR 1.4tn spread across Highways, Railways and Power verticals, ABL expects order inflows of INR 100-120bn for FY26E. Due to delay in start of execution of newly won projects, ABL has lowered its revenue growth guidance from 15% earlier to 10% for FY26E with EBITDA margins of 10%+. ABL expects execution to pick-up in 2H26 and expects strong growth in FY27E.
- **Asset monetization delayed; proceeds will help pare debt:** ABL entered into SPA with Indian Highway Concessions to sell 5 BOT assets at equity valuation of INR 25.4bn. ABL targets to complete it by June-25 but only first tranche of payment will be received in Jul'25 while remainder will come in FY27 (earlier entire proceeds were supposed to come in FY26). It also expects to monetize 10 HAM assets in FY26 and 1 in FY27. Monetization proceeds will be used to pare debt. Given the delay in receipt of proceeds, we see higher debt levels in FY26 (vs. earlier estimate) which will reduce sharply in FY27E. Also, ABL expects to receive proceeds from monetization of 10 HAMs in FY26/1 HAM asset in FY27.
- **Maintain BUY with SoTP based revised price target of INR 292:** Given the lower execution and higher debt levels amid delay in asset monetization, we have cut EPS by 14%/5% for FY26/27E. We expect robust core EPS CAGR of 72% over FY25-27E mainly led by margin expansion. Currently, ABL trades at 11x/7x FY26/27E core EPS (ex-other income) after adjusting for value of assets. Current valuations at discount to peers but have room to re-rate if asset monetization goes as planned. We value ABL's EPC business at 11x FY27E core EPS, HAM portfolio at 1.3x P/B and other ABL assets at 0.5x P/B to arrive at an SOTP-based revised price target of INR 292. Maintain Buy.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	77,267	70,614	77,676	93,211	107,192
Sales Growth	21.3%	-8.6%	10.0%	20.0%	15.0%
EBITDA	5,765	5,469	8,035	9,821	11,251
EBITDA Margin	7.5%	7.7%	10.3%	10.5%	10.5%
Adjusted Net Profit	2,261	2,099	3,698	4,951	5,912
Diluted EPS (INR)	8.1	7.5	13.2	17.6	21.1
Diluted EPS Growth	-29.8%	-7.2%	76.1%	33.9%	19.4%
ROIC	6.4%	6.0%	8.4%	10.9%	11.8%
ROE	6.3%	5.4%	8.8%	10.7%	11.4%
P/E (x)	15.1	30.5	16.0	12.0	10.0
P/B (x)	0.9	1.6	1.4	1.2	1.1
EV/EBITDA (x)	7.5	15.0	8.9	6.4	5.7
Dividend Yield	-	-	-	-	-

Source: Company data, JM Financial. Note: Valuations as of 26/May/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	292
Upside/(Downside)	35.8%
Previous Price Target	310
Change	-5.8%

Key Data – ASBL IN

Current Market Price	INR215
Market cap (bn)	INR60.3/US\$0.7
Free Float	46%
Shares in issue (mn)	280.7
Diluted share (mn)	280.7
3-mon avg daily val (mn)	INR433.4/US\$5.1
52-week range	319/158
Sensex/Nifty	82,176/25,001
INR/US\$	85.1

Price Performance

%	1M	6M	12M
Absolute	12.8	-10.9	18.0
Relative*	8.7	-13.0	8.3

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Standalone quarterly results

INR mn	4QFY24	FY24P	1QFY25	2QFY25	3QFY25	4QFY25	4QFY25E	Variance	FY25	FY26E	FY27E	FY28E
Net Sales	24,998	77,267	18,771	14,176	17,920	19,748	22,537	-12.4%	70,614	77,676	93,211	1,07,192
EBITDA	1,859	5,765	1,214	1,190	1,633	1,432	2,023	-29.2%	5,469	8,035	9,821	11,251
EBITDA margin (%)	7.4%	7.5%	6.5%	8.4%	9.1%	7.3%	9.0%		7.7%	10.3%	10.5%	10.5%
Other income	329	1,150	238	414	238	376	272	38.1%	1,266	876	586	578
Depreciation	302	1,046	224	249	253	256	261	-1.7%	982	1,103	1,265	1,453
Interest	620	2,281	663	706	829	766	850	-9.9%	2,964	2,867	2,525	2,476
PBT	1,266	3,588	565	648	789	786	1,185	-33.7%	2,789	4,942	6,617	7,901
Tax	348	1,327	157	159	184	190	299	-36.6%	690	1,244	1,665	1,989
Effective tax rate (%)	27.5%	37.0%	27.8%	24.6%	23.3%	24.1%	25.2%		24.7%	25.2%	25.2%	25.2%
Adjusted PAT	918	2,261	408	489	606	596	886	-32.7%	2,099	3,698	4,951	5,912
Extra-ordinary items	1,766	2,166	-	(127)	-	-	-		(127)	-	-	-
Reported PAT	2,685	4,428	408	362	606	596	886	-32.7%	1,972	3,698	4,951	5,912

yoy growth(%)

Net sales	22.3%	21.3%	22.5%	-9.2%	-16.0%	-21.0%		-8.6%	10.0%	20.0%	15.0%
EBITDA	23.8%	8.0%	72.8%	-17.3%	-7.5%	-23.0%		-5.1%	46.9%	22.2%	14.6%
Other income	34.9%	8.9%	-5.9%	45.6%	-16.5%	14.5%		10.0%	-30.8%	-33.1%	-1.5%
Depreciation	56.0%	41.0%	0.9%	0.9%	-8.4%	-15.0%		-6.2%	12.3%	14.7%	14.8%
Interest	33.4%	61.8%	29.0%	34.0%	33.7%	23.5%		29.9%	-3.3%	-11.9%	-2.0%
PBT	16.5%	-15.4%	157.6%	-31.7%	-31.6%	-37.9%		-22.3%	77.2%	33.9%	19.4%
Adjusted PAT	7.3%	-29.8%	148.4%	-31.3%	-30.1%	-35.1%		-7.2%	76.1%	33.9%	19.4%
Reported PAT	-38.3%	-34.0%	148.4%	-49.1%	-30.1%	-77.8%		-55.5%	87.5%	33.9%	19.4%

Source: Company, JM Financial

Exhibit 2. Key assumptions

INR mn	FY24	FY25	FY26E	FY27E	FY28E
Order inflows	19,440	86,485	1,10,000	1,20,000	1,35,000
EBITDA Margins	7.5%	7.7%	10.3%	10.5%	10.5%
Capex	1,129	930	1,500	1,750	2,000
NWC days*	63	124	90	90	90

Source: Company, JM Financial; *: ex of free cash and L&A to subsidiaries/JVs

Exhibit 3. Change in estimates

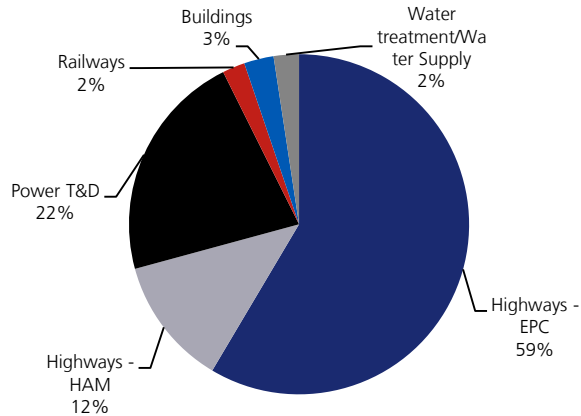
INR mn	FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)
Net Sales	77,676	85,480	(9.1)	93,211	98,302	(5.2)
EBITDA	8,035	8,717	(7.8)	9,821	10,222	(3.9)
EBITDA margin %	10.3	10.2		10.5	10.4	
Adj. PAT	3,698	4,301	(14.0)	4,951	5,233	(5.4)
Diluted EPS	13.2	15.3	(14.0)	17.6	18.6	(5.4)

Source: Company, JM Financial

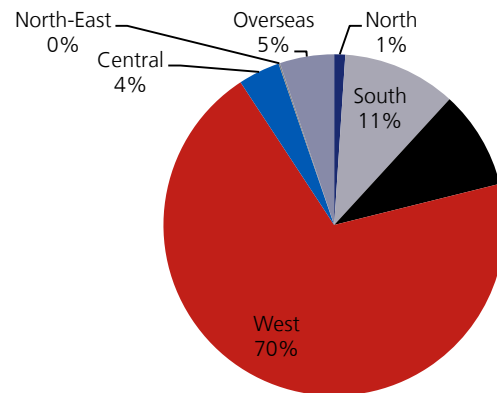
Exhibit 4. Core PAT computation

INR mn	FY25	FY26E	FY27E	FY28E
PBT	2,789	4,942	6,617	7,901
Less: other income	1,266	876	586	578
Core PAT*	1,520	3,041	4,511	5,478
Core EPS	5.4	10.8	16.1	19.5
Core PE	42.2	19.5	13.1	10.8
Core PE adjusted for assets	20.9	10.5	7.0	5.8

Source: Company, JM Financial; *: Core PAT = [(PBT less of other income)*(1-tax rate)]

Exhibit 5. Well diversified Mar'25 order backlog of INR 149bn

Source: Company, Company, JM Financial

Exhibit 6. West/South account for 56%/16% of Mar'25 backlog

Source: Company, Company, JM Financial

Exhibit 7. SoTP-based price target of INR 292

INR mn	Basis of valuation	Base value	Multiple	Equity value	ABL's value	INR/share
Construction	PEX Mar-27 core PAT*	4,511	11.0	49,619	49,619	177
HAM assets	P/B Mar-26E	13,570	1.3	17,641	17,641	63
Jaora Nayagaon	Previous deal value			6,910	6,910	25
Chennai ORR	Previous deal value			6,860	6,860	24
Other ABL assets P/B		1,747	0.5	873	873	3
Total					81,903	292

Source: Company, JM Financial; *: core PAT is ex of other income

Key conference call takeaways

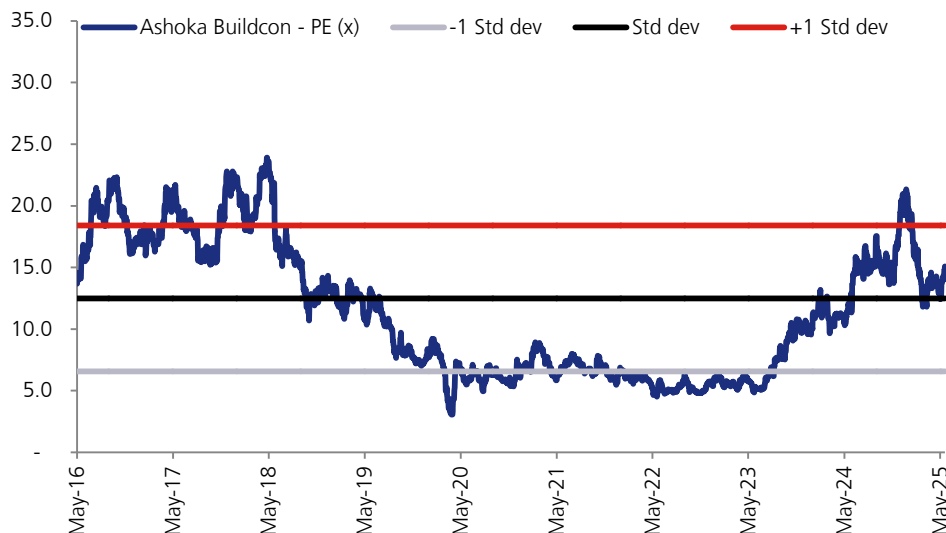
- **FY26 Guidance:** Revenue: 10% growth (earlier: 15%); EBITDA margins: 10%+; Order inflows: INR 100-120bn (earlier: INR 120-140bn); Capex: INR 2bn.
- **Bid pipeline robust** at INR 750bn-1tn for Highways, INR 350-400bn for Railways and INR 250-300bn for Power.
- **ABL has lowered its revenue growth guidance for FY26** to 10% due to delay in start of newly won projects. ABL expects execution to pick-up in 2H26.
- **Asset monetization update:** ABL targets to complete monetization of 5 BOT assets by June-25 but only first tranche of payment will be received in Jul'25 while remainder will come in FY27E (earlier entire proceeds were supposed to come in FY26). Expects to monetize 10 HAM assets in FY26 and 1 HAM asset in FY27.
- **Pending equity requirement** for HAM assets stand at INR 3.6bn to be invested in FY26-27E.

Exhibit 8. ABL's portfolio of 11 HAM assets**

HAM assets (INR mn)	Awarding Authority	Status	BPC	Equity	Debt	Equity invested*	Debt drawn*
Kharar-Ludhiana	NHAI	COD	20,700	1,600	6,000	1,570	5,680
Ranastalam-Anandpuram	NHAI	COD	11,871	1,100	4,150	1,050	3,910
Vadodara Kim	NHAI	COD	16,870	1,500	6,000	1,510	5,680
Khairatunda-Barwa Adda	NHAI	COD	8,601	710	2,700	720	2,540
Belgaum-Khanapur	NHAI	COD(P)	8,562	770	2,950	930	1,760
Tumkur-Shivamogga –II	NHAI	COD(P)	12,185	970	3,850	1,140	3,390
Tumkur-Shivamogga –I	NHAI	COD(P)	9,170	710	2,750	670	2,390
Kandi-Ramsanpalle	NHAI	COD	10,000	690	2,350	690	2,340
Tumkur-Shivamogga –IV	NHAI	UC	13,820	880	4,300	980	2,690
Tumkur-Shivamogga –III	NHAI	COD(P)	10,355	600	2,500	720	2,060
Basawantpur Singnodi	NHAI	COD(P)	10,790	1,440	3,900	1,090	3,800
Total			132,924	10,970#	41,450	11,070	36,240

Source: Company, JM Financial; *: as on Mar-25; #: including PIM, ABL's equity investment would be INR 11.62bn; UC: under construction, COD: Commercial Operation Date, COD(P): Provisional Commercial Operation date; **: does not include newly won Bowaichandi to Guskara-Katwa HAM where equity requirement is INR 2.25bn

Exhibit 9. 1 year forward P/E chart



Source: Company, JM Financial, Bloomberg

Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	77,267	70,614	77,676	93,211	107,192
Sales Growth	21.3%	-8.6%	10.0%	20.0%	15.0%
Other Operating Income	0	0	0	0	0
Total Revenue	77,267	70,614	77,676	93,211	107,192
Cost of Goods Sold/Op. Exp	67,062	60,225	64,354	77,496	89,281
Personnel Cost	2,331	2,405	2,645	2,989	3,377
Other Expenses	2,109	2,515	2,641	2,905	3,283
EBITDA	5,765	5,469	8,035	9,821	11,251
EBITDA Margin	7.5%	7.7%	10.3%	10.5%	10.5%
EBITDA Growth	8.0%	-5.1%	46.9%	22.2%	14.6%
Depn. & Amort.	1,046	982	1,103	1,265	1,453
EBIT	4,719	4,487	6,932	8,556	9,799
Other Income	1,150	1,266	876	586	578
Finance Cost	2,281	2,964	2,867	2,525	2,476
PBT before Excep. & Forex	3,588	2,789	4,942	6,617	7,901
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,588	2,789	4,942	6,617	7,901
Taxes	1,327	690	1,244	1,665	1,989
Extraordinary Inc./Loss(-)	2,166	-127	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,428	1,972	3,698	4,951	5,912
Adjusted Net Profit	2,261	2,099	3,698	4,951	5,912
Net Margin	2.9%	3.0%	4.8%	5.3%	5.5%
Diluted Share Cap. (mn)	280.7	280.7	280.7	280.7	280.7
Diluted EPS (Symbole)	8.1	7.5	13.2	17.6	21.1
Diluted EPS Growth	-29.8%	-7.2%	76.1%	33.9%	19.4%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (₹)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,588	2,789	4,942	6,617	7,901
Depn. & Amort.	1,046	982	1,103	1,265	1,453
Net Interest Exp. / Inc. (-)	2,281	2,964	2,867	2,525	2,476
Inc (-) / Dec in WCap.	-1,153	-10,836	4,999	-3,457	-5,323
Others	0	0	0	0	0
Taxes Paid	-1,327	-690	-1,244	-1,665	-1,989
Operating Cash Flow	4,435	-4,792	12,667	5,285	4,517
Capex	-1,129	-930	-1,500	-1,750	-2,000
Free Cash Flow	3,306	-5,721	11,167	3,535	2,517
Inc (-) / Dec in Investments	-1,923	-196	-2,500	7,375	-689
Others	-314	19	0	0	0
Investing Cash Flow	-3,366	-1,107	-4,000	5,625	-2,689
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	4,453	6,160	-5,337	-7,750	1,250
Others	-2,281	-2,964	-2,867	-2,525	-2,476
Financing Cash Flow	2,172	3,197	-8,204	-10,275	-1,226
Inc / Dec (-) in Cash	3,241	-2,702	463	635	603
Opening Cash Balance	1,865	5,106	2,405	2,867	3,502
Closing Cash Balance	5,106	2,405	2,867	3,502	4,105

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	38,125	40,094	43,792	48,743	54,655
Share Capital	1,404	1,404	1,404	1,404	1,404
Reserves & Surplus	36,721	38,690	42,388	47,340	53,252
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	14,427	20,587	15,250	7,500	8,750
Def. Tax Liab. / Assets (-)	-891	-869	-869	-869	-869
Total - Equity & Liab.	51,661	59,812	58,173	55,374	62,536
Net Fixed Assets	3,295	3,243	3,640	4,125	4,672
Gross Fixed Assets	9,489	10,277	11,777	13,527	15,527
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	6,216	7,198	8,301	9,566	11,019
Capital WIP	22	163	163	163	163
Investments	14,842	12,633	12,633	12,633	12,633
Current Assets	68,311	77,171	80,540	84,348	97,331
Inventories	4,327	3,487	5,113	6,157	7,827
Sundry Debtors	14,281	17,683	18,089	21,707	26,431
Cash & Bank Balances	5,106	2,405	2,867	3,502	4,105
Loans & Advances	12,374	10,564	13,064	14,319	15,007
Other Current Assets	32,224	43,033	41,407	38,663	43,960
Current Liab. & Prov.	34,787	33,236	38,641	45,732	52,100
Current Liabilities	20,531	15,353	19,481	22,722	25,628
Provisions & Others	14,257	17,882	19,160	23,010	26,473
Net Current Assets	33,524	43,936	41,899	38,616	45,231
Total - Assets	51,661	59,812	58,173	55,374	62,536

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.9%	3.0%	4.8%	5.3%	5.5%
Asset Turnover (x)	1.5	1.2	1.2	1.5	1.7
Leverage Factor (x)	1.4	1.5	1.5	1.3	1.2
RoE	6.3%	5.4%	8.8%	10.7%	11.4%

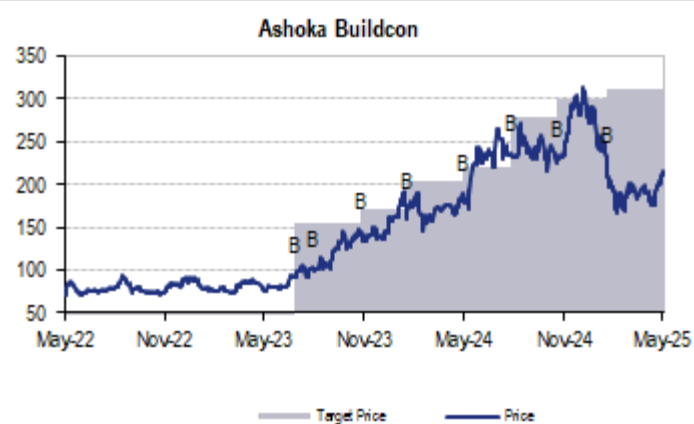
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (₹)	135.8	142.8	156.0	173.6	194.7
ROIC	6.4%	6.0%	8.4%	10.9%	11.8%
ROE	6.3%	5.4%	8.8%	10.7%	11.4%
Net Debt/Equity (x)	0.2	0.5	0.3	0.1	0.1
P/E (x)	15.1	30.5	16.0	12.0	10.0
P/B (x)	0.9	1.6	1.4	1.2	1.1
EV/EBITDA (x)	7.5	15.0	8.9	6.4	5.7
EV/Sales (x)	0.6	1.2	0.9	0.7	0.6
Debtor days	67	91	85	85	90
Inventory days	20	18	24	24	27
Creditor days	86	66	83	84	84

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Jul-23	Buy	155	
22-Aug-23	Buy	155	0.1
18-Nov-23	Buy	170	9.6
13-Feb-24	Buy	205	20.2
23-May-24	Buy	220	7.6
19-Aug-24	Buy	280	26.8
14-Nov-24	Buy	300	7.3
13-Feb-25	Buy	310	3.5

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

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