

Rating matrix		
Rating	:	Buy
Target	:	₹ 180
Target Period	:	12-18 months
Potential Upside	:	25%

What's changed?		
Target	Chnaged from ₹ 195 to ₹ 180	
EPS FY19E		Unchanged
EPS FY20E		Unchanged
Rating		Unchanged

Quarterly performance (Standalone)					
	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)
Revenue	683.7	722.8	-5.4	702.3	-2.6
EBITDA	81.3	97.5	(16.7)	80.7	0.7
EBITDA (%)	11.9	13.5	-160 bps	11.5	39 bps
PAT	63.9	62.0	3.1	105.4	(39.4)

Key financials				
₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	2,972.8	3,601.0	4,435.7	5,440.1
EBITDA	952.8	1,139.5	1,303.9	1,494.7
Adjusted PAT	(222.4)	(116.7)	24.3	85.5
EPS (₹)*	(7.9)	(4.2)	0.9	3.0

Valuation summary				
(x)	FY17	FY18	FY19E	FY20E
P/E	NA	NA	166.0	47.3
Target P/E	NA	NA	207.5	59.1
EV / EBITDA	9.0	7.6	6.7	5.8
P/BV	8.6	12.8	11.9	9.5
RoNW (%)	NA	NA	7.2	20.1
RoCE (%)	14.7	16.8	21.0	25.5

Stock data	
Particular	Amount (₹ crore)
Market Capitalization	4,042.2
Total Debt	4,933.6
Cash	253.2
EV	8,722.6
52 week H/L (₹)	197 / 115
Equity capital	140.4
Face value	₹ 5

Price performance				
Return %	1M	3M	6M	12M
Ashoka Buildcon	(13.5)	(22.6)	(12.5)	11.1
Sadbhav Engg	(11.4)	(14.6)	(17.3)	(11.2)
IRB Infra	(11.8)	(23.5)	(19.6)	(8.7)
PNC Infratech	(3.1)	(15.9)	(24.0)	2.0

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Ashoka Buildcon (ASHBUI)

₹ 144

Robust execution lined up...

- Ashoka Buildcon's (ABL) topline de-grew 2.6% YoY to ₹ 683.7 crore (our estimate: ₹ 865.2 crore) despite a strong order book (OB). As on Q1FY19, the company's OB was at ₹ 10783 crore
- EBITDA margins contracted 148 bps YoY to 11.9% (our expectation: 12.5%) due to higher employee expenses (4.5% as percentage of revenue in Q1FY19 vs. 3.7% of revenue in Q1FY18)
- PAT grew 3.1% YoY to ₹ 63.9 crore (our estimate: ₹ 75.0 crore) mainly on account of higher tax expenses (26.7% as a percentage of revenue in Q1FY19 vs. 24.9% in Q1FY18)

HAM projects to add to revenues from Q3FY19E...

ABL's orderbook (OB) was at a strong ₹ 10783 crore, consisting of 78% roads projects & 22% power transmission & distribution. Of the recently won five HAM projects, four are under financial closure documentation process and one is under term sheet negotiation. ABL is confident of achieving financial closure & commencing commercial work for all five HAM projects in H2FY19E. Also, the equity requirement for these five HAM projects is ~₹ 470 crore. Furthermore, with a robust bidding pipeline worth ~₹ 25000 crore, the company aims to win more HAM project orders worth ~₹ 5000-7000 crore & ~₹ 1000-1500 crore in the power transmission & distribution division, respectively, in FY19E. Consequently, we expect ABL's construction revenues to grow at 22.9% CAGR to ₹ 5440.0 crore in FY18-20E.

Toll hikes, traffic growth drive gross toll collections...

ABL's gross toll collections grew 6.3% YoY in Q1FY19 to ~₹ 253.0 crore. Additionally, all of its toll projects saw strong traffic growth leading to ~15% growth in toll collections at key projects. Further, Bhandara and Durg projects are due for rate revision in September 2018. With strong traffic growth ahead, we expect toll collections at ₹ 1168.2 crore in FY20E.

CGD business to diversify product portfolio; aid revenue growth...

The company has been facing clearance issues from petroleum & explosives division for its Ratnagiri CGD business. However, it expects this issue to be resolved soon and project work to commence in Q2FY19. Also, the company recently received Lol for laying, building, operating or expanding local gas distribution network for two geographical areas – Chitradurga & Davanagere districts (Karnataka) and Latur & Osmanabad districts (Maharashtra). The authorisation granted for both projects is for 25 years. Under these contracts, ABL is to connect ~10000 houses in Maharashtra and ~ 1 lakh houses in Karnataka. CGD work in Maharashtra is expected to start in Q4FY19E. The company has equity requirement of ~₹ 120 crore for these projects in addition to ~₹ 50 crore for Ratnagiri project, which would be funded by internal accruals.

Traffic growth momentum to sustain; maintain BUY...

Considering the strong track record, robust orderbook, well funded BOT project portfolio and huge opportunities ahead, we stay positive on Ashoka's long term prospects. Hence, we expect EPC revenues to grow robustly at 29.7% CAGR to ₹ 4156.2 crore. There has even been a strong revival in traffic growth across its project portfolio, which is expected to be sustainable, going forward. We continue to maintain our **BUY** recommendation with an SoTP based target price of ₹ 180/share. We value ABL's BOT projects at ₹ 26.5/share, EPC business (net of debt) at ₹ 111.7/share (7.0x FY20E EV/EBITDA) and ACL at ₹ 42.3/share.

Variance Analysis

Particulars	Q1FY19	Q1FY19E	Q1FY18	YoY (%)	Q4FY18	QoQ (%)	Comments
Income from Operations	683.7	865.2	722.8	-5.4	702.3	-2.6	Topline de-growth was on account of muted execution during the quarter
Other Income	36.6	20.0	9.2	296.5	61.2	-40.3	
Operating Expenses	547.3	692.2	577.7	-5.3	573.1	-4.5	
Employee Expenses	30.8	34.6	26.9	14.6	27.9	10.4	
Other expenditure	24.4	30.3	20.8	17.3	20.6	18.1	
EBITDA	81.3	108.2	97.5	-16.7	80.7	0.7	
EBITDA Margin(%)	11.9	12.5	13.5	-160 bps	11.5	39 bps	
Depreciation	13.6	14.5	11.3	19.9	14.5	-6.0	
Interest	17.1	15.0	13.0	32.3	11.3	52.1	
PBT	87.1	98.7	82.5	5.7	116.2	-25.1	
Taxes	23.2	23.7	20.5	13.4	10.9	113.9	
PAT	63.9	75.0	62.0	3.1	105.4	-39.4	PAT de-growth was led by topline de-growth and higher tax rate

Source: Company, ICICI Direct Research

Change in estimates

	FY18E		FY19E		FY20E			Comments
(₹ Crore)	Old		New	% Change	Old	New	% Change	
Revenue	3,601.0	4,524.2	4,435.7	-2.0	5,429.0	5,440.1	0.2	We tweak our estimates
EBITDA	1,139.5	1,302.6	1,303.9	0.1	1,487.7	1,494.7	0.5	
EBITDA Margin (%)	31.6	28.8	29.4	60 bps	27.4	27.5	07 bps	
PAT	-116.7	24.2	24.3	0.7	83.2	85.5	2.8	
Diluted EPS (₹)	-4.2	0.9	0.9	0.7	3.0	3.0	2.8	

Source: Company, ICICI Direct Research

Assumptions

	Current					Earlier		Comments
EPC	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E	
Order Inflow	1,480	1,623	2,822	3,926	4,358	12,000	6,000	5,000
Order Backlog	3,546	3,106	4,111	7,005	5,849	13,593	16,261	10,106

Source: Company, ICICI Direct Research

Conference call highlights:

- **Management guidance:** ABL's current order book is at a strong ₹ 10783 crore. With a robust bidding pipeline worth ~₹ 25000 crore in FY19E, the company aims to win HAM project orders worth ~₹ 5000-7000 crore in FY19E. Also, it expects order inflows worth ~₹ 1000-1500 crore in the power transmission & distribution division, respectively, in FY19E. Furthermore, the management has guided for 30%+ revenue growth and aims to maintain ~12-13% EBITDA margin in FY19E
- **HAM projects update:** ABL recently won five HAM projects out of which, financial closure documentation for four projects is in process. The company has tied up ~₹ 1225 crore debt for these projects. For the fifth HAM project i.e. Ankleshwar-Munbar Expressway, the term sheet is under negotiation. The management is confident of commencing commercial work for all five HAM projects in H2FY19E
- **TOT projects update:** The management expects EPC work of TOT projects to start in either Q3FY19E or Q4FY19E. The total scope of the work is ~₹ 1025 crore, which has to be completed in 18 months
- **Toll update:** The company witnessed toll hikes in all of its projects from April 1, 2018. As a result, toll collection at its key projects increased ~15% in Q1FY19. It is further expecting a toll hike in its Bhandara and Durg toll projects from September 1, 2018
- **Equity commitment:** ABL has equity requirement of ~₹ 470 crore over the next three years for the newly won five HAM projects out of which, it would be investing ~₹ 188 crore in FY19E. Furthermore, the company has a balance equity requirement of ~₹ 130 crore for two old HAM projects. It would require ~₹ 120 crore and ~₹ 50 crore for the two new Ratnagiri CGD projects. It would be funding these through internal accruals
- **CGD projects update:** ABL recently received Lol for laying, building, operating or expanding local gas distribution network for two geographical areas – Chitradurga & Davanagere districts (Karnataka) and Latur & Osmanabad districts (Maharashtra). The authorisation granted for both projects is for 25 years. The company has a total capex commitment of ₹ 350 crore for these two projects to be incurred over eight years. Furthermore, it has a commitment to connect ~10000 houses in Maharashtra and ~1 lakh houses in Karnataka under these contracts. CGD work in Maharashtra is expected to start in Q4FY19E. The company expects Ratnagiri CGD project to commence in Q2FY19 as it is in the process of getting clearance from petroleum & explosives division for the project
- **Arbitration claims:** The company has received settlement award worth ₹ 22.5 crore from NHAI for Chittorgarh bypass project. However, this award has been split on a 50:50 basis between Ashoka Buildcon and its 100% owned subsidiary – Viva Highways Pvt Ltd
- **Capex guidance:** The management has guided for total capex of ~₹ 170 crore in FY19E and ~₹ 100-150 crore in FY20E. However, for FY20E the capex may increase in case the company undertakes an attractive acquisition

Company Analysis

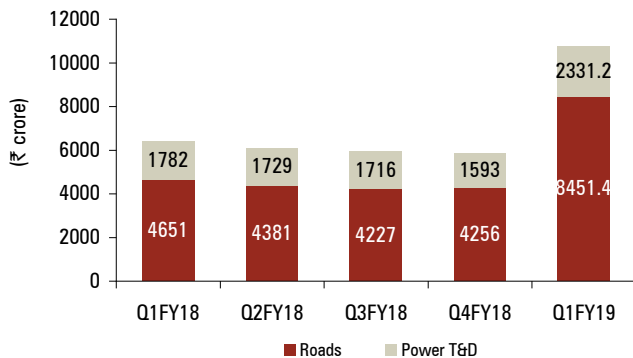
Exhibit 1: Portfolio of road projects of Ashoka Buildcon

Ashoka Buildcon Ltd								
Project Name	Stake (%)	Length (km)	Lane (km)	TPC (₹ crore)	Debt (₹ crore)	Equity (₹ crore)	ABL Eq share (₹ crore)	Status
Aurangabad - Ahmednagar	100.0	42.0	168.0	395.7	328.7	67.0	67.0	Operational
Nagar Karmala	100.0	80.6	160.0	50.4	38.1	12.4	12.4	Tolling stopped since Q3FY13
Anawali Kasegaon	5.0	11.0	22.0	7.4	NA	NA	0.0	Operational
Katni Bypass	99.9	17.6	35.2	70.9	53.5	17.4	17.4	Operational
Nashirabad ROB	100.0	4.0	8.0	14.7	13.3	1.5	1.5	Operational
FOB Eastern Expressway	100.0	NA	NA	3.7	1.8	2.0	2.0	Operational
Sheri Nallah Bridge	100.0	4.0	7.0	14.2	7.2	7.0	7.0	Operational
Dhule Bypass	99.9	6.0	11.8	5.8	5.2	0.6	0.6	Operational
Dewas Bypass	100.0	20.0	39.6	61.3	36.0	25.3	25.3	Operational
Indore Edalabad	99.7	203.0	406.6	165.0	101.5	63.5	63.3	Operational
Pune Shirur	100.0	54.0	216.0	159.9	113.5	46.4	46.4	Tolling stopped since Q2FY15
Wainganga Bridge	50.0	13.0	26.0	40.9	35.0	5.9	3.0	Operational
Karnataka State Highway	51.0	109.9	216.0	471.0	287.0	47.0	24.0	Construction completed

Ashoka Concession Ltd								
Project Name	Stake (%)	Length (km)	Lane (km)	TPC (₹ crore)	Debt (₹ crore)	Equity (₹ crore)	ACL Eq share (₹ crore)	Status
Bhandara	51.0	82.6	376.8	528.0	354.5	173.5	60.0	Operational
Durg Chhattisgarh	51.0	71.1	368.2	630.5	410.0	220.5	100.2	Operational
Jaora Nayagaon	48.0	85.1	340.2	865.1	554.5	310.6	69.0	Operational
Belgaum Dharwad	100.0	82.0	772.0	694.1	479.0	185.0	185.0	Operational
Sambalpur Baragarh	100.0	88.0	407.6	1142.2	810.0	332.2	332.2	Operational
Dankuni Kharagpur	100.0	112.0	840.5	2205.2	1516.2	689.0	689.0	Operational
Chennai ORR	50.0	50.0	183.0	1450.0	1080.0	173.0	86.5	Construction completed

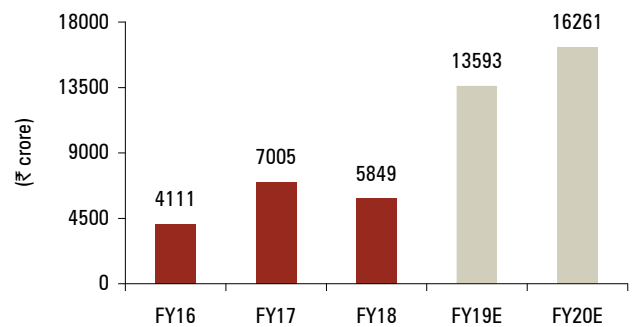
Source: Company, ICICI Direct Research

Exhibit 2: Quarterly order book trend

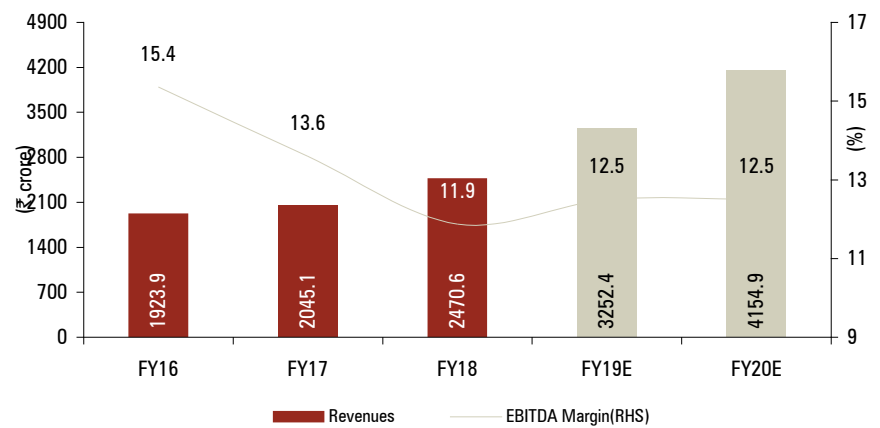


Source: Company, ICICI Direct Research

Exhibit 3: Annual order book trend



Source: Company, ICICI Direct Research

Exhibit 4: Annual EPC revenue and EBITDA margin trend


Source: Company, ICICI Direct Research

Exhibit 5: Quarterly gross toll collection trend

(₹ crore)	Q1FY19	Q4FY18	Q3FY18	Q2FY18	Q1FY18	YoY (%)	QoQ (%)
ABL Owned Projects							
Ahmednagar - Aurangabad	9.4	6.9	8.1	6.4	6.4	45.5%	35.8%
Nagar - Karmala							
Indore -Edalabad	0.0	0.0	0.0	0.0	0.0	#DIV/0!	#DIV/0!
Wainganga Bridge	7.5	8.0	7.7	7.1	7.5	-0.9%	-6.0%
Dewas Bypass							
Katni Bypass	5.8	5.7	5.3	4.4	5.6	4.6%	2.3%
Pune – Shirur ^							
Others#	0.6	9.0	24.4	24.4	22.0	-97.3%	-93.3%
Sub-total	23.3	29.6	45.5	42.3	41.5	-44.0%	-21.3%
Sub-total (like-to-like basis)	22.7	20.5	21.1	17.8	19.5	16.0%	10.3%
ACL Projects							
Belgaum Dharwad	23.0	22.4	23.1	20.8	21.4	7.2%	2.5%
Dhankuni – Kharagpur@	89.3	84.9	78.3	75.7	78.6	13.6%	5.1%
Bhandara	16.7	17.4	16.8	15.0	15.6	6.8%	-4.1%
Durg	19.5	20.7	20.2	18.5	19.0	2.4%	-5.9%
Jaora – Nayagaon	51.6	52.3	53.0	50.3	47.4	9.1%	-1.3%
Pimpalgaon – Nashik – Gonde	-	-	-	-	-		
Sambalpur	18.0	18.0	16.6	14.2	14.5	23.8%	-0.4%
Sub-total	218.0	215.8	208.0	194.5	196.6	10.9%	1.0%
Sub-total (like-to-like basis)	218.0	215.8	208.0	194.5	196.6	10.9%	1.0%
Grand Total	241.3	245.4	253.4	236.8	238.1	1.3%	-1.7%
(Grand total) like-to-like basis	240.7	236.4	229.1	212.3	216.1	11.4%	1.8%

Source: Company, ICICI Direct Research

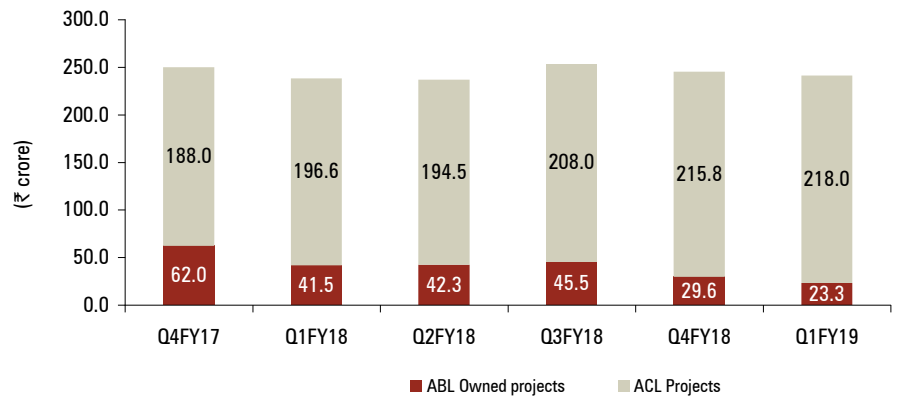
Katni project- Toll collection under High Court order for extension of period on account of claims, not recognized as Revenue

- Others include Anawali Kasegaon, Kognoli Toll Plaza, Dhule Bye pass, Nashirabad, Sherinala & six foot over bridges in Mumbai

Ahmednagar Aurangabad: Passenger Vehicles are exempted from Toll; In Q3 received claim for toll loss since June 2015, of ₹ 2.7 crore

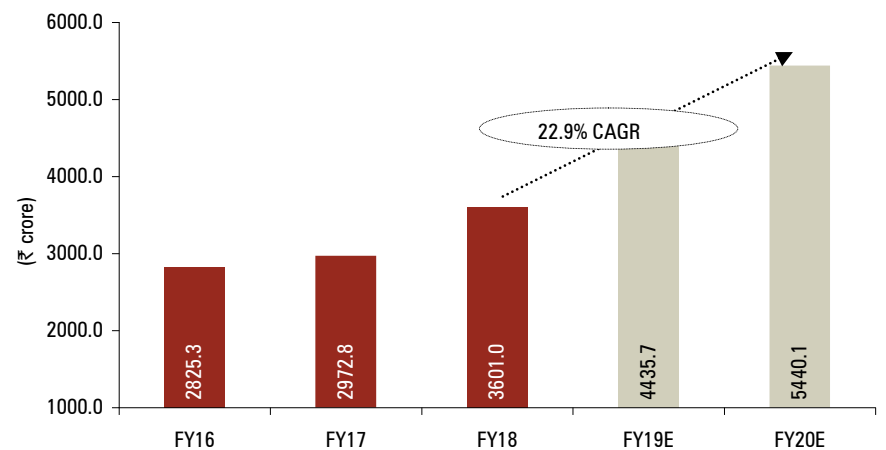
Dewas project: Toll stopped from 24th Aug 2015; Earlier toll collected but not recognized as Revenue since Feb 2015

Exhibit 6: Gross toll collections trend...



Source: Company, ICICI Direct Research

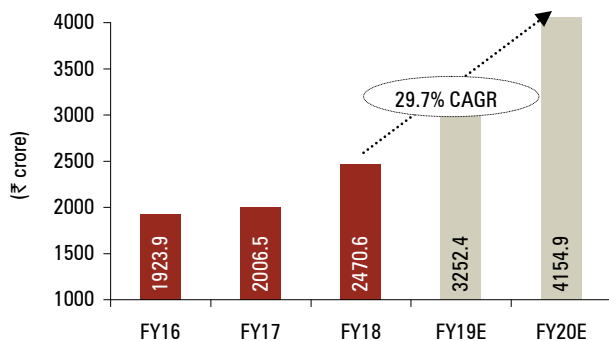
Exhibit 7: Consolidated revenue growth trend



Source: Company, ICICI Direct Research

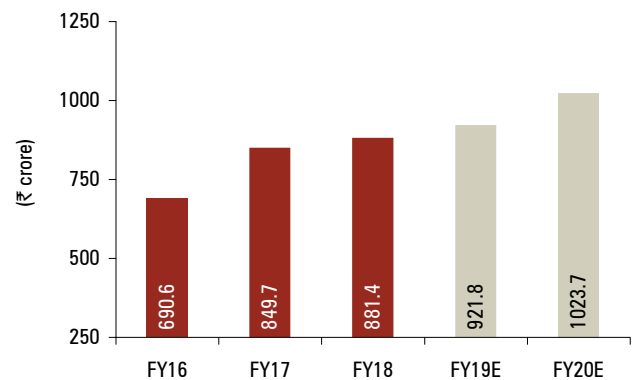
We expect revenues to grow at a CAGR of 22.9% over FY18-20E to ₹ 5440.0 crore

Exhibit 8: EPC revenue to grow at 29.7% CAGR during FY18-20E



Source: Company, ICICI Direct Research

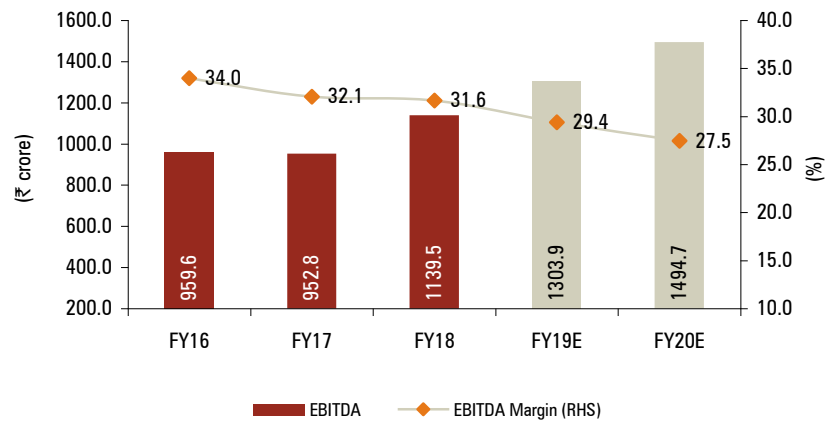
Exhibit 9: BOT revenue to grow moderately...



Source: Company, ICICI Direct Research

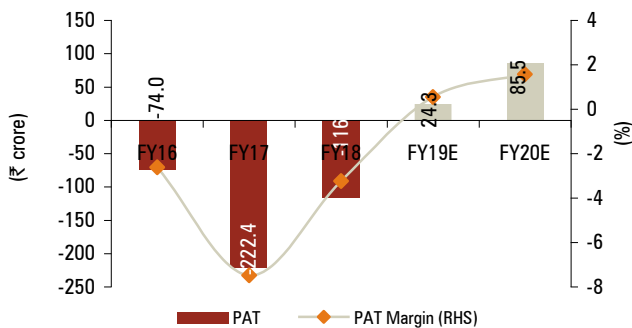
EBITDA margins are expected to moderate to 27.5% in FY20E on the back of an increasing share of EPC revenues

Exhibit 10: Consolidated EBITDA margin trend



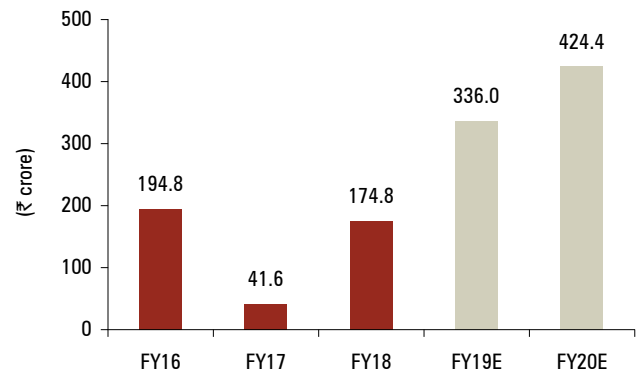
Source: Company, ICICI Direct Research

Exhibit 11: PAT trend...



Source: Company, ICICI Direct Research

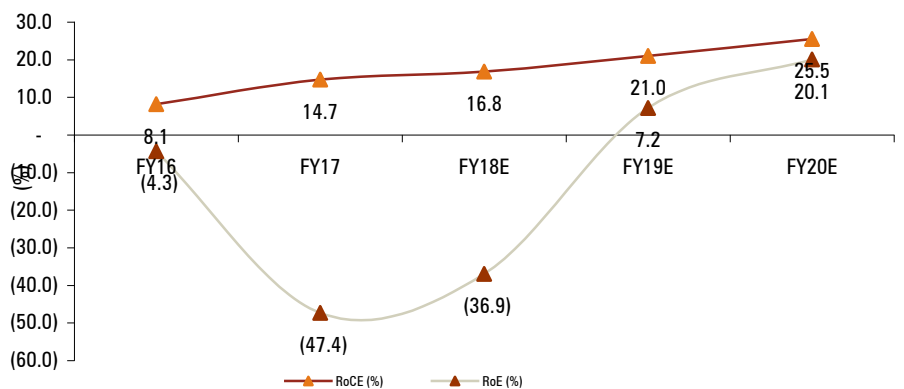
Exhibit 12: Cash profit to remain healthy



Source: Company, ICICI Direct Research

We expect return ratios of ABL to improve here on

Exhibit 13: Return ratios to improve



Source: Company, ICICI Direct Research

We maintain a **BUY** recommendation with an SoTP based target price of ₹ 180/share

Outlook and valuation

Considering the strong track record, robust orderbook, well funded BOT project portfolio & huge opportunities ahead, we stay positive on Ashoka's long term prospects. Hence, we expect EPC revenues to grow robustly at 29.7% CAGR to ₹ 4154.9 crore. There has even been a strong revival in traffic growth across its project portfolio, which is expected to be sustainable, going forward. We continue to maintain our **BUY** recommendation with an SoTP based target price of ₹ 180/share. We value ABL's BOT projects at ₹ 26.5/share, EPC business (net of debt) at ₹ 111.7/share (7.0x FY20E EV/EBITDA) and ACL at ₹ 42.3/share.

ABL BOT: We value ABL's BOT portfolio at ₹ 26.5/share. To value ABL's BOT portfolio, we consider the traffic assumption of 6% till FY20 and 5% thereafter across projects with a toll hike in line with the concession agreement. We have considered cost of equity (CoE) of 12%.

EPC: We value its EPC business at ₹ 129.5/share (7.0x FY20E EV/EBITDA).

ACL BOT: To value ACL's BOT project portfolio, we consider the traffic assumption of 6% till FY20 and 5%, thereafter, across projects with a toll hike in line with the concession agreement. Also, in a couple of projects, we factor in higher growth of 7% for the next couple of years. We also consider CoE of 13% for toll projects & 12% for annuity projects. We would also like to highlight that we have incorporated higher dilution of ABL's stake in ACL due to lower-than-expected traffic assumption in Sambalpur project. Hence, we value ABL's 61% stake in ACL at 20% holding company discount at ₹ 1186.7 crore or ₹ 42.3/ share.

Exhibit 14: ABL valuation

Project Name	Stake (%)	Length (km)	TPC (₹ crore)	Debt (₹ crore)	Equity (₹ crore)	Eq share (₹ crore)	CoE(%)	ABL Equity Value (₹ cr)	Value/share (₹)
Ashoka Buildcon Limited (ABL) - BOT									
Aurangabad - Ahmednagar	100.0	42.0	102.7	35.7	67.0	67.0	12.0	0.0	0.0
Katni Bypass	99.9	17.6	70.9	53.5	17.4	17.4	12.0	62.0	2.2
Nashirabad ROB	100.0	4.0	14.7	13.3	1.5	1.5	12.0	4.0	0.1
Sheri Nallah Bridge	100.0	4.0	14.2	7.2	7.0	7.0	12.0	0.0	0.0
Dhule Bypass	99.9	6.0	5.8	5.2	0.6	0.6	12.0	8.4	0.3
Dewas Bypass	100.0	20.0	61.3	36.0	25.3	25.3	12.0	64.2	2.3
Indore Edalabad	99.7	203.0	165	101.5	63.5	63.3	12.0	450.2	16.0
Wainganga Bridge	50.0	13.0	40.9	35.0	5.9	3.0	12.0	91.7	3.3
FOB Eastern Expressway	100.0	NA	3.7	1.8	2.0	2.0	12.0	0.8	0.0
KSHIP	51.0	110.0	471.0	287.0	47.0	24.0	12.0	61.5	2.2
Total (ABL)-BOT (A)		419.6	950.2	576.1	237.1	210.9		742.7	26.5
EPC (B)	100.0						7.0x FY20 EV/EBITDA	3635.5	129.5
ACL stake valuation (C)	61.0						25% Holding company Discount	1186.7	42.3
Less Standalone debt (D)								500.0	17.8
Total SoTP Valuation (A+B+C-D)								5065.0	180.4
Rounded off Target Price									180.0

Source: Company, ICICI Direct Research

Exhibit 15: ACL valuation

Project Name	Stake (%)	Length (km)	TPC (₹ crore)	Debt (₹ crore)	Equity (₹ crore)	ACL share (₹ crore)	CoE(%)	ACL Equity Value
Ashoka Concession Limited (ACL)								
Bhandara	51.0	82.6	528.0	354.5	173.5	60.0	12.0	-53.2
Durg Chhattisgarh	51.0	71.1	630.5	410.0	220.5	100.2	12.0	82.6
Jaora Nayagaon	46.2	85.1	865.1	554.5	310.6	69.0	12.0	713.5
Belgaum Dharwad	100.0	82.0	694.1	479.0	185.0	185.0	12.0	385.2
Sambalpur Baragarh	100.0	88.0	1142.2	810.0	332.2	332.2	12.0	-35.2
Dankuni Kharagpur	100.0	11.6	2205.2	1516.2	689.0	689.0	12.0	1216.6
Chennai ORR	50.0	32.0	1450.0	1080.0	173.0	86.5	12.0	284.4
ACL Valuation		452.4	7515.0	5204.2	2083.8	1521.8		2593.9

ACL stake (%) 61.0

ACL stake value 1582.3

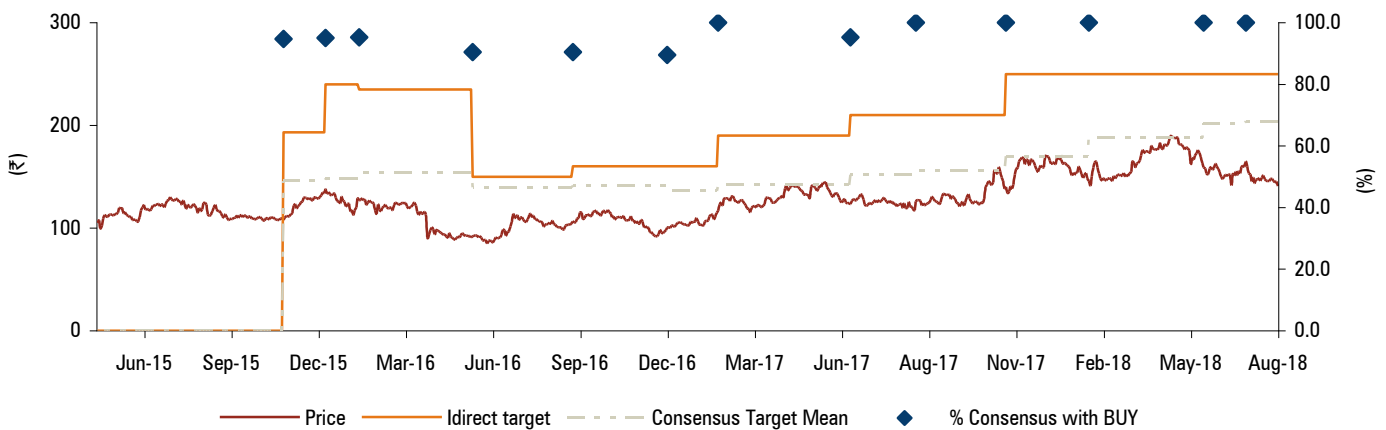
Source: Company, ICICI Direct Research

Exhibit 16: Valuation metrics

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	2,825.3	21.8	(4.0)	NA	(36.9)	8.9	(4.3)	8.1
FY17	2,972.8	5.2	(7.9)	NA	(18.4)	9.0	(47.4)	14.7
FY18	3,601.0	21.1	(4.2)	NA	(35.1)	7.7	(36.9)	16.8
FY19E	4,435.7	23.2	0.9	LP	168.3	6.7	7.2	21.0
FY20E	5,440.1	22.6	3.0	2.5	47.9	5.8	20.1	25.5

Source: Company, ICICI Direct Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Mar-16	The company is looking to refinance its debt in some major projects including Durg Bypass, Sambalpur-Baragarh, Dankuni Kharagpur and Belgaum-Dharwad border roads worth ~₹ 3200 crore, expecting to complete this refinancing by Q1FY17
Mar-16	The consortium of Ashoka Buildcon & Bhartia Infra Projects has received an LoA for two laning with paved shoulders on NH - 52 from Pasighat to Bomjur road (22.2 km) in Arunachal Pradesh on EPC Mode from National Highways & Infrastructure Development (NHIDCL) worth ₹ 155.8 crore
Mar-16	The company clarifies on having no contribution in any of the constructions of Bhujbal family and also for not sponsoring the trip of Shri. Sameer Bhujbal then MP to watch the FIFA World Cup in South Africa.
Apr-16	Income tax authorities carry out search and seizure proceedings at the company and certain officials in connection with allegations that it financed certain construction by family of ex-deputy chief minister Chhagan Bhujbal
May-16	Company is lowest bidder in project for 2/4 laning with paved shoulders of Govindpur-Chas section in Jharkhand on EPC mode worth ₹ 486 crore
May-15	Ashoka Buildcon enters into a share purchase agreement with GVR Infraprojects by way of transfer of 23% stake and transfer of beneficial interest of 26% stake in Ashoka GVR Mudhol Nipani Roads (AGMNRL)
Jul-16	Ashoka Concession Ltd, a subsidiary of Ashoka Buildcon, emerges as lowest bidder for 4/6 laning of Kharar to Ludhiana section of NH-95. This project is under hybrid annuity mode and is worth ₹ 1600 crore
Sep-16	Media reports indicate that SBI Macquarie is looking to sell its 39% stake in Ashoka Concessions, a subsidiary of Ashoka Buildcon.
Oct-16	Receives letters of intent (Lols) from Dakshinanchal Vidyut Vitran Nigam (DVVNL) for execution of work on rural electrification on turnkey basis worth ₹ 178.6 crore from UP government
Nov-16	Ashoka Buildcon's subsidiary Ashoka Highway (Durg) completes refinancing of its debt with IDFC by issuing NCDs worth ~₹ 200 crore. The NCDs will carry coupon rate @ 9.40% per annum. The SPV repaid the rupee term loan of ₹ 200 crore carrying interest cost @ 9.90% per annum
Dec-16	Receives letters of intent for projects from North and South Bihar Power Distribution Company worth ~₹ 949.9 crore

Source: Company, ICICI Direct Research

Top 10 Shareholders						Shareholding Pattern			
Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)	(in %)	Dec-17	Mar-18	Jun-18
1	Parakh (Shobha Satish)	30-Jun-18	13.6%	38.0	0.0	Promoter	56.6	54.0	54.1
2	Katariya (Asha Ashok)	30-Jun-18	7.1%	20.0	0.0	Public	43.4	46.0	45.9
3	HDFC Asset Management Co., Ltd.	30-Jun-18	6.3%	17.6	1.8	Others	0.0	0.0	0.0
4	Katariya (Ashok Motilal)	30-Jun-18	5.3%	14.8	0.1	Total	100.0	100.0	100.0
5	Katariya (Ashok Motilal) HUF	30-Jun-18	5.2%	14.6	0.0				
6	L&T Investment Management Limited	30-Jun-18	5.0%	13.9	0.1				
7	Katariya (Ashish Ashok)	30-Jun-18	4.9%	13.7	0.0				
8	Reliance Nippon Life Asset Management Limited	30-Jun-18	4.5%	12.8	-1.4				
9	Katariya (Ashish Ashok) HUF	30-Jun-18	4.4%	12.5	0.0				
10	Parakh (Satish Dhondulal)	30-Jun-18	4.0%	11.3	5.4				

Source: Reuters, ICICI Direct Research

Recent Activity					
Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Parakh (Satish Dhondulal)	12.0	5.4	Reliance Nippon Life Asset Management Limited	-3.1	-1.4
ICICI Prudential Life Insurance Company Ltd.	4.1	1.8	ICICI Prudential Asset Management Co. Ltd.	-2.6	-1.2
HDFC Asset Management Co., Ltd.	4.0	1.8	BlackRock Asset Management North Asia Limited	-1.5	-0.6
Katariya (Asha Ashish)	2.5	1.1	Ashburton (Jersey) Ltd.	-1.2	-0.5
Sundaram Asset Management Company Limited	1.0	0.4	Kotak Mahindra (UK) Ltd	-0.7	-0.3

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement ₹ Crore

(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	2,972.8	3,601.0	4,435.7	5,440.1
Other income	81.5	51.6	56.0	56.7
Total Revenue	3,054.3	3,652.6	4,491.7	5,496.8
Raw Material Expense	84.1	95.9	(812.1)	(883.8)
Operating Expenditure	1,220.6	1,392.0	2,739.9	3,353.0
Cost of materials sold	597.1	832.5	1,025.4	1,257.6
Employee benefit expenses	118.2	141.1	178.6	218.5
Total Operating Expenditure	2,020.0	2,461.5	3,131.8	3,945.4
EBITDA	952.8	1,139.5	1,303.9	1,494.7
Interest	907.8	993.8	906.8	930.3
Depreciation	264.0	291.4	311.6	338.9
Other income	81.5	51.6	56.0	56.7
PBT	(137.5)	(94.2)	141.4	282.2
Taxes	69.8	81.7	137.5	220.2
PAT before MI	(207.3)	(175.9)	3.9	62.0
Minority Interest	-	-	-	-
Share of Profit from Associates	(15.1)	59.2	20.5	23.5
PAT	(222.4)	(116.7)	24.3	85.5
Adjusted EPS (Diluted)	(7.9)	(4.2)	0.9	3.0

Source: Company, ICICI Direct Research

Balance sheet ₹ Crore

(₹ Crore)	FY17	FY18	FY19E	FY20E
Liabilities				
Equity Capital	93.6	93.6	140.4	140.4
Reserve and Surplus	375.9	222.3	199.9	285.4
Total Shareholders funds	469.5	315.9	340.3	425.7
Minority Interest	116.9	93.7	134.6	214.9
Total Debt	4,637.0	4,933.6	4,832.1	4,754.5
Deferred Tax Liability	1.8	0.7	0.7	0.7
Other- NHAI Premium Payable	-	-	(308.6)	(647.4)
Total Liabilities	5,225	5,344	4,999	4,748
Assets				
Gross Block	8,906.4	9,111.8	9,102.0	9,132.0
Less Acc. Dep	874.0	1,270.4	1,517.0	1,786.2
Net Block	8,032.4	7,896.3	7,585.0	7,345.8
Capital WIP	20.3	24.9	-	-
Total Fixed Assets	8,052.7	7,921.2	7,585.0	7,345.8
Investments	186.3	247.1	247.1	247.1
Inventory	359.6	419.5	487.9	652.8
Sundry Debtors	491.0	815.5	975.9	1,305.6
Loans & Advances	58.3	198.2	244.2	299.5
Cash & Bank Balances	102.3	253.2	127.0	150.0
Other Current Assets	1,182.2	941.6	1,108.9	1,414.4
Total Current Assets	2,193.2	2,628.1	2,943.9	3,822.3
Other Current Liabilities	10,606.9	11,817.1	12,420.0	14,144.3
Provisions	554.3	596.0	596.0	596.0
Net Current Assets	(8,968.0)	(9,785.0)	(10,072.0)	(10,917.9)
Total Assets	5,225	5,344	4,999	4,748

Source: Company, ICICI Direct Research

Cash flow statement ₹ Crore

(₹ Crore)	FY17	FY18	FY19E	FY20E
Profit after Tax	(222.4)	(116.7)	24.3	85.5
Depreciation	264.0	291.4	311.6	338.9
Interest	907.8	993.8	906.8	930.3
Others	(163.0)	(103.2)	(111.9)	(113.3)
Cash Flow before wc changes	937.7	1,198.7	1,324.3	1,518.2
Changes in WC	3,881.3	412.0	(117.6)	34.3
Taxes Paid	(45.9)	(82.8)	(137.5)	(220.2)
Net CF from operating activities	4,773.1	1,527.9	1,069.2	1,332.4
(Purchase)/Sale of Fixed Assets	218.1	(159.9)	24.6	(99.6)
Change in Others - Premium Payable	(2,349.1)	-	(308.6)	(338.8)
Net CF from Investing activities	(2,038.3)	(158.6)	(228.0)	(381.8)
Increase/Decrease in NW	(1,022.7)	(36.9)	0.0	-
Increase/Decrease in Debt	(54.8)	296.6	(101.4)	(77.6)
Interest Paid	(907.8)	(993.8)	(906.8)	(930.3)
Change in Minority Interest	(445.6)	(23.2)	40.9	80.3
Net CF from Financing activities	(2,430.8)	(757.4)	(967.3)	(927.7)
Net Cash flow	304.0	611.9	(126.2)	22.9
Opening Cash	170.9	102.3	253.2	127.0
Closing Cash/ Cash Equivalent	102.3	253.2	127.0	150.0

Source: Company, ICICI Direct Research

Key ratios

	FY17	FY18	FY19E	FY20E
Per Share Data (₹)				
EPS - Diluted	(7.9)	(4.2)	0.9	3.0
Cash EPS	1.5	6.2	12.0	15.1
Book Value	16.7	11.3	12.1	15.2
Operating Ratios (%)				
EBITDA / Net Sales	32.1	31.6	29.4	27.5
PAT / Net Sales	NA	NA	0.5	1.6
Inventory Days	44.1	42.5	40.2	43.8
Debtor Days	60.3	82.7	80.3	87.6
Return Ratios (%)				
RoNW	(47.4)	(36.9)	7.2	20.1
RoCE	14.7	16.8	21.0	25.5
RoIC	14.8	20.6	25.0	31.3
Valuation Ratios (x)				
EV / EBITDA	9.0	7.7	6.7	5.8
P/E (Diluted)	NA	NA	169.4	48.2
EV / Net Sales	2.9	2.4	2.0	1.6
Market Cap / Sales	1.4	1.1	0.9	0.8
Price to Book Value (Diluted)	8.8	13.1	12.1	9.7
Solvency Ratios (x)				
Net Debt / Equity	9.6	14.7	13.7	10.7
Debt / EBITDA	4.9	4.3	3.7	3.2
Current Ratio	0.4	0.4	0.4	0.5
Quick Ratio	0.3	0.3	0.3	0.4

Source: Company, ICICI Direct Research

ICICI Direct Research Coverage Universe (Infrastructure)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
	(₹)	TP(₹)	Rating		FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
IRB Infra (IRBINF)	193	230	Hold	6,758	19.1	21.5	27.7	10.9	9.7	7.5	1.3	1.2	1.2	1.4	1.3	1.1	13.2	13.6	15.2
PNC Infratech (PNCINF)	166	215	Buy	4,310	8.2	9.8	7.2	20.6	17.2	23.2	20.0	13.6	12.8	2.7	2.4	2.2	9.7	13.9	9.4
Sadbhav Engg. (SADENG)	270	350	Buy	4,645	10.9	12.9	16.3	24.5	20.9	16.5	17.2	14.6	11.9	2.8	2.5	2.2	11.3	11.8	13.2
Ashoka Buildcon (ASHBUI)	146	195	Buy	2,749	-7.9	-4.2	0.9	NA	NA	168.3	9.0	7.7	6.7	8.7	13.0	12.0	NM	NM	7.2

Source: Company, ICICI Direct Research

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Sell: -10% or more;



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