

Ashoka Buildcon

Monetisation awaited

Ashoka Buildcon (ASBL) reported Q1FY22 standalone revenue/EBITDA/PAT at INR 10/1.2/1bn, 4/(7)/3% beat/(miss) on the estimates. Execution and toll collections have improved gradually since June-21. ASBL has received an order inflow of INR 30bn in FY22 until now and is further targeting orders worth INR 40bn in FY22. Including the recently won orders, the order book (OB) stands at INR 105bn. The company has maintained its guidance of 25% topline growth and 12-12.5% EBITDA margin for FY22. We maintain BUY, given low leverage (net D/E of ~0.15x) and comfortable liquidity position. Potential monetisation of HAM/BOT assets and diversification of the OB could be positive triggers for the stock. We tweak our FY22/FY23 estimates to account for the strong start to the year in terms of order wins. We roll forward our SOTP based TP to FY23 and increase it to INR 183/sh (vs INR 175/sh earlier).

- Broadly an in-line quarter:** Revenue: INR 10.1bn (+77%/+27% YoY/QoQ, 4% beat). EBITDA: INR 1.2bn (+47% YoY, -40% QoQ, 7% miss). EBITDA margin: 11.9% (-244/-265 bps YoY/QoQ, vs est of 13.3%). Depreciation: INR 161mn (-28/-26% YoY/QoQ). Interest cost: INR 164mn (-1/-27% YoY/QoQ). APAT: INR 1bn (+47% YoY, -32% QoQ, 3% beat); broadly in-line quarter as execution outperformance was offset by lower-than-expected margin. While construction of TS-III has started, 65% the land acquired is in TS-IV.
- OB at INR 94.7bn; diversifying into buildings segment:** OB stood at INR 94.7bn at the end of Q1FY21. ASBL has received INR 30bn order inflow until now in FY22, of which INR 16bn has come from the building segment. It is additionally targeting INR 40bn orders for the remainder of FY22. While the company will continue to focus on roads and railways, it will also have an eye on building projects, given the huge opportunity in the sector. With the current NHAI bid pipeline robust at INR 330bn, the FY22 inflow guidance of INR 70bn seems achievable.
- Liquidity position comfortable:** While consolidated gross/net debt stood at INR 62/57bn (INR 62/56bn QoQ), standalone gross/net debt stood at INR 5.3/4.8bn (~0.15x net D/E, vs Rs 3.6/2.6bn QoQ). HAM equity requirement is at INR 1.8/1.4bn for FY22/23, while planned Capex is in the range of INR 250-300mn. ASBL expects the BOT assets monetisation to fructify by Dec-21.

Financial Summary (INR mn)

YE March	Standalone					Consolidated			
	1QFY22	1QFY21	YoY (%)	4QFY21	QoQ (%)	FY21E	FY22E	FY23E	FY24E
Net Sales	10,114	5,724	76.7	13,870	(27.1)	49,917	57,415	64,141	70,646
EBITDA	1,199	819	46.5	2,012	(40.4)	15,355	14,382	16,515	18,187
APAT	1,013	691	46.7	1,492	(32.1)	2,762	1,951	2,852	1,854
EPS (INR)	3.6	2.5	46.7	5.3	(32.1)	9.8	6.9	10.2	6.6
P/E (x)						10.2	14.4	9.8	15.1
EV/EBITDA (x)						5.5	6.5	5.8	5.4
RoE (%)						13.5	8.8	12.0	7.3

Consolidated Estimates Change Summary (INR mn)

Particulars	FY22E New	FY22E Old	% Cha.	FY23E New	FY23E Old	% Cha.
Revenues	57,415	56,270	2.0	64,141	62,858	2.0
EBITDA	14,382	14,199	1.3	16,515	16,303	1.3
EBITDA margin (%)	25.0	25.2	(18.4)	25.7	25.9	(18.9)
APAT	1,950.8	1,840.9	6.0	2,851.9	2,724.9	4.7

Source: Company, HSIE Research

BUY

CMP (as on 12 Aug 2021)	INR 101
Target Price	INR 183
NIFTY	16,364

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 175	Rs 183
	FY22E	FY23E
EPS Change %	+6.0	+4.7

KEY STOCK DATA

Bloomberg code	ASBL IN
No. of Shares (mn)	281
MCap (INR bn) / (\$ mn)	28/380
6m avg traded value (INR mn)	228
52 Week high / low	INR 119/59

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	15.2	(8.3)	66.7
Relative (%)	2.5	(14.7)	23.8

SHAREHOLDING PATTERN (%)

	Mar-21	Jun-21
Promoters	54.48	54.48
FIs & Local MFs	27.42	24.30
FPIs	3.97	3.48
Public & Others	14.13	17.74

Pledged Shares - -

Source : BSE

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Disclosure:

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