

ASHOKA BUILDCON

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	189
12 month price target (INR)	204
52 Week High/Low	319/158
Market cap (INR bn/USD bn)	53/0.6
Free float (%)	15.0
Avg. daily value traded (INR mn)	162.6

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	54.47%	54.47%	54.47%
FII	7.45%	7.29%	7.48%
DII	14.06%	14.16%	14.93%
Pledge	0%	0%	0%

FINANCIALS

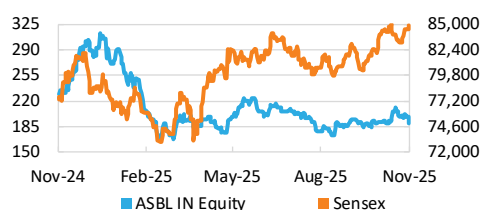
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	70,614	61,505	64,674	68,008
EBITDA	5,469	5,952	6,322	6,832
Adjusted profit	1,972	1,837	2,453	2,792
Diluted EPS (INR)	7.0	6.5	8.7	9.9
EPS growth (%)	(55.5)	(6.8)	33.5	13.8
RoAE (%)	5.0	4.5	5.8	6.2
P/E (x)	26.9	28.8	21.6	19.0
EV/EBITDA (x)	13.0	11.5	10.8	9.9
Dividend yield (%)	0	0.6	0.6	0.6

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	61,505	64,674	-6%	-6%
EBITDA	5,952	6,322	1%	1%
Adjusted profit	1,837	2,453	10%	9%
Diluted EPS (INR)	6.5	8.7	10%	9%

PRICE PERFORMANCE



Asset monetisation brings cheer

Ashoka Buildcon (ABL) reported Q2FY26 top-line contraction of 11% YoY while adjusted PAT declined ~25% YoY. FY26TD order-wins stand at ~INR34bn. The company ended the quarter with an order book of ~INR149bn (2.3x book-to-bill). ABL completed the monetisation of five HAM assets for ~INR11.5bn, and expects to conclude the sale of five BOT assets and four other HAM projects by end-FY26E.

The conclusion of the long delayed asset sale process has the potential to revamp ABL's balance sheet and improve its growth prospects. We are, thus, increasing the target multiple to 9x (from 7x) and upgrading the stock to 'HOLD' with a revised SotP-based TP of INR204 (earlier INR170). The stock is trading at FY25A/26E/27E PE of 27x/29x/22x.

Execution declines YoY; working capital cycle deteriorates

ABL's Q2FY26 revenue decreased ~11% YoY. However, EBITDA margin improved ~130bp YoY/40bp QoQ to 9.7%. Adjusted PAT fell 25% YoY/11% QoQ. The road segment contributed ~67% to revenue while the power T&D/railway segment contributed 15%/6%. Owing to elongated monsoon and land acquisition issues, management has guided for a flat YoY top line in FY26E (10% YoY growth earlier). The net debt/equity fell to 0.29x (0.52x at end-Q1FY26) aided by asset monetisation. Net working capital cycle inched up to 212 days (202 days in Q1FY26).

Order book declines sequentially

ABL ended Q2FY26 with an order book of ~INR149bn (book-to-bill of 2.3x). FY26TD order-wins stand at ~INR34bn, and the management is targeting order inflows of INR60–70bn in H2FY26E. ABL is actively looking to bid for projects across segments such as roads, railways, power T&D, building EPC, solar power projects and water to shore up its order book.

Asset monetisation begins, finally

The company concluded the sale of five HAM projects out of 11 HAM assets in Q2FY25 for ~INR11.5bn. The sale of five BOT assets and four other HAM projects (for ~INR8bn) is likely to conclude by end-Q3FY26E and end-Q4FY26E, respectively. The remaining two assets will be sold off by end-Q1FY27E (for ~INR3bn). During the quarter, ABL acquired CCDs worth ~INR8.8bn towards partial acquisition of ACL. As the monetisation progresses, the company will acquire the balance stake for ~INR6.6bn, thereby providing a complete exit to SBI-M. ABL also acquired a 26% stake in the Jaora Nayagaon project for ~INR1.7bn.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	12,661	14,176	(10.7)	13,106	(3.4)
EBITDA	1,233	1,190	3.6	1,222	0.9
Adjusted Profit	271	362	(25.1)	306	(11.5)
Diluted EPS (INR)	1.0	1.3	(25.1)	1.1	(11.5)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	70,614	61,505	64,674	68,008
Gross profit	10,389	9,946	10,732	11,701
Employee costs	2,405	2,241	2,474	2,732
Other expenses	2,515	1,753	1,935	2,137
EBITDA	5,469	5,952	6,322	6,832
Depreciation	982	1,009	1,140	1,281
Less: Interest expense	2,964	3,465	3,095	3,095
Add: Other income	1,266	1,366	1,466	1,566
Profit before tax	2,789	2,843	3,553	4,021
Prov for tax	817	1,006	1,100	1,230
Less: Other adj	0	0	0	0
Reported profit	1,972	1,837	2,453	2,792
Less: Excp.item (net)	0	0	0	0
Adjusted profit	1,972	1,837	2,453	2,792
Diluted shares o/s	281	281	281	281
Adjusted diluted EPS	7.0	6.5	8.7	9.9
DPS (INR)	0	1.2	1.2	1.2
Tax rate (%)	29.3	35.4	31.0	30.6

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
EPC rev. growth (%)	(11.6)	(15.0)	0	0
Toll rev. growth (%)	0	0	0	0
Gross margin (%)	14.7	16.2	16.6	17.2
EBITDA margin (%)	7.7	9.7	9.8	10.0
Net profit margin (%)	2.8	3.0	3.8	4.1
Revenue growth (% YoY)	(8.6)	(12.9)	5.2	5.2
EBITDA growth (% YoY)	(5.1)	8.8	6.2	8.1
Adj. profit growth (%)	(55.5)	(6.8)	33.5	13.8

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.5	0	0
Repo rate (%)	5.3	5.3	0	0
USD/INR (average)	82.0	81.0	0	0
Interest cost (%)	4.2	5.6	4.8	4.6
Employee cost (%)	3.4	3.6	3.8	4.0
Other exp. (%)	3.6	2.8	3.0	3.1
Other inc. (%)	1.8	2.2	2.3	2.3
Dep. (% gr. block)	9.6	8.8	8.9	9.1
Effect. tax rate (%)	29.3	35.4	31.0	30.6

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	26.9	28.8	21.6	19.0
Price/BV (x)	0	1.5	1.5	1.4
EV/EBITDA (x)	13.0	11.5	10.8	9.9
Dividend yield (%)	0	0.6	0.6	0.6

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	1,404	1,404	1,404	1,404
Reserves	38,690	40,191	42,307	44,761
Shareholders funds	40,094	41,595	43,710	46,165
Minority interest	0	0	0	0
Borrowings	20,587	19,804	19,804	19,804
Trade payables	11,740	11,240	11,978	12,754
Other liabs & prov	14,975	10,626	11,307	12,024
Total liabilities	93,916	89,774	93,309	97,257
Net block	3,079	3,320	3,430	3,399
Intangible assets	0	0	0	0
Capital WIP	163	163	163	163
Total fixed assets	3,243	3,484	3,594	3,562
Non current inv	12,633	14,633	15,193	15,753
Cash/cash equivalent	2,405	4,595	4,532	4,875
Sundry debtors	17,683	15,030	15,805	16,620
Loans & advances	10,564	11,620	11,737	11,854
Other assets	47,389	40,411	42,449	44,592
Total assets	93,916	89,774	93,309	97,257

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	1,972	1,837	2,453	2,792
Add: Depreciation	982	1,009	1,140	1,281
Interest (net of tax)	2,096	2,240	2,137	2,149
Others	(15,187)	1,138	(3,983)	(4,068)
Less: Changes in WC	0	0	0	0
Operating cash flow	(10,137)	6,224	1,746	2,154
Less: Capex	930	1,250	1,250	1,250
Free cash flow	(11,067)	4,974	496	904

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	5.0	4.5	5.8	6.2
RoCE (%)	10.2	10.3	10.6	11.0
Inventory days	24	23	21	21
Receivable days	83	97	87	87
Payable days	87	81	79	80
Working cap (% sales)	71.5	79.5	77.9	76.9
Gross debt/equity (x)	0.5	0.5	0.5	0.4
Net debt/equity (x)	0.5	0.4	0.3	0.3
Interest coverage (x)	1.5	1.4	1.7	1.8

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(55.5)	(6.8)	33.5	13.8
RoE (%)	5.0	4.5	5.8	6.2
EBITDA growth (%)	(5.1)	8.8	6.2	8.1
Payout ratio (%)	0	18.3	13.7	12.1

Exhibit 1: Financial snapshot

Standalone (INR mn)	Q2FY26	Q2FY25	% YoY	Q1FY26	% QoQ	FY25A	FY26E	FY27E	FY28E
Revenue	12,661	14,176	(10.7)	13,106	(3.4)	70,614	61,505	64,674	68,008
Direct cost	10,574	11,759	(10.1)	10,791	(2.0)	60,225	51,559	53,942	56,307
Staff cost	558	619	(9.9)	569	(1.9)	2,405	2,241	2,474	2,732
Other expenses	296	607	(51.1)	524	(43.5)	2,515	1,753	1,935	2,137
Total expenditure	11,428	12,986	(12.0)	11,884	(3.8)	65,145	55,553	58,352	61,175
EBITDA	1,233	1,190	3.6	1,222	0.9	5,469	5,952	6,322	6,832
Depreciation	245	249	(1.7)	234	4.8	982	1,009	1,140	1,281
EBIT	988	941	5.0	989	(0.1)	4,487	4,943	5,182	5,551
Less: Interest Expense	782	706	10.7	841	(7.0)	2,964	3,465	3,095	3,095
Add: Other income	365	413	(11.6)	285	28.2	1,266	1,366	1,466	1,566
Add: Exceptional Items	1,121	0	NA	0	NA	0	0	0	0
Profit before tax	1,693	648	161.2	433	291.0	2,789	2,843	3,553	4,021
Less: Provision for Tax	301	286	5.1	127	136.7	817	1,006	1,100	1,230
Reported profit	1,392	362	284.5	306	354.7	1,972	1,837	2,453	2,792
Adjusted profit	271	362	(25.1)	306	(11.4)	1,972	1,837	2,453	2,792
Equity capital	1,404	1,404	0.0	1,404	0.0	1,404	1,404	1,404	1,404
# of shares (mn)	281	281	0.0	281	0.0	281	281	281	281
Adjusted EPS (INR)	1.0	1.3	(25.1)	1.1	(11.4)	7.0	6.5	8.7	9.9
As % of net revenues	YoY bps			QoQ bps					
Direct cost	83.5	83.0	55.9	82.3	118.2	85.3	83.8	83.4	82.8
Other operating expenses	2.3	4.3	(193.9)	4.0	(165.9)	3.6	2.8	3.0	3.1
EBITDA	9.7	8.4	134.2	9.3	41.1	7.7	9.7	9.8	10.0
Reported profit	2.1	2.6	(41.2)	2.3	(19.4)	2.8	3.0	3.8	4.1
Tax rate	17.8	44.2	(2,641.6)	29.4	(1,158.9)	29.3	35.4	31.0	30.6

Source: Company, Nuvama Research

Highlights

- **Guidance for FY26E**
 1. **Revenue growth:** Flat YoY.
 2. **EBITDA margin:** 10–11%.
 3. **Order inflow:** INR60–70bn in H2FY26.
 4. **Capex:** INR1bn.
- **Order inflows:** YTD order inflows stand at ~INR34bn.

Exhibit 2: FY26-to-date order inflows

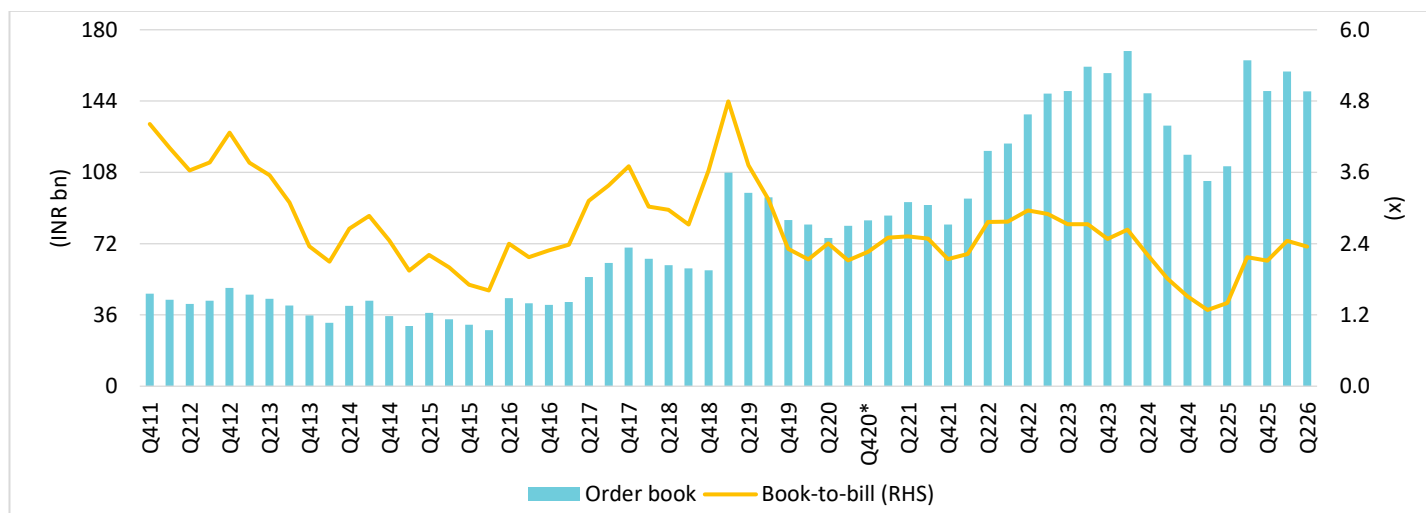
Date	Client	Segment	Project cost (INR mn)	Order details
Nov-25	North Western Railway, Jaipur	Railways	4,571	Upgradation of existing Electric traction system from 1 x 25 kV to 2 x 25 kV along with modification of existing OHE for 160 kmph few Sections of Ajmer Division of North Western Railway
Aug-25	North Western Railway, Jaipur	Railways	4,237	Up-gradation of existing Electric traction system from 1 x 25 kV to 2 x 25 kV along with modification of existing OHE for 160 kmph
Jun-25	Government of Guyana, Public Works Department	Roads	5,716	The Company received Letter of Acceptance from the Authority for the Project viz. East Bank-East Coast Road Linkage Project Phase 2 (Eccles to Providence) and the Company has executed the Contract Agreement with the Authority.
Jun-25	Motor Vehicles Department, Maharashtra	Others	13,872	Design, Implement, Operate and Maintain Intelligent Traffic Management System at various Circles in the state of Maharashtra (Nagpur Circle, Mumbai Circle, Pune Circle, Konkan & Western Maharashtra Circle and Marathwada Circle)
Apr-25	Central Railway	Railways	5,689	Construction of Earth Work, Major Bridges, Minor Bridges, Rubs, P. Way Work and Miscellaneous Civil Works in Connection with Gauge Conversion Work from Pachora-Jamner (Approx. 53.3 Km) Excluding Pachora Yard and Road Over Bridges for Central Railway
Total			34,084	

Source: Company, Nuvama Research

Note: Excluding GST

- **Order book visibility:** ABL ended the quarter with an order book of ~INR149bn (book-to-bill of 2.3x).

Exhibit 3: Order book declines QoQ

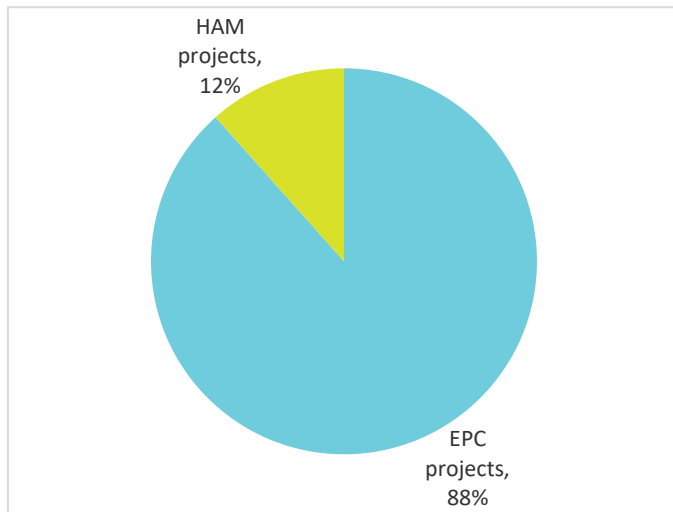


Source: Company, Nuvama Research

ABL is actively looking to bid for projects across various segments such as roads, railways, power T&D, building EPC, solar power projects and water to shore up its order book.

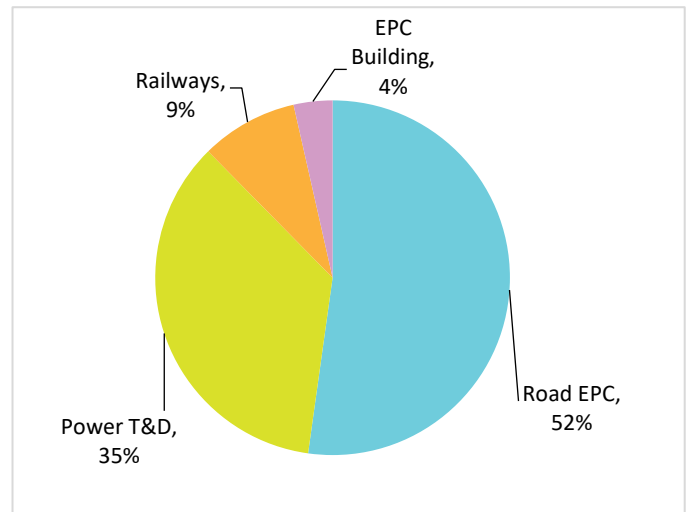
- **Q2FY26 revenue breakdown:** 55% from road EPC, 12% from road HAM projects, 6% from railways, 15% from power T&D and 12% from other businesses.
- **Q2FY26 order book (OB) breakdown:** Road EPC (46%), road HAM (12%), railways (8%), power T&D (31%) and buildings (3%).

Exhibit 4: HAM projects contribute 12% to order book



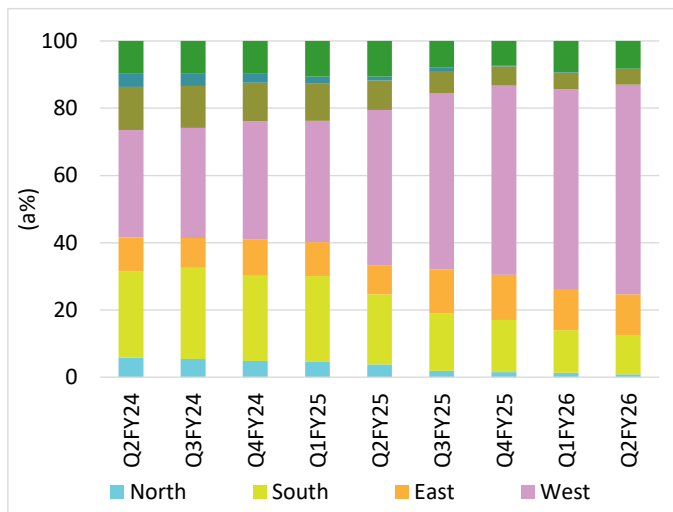
Source: Company, Nuvama Research

Exhibit 5: In EPC, road segment makes up 56% of order book



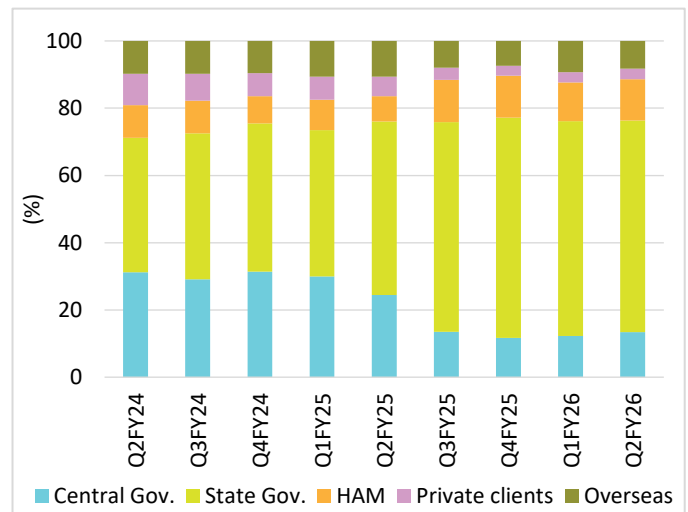
Source: Company, Nuvama Research

Exhibit 6: Order book breakdown by geography



Source: Company, Nuvama Research

Exhibit 7: Order book breakdown by client

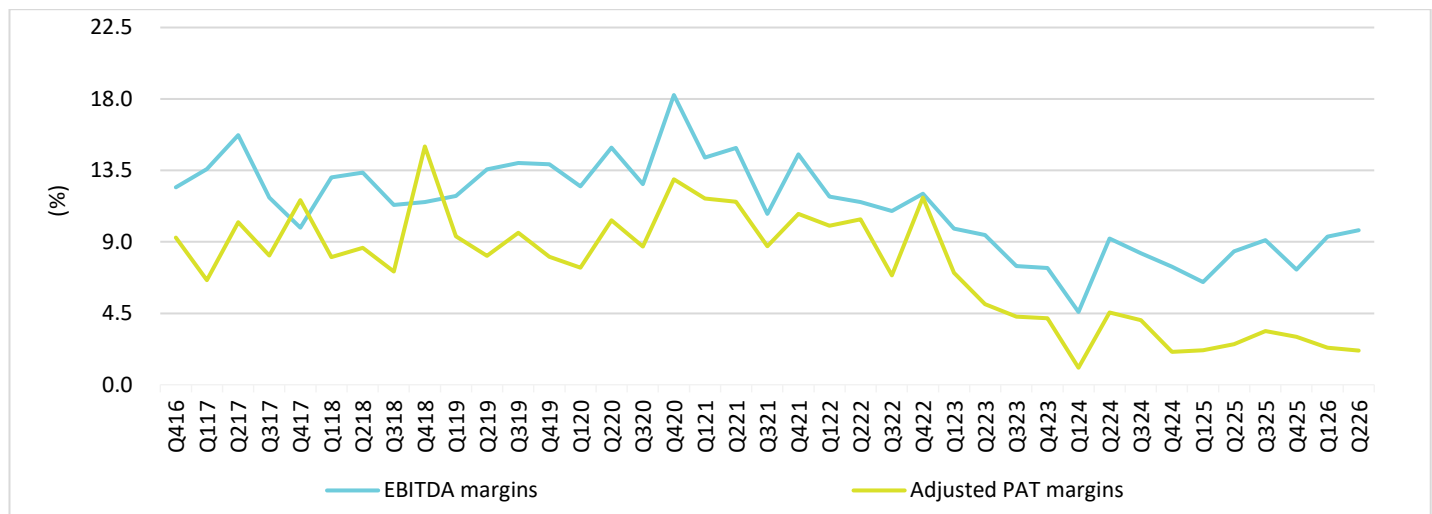


Source: Company, Nuvama Research

- **Margin:** EBITDA margin during the quarter increased 130bp YoY/40bp QoQ to 9.7%.

Adjusted PAT margin during the quarter deteriorated ~40bp YoY/~20bp QoQ to 2.1%.

Exhibit 8: EBITDA margin improves YoY in Q2FY26

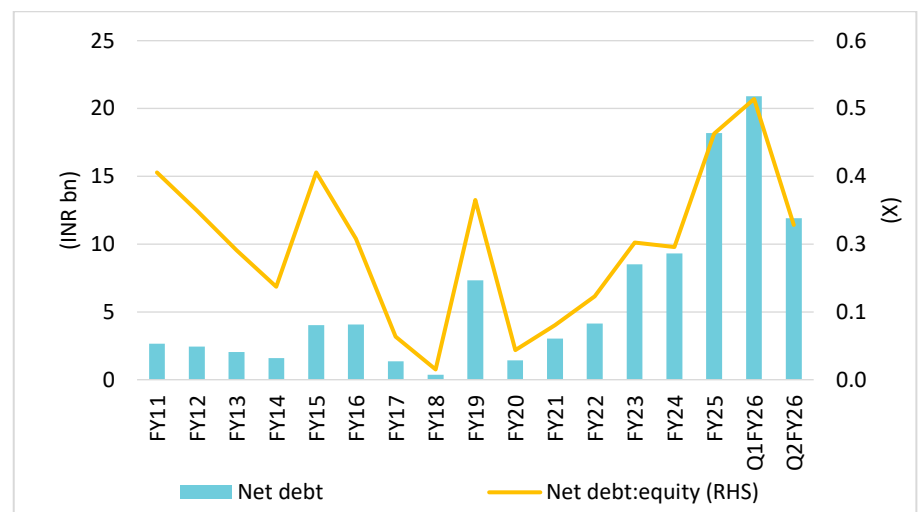


Source: Company, Nuvama Research

Execution was slow in Q2FY26 owing to a protracted monsoon, which could also have some bearing on Q3FY26 performance.

- **Debt:** Aided by asset monetization, standalone debt decreased QoQ with net debt to equity now at 0.29x (0.52x at end-Q1FY26).

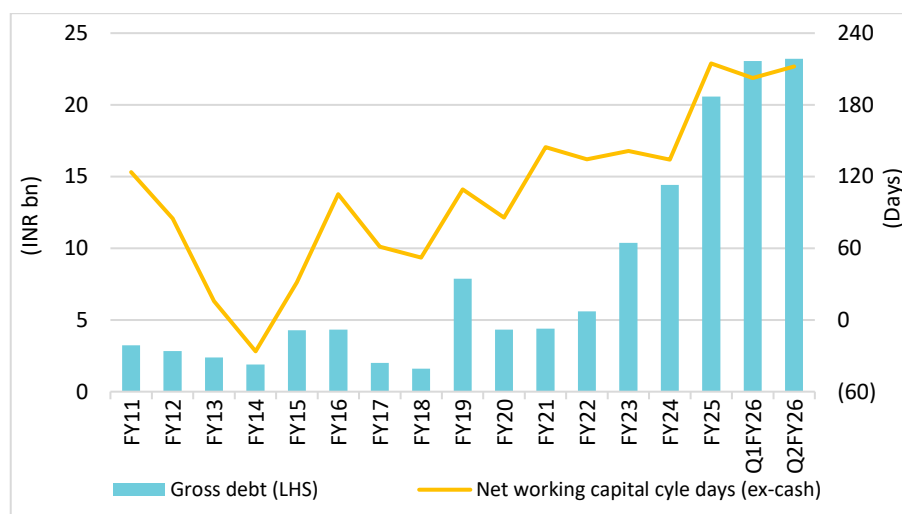
Exhibit 9: Leverage declines in Q2FY26



Source: Company, Nuvama Research

- **Working capital cycle:** Net working capital cycle deteriorated to 212 days (202 days at end-Q1FY26).

Exhibit 10: Working capital cycle deteriorates in Q2FY26



Source: Company, Nuvama Research

- **Equity commitment:** Equity to the tune of ~INR3.25bn is pending, of which, ~INR2bn will be infused in H2FY26E and balance in FY27E/FY28E each.

Asset monetisation: In Dec-24, ABL and its subsidiary ACL entered into an agreement with Epic Concesiones 2 Private Limited, Infrastructure Yield Plus II and Infrastructure Yield Plus IIA (managed by EAAA India Alternatives) to sell their entire stake (including repayment/transfer of all shareholder loans) in 11 operational and under-construction HAM assets for an aggregate consideration of ~INR23.2bn, subject to adjustments for cash and debt-like items and other adjustments.

The completion of the sale shall take place individually for each of the assets/SPVs, subject to fulfilment of certain conditions, including receipt of approval from: i) lenders of respective SPVs; ii) the NHAI; and iii) the CCI ([refer to: Asset monetisation underway](#)).

The company completed monetisation of five of these projects in Q2FY26 for an aggregated consideration of ~INR11.5bn. The company expects to conclude monetization of another four assets for ~INR8bn by end-FY26 and the remaining two assets by end-Q1FY27 for ~INR3bn.

In Q2FY25, ABL entered into an SPA with Indian Highways Concession Trust for divestment of its five BOT assets. The aggregate enterprise value of the transaction is ~INR57.2bn, which translates to an equity value of ~INR25.4bn. The company had infused equity of ~INR23bn for the same. Management is expecting to complete the transaction by end-Q3FY26 and receive ~INR17.5bn in Q3FY26 itself.

- ABL along with its subsidiaries Viva Highways Limited and ACL has entered into an SPA to acquire 34% of ACL from SBI-M for a consideration of ~INR15.3bn, thereby providing an exit to investors from ACL. The transaction is subject to completion of sale of certain project assets of ACL and the company. Post-acquisition, ACL would become a wholly owned subsidiary of ABL.

During the quarter, ABL acquired CCDs worth ~INR8.8bn towards partial acquisition of ACL. As the monetisation progresses, the company will acquire the balance stake for ~INR6.6bn, thereby providing a complete exit to SBI-M.

- **Chennai ORR:** In Apr-22, the company entered into a share purchase agreement with the National Investment and Infrastructure Fund Limited (NIIF) for the sale of 100% equity of Chennai ORR project for an aggregate financial consideration of INR6.9bn. However, the transaction being time barred has lapsed. The company has reinitiated the sale process and expects to conclude it by end-FY26.
- **Jaora-Nayagaon:** ABL had entered into an agreement with the NIIF to sell 74% of its economic interest in JTCL. The balance 26% stake in the project was held by Macquarie group (refer to [Jaora Nayagaon stake sale brings cheer](#)). However, being time barred has lapsed.

Now, the company (through its subsidiary Viva Highways) completed the acquisition of balance 26% stake of Jaora Nayagaon Toll Road Company for a consideration of ~INR1.7bn. After the acquisition, Jaora Nayagaon Toll Company has become a wholly owned subsidiary of ACL, allowing Ashoka to monetise the asset. The company would now structure its debt, get all the approvals for transfer and then go ahead with the monetisation plans in FY27E.

- **Toll collection:** The toll revenue increased 12.8% YoY (down 1.5% QoQ) during the current quarter to INR3.6bn.

Exhibit 11: Toll collections (INR mn)

Project	Q223	Q323	Q423	Q124	Q224	Q324	Q424	Q125	Q225	Q325	Q425	Q126	Q226
Dhankuni - Kharagpur	1,116	1,158	1,220	1,267	1,220	1,300	1,367	1,318	1,322	1,349	1,432	1,504	1,447
Wainganga Bridge	90	95	104	103	94	-	-	-	-	-	-	-	-
Katni Bypass*	28	-	-	-	-	-	-	-	-	-	-	-	-
Jaora - Nayagaon	512	524	543	575	563	544	584	596	620	640	664	697	804
Bhandara	222	256	279	276	266	300	311	309	288	308	328	313	314
Belgaum Dharwad	313	340	358	352	327	355	344	319	296	316	317	324	311
Durg	257	294	322	316	313	351	364	367	341	369	392	377	370
Sambalpur	218	247	273	284	281	294	319	309	295	326	341	407	322
Total	2,756	2,914	3,099	3,173	3,064	3,144	3,289	3,218	3,162	3,308	3,474	3,622	3,568

Source: Company, Nuvama Research

Note: * For the Katni project, toll is being collected under a high court order and is not recognised as revenue.

- **Capex:** ABL incurred capex of ~INR350mn in H1F2Y6 (~INR100mn in Q2FY26).

Company Description

Incorporated in 1993, ABL is a major road developer and contractor in India. Starting with its first BOT project in 1997, the company has built a robust portfolio of BOT assets, focused on industrial and mining traffic. In addition to the roads space, the company undertakes EPC projects in the power T&D space, wherein it is involved in the construction of substations, transformers and distribution transformers.

Investment Theme

The company's entry into new segments is likely to de-risk growth and improve its order inflow prospects. This will also reduce its dependence on the road segment.

Key Risks

The company's presence in the asset ownership space exposes it to risks associated with gaining right-of-way on land stretches, execution risks, force majeure, etc.

Slowdown in economic growth can impact order accretion adversely.

Additional Data

Management

Chairman	Ashok Katariya
MD	Satish Parakh
CFO	Paresh Mehta
Director	Sanjay Londhe
Auditor	S R B C & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
HDFC MF	6.12	Lemon tree trus	0.09
Kotak MF	5.44	Perpetual	0.08
SBI Infra	2.13	Perpetual Ameri	0.08
Aditya Parakh	0.92	AXA SA	0.07
Snehal Khatri	0.15	St. James PLC	0.04

*Latest public data

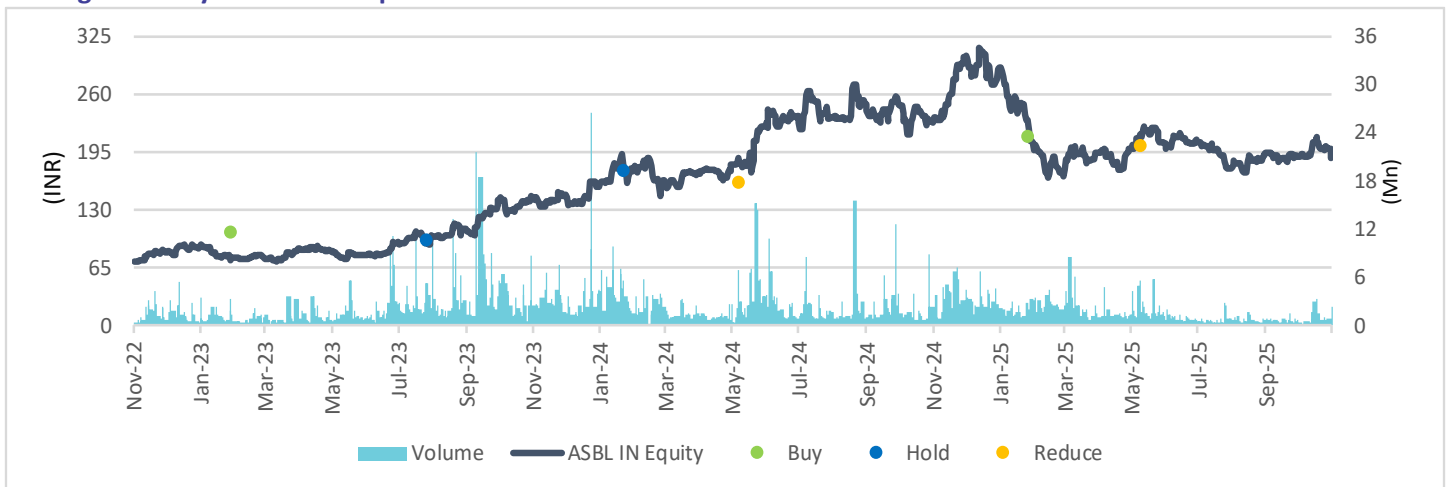
Recent Company Research

Date	Title	Price	Reco
12-Aug-25	Asset monetisation critical; <i>Result Update</i>	179	Reduce
26-May-25	Asset monetisation key; <i>Result Update</i>	215	Reduce
11-Feb-25	All hopes on asset monetisation; <i>Result Update</i>	231	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
17-Nov-25	Texmaco	Steady quarter; order traction needed; <i>Result Update</i>
14-Nov-25	NBCC	Decent quarter; <i>Result Update</i>
14-Nov-25	Capacite Infraprojects	Healthy quarter; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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