

Industry	Eng. & Cons.
Bloomberg	ASBL IN
BSE CODE	533271

## Highest Ever Revenue, Lower Other Income and Higher Tax dented the Bottom Line

<b>RATING</b>	<b>BUY</b>
<b>CMP</b>	<b>133</b>
<b>Price Target</b>	<b>156</b>
<b>Potential Upside</b>	<b>17%</b>

<b>Rating Change</b>	↔
<b>Estimate Change</b>	↑
<b>Target Change</b>	↑

### Stock Info

52wk Range H/L	186/93
Mkt Capital (Rs Cr)	3917
Free float (%)	45%
Avg. Vol 1M (,000)	235
No. of Shares (Cr)	28
Promoters Pledged %	0%

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### 4QFY19 Result Update

- ❑ Revenue was up by 86% YoY to Rs 1307 Cr from Rs 704 Cr in 4QFY18 on account of strong execution across the segment. Revenue from road vertical was up by 47% YoY whereas Power T&D continue to do a strong performance.
- ❑ Toll collection was Rs.293 Cr compared to Rs.187 Cr where as in FY19 it grew by 13% from Rs 774 Cr in FY18 to Rs 878 Cr. Traffic growth was 4% in FY19.
- ❑ EBIDTA stood at Rs 181 Cr from Rs 81 Cr in 4QFY18, rising 125% YoY. The EBITDA margin increased to 13.9% from 11.5% in 4QFY18.
- ❑ Interest cost has gone up to Rs.37 Cr compared to Rs.11 Cr as the borrowings has increased to Rs.731 Cr from Rs.125 Cr year ago.
- ❑ Despite the strong revenue growth PAT was de-grew 7% YoY on account lower other income and higher interest expenses and tax rate.
- ❑ The company has provided provision of Rs. 7 Cr against doubtful receivable from GVR Infra.
- ❑ The Order book stood at Rs 8394 Cr as compared to Rs 5849 Cr in 4QFY19.
- ❑ Received appointed date for Khairatunda Barwa Adda Road (HAM project) as 8th January 2019 bid project cost Rs 860.1 Cr with a construction period of 730 days
- ❑ Company has received an Arbitration Award of Rs. 362.9 Cr for Govindpur projects.

### View and Valuation

Ashoka Buildcon has posted strong growth numbers for Q4FY19 on back of healthy execution across the segment. Land status on the under development projects are in advance stage and appointment date of the 3 HAM projects out of 4 is expected by the July 2019 and work will start immediately as all the projects are fully mobilized. Based on the strong execution momentum we have increased our Revenue/PAT estimates for FY20 by 14/7% respectively. We value the stock at Rs.156 (EPC business at 10x FY20 EPS and Rs 48 per share for investment into BoT/HAM) and maintain our BUY rating on the stock.

### Key Risks to our estimates:

- ❑ Delay in appointment date
- ❑ A slowdown in order inflow

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19	FY20E
Net Sales	1943	2013	2448	3821	4790
EBITDA	248	243	293	515	564
EBIT	181	192	240	439	470
PAT	148	176	237	286	305
EPS (Rs)	8	9	13	10	11
EPS growth (%)	-12%	19%	35%	-20%	6%
ROE	9%	10%	12%	13%	12%
ROCE	10%	10%	12%	15%	14%
BV per share	83.5	92.1	102.9	78.8	88.0
P/B (X)	2.0	1.7	2.1	2.7	1.5
P/E (x)	21.1	17.1	16.7	20.8	12.3

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**4QFY19 Results**  
**Ahead of our Estimate**
**Strong Revenue Growth**

Financials	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY %	QoQ%	FY18	FY19	YoY %
Sales	702	684	764	1,065	1,307	86%	23%	2,448	3,821	56.1%
Other Income	61	37	16	25	38	-38%	49%	98	116	18.3%
COGS	573	547	600	830	1,052	84%	27%	1,954	3,030	55.0%
Employee Exp	28	31	34	43	41	48%	-4%	107	149	39.7%
Other Expenses	21	24	27	43	32	57%	-25%	94	126	34.9%
Total	622	602	661	916	1,126	81%	23%	2,150	2,136	-0.6%
EBITDA	81	81	104	149	181	125%	22%	293	515	75.6%
Depreciation	14	14	17	20	26	80%	29%	53	76	43.3%
EBIT	66	68	87	129	156	135%	21%	240	439	82.7%
Intreset	11	17	13	24	37	226%	53%	-	47	#DIV/0!
Exceptional	-	-	-	40	7	-	-	-	-	-
PBT	116	87	90	130	157	35%	21%	289	464	60.3%
Tax	11	23	28	28	52	375%	83%	52	131	149.3%
PAT	105	64	62	62	98	-7%	58%	237	286	20.7%

**Highest ever revenue, PAT impacted due to higher tax and lower other Income**

Company has reported highest ever quarterly revenue of Rs.1307 Cr at growth of 86% YoY led by the strong execution across the projects. Revenue from Road vertical was up by 47% YoY led by execution of ongoing HAM projects. Company reported EBITDA margin of 13.9%. As prudent accounting policy Company has provided provision of Rs.7 Cr against doubtful receivable of Rs.60 Cr from GVR Infra making it total to Rs 47 Cr in FY19. Though the company is holding the securities against the receivables and confident to received amount. PAT de-grew 7% YoY compared to 86% growth in revenue due to lower other income and higher interest expenses and tax rate. Order inflow was Rs.1994 Cr of which Rs 612 Cr of order is from RVNL.

**Robust Revenue growth backed by Strong Order Book**

Company has total order book of Rs 8394 Cr excluding Rs 1264 Cr of LOI received for RVNL Punjab and HAM for Tumkur IV package. Management expects order inflow of Rs 4000 Cr for roads, Rs 1600-2000 Cr for railways and Rs 1000 Cr for power sector are expected to be received in FY20. At current level of order book management expects to grow at 25-30% in FY20. In road projects management expects to execute Rs 3500-4000 Cr of projects and another Rs 800 Cr in power and railway. Also if the order inflows increase is more than expected management expects to have a top-line growth of 45%. Management expects robust ordering in FY20 which would lead to growth of minimum of 25-30%.

**Concall Highlights**

- Management expects to grow by 25-30% in FY20 with current order book. In road projects management expects to execute Rs 3500-4000 Cr of projects and another Rs 800 Cr in power and railway.
- EBITDA margins to remain 11-12.5% in power and roads.
- Management expects strong awarding activity in FY20. Order inflows of Rs 4000 Cr for roads, Rs 1600-2000 Cr for railways and Rs 1000 Cr for power sector are expected to be received in FY20.
- Company will be participating for the BOT project where there is least possibility of diversion of traffic.
- Company has received arbitration award of Rs 698 Cr in FY19 which makes total o/s arbitration awards of Rs 1400 Cr.
- Company achieved financial for all its 5 HAM projects in FY19. Received appointed date for Khairatunda Barwa Anda Road HAM project. Company expects to receive appointment date for balance 3 projects very soon where 3G for Tumkur Package I 95% and for Package II its 99% but 3H for package I 51% and in package II 37% is done. 3H is expected to be completed by July first week.
- Standalone debt for the company stands at Rs 720 Cr which is working capital debt. Company guides the same to continue for the FY20 provided assets monetisation does not take place which will reduce the debt.
- Macquarie exit is looked as good time to monetize the assets. This will take place in 8-10 months and post that company will monetize its stake.
- Equity investment in HAM projects is Rs 520 Cr and Rs 35 Cr in CGD. In FY20 equity of Rs 310 Cr in roads and Rs 50 Cr is expected and in FY21 Rs 150 Cr in roads and Rs 50Cr in CGD.
- Capex of Rs 150 Cr will be done in FY20.

## Order Book Break Up

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY (+/-)	QoQ (+/-)
Road									
BOT	2,336	2,306	2,237	5,685	5,372	4,893	4,620	107%	-6%
EPC	2,046	1,921	2,019	2,767	2,623	2,542	2,124	5%	-16%
<b>Total Road</b>	<b>4,381</b>	<b>4,227</b>	<b>4,256</b>	<b>8,451</b>	<b>7,995</b>	<b>7,435</b>	<b>6,744</b>	<b>58%</b>	<b>-9%</b>
Power T&D	1,729	1,716	1,593	2,331	1,769	2,102	914	-43%	-57%
<b>Total</b>	<b>6,110</b>	<b>5,942</b>	<b>5,849</b>	<b>10,783</b>	<b>9,764</b>	<b>9,537</b>	<b>8,394</b>	<b>44%</b>	<b>-12%</b>

## Gross Toll Collection

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY (+/-)	QoQ (+/-)
Belgaum - Dharwad	21	23	22	23	22	23	23	5%	1%
Dhankuni Karagpur	76	78	85	89	89	87	88	4%	2%
Bhandara Project	15	17	17	17	16	17	18	2%	6%
Durg Project	19	20	21	20	19	20	21	0%	4%
Jaora – Nayagaon	50	53	52	52	52	50	49	-6%	-2%
Sambalpur	14	17	18	18	17	18	18	2%	2%
Ahmednagar	6	8	7	9	7	8	75	981%	861%
Wainganga Bridge	7	8	8	7	7	7	79	890%	969%
Others	24	24	1	1	17	1	1	-12%	-15%
<b>Total</b>	<b>237</b>	<b>253</b>	<b>237</b>	<b>241</b>	<b>251</b>	<b>236</b>	<b>377</b>	<b>59%</b>	<b>60%</b>

Exhibit: Order Book Break Up(4QFY19)

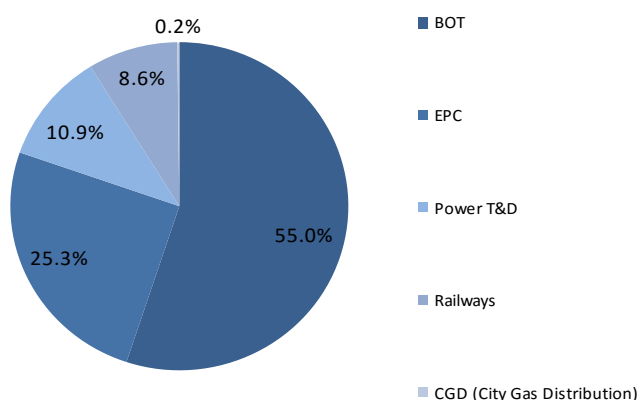


Exhibit: Order Book and book to bill

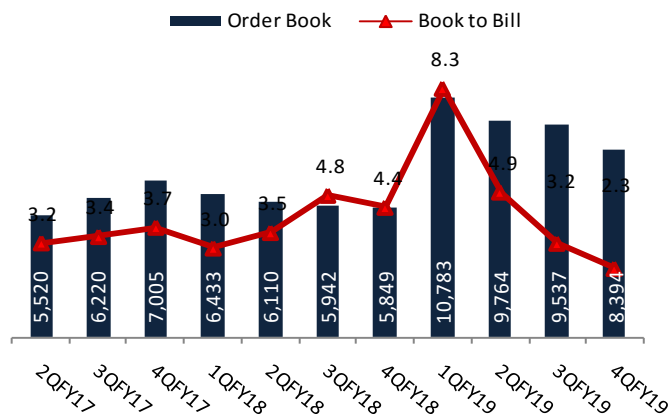
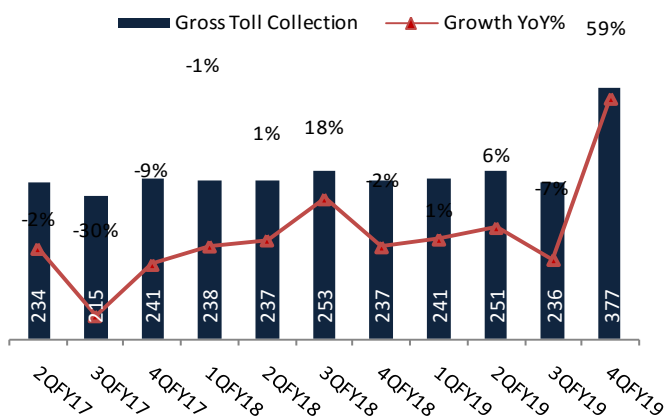


Exhibit: Gross Toll Collection



## Financial Details (Standalone)

### Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E
Revenue from Operation	1,638	1,557	1,967	1,943	2,013	2,448	3,821	4,790
Change (%)	22%	-5%	26%	-1%	4%	22%	56%	25%
<b>EBITDA</b>	<b>202</b>	<b>198</b>	<b>250</b>	<b>248</b>	<b>243</b>	<b>293</b>	<b>515</b>	<b>564</b>
Change (%)	4%	-2%	26%	-1%	-2%	21%	76%	9%
Margin (%)	12%	13%	13%	13%	12%	12%	13%	12%
Depr & Amor.	50	43	55	67	51	53	76	94
<b>EBIT</b>	<b>153</b>	<b>155</b>	<b>194</b>	<b>181</b>	<b>192</b>	<b>240</b>	<b>439</b>	<b>470</b>
Int. & other fin. Cost	40	33	59	67	47	49	91	110
Other Income	58	47	58	98	72	98	116	102
<b>EBT</b>	<b>171</b>	<b>169</b>	<b>194</b>	<b>212</b>	<b>216</b>	<b>289</b>	<b>464</b>	<b>462</b>
Exp Item	16	16	-	-	-	-	47	-
Tax	53	50	52	64	40	52	131	157
Minority Int & P/L share of Ass.	-	-	-	-	-	-	-	-
<b>Reported PAT</b>	<b>102</b>	<b>103</b>	<b>142</b>	<b>149</b>	<b>176</b>	<b>237</b>	<b>286</b>	<b>305</b>
<b>Adjusted PAT</b>	<b>91</b>	<b>92</b>	<b>142</b>	<b>149</b>	<b>176</b>	<b>237</b>	<b>252</b>	<b>305</b>
Change (%)		1%	54%	5%	18%	35%	6%	21%
Margin(%)	6%	6%	7%	8%	9%	10%	7%	6%

### Balance sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E
Share Capital	53	79	79	94	94	94	140	140
Reserves	801	854	1,027	1,469	1,629	1,833	2,072	2,330
Networth	854	932	1,106	1,562	1,723	1,926	2,212	2,470
Debt	238	190	420	263	177	125	731	809
Other Non Cur Liab	420	415	242	169	202	199	418	418
Total Capital Employed	1,092	1,123	1,526	1,825	1,900	2,051	2,943	3,279
Net Fixed Assets (incl CWIP)	242	227	191	155	185	232	385	434
Non Cur Investments	745	976	1,187	1,230	1,306	1,318	1,364	1,677
Other Non Cur Asst	564	412	295	497	514	798	1,602	1,651
Non Curr Assets	1,309	1,388	1,482	1,727	1,821	2,116	2,966	3,328
Inventory	505	447	463	23	87	146	153	191
Debtors	145	190	554	395	458	860	1,279	1,575
Cash & Bank	34	31	24	27	64	123	55	-
Other Curr Assets	84	155	182	901	1,021	681	855	1,008
Curr Assets	768	823	1,223	1,346	1,629	1,811	2,342	2,775
Creditors	324	404	613	478	569	593	887	1,112
Provisions	23	20	0	3	44	34	14	18
Other Curr Liab	217	248	217	240	355	665	622	786
Curr Liabilities	564	672	938	1,079	1,349	1,676	1,948	2,340
Net Curr Assets	203	150	285	267	281	135	394	435
Total Assets	2,076	2,210	2,705	3,073	3,450	3,927	5,309	6,102

## Financial Details

## Cash Flow

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
PBT	155	153	194	203	216	289	417	462
(inc)/Dec in Working Capital	239	180	(303)	(571)	231	242	(192)	(96)
Non Cash Op Exp	50	43	55	67	51	53	76	94
Int Paid (+)	40	33	59	67	47	49	-	-
Tax Paid	45	48	49	71	72	79	131	157
others	233	206	277	292	272	336	-	-
CF from Op. Activities	427	338	(75)	(350)	442	498	170	303
(inc)/Dec in FA & CWIP	(52)	(37)	(20)	(33)	(45)	(145)	(229)	(142)
Free Cashflow	375	301	(95)	(382)	397	354	(59)	161
(Pur)/Sale of Inv	325	253	101	467	69	8	46	313
others	52	56	30	485	(146)	(334)	(516)	-
CF from Inv. Activities	(324)	(234)	(91)	(15)	(146)	(334)	(791)	(456)
inc/(dec) in NW	0	-	4	492	-	-	-	-
inc/(dec) in Debt	(49)	(47)	238	294	(127)	39	605	78
Int. Paid	41	33	57	56	42	39	-	-
Div Paid (inc tax)	11	22	24	41	0	3	-	46
others	(6)	-	-	-	-	-	(53)	-
CF from Fin. Activities	(108)	(103)	162	388	(184)	(18)	552	32
Inc(Dec) in Cash	(5)	1	(4)	23	112	146	(68)	(120)
Add: Opening Balance	39	8	10	(195)	(172)	(59)	123	55
Closing Balance	34	10	5	(172)	(59)	87	55	(65)

## Key Ratio

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E
ROE	12%	11%	13%	9%	10%	12%	13%	12%
ROCE	14%	14%	13%	10%	10%	12%	15%	14%
Asset Turnover	0.79	0.70	0.73	0.63	0.58	0.62	0.72	0.78
Debtor Days	32	44	103	74	83	128	122	120
Inv Days	113	105	86	4	16	22	15	15
Payable Days	72	95	114	90	103	88	85	85
Int Coverage	4	5	3	3	4	5	5	4
P/E	11	8	16	21	17	17	21	12
Price / Book Value	1	1	2	2	2	2	3	2
EV/EBITDA	5	6	12	13	15	16	14	7
FCF per Share	71	19	(6)	(20)	21	19	(2)	6
Div Yield	2.1%	2.0%	0.9%	1.3%	0.4%	0.6%	0.0%	1.0%

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