

August 4, 2010

ACCUMULATE

HIGH RISK

PRICE Rs. 153

TARGET Rs.184

## Real Estate

### EARLIER RECO

<b>BUY</b>	
Price	128
Target	165
Date	2 <sup>nd</sup> June, 2010

### SHARE HOLDING (%)

Promoters	68.3
FII	0.8
FI	0.0
Body Corporates	7.3
Public & Others	23.7

### STOCK DATA

<b>Reuters Code</b>	<b>AHFN.BO</b>	
<b>Bloomberg Code</b>	<b>ASFI IN</b>	
<b>BSE Code</b>	<b>523716</b>	
<b>NSE Symbol</b>	<b>-</b>	
<b>Market Capitalization*</b>	<b>Rs.2765.1 mn US\$ 58.8 mn</b>	
<b>Shares Outstanding*</b>	<b>18.1 mn</b>	
<b>52 Weeks (H/L)</b>	<b>Rs. 156 / 47</b>	
<b>Avg. Daily Volume (6m)</b>	<b>35247 Shares</b>	
<b>Price Performance (%)</b>		
<b>1M</b>	<b>3M</b>	<b>6M</b>
<b>6</b>	<b>21</b>	<b>48</b>

200 Days EMA: Rs.116

\*On fully diluted equity shares



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Ashiana Housing has come out with good set of numbers for Q1FY11, with Revenue growth of 44.7% YoY and PAT growth of 31.6% YoY. Key points pertaining to results are summarized below:

### Key Highlights of Q1FY11

- During the quarter ended Q1FY11, Ashiana Housing's Revenue is up by 44.7% YoY to Rs.400.9 Mn on account of higher area booking and marginal increase in sales price on a YoY basis.
- The company's Area booked increased by 176% YoY and 29% QoQ to 3.26 LSF. Higher booking was mainly contributed by the company's newly launched project Rangoli Gardens at Jaipur. Area booked in Rangoli Gardens has increased by a whopping 200% QoQ to 1.2LSF. Thus supporting the company's goal of achieving higher sales number by concentrating on higher sales volumes.
- The company's Realization for the quarter has increased by 8% on a YoY basis to Rs.2198/SF.
- Ashiana's Operating Profit is up by 24.7% YoY to Rs.121.5 Mn. Its Operating Profit Margin is down by 490bps YoY to 30.3%. The raw material cost as percentage of sales increased by 390 bps to Rs.217.4 Mn thereby impacting the profit at operating level.
- It's Net Profit is up by 31.6% YoY to Rs.117.1 Mn in Q1FY11. The Net Profit Margin decreased by 290 bps YoY to 29.2%. Relatively lower fall in the Net Profit was mainly because of higher share of profit from partnership firms.
- Share of profit from partnership firms has increased by 43% YoY to Rs.16.5Mn.

### Other Key Developments

- Equivalent Area Constructed during the quarter is at 2.4LSF down 4% YoY.
- The company's total saleable area stands at 7.1MSF, with area launched at 3.4MSF and area booked at 2MSF (58% of launched area).
- **Management Guidance:** With huge potential of Retirement Resorts, improved market conditions and larger bandwidth available with Ashiana, its bookings are expected to attain the mark of 12 LSF in FY11 from current 7.04 LSF (FY10). While the EAC is likely to increase to 14 LSF from current 10.2 LSF (FY10).

### OUTLOOK & VALUATION

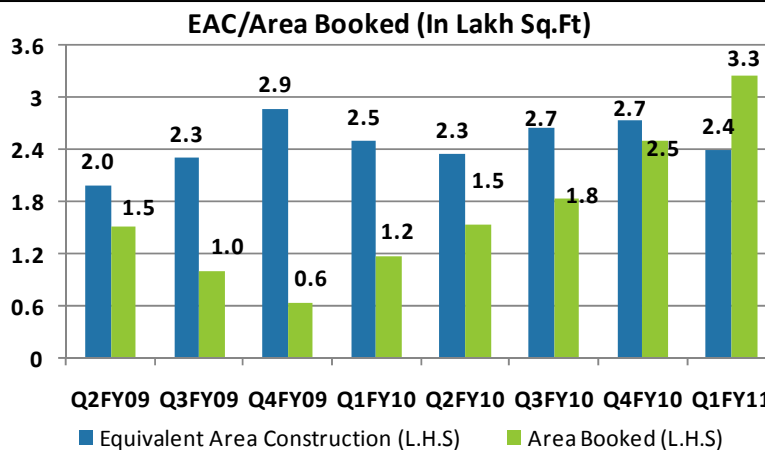
Ashiana Housing has reported good set of numbers for Q1FY11. The company has seen robust rise in area booking during this quarter which is up by 176% YoY and 29% QoQ to 3.26LSF. Most of this higher booking comes from Rangoli Gardens for which revenue is not recognized in the current quarter. Thus we believe that the company is likely to see higher share of profits from the partnership firms going ahead. Keeping in mind the ongoing projects saleable area of 7.1MSF, EAC target of 14LSF and area booking target of 12LSF for FY11 coupled with impressive past performance we believe that the company is likely to grow at a CAGR of 30% for the next two years. We therefore revise our target price upwards to Rs.184 from Rs.165, with an ACCUMULATE recommendation.

### KEY FINANCIALS

Y/E Mar.	Revenue (Rs mn)	RPAT (Rs mn)	EPS (Rs)	EPS (% Ch.)	P/E (x)	ROCE (%)	ROE (%)	P/BV (x)
FY09	906.7	284.0	15.7	-26.6	9.7	32.7	34.6	2.9
FY10	1125.5	367.7	20.3	29.5	7.5	31.1	32.5	2.1
<b>FY11E</b>	<b>1506.5</b>	<b>494.2</b>	<b>27.3</b>	<b>34.4</b>	<b>5.6</b>	<b>30.5</b>	<b>32.2</b>	<b>1.6</b>
<b>FY12E</b>	<b>2079.2</b>	<b>709.3</b>	<b>39.2</b>	<b>43.5</b>	<b>3.9</b>	<b>32.3</b>	<b>33.5</b>	<b>1.1</b>

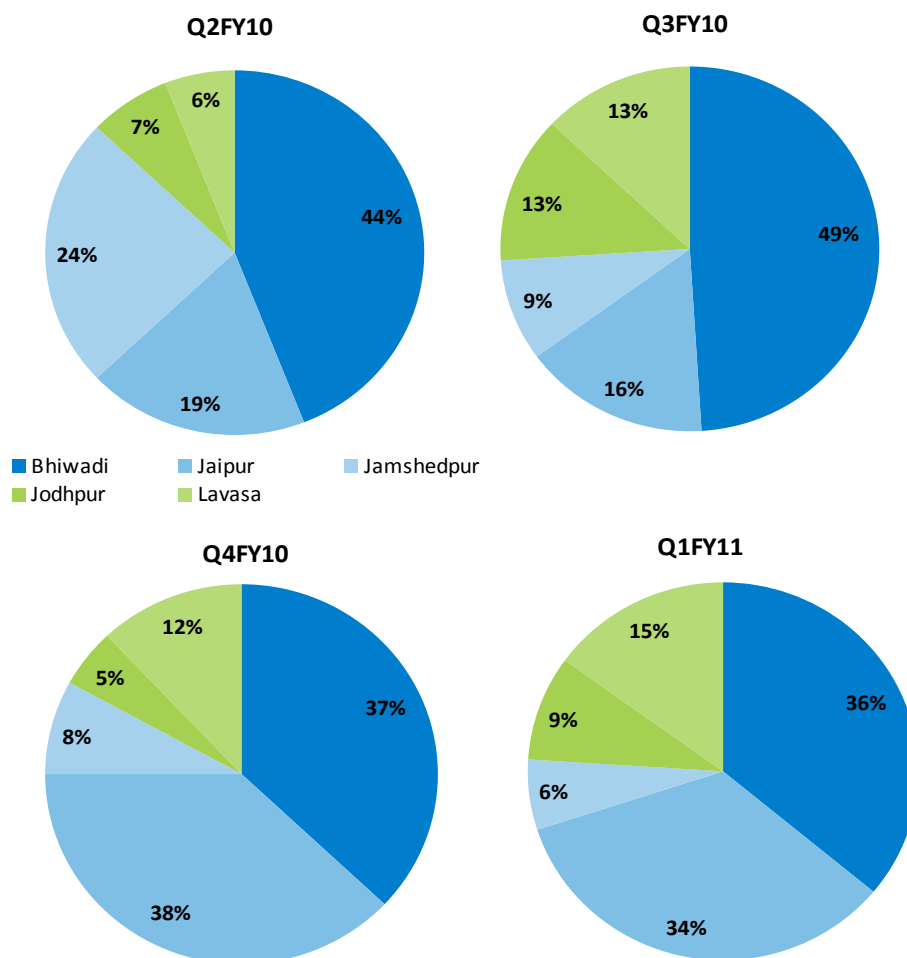
**Key Highlights**

- The company has seen a steady rise in the area booked with the improving demand scenario. Area Booked during the quarter has increased by 176% YoY and 29% QoQ to 3.26 LSF. While the EAC has decreased by 4% YoY to 2.4 LSF.



Source: Company

- The company is expanding its reach by concentrating on areas beyond Bhiwadi. Its area booked at Bhiwadi has decreased from 44% in Q2FY10 to 36% in Q1FY11.



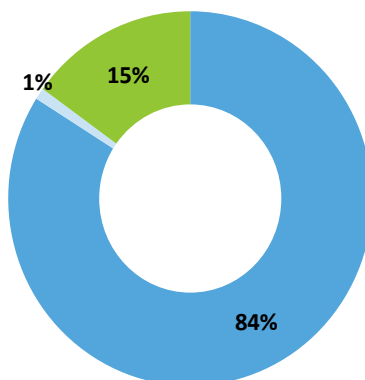
- The total saleable area of the ongoing projects is 7.1 MSF with area launched at 3.4MSF and area booked at 2MSF (58% of launched area).

Project Name	Location	Type	Salable Area (Lakh Sq.Ft)	Area Launched (Lakhs Sq.Ft)	Area Booked till date (Lakh Sq. Ft)	Area Booked QoQ (%)
Ashiana Angan	Bhiwadi	Group Housing	20.6	16.48	10.83	12%
Village Centre	Bhiwadi	Retail & Hotel	1.0	0	0	NA
Utsav	Jaipur	Retirement Resort	3.9	2.51	0.89	16%
Ashiana Greenwoods	Jaipur	Group Housing	3.6	3.62	2.03	11%
Ashiana Brahmananda	Jamshedpur	Group Housing	4.8	2.32	1.02	24%
Ashiana Amarbagh	Jodhpur	Group Housing	5.3	3.42	2.24	15%
Utsav	Lavasa (Pune)	Retirement Resort	6.9	2.87	1.6	43%
Rangoli Gardens	Jaipur	Group Housing	25.0	2.75	1.2	200%
<b>Total</b>			<b>71.11</b>	<b>33.97</b>	<b>19.81</b>	

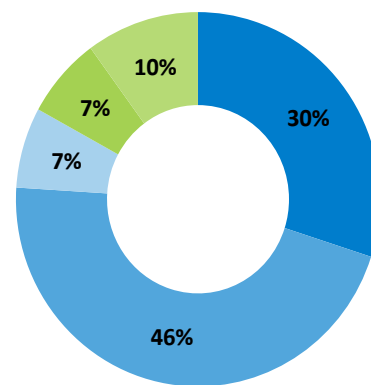
Source: Company, Sushil Finance

- Out of the total saleable area of 7.1 MSF, 30% is from Bhiwadi and 46% is from Jaipur.
- Group housing accounts for ~84% of the total saleable area followed by Retirement resorts accounting 15% and Retail & Hotel just 1%.

**Type of Project (%)**



**Geographically (%)**



■ Group Housing    ■ Retail & Hotel    ■ Bhiwadi    ■ Jaipur  
■ Retirement Resort    ■ Jamshedpur    ■ Jodhpur    ■ Lavasa

Source: Company

- The company is about to launch a new hotel and retail project over the next three months in Jamshedpur called Marine Plaza, with a saleable area of 1.7 LSF. This project is likely to be completed within next 3 years.
- The company has an estimated additional saleable area of 3.84 MSF including the project above (Marine Plaza-Jamshedpur), thus providing clear revenue visibility beyond the 7.1 MSF of ongoing projects.

## QUARTERLY STATEMENT

Rs.mn

Y/E March	Q1FY10	Q4FY10	Q1FY11
<b>Net Sales</b>	<b>276.9</b>	<b>376.0</b>	<b>400.9</b>
(%) Chg. YoY	30.3	114.5	44.7
Raw Material	139.4	156.4	217.4
Staff Cost	18.3	21.4	26.2
Other Expenditure	21.8	27.8	35.7
Total Expenditure	179.5	205.7	279.4
<b>PBIDT</b>	<b>97.4</b>	<b>170.3</b>	<b>121.5</b>
(%) Chg. YoY	60.6	6,656.4	24.7
(%) Margin	35.2	45.3	30.3
Interest	1.7	2.5	2.4
Depreciation	3.2	2.4	3.7
Other Income	15.3	24.9	27.7
PBT incl OI	107.8	190.3	143.0
Tax	18.9	37.1	25.9
(%) of PBT	17.5	19.5	18.1
<b>RPAT</b>	<b>89.0</b>	<b>153.2</b>	<b>117.1</b>
(%) Chg. YoY	39.9	851.4	31.6
(%) Margin	32.1	40.7	29.2

## PROFIT & LOSS STATEMENT

Rs.mn

Y/E March	FY09	FY10	FY11E	FY12E
<b>Net Sales</b>	<b>906.7</b>	<b>1125.5</b>	<b>1506.5</b>	<b>2079.2</b>
Raw material	-85.4	-67.2	75.3	104.0
Project Expenses	600.8	622.5	674.3	888.6
Staff Cost	74.1	80.0	117.5	155.9
<b>Total Expenditure</b>	<b>702.7</b>	<b>741.1</b>	<b>1052.4</b>	<b>1411.3</b>
<b>PBIDT</b>	<b>204.1</b>	<b>384.4</b>	<b>454.1</b>	<b>668.0</b>
Interest	0.0	10.5	10.8	11.0
Depreciation	14.9	15.0	22.6	27.0
Other Income	131.6	84.8	182.1	235.1
PBT incl OI	320.8	443.7	602.7	865.0
Tax	36.8	76.0	108.5	155.7
<b>RPAT</b>	<b>284.0</b>	<b>367.7</b>	<b>494.2</b>	<b>709.3</b>

## BALANCE SHEET STATEMENT

Rs.mn

As on 31 <sup>st</sup> March	FY09	FY10	FY11E	FY12E
Share Capital	180.8	180.8	180.8	180.8
Reserves & Surplus	782.0	1117.0	1590.1	2278.3
<b>Net Worth</b>	<b>962.8</b>	<b>1297.9</b>	<b>1771.0</b>	<b>2459.1</b>
Secured Loans	7.1	77.8	70.0	70.0
Unsecured Loans	4.0	0.6	8.0	8.0
<b>Total Loan funds</b>	<b>11.1</b>	<b>78.4</b>	<b>78.0</b>	<b>78.0</b>
Deferred Tax	5.3	11.5	5.7	6.0
<b>Capital Employed</b>	<b>1006.4</b>	<b>1413.0</b>	<b>1881.9</b>	<b>2570.3</b>
Net Block	281.3	291.0	308.4	351.4
Cap. WIP	51.9	130.5	160.5	179.7
Investments	406.8	498.5	560.8	560.8
Sundry Debtors	15.4	17.3	45.2	62.4
Cash & Bank Bal	130.1	160.6	274.1	575.5
Loans & Advances	187.7	187.5	215.3	381.8
Inventory	583.9	685.5	1054.5	1455.4
Curr Liab & Prov	656.1	563.4	741.2	1001.0
<b>Net Current Assets</b>	<b>261.0</b>	<b>487.4</b>	<b>847.9</b>	<b>1474.1</b>
<b>Total Assets</b>	<b>1006.4</b>	<b>1413.0</b>	<b>1881.9</b>	<b>2570.3</b>

## FINANCIAL RATIO STATEMENT

Y/E March	FY09	FY10	FY11E	FY12E
<b>Growth (%)</b>				
Net Sales	-28.2	24.1	33.8	38.0
EBITDA	-45.9	88.4	18.1	47.1
Adjusted Net Profit	-26.6	29.5	34.4	43.5
<b>Profitability (%)</b>				
EBIDTA Margin (%)	22.5	34.2	30.1	32.1
Net Profit Margin (%)	31.3	32.7	32.8	34.1
ROCE (%)	32.7	31.1	30.5	32.3
ROE (%)	34.6	32.5	32.2	33.5
<b>Per Share Data (Rs.)</b>				
EPS (Rs.)	15.7	20.3	27.3	39.2
CEPS (Rs.)	16.5	21.2	28.6	40.7
BVPS (Rs)	53.2	71.8	97.9	136.0
<b>Valuation</b>				
PER (x)	9.7	7.5	5.6	3.9
PEG (x)	-	0.3	0.2	0.1
P/BV (x)	2.9	2.1	1.6	1.1
EV/EBITDA (x)	13.0	7.0	5.7	3.4
EV/Net Sales (x)	2.9	2.4	1.7	1.1
<b>Turnover</b>				
Debtor Days	6.2	5.6	11.0	11.0
Creditor Days	25.4	13.2	25.6	25.6
<b>Gearing Ratio</b>				
D/E	0.0	0.1	0.0	0.0

Source : Company, Sushil Finance Research Estimates

## Rating Scale

This is a guide to the rating system used by our Equity Research Team. Our rating system comprises of six rating categories, with a corresponding risk rating.

### Risk Rating

Risk Description	Predictability of Earnings / Dividends; Price Volatility
Low Risk	High predictability / Low volatility
Medium Risk	Moderate predictability / volatility
High Risk	Low predictability / High volatility

### Total Expected Return Matrix

Rating	Low Risk	Medium Risk	High Risk
Buy	Over 15 %	Over 20%	Over 25%
Accumulate	10 % to 15 %	15% to 20%	20% to 25%
Hold	0% to 10 %	0% to 15%	0% to 20%
Sell	Negative Returns	Negative Returns	Negative Returns
Neutral	Not Applicable	Not Applicable	Not Applicable
Not Rated	Not Applicable	Not Applicable	Not Applicable

#### Please Note

- Recommendations with "Neutral" Rating imply reversal of our earlier opinion (i.e. Book Profits / Losses).
- \*\* Indicates that the stock is illiquid With a view to combat the higher acquisition cost for illiquid stocks, we have enhanced our return criteria for such stocks by five percentage points.

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