

November 03, 2010
HOLD
HIGH RISK
PRICE Rs. 165
TARGET Rs.183

REAL ESTATE

EARLIER RECO

HOLD	
Price	152.9
Target	183
Date	Aug 4 th , 2010

SHARE HOLDING (%)

Promoters	67.4
FII	1.1
FI	0
Body Corporates	7.0
Public & Others	24.5

STOCK DATA

Reuters Code	AHFN.BO	
Bloomberg Code	ASFI IN	
BSE Code	523716	
NSE Symbol	-	
Market Capitalization*	Rs.2994.8 mn US\$ 66.6 mn	
Shares Outstanding*	18.1 mn	
52 Weeks (H/L)	Rs.191/78	
Avg. Daily Volume (6m)	25,449 Shares	
Price Performance (%)		
1M	3M	6M
(3)	8	26
200 Days EMA: Rs. 142		

*On fully diluted equity shares

 Part of  **Bonanza**


ANALYST

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Ashiana Housing has come out with decent set of numbers for Q2FY11, with Revenue growth of 9.7% YoY and PAT growth of 18.9% YoY. Key points pertaining to results are summarized below:

Key Highlights of Q2FY11

- During the quarter ended Q2FY11, Ashiana Housing's Revenue is up by 9.7% YoY to Rs.254.7 Mn. Moderate growth during the quarter was mainly because of extended monsoon this year compared to short monsoon in the same period last year, resulting into lower construction days. As substantial number of booking during the quarter was in those phases where the threshold of revenue recognition has not been surpassed, Revenue and PAT have declined QoQ, even though area booked has increased QoQ.
- Its Area booked increased by 121% YoY and 4.3% QoQ to 3.4 LSF. Higher booking was mainly contributed by the company's newly launched project Rangoli Gardens. Area booked in Rangoli Gardens has increased by a whopping 50% QoQ to 1.8LSF. 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 decreased by 5.4% on a YoY basis to Rs.2050/SF due to change in sales mix.
- Ashiana's Operating Profit is down by 9.7% YoY to Rs.58.5 Mn. Its Operating Profit Margin is down by 490bps YoY to 23%. The raw material cost as percentage of sales increased by 240 bps to Rs.139.6 Mn thereby impacting the profit at operating level.
- Its Net Profit is up by 18.9% YoY to Rs.79.5 Mn in Q2FY11. It's Net Profit Margin increased by 240 bps YoY to 31.2%. Increase in the Net Profit was mainly because of higher share of profit from partnership firms.
- Share of profit from partnership firms has increased by 285% YoY to Rs.29.7Mn.

Other Key Developments

- Equivalent Area Constructed during the quarter is flat at 2.4LSF.
- The company's total saleable area stands at 7.1MSF, with area launched at 3.6MSF and total area booked at 2.3MSF (65.2% 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 12.5 LSF in FY11 from current 7.04 LSF (FY10). While the EAC is likely to increase to 13 LSF from current 10.2 LSF (FY10).

OUTLOOK & VALUATION

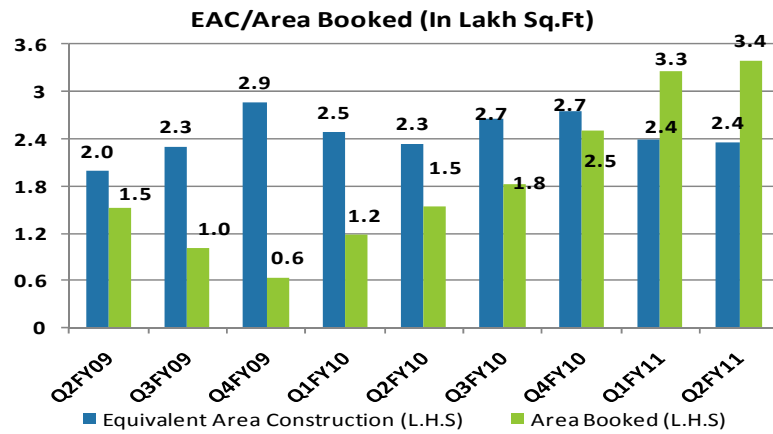
Ashiana Housing has reported decent set of numbers for Q2FY11. The company has seen robust rise in area booking during this quarter which is up by 121% YoY to 3.4LSF. Most of this higher booking comes from Rangoli Gardens for which revenue is not recognized in the current quarter. Thus we believe that 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 13LSF and area booking target of 12.5LSF 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 maintain our HOLD rating on the stock with a price target of Rs.183.

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	10.5	32.7	34.6	3.1
FY10	1125.5	367.7	20.3	29.5	8.1	31.1	32.5	2.3
FY11E	1506.5	494.2	27.3	34.4	6.1	30.5	32.2	1.7
FY12E	2079.2	709.3	39.2	43.5	4.2	32.3	33.5	1.2

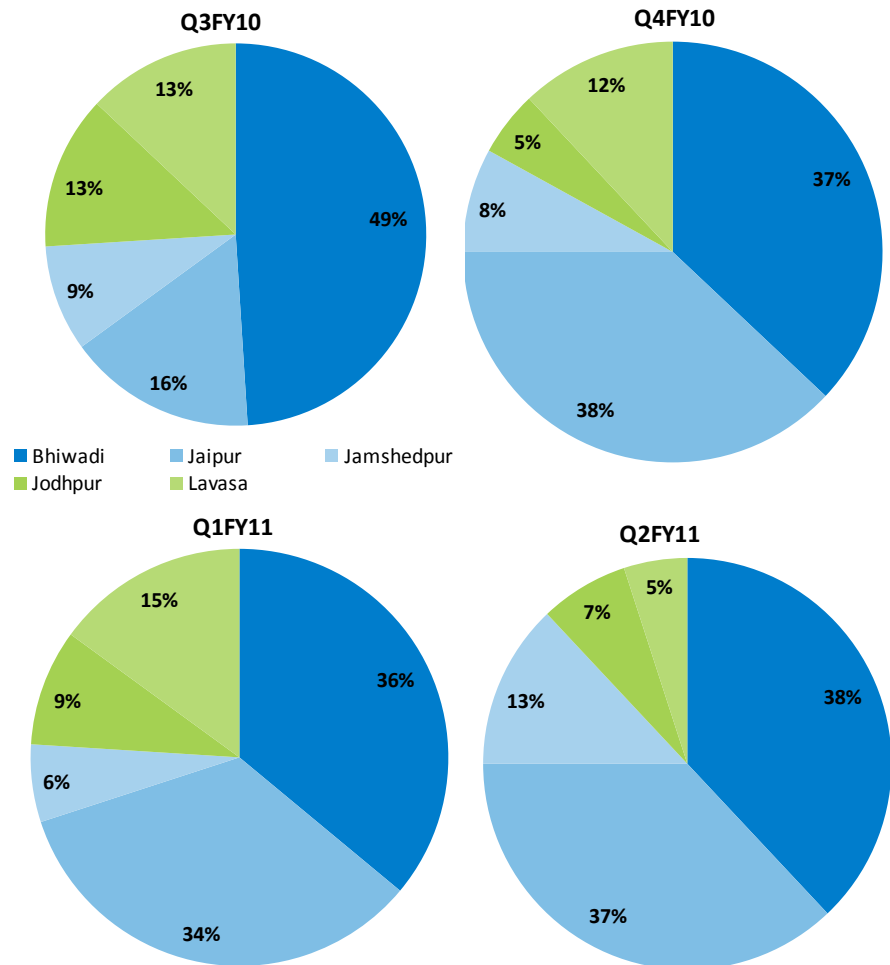
Key Highlights

- The company has seen a steady rise in the area booked with the improving demand scenario. Area Booked during the quarter has increased by 121% YoY and 4.3% QoQ to 3.4LSF. While the EAC was flat at 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 38% in Q2FY11.



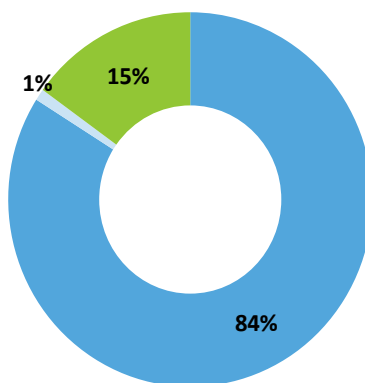
- The company's total saleable area stands at 7.1MSF, with area launched at 3.6MSF and area booked at 2.3MSF (65.2% of launched area).

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	16.5	12.1	11%
Village Centre	Bhiwadi	Retail & Hotel	1.0	0.0	0.0	
Utsav	Jaipur	Retirement Resort	3.9	2.5	1.1	20%
Ashiana Greenwoods	Jaipur	Group Housing	3.6	3.6	2.5	23%
Ashiana Brahmananda	Jamshedpur	Group Housing	4.8	2.3	1.5	43%
Ashiana Amarbagh	Jodhpur	Group Housing	5.3	3.4	2.5	12%
Utsav	Lavasa (Pune)	Retirement Resort	6.9	2.9	1.8	12%
Rangoli Gardens	Jaipur	Group Housing	25.0	4.3	1.8	50%
Total			71.11	35.6	23.2	

Source: Company, Sushil Finance

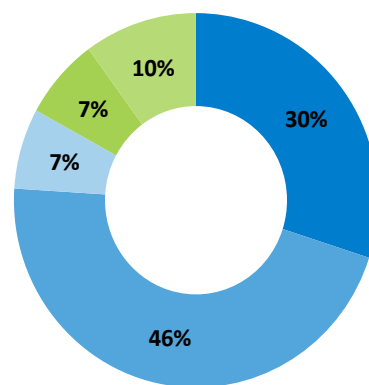
- Out of the total saleable area of 7.1 MSF, 30% is from Bhiwadi and 46% is from Jaipur.
- Group housing accounts for ~84% of the total saleable area followed by Retirement resorts accounting 15% and Retail & Hotel just 1%.

Type of Project (%)



■ Group Housing ■ Retail & Hotel
■ Retirement Resort

Geographically (%)



■ Bhiwadi ■ Jaipur
■ 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	Q2FY10	Q1FY11	Q2FY11
Net Sales	232.2	400.9	254.7
(%) Chg. YoY	-18.8	44.7	9.7
Raw Material	121.7	217.4	139.6
Staff Cost	18.7	26.2	26.0
Other Expenditure	26.9	35.7	30.6
Total Expenditure	167.3	279.4	196.2
PBIDT	64.8	121.5	58.5
(%) Chg. YoY	-19.6	24.7	-9.7
(%) Margin	27.9	30.3	23.0
Interest	3.4	2.4	1.8
Depreciation	5.2	3.7	4.6
Other Income	12.8	27.7	39.4
PBT incl OI	69.0	143.0	91.5
Tax	9.9	25.9	12.0
(%) of PBT	14.3	18.1	13.1
RPAT	66.9	117.1	79.5
(%) Chg. YoY	-31.0	31.6	18.9
(%) Margin	28.8	29.2	31.2

PROFIT & LOSS STATEMENT

Rs.mn

Y/E March	FY09	FY10	FY11E	FY12E
Net Sales	906.7	1125.5	1506.5	2079.2
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
Total Expenditure	702.7	741.1	1052.4	1411.3
PBIDT	204.1	384.4	454.1	668.0
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
RPAT	284.0	367.7	494.2	709.3

BALANCE SHEET STATEMENT

Rs.mn

As on 31 st 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
Net Worth	962.8	1297.9	1771.0	2459.1
Secured Loans	7.1	77.8	70.0	70.0
Unsecured Loans	4.0	0.6	8.0	8.0
Total Loan funds	11.1	78.4	78.0	78.0
Deferred Tax	5.3	11.5	5.7	6.0
Capital Employed	1006.4	1413.0	1881.9	2570.3
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
Net Current Assets	261.0	487.4	847.9	1474.1
Total Assets	1006.4	1413.0	1881.9	2570.3

FINANCIAL RATIO STATEMENT

Y/E March	FY09	FY10	FY11E	FY12E
Growth (%)				
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
Profitability (%)				
EBITDA 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
Per Share Data (Rs.)				
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
Valuation				
PER (x)	10.5	8.1	6.1	4.2
PEG (x)	-	0.3	0.2	0.1
P/BV (x)	3.1	2.3	1.7	1.2
EV/EBITDA (x)	14.1	7.6	6.2	3.7
EV/Net Sales (x)	3.2	2.6	1.9	1.2
Turnover				
Debtor Days	6.2	5.6	11.0	11.0
Creditor Days	25.4	13.2	25.6	25.6
Gearing Ratio				
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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