



INDEPENDENT EQUITY RESEARCH

Ashiana Housing Ltd

Q4FY11 First Cut

Enhancing investment decisions

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade) The fundamental grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals) The valuation grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Fundamental Grade	Assessment	CRISIL Valuation Grade	Assessment
5/5	Excellent fundamentals	5/5	Strong upside (>25% from CMP)
4/5	Superior fundamentals	4/5	Upside (10-25% from CMP)
3/5	Good fundamentals	3/5	Align (+-10% from CMP)
2/5	Moderate fundamentals	2/5	Downside (- 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

Analyst Disclosure

Each member of the team involved in the preparation of the grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.

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Ashiana Housing Ltd

Q4FY11 first cut – Growth on track

Fundamental Grade 3/5 (Good fundamentals)
Valuation Grade 5/5 (CMP has strong upside)

Industry Real Estate Management & Development

Ashiana Housing Ltd's (Ashiana's) Q4FY11 results were broadly in line with CRISIL Equities' expectations. While revenues were slightly below our estimates due to lower than expected bookings in Lavasa (Pune) margins exceeded expectations on higher realisations. We remain positive on Ashiana given its strong business model with low leverage, which enables it to withstand a cyclical downturn and hold on to prices. We may revisit our estimates post interaction with the management. We maintain our fundamental grade of **3/5**.

Q4FY11 result analysis

- Ashiana's Q4FY11 revenues grew by 37% y-o-y (up 106% q-o-q) to Rs 528 mn supported by increase in bookings in key projects such as Ashiana Aangan, Ashiana Greenwoods and Rangoli Gardens. Revenues for FY11 grew 27.3% y-o-y to Rs 1,485 mn.
- EBITDA margin declined by 504 bps y-o-y (+884 bps q-o-q) to 41.6% in Q4FY11 mainly due to lower contribution from Lavasa (Pune), which is a high-margin project. EBITDA margins for FY11 declined marginally by 88 bps to 35.6%
- Decline in the EBITDA margin led to a comparatively lower y-o-y PAT growth of 10.7% in Q4FY11. PAT margins, too declined 763 bps y-o-y to 32.1% in Q4FY11. PAT for FY11 grew 19.3% y-o-y to Rs 439 mn.

Valuations: Current market price has strong upside

We continue to use the net asset value method to value Ashiana and arrive at a fair value of Rs 220 per share. Given the current market price, we retain the valuation grade of **5/5**. We may revisit our estimates and fair value after interaction with the management.

KEY FORECAST

(Rsmn)	FY09	FY10	FY11#	FY12E	FY13E
Operating income	918	1,139	1,485	2,068	2,324
EBITDA	222	398	529	756	828
AdjPAT	286	363	439	576	601
AdjEPS-Rs	15.8	20.1	23.6	31.9	33.2
EPS growth(%)	(26.8)	29.5	15.9	31.1	4.3
RoCE(%)	-	1.5	1.5	2.1	2.2
RoE(%)	24.7	32.6	32.2	36.7	31.8
P/E(x)	34.9	32.1	28.8	29.4	24.1
P/BV(x)	7.6	6.0	5.1	3.6	3.5
EV/EBITDA(x)	2.3	1.7	1.3	0.9	0.8

NM: Not meaningful; CMP: Current Market Price
#FY11 numbers based on the abridged financials

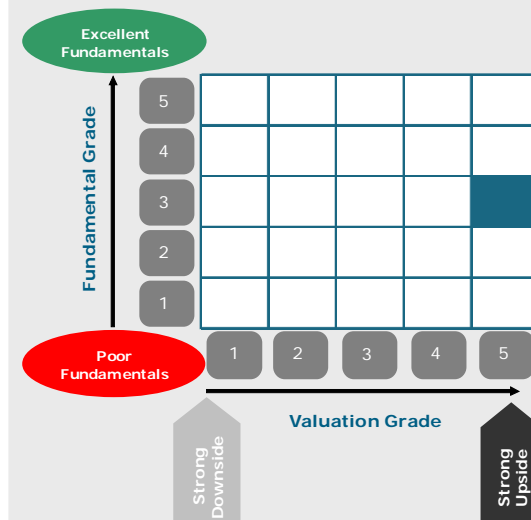
Source: Company, CRISIL Equities estimate



May 26, 2011

Fair Value Rs 220
CMP Rs 121

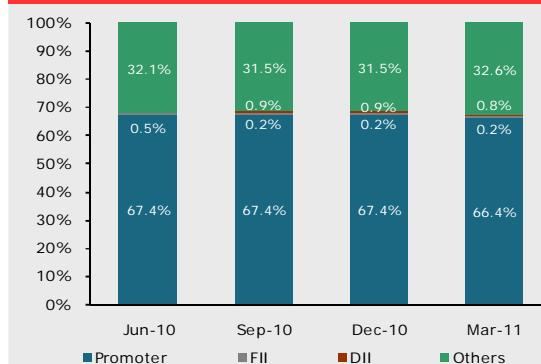
CFV MATRIX



KEY STOCK STATISTICS

NIFTY / SENSEX	5412/18045
BSE ticker	ASHIHOU
Face value (Rs per share)	10
Shares outstanding (mn)	18.1
Market cap (Rs mn)/(US\$ mn)	2,188 / 48.3
Enterprise value (Rs mn) /(US\$ mn)	1,818 / 40.1
52-week range (Rs) (H/L)	192 / 110
Beta	1.57
Free float (%)	33.7%
Avg daily volumes (30-days)	4,485.6
Avg daily value (30-days) (Rs mn)	0.5

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
ASHIANA	-53%	-50%	-59%	-48%
NIFTY	-8%	2%	-6%	10%

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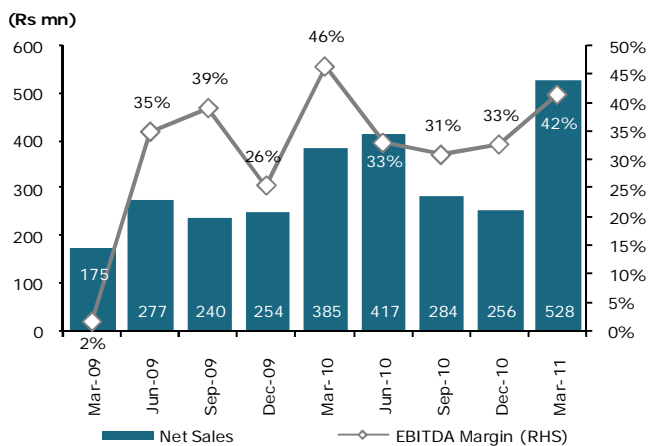
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Q4FY11 Result Summary

(Rs mn)	Q4FY11	Q3FY11	Q4FY10	q-o-q (%)	y-o-y (%)	FY11	FY10	y-o-y (%)
Net sales	528	256	385	106.1	37.0	1,485	1,167	27.3
Raw materials cost	238	114	156	108.0	52.2	710	555	27.8
Raw materials cost (% of net sales)	45%	45%	41%	42bps	452bps	48%	48%	20bps
Employees cost	42	23	21	87.7	97.0	117	80	46.3
Other expenses	28	35	28	(20.7)	0.6	130	106	22.5
EBITDA	219	84	179	161.8	22.2	529	426	24.2
EBITDA margin	41.6%	32.7%	46.6%	884bps	-504bps	35.6%	36.5%	-88bps
Depreciation	6	6	2	0.6	147.5	20	15	34.6
EBIT	213.3	77.8	177.1	174.0	20.5	509.0	411.2	23.8
Interest and finance charges	1	1	3	(26.4)	(60.5)	7	11	(37.4)
Operating PBT	212	76	175	177.6	21.6	502	401	25.4
Other Income	27	8	16	252.4	73.1	56	43	29.8
PBT	239	84	190	184.5	25.9	558	444	25.8
Tax	70	12	37	492.0	88.5	120	76	57.5
PAT	170	72	153	134.3	10.7	439	368	19.3
Adj PAT	170	72	153	134.3	10.7	439	368	19.3
Adj PAT margin	32.1%	28.3%	39.8%	387bps	-763bps	29.5%	31.5%	-197bps
No of equity shares (Mn)	18.6	18.4	18.1	1.1	2.9	18.6	18.1	2.9
Adj EPS (Rs)	9.1	3.9	8.5	131.8	7.6	23.6	20.3	15.9

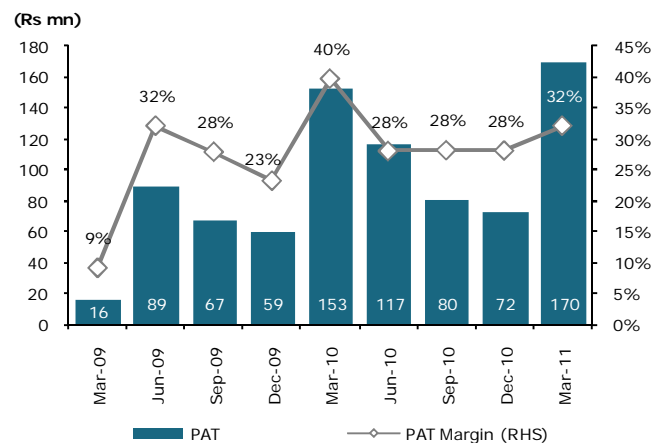
Source: Company, CRISIL Equities

Strong revenue growth in Q4



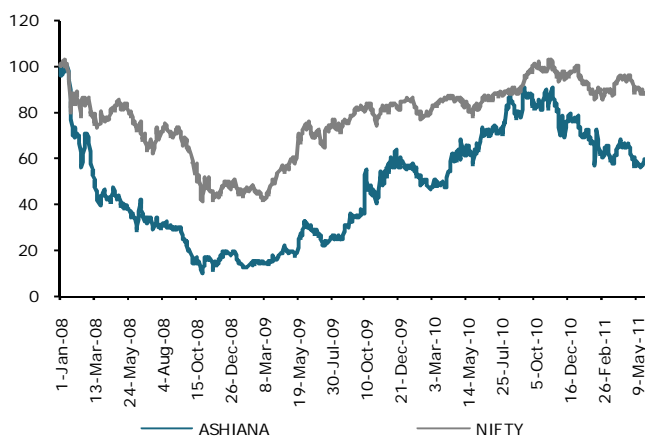
Source: Company, CRISIL Equities

Q4 PAT margins increased 387 bps q-o-q



Source: Company, CRISIL Equities

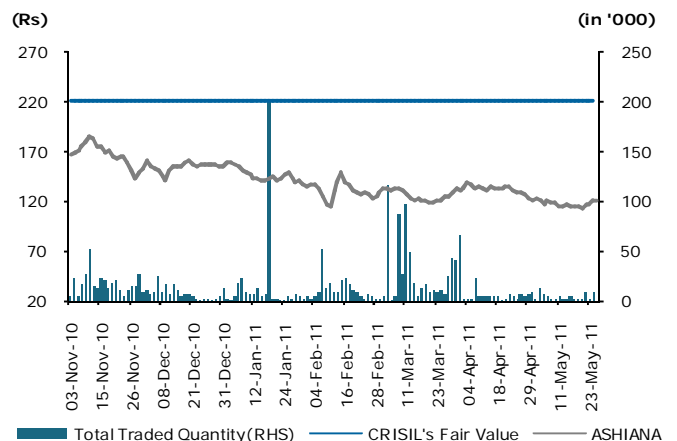
Share price movement



-indexed to 100

Source: Company, CRISIL Equities

Fair value movement since initiation



Source: BSE, CRISIL Equities

FINANCIALS

Income statement				Balance Sheet					
(Rs mn)	FY09	FY10	FY11#	(Rs mn)	FY09	FY10	FY11#		
Operating income	918	1,139	1,485	Liabilities					
EBITDA	222	398	529	Equity share capital	181	181	186		
EBITDA margin	24.2%	34.9%	35.6%	Reserves	782	1,117	1,563		
Depreciation	15	15	20	Minorities	-	-	0.3		
EBIT	207	383	509	Net worth	963	1,298	1,750		
Interest	2	11	7	Convertible debt	-	-	-		
Operating PBT	205	373	502	Other debt	12	80	31		
Other income	80	25	56	Total debt	12	80	31		
Exceptional inc/(exp)	(2)	5	-	Deferred tax liability (net)	5	11	32		
PBT	283	402	558	Total liabilities	980	1,389	1,813		
Tax provision	37	76	120	Assets					
Minority interest	37.56	42	-	Net fixed assets	281	290	420		
PAT (Reported)	209	284	439	Capital WIP	56	136	-		
Less: Exceptionals	(2)	5	-	Total fixed assets	338	426	420		
Adjusted PAT	211	279	439	Investments	407	499	748		
				Current assets					
				Inventory	584	685	751		
				Sundry debtors	15	17	29		
				Loans and advances	106	51	142		
				Cash & bank balance	130	161	401		
				Marketable securities	-	-	-		
				Total current assets	835	914	1,323		
				Total current liabilities	601	451	678		
				Net current assets	235	463	645		
				Intangibles/Misc. expenditure	1	1	-		
				Total assets	980	1,389	1,813		
				Cash flow					
				(Rs mn)	FY09	FY10	FY11#		
				Pre-tax profit	285	397	558		
				Total tax paid	(34)	(70)	(99)		
				Depreciation	15	15	20		
				Working capital changes	(215)	(198)	59		
				Net cash from operations	51	144	539		
				Cash from investments					
				Capital expenditure	(71)	(104)	(13)		
				Investments and others	50	(92)	(250)		
				Net cash from investments	(21)	(195)	(263)		
				Cash from financing					
				Equity raised/(repaid)	-	-	(9)		
				Debt raised/(repaid)	(14)	68	(49)		
				Dividend (incl. tax)	-	(33)	(39)		
				Others (incl extraordinary)	(39)	(37)	62		
				Net cash from financing	(52)	(2)	(35)		
				Change in cash position	(23)	(53)	240		
				Closing cash	130	161	401		
				Quarterly financials					
				(Rs mn)	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11
				Operating income	385	417	284	256	528
				Change (q-o-q)	-69%	8%	-32%	-10%	106%
				EBITDA	179	138	88	84	219
				Change (q-o-q)	27%	-23%	-36%	-5%	161%
				EBITDA margin	46.5%	33.1%	31.0%	32.8%	41.6%
				PAT	153	117	80	72	170
				Adj PAT	153	117	80	72	170
				Change (q-o-q)	226%	-24%	-32%	-10%	136%
				Adj PAT margin	39.7%	28.0%	28.2%	28.1%	32.1%
				Adj EPS	8.5	6.4	4.3	3.9	9.1

#FY11 numbers based on the abridged financials

Source: Company, CRISIL Equities estimate

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