CRISIL IER IndependentEquityResearch

Ashiana Housing Ltd

Detailed Report

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 (negative 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

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Last updated: April 30, 2012

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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

Long-term prospects intact, drag in the short term

Fundamental Grade	**4/5 (Superior fundamentals)**
Valuation Grade	**4/5 (CMP has upside)**
Industry	**Real Estate Management & Development**

December 17, 2012

Fair Value	**₹256**
CMP	**₹214**

Ashiana Housing Ltd (Ashiana) continues to be a prominent real estate player. Focus on quality projects at a reasonable price and track record of timely completion of projects have strengthened its brand equity. It has a strong pipeline of projects (9.6 mn sq ft) but most of these projects are awaiting land conversion approvals. As a result, bookings and construction are delayed. More-than-anticipated delay in approvals could affect Ashiana's future prospects. However, with the new launches expected by FY13-end, we expect bookings to revive in FY14. We maintain our fundamental grade of **4/5**.

Positive on long-term prospects

Limited land bank, focus on residential projects and presence in tier II/III cities have resulted in efficient capital management and a strong balance sheet. We remain positive on Ashiana's long-term prospects given its emphasis on quality offerings at a reasonable price and track record of timely completion of products. Owing to this, Ashiana enjoys strong brand equity, reflected in premium pricing of 5-10% compared to competition.

Strong pipeline but approvals are a hurdle; shift in capital allocation strategy a positive

Ashiana has a pipeline of 9.6 mn sq ft of projects but most of them are awaiting land conversion approvals. Nearly 7.8 mn sq ft of projects are in Rajasthan, where the land conversion process has been at a standstill for the past one year. Due to approval hurdles, it has devised a new capital allocation strategy where payments for the land are subject to receipt of approvals. Hence, it will have limited liability in case of further delays in approvals.

Bookings and construction to remain under pressure in FY13, to pick up in FY14

Given the approval hurdles, there is limited visibility on new project launches in H2FY13. As a result, bookings and construction are likely to remain under pressure. We expect bookings of 0.8 mn sq ft in H2FY13, marginally above H1FY13 levels, and construction of 1.1 mn sq ft in FY13 compared to 1.5 mn sq ft in FY12. With the likely approval of building plans for 1.1 mn sq ft project in Jaipur (Gulmohar Gardens), 0.42 mn sq ft in Jamshedpur (Anantara) and 0.4 mn sq ft in Neemrana in H2FY13, we expect bookings to pick up in FY14.

Gearing up for the next level of growth

Construction picked up from 0.5 mn sq ft in FY07 to 1.5 mn sq ft in FY12. Bookings also jumped to 1.8 mn sq ft from 0.4 mn sq ft during the same period. We believe Ashiana's business model is scalable and the management is taking the steps in the right direction. With a cash balance of ₹1,050 mn, it is comfortably placed to acquire another 50-60 acres of land; the company plans to expand in southern and western India. It is also ramping up the second line of management to prepare for the next level of growth.

Shift in accounting methodology to impact P&L; cash flows remain strong

Due to a change in the accounting methodology to possession based from percentage completion, revenues and PAT are expected to decline over the next two years but will pick-up in FY15. Operating cash flows are expected at ₹0.7 bn p.a. in the next three years.

Valuations – current market price has upside

We continue to use the net asset value method to value Ashiana. We have rolled forward our projections to FY15. Factoring in cash flows from three new projects – Gulmohar Gardens (Jaipur), Anantara (Jamshedpur) and Neemrana - we raise our fair value to ₹256 per share from ₹205. At the current market price, the valuation grade is **4/5**.

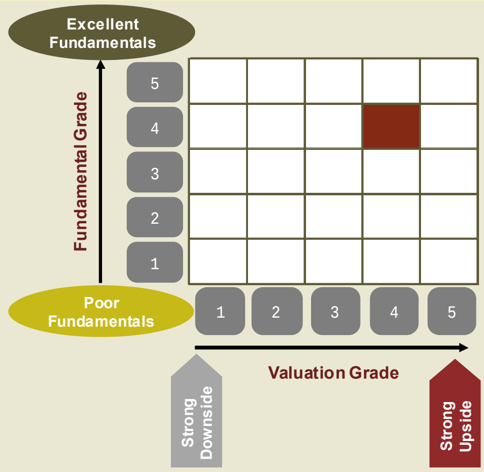
KEY FORECAST-CONSOLIDATED

(₹ mn)	FY11	FY12	FY13E	FY14E	FY15E
Operating income	1,396	2,417	1,399	1,478	3,153
EBITDA	441	826	542	558	1,190
Adj Net income	429	696	432	478	989
Adj EPS-₹	23.1	37.4	23.2	25.7	53.2
EPS growth (%)	15.0	62.0	(37.8)	10.6	106.8
Dividend Yield (%)	0.8	1.1	1.1	1.2	2.5
RoCE (%)	26.9	36.7	18.6	17.2	31.6
RoE (%)	28.2	33.5	16.7	15.9	26.9
PE (x)	9.3	5.7	9.2	8.3	4.0
P/BV (x)	2.3	1.7	1.4	1.2	1.0
EV/EBITDA (x)	8.0	4.1	5.0	3.6	1.1

NM: Not meaningful; CMP: Current market price

Source: Company, CRISIL Research estimates

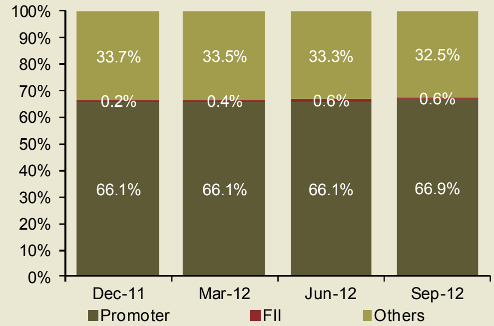
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	5880/19317
NSE/BSE ticker	ASHIANA/ASHIHOU
Face value (₹ per share)	10
Shares outstanding (mn)	18.6
Market cap (₹ mn)/(US$ mn)	3,987/73
Enterprise value (₹ mn)	2,972/57
52-week range (₹) (H/L)	3,107/128
Beta	1.4
Free float (%)	33.1%
Avg daily volumes (30-days)	10,139
Avg daily value (30-days) (₹ mn)	1.9

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Ashiana	29%	30%	25%	53%
NIFTY	4%	5%	16%	23%

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Table 1: Ashiana - Business environment

Parameter	Real estate - development of residential and active senior living housing projects
Product / service offering	■ Mid-income residential projects ■ Active senior living (retirement) housing projects
Geographic presence	■ Present mainly in and around Rajasthan (80% of the future saleable area). Two ongoing projects in Lavasa (Pune) and Jamshedpur (Jharkhand) ■ Diversified into newer markets such as Kolkata (West Bengal) and Halol (Gujarat) in FY12. Also eyeing to enter western and southern India
Market position	■ A mid-sized real estate developer with focus on Rajasthan. Currently, it has a strong footing in Bhiwadi and Jaipur. It is the first organised developer to launch a residential project in tier II cities such as Bhiwadi and Neemrana (Rajasthan), Jamshedpur (Jharkhand) and Patna (Bihar) ■ Created strong brand through timely delivery and quality construction of mid-income housing projects
Industry growth expectations	■ Demand for housing in major cities of India is expected to be 2.1 mn units over the next five years, of which more than 50% is expected in the mid-income income housing segment
Sales growth (FY09-FY12 – 3-yr CAGR)	38%
Average EBITDA margins (FY09-12)	31.3%
Earnings growth (FY09-FY12 – 3-yr CAGR)	34%
Sales forecast (FY12-FY15 – 3-yr CAGR)	9.3% (due to shift in accounting methodology, revenue recognition will be lower than FY12 for the next two years)
Average EBITDA margins (FY12-15)	38.1% (margin to improve due to increasing contribution from high-margin projects)
Earnings growth (FY12-FY15 – 3-yr CAGR)	12.5% (decline in revenues to impact earnings for next two years). However, cash flows are expected to remain strong for the next three years
Demand drivers	■ Many IT companies have expanded to tier II/III cities in the past three years due to lower cost of operations. Also, the growing presence of manufacturing companies, rise in infrastructure projects and proliferation of service industries in these cities are expected to fuel GDP growth. This along with rising disposable income is expected to increase demand for mid-income housing projects ■ Urbanisation in India increased from 25% in 1991 to 30% in 2010 and is expected to grow to 40% by 2030. We expect Ashiana to benefit from growing urbanisation
Key competitors	■ Large players – Omaxe Ltd, Parsvnath Developers Ltd, Mahindra Lifespace Developers Ltd ■ Comparable players – Vipul Ltd, Ansal Housing, other small North India-based developers ■ Active senior living - Paranjpe Schemes, Classic Kutumb and Riverdale Retirement Resorts
Key risk	■ Delays in approvals for the existing land bank might impact future launches. Subsequently, its booking levels and cash flows could come under pressure ■ Though the company is diversifying its geographical presence, it is exposed to the concentration risk since 80% of the future projects are in Rajasthan. Due to approval hurdles in Rajasthan, its saleable and buildable inventory is under pressure

Source: Company, CRISIL Research

Grading Rationale

Positive on long-term prospects of Ashiana

Ashiana has carved a niche for itself in the real estate industry through its unique business model. Limited land bank, focus on residential projects and presence in tier II/III cities have resulted in efficient capital management and a strong balance sheet. We remain positive on Ashiana's long-term prospects given its emphasis on quality offerings at a reasonable price and track record of timely completion of products. Owing to this, Ashiana enjoys strong brand equity, reflected in premium pricing of 5-10% compared to competition in the same region.

Ashiana has a track record of completing products on time

Table 2 – High comfort on Ashiana's business model

Parameter	CRISIL Research's comfort	Basis of opinion
Track record, brand equity	High	Delivered ~12 mn sq ft of projects so far with timely delivery of majority of the projects. Track record of delivering projects on time, quality construction and a vision of creating a destination in the tier II/III cities have resulted in strong brand equity for Ashiana
Land bank and funding	Medium high	Ashiana keeps an inventory with visibility of five-six years. While this reduces long-term visibility, it leads to limited strain on the balance sheet. Also, the company has started taking a more measured approach in capital allocation wherein the payments for the land acquired are linked to receipt of approvals; this results in limited blockage of capital for the company even if there are delays
Geographical diversification	Medium	Though ongoing and future projects are spread across locations such as Jaipur, Bhiwadi, Jodhpur (Rajasthan), Lavasa (Pune), Halol (Gujarat) and Uttarpara (West Bengal), more than 80% of the projects are in Rajasthan. Ashiana is looking to diversify into other geographies such as western and southern India
Scalability	High	Successfully increased its construction pace from 0.5 mn sq ft per year in FY07 to 1.5 mn sq ft in FY12. The company plans to diversify to other tier II and tier III cities and diversifying geographically to further scale up. The company is also ramping up the its management team and taking steps such as implementation of ERP and strengthening internal processes and controls to gear up for the next level of growth.
Balance sheet	High	Ashiana has consistently managed to keep its balance sheet debt free for the past seven years. It is one of the few companies reporting positive cash from operations. Also, it has maintained RoE of 30%+ in the past five years

Source: CRISIL Research

Selective approach in land aggregation; projects in tier II/III cities with strong growth potential

Ashiana follows a selective approach for land bank acquisition. It aims to create a destination in tier II and tier III cities – Ashiana is the first organised developer in Bhiwadi, Jamshedpur, Neemrana and Patna. The company targets development in a town where industrial activities are on the rise. These towns, over a period of time, develop into a city with a prospering ecosystem. Ashiana currently has land in Bhiwadi (Rajasthan), Jaipur (Rajasthan), Uttarpara (West Bengal) and Halol (Gujarat), which have huge long-term potential.

Ashiana aims to create a destination in tier II cities

Table 3 – Highlights of upcoming locations

Location	Unsold land bank (mn sq ft)	Key highlights
Bhiwadi (Rajasthan)	**6.8**	■ Bhiwadi was a little known city when Ashiana completed its first 0.24 mn sq ft project in 1998. Currently, it is a bustling town with a population of 0.1 mn in 2011 compared to only 33,831 in 2001 ■ Strategically located between Delhi, Gurgaon and Jaipur, it enjoys status of a priority town in the National Capital Region (NCR) ■ Rajasthan State Industrial Development and Industrial Corporation (RIICO) is expected to make Bhiwadi an automotive hub. Prominent names present are Honda Siel, Eicher, Ashok Leyland and Hero Honda. Saint Gobain, Bausch & Lomb and Gillette India also have their manufacturing base in Bhiwadi ■ Given the rapid industrial growth and better connectivity with NCR via NH8, Bhiwadi has become an attractive real estate destination. While other NCR regions face challenges - Gurgaon has water issues, Noida and Greater Nodia have land acquisition problems - Bhiwadi outranks these locations ■ Average selling price of a residential project is ₹2,000-2,600 per sq ft at a discount of more than 50% than in Gurgaon
Jaipur (Rajasthan)	**2.5**	■ Jaipur is the eleventh largest city in India with a population of 3.0 mn and is viewed as one of India's 10 mega cities of the future. ■ Being located three-four-hour drive from Delhi on the Delhi-Mumbai Highway, Jaipur has a well laid-out transport network which offers connectivity via all means of transportation. The upcoming metro link would be an added benefit ■ Jaipur is an emerging IT/ITeS destination, with major players such as Genpact, Infosys Progeon, etc. already present. Wipro, HCL and IBM are also exploring business opportunities. It is becoming a center of quality education and coaching center for entrance of various reputed institutions. Many medical and engineering colleges are also present ■ Hub of domestic and foreign tourists; almost 80% of foreign tourists in India visit Jaipur ■ 42 mn sq ft of residential projects are planned by developers in Jaipur city over the next two years
Uttarpara (West Bengal)	**0.75**	■ Uttarpara is a suburb of Kolkata. It is credited with India's first car factory - Hindustan Motors, which is famous for production of ambassador cars. It is also home to some of the biggest industrial setups such as United Spirits Distillery, Shalimar Wire Products, etc ■ Uttarpara is well connected by road and rail with commercial and industrial areas such as Howrah ■ Ashiana will develop 0.75 mn sq ft active senior living projects at Bengal Shriram Hi-Tech City, the proposed 700-acre township project by Shriram Properties
Halol (Gujarat)	**0.65**	■ Halol is located 40 kms from Vadodara and 150 kms from Ahmedabad and is well connected via road to key industrial centers such as Ahmedabad, Bharuch and Surat, along NH8 ■ In the past few years, growth of the manufacturing sector, rapid industrialisation and increase in infrastructure have made Gujarat the most attractive real estate destination ■ Large companies such as Sun Pharma, HNG Float Glass, General Motors, Ceat Tyres, Siemens, Saint Gobain are present here. General Motors has an integrated manufacturing plant with a production capacity of 85,000 units per annum; it plans to increase the capacity to 110,000 units ■ Ashiana plans to develop a 0.65 mn sq ft group housing project but is awaiting land clearance approval

Source: CRISIL Research

Focus on mid-income housing projects in tier II cities; sizeable target market to be tapped

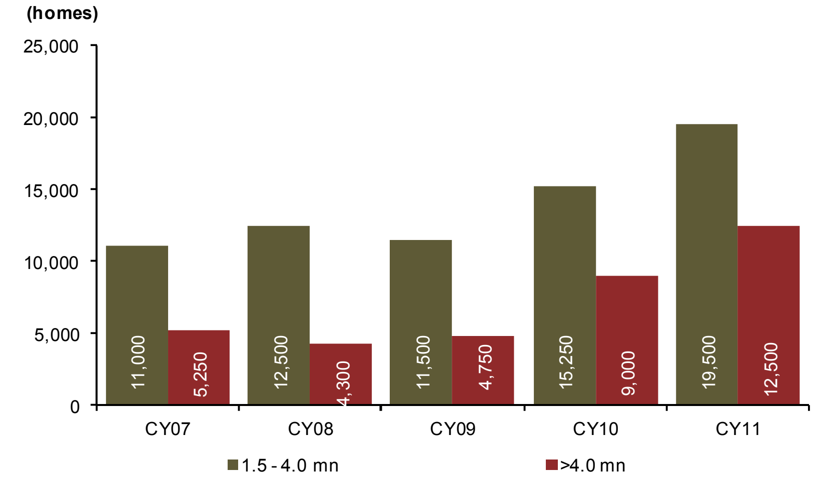
Ashiana, with a focus on mid-income housing projects with a ticket-size of ₹2.5 mn to ₹4.5 mn in tier II cities, is well placed to tap the huge target market. Demand for housing in major cities of India is expected to be 2.1 mn units over the next five years. Of the total demand, more than 50% is expected in the mid-income housing segment. Majority of the mid-income housing demand is expected in tier II/III cities and outskirts of metros and tier I cities.

Households can afford a property of up to 2.5-4x their annual income

Many IT/ITeS companies have initiated a shift or expansion of businesses from metros/tier I cities to tier II/III cities due to lower cost of operations and relatively cheaper workforce. IT companies such as Infosys, TCS, Dell and IBM are present in Ahmedabad, Vadodara, Jaipur, Nagpur, Nasik and Raipur. Apart from the IT/ITeS industry, growing presence of manufacturing companies, rise in infrastructure projects and propagation of service industries led to rapid growth in tier II/III cities. Rise in economic activities is expected to fuel GDP growth and enhance consumption demand; this is expected to increase the demand for mid-income housing segment in tier II/III cities.

Healthy growth in demand in tier II/III cities

Figure 1: Demand for mid-income housing projects on the rise



Source: Industry

Affordability in tier II cities is higher than metros/tier I cities

Given the rapid increase in prices across metros and tier I cities, there are affordability issues in these locations. Prices in tier II are currently below the 2008 peak or are nearing it. As a result, we believe affordability in these locations is higher than in metros/tier I cities.

An Indian mid-income household typically earns between ₹0.5 mn to ₹1 mn per annum and can easily afford residential projects between ₹2.5 mn to ₹4 mn. Over the years, affordability to buy a house has increased significantly. In the mid-90s, the cost of a house was 20x the annual income; in the past 10 years it has ranged over 4-6x. With the rise in disposable income of the Indian middle-class, demand for mid-income housing is expected to improve further.

Table 4: Price increase in tier II cities is below that in metros and tier I cities

Cities	2007	H1CY08	H2CY08	H1CY09	H2CY09	Q1CY10	Q2CY10	Q3CY10	Q4CY10	Q1CY11	Q2CY11	Q3CY11	Q4CY11	Q1CY12	Q2CY12
Metros	100	114	121	132	142	142	157	171	181	183	193	203	212	213	219
Tier I cities	100	97	99	107	114	116	122	135	146	142	155	154	162	157	166
Tier II cities	100	114	112	103	110	105	113	120	126	121	141	133	135	133	135

2007 prices indexed to 100

Source: National Housing Bank Residex

Land approval delays lead to short-term glitches

Ashiana has a strong pipeline of 9.6 mn sq ft of projects but majority of these projects are awaiting land conversion approvals. As a result, its new project launches are expected to be impacted in H2FY13. Nearly 7.8 mn sq ft (81% of the current pipeline) of the projects are in Rajasthan, where land conversion process has been at a standstill for the past one year. This is due to Rajasthan High Court's instruction to the government to regulate unauthorised constructions. The Rajasthan government has started approving land conversion requests as per the new law, which is aimed at regulating growth according to its master plan 2025. The Jaipur-based Gulmohar Gardens (1.1 mn sq ft) project received approval under Section 90A (new conversion law) of the Rajasthan Land Revenue Act but there is limited clarity on the approvals for the remaining 6.7 mn sq ft of projects. The 0.75 mn sq ft project in Uttarpara (West Bengal) and 0.65 mn sq ft project in Halol (Gujarat) are also awaiting land conversion approvals.

~8 mn sq ft of projects are awaiting land clearance approvals

Table 5 – Status of future projects

Projects	Land area (acres)	Estimated saleable area (mn sq ft)	Proposed development	Approval status
Ashiana Town, Thada, Bhiwadi	55.0	3.6	Group housing/ Active senior living	Awaiting land conversion approvals. Expected to be launched in H2FY14
Utsav, Kolkata	10.1	0.75	Active senior living	Awaiting land conversion approvals. Expected to be launched in H2FY14
Milakpur Land, Bhiwadi	40.6	3.1	Group housing/ Active senior living	Land conversion approvals pending for more than two years. Low visibility on launch till FY14-end
Ashiana Navrang, Halol, Vadodara	10.7	0.65	Group housing	Awaiting land conversion approvals. Expected to be launched in H2FY14
Gulmohar Gardens, Jaipur	31.3	1.1	Group housing	Received land conversion approval in September 2012. Building plan approval likely by March 2013. Expected to be launched in April 2013
Anantara, Jamshedpur	4.0	0.42	Group housing	Building plan approval likely by March 2013. Expected to be launched in April 2013
Neemrana	5.7	0.43	Group housing	Acquired in November 2012, land is converted for non-agricultural purpose. Building plan approval likely by February 2013. Expected to be launched in March 2013
Total	**156.4**	**10.1**		

Source: Company, CRISIL Research

Bookings declined in H1FY13, expected to be under pressure in FY13…

Given the approval hurdles, there is limited visibility on new project launches in H2FY13. As a result, bookings and construction are expected to remain under pressure. Bookings for H1FY13 declined to 0.6 mn sq ft compared to 0.9 mn sq ft each in H2FY12 and H1FY12. We expect bookings to improve marginally and expect 0.8 mn sq ft of projects to be booked in H2FY13. With the limited availability of buildable inventory, we expect the company to construct 1.1 mn sq ft of projects in FY13 compared to 1.5 mn sq ft in FY12.

Bookings to improve marginally to 0.8 mn sq ft in H2FY13

… but expected to pick up in FY14 on new launches

No new project launch in the past one-and-a-half years has resulted in lower volumes in H1FY13 but is expected to pick up in FY14. Ashiana's 1.1 mn sq ft project in Jaipur (Gulmohar Gardens), 0.42 mn sq ft project in Jamshedpur (Anantara) and 0.43 mn sq ft project in Neemrana are currently awaiting building plan approvals; we expect these projects to be launched in Q4FY13. Management is also confident about launching the 3.6 mn sq ft project in Bhiwadi (Ashiana Town), 0.75 mn sq ft in Kolkata (Utsav) and 0.65 mn sq ft in Halol (Ashiana Navrang) by H2FY14. We have not considered these projects in our forecasts due to lack of clarity on approvals.

Ongoing projects witnessing healthy momentum

Ashiana has received good response to most of the launched projects in past two-three years. Though overall booking levels are expected to remain under pressure, launched projects with unsold area of 2 mn sq ft are likely to maintain healthy momentum. Apart from the Utsav project in Lavasa, we expect the ongoing projects to be booked by FY15.

Table 6: Status of ongoing projects

Project Name	Location	Total area (lakh sq ft)	Bookings till Sep'11	Bookings till Sep'12	% booked (Sep'12)	Current status
Ashiana Aangan	Bhiwadi	20.57	17.46	20.46	99.5%	Almost booked. Construction of phases I to V complete, phase VI (65,000 sq ft) to be completed by March 2013
Utsav	Jaipur	3.80	1.71	2.23	58.7%	Construction is complete. Bookings have picked up recently. Expected to be fully booked by FY14
Ashiana Brahmananda	Jamshedpur	4.80	3.1	4.39	91.5%	Majority of the project is booked. Construction of phases I and II complete, phase III (0.1 mn sq ft) to be completed by March 2013
Ashiana Amarbagh	Jodhpur	5.97	3.53	5.38	90.1%	Almost booked. Construction of phases V and VI (0.22 mn sq ft) to be completed by September 2013
Utsav	Lavasa, Pune	6.87	2.07	2.42	35.2%	Bookings moving at a slow pace. Construction in full swing for phase I (0.23 mn sq ft). For phases II and III (0.46 mn sq ft), construction is on hold
Rangoli Gardens	Jaipur	26.07	6.91	14.69	56.3%	Strong bookings trend in past one year. Construction is 30% complete till date
Marine Plaza	Jamshedpur	0.83	0.21	0.3	36.1%	Construction work halted. No clarity in near term
Tree House Residences	Bhiwadi	1.30	-	0.4	30.8%	Launched in Q2FY13. Expected to be completed by H1FY14
Total		**70.2**	**34.99**	**50.27**	**71.6%**	

Source: Company, CRISIL Research

Rangoli Gardens recorded strong bookings in past one year

Ashiana's largest project till date – Rangoli Gardens (2.6 mn sq ft) at Jaipur - has received good response in the past one year. Bookings increased to 56% in Q2FY13 from 26.5% in Q2FY12.

Key takeaways from Rangoli Gardens site visit – quality product at a reasonable price

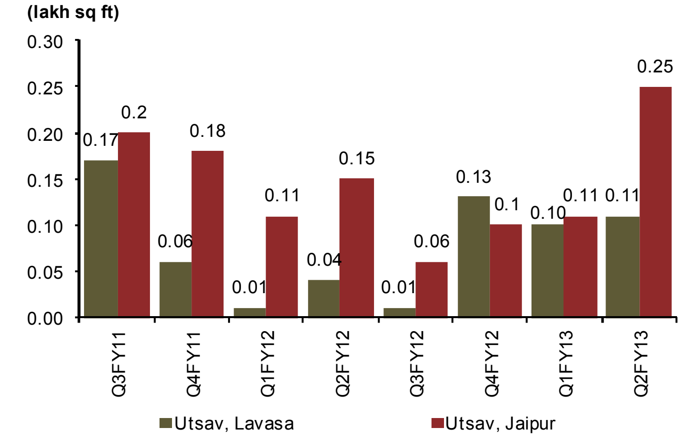
- The planning of Jaipur city is comparable to Chandigarh in terms of infrastructure. Real estate activity has picked up in the city. Earlier, people used to prefer independent houses but with the entry of IT companies, demand for high-rise buildings is increasing
- Rangoli Gardens is located 1.4 km away from Vaishali Nagar, one of the prime locations of Jaipur. This region houses several commercial-cum-retail complexes and prominent schools. As a result, there is healthy demand for homes in Rangoli Gardens
- The project is spread across 26 acres; 1,692 units are planned, of which 953 units have been sold as of September 2012. Currently, average sales per month is close to 30 units
- Construction of four-storey 200 homes (phase I) completed in September 2012; possession is being offered currently to the customers. About 50 families have already started living at Rangoli Gardens. Construction of 336 units (phase II – high rise building) is expected to be completed by April 2013. Possession of remaining units will be in phases over FY14-16
- Current average selling price is ₹2,600 per sq ft for first-third floor. This is at a premium of 5-10% compared to other projects in the vicinity. Anukampa Group (local developer) has planned 224 units in Vaishali Nagar and Narayan Enclave (Narayan Group) has planned 332 units in Sirsi Road

Improved sales traction at active senior living projects in Lavasa and Jaipur

Construction and bookings at the Lavasa project were impacted in FY12 due to concerns raised by the Ministry of Environment, while work at the Jaipur project was slow due to distant location and lack of proper roads. With the go-ahead from the environment minstry in Q4FY12, bookings at the Lavasa project have picked up. The Utsav project in Jaipur has also reported an increase in bookings in H1FY13 following the construction of proper roads and after the company devised its sales plan. The average selling price of the Jaipur project has increased to ₹1,800 per sq ft from ₹1,600 per sq ft in the past six months.

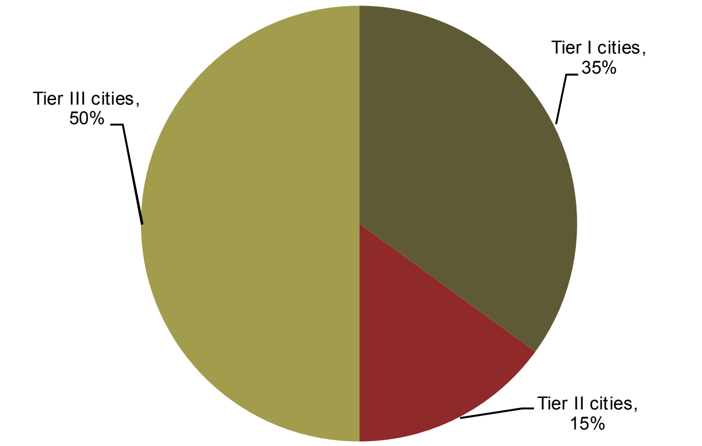
The active senior living concept, though at a nascent stage in India, is picking up. In 2011, India had ~76 mn seniors; the number is expected to increase to 173 mn (12% of total population) by 2025 and to 240 mn (20% of total population) by 2050. As per industry sources, there is a demand for 0.3 mn senior housing units in India. Ashiana, being the pioneer of active senior living concept in India with a proven track record, is expected to reap from this opportunity in the coming years.

Figure 2: Improvement in bookings in Lavasa, Jaipur



Source: Company, CRISIL Research

Figure 3: Demand break-up of 0.3 mn units of senior homes



Source: CRISIL Research

Cash flows from ongoing projects to remain strong

Cash flows from the ongoing projects are expected to remain strong for the next two years due to healthy booking levels. Apart from the Jaipur-based Utsav project, bookings are significantly above the percentage of work completed in other projects. We expect operating cash flows of ₹0.7 bn p.a. in next three years.

New capital allocation strategy to tide over approval delays

Ashiana's capital is locked in some of the land parcels acquired previously. Hence, it has changed its capital allocation strategy. It has entered into a partnership with the landowner for development of the project. As per the agreement, the task of getting all clearances lies with the land owners but payments for the land are subject to receipt of approvals; accordingly, lower amount of capital will be blocked in case there are delays in approvals. Going forward, the company intends to acquire land parcels with all the necessary approvals even if it calls for marginally higher costs. Recently, it acquired 5.67 acres approved land in Neemrana (Rajasthan), where it expects to launch 0.43 mn sq ft of group housing project. For the land parcels bought in the past one-and-a-half years, it has total capital outlay of ₹700 mn but payment needs to be done over a period of two-three years subject to approvals.

Land payments linked to receipt of approvals - limited liability for Ashiana

Gearing up for the next level of growth

Over the past few years, Ashiana has grown significantly in size. It has increased the construction pace from 0.5 mn sq ft per year in FY07 to 1.5 mn sq ft in FY12. Booking momentum also increased to 1.8 mn sq ft in FY12 from 0.4 mn sq ft in FY07. We believe Ashiana's business model is scalable and the management is taking steps in the right direction. E.g. Rangoli Gardens is currently averaging bookings of 0.8 mn sq ft per year and construction of ~0.6 mn sq ft.

Ashiana's business model is scalable

The company is gearing up for the next level of growth and plans to enhance its geographical presence, ramp-up second line of management and strengthen internal process:

- **Geographical diversification:** As of September 2012, Ashiana has a total cash balance of ₹1,042 mn which provides enough room for land acquisition and enhances its pipeline. Currently, Ashiana is evaluating land deals in Bengaluru, Chennai, Hyderabad, Haryana and Pune. At this point, we are unsure when these deals will be translated into the land bank but the announcement of any such deals is expected to bring significant value to the company
- **Ramp up management, strengthen internal processes:** Ashiana is also ramping up its management team to prepare for the next level of growth. It is also taking steps to strengthen internal processes and controls. The company is also focusing on implementing ERP across key marketing offices, which will keep the top management updated about business activities on a regular basis

Figure 4: Steady growth in construction and bookings in past six years

Source: Company, CRISIL Research

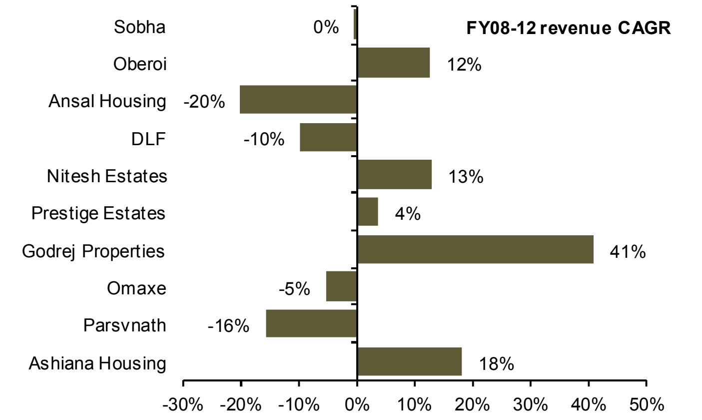
Outperforms other developers on financial performance

Owing to a unique business model, healthy bookings and strong balance sheet, Ashiana has maintained supremacy in financial performance vis-a-vis peers.

- Revenue and PAT growth of 18% and 16%, respectively, during FY08-12 compared to peers' average 2% and -13% during the same period
- Average RoE of 34% during FY08-12 compared to peers' average of 13%
- Average gearing of 0.01x during FY08-12 vs peers' average of 0.7
- Ashiana and Oberoi are the only players who have reported positive cash from operations during FY08-12

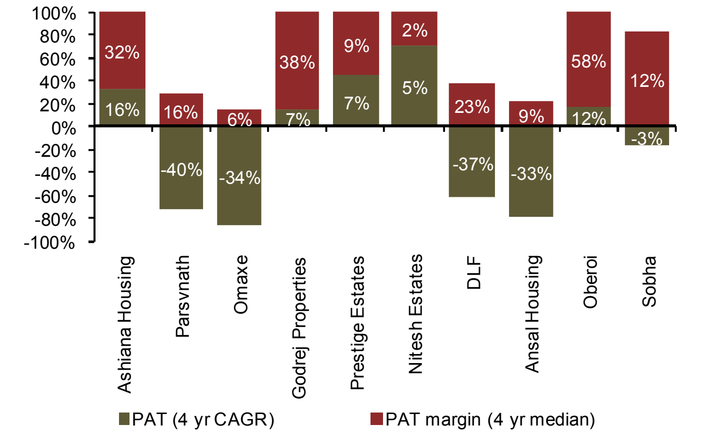
Posted an average RoE of 34% vs peers' average of 13% during FY08-12

Figure 5: Revenue growth above that of other developers



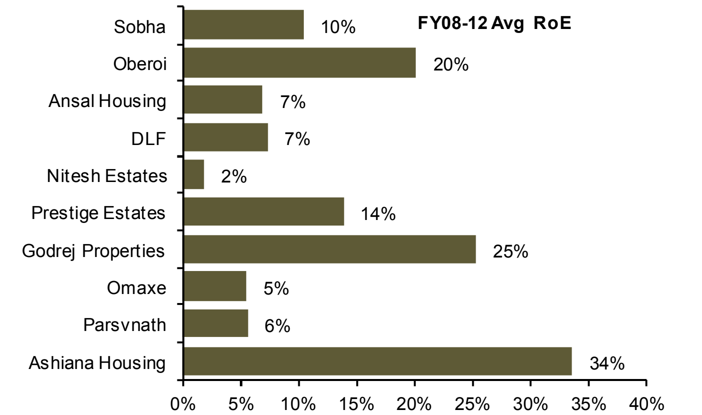
Source: Company, CRISIL Research

Figure 6: Similar trend in PAT



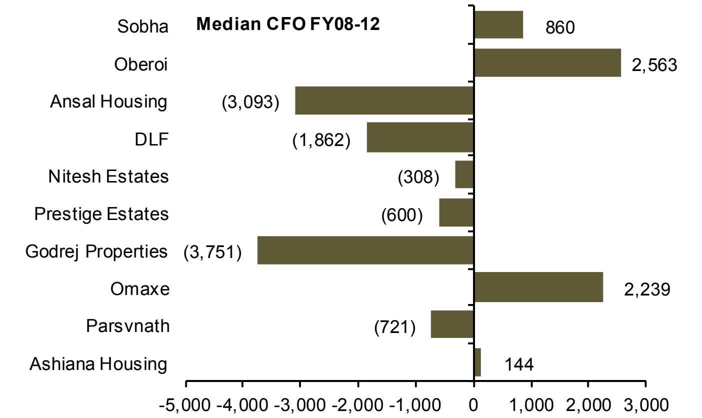
Source: Company, CRISIL Research

Figure 7: Average RoE higher than other developers



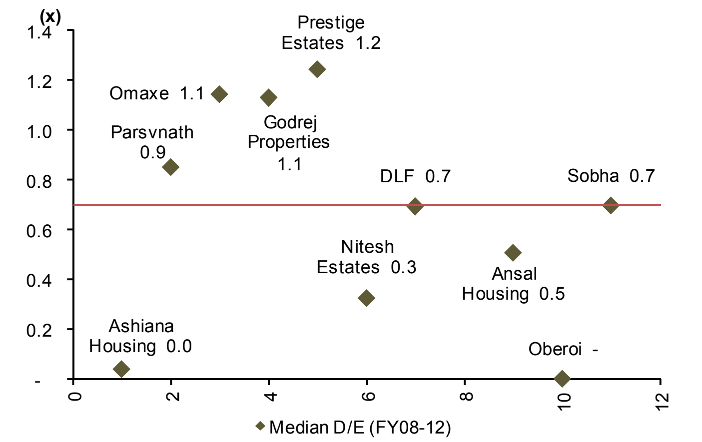
Source: Company, CRISIL Research

Figure 8: Reported consistent positive cash from operation



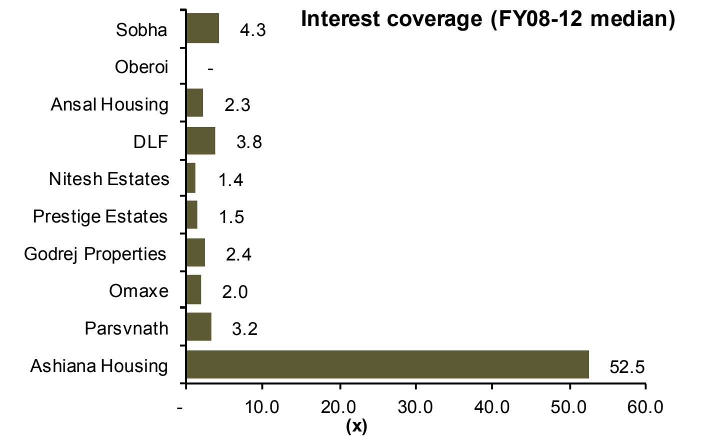
Source: Company, CRISIL Research

Figure 9: Gearing below other developers



Source: Company, CRISIL Research

Figure 10: High interest coverage



Source: Company, CRISIL Research

Key Risks

Land acquisition plagued with hurdles

Ashiana treats land bank as a raw material and accumulates the same with visibility of five-six years. It has to consistently acquire land. If land prices increase and if Ashiana is forced to acquire land at high prices, future projects might not prove value accretive. Also, it needs to work out a lucrative deal with the landowners after carrying out due diligence and assessing clear titles.

Sustained slowdown in the real estate industry

Volumes of major developers have shown signs of slowdown as evident from lower bookings in H1FY13. Though Ashiana's focus on mid-income residential projects has helped maintain the momentum, sustained slowdown in the industry could have an adverse impact on its future growth prospects.

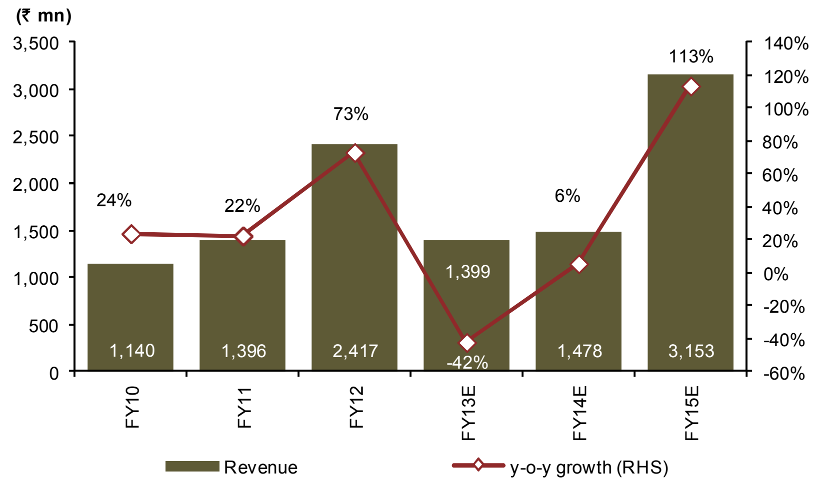
Financial Outlook

Shift in accounting method to impact P&L for next two years

The company has changed the revenue recognition method to possession based from percentage completion with effect from April 2012. In some of the phases, where revenues have already been recognised under the percentage completion method, accounting will be done based on the earlier method. For projects launched on or after April 2012, revenues will be recognised on handing over the possession to the customers. Though the change in accounting will have an impact on the P&L for the next three years, it will not have any impact on the cash flows which are expected to remain good.

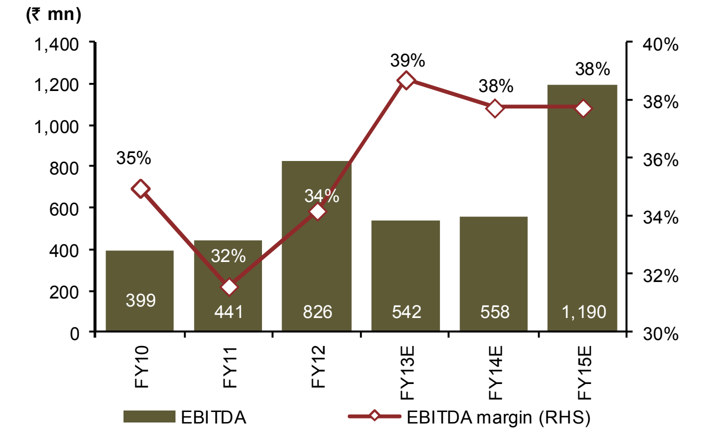
Owing to the change in accounting methodology, revenues are expected to decline to ₹1.5 bn in FY14 from ₹2.5 bn in FY12. However, we expect revenues of ₹3.2 bn in FY15. EBITDA margin is expected to improve by 360 bps over the next three years due to increase in contribution from high-margin projects such as Rangoli Gardens, Jaipur (2.6 mn sq ft) and Utsav, Lavasa (0.46 mn sq ft). PAT is expected to decline to ₹478 mn in FY14, but is expected to improve to ₹989 mn in FY15.

Figure 11: Shift in accounting method to impact revenue recognition



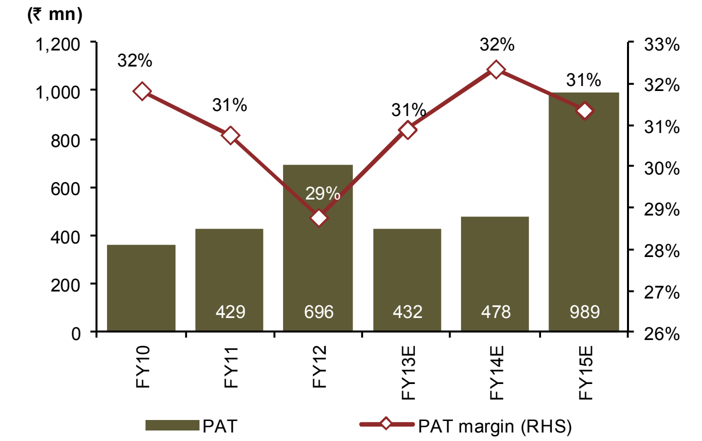
Source: Company, CRISIL Research estimates

Figure 12: EBITDA margin to increase 360 bps in FY15



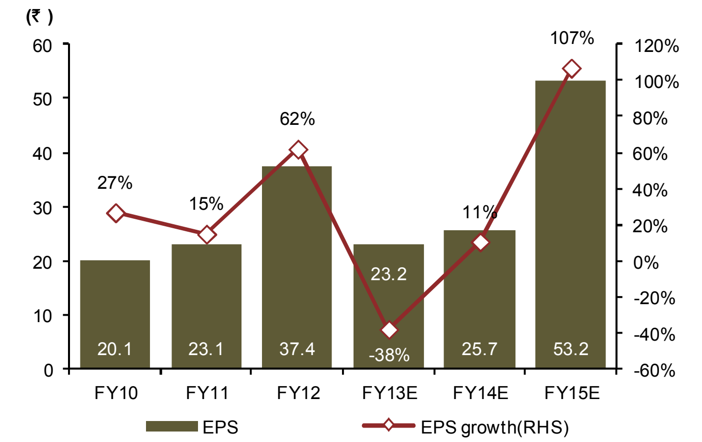
Source: Company, CRISIL Research estimates

Figure 13: PAT and PAT margin



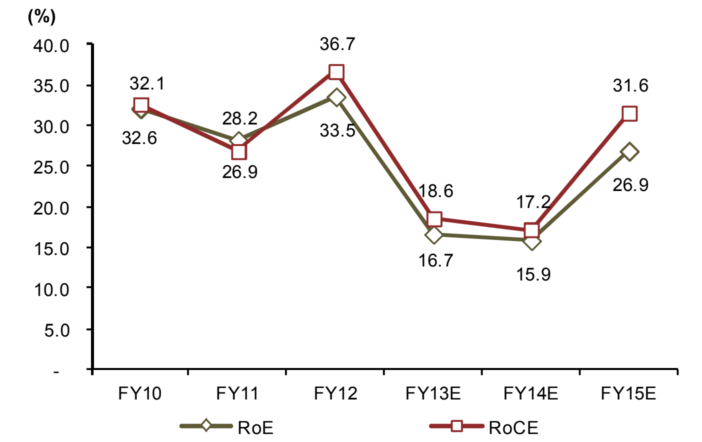
Source: Company, CRISIL Research estimates

Figure 14: EPS and EPS growth



Source: Company, CRISIL Research estimates

Figure 15: Strong RoE and RoCE

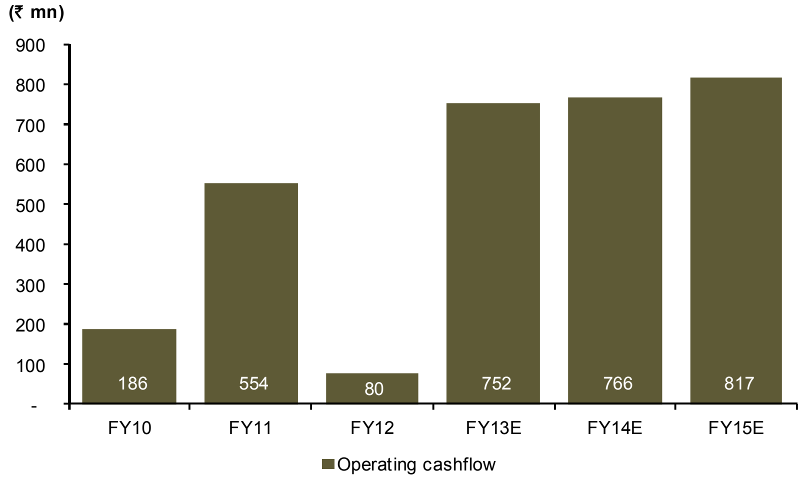


Source: Company, CRISIL Research estimates

Cash flows to remain strong

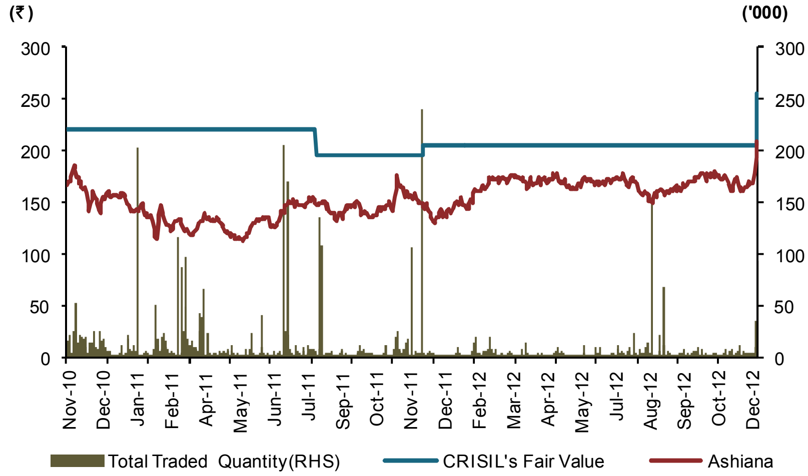
Though revenues and earnings are expected to remain under pressure for the next two years, we expect cash flows from the ongoing projects to remain strong. Operating cash flows per annum are expected at ₹700-800 mn for the next three y ears.

Figure 16: Strong operating cash flows expected over next three years



Source: Company, CRISIL Research estimates

Figure 17: Fair value movement since initiation



Source: BSE, NSE, CRISIL Research

Management Overview

CRISIL's fundamental grading methodology includes a broad assessment of management quality, apart from other key factors such as industry and business prospects, and financial performance.

Experienced management with pragmatic approach

Ashiana has an experienced management team led by three brothers - Mr Vishal Gupta, Mr Ankur Gupta and Mr Varun Gupta. Despite a family-run business, the trio has adopted a professional approach. There is a clear demarcation of roles and responsibilities between the brothers to ensure smooth functioning of the company.

Clear demarcation of responsibility between key management personnel

Mr Vishal Gupta (Managing Director) is an MBA from FORE School of Management (Delhi) and heads administration and project execution. Mr Ankur Gupta (Joint Managing Director), MS in real estate from New York University (US), looks after marketing. Mr Varun Gupta (Director - Finance) looks after finance and land acquisition. He is a Bachelor of Science (majored in finance and management) from Stern School of Business, NYU.

Established brand equity

Owing to the timely delivery of projects, transparent business practices and quality construction at a reasonable price, Ashiana is recognised as a well-known brand in the mid-income housing and active senior living projects. Barring delays in the Utsav project in Lavasa due to stop orders from the Ministry of Environment, all the projects have been completed on time. Of the total bookings in FY12, 65% are through referrals. The company also believes in direct sales approach; this helps in creating a direct communication channel with customers.

Inclusive growth strategy

In order to release the top management's bandwidth and to scale up the second line of management, Ashiana has adopted an inclusive growth strategy. Every month, top management meets with the second line to discuss the business and areas of improvement. The marketing and project heads have been given sufficient powers to take independent decisions. Ashiana is also focusing on implementing ERP across key marketing offices, which will keep the top management updated about business activities on a regular basis.

In order to release the management's bandwidth, Ashiana has adopted an inclusive growth strategy

Corporate Governance

CRISIL's fundamental grading methodology includes a broad assessment of corporate governance and management quality, apart from other key factors such as industry and business prospects, and financial performance. In this context, CRISIL Research analyses the shareholding structure, board composition, typical board processes, disclosure standards and related-party transactions. Any qualifications by regulators or auditors also serve as useful inputs while assessing a company's corporate governance.

Corporate governance at Ashiana reflects good practices supported by a strong and fairly independent board with relevant experience. Board processes and structures broadly conforming to minimum standards.

Board composition

Ashiana's board consists of seven members, of whom four are independent directors, exceeding the requirements under Clause 49 of SEBI's listing guidelines. The directors are well qualified and have strong industry experience. The independent directors have a good understanding of the company's business and its processes.

Board's processes

The company has various committees – audit, remuneration and nomination, and investors' grievance - in place to support corporate governance practices. CRISIL Research assesses from its interactions with independent directors of the company that the quality of agenda papers and the level of discussions at the board meetings are good. We understand that the independent directors are well aware of the company's business and are fairly engaged in all the major decisions. The audit committee is chaired by an independent director, Mr Lalit Kumar Chhawchharia, and it meets at timely and regular intervals. The board also includes well-known names such as Mr Ashok Mattoo, who has worked with organisations like BHEL and Tata Steel, and Mr Abhishek Dalmia, CEO of Renaissance Group

Good disclosure levels

The company's quality of disclosure is good judged by the level of information and details furnished in the annual report, presentations, websites and other publicly available data. Apart from sharing project-wise bookings, the company also provides details of equivalent area constructed. Prices across its projects are updated on a regular basis on the company's website. Ashiana is also forthcoming in sharing vital information. For instance, the company shares details of stuck projects along with the financial implications with exchanges and investors.

Forthcoming in sharing vital information

The company has voluntarily adopted the contract completion (possession based) method of accounting from FY12 onwards against the previously used percentage completion method. Ashiana believes contract completion is a conservative method of accounting and accurately reflects assets and liabilities of the company. It will provide better reflection of margins as it will be on the basis of actual costs incurred and not on future estimations of project cost.

Lean business structure

Unlike other real estate players, Ashiana has a transparent group structure. The ownership structure is simple with most projects owned by the company through a single level SPV. It has six wholly owned subsidiaries – one undertakes facility management services and five have been formed primarily for acquiring land.

Transparent group structure

Valuation Grade: 4/5

We continue to use the net asset value method for Ashiana. We have rolled forward our projections to FY15. Factoring in cash flows from Gulmohar Gardens (Jaipur), Anantara (Jamshedpur) and Neemrana project, we raise our fair value to ₹256 per share from ₹205. This translates to a valuation grade of **4/5**.

We revise our fair value to ₹256 per share from ₹205

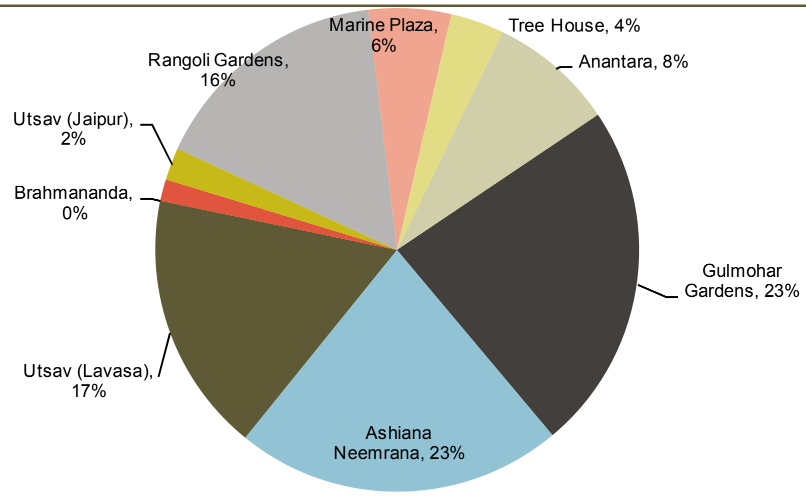
Of our total valuation, Utsav (Lavasa), Rangoli Gardens (Jaipur), Gulmohar Gardens (Jaipur) and Neemrana project contribute 80% to the total valuation.

Key DCF assumptions

We have valued only those projects based on cash flows which have received approvals and there is higher execution certainty. The following are the key assumptions in our valuation:

1. We have assumed a cost of equity of 16%. This is lower than what we have taken for other real estate companies since the company is not leveraged which reduces the financial risk. Also, Ashiana's business model is less prone to cyclical risks.
2. We have assumed a tax rate of 25% for the next three years as the company has unutilised MAT credit of ₹363 mn.

Contribution of key projects in valuation



Source: Company, CRISIL Research estimates

Table 7: Sensitivity of WACC and growth in realisations

WACC	Price inflation p.a.				
	-10%	-5%	5%	10%	15%
14%	226	241	257	274	293
15%	226	241	256	274	292
16%	226	240	**256**	273	291
17%	225	240	255	272	290
18%	225	239	254	271	288

Source: Company, CRISIL Research

Table 8: Sensitivity of WACC and increase in costs

WACC	Cost inflation p.a.				
	-10%	-5%	5%	10%	15%
14%	279	268	257	245	237
15%	278	268	256	244	236
16%	277	267	**256**	244	236
17%	276	266	255	243	236
18%	275	265	255	243	236

Source: Company, CRISIL Research

Amongst the few players with positive returns in the past three years

Ashiana has outperformed the Nifty, the CNX Realty Index and all major real estate developers in past five years. Compared to Nifty's five-year returns of negative 3%, Ashiana posted 51%. Unlike all other developers reporting negative returns in the past three and five years, Ashiana reported positive returns of 63% and 51%, respectively.

Outperformed Nifty, the Real Estate Index and major players in the past five years

	5-Year	3-Year	1-Year
NIFTY	-3%	14%	23%
Realty Index	-84%	-48%	32%
NCR	-81%	-43%	14%
MMR	-30%	34%	44%
Bengaluru	-31%	112%	82%

	5-Year	3-Year	1-Year
DLF	-44%	-44%	3%
Unitech	-93%	-61%	53%
Omaxe	-70%	70%	19%
Parsvnath	-81%	-36%	-6%
Ashiana	**51%**	**63%**	**53%**
Oberoi			28%
Godrej			-3%
Prestige			123%
Sobha	-60%	62%	68%

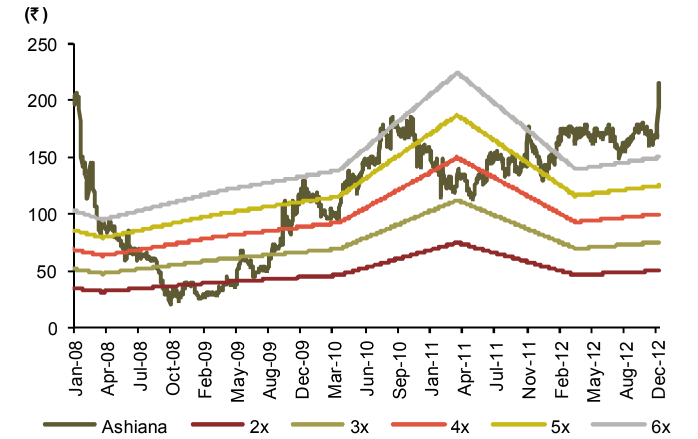
Peer comparison

Companies	M Cap. (₹ mn)	RoE(%)			P/BV (x)			D/E (x)		
		FY12	FY13E	FY14E	FY12	FY13E	FY14E	FY10	FY11	FY12
Ashiana Housing	**3,987**	**33.5**	**16.7**	**15.9**	**1.7**	**1.4**	**1.2**	**0.1**	**0.1**	**0.0**
DLF	369,874	4.8	5.8	6.6	1.3	1.2	1.2	0.7	0.9	0.9
Omaxe	28,856	5.2	7.9	8.0	1.6	1.5	1.3	1.1	0.8	0.6
Parsvanath	17,233	2.1	4.0	4.7	0.6	0.6	0.6	0.7	0.8	0.8
Oberoi	92,086	13.1	16.0	19.8	2.4	2.2	1.8	-	-	-
Godrej Properties	51,335	8.3	9.8	14.4	3.4	3.3	2.9	0.9	1.0	1.3
Prestige Estates	55,609	4.1	10.0	12.9	2.5	2.3	2.0	1.5	0.6	0.8
Sobha Developers	36,857	10.7	11.1	13.5	1.8	1.7	1.5	0.9	0.2	0.1
Ansal Housing	990	11.2	-	-	0.3	-	-	1.3	1.1	0.8
Nitesh Estates	2,144	0.1	4.8	8.6	0.5	0.4	0.4	-	0.2	0.1
Mean		**9.3**	**8.6**	**10.5**	**1.6**	**1.5**	**1.3**	**0.7**	**0.6**	**0.5**
Median		**6.8**	**8.9**	**10.8**	**1.6**	**1.5**	**1.3**	**0.8**	**0.7**	**0.7**

Source: CRISIL Research estimates, Industry

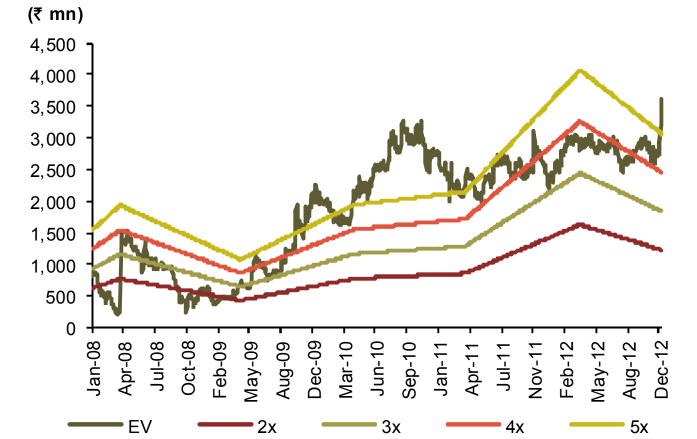
- Though RoE is expected to decline in the next two years on lower revenue recognition due to a change in the accounting methodology, its RoE for FY13 and FY14 will still be superior to peers.
- Ashiana is virtually a debt free compared to the industry D/E average of 0.7x in FY12.

One-year forward P/E band



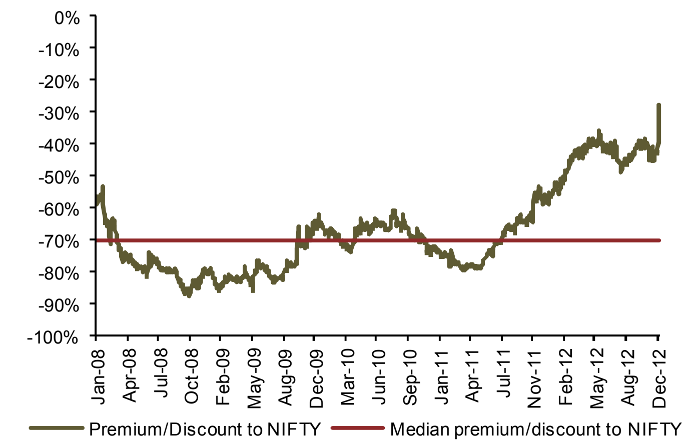
Source: NSE, CRISIL Research

One-year forward EV/EBITDA band



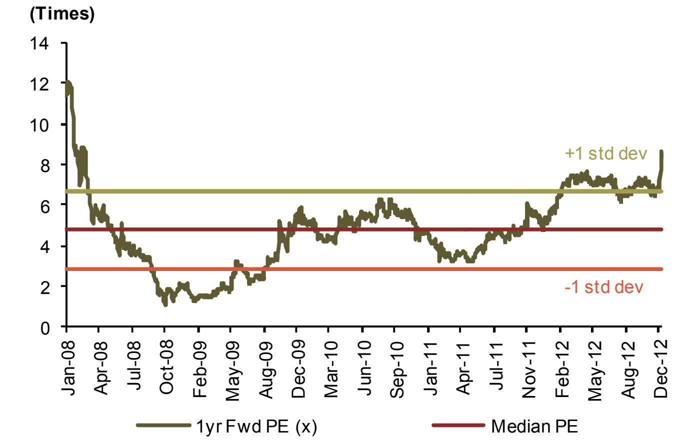
Source: NSE, CRISIL Research

P/E – premium / discount to Nifty



Source: NSE, CRISIL Research

P/E movement



Source: NSE, CRISIL Research

CRISIL IER reports released on Ashiana Housing Ltd

Date	Nature of report	Fundamental grade	Fair value	Valuation grade	CMP (on the date of report)
03-Nov-10	Initiating coverage	3/5	₹220	5/5	₹166
11-Feb-11	Q3FY11 result update	3/5	₹220	5/5	₹115
06-Jun-11	Q4FY11 result update	3/5	₹220	5/5	₹131
08-Aug-11	Q1FY12 result update	3/5	₹195	5/5	₹150
15-Nov-11	Q2FY12 result update	3/5	₹195	4/5	₹164
07-Dec-11	Detailed report	4/5	₹205	5/5	₹149
03-Feb-12	Q3FY12 result update	4/5	₹205	5/5	₹161
09-Jul-12	Q4FY12 result update	4/5	₹205	4/5	₹173
30-Jul-12	Q1FY13 result update	4/5	₹205	5/5	₹160
07-Nov-12	Q2FY13 result update	4/5	₹205	4/5	₹172
17-Dec-12	Detailed report	4/5	₹256	4/5	₹214

Company Overview

Delhi-based Ashiana, incorporated in 1986, has been in the real estate development sector for over 25 years with a focus on group housing and active senior living projects. The company started its operations in Patna in 1979, from where it expanded its reach to other tier II and tier III cities. It has projects in Delhi (NCR), Rajasthan, Maharashtra and Jharkhand; it has built projects mainly in the cities of Bhiwadi and Jaipur in Rajasthan. So far it has constructed over 12 mn sq ft of area; it also provides facility management services to about 6,000 housing units. Ashiana has also pioneered the active senior living concept in India.

Developed over 12 mn sq ft of real estate space till date

Milestones

1979	Established as the first organised developer in Patna
1985	Started housing projects in Jamshedpur
1986	Incorporated as Ashiana Housing and Finance (India) Ltd
1992	Started operations as the first organised developer in Bhiwadi, Rajasthan
1992	Came out with an IPO
1998	Launched residential project in Neemrana, Rajasthan
2006	Started operations in Jaipur
2007	Launched project in Jodhpur. Completed India's first retirement resort in Bhiwadi. Also launched a hotel and club at the same location
2008	Launched 30 acres of retirement resort project in Lavasa (Pune)
2008	Issued bonus shares in the ratio of 5:2
2010	Launched Rangoli Gardens in Jaipur with saleable area of 2.5 mn sq ft, largest project till date
2011	Listed on the NSE. Recognised in Forbes' 'Asia's Best under a Billion' 200 list of companies, second time in a row
2011	Ashiana Aangan and Ashiana Woodland awarded the best residential project in North and East India, respectively, at Zee Business RICS awards
2012	Acquired land parcels: 0.75 mn sq ft in Kolkata, 0.65 mn sq ft in Halol (Gujarat), 1.1 mn sq ft in Jaipur and 1 mn sq ft in Bhiwadi

Source: Company, CRISIL Research

Annexure: Financials

Income statement

(₹ mn)	FY11	FY12	FY13E	FY14E	FY15E
Operating income	**1,396**	**2,417**	**1,399**	**1,478**	**3,153**
EBITDA	**441**	**826**	**542**	**558**	**1,190**
EBITDA margin	**31.6%**	**34.2%**	**38.7%**	**37.7%**	**37.7%**
Depreciation	20	25	26	27	28
EBIT	**421**	**802**	**516**	**531**	**1,162**
Interest	7	29	26	10	(0)
Operating PBT	**414**	**773**	**490**	**521**	**1,162**
Other income	145	71	87	126	175
Exceptional inc/(exp)	9	(0)	-	-	-
PBT	**568**	**844**	**577**	**647**	**1,337**
Tax provision	130	149	144	169	348
Minority interest	-	-	-	-	-
PAT (Reported)	**439**	**696**	**432**	**478**	**989**
Less: Exceptionals	9	(0)	-	-	-
Adjusted PAT	**429**	**696**	**432**	**478**	**989**

Ratios

	FY11	FY12	FY13E	FY14E	FY15E
Growth					
Operating income (%)	22.5	73.1	(42.1)	5.6	113.4
EBITDA (%)	10.6	87.4	(34.4)	2.9	113.4
Adj PAT (%)	18.4	62.0	(37.8)	10.6	106.8
Adj EPS (%)	15.0	62.0	(37.8)	10.6	106.8
Profitability					
EBITDA margin (%)	31.6	34.2	38.7	37.7	37.7
Adj PAT Margin (%)	30.8	28.8	30.9	32.4	31.4
RoE (%)	28.2	33.5	16.7	15.9	26.9
RoCE (%)	26.9	36.7	18.6	17.2	31.6
RoIC (%)	82.6	65.0	34.4	47.8	93.0
Valuations					
Price-earnings (x)	9.3	5.7	9.2	8.3	4.0
Price-book (x)	2.3	1.7	1.4	1.2	1.0
EV/EBITDA (x)	8.0	4.1	5.0	3.6	1.1
EV/Sales (x)	2.7	1.5	2.1	1.5	0.4
Dividend payout ratio (%)	7.4	6.0	9.9	9.9	9.9
Dividend yield (%)	0.8	1.1	1.1	1.2	2.5
B/S ratios					
Inventory days	327	313	787	986	445
Creditors days	210	142	618	918	390
Debtor days	8	9	18	19	10
Working capital days	61	138	158	82	61
Gross asset turnover (x)	3.4	4.8	2.5	2.5	5.1
Net asset turnover (x)	4.0	5.7	3.1	3.2	6.9
Sales/operating assets (x)	3.3	5.6	3.1	3.2	6.9
Current ratio (x)	2.0	3.4	2.3	1.9	2.4
Debt-equity (x)	0.0	0.1	0.1	(0.0)	(0.0)
Net debt/equity (x)	(0.3)	(0.3)	(0.5)	(0.6)	(0.7)
Interest coverage	64.0	28.0	19.7	55.7	NM

Per share

	FY11	FY12	FY13E	FY14E	FY15E
Adj EPS (₹)	23.1	37.4	23.2	25.7	53.2
CEPS	24.2	38.7	24.6	27.2	54.7
Book value	94.0	128.8	150.0	173.5	222.1
Dividend (₹)	1.7	2.3	2.3	2.5	5.3
Actual o/s shares (mn)	18.6	18.6	18.6	18.6	18.6

Balance Sheet

(₹ mn)	FY11	FY12	FY13E	FY14E	FY15E
Liabilities					
Equity share capital	186	186	186	186	186
Reserves	1,564	2,211	2,606	3,043	3,947
Minorities	-	-	-	-	-
Net worth	**1,750**	**2,397**	**2,792**	**3,229**	**4,133**
Convertible debt	-	-	-	-	-
Other debt	7	218	147	(0)	(0)
Total debt	**7**	**218**	**147**	**(0)**	**(0)**
Deferred tax liability (net)	32	31	32	32	32
Total liabilities	**1,789**	**2,646**	**2,971**	**3,262**	**4,166**
Assets					
Net fixed assets	415	436	461	459	456
Capital WIP	5	0	0	0	0
Total fixed assets	**420**	**436**	**461**	**459**	**456**
Investments	686	498	498	498	498
Current assets					
Inventory	751	1,240	1,745	2,305	2,241
Sundry debtors	29	55	63	73	84
Loans and advances	142	279	321	369	424
Cash & bank balance	382	359	1,027	1,579	2,286
Marketable securities	81	491	415	415	415
Total current assets	**1,385**	**2,423**	**3,571**	**4,741**	**5,450**
Total current liabilities	**702**	**715**	**1,563**	**2,441**	**2,243**
Net current assets	**683**	**1,708**	**2,008**	**2,300**	**3,207**
Intangibles/Misc. expenditure	**0**	**4**	**4**	**4**	**4**
Total assets	**1,789**	**2,646**	**2,971**	**3,262**	**4,166**

Cash flow

(₹ mn)	FY11	FY12	FY13E	FY14E	FY15E
Pre-tax profit	559	844	577	647	1,337
Total tax paid	(109)	(150)	(143)	(169)	(348)
Depreciation	20	25	26	27	28
Working capital changes	83	(639)	292	261	(200)
Net cash from operations	**554**	**80**	**752**	**766**	**817**
Cash from investments					
Capital expenditure	(13)	(45)	(52)	(25)	(25)
Investments and others	(269)	(221)	76	-	-
Net cash from investments	**(282)**	**(266)**	**24**	**(25)**	**(25)**
Cash from financing					
Equity raised/(repaid)	5	-	-	-	-
Debt raised/(repaid)	(73)	211	(71)	(147)	-
Dividend (incl. tax)	(38)	(49)	(48)	(53)	(111)
Others (incl extraordinaries)	55	0	11	12	26
Net cash from financing	**(50)**	**163**	**(108)**	**(188)**	**(85)**
Change in cash position	221	(23)	668	553	707
Closing cash	382	359	1,027	1,579	2,286

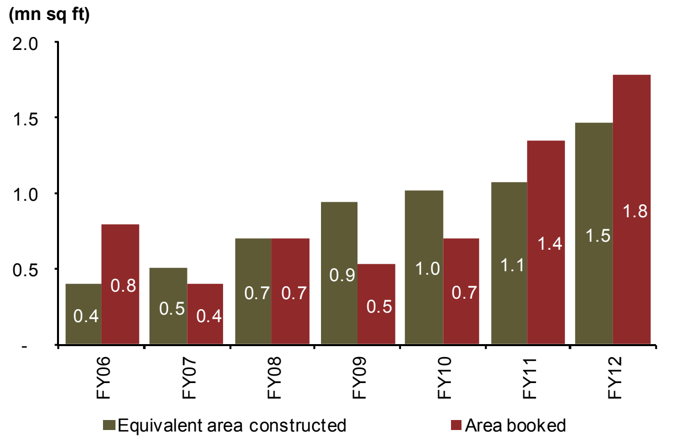
Quarterly financials

(₹ mn)	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13
Net Sales	**567**	**539**	**903**	**307**	**283**
Change (q-o-q)	41%	-5%	68%	-66%	-8%
EBITDA	**176**	**174**	**327**	**92**	**53**
Change (q-o-q)	25%	-1%	88%	-72%	-43%
EBITDA margin	**31%**	**32%**	**36%**	**30%**	**19%**
PAT	146	153	267	89	71
Adj PAT	**146**	**153**	**267**	**89**	**71**
Change (q-o-q)	12%	5%	75%	-67%	-20%
Adj PAT margin	**26%**	**28%**	**30%**	**29%**	**25%**
Adj EPS	**7.8**	**8.2**	**14.3**	**4.8**	**3.8**

Source: CRISIL Research

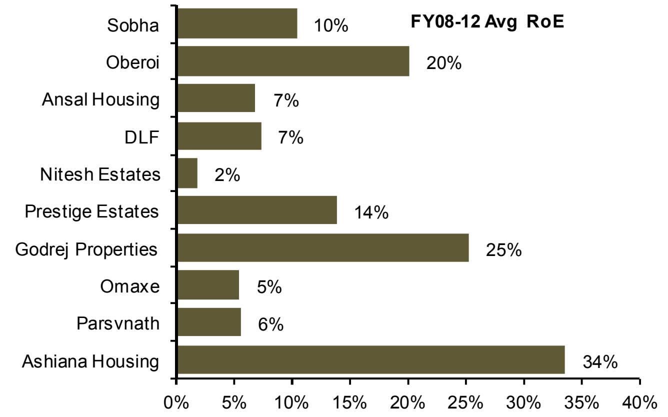
Focus Charts

Steady growth in construction and bookings



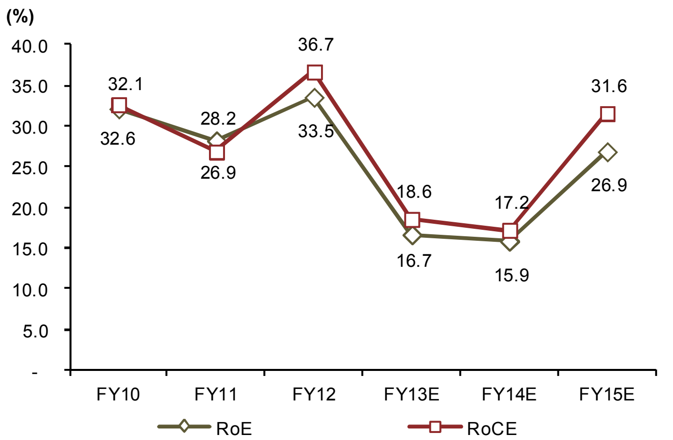
Source: Company, CRISIL Research

Superior RoE than other developers



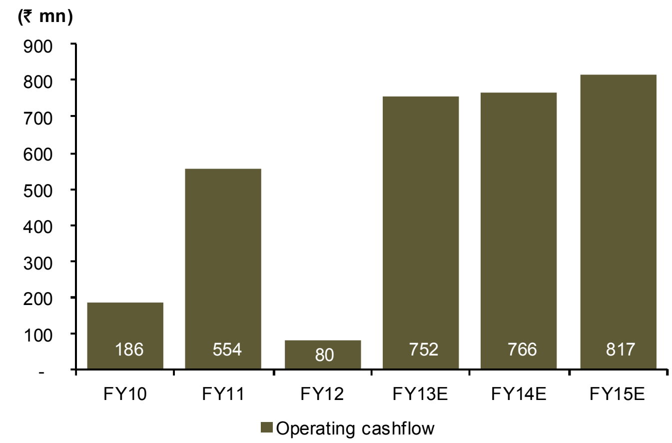
Source: Company, CRISIL Research

Strong RoE and RoCE



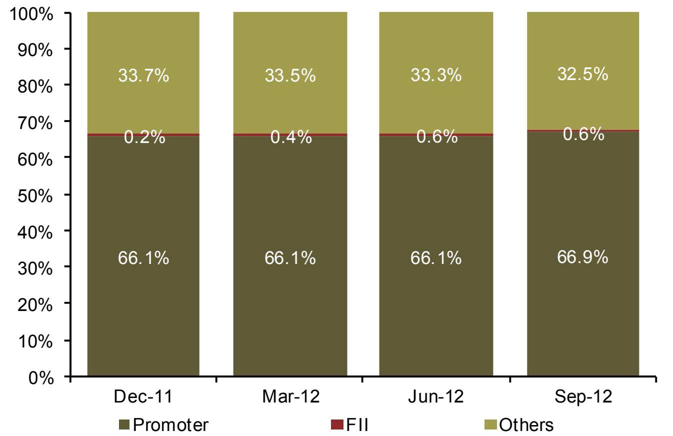
Source: Company, CRISIL Research

Strong operating cash flow for next three years



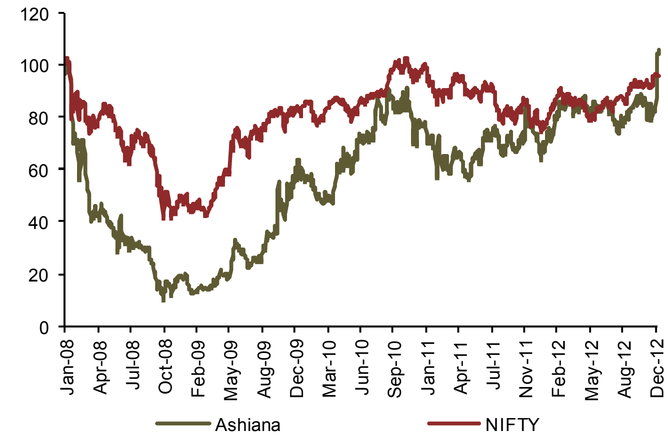
Source: Company, CRISIL Research

Share holding pattern



Source: Company, CRISIL Research

Share price outperformed broader indices



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Source: Company, CRISIL Research

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