

RESULT UPDATE

MID CAP

Share Data

Reuters code	APIL.BO
Bloomberg code	APIL.IN
Market cap. (US\$ mn)	221
6M avg. daily turnover (US\$ mn)	2.1
Issued shares (mn)	123
Target price (Rs)	90

Performance (%)	1M	3M	12M
Absolute	2	18	34
Relative	6	15	14

Valuation ratios

Yr to 31 Mar	FY11E	FY12E
EPS (Rs)	7.1	10.4
+/- (%)	71.5	46.6
PER (x)	11.8	8.0
PBV (x)	0.7	0.7
Dividend/Yield (%)	1.2	1.2
EV/Sales (x)	2.0	1.5
EV/EBITDA (x)	8.4	6.3

Major shareholders (%)

Promoters	59
FII's	13
MFs/FIs	3
Public & Others	25

Financial highlights

(Rs mn)	4QFY09	4QFY10	YoY (%)	FY09	FY10	YoY (%)	FY11E	YoY (%)	FY12E	YoY (%)
Net Sales	1,693	2,499	47.7	7,467	8,532	14.3	10,175	19.3	13,373	31.4
Expenses	(1,522)	(2,286)	50.2	(6,065)	(6,646)	9.6	(7,769)	16.9	(10,100)	30.0
EBITDA	171	213	24.7	1,200	1,886	57.2	2,406	27.6	3,273	36.0
EBITDA Margin (%)	10.1	8.5	-	16.1	22.1	-	23.6	-	24.5	-
EBIT	260	150	(42.4)	1,405	1,970	40.2	2,481	25.9	3,360	35.4
Interest	(496)	(266)	(46.4)	(972)	(1,062)	9.2	(1,115)	5.1	(1,289)	15.6
Pre-Tax Profit	(236)	(116)	NA	433	1,047	142.0	1,365	30.5	2,070	51.6
Tax	74	(60)	NA	(154)	(337)	119.3	(433)	28.6	(704)	62.5
Adjusted PAT	(146)	(181)	NA	297	508	70.8	932	83.4	1,367	46.6
PAT Margin (%)	(8.6)	(7.2)	-	4.0	6.0	-	9.2	-	10.2	-
No. of shares (mn)	113.5	123.2	-	113.5	123.2	-	131.7	-	131.7	-
Adjusted EPS (Rs)	(1.3)	(1.5)	NA	2.6	4.1	57.5	7.1	71.5	10.4	46.6

Ansal Properties & Infrastructure

Maintain Outperformer

Price: Rs 83

BSE Index: 16,945

01 June 2010

4QFY10 Result – Expense write-off's impact performance

Ansal Properties reported its 4QFY10 results in line with our estimates at the top line (up by 48% YoY at Rs 2.5 bn) but below our expectations at the bottom line with a loss of Rs 181 mn. This subdued performance at the bottom line was majorly due to: i) recognition of low margin revenues from one of its projects “Green Escape, Sonapat” (where the sales had been done in 2006 but was under arbitration since then), ii) write-off of expenses cumulating to ~Rs 400-450 mn (pertaining to certain expenses which were earlier loaded to the WIP), iii) increase in other operating expenses by 77% YoY and iv) decline in other income [to Rs (39) mn in 4QFY10 from Rs 120 mn in 4QFY09].

In the recent past, margins for the company have been under pressure due to high interest costs. Recent fund raising through preferential allotment along with lowered average interest cost to ~13.8% has helped address this to certain extent as seen from the decline in interest cost by 46% YoY. The company has once again been successful in its fund raising activity, when in May 2010; the board passed a resolution to issue ~8.6 mn shares @ Rs 82.5, through a preferential allotment. This is a second preferential allotment in the last six months (earlier in November 2009 allotted ~9.6 mn shares to a Mauritius-based investment fund (IPRO) raising Rs 672 mn @ Rs 70 per share). However, we still believe, to be able to honour its debt repayments (its balance sheet still is overburdened with a high present net debt of ~Rs 15.9 bn) and meet its construction expenses, the company would have to go for more such fund raising activities. Considering the improved fresh sales on its ongoing projects of ~70 mn sq ft (~50% plots), we maintain our Outperformer rating on the stock. After adjusting for the new equity the resultant FVPS stands at Rs 90.

SOTP Valuation – Revised

	Rs per share
Plots	43
Residential	8
Group housing	22
Commercial	24
Retail	29
Miscellaneous	2
Land Value	116
Total GPV	244
Less : O/s land cost per share	32
Less: Net debt per share	128
Add: Cash received from preferential shares	6
FVPS	90

Income Statement

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
Net sales	7,467	8,532	10,175	13,373
<i>Growth (%)</i>	<i>(25.7)</i>	<i>14.3</i>	<i>19.3</i>	<i>31.4</i>
Operating expenses	(6,065)	(6,646)	(7,769)	(10,100)
Operating profit	1,402	1,886	2,406	3,273
Other operating income	(202)	–	–	–
EBITDA	1,200	1,886	2,406	3,273
<i>Growth (%)</i>	<i>(55.3)</i>	<i>57.2</i>	<i>27.6</i>	<i>36.0</i>
Depreciation	(113)	(98)	(120)	(123)
Other income	318	181	195	210
EBIT	1,405	1,970	2,481	3,360
Interest paid	(972)	(1,062)	(1,115)	(1,289)
Pre-tax profit	433	908	1,365	2,070
(before non-recurring items)				
Non-recurring items	–	139	–	–
Pre-tax profit	433	1,047	1,365	2,070
(after non-recurring items)				
Tax (current + deferred)	(154)	(337)	(433)	(704)
Net profit (before Minority Interest, Pref. Dividend, etc.)	279	710	932	1,367
Prior period adjustments	28	–	–	–
Minority interests	19	(63)	–	–
Reported PAT	325	647	932	1,367
Adjusted net profit	297	508	932	1,367
<i>Growth (%)</i>	<i>(82.9)</i>	<i>70.8</i>	<i>83.4</i>	<i>46.6</i>

Balance Sheet

Yr end 31 Mar (Rs mn)	FY09	FY10P	FY11E	FY12E
Cash and Marketable sec.	1,035	1,283	3,985	1,427
Other current Assets	40,938	47,603	37,216	38,421
Investments	281	122	122	122
Net fixed assets	1,536	1,242	1,374	1,458
Other non-current assets	46	22	22	23
Total assets	43,836	50,271	42,719	41,451
Current liabilities	15,858	18,758	13,026	12,687
Total debt	14,040	17,192	14,046	12,053
Total liabilities	29,898	35,949	27,072	24,740
Share capital	568	616	659	659
Reserves & surplus	11,464	12,376	13,658	14,722
Less: Misc. expenditure	(6)	–	–	–
Shareholders' funds	12,025	12,992	14,316	15,381
Minorities interests	1,913	1,330	1,330	1,330
Total equity & liabilities	43,836	50,271	42,719	41,451
Capital employed	26,065	30,184	28,362	27,433

Cash Flow Statement

Yr end 31 Mar (Rs mn)	FY09	FY10P	FY11E	FY12E
Pre-tax profit	433	1,047	1,365	2,070
Depreciation	91	137	121	119
Chg in working capital	(5,886)	(3,754)	4,651	(1,544)
Total tax paid	(156)	(320)	(433)	(705)
Cash flow from oper. (a)	(5,519)	(2,889)	5,704	(59)
Capital expenditure	(79)	156	(253)	(203)
Chg in investments	17	159	–	–
Cash flow from inv. (b)	(62)	316	(253)	(203)
Free cash flow (a+b)	(5,581)	(2,574)	5,452	(262)
Equity raised/(repaid)	658	681	705	–
Debt raised/(repaid)	3,167	3,152	(3,146)	(1,993)
Dividend (incl. tax)	(166)	(66)	(127)	(132)
Other financing activities	(732)	(299)	(182)	–
Cash flow from fin. (c)	4,815	2,821	(2,749)	(2,125)
Net chg in cash (a+b+c)	(766)	247	2,702	(2,387)

Key Ratios

Yr end 31 Mar (%)	FY09	FY10P	FY11E	FY12E
Adjusted EPS (Rs)	2.6	4.1	7.1	10.4
Growth	(82.9)	57.5	71.5	46.6
Book NAV/share (Rs)	122.4	115.9	118.5	126.6
Dividend/share (Rs)	0.6	0.5	1.0	1.0
Dividend Payout Ratio	22.3	12.1	14.1	9.6
Tax	35.5	32.2	31.7	34.0
EBITDA margin	16.5	22.1	23.6	24.5
EBIT margin	19.3	23.1	24.4	25.1
RoCE	5.5	6.6	8.1	11.5
Net debt/Equity	93.3	111.1	64.3	62.6

Valuations

Yr end 31 Mar (x)	FY09	FY10P	FY11E	FY12E
PER	31.8	20.2	11.8	8.0
PCE	23.0	17.0	10.4	7.4
Price/Book	0.7	0.7	0.7	0.7
Yield (%)	0.7	0.6	1.2	1.2
EV/Net sales	3.1	3.1	2.0	1.5
EV/EBITDA	19.4	13.9	8.4	6.3

Du Pont Analysis – ROE

Yr end 31 Mar (x)	FY09	FY10P	FY11E	FY12E
Net margin (%)	4.0	6.0	9.2	10.2
Asset turnover	0.2	0.2	0.2	0.3
Leverage factor	3.1	3.3	3.1	2.6
Return on equity (%)	2.3	3.6	6.2	8.4

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