

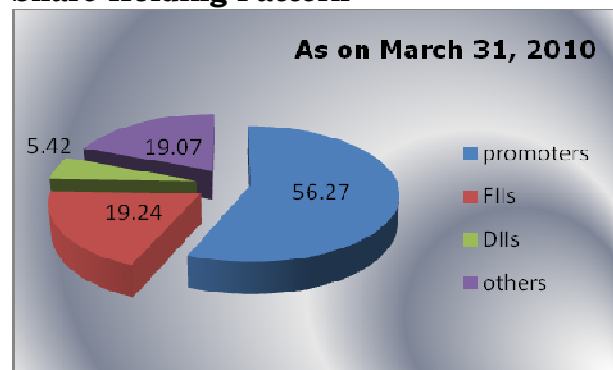
**C.M.P:**  
**Rs.176.00**
**Target Price:**  
**Rs.203.00**

June 26, 2010

**1 Year Comparative Graph**

**Stock Data**

<b>Sector</b>	Infrastructure
<b>Face Value Rs.</b>	10.00
<b>52 wk. High/Low (Rs.)</b>	197.95/63.30
<b>Volume (2 wk. Avg.)</b>	10949
<b>BSE Code</b>	526367
<b>Market Cap (Rs.In.mn)</b>	5747.45

**Share Holding Pattern**


**V.S.R. Sastry**  
 Equity Research Desk  
 vsrsastry@firstcallindiaequity.com

**Dr. V.V.L.N. Sastry Ph.D.**  
 Chief Research Officer  
 drsastry@firstcallindia.com

**SYNOPSIS**

- Ganesh Housing Corporation (GHCL) incorporated in 1991, is engaged in the business of construction and real estate development in Ahmedabad.
- The company is practically rolling out one project every quarter. At present the company has 4 projects via Satva, Suyojan and Maple County Phase, Maple County Phase-2.
- By the end of the quarter, company has currently the total saleable area under construction is 16,56,024 sq. ft. is worth of Rs.356.42 cr.
- Company has received ISO 9001:2000 certification for its quality management.
- Ganesh Housing has 12 lakhs Sq. Ft. of residential projects in pipeline.
- Net Sales and PAT of the company are expected to grow at a CAGR of 16% and 16% over 2009 to 2012E respectively.

**Financials**  
**(Rs.in.mn)**

	<b>FY10</b>	<b>FY11E</b>	<b>FY12E</b>
<b>Net Sales</b>	1056.8	1268.2	1458.5
<b>EBIDTA</b>	738.8	914.7	1051.8
<b>PAT</b>	506.1	665.0	777.8
<b>EPS</b>	15.50	20.37	23.82
<b>P/E</b>	11.36	8.64	7.39


**Firstcall Research**

(KPO Division Of Firstobject Technologies Ltd.)

## Peer Group Comparison

Name of the company	CMP(Rs.)	Market Cap.(Rs.Mn.)	EPS(Rs.)	P/E(x)	P/Bv(x)	Dividend (%)
Ganesh Housing Corporation Ltd	176.00	5747.45	15.50	11.35	1.12	18.00
Gayatri Projects Ltd	437.05	4978.6	46.83	9.33	2.29	40.00
GMR Infrastructure Ltd	57.15	209589.3	0.04	1428.75	3.59	0.00
Unitech Ltd	73.50	179251.9	2.23	32.96	5.02	5.00

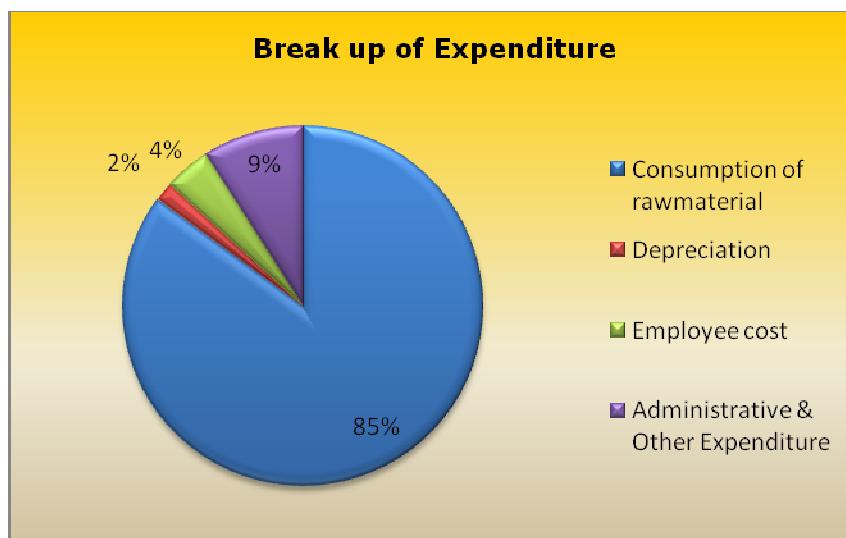
## Investment Highlights

### 🚩 Q4 FY10 Results Update

Ganesh Housing Corporation announced a phenomenal rise in standalone net profit for the quarter ended March 2010. During the quarter, the profit of the company rose 4.20 times to Rs 193.88 million from Rs 46.16 million in the same quarter last year. Net sales for the quarter for the quarter rose by 129.28% to Rs 393.99 million, while total income for the quarter jumped by 130% to Rs 395.35 million, when compared with the prior year period. The EPS of the company is Rs.5.94 for the quarter ended march 2010.

Quarterly Results - standalone (Rs in mn)			
As At	March-10	March-09	%change
<b>Net sales</b>	393.99	171.84	129.28
<b>PAT</b>	193.88	46.16	320.02
<b>Basic EPS</b>	5.94	1.41	320.02

### **Break up of Expenditure**



### **Projects Handling during the quarter**

The Company is practically rolling out one project every quarter. At present the Company has 4 Projects viz. Satva, Suyojan, Maple County and Maple County-2. Currently the total saleable area under construction is 16,56,024 sq. ft. out of this, 12,24,150 sq. ft. is already booked. The total saleable area from various projects under construction in terms of Rupees is Rs. 356.42 crores out of which, area worth Rs. 245.07 crores is already booked by the customers.

### **Future Plans**

Ganesh Housing has 12 lac Sq. Ft. of residential projects in pipeline. With the mission to offer construction and services that provide complete satisfaction along with the value and opportunity to customer, shareholder and employees, they are now establishing presence in the industrial and commercial segments as well.

As India opens up to SEZ (Special Economic Zone), companies experience and understanding will put us in position of advantage for investment in SEZ 's too. Government of India and Gujarat has given green flag to IT-SEZ project. The IT-

SEZ named 'Million minds' will be the 13.5 million Sq. Ft. Project in which 8 million Sq. Ft. will be Business Towers, 3.5 million Sq. Ft. will be Residential development and the 2 million Sq. Ft. will be utilized in providing services like Hospital, Hotel, educational institutes, malls and many more.

## **Company Profile**

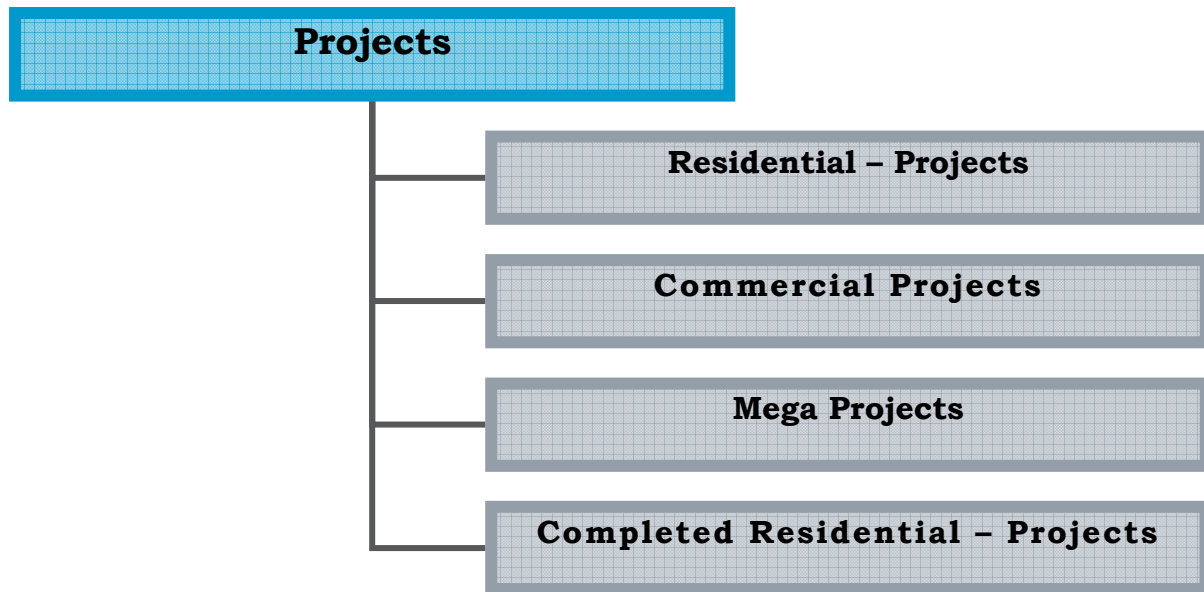
Ganesh Housing Corporation (GHCL) incorporated in 1991, is engaged in the business of construction and real estate development in Ahmedabad. The company has been promoted by Shri. Govindbhai C.Patel. The company is listed on National Stock Exchange of India and Bombay Stock Exchange

Company has received ISO 9001:2000 certification for its quality management. Since its inception the company has created 16 million sq.ft of residential space. In 2006, five companies namely Ramasagar Infrastructure, Nachiket Properties, Manjari (Thaltej) Complex, Shaharsh Infrastructure and Ganesh Infrastructure were amalgamated with itself.

GHCL inked an agreement with Government of Gujarat for development of Smart City-Integrated Township at Village Godhavi and Garodia with an investment outlay of Rs 2000 Crores.

Company is well known real estate developer in Ahmedabad and is developing several projects in the residential, commercial, hospitality, SEZ's, integrated townships and retail segment.

## Projects:



### ✓ Residential – Projects

- **Maple County-2**



Maple County-2 brings a spectacular assortment of contemporary apartments that redefine luxury and create an unmatched living experience. It transcends all definitions of magnificence with its one-of-a-kind solutions for wellbeing in a cozy, comfortable setting with clean architectural lines, warm natural colors, and eye-catching open spaces. With a breathtaking blend of design and comfort, Maple County-2 provides a private, serene escape from the bustle of the outside world.

- **Maple County**



Elegant houses, beautifully manicured gardens, and mesmerizing architecture, Maple County transports them to a world of royalty, with innovative designs that are thoughtfully and stylishly visualized. Taking their fast-paced lifestyle

into account, every convenience is within easy reach-be it transport, shopping, entertainment, or health.

- **SATVA - 2 & 3 BHK Lifestyle Apartments**



satva ~ pure and divine. where sacred thoughts arise, spiritual upliftment prevails and goodness fills the mind. just like tulsi – a word, a herb which is considered the most pious, 'the incomparable one'; a herb without which an abode is incomplete

- **MAHALAYA-2**



Mahalaya II is a bungalow scheme that imbibes this essence of happy living for a lifetime. The company have made it point to understand each of their needs and incorporated into these bungalows with essential and innovative features so that they last for a long time.

- **SUYOJAN**



Suyojan is a 3-storey apartment scheme with 3-BHK homes. Proactive architectural planning and detailed implementation results in a perfect living environment with clear demarcation of building blocks and a never before expanse of varied community spaces. Suyojan is the ideology that becomes the foundations of the legacy that Ganesh Housing has created in Gujarat with over four decades of perfect planning and immaculate execution of projects ranging from residential to commercial to infrastructure developments. Suyojan is yet another project where perfect planning is done in detail, thus creating the ideal living space for customers and their entire family.

- **SHANGRILA**



Shangrila, an inception to attain Utopia through drama of designs, environment and ergonomics of spaces, is an effort to construct not only walls but spaces that would interact and talk with every member of the house.

✓ **Commercial Projects**

- **GCP Business Center**



Ganesh Housing introduces GCP Business Centre, a new age, and post millennium class facilities for the discerning corporates of the city. Designed in timeless, classic yet contemporary setting and synchronizing the best resources, GCP has been conceptualized and developed as a structure that is the best in its class, an architectural landmark with state of the art amenities which exceeds customer expectations. The layout and design are extremely well-thought out to create a vibrant work culture. Enveloped in landscaped greens, 4 storied building will create an ideal ambience for quiet efficiency and productivity.

✓ **Mega Projects**

- **Golf Township at Godhavi**



Ganesh Housing presents 534 Acres Golf Township called "Smile City" at Godhavi only 7 km. away from S G Highway – the commercial Hub of Ahmedabad.



**Firstcall Research**

(KPO Division Of Firstobject Technologies Ltd.)

- **Million Minds – IT-SEZ**



Ganesh Housing, the leading real estate group in Ahmedabad welcomes all IT, ITES and BPO company's to join 'Million minds' the IT-SEZ. 'Million minds' has a gigantic Infrastructure of 54.5 sq. hector, providing the Hi-Fi environment, Digital Security gadget, world class connectivity and many more facilities for any growing IT business. Million minds not only bringing investment opportunity to the state but also helps to nature and create pool of talented IT professional.

✓ **Completed Residential – Projects**

- Shangrila II
- Ratnam
- Maniratnam
- Maniratnam-II
- Mahalaya



---

**Firstcall Research**

(KPO Division Of Firstobject Technologies Ltd.)



## Financials Results

### 12 Months Ended Profit & Loss Account (Standalone)

Value(Rs.in.mn)	FY09	FY10	FY11E	FY12E
Description	12m	12m	12m	12m
<b>Net Sales</b>	<b>924.80</b>	<b>1056.89</b>	<b>1268.27</b>	<b>1458.51</b>
Other Income	7.51	1.44	1.58	1.74
Total Income	932.31	1058.33	1269.85	1460.25
Expenditure	-164.05	-319.50	-355.12	-408.38
<b>Operating Profit</b>	<b>768.26</b>	<b>738.83</b>	<b>914.74</b>	<b>1051.87</b>
Interest	-231.04	-141.88	-134.79	-141.53
Gross profit	537.22	596.95	779.95	910.34
Deprecation	-15.13	-14.38	-15.53	-16.31
Profit Before Tax	522.09	582.57	764.42	894.04
Tax	-27.15	-76.47	-99.37	-116.22
<b>Profit After Tax</b>	<b>494.94</b>	<b>506.10</b>	<b>665.05</b>	<b>777.81</b>
Equity capital	326.56	326.56	326.56	326.56
Reserves	4285.74	4791.84	5456.89	6234.70
Face value (Rs.)	10.00	10.00	10.00	10.00
<b>EPS</b>	<b>15.16</b>	<b>15.50</b>	<b>20.37</b>	<b>23.82</b>



**Firstcall Research**

(KPO Division Of Firstobject Technologies Ltd.)

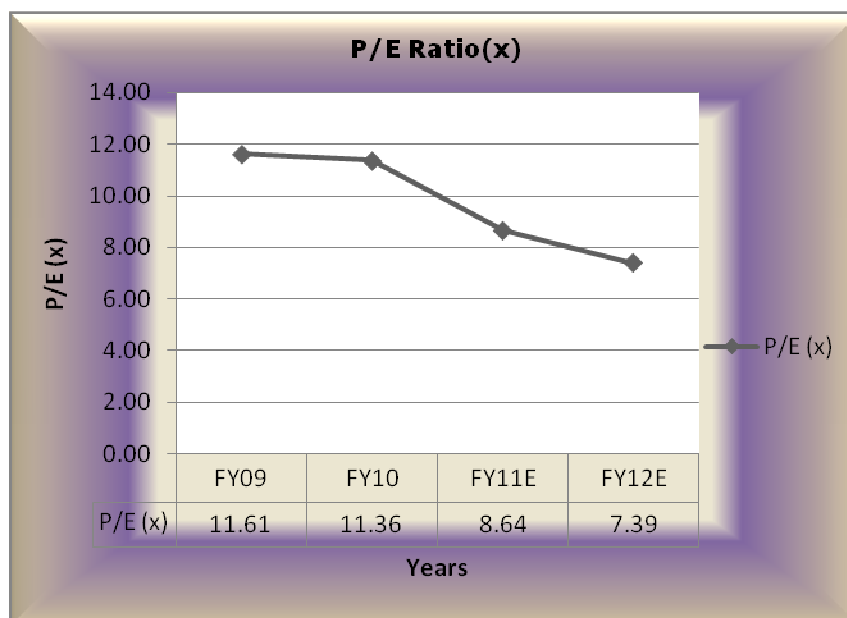
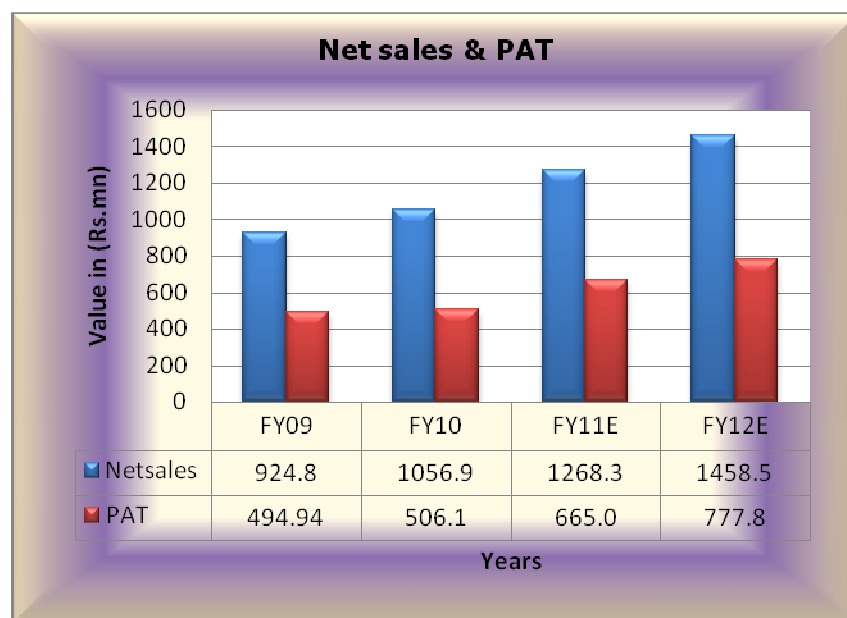
### Quarterly Ended Profit & Loss Account (Standalone)

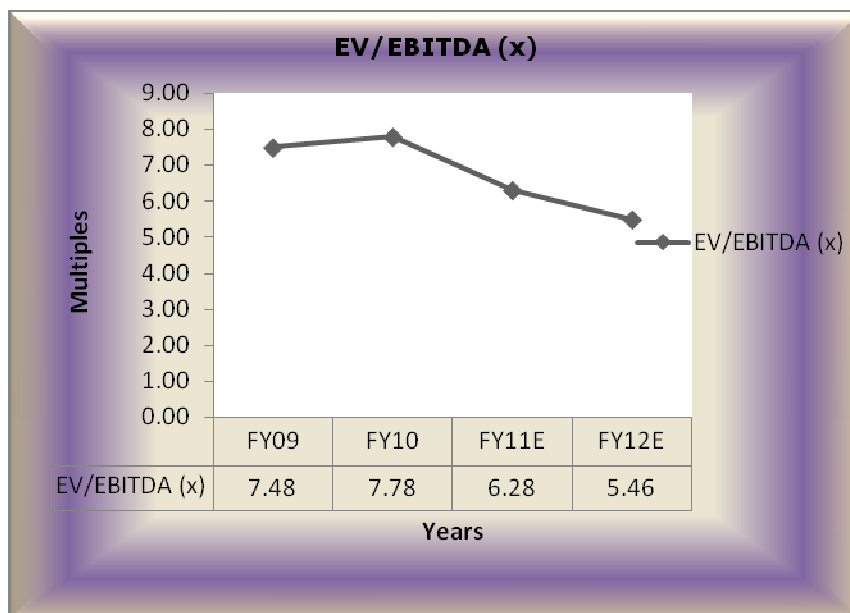
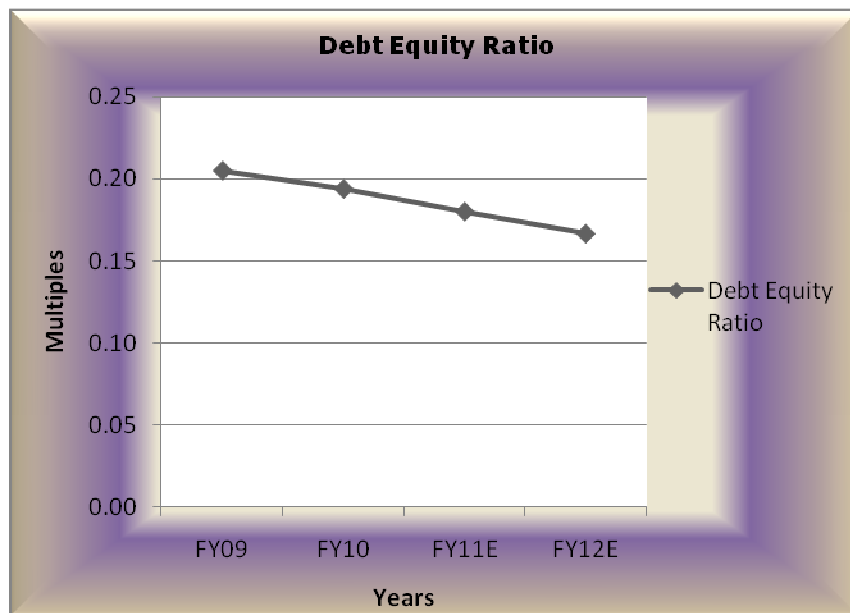
Value(Rs.in.mn)	30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10E
Description	3m	3m	3m	3m
<b>Net sales</b>	<b>248.89</b>	<b>301.48</b>	<b>393.99</b>	<b>413.69</b>
Other income	0.03	0.03	1.35	1.42
Total Income	248.92	301.51	395.34	415.11
Expenditure	-56.58	-78.32	-151.07	-124.11
<b>Operating profit</b>	<b>192.34</b>	<b>223.19</b>	<b>244.27</b>	<b>291.00</b>
Interest	-34.40	-28.58	-29.08	-29.66
Gross profit	157.94	194.61	215.19	261.34
Deprecation	-3.60	-3.71	-3.67	-3.78
Profit Before Tax	154.34	190.90	211.52	257.56
Tax	-53.15	4.58	-17.64	-61.81
<b>Profit After Tax</b>	<b>101.19</b>	<b>195.48</b>	<b>193.88</b>	<b>195.74</b>
Equity capital	326.56	326.56	326.56	326.56
Face value (Rs.)	10.00	10.00	10.00	10.00
<b>EPS</b>	<b>3.10</b>	<b>5.99</b>	<b>5.94</b>	<b>5.99</b>

## Key Ratios

Particulars	FY09	FY10	FY11E	FY12E
No. of Shares(In Million)	32.66	32.66	32.66	32.66
EBITDA Margin (%)	83.07%	69.91%	72.12%	72.12%
PBT Margin (%)	56.45%	55.12%	60.27%	61.30%
PAT Margin (%)	53.52%	47.89%	52.44%	53.33%
P/E Ratio (x)	11.61	11.36	8.64	7.39
ROE (%)	10.73%	9.89%	11.50%	11.85%
ROCE (%)	14.10%	12.33%	13.63%	13.96%
Debt Equity Ratio	0.2	0.19	0.18	0.17
EV/EBITDA (x)	7.48	7.78	6.28	5.46
Book Value (Rs.)	141.24	156.74	177.1	200.92
P/BV	1.25	1.12	0.99	0.88

## Charts:





## Outlook and Conclusion

- ✚ At the current market price of Rs.176.00, the stock is trading at 8.64 x FY11E and 7.39 x FY12E respectively.
- ✚ Price to Book Value of the stock is expected to be at 0.99 x and 0.88 x respectively for FY11E and FY12E.
- ✚ Earning per share (EPS) of the company for the earnings for FY11E and FY12E is seen at Rs.20.37 and Rs.23.82 respectively.
- ✚ On the basis of EV/EBITDA, the stock trades at 6.28 x for FY11E and 5.46 x for FY12E.
- ✚ The company's top line and bottom line are expected to grow at a CAGR of 16% and 16% over 2009 to 2012E respectively.
- ✚ The total saleable area from various projects under construction in terms of Rupees is Rs. 356.42 crores out of which, area worth Rs. 245.07 crores is already booked by the customers.
- ✚ We expect that the company will keep its growth story in the coming quarters also. We recommend 'BUY' in this particular scrip with a target price of Rs.202.00 for Medium term investment.

## Industry Overview

The real estate sector in the country is one of great importance. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

India leads the pack of top real estate investment markets in Asia for 2010, according to a study by PricewaterhouseCoopers (PwC) and Urban Land Institute, a global non-profit education and research institute, released in December 2009. The report, which provides an outlook on Asia-Pacific real estate investment and development trends, points out that India, in particular Mumbai and Delhi, are good real estate investment

destinations. Residential properties are viewed as more promising than other sectors. While, Mumbai, Delhi and Bangalore top the pack in the hotel 'buy' prospects as well.

The study is based on the opinions of over 270 international real estate professionals, including investors, developers, property company representatives, lenders, brokers and consultants.

According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 8.4 billion from April 2000 to March 2010 wherein the real estate and the housing sector witnessed FDI amounting US\$ 2.8 billion in the fiscal year 2009-10.

### **New Projects**

- Shristi Infrastructure Development Corporation will invest US\$ 444.7 million over the next three years in seven small cities in West Bengal, Tripura and Rajasthan. The money would be used to build integrated townships, healthcare facilities, hospitality and sports facilities, retail malls, logistics hubs and commercial and residential complexes.
- Realty major Ansal Properties & Infrastructure Ltd plans to invest about US\$ 330.8 million over the next three years on expansion of its existing integrated townships and to develop a group housing project in Haryana
- Integrated property development and asset management company, Vision India Real Estate Pvt Ltd, is planning to develop logistics parks in Bengaluru and Chennai, with an outlay of US\$ 110 million
- Tata Housing is planning to launch about 10 new residential projects in both affordable and luxury segments in 2010-11, with an investment of about US\$ 268.9 million along with its partners
- Vision India Real Estate, a closely-held business group in the US, is investing US\$ 5 million in Gem Group's upcoming residential project in Chennai. This will be the first joint development project for the US Company that is proposing

to invest US\$ 100 to US\$ 200 million over the next three years on projects, especially in the logistics arena.

- Real estate firm Supertech will invest US\$ 880.5 million for developing 15 realty projects across North India in the next three years

### **Government Initiatives**

The government has introduced many progressive measures to unlock the potential of the sector and also to meet the increasing demand levels.

- 100 per cent FDI allowed in townships, housing, built-up infrastructure and construction development projects through the automatic route, subject to guidelines as prescribed by DIPP
- 100 per cent FDI is allowed under the automatic route in development of Special Economic Zones (SEZ), subject to the provisions of Special Economic Zones Act 2005 and the SEZ Policy of the Department of Commerce
- FDI is not allowed in Real Estate Business

In the Union Budget 2010-11, the Finance Minister made the following announcements with regard to the real estate sector:

- Allocation for urban development were increased by more than 75 per cent from US\$ 660.3 million to US\$ 1.17 billion in 2010-11
- Allocation for housing and urban poverty alleviation were raised from US\$ 183.4 million to US\$ 215.8 million in 2010-11
- Scheme of 1 per cent interest subvention on housing loan up to US\$ 21,576 where the cost of the house does not exceed US\$ 43,153 announced in the last Budget has been extended up to March 31, 2011 and US\$ 151 million has been earmarked for this scheme for 2010-11
- US\$ 274 million has been allocated for Rajiv Awas Yojna, as compared to US\$ 32.4 million last year



## Road Ahead

According to the Confederation of Real Estate Developers' Associations of India (CREDAI), the affordable housing segment is set to play an important role in India's real estate sector in 2010 on the back of substantial demand.

"Affordable housing will be a key factor in driving the sector and we have already started working on progressive solutions in this area for effective and customised implementation of such projects," Confederation of Real Estate Developers' Associations of India (CREDAI) Chairman Kumar Gera said in January 2010.

Moreover, 2010 is expected to be a positive year for the real estate sector. The revival is expected to be driven by infrastructure growth, which in turn, can accelerate real estate activities both in the residential as well as commercial spaces.

---

### Disclaimer:

*This document prepared by our research analysts does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable but do not represent that it is accurate or complete and it should not be relied on as such. Firstcall India Equity Advisors Pvt. Ltd. or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provide for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision.*

<b>Firstcall India Equity Research: Email – info@firstcallindia.com</b>	
B. Harikrishna	Banking
B. Prathap	IT
A. Rajesh Babu	FMCG
C.V.S.L.Kameswari	Pharma
U. Janaki Rao	Capital Goods
E. Swethalatha	Oil & Gas
D. Ashakirankumar	Auto
Kavita Singh	Diversified
Nimesh Gada	Diversified
Priya Shetty	Diversified
Tarang Pawar	Diversified
Neelam Dubey	Diversified

**Firstcall India also provides**

*Firstcall India Equity Advisors Pvt.Ltd focuses on, IPO's, QIP's, F.P.O's,Takeover Offers, Offer for Sale and Buy Back Offerings.*

*Corporate Finance Offerings include Foreign Currency Loan Syndications, Placement of Equity / Debt with multilateral organizations, Short Term Funds Management Debt & Equity, Working Capital Limits, Equity & Debt Syndications and Structured Deals.*

*Corporate Advisory Offerings include Mergers & Acquisitions(domestic and cross-border), divestitures, spin-offs, valuation of business, corporate restructuring-Capital and Debt, Turnkey Corporate Revival – Planning & Execution, Project Financing, Venture capital, Private Equity and Financial Joint Ventures*

*Firstcall India also provides Financial Advisory services with respect to raising of capital through FCCBs, GDRs, ADRs and listing of the same on International Stock Exchanges namely AIMs, Luxembourg, Singapore Stock Exchanges and other international stock exchanges.*

*For Further Details Contact:*

*3rd Floor,Sankalp,The Bureau,Dr.R.C.Marg,Chembur,Mumbai 400 071*

*Tel. : 022-2527 2510/2527 6077/25276089 Telefax : 022-25276089*

*E-mail: info@firstcallindiaequity.com*

*www.firstcallindiaequity.com*