

June 2, 2010

BUY

HIGH RISK

PRICE Rs.127

TARGET Rs.165

Real Estate

EARLIER RECO

BUY	
Price	Rs.128
Target	Rs.165
Date	April 28, 2010

SHARE HOLDING (%)

Promoters	68.3
FII	0.7
FI / MF	0.0
Body Corporates	7.2
Public & Others	23.8

STOCK DATA

Reuters Code	AHFN.BO	
Bloomberg Code	ASFI IN	
BSE Code	523716	
NSE Symbol	-	
Market Capitalization*	Rs. 2288.6 mn US\$ 49.8 mn	
Shares Outstanding*	18.1 mn	
52 Weeks (H/L)	Rs.143 / 43	
Avg. Daily Volume (6m)	31,458 Shares	
Price Performance (%)		
1M	3M	6M
(9)	32	13
200 Days EMA: Rs. 100		

*On fully diluted equity shares



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Ashiana Housing has come out with excellent set of numbers for Q4FY10. The company's top line has increased by a whopping 114.5% YoY and 56.4% QoQ to Rs.376 mn. Key points pertaining to results are summarized below:

Key Highlights of Q4FY10 & FY10 results

- During the quarter ended 31st Mar 2010, the company's top line has increased by a whopping 114.5% YoY and 56.4% QoQ to Rs.376 mn. The rise in topline is mainly boosted by the increase in the area booked, which is up by 37.2% QoQ and 292% YoY to 2.51 lakh sq.ft. Thus supporting the company's goal of achieving higher sales number by concentrating on higher sales volumes.
- Its operating profit has increased stupendously to Rs.170.3Mn, with an operating profit margin of 45.3% vs 21.6% of Q3FY10.
- Its share of profit from the partnership firm has increased by 84% YoY to Rs.9.2 Mn. As of Q4FY10, the other income including share from partnership firm stands at Rs.24.9mn vs Rs.10.7mn of Q3FY10 and Rs.45.8mn of Q4FY09.
- Ashiana's Net Profit has increased by 161% on a QoQ basis to Rs.153.2Mn. Its Net Profit Margin has increased to 40.7% vs 24.4% of Q3FY10.
- For FY10 the company has reported a sales growth of 24.1% YoY to Rs.1125.5mn backed by higher bookings. Area Booked for FY10 increased to 7.04 LSF by 33.8% from 5.26 LSF.
- The company's operating profit for FY10 has grown by 88.4% YoY to Rs.384.4Mn with an EBITDA margin of 34.2% vs 22.5% of FY09. Higher operating margin was mainly because of lower raw material expenditure which reduced to 41.6% of net sales vs 57.3% of Q3FY10 and 68% of Q4FY09.
- Its share of profit from the partnership firm has also increased by 11.2% to Rs.41.8Mn.
- Its Net Profit has grown by 29.5% YoY to Rs.367.7Mn with a Net Profit Margin of 32.7% vs 31.3% of FY09.

Other Key Developments

- The company's average realization for Q4FY10 has increased by 14% YoY and 3.6% QoQ to Rs.2160/sq.ft. It has increased the price/sq ft by Rs.20-40/sq ft in this quarter.
- Equivalent Area Constructed crossed 10 LSF for the first time and stands at 10.22 LSF for FY10, an increase of 8.7% YoY.
- The company's total saleable area stands at 7.1MSF, with area launched at 2.9MSF and area booked at 1.6MSF (55% of launched area).
- **Management Guidance:** With huge potential of Retirement Resorts, improved market conditions and larger bandwidth available with Ashiana, its bookings are expected to attain the mark of 12 LSF in FY11 from current 7.04 LSF. While the EAC is likely to increase to 14 LSF from current 10.2 LSF.

OUTLOOK & VALUATION

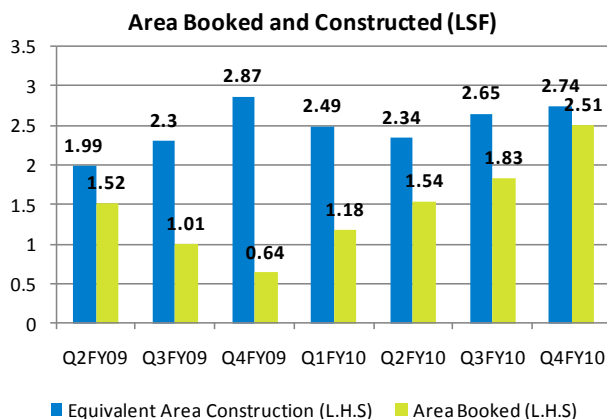
Ashiana Housing has reported good set of numbers for Q4FY10. It has also recommended a dividend of 15%. The company has seen good growth of 37% QoQ in the area booked for the quarter. It is now targeting a mark of 12 LSF of area bookings and 14 LSF of equivalent area constructed for FY11. Keeping in mind the ongoing projects saleable area of 7.1MSF and impressive past performance we believe that the company is likely to grow at a CAGR of 30% for the next two years. We therefore maintain our BUY rating on the stock with the target price of Rs.165.

KEY FINANCIALS

Y/E	Revenue (Rs mn)	APAT (Rs mn)	AEPS (Rs)	AEPS (% Ch.)	P/E (x)	ROCE (%)	ROE (%)	P/BV (x)
Mar.								
FY09	906.7	284.0	15.7	-26.6	8.1	32.7	34.6	2.4
FY10	1125.5	367.7	20.3	29.5	6.2	30.8	32.1	1.7
FY11E	1420.3	435.1	24.1	18.3	5.3	26.9	28.3	1.3
FY12E	1984.4	642.5	35.5	47.7	3.6	30.1	31.3	1.0

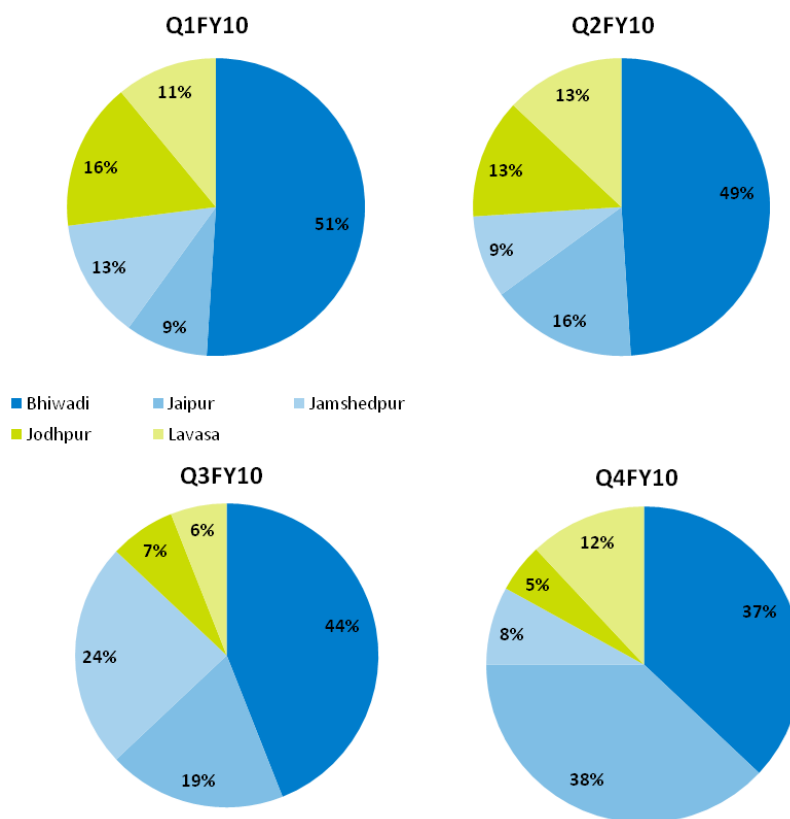
Key Highlights

- The company has seen a steady rise in the area booked with the improving demand scenario. Area Booked during the quarter has increased by 37.2% QoQ and 292% YoY to 2.51 LSF. While the EAC has increased by 3.4% QoQ to 2.74 LSF.



Source: Company

- The company is expanding its reach by concentrating on areas beyond Bhiwadi. Its area booked at Bhiwadi has decreased from 51% in Q1FY10 to 37% in Q4FY10.



The company’s exposure in Jaipur is increasing reaching 38% in Q4FY10, as the company introduced a new project Rangoli Gardens in the same quarter of 25 LSF. Out of this it has launched 2.75 LSF, with area booked as 0.4 LSF.

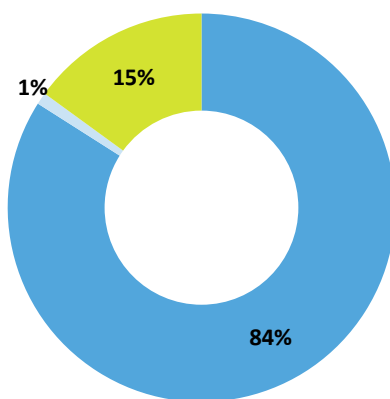
- The total saleable area of the ongoing projects is 7.1 MSF with area launched at 2.9MSF and area booked at 1.6MSF (55% of launched area).

Project Name	Location	Type	Salable Area (Lakh Sq.Ft)	Area Launched (Lakhs Sq.Ft)	Area Booked till date (Lakh Sq. Ft)	Area Booked QoQ (%)
Ashiana Angan	Bhiwadi	Group Housing	20.6	12.7	9.7	10%
Village Centre	Bhiwadi	Retail & Hotel	1.0	-	-	-
Utsav	Jaipur	Retirement Resort	3.9	2.51	0.77	22%
Ashiana Greenwoods	Jaipur	Group Housing	3.6	3.62	1.83	30%
Ashiana Brahmananda	Jamshedpur	Group Housing	4.8	2.32	0.82	49%
Ashiana Amarbagh	Jodhpur	Group Housing	5.3	2.77	1.95	7%
Utsav	Lavasa (Pune)	Retirement Resort	6.9	2.87	1.12	38%
Rangoli Gardens	Jaipur	Group Housing	25.0	2.75	0.4	-
Total			71.11	29.54	16.59	-

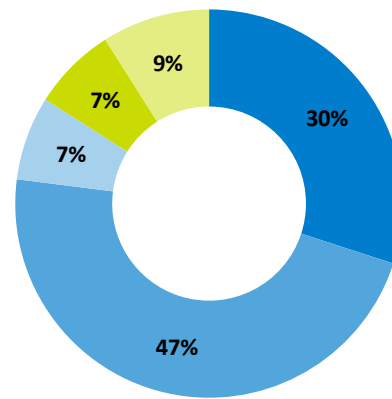
Source: Company

- Out of the total saleable area of 7.1 MSF 30% is from Bhiwadi and 47% is from Jaipur.
- Group housing accounts for ~84% of the total saleable area followed by Retirement resorts accounting 15% and Retail & Hotel just 1%.

Type of Project (%)



Geographically (%)



■ Group Housing ■ Retail & Hotel ■ Bhiwadi ■ Jaipur ■ Jamshedpur
■ Retirement Resort ■ Jodhpur ■ Lavasa

Source: Company

- The company is about to launch a new hotel and retail project over the next three months in Jamshedpur called Marine Plaza, with a saleable area of 1.7 LSF. This project is likely to be completed within next 3 years.
- The company has an estimated additional saleable area of 3.84 MSF including the project above (Marine Plaza-Jamshedpur), thus providing clear revenue visibility beyond the 7.1 MSF of ongoing projects.

QUARTERLY STATEMENT

(Rs.mn)

E March	Q4FY09	Q3FY10	Q4FY10
Net Sales	175.3	240.4	376.0
% Ch. YoY	-	3.1	114.5
Raw Material Consumed	119.2	137.7	156.4
Staff Cost	19.9	21.4	21.4
Other Expenditure	33.6	29.4	27.8
Total Expenditure	172.8	188.6	205.7
PBIDT	2.5	51.9	170.3
% Margin	1.4	21.6	45.3
Interest	1.5	2.8	2.5
PBDT	1.0	49.1	167.7
Depreciation	4.5	4.2	2.4
PBT excl. OI	(3.5)	44.9	165.3
Other Income	45.8	10.7	24.9
PBT incl OI	42.4	55.6	190.3
Tax	3.1	10.2	37.1
% of PBT	7.3	18.3	19.5
APAT	39.3	45.4	153.2
Share of profits in assoc.	(23.2)	13.3	-
RPAT	16.1	58.7	153.2

PROFIT & LOSS STATEMENT

(Rs.mn)

Y/E March	FY09	FY10	FY11E	FY12E
Net Sales	906.7	1125.5	1420.3	1984.4
Raw material	-85.4	-67.2	71.0	99.2
Project Expenses	600.8	622.5	639.8	849.2
Staff Cost	74.1	80.0	110.8	148.8
Total Expenditure	702.7	741.1	997.9	1350.1
PBIDT	204.1	384.4	422.5	634.3
Interest	0.0	10.5	10.2	10.5
Depreciation	14.9	15.0	21.3	25.8
Other Income	131.6	84.8	139.6	185.6
PBT incl OI	320.8	443.7	530.6	783.5
Tax	36.8	76.0	95.5	141.0
RPAT	284.0	367.7	435.1	642.5

BALANCE SHEET STATEMENT

(Rs.mn)

As on 31st March	FY09	FY10E	FY11E	FY12E
Share Capital	180.8	180.8	180.8	180.8
Reserves & Surplus	782.0	1149.6	1563.6	2184.9
Net Worth	962.8	1330.5	1744.4	2365.7
Secured Loans	7.1	70.0	70.0	70.0
Unsecured Loans	4.0	8.0	8.0	8.0
Total Loan funds	11.1	78.0	78.0	78.0
Deferred Tax	5.3	5.4	5.7	6.0
Capital Employed	1006.4	1441.1	1855.3	2476.9
Net Block	281.3	301.3	320.0	354.2
Cap. WIP	51.9	56.0	68.9	77.2
Investments	406.8	560.8	560.8	560.8
Sundry Debtors	15.4	33.8	42.6	59.5
Cash & Bank Bal	130.1	253.2	340.0	431.5
Loans & Advances	187.7	168.9	215.3	381.8
Inventory	583.9	787.9	994.2	1389.1
Other current assets	953.2	1181.8	1704.4	2579.7
Curr Liab & Prov	1609.2	1906.7	2396.1	3362.0
Net Current Assets	261.0	518.9	900.4	1479.6
Total Assets	1006.4	1441.1	1855.3	2476.9

Source: Sushil Finance Research Estimates

FINANCIAL RATIO STATEMENT

Y/E March	FY09	FY10E	FY11E	FY12E
Growth (%)				
Net Sales	-28.2	24.1	26.2	39.7
EBITDA	-45.9	88.4	9.9	50.1
Adjusted Net Profit	-26.6	29.5	18.3	47.7
Profitability (%)				
EBIDTA Margin (%)	22.5	34.2	29.7	32.0
Net Profit Margin (%)	31.3	32.7	30.6	32.4
ROCE (%)	32.7	30.8	26.9	30.1
ROE (%)	34.6	32.1	28.3	31.3
Per Share Data (Rs.)				
EPS (Rs.)	15.7	20.3	24.1	35.5
CEPS (Rs.)	16.5	21.2	25.2	37.0
BVPS (Rs)	53.2	73.6	96.5	130.8
Valuation				
PER (x)	8.1	6.2	5.3	3.6
PEG (x)	-	0.2	0.3	0.1
P/BV (x)	2.4	1.7	1.3	1.0
EV/EBITDA (x)	10.6	5.5	4.8	3.1
EV/Net Sales (x)	2.4	1.9	1.4	1.0
Turnover				
Debtor Days	6.2	11.0	11.0	11.0
Creditor Days	25.4	25.6	25.6	25.6
Gearing Ratio				
D/E	0.0	0.1	0.0	0.0

Rating Scale

This is a guide to the rating system used by our Equity Research Team. Our rating system comprises of six rating categories, with a corresponding risk rating.

Risk Rating

Risk Description	Predictability of Earnings / Dividends; Price Volatility
Low Risk	High predictability / Low volatility
Medium Risk	Moderate predictability / volatility
High Risk	Low predictability / High volatility

Total Expected Return Matrix

Rating	Low Risk	Medium Risk	High Risk
Buy	Over 15 %	Over 20%	Over 25%
Accumulate	10 % to 15 %	15% to 20%	20% to 25%
Hold	0% to 10 %	0% to 15%	0% to 20%
Sell	Negative Returns	Negative Returns	Negative Returns
Neutral	Not Applicable	Not Applicable	Not Applicable
Not Rated	Not Applicable	Not Applicable	Not Applicable

Please Note

Recommendations with "Neutral" Rating imply reversal of our earlier opinion (i.e. Book Profits / Losses).

** Indicates that the stock is illiquid With a view to combat the higher acquisition cost for illiquid stocks, we have enhanced our return criteria for such stocks by five percentage points.

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