

RESULT UPDATE

MID CAP

Share Data

Reuters code	APIL.BO
Bloomberg code	APIL IN
Market cap. (US\$ mn)	308
6M avg. daily turnover (US\$ mn)	2.2
Issued shares (mn)	157
Target price (Rs)	105

Performance (%)	1M	3M	12M
Absolute	(2)	13	33
Relative	(2)	1	6

Valuation ratios

Yr to 31 Mar	FY11E	FY12E
EPS (Rs)	7.2	8.0
+/- (%)	52.9	11.0
PER (x)	12.1	10.9
Dividend/Yield (%)	1.1	1.1
EV/Sales (x)	2.6	1.9
EV/EBITDA (x)	11.0	8.1

Major shareholders (%)*

Promoters	55
MFs/FIs	3
FII's	12
Public & Others	30

*As on September 2010.

Financial highlights (Consolidated)

(Rs mn)	2QFY10	2QFY11	YoY (%)	6MFY10	6MFY11	YoY (%)	FY10	FY11E	YoY (%)	FY12E	YoY (%)
Net Sales	1,861	3,275	76.0	3,228	5,842	81.0	8,621	10,549	22.4	13,823	31.0
Expenses	(1,311)	(2,605)	98.7	(2,361)	(4,413)	87.0	(6,758)	(8,015)	18.6	(10,621)	32.5
EBITDA	550	670	21.9	868	1,429	64.6	1,863	2,534	36.1	3,201	26.3
EBITDA Margin (%)	29.5	20.5	-	26.9	24.5	-	21.6	24.0	-	23.2	-
EBIT	567	672	18.5	942	1,586	68.4	2,085	2,796	34.1	3,380	20.9
Interest	(278)	(233)	(16.1)	(480)	(508)	5.7	(1,061)	(1,133)	6.7	(1,501)	32.5
Pre-Tax Profit	289	438	51.8	462	1,079	133.6	1,180	1,664	41.0	1,879	13.0
Tax	(14)	(211)	1,363.2	(85)	(463)	443.0	(380)	(529)	39.1	(620)	17.2
Adjusted PAT	278	199	(28.4)	381	568	48.9	581	1,135	95.4	1,259	11.0
PAT Margin (%)	14.9	6.1	-	11.8	9.7	-	6.7	10.8	-	9.1	-
No of shares (Mn)	113.5	131.7	-	113.5	131.7	-	123.2	157.4	-	157.4	-
Adjusted EPS (Rs)	2.4	1.5	(38.3)	3.4	4.3	28.3	4.7	7.2	52.9	8.0	11.0

Ansal Properties & Infrastructure

Maintain Outperformer

Price: Rs 87

BSE Index: 20,032

01 November 2010

2QFY11 Result – Increased interest and tax expense led to margin contraction

Revenues from sale of commercial FSI in Badshahpur, Gurgaon (Rs 409 mn) and income from sale of development rights (Rs 145 mn), has led to better than expected revenues in 2QFY11. However, contraction in EBITDA margin by ~907 bps and increased tax expense from Rs 14 mn in 2QFY10 to Rs 211 mn in this quarter, pushed the adjusted PAT below our expectations to Rs 199 mn (down by 28% YoY).

For the last few quarters, the company has been looking at raising funds through a QIP and this plan materialised during October, when the company raised Rs 2.3 bn by issuing 25.7 mn shares. Since the margins have been under pressure lately due to high interest costs, the money raised has been used to pay off its debt and bring down the interest expense. However, even after such payments, the debt on the books remains at ~Rs 15.7 bn. Due to this and the burden from construction expenses, we believe the company would have to go for more fund raising activities like sale of land parcels, dilution at the project level and at the enterprise level.

Considering the improved incremental sales on its ongoing projects of ~70 mn sq ft (~50% plots), new launches and management's continued intent to pay off its high cost debt and reduce interest expense, we maintain our Outperformer rating on the stock with a FVPS of Rs 105. At the current market price, the stock is trading at a PER of 12.1x FY11E and 10.9x FY12E consolidated earnings.

Highlights

- Net sales stood at Rs 3.3 bn (up by ~76% YoY) and adjusted PAT stood at Rs 199 mn (down by ~28% YoY).
- Increased capitalisation of interest expense (Rs 300-320 mn), increased operating expenses due to higher revenues from built up as against plotted sales and 1,364% increase in tax expense YoY, has led to contraction in YoY PAT margin by ~886 bps.
- Presently average interest cost is ~14.1%. The management is taking steps to bring its cost of funding down. In October, after funds have been raised through QIP, the company has already repaid high cost debt ~Rs 1 bn to HDFC (for 23% redeemable optionally convertible debentures) and some other debt of Rs 0.5 bn.

SOTP valuation

	Rs per share
Plots	40
Residential	9
Group housing	18
Commercial	20
Retail	25
Miscellaneous	2
Land Value	95
Total GPV	209
Less : O/s land cost per share	21
Less: Net debt per share	101
Add: Cash received from issue of shares by preferential allotment and QIP	19
No. of shares (mn)	157
FVPS per share	105

Income Statement

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
Net sales	7,467	8,621	10,549	13,823
<i>Growth (%)</i>	<i>(25.7)</i>	<i>15.4</i>	<i>22.4</i>	<i>31.0</i>
Operating expenses	(6,065)	(6,758)	(8,015)	(10,621)
Operating profit	1,402	1,863	2,534	3,201
Other operating income	(202)	–	–	–
EBITDA	1,200	1,863	2,534	3,201
<i>Growth (%)</i>	<i>(55.3)</i>	<i>55.2</i>	<i>36.1</i>	<i>26.3</i>
Depreciation	(113)	(97)	(118)	(106)
Other income	318	320	380	285
EBIT	1,405	2,085	2,796	3,380
Interest paid	(972)	(1,061)	(1,133)	(1,501)
Pre-tax profit (before non-recurring items)	433	1,024	1,664	1,879
Non-recurring items	–	156	–	–
Pre-tax profit (after non-recurring items)	433	1,180	1,664	1,879
Tax (current + deferred)	(154)	(380)	(529)	(620)
Net profit (before Minority Interest, Pref. Dividend, etc.)	279	800	1,135	1,259
Prior period adjustments	28	66	–	–
Minority interests	19	(63)	–	–
Reported PAT	325	803	1,135	1,259
Adjusted net profit	297	581	1,135	1,259
<i>Growth (%)</i>	<i>(82.9)</i>	<i>95.2</i>	<i>95.4</i>	<i>11.0</i>

Balance Sheet

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
Cash and Marketable sec.	1,013	1,081	2,250	3,978
Other current Assets	40,938	47,843	47,624	46,909
Investments	281	122	185	185
Net fixed assets	1,536	1,243	1,132	1,111
Other non-current assets	46	(41)	22	23
Total assets	43,813	50,247	51,212	52,206
Current liabilities	15,835	18,759	17,432	17,424
Total debt	14,040	17,183	16,346	16,246
Total liabilities	29,875	35,942	33,778	33,670
Share capital	568	616	787	787
Reserves & surplus	11,464	12,360	15,316	16,418
Less: Misc. expenditure	(6)	(0)	–	–
Shareholders' funds	12,025	12,975	16,104	17,205
Minorities interests	1,913	1,330	1,330	1,330
Total equity & liab.	43,813	50,247	51,212	52,205
Capital employed	26,065	30,158	32,450	33,451

Cash Flow Statement

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
Pre-tax profit	433	1,180	1,664	1,879
Depreciation	91	46	119	102
Chg in working capital	(5,897)	(4,010)	(1,084)	706
Total tax paid	(156)	(290)	(602)	(621)
Cash flow from oper. (a)	(5,529)	(3,075)	97	2,066
Capital expenditure	(79)	248	(8)	(82)
Chg in investments	17	159	(63)	–
Cash flow from inv. (b)	(62)	407	(71)	(82)
Free cash flow (a+b)	(5,591)	(2,668)	26	1,984
Equity raised/(repaid)	658	638	3,020	–
Debt raised/(repaid)	3,167	3,143	(837)	(100)
Dividend (incl. tax)	(166)	(66)	(171)	(157)
Other financing activities	(732)	(332)	(868)	–
Cash flow from fin. (c)	4,815	2,736	1,144	(257)
Net chg in cash (a+b+c)	(777)	68	1,169	1,727

Key Ratios

Yr end 31 Mar (%)	FY09	FY10	FY11E	FY12E
Adjusted EPS (Rs)	2.6	4.7	7.2	8.0
Growth	(82.9)	80.0	52.9	11.0
Book NAV/share (Rs)	122.4	115.9	110.5	117.5
Dividend/share (Rs)	0.6	0.7	1.0	1.0
Dividend Payout Ratio	22.3	15.9	13.9	12.5
Tax	35.5	32.2	31.8	33.0
EBITDA margin	16.5	21.6	24.0	23.2
EBIT margin	19.3	24.2	26.5	24.5
RoCE	5.5	7.0	8.6	9.9
Net debt/Equity	93.5	112.6	80.9	66.2

Valuations

Yr end 31 Mar (x)	FY09	FY10	FY11E	FY12E
PER	33.3	18.5	12.1	10.9
PCE	24.1	15.8	10.9	10.0
Price/Book	0.7	0.8	0.8	0.7
Yield (%)	0.7	0.9	1.1	1.1
EV/Net sales	3.6	3.5	2.6	1.9
EV/EBITDA	22.3	16.0	11.0	8.1

Du Pont Analysis – ROE

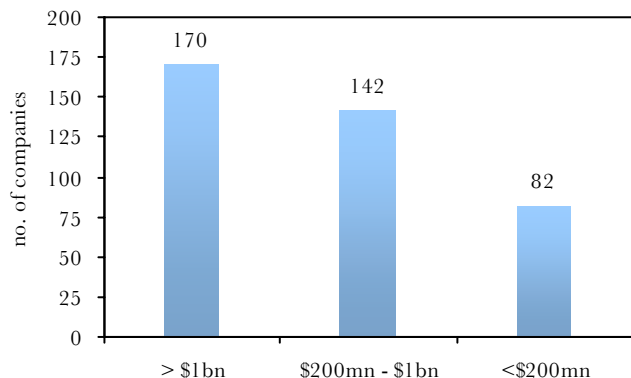
Yr end 31 Mar (x)	FY09	FY10	FY11E	FY12E
Net margin (%)	4.0	6.7	10.8	9.1
Asset turnover	0.2	0.2	0.2	0.3
Leverage factor	3.0	3.3	3.2	2.9
Return on equity (%)	2.3	4.1	7.1	7.0

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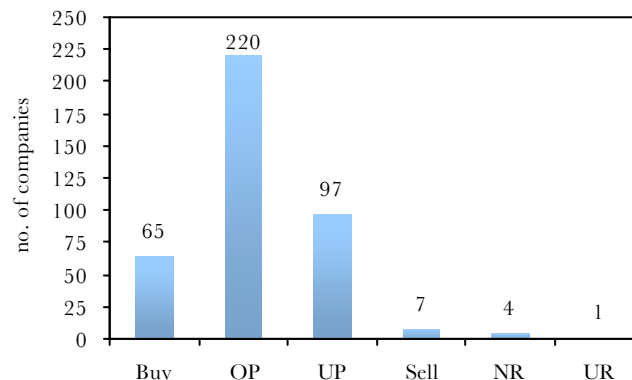
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B&K Universe Profile

By Market Cap (US\$ mn)



By Recommendation



B&K Securities is the trading name of Batlivala & Karani Securities India Pvt. Ltd.

B&K Investment Ratings:

1. **BUY:** Potential upside of > +25% (absolute returns)
2. **OUTPERFORMER:** 0 to +25%
3. **UNDERPERFORMER:** 0 to -25%
4. **SELL:** Potential downside of < -25% (absolute returns)

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