

# Ansal Properties & Infrastructure Ltd

## Relatively Undervalued



18 October 2010

### Renowned developer with good execution skill

Ansal Properties and Infrastructure Ltd. (Ansal), one of North India's oldest developers, has over 40 years of experience in the real estate sector. It develops integrated townships and other mixed use and standalone developments in residential, commercial and retail segments as well as SEZs and industrial parks.

It has till date developed ~192m sq ft of area including 98m sq of townships and 21.5m sq ft of vertical residential and commercial developments. Ansal's past project basket is adorned with some of the landmark projects in Delhi and Gurgaon - such as Statesman House, Antriksh Bhawan, Amba Deep, Akash Deep, Ansal Plaza (amongst the first malls in Delhi), Marriott Delhi Sushant Lok, and Palam Vihar.

### Extensive land reserves with strong presence in NCR

Ansal Properties has extensive land reserves of 9,335 acres (282m sq ft) in NCR, Uttar Pradesh, Haryana, Punjab and Rajasthan, of which it either owns or has sole development rights over 6,448 acres. It has a strong presence in NCR comprising 43% (4,039 acres) of land reserves and 29% (~1,900 acres) of land acquired.

The company's low land cost provides downside protection at times of slowdown in the real estate market; with the average cost of FSI being INR180/sq ft. In addition, 87.5% of land reserves is zoned and converted and it has already received development permits for 84.6% of the land acquired.

### Our view

Our visit to its projects in Lucknow and NCR indicated high level of pre-sales and execution capability. Out of its potential development of 282m sq ft of projects, 126.5m sq ft has been launched and ~67m sq ft valued at INR52bn has been sold. For the area sold, it is yet to receive INR21.9bn - this indicates high visibility of cash flows from ongoing projects.

In view of attractive project basket, healthy cash flows coupled with strong brand and execution with current market cap of INR12.6bn suggests that it is undervalued vs. its peers such as Parsvnath, Omaxe and Unitech.

### Financials

INRm	FY07	FY08	FY09	FY10
Revenue	8,750	10,114	7,786	8,941
EBITDA	2,335	2,747	1,518	2,259
PAT	1,321	1,735	326	643
Net Worth	9,408	11,878	12,032	12,991
Net Debt	2,367	9,085	13,027	16,102

Source: Company, Antique

**NOT RATED**  
**CMP : INR93**

### Market data

Sector	:	Real Estate
Market Cap (INRbn)	:	12
Market Cap (USDbn)	:	0.3
O/S shares (m)	:	123
Free Float (m)	:	47
52-wk HI/LO (INR)	:	100/60
Avg 6m Vol ('000)	:	1,476
Bloomberg	:	APIL IN
Reuters	:	ANSP.BO

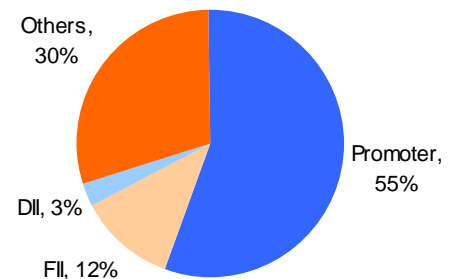
Source: Bloomberg

### Returns (%)

	1m	3m	6m	12m
Absolute	1	13	14	15
Relative	(0)	2	1	(0)

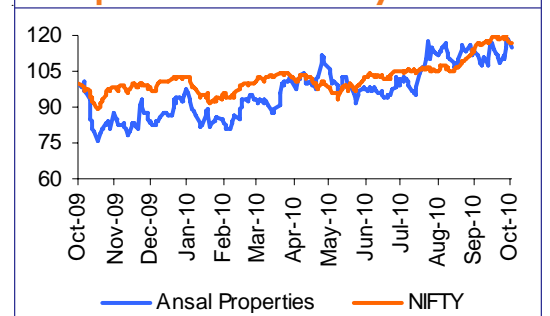
Source: Bloomberg

### Shareholding pattern



Source: BSE, Jun'10

### Price performance vs Nifty



Source: Bloomberg

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We visited the company's projects in Lucknow, Sonapat and Gurgaon. Following are the key findings in detail:

### Lucknow

The project was launched in 2006 and currently has a size of ~1,765 acres, which is further expected to increase to ~3,500 acres. The township is located on Lucknow-Sultanpur National Highway and is close to Gomti Nagar, Lucknow's largest residential colony.

The project has ~3,400 plots, of which ~82% have already been sold. Infrastructure work is near to completion and the company has begun offering possession of plots.

There are ~1,558 villas in the project, of which 258 are recently launched golf villas (~15 have been sold) and ~1,300 of the already sold regular villas. Of these regular villas, 200 have been offered for possession and another 200 will be handed over in the next two months.

Ansal Properties is a master developer of the township and this project is a Hi-Tech township approved by the Uttar Pradesh government. Under this policy, the company will have the right to collect money for utility services provided in the township.

The township will have an 18-hole championship golf course spread over 433 acres, a school and a 50-acre Fortis Medicity amongst other facilities.

### Sonepat

Green Escape is a group housing project launched on ~30 acres of land. The project has 37 towers comprising ~2.5m sq ft, of which ~0.7m sq ft has already been sold. Construction work has begun on 11 towers and the project is close to 135km KMP (Kundli-Manesar-Palwal) expressway which will be a key road network in Haryana.

The company will be getting additional 42 acres adjacent to its Sushant City township in Kundli which will likely be sold as plots. Prices for these plots are currently in the range of INR22,000-40,000/sq yrd.

### Gurgaon

Golden Greens is designed to be a mixed use development with a golf course and is located between NH-8 and Sohna Road. The project is expected to have a total area of 300 acres, of which ~280 acres has already been acquired. The golf course is already operational since 2002 and the company plans to develop ~400 high end villas on the land parcel. Besides, the project is also expected to have a 5-star hotel and an amusement park. Golden Greens does not form part of the 9,335 acres of land reserves of the company and is expected to be launched sometime in the middle of next year.

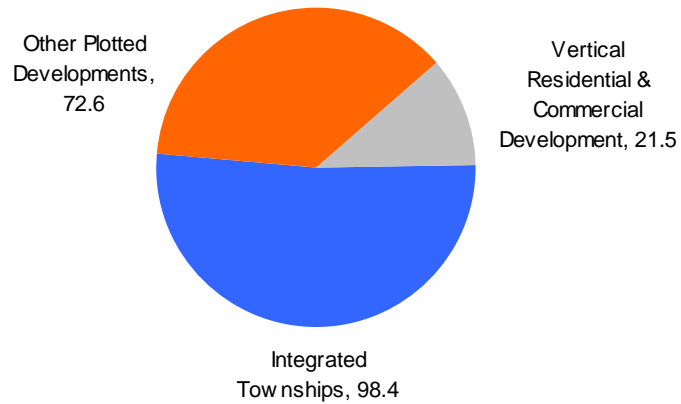
Esencia is a township project located in sector 67 of Gurgaon, at the junction of Golf Course Extension Road and Sohna Road. The total project size is ~200 acres, of which ~112 acres is licensed. The township has over 700 plots, most of which have been sold. Also, 300 independent floors were launched recently, of which over 90% have been sold. Besides, the project has 17 villas (~INR27.5m per villa) and 12 ultra luxury villas (INR90-100m per villa) expected to be launched for sale next month. The master plan and layout of the project has been approved and the entire project is expected to be completed by Dec 2013.

**Lucknow project comprises ~3,400 plots - 82% already sold**

**Green Escape project has 37 towers comprising ~2.5m sq ft**

**Golden Greens is expected to have a total area of 300 acres - does not form part of the 9,335 acres of land reserves**

### Total area developed to-date (m sq ft)



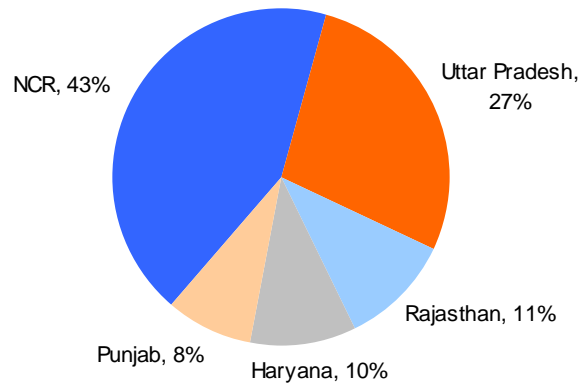
Source: Company

### Land bank breakdown (acres)

Acquired or agreed to be acquired	5,066
Sole development rights	1,382
Allotted or agreed to be allotted by State Govt/others	1,052
Identified land forming part of licensed area	1,835
<b>Total</b>	<b>9,335</b>

Source: Company

### Land bank by geography (as a % of 9,335 acres)



Source: Company

### Cash flow visibility from ongoing projects

Location	Area launched (m sq ft)	Area sold (m sq ft)	Value sold (INRm)	Amt to be received for area sold (INRm)
NCR	40.4	23	25,375	11,174
Uttar Pradesh	43.7	17	11,099	5,888
Haryana	14.4	8	5,054	2,064
Rajasthan	17.5	13	4,887	847
Punjab	10.5	6	5,708	1,922
<b>Total</b>	<b>126.5</b>	<b>67</b>	<b>52,123</b>	<b>21,895</b>

Source: Company

### Peer group comparison

	Ansal Properties	Parsvnath	Omaxe	Unitech	DLF
Market cap (INRm)	12,650	27,990	26,160	234,580	642,820
Landbank (m sq ft)	282	195	164	475	413
Market Cap/sq ft (INR)	45	144	160	494	1556
Landbank in NCR (m sq ft)	138	74	41	114	173
% Landbank in NCR	49%	38%	25%	24%	42%
Net-Debt (INRm)	13,788	14,403	15,933	51,570	184,630
Equity (INRm)	15,674	28,799	16,035	107,590	270,970
Net-debt/Equity	0.9	0.5	1.0	0.5	0.7

Source: Company, Antique

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