

RESULT UPDATE

SMALL CAP

Share Data

Reuters code	APIL.BO
Bloomberg code	APL IN
Market cap. (US\$ mn)	108
6M avg. daily turnover (US\$ mn)	0.4
Issued shares (mn)	157
Target price (Rs)	69

Performance (%) 1M 3M 12M

Absolute	(27)	(31)	(67)
Relative	(20)	(25)	(65)

Valuation ratios

Yr to 31 Mar	FY12E	FY13E
EPS (Rs)	8.0	10.3
+/- (%)	24.4	28.0
PER (x)	3.8	3.0
Dividend/Yield (%)	3.5	3.5
EV/Sales (x)	1.4	1.1
EV/EBITDA (x)	7.2	5.5

Major shareholders (%)

Promoters	48
MFs/FIs	3
FII's	23
Public & Others	27

Financial highlights

(Rs mn)	1QFY11	1QFY12	YoY (%)	FY10	FY11	YoY (%)	FY12E	YoY (%)	FY13E	YoY (%)
Net sales	2,567	2,970	15.7	8,621	12,571	45.8	14,213	13.1	17,031	19.8
Expenses	(1,808)	(2,425)	34.1	(6,758)	(10,150)	50.2	(11,480)	13.1	(13,569)	18.2
EBITDA	758	545	(28.2)	1,863	2,421	30.0	2,733	12.9	3,461	26.6
EBITDA margin (%)	29.5	18.3	-	21.6	19.3	-	19.2	-	20.3	-
EBIT	915	547	(40.2)	2,085	2,632	26.2	2,909	10.5	3,643	25.2
Interest	(274)	(205)	(25.2)	(1,061)	(923)	(13.1)	(995)	7.8	(1,179)	18.5
Pre-Tax Profit	640	342	(46.6)	1,180	1,709	44.9	1,914	12.0	2,464	28.7
Tax	(253)	(125)	(50.7)	(380)	(629)	65.4	(632)	0.5	(813)	28.7
Adjusted PAT	369	218	(40.9)	581	1,015	74.8	1,262	24.4	1,616	28.0
PAT margin (%)	14.4	7.3	-	6.7	8.1	-	8.9	-	9.5	-
No of shares (mn)	131.7	157.4	-	123.2	157.4	-	157.4	-	157.4	-
Adjusted EPS (Rs)	2.8	1.4	(50.6)	4.7	6.4	36.7	8.0	24.4	10.3	28.0

Ansal Properties & Infrastructure

Maintain Outperformer

Price: Rs 31

BSE Index: 16,840

12 August 2011

Asiamoney 2011
Brokers Poll
25 July - 26 August, 2011

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B&K SECURITIES
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1QFY12 Result – Strong revenue visibility

Ansal Properties results were in line with our expectations at the top-line with net sales at Rs 3 bn (up by ~16% YoY). EBITDA margin stood at 18% (contraction by 356 bps) against (B&K estimate of 20% largely on account of more than proportionate increase in construction costs. However, decline in interest expense by 25% YoY on account of large portion of it being capitalised coupled with reduced tax expense helped it report adjusted PAT at Rs 218 mn.

The company's focus in the recent times has been to consolidate its project portfolio and cut down the debt levels. In this regard the company has surrendered their stake in one project at Greater Noida to GNIDA and two other projects to the joint development partner. This will help them to reduce cost to be expensed towards pending land payments. We believe, the above along with the strong cash inflows the company has been recording will help bring down its debt level and ease its interest burden.

Highlights

- Net sales for the quarter were at Rs 3 bn (up by ~16% YoY) and adjusted PAT stood at Rs 218 mn (down by 50% YoY).
- Have sold ~8.5 mn sq ft in 1QFY12 with a sales value of Rs 10 bn.
- Have made healthy collections of Rs 4.6 bn during the quarter from the old sales as well as new sales. The company has launched ~9 mn sq ft of saleable area in 1QFY12. This we believe will further lead to improved operational cash situation.

- With healthy fresh sales coupled with good realisations of Rs 1,165 per sq ft during the quarter (from Rs 1,067 per sq ft in FY11), we believe the revenues and earnings to improve.
- The company during the quarter has transferred infrastructure facilities and cost related to infrastructure facilities done, in their Lucknow township, in a separate 100% owned infra subsidiary (Ansal API Infrastructure Ltd.). This way the cost expended on infrastructure there will not come in the P&L and would be capitalized. This has resulted in a gain of Rs 420 mn (mark-up on those facilities done) and some more would accrue in the coming quarters. In return, all revenues earned from infrastructure facilities (water bills, telephone and electricity and maintenance revenues) would not come in Ansal API but in the subsidiary.

Outlook and valuation

On back of improved incremental sales on its ongoing projects, new launches and management's continued intent to reduce debt, we maintain our Outperformer rating on the stock with downward revised FVPS of Rs 69.

Pre-Sales trend

(Rs mn)	1QFY11	2QFY11	3QFY11	4QFY11	FY11	1QFY12
Incremental Pre sales (mn sq ft)	3.44	7.99	4.38	6.6	22.4	8.53
Incremental Pre sales	4,967	6,920	5,251	6,789	23,927	9,939
Average Realisation (Rs)	1,444	866	1,199	1,025	1,067	1,165

Source: Company, B&K Research

New launches done during the quarter

Project name	Area launched (mn sq ft)	Area sold (mn sq ft)
Golf Gateway Towers, Lucknow Phase-I	0.25	0.02
Sushant Jeevan Enclave, Lucknow Phase-II	0.48	0.21
Sushant Golf City, Lucknow Phase-II	4.63	1.72
Golf Links-II, Sector 116, Mohali	0.38	0.04
Fernhill Sector 91, Gurgaon	1.43	0.35
Sushant Square, Greater Noida	0.80	0.66
Esencia Extn., Gurgaon	0.11	0.01
Ansal Town, Karnal	0.33	0.17
	0.06	0.05
Total	8.47	3.24

SOTP Valuation

NPV per share	Value Per Share (Rs)
Plots	40
Residential	7
Group housing	28
Commercial	26
Retail	23
Misc	1
Land Value	88
Total	213
Less: payments due against land	51
DCF value of operations	161
Less: Net Debt	93
No of shares	157
Shareholders' value /FVPS	69

Source: Company, B&K Research

Income Statement

Yr end 31 Mar (Rs mn)	FY10	FY11	FY12E	FY13E
Net sales	8,621	12,571	14,213	17,031
<i>Growth (%)</i>	<i>15.4</i>	<i>45.8</i>	<i>13.1</i>	<i>19.8</i>
Operating expenses	(6,758)	(10,150)	(11,480)	(13,569)
Operating profit	1,863	2,421	2,733	3,461
EBITDA	1,863	2,421	2,733	3,461
<i>Growth (%)</i>	<i>55.2</i>	<i>30.0</i>	<i>12.9</i>	<i>26.6</i>
Depreciation	(97)	(96)	(109)	(104)
Other income	320	307	285	286
EBIT	2,085	2,632	2,909	3,643
Interest paid	(1,061)	(923)	(995)	(1,179)
Pre-tax profit (before non-recurring items)	1,024	1,709	1,914	2,464
Non-recurring items	156	–	–	–
Pre-tax profit (after non-recurring items)	1,180	1,709	1,914	2,464
Tax (current + deferred)	(380)	(629)	(632)	(813)
Net profit (before Minority Interest, Pref. Dividend, etc.)	800	1,080	1,282	1,651
Prior period adjustments	66	–	–	–
Minority interests	(63)	(66)	(20)	(35)
Reported PAT	803	1,015	1,262	1,616
Adjusted net profit	581	1,015	1,262	1,616
<i>Growth (%)</i>	<i>95.2</i>	<i>74.8</i>	<i>24.4</i>	<i>28.0</i>

Balance Sheet

Yr end 31 Mar (Rs mn)	FY10	FY11P	FY12E	FY13E
Cash and Marketable sec.	1,081	1,284	919	1,437
Other current assets	47,843	51,342	53,041	55,250
Investments	122	13	13	13
Net fixed assets	1,243	1,164	1,152	1,149
Other non-current assets	(41)	(21)	23	24
Total assets	50,247	53,782	55,146	57,872
Current liabilities	18,739	20,521	21,560	22,679
Total Debt	17,183	15,878	15,613	15,773
Total liabilities	35,921	36,399	37,172	38,452
Share capital	616	787	787	787
Reserves & surplus	12,380	15,782	16,373	17,819
Shareholders' funds	12,995	16,569	17,160	18,606
Minorities interests	1,330	814	814	814
Total equity & liab.	50,247	53,782	55,146	57,872
Capital employed	30,178	32,447	32,773	34,379

Cash Flow Statement

Yr end 31 Mar (Rs mn)	FY10	FY11P	FY12E	FY13E
Pre-tax profit	1,180	1,709	1,914	2,464
Depreciation	46	108	94	84
Chg in working capital	(4,010)	(1,727)	(660)	(1,089)
Total tax paid	(290)	(659)	(675)	(814)
Cash flow from oper. (a)	(3,075)	(570)	673	645
Capital expenditure	248	(29)	(82)	(82)
Chg in investments	159	109	–	–
Cash flow from inv. (b)	407	80	(82)	(82)
Free cash flow (a+b)	(2,668)	(490)	591	563
Equity raised/(repaid)	638	3,020	–	–
Debt raised/(repaid)	3,143	(1,305)	(265)	160
Dividend (incl. tax)	(66)	(72)	(171)	(171)
Other financing activities	(332)	(368)	(501)	0
Cash flow from fin. (c)	2,736	693	(957)	(45)
Net chg in cash (a+b+c)	68	203	(365)	518

Key Ratios

Yr end 31 Mar (%)	FY10	FY11P	FY12E	FY13E
Adjusted EPS (Rs)	4.7	6.4	8.0	10.3
Growth	80.0	36.7	24.4	28.0
Book NAV/share (Rs)	116.1	110.2	114.0	123.2
Dividend/share (Rs)	0.6	0.6	1.1	1.1
Dividend Payout Ratio	12.4	9.1	13.5	10.6
Tax	32.2	36.8	33.0	33.0
EBITDA margin	21.6	19.3	19.2	20.3
EBIT margin	24.2	20.9	20.5	21.4
RoCE	7.0	8.1	8.7	10.6
Net debt/Equit	112.4	84.0	81.7	73.8

Valuations

Yr end 31 Mar (x)	FY10	FY11P	FY12E	FY13E
PER	6.5	4.8	3.8	3.0
PCE	5.6	4.4	3.5	2.8
Price/Book	0.3	0.3	0.3	0.3
Yield (%)	1.9	1.9	3.5	3.5
EV/Net sales	2.4	1.5	1.4	1.1
EV/EBITDA	11.3	8.0	7.2	5.5

Du Pont Analysis – ROE

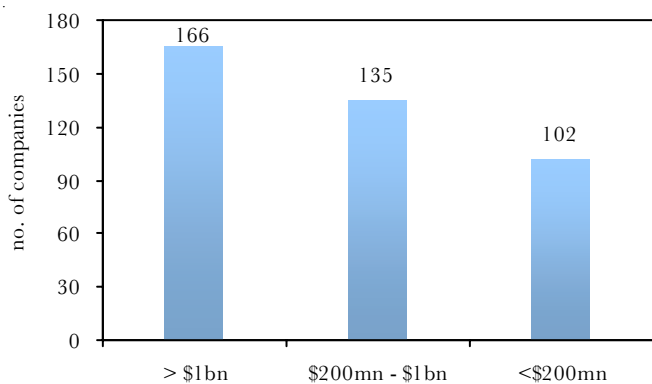
Yr end 31 Mar (x)	FY10	FY11P	FY12E	FY13E
Net margin (%)	6.7	8.1	8.9	9.5
Asset turnover	0.2	0.2	0.3	0.3
Leverage factor	3.3	3.3	3.1	3.0
Return on equity (%)	4.1	6.4	7.1	8.6

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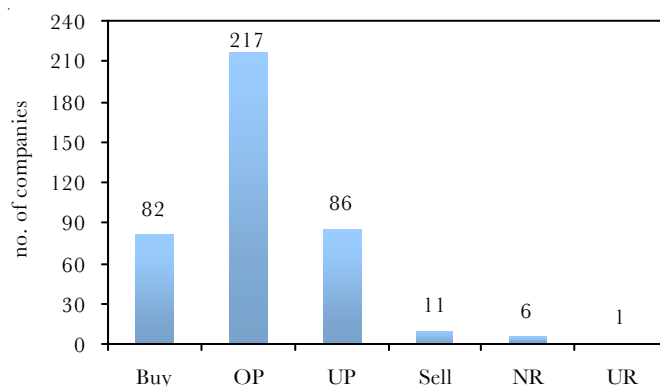
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B&K Universe Profile

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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