

Ansal Properties & Infrastructure Ltd. (API)

₹ 94

Visit Note

Ansal Properties & Infrastructure Limited (API) was incorporated in the year of 1967. The company has strong execution track record of developing ~190 msf. Currently it is developing ~282 msf of which 174.8 msf (62%) is in the residential segment. The company has strong focus on integrated townships; it has 19 townships under development. The company has already executed ~190 msf of projects. It has land reserves of 9,335 acres comprising saleable area of ~282 msf in a pockets of the country which include Greater Noida, Gaziabadh, Meerut, Agra, Lucknow, Batindha, Mohali, Amritsar, Ludhiana, Jalandhar, Jaipur, Jodhpur, Ajmer, Sonapat, Panipat, Karmal, Kurukshetra, Faridabad, and Gurgaon.

Key Takeaways -

We participated in the site visit organized by Ansal API to Lucknow, Sonapat and Gurgaon etc. Following are the key takeaways from the visit:

Significant land bank

The company has significant land of ~9335 acres, spread across the country and has already executed ~190 msf of development. The company has ~282 msf of land under development, including 19 townships under development at various locations. It also has residential, commercial, SEZs projects under its planned development going ahead.

Location of the projects

Most of the projects of Ansal API in Sonapat, Gurgaon, as well as in Lucknow are strategically located and are well connected with the main city. Sushant City the township at Lucknow is about 15 minutes drive from the airport. The group housing project at Sonapat is located just 5 k.m. away from Delhi city, which gives the company an edge over their competitors whose projects are located at location away from the main city and commuting is difficult.

Demand scenario in Lucknow and Delhi

The city of Lucknow is high density city; the population density of Lucknow is about 10 times higher than the standard average. The population of Lucknow which is currently around 30-31 lakhs is expected to grow to 44 lakhs by 2020. Along with the growing population the migration rate in Lucknow is also too high which ensures strong demand for the residential segment. The markets at Delhi, Gurgaon and NCR too have seen strong growth in demand.

Financials

Exhibit 1:

| Particulars | FY06 | FY07 | FY08 | FY09 | FY10 |
|-----------------------|-------|-------|-------|-------|-------|
| Revenues | 324.4 | 791.4 | 924.3 | 825.9 | 825.5 |
| EBITDA | 19 | 145 | 198.7 | 48.9 | 145 |
| Net profit | 48.9 | 136.4 | 172.9 | 33.9 | 57.5 |
| EBITDA Margin (%) | 5.9% | 18.3% | 21.5% | 5.9% | 17.6% |
| Net profit Margin (%) | 15.1% | 17.2% | 18.7% | 4.1% | 7.0% |
| EPS | 27.9 | 24.0 | 15.2 | 3.0 | 4.7 |

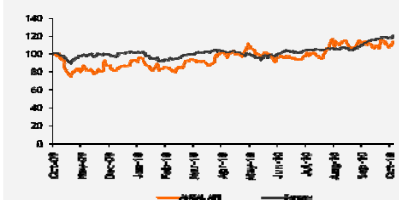
Source: Company data

| Market Data | 20 Oct, 2010 |
|---------------------|--------------|
| Shares outs (Cr) | 12.3 |
| Equity Cap (Rs. Cr) | 61.56 |
| Mkt Cap (Rs. Cr) | 1,161 |
| 52 Wk H/L (Rs) | 97.7/60.2 |
| Avg Vol (1yr Avg.) | 1,165,078 |
| Face Value (Rs) | 5 |
| Bloomberg Code | APIL IN |

Market Info:

| | |
|--------|--------|
| SENSEX | 19,872 |
| NIFTY | 5.982 |

Share Performance



Share Holding pattern (%)

| Particular | 10-Jun | 10-Mar | Change |
|------------|--------|--------|--------|
| Promoter | 55.4 | 59.4 | -4.1 |
| FII | 11.5 | 12.9 | -1.4 |
| DII | 2.8 | 2.8 | -0.1 |
| Others | 30.4 | 24.9 | 5.5 |
| Total | 100 | 100 | |

Analyst :

Niyati Jhaveri
niyati.jhaveri@krchoksey.com
 ☎ 91-22-6696 5570

www.krchoksey.com

☎ 91-22-6696 5555

☎ 91-22-6691 9569

Management Profile

Exhibit 2:

| Name | Qualification | Details |
|------------------|--------------------------------------|---|
| Mr. Sushil Ansal | Chairman | He is member of the Executive Committee of the FICCI, Chairman of FICCI's India-Canada Joint Business Council and Associated Chambers of Commerce and Industry. He was the Chairman of Rajdhani Estate Promoters & Builders Association and Overseas Construction Council of India. |
| Mr. Pranav Ansal | Vice Chairman & Managing Director | He has varied experience, expertise and business acumen of Real Estates Business and general corporate management |
| Mr. Anil Kumar | Joint Managing Director & CEO | He is has several professional degrees under his name like D.C.L., A.C.S., F.C.A. and LL.B. He joined Ansal Properties & Infrastructure Ltd. (APIL) in 1999 as Vice President - Finance and at present working as a Deputy Managing Director & CEO of APIL |
| Mr. Vijay Jindal | Joint Managing Director & Additional | He has more than 30 years of experience in managing businesses, brands, private equity investments and undertaking strategic initiatives |

Source: Company data

Location: Lucknow

Project 1: Sushant Golf City

Ansal API is developing a theme based Hi-Tech township named Sushant Golf City, at Lucknow. It is strategically located on the Lucknow-Sultanpur National Highway on Amar Shaheed Path, Ring Road. The township is well linked with the city it is about 4 k.m. from Gomti Nagar the largest residential colony of Lucknow. The township is spread across 1,765 acres (76.9 msf) of land parcel. In addition to this the company has got license to develop 1,765 acres.

Of the total land of 76.9 msf the total developable area is ~62 msf. The company has acquired the ~1,600 acres of land parcel from the total 1,765 acres for which it paid ₹ 320 crores, this land was acquired from the farmers. The primary target audience for the township is the elite class of Lucknow, the buyers includes the investors, local business community as well as the NRIs.

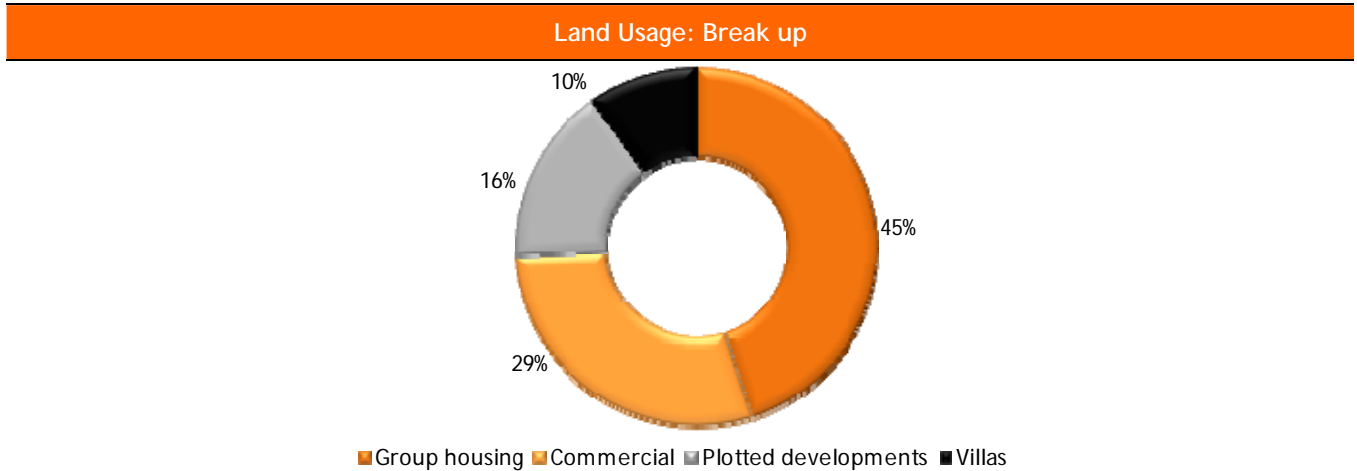
Exhibit 3:



Source: Company data

Township includes an 18 holes international championship standard golf course spread over 433 acres, villas in the ultra luxury segment, group housing facilities - luxury apartments penthouses, Row houses, vertical high rise construction, sky scrapers etc., Medical centre (Fortis Medicity), Biotech Park, IT park, retail malls, schools etc.

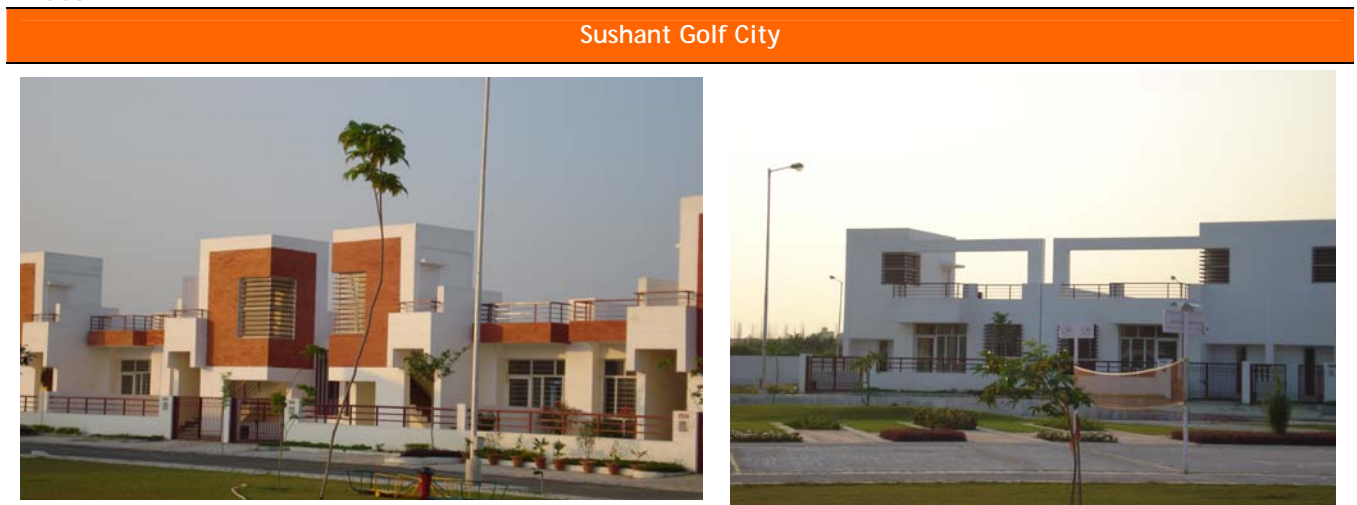
Exhibit 4:



Source: Company data

The 18 holes golf course includes the villas in the ultra luxury segment; there are about 258 villas in this segment, with an average size of 5,000 sq. ft. The average realization for these villas is about ₹5,000 psf which leads to an average rate of about 2.5 crores per villas. The construction cost is about ₹2,000 psf. These villas are expected to earn about ₹645 crores of revenue for the company.

Exhibit 5:



Sushant Golf City has about 1,600 residential units which include the apartments in the high rise buildings and the row houses constructed within the township. The row houses (villas) have a plot size of 2,145 sq. ft. These villas are primarily at ground level with built-up-area of 1,400 sq. ft. and terrace, which can be converted to Ground plus one by building an additional 1,400 sq. ft. on the discretion of the buyer. The average realization for these villas is in the range of ₹2,200 - ₹2,300 psf, which is about ₹30 - ₹32 lakhs per villa. The construction cost is ₹1,100 psf and with furniture and other amenities being included it increases to ₹1,600 psf. Of these 1,600 villas the company has already sold about 1,300 units.

The township includes high rise buildings of about 30 storey, these buildings have two types of apartments; 2 BHK of ~1,270 sq. ft. and 3 BHK + Study of ~2,015 sq. ft. These apartments belong to the premium segment, with an average realization of in the range of ₹2,100 - ₹2,500 psf. The construction cost for these apartments was in the range of ₹1,200 - ₹1,500 psf.

The company also sells plots of average size of 150-200 sq. mts. the average realizations for these plots are ₹15,500 per sq. yard, while cost is about ₹3,000 per sq. yard. The plotted developments are fast revenue generator for the company as well as it earns high margins due to low cost.

The company has tied up with Bharati - Wal-Mart to develop their first Cash & Carry outlets of 0.85 msf in the township. Ansal API is in talks with auto companies for there outlets and other working facilities in the township. An educational institute is being developed by G.D. Goenka, and is this school is expected to be operational from March 2011. About 4 acres of land is allotted to ISCKON trust for the development of the ISCKON temple.

Location: Delhi

Ansal API has significant development in at Sonapat. The company has ~350 acres of development in Sonapat out of which 320 acres is the licensed areas and the remaining is in the pipeline. The company has a township in the name of Sushant City Kundli, which is spread across ~230 acres. There are projects like the Sunshine County, Green Escape, Sushant Homez, Europaia Residency and also plotted developments in the Sonapat.

Project 2: Sunshine County - Sonapat

Sunshine County is group housing project of vertical high rise towers spread across 12.5 acres of land with a saleable area of 1.8 msf. The land was acquired by the company for about ₹4 crores. The location is about 5 k.m. away from Delhi and is well linked to Gurgaon through the metro rail. The project has 17 towers consisting of 639 units on the whole, mainly of 2 BHK apartments of 1,200 sq. ft. and 3 BHK apartments of 1,500 sq. ft. The project was launched in 2006 at realization of ₹1,400 psf while the average realization for the apartments is ₹1,800 psf. The construction cost at the time of launch was ₹1,200 psf, which over a period of time escalated and the average construction cost is in the range of ₹1,200 - ₹1,400 psf. About 90% of the apartments at Sunshine County have already been sold out.

Exhibit 6:



Project 3: Green Escape - Sonapat

Green Escape is another group housing project at Sonapat, it as spread across 30 acres of land parcel. It has a total saleable area of ~2.5 msf out of which 0.7 msf is already been sold. The project includes 37 towers constituting about 1,650 units in all. There are apartments 2 BHK apartments of 1,200 sq. ft and 3 BHK of 1,700 sq. ft. The construction for 11 of the 37 towers has already in progress, while 7 towers are expected to commence construction in the subsequently month. The average realization for the apartments is ₹2,100 psf and the average construction cost is in the range of ₹1,400 - ₹1,600 psf.

Exhibit 7:

Green Escape



Project 4: Europa Residency - Sonapat

Europa Residency is a spread across 5.5 acres of land. It includes 2 blocks, which has towers of ground plus 6 floors. There are total 483 units. The average realization is about ₹1,750 psf and the construction cost is about ₹1,200 psf.

Project 5: Golden Greens - Gurgaon

Golden Greens is one most premium projects for the company. The project is approachable from the Sona Road and National Highway - 8 (NH-8). The target audience for the Golden Greens is the rich elite class and the project is built up as a concept of a week-end home.

It is spread across 300 acres of land; of which 270 acres is already acquired and the balance 30 acres in under process of acquisition. Of the total 300 acres of plan ~90 acres is the saleable area (30%, as per Haryana Regulatory Policy). The company started acquiring land at the rate of ₹70 - ₹75 lakh per acres, which has currently escalated to ₹1 crores per acres. The 270 acres includes 150 acres of 18 holes golf course and the remaining 120 acres is the developable area. The developable area is segmented into 3 sections.

Exhibit 8:

Golden Greens



The company has received permission for development of residential villas, an amusement park, 5 Star hotel and a Polo club. It plans to develop about 400 villas in the ultra super luxury segment. The average size of the villas is ~ 4,500 sq. ft. Average realization are expected at about ₹15,000 psf and the construction cost is about ₹2,500 psf. This leads to average realization of ₹7 crores per villa. These villas will add about ₹2,800 crores to the topline for the company. The other such Golf Club develops in the region are done by DLF, and ITC.

Project 6: Esencia - Gurgaon

The project Esencia is located in sector 67 of Gurgaon. It is spread across 111 acres of land; the land was acquired for about ₹300 crores. This project includes villas, row houses (built-up-floors), and plotted developments etc. The total developable area is about 3.23 msf out of which 0.54 msf is already sold as on 31 March 2010, and the entire development is expected to be completed by December 2013.

There are about 370 row houses of about 1,400 sq. ft., of the 370 units 350 units have already been sold. The average realization for these floors is about ₹4,000 psf and the construction cost is about ₹1,500 psf. There are 17 premium villas in the project, of an average size of 5,300 sq.ft., these are in form of Base + Ground + 1st floor + 2nd floor. The average realization is about ₹4,700 psf and the construction cost is about ₹2,300 psf. Average realization per villa is about ₹2.5 crores.

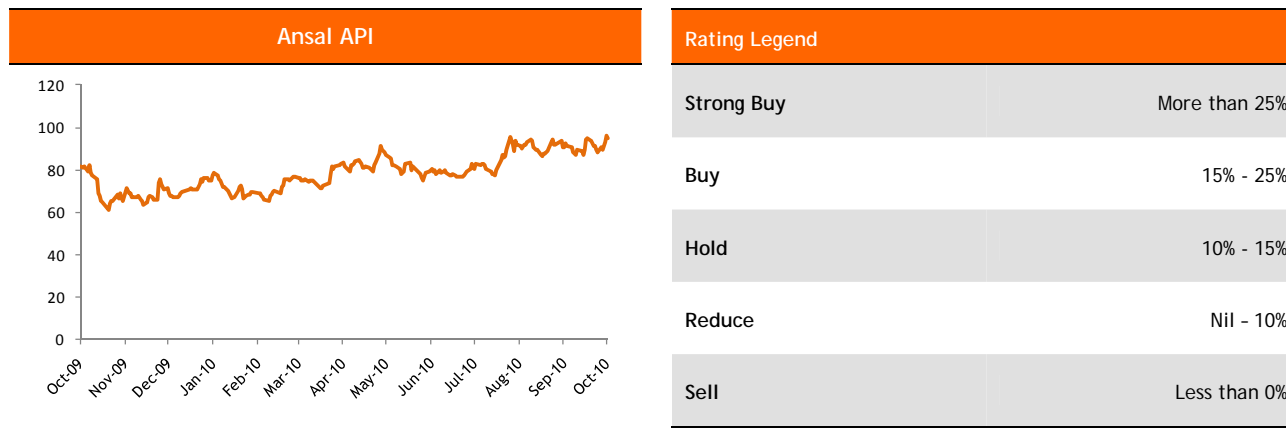
| Particulars | FY06 | FY07 | FY08 | FY09 | FY10 |
|-----------------------|---------|---------|---------|---------|---------|
| Revenues | 324.4 | 791.4 | 924.3 | 825.9 | 894.1 |
| Expenditure | (305.5) | (646.5) | (725.6) | (777.1) | (784.0) |
| EBITDA | 19.0 | 145.0 | 198.7 | 48.9 | 110.1 |
| EBITDA Margin (%) | 5.86% | 18.32% | 21.50% | 5.92% | 12.32% |
| Depreciation | (3.0) | (3.8) | (8.4) | (11.3) | (9.7) |
| EBIT | 16.0 | 141.2 | 190.3 | 37.6 | 100.4 |
| Interest | (15.4) | (22.4) | (23.1) | (102.2) | 0.0 |
| Other Income | 56.4 | 83.6 | 78.4 | 107.3 | (2.3) |
| PBT | 57.0 | 202.4 | 245.6 | 42.7 | 98.1 |
| Total taxes | (18.5) | (70.4) | (72.1) | (11.9) | (33.7) |
| Net Profit | 38.5 | 132.0 | 173.5 | 30.8 | 64.4 |
| Net Profit Margin (%) | 11.9% | 16.7% | 18.8% | 3.7% | 7.2% |

Balance Sheet

(In ₹ Crores)

| Particulars | FY06 | FY07 | FY08 | FY09 | FY10 |
|-----------------------------------|--------------|----------------|----------------|----------------|----------------|
| Share Capital | 17.5 | 28.4 | 56.8 | 56.8 | 61.6 |
| Reserves Total | 133.0 | 912.4 | 1,040.7 | 1,111.8 | 1,220.5 |
| Equity Application Money | - | - | 90.3 | 34.6 | 17.0 |
| Secured Loans | 119.3 | 398.7 | 902.9 | 1,331.5 | 1,621.3 |
| Unsecured Loans | 25.1 | 73.3 | 184.4 | 72.5 | 97.0 |
| Minority Interest | 4.4 | 4.4 | 4.4 | 191.3 | 133.0 |
| Current Liabilities | 663.4 | 813.8 | 1,188.8 | 1,538.1 | 1,843.0 |
| Provisions | 20.0 | 21.3 | 44.7 | 45.5 | 31.3 |
| Total Current Liabilities | 683.4 | 835.1 | 1,233.5 | 1,583.5 | 1,874.4 |
| TOTAL SOURCES OF FUNDS | 982.7 | 2,252.2 | 3,513.0 | 4,382.0 | 5,024.7 |
| Net Block | 54.8 | 51.8 | 154.9 | 149.4 | 124.4 |
| Capital Work in Progress | - | - | - | 4.4 | 0.0 |
| Investments | 5.7 | 23.3 | 29.7 | 28.1 | 12.2 |
| Inventories | 475.4 | 745.9 | 1,556.6 | 2,556.5 | 2,934.3 |
| Sundry Debtors | 76.6 | 156.4 | 428.5 | 467.9 | 579.4 |
| Cash and Bank | 34.6 | 235.2 | 178.9 | 101.3 | 108.1 |
| Loans and Advances | 332.7 | 1,038.0 | 1,159.8 | 1,069.3 | 1,270.4 |
| Net Deferred Tax Assets | 2.8 | 1.4 | 3.6 | 4.6 | (4.1) |
| TOTSL APPLICATION OF FUNDS | 982.7 | 2,252.2 | 3,513.0 | 4,382.0 | 5,024.7 |

| | | | |
|---------------|--------------------------------|--|------------------|
| Rajiv Choksey | Co-Head Institutional Equities | rajiv.choksey@krchoksey.com | +91-22-6653 5135 |
| Anuj Choksey | Co-Head Institutional Equities | anuj.choksey@krchoksey.com | +91-22-6696 5500 |
| Kunal Dalal | Research Head | Kunal.dalal@krchoksey.com | +91-22-6696 5574 |

**Disclaimer:**

This publication has been prepared solely for information purpose and does not constitute a solicitation to any person to buy or sell a security. While the information contained therein has been obtained from sources believed to be reliable, investors are advised to satisfy themselves before making any investments. Kisan Ratilal Choksey Shares & Sec Pvt Ltd., does not bear any responsibility for the authentication of the information contained in the reports and consequently, is not liable for any decisions taken based on the same. Further, KRC Research Reports only provide information updates and analysis. All opinion for buying and selling are available to investors when they are registered clients of KRC Investment Advisory Services. As per SEBI requirements it is stated that, Kisan Ratilal Choksey Shares & Sec Pvt Ltd., and/or individuals thereof may have positions in securities referred herein and may make purchases or sale thereof while this report is in circulation.

Please send your feedback to research.insti@krchoksey.com
 Visit us at www.krchoksey.com

Kisan Ratilal Choksey Shares and Securities Pvt. Ltd.

Registered Office:

1102, Stock Exchange Tower, Dalal Street, Fort, Mumbai - 400 001.
 Phone: 91-22-6633 5000; Fax: 91-22-6633 8060.

Branch Office:

ABHISHEK, 5th Floor, Link Road, Dalia Industrial Estate, Andheri (W), Mumbai - 400 058.
 Phone: 91-22-6696 5555; Fax: 91-22-6691 9576.