

RESULT UPDATE

SMALL CAP

Share Data

Reuters code	APIL.BO
Bloomberg code	APIL IN
Market cap. (US\$ mn)	142
6M avg. daily turnover (US\$ mn)	0.5
Issued shares (mn)	157
Target price (Rs)	75

Performance (%)	1M	3M	12M
Absolute	(8)	15	(48)
Relative	(1)	12	(53)

Valuation Ratios

Yr to 31 Mar	FY12E	FY13E
EPS (Rs)	8.2	9.5
+/- (%)	26.8	16.2
PER (x)	5.0	4.3
Dividend/Yield (%)	2.7	2.7
EV/Sales (x)	1.5	1.2
EV/EBITDA	7.5	6.2

Major shareholders (%)

Promoters	46
MFs/FIs	3
FII's	22
Public & Others	29

Financial highlights

(Rs mn)	4QFY10	4QFY11	YoY(%)	FY10	FY11	YoY(%)	FY12E	YoY(%)	FY13E	YoY(%)
Net sales	2,002	3,258	62.8	8,621	12,571	45.8	14,010	11.4	16,181	15.5
Expenses	(1,803)	(2,912)	61.5	(6,758)	(10,150)	50.2	(11,240)	10.7	(12,949)	15.2
EBITDA	199	346	74.1	1,863	2,421	30.0	2,770	14.4	3,232	16.7
EBITDA margin (%)	9.9	10.6	—	21.6	19.3	—	19.8	—	20.0	—
EBIT	219	363	65.7	2,085	2,632	26.2	2,946	11.9	3,414	15.9
Interest	(274)	(200)	(27.1)	(1,061)	(923)	(13.1)	(995)	7.8	(1,129)	13.5
Pre-tax profit	(55)	164	(398.9)	1,180	1,709	44.9	1,951	14.1	2,284	17.1
Tax	(71)	(28)	(60.6)	(380)	(629)	65.4	(644)	2.4	(754)	17.1
Adjusted PAT	(131)	124	(194.1)	581	1,015	74.8	1,287	26.8	1,496	16.2
PAT margin (%)	(6.6)	3.8	—	6.7	8.1	—	9.2	—	9.2	—
No. of shares (mn)	123.2	157.4	—	123.2	157.4	—	157.4	—	157.4	—
Adjusted EPS (Rs)	(1.1)	0.8	(173.6)	4.7	6.4	36.7	8.2	26.8	9.5	16.2

Ansal Properties & Infrastructure Maintain Outperformer

Price: Rs 41

BSE Index: 18,041

27 May 2011

4QFY11 Result – Deleveraged balance sheet to free funds for execution

Ansal Properties results were in line with our expectations at the top-line with net sales at Rs 3.3 bn (up by ~63% YoY). EBITDA margin stood at 10.6% (expansion of 69 bps YoY) against (B&K estimate of 19.6%) majorly because of booking of loss in one of its Gurgaon projects. In spite of this, decline in interest expense by 27% YoY (repayment of debt from funds raised by QIP done in October 2010, helped reduce its debt to Rs 16 bn from Rs 17 bn in March 2010), coupled with reduced tax expense helped it report adjusted PAT at Rs 124 mn against a loss of Rs 131 mn in 4QFY10.

The company's focus in the recent times has been to cut down the debt levels. QIP proceeds raised in October 2010 have been used to pay off part of the debt due to which the debt-to-equity levels have come down to 0.85x versus 1.12x in March 2010. However, utilisation of its funds to pay off more debt and not being used in execution (71 mn sq ft of sold area), has hampered its revenue growth. But, we believe going forward with a comfortable debt/equity of 0.85x, the company will use increased funds in execution activity, which will help boost its revenues.

Outlook and valuation

We reiterate, on the back of improved incremental sales on its ongoing projects of ~125 mn sq ft (~50% plots), new launches and management's continued intent to replace its high cost debt with low cost along with targeted debt/equity of 0.7x in FY12E, we maintain our Outperformer rating on the stock with a FVPS of Rs 75. At the current market price, the stock is trading at a PER of 5.0x FY12E and 4.3x FY13E consolidated earnings.

Highlights

- FY11 net sales were at Rs 12.6 bn (up by ~46 YoY) and adjusted PAT stood at Rs 1.02 bn (up by 75% YoY). Esencia, Sushant City Lucknow, and Panipat Township contributed more than 52% to its topline in FY11.
- Have sold ~6.6 mn sq ft in the present quarter resulting in total area sold in FY11 to 22.4 mn sq ft.
- With healthy fresh sales coupled with improving realisations to Rs 1,067 per sq ft in FY11 (from Rs 983 per sq ft in FY10), we believe the revenues and earnings to improve.
- The company has launched ~19 mn sq ft of developable area in FY11. This we believe will lead to improved operational cash situation.

Pre-sales trend

(Rs mn)	FY10	1QFY11	2QFY11	3QFY11	4QFY11	FY11
Incremental pre-sales (mn sq ft)	13.6	3.4	8.0	4.4	6.6	22.4
Incremental pre-sales (Rs mn)	10,597	4,967	6,920	5,251	6,789	23,927
Average realisation (Rs)	983	1,444	866	1,199	1,025	1,067

Source: B&K Research, Company

New launches done in FY11

Project name	Saleable area (mn sq ft)
Sushant Golf City, Lucknow Phase I	1.4
Sushant Golf City, Lucknow Phase II	10.1
Esencia, Gurgaon	2.7
Green Escape, Kundli	2.3
Sushant Megapolis, Greater Noida	2.0
Corporate Park, Noida (Commercial) –Relaunch	0.4
Total	18.9

Source: B&K Research, Company

SOTP valuation

	Rs per share
Plots	44
Residential	7
Group housing	22
Commercial	15
Retail	20
Miscellaneous	1
Land Value	63
Total GPV	172
Less: O/s land cost per share	3
Less: Net debt per share	94
No. of shares (mn)	157
FVPS (Rs)	75

Income Statement

Yr end 31 Mar (Rs mn)	FY10	FY11	FY12E	FY13E
Net sales	8,621	12,571	14,010	16,181
<i>Growth (%)</i>	<i>15.4</i>	<i>45.8</i>	<i>11.4</i>	<i>15.5</i>
Operating expenses	(6,758)	(10,150)	(11,240)	(12,949)
Operating profit	1,863	2,421	2,770	3,232
EBITDA	1,863	2,421	2,770	3,232
<i>Growth (%)</i>	<i>55.2</i>	<i>30.0</i>	<i>14.4</i>	<i>16.7</i>
Depreciation	(97)	(96)	(109)	(104)
Other income	320	307	285	286
EBIT	2,085	2,632	2,946	3,414
Interest paid	(1,061)	(923)	(995)	(1,129)
Pre-tax profit	1,024	1,709	1,951	2,284
(before non-recurring items)				
Non-recurring items	156	–	–	–
Pre-tax profit	1,180	1,709	1,951	2,284
(after non-recurring items)				
Tax (current + deferred)	(380)	(629)	(644)	(754)
Net profit (before Minority interest, Pref. Dividend, etc.)	800	1,080	1,307	1,531
Interest, Pref. Dividend, etc.)				
Prior period adjustments	66	–	–	–
Minority interests	(63)	(66)	(20)	(35)
Reported PAT	803	1,015	1,287	1,496
Adjusted net profit	581	1,015	1,287	1,496
<i>Growth (%)</i>	<i>95.2</i>	<i>74.8</i>	<i>26.8</i>	<i>16.2</i>

Balance Sheet

Yr end 31 Mar (Rs mn)	FY10	FY11P	FY12E	FY13E
Cash & Marketable securities	1,081	1,292	1,052	1,636
Other current Assets	47,843	51,067	50,342	50,860
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	53,514	52,581	53,681
Current liabilities	18,739	20,035	19,037	19,148
Total Debt	17,183	16,096	15,545	15,209
Total liabilities	35,921	36,131	34,582	34,357
Share capital	616	787	787	787
Reserves & surplus	12,380	15,782	16,398	17,723
Less: Misc. expenditure	(0)	–	–	–
Shareholders' funds	12,995	16,569	17,185	18,510
Minorities interests	1,330	814	814	814
Total equity & liabilities	50,247	53,514	52,581	53,681
Capital employed	30,178	32,665	32,730	33,720

Cash Flow Statement

Yr end 31 Mar (Rs mn)	FY10	FY11P	FY12E	FY13E
Pre-tax profit	1,180	1,709	1,951	2,284
Depreciation	46	108	94	84
Chg in working capital	(4,010)	(1,937)	(274)	(407)
Total tax paid	(290)	(659)	(687)	(755)
Cash flow from oper. (a)	(3,075)	(780)	1,084	1,206
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)	(700)	1,003	1,124
Equity raised/(repaid)	638	3,020		
Debt raised/(repaid)	3,143	(1,087)	(551)	(336)
Dividend (incl. tax)	(66)	(72)	(171)	(171)
Other financing activities	(332)	(368)	(501)	0
Cash flow from fin. (c)	2,736	911	(1,242)	(541)
Net chg in cash (a+b+c)	68	211	(239)	583

Key Ratios

Yr end 31 Mar (%)	FY10	FY11P	FY12E	FY13E
Adjusted EPS (Rs)	4.7	6.4	8.2	9.5
Growth	80.0	36.7	26.8	16.2
Book NAV/share (Rs)	116.1	110.2	114.1	122.6
Dividend/share (Rs)	0.6	0.6	1.1	1.1
Dividend Payout Ratio	12.4	9.1	13.3	11.4
Tax	32.2	36.8	33.0	33.0
EBITDA margin	21.6	19.3	19.8	20.0
EBIT margin	24.2	20.9	21.0	21.1
RoCE	7.0	8.1	8.8	10.0
Net debt/Equity	112.4	85.2	80.5	70.2

Valuations

Yr end 31 Mar (x)	FY10	FY11P	FY12E	FY13E
PER	8.6	6.3	5.0	4.3
PCE	7.4	5.8	4.6	4.0
Price/Book	0.4	0.4	0.4	0.3
Yield (%)	1.4	1.4	2.7	2.7
EV/Net sales	2.6	1.7	1.5	1.2
EV/EBITDA	12.1	8.8	7.5	6.2

Du Pont Analysis – ROE

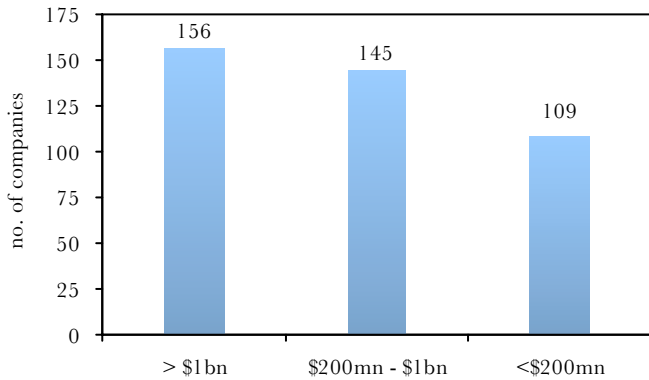
Yr end 31 Mar (x)	FY10	FY11P	FY12E	FY13E
Net margin (%)	6.7	8.1	9.2	9.2
Asset turnover	0.2	0.2	0.3	0.3
Leverage factor	3.3	3.3	3.0	2.8
Return on equity (%)	4.1	6.4	7.3	8.0

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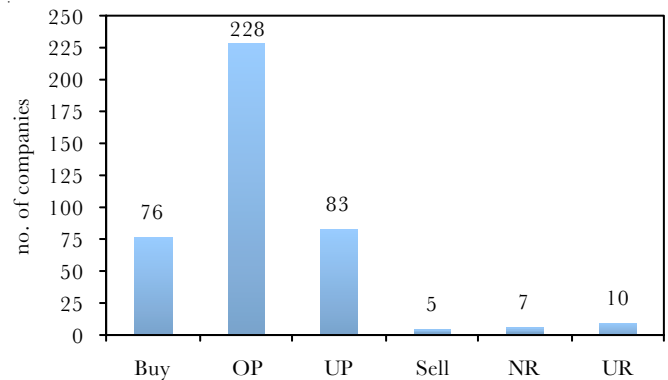
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B&K Universe Profile

By Market Cap (US\$ mn)



By Recommendation



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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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