

Date: 26TH FEBRUARY 2007



## Corporate Overview-ASHA

**Strategic View**  
**Positive**

**Analyst**  
**Imran Furkan**

**Share Price**  
**Rs 45**

**Market Cap**  
**Rs. 1,005,028,096**

**Shares Issued**  
**22,333,957**

**52 Week High**  
**Rs.48.50**

- Currently the counter is trading at 10.52x annualized historic earnings a steep discount to the sector P/E of 36.44
- According to management the hospital has an occupancy rate nearing 100% at present
- The present hospital which saw its BOI tax exempt status end last year will now be taxed at a concessionary rate of 2% on turnover for the next 15 years
- The new 200 roomed Rs.2.8 billion hospital at Norris Canal Road would be ready in 20 months with piling set to get underway in March 2007
- The new facility's location close to the major government healthcare centres including the National Hospital is expected to attract new doctors including specialists who have not been attached to the present facility at Horton Place
- According to management the new car park which will have 300 plus spaces will ease the acute parking difficulties at the present location which has turned away many patients and staff
- The present land at Horton Place which is over 310 perches is expected to be sold off after the new hospital is erected , with the high land prices at Horton Place ,the management feel confident a large part of the syndicated loan used for the funding of the new hospital can be paid off from the sale proceeds itself
- The new hospital is expecting to aggressively target Health Tourists which they have not done so far due to the lack of space at the present facility
- The new hospital will also start heart bypass surgery, hip and knee replacement, eye care and ENT services.



## **Asha Central Hospitals (Pvt) Ltd**

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Asha Central Hospitals (Pvt.) Ltd was originally established in 1939 and was converted to a BOI company in 1998. It was listed on the 21st February 2002. The hospital has 112 beds.

### **Services**

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|---|---|
| <b>24 Hour O.P.D</b><br><b>24 Hour Hi –Tech Laboratory Service</b><br><b>Ultra Modern Operating Theatre Complex</b><br><b>Laparoscopic Surgery</b><br><b>Ultra Violet Skin Treatment</b><br><b>Special Paediatric Unit</b><br><b>24 Hour Outdoor Pharmacy</b><br><b>Immunization Centre</b><br><b>Channelled Consultation</b><br><b>Physiotherapist</b> | <b>Cardiac Investigations</b><br><b>E.C.G</b><br><b>Stress E.C.G</b><br><b>Echo Cardiogram</b><br><b>24 Hour Blood Pressure Monitoring</b><br><b>Holter Monitoring</b><br><br><b>Neurological Investigations</b><br><b>Electroencephalogram (E.E.G)</b><br><b>Electromyelogram (E.M.G)</b><br><br><b>Endoscopic Investigations</b><br><b>Video Gastroscopy</b><br><b>Video Colonoscopy</b><br><b>Video Bronchoscopy</b> |
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### **Performance for the six months ended 30.9.2006**

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Revenue grew 14% to reach Rs269, 163,000. Cost of sales also rose 14% and was at Rs171, 959,000. Other operating income grew by 27% to reach Rs.1, 439,000. Administrative expenses jumped 47% to reach Rs.41, 055,000. Finance costs declined 11% and reached Rs5, 493,000. Taxation expenses totalled Rs5, 384,000. Net profit for the period was Rs.46, 711,000. Annualized Earnings per Share reached Rs.4.18. Net Asset Value per Share as at 30.9.2006 stood at Rs 42.4.

## **Future Expansion Plans**

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- According to management the new car park which will have 300 plus spaces will ease the acute parking difficulties at the present location which has turned away many patients and staff
- The present land at Horton Place which is over 310 perches is expected to be sold off after the new hospital is erected , with the high land prices at Horton Place and possible further escalation, the management feel confident a large part of the syndicated loan used for the funding of the new hospital can be paid off from the sale proceeds itself
- The new hospital is expecting to aggressively target Health Tourists which they have not done so far due to the lack of space at the present facility
- The new hospital will also start heart bypass surgery, hip and knee replacement, eye care and ENT services

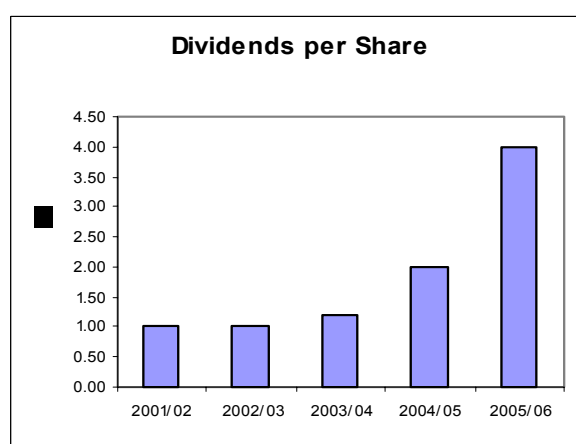
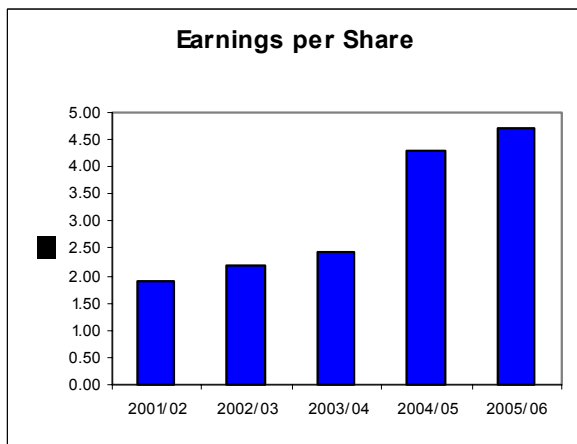
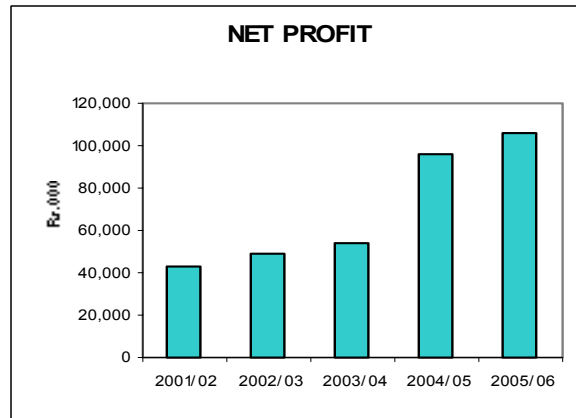
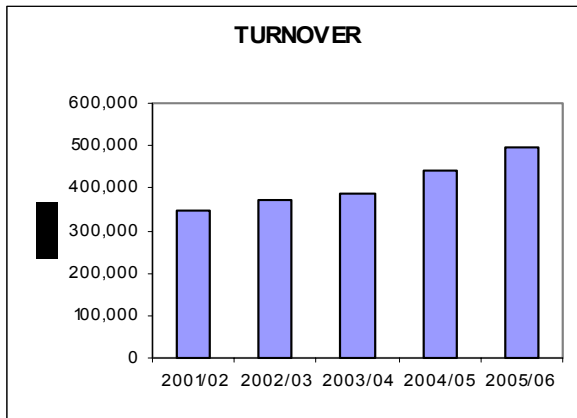
## **Key Risk Factors**

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- We believe the key risk factor for the investor would be the probable challenges for the company in declaring high dividends due to the higher finance payments and other costs involved with the construction of the new hospital

### Financial Statement Highlights

|                          | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06   |
|--------------------------|---------|---------|---------|---------|-----------|
|                          | Rs.000  | Rs.000  | Rs.000  | Rs.000  | Rs.000    |
| Turnover                 | 345,878 | 370,301 | 386,021 | 440,321 | 494,517   |
| Gross profit             | 133,767 | 130,263 | 133,001 | 162,844 | 172,081   |
| Operating profit         | 82,407  | 76,889  | 70,981  | 109,525 | 116,086   |
| Finance cost             | 39,585  | 27,429  | 16,907  | 13,597  | 10,297    |
| Net profit               | 42,824  | 49,461  | 54,079  | 95,780  | 105,572   |
| Fixed assets             | 449,874 | 453,194 | 470,455 | 478,343 | 1,019,260 |
| Net current assets       | -39,557 | -35,985 | -30,826 | 5,229   | 7,894     |
| Shareholders' funds      | 250,107 | 283,934 | 315,679 | 377,958 | 945,973   |
| Non current liabilities  | 160,210 | 133,275 | 123,950 | 105,613 | 81,181    |
| Earnings per share(Rs.)  | 1.92    | 2.21    | 2.42    | 4.29    | 4.73      |
| Dividends per share(Rs.) | 1.00    | 1.00    | 1.20    | 2.00    | 4.00      |



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