

Result update	Buy
CMP	85
Target Price	115
Previous	115
Upside	35%
Change from	0%

Market Data

BSE Code	532891
NSE Symbol	PURVA
52wk Range	58/123
Mkt Capital	2,011
Average Daily	146,360
Nifty	6,237

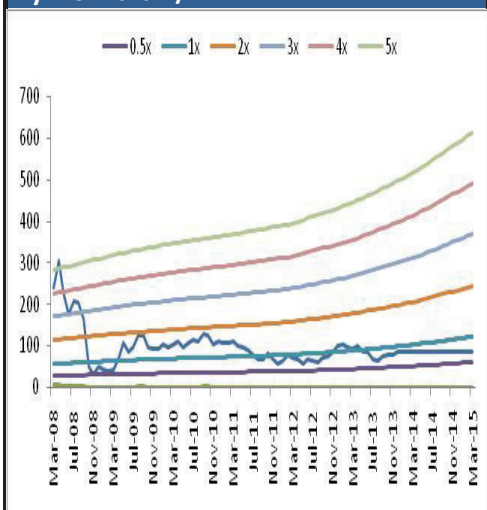
Stock

	1M	1yr	YTD
Absolute	14	14	(7)
Rel. to Nifty	8	3	(17)

Share

	2QFY14	1QFY14	4QFY13
Promoters	75.0	75.0	75.0
FII	13.1	13.0	13.6
DII	7.2	7.8	7.4
Others	4.7	4.2	4.0

1 yr Forward P/B



In 2QFY14 Company top line rose 9.25% to Rs. 298.3 core against Rs. 273.0 crore during same quarter of previous year. However bottom line missed our estimate by 25% due to: 1) one-time cost incurred for a legacy project; and, 2) slippage in project execution owing to heavy

rains. However, backlog of Rs. 900 crore and new launches worth Rs. 2600 crore over the next 2 quarters will support growth. Company is confident of strong customer response for its projects as demand for mid-to-low end homes remains strong in the Bangalore. Further, company said it could not recognize revenue from three major projects in 2Q because of heavy rains. These projects would have added Rs. 600 mn or 20% to 2Q revenue. However, it will recognize this in 3Q, making up for the 2Q slippage. 1HFY14 profit forms 43% of our full-year profit forecast of Rs2.6bn. 2Q profit was hit by Rs. 200 mn due to one time cost and revenue slippage. We expect strong 2HFY14 on the back of strong project pipeline and revenue recognition. We keep our FY14E EPS forecast unchanged and maintain BUY recommendation

Management guidance FY14E :

- Expect FY14E revenue at Rs 1600 cr.
- 4.5 million square feet of sales for FY14E.
- In the next 1-1.5 years, expect debt-equity will come to 0.55x levels.
- Company plans 10 mn sq feet of launches in FY14E.
- Eye 8-10% higher realisations for 1QFY14E

Growth story :

Over the next six months, PVKP will launch nine projects worth Rs. 2500 crore. Of this, 40% will comprise low-end projects under the Provident brand. These homes are valued for less than Rs. 20 lakhs for which customers can avail home loans at lower rates. We forecast FY14 presales to rise 15% to Rs. 1700 crore.

Valuations :

At the current CMP of Rs. 85, the stock is trading at a PE of 5.1x and 4.5x of FY14E nad FY15E. The company can post RoE of 15.8% and 15.6 in FY14E and FY15E, & EPS of Rs. 16.6 and Rs. 19.1 during same period. One can buy this stock as a medium term to long term investment with a target price of INR 115. Purva has been posting very steady earnings due to improvement in the Bangalore market, further Purva has had a good run in property sales, with over `15+ million sqft of stock sold since the upturn in the property market. **We expect the company to continue its strong sales, with 4.5 million sqft (management guidence) in FY14E. We further believe current PER is cheap given that EPS would rise 50% in FY14-15E. Dividend Yeild of 6% pa makes the stock more attractive. We maintain our "Buy" rating on stock with a price target of Rs. 115.**

Financials

	2QFY14	1QFY14	(Var)-%	2QFY13	(YoY)-%
Revenue	298.3	368.7	-19.1%	273.0	35.0
EBITDA	120.8	159.6	-24.3%	122.5	30.3
PAT	46.0	67.9	-32.2%	44.6	52.4
EBITDA Margin	40.5%	43.3%	(280) bps	44.9%	(450) bps
PAT Margin	15.3%	18.4%	(310) bps	18.3%	(300) bps

(Source: Company/Eastwind)

(Consolidated)

Purvankara Projects Ltd.

Key financials :

PARTICULAR	2009A	2010A	2011A	2012A	2013A	2014E	2015E
Performance							
Revenue	445	478	600	815	1246	1600	1920
Other Income	5	0	10	9	3	6	6
Total Income	450	479	609	823	1248	1606	1926
EBITDA	137	173	282	389	577	736	864
EBIT	131	162	279	384	570	727	852
DEPRICIATION	6	11	4	5	7	9	12
INTREST COST	4	3	141	201	232	240	285
PBT	132	160	147	192	341	493	573
TAX	3	30	28	63	112	161	187
Extra Oridinary Items	NA	NA	NA	NA	NA	NA	NA
Reported PAT	144	145	118	134	244	354	407
Dividend (INR)	0	21	21	21	21	21	21
DPS	0.0	1.0	1.0	1.0	1.0	1.0	1.0
EPS	6.8	6.8	5.5	6.3	11.4	16.6	19.1
Yeild %							
EBITDA %	30.7%	36.2%	47.1%	47.8%	46.3%	46.0%	45.0%
NPM %	32.1%	30.3%	19.3%	16.2%	19.5%	22.0%	21.2%
Earning Yeild %	16.2%	7.0%	5.4%	9.1%	12.7%	19.5%	22.5%
Dividend Yeild %	0.0%	1.0%	1.0%	1.5%	1.1%	1.2%	1.2%
ROE %	10.6%	9.8%	7.5%	7.9%	12.8%	15.8%	15.6%
ROCE%	6.8%	6.3%	9.4%	11.0%	12.9%	15.5%	15.5%
Position							
Net Worth	1365	1485	1576	1687	1900	2233	2619
Total Debt	815	881	1184	1349	1786	1607	1850
Capital Employed	2179	2366	2761	3036	3686	3840	4469
D/E	0.6	0.6	0.8	0.8	0.9	0.7	0.7
No of Share (Adj)	21	21	21	21	21	21	21
CMP	42	97	102	69	90	85	85
Valuation							
Book Value	64.2	69.6	73.9	79.1	89.0	104.6	122.7
P/B	0.7	1.4	1.4	0.9	1.0	0.8	0.7
Int/Coverage	34.1	56.7	2.0	1.9	2.5	3.0	3.0
P/E	6.2	14.2	18.5	11.0	7.9	5.1	4.5

(Source: Company/Eastwind)