

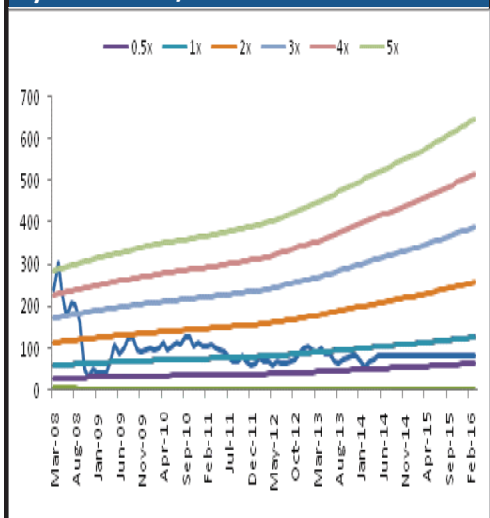
Result update	Buy
CMP	85
Target Price	115
Previous	115
Upside	35%
Change from	0%

Market Data	
BSE Code	532891
NSE Symbol	PURVA
52wk Range	50/102
Mkt Capital	2,025
Average Daily	146,360
Nifty	7,276

Stock			
	1M	1yr	YTD
Absolute	21	(9)	25
Rel. to Nifty	14	(30)	17

Share			
	4QFY14	3QFY14	2QFY14
Promoters	75.0	75.0	75.0
FII	13.5	13.3	13.1
DII	6.8	7.1	7.2
Others	4.8	4.6	4.7

### 1 yr Forward P/B



In 4QFY14 Purva posted a weak numbers. Top line falls 9.65% to Rs. 374.8 core against Rs. 414.9 crore. Bottom line witnessed a downside of 65.25% to Rs. 27.4 crore against Rs. 78.8 crore. For the full year company missed our estimate by 18% on top line front and by 55% on bottom line front 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. Going forward, company strong focus on deleveraging balance sheet by Rs. 3bn using Operational cashflows and further debt reduction possibility from (i) APIC – Rs. 4bn refunds (ii) Rs. 1.6bn from Sobha & (iii) Rs. 0.4bn from JV refunds, remains key rerating trigger. In the near term balance sheet improvement will overshadow earnings overhang. We keep our FY14E EPS forecast unchanged however, we changed our rating from "Buy" to "Hold" with unchanged TP of Rs115.

During 4QFY14 Purva, Sales, EBIDTA and net profit de-grew 9.65%, 38.23%, 65.25% respectively YoY. For FY14 Revenue, EBIDTA & Net Profit was below our expectation by 18.11%, 35.37% & 65.75%. Cost overruns of Rs. 210mn impacted profitability. For 4QFY14, Purva recorded 1.19mn sqft of new sales at Rs. 4,849/sqft realization (a growth of 25.9% YoY). PPL has given 4mn sqft pre-sales guidance for FY15E with pre-sales value of Rs18bn. Collection guidance stacks up at Rs. 16bn.

#### 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. 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. **Going forward, company strong focus on deleveraging balance sheet by Rs. 3bn using Operational cashflows and further debt reduction possibility from (i) APIC – Rs. 4bn refunds (ii) Rs. 1.6bn from Sobha & (iii) Rs. 0.4bn from JV refunds, remains key rerating trigger. In the near term balance sheet improvement will overshadow earnings overhang. We keep our FY14E EPS forecast unchanged however, we changed our rating from "Buy" to "Hold" with unchanged TP of Rs115.**

Financials	4QFY14	3QFY14	(Var)-%	3QFY13	(YoY)-%
Revenue	374.8	268.1	39.8%	414.9	(35.4)
EBITDA	109.5	86.1	27.2%	177.2	(51.4)
PAT	27.4	19.4	41.0%	78.8	(75.4)
EBITDA Margin	29.2%	32.1%	(290) bps	42.7%	(1350) bps
PAT Margin	7.3%	7.2%	10 bps	18.9%	(1160) bps

(Source: Company/Eastwind)

(Consolidated)

# Purvankara Projects Ltd.

## Key financials :

PARTICULAR	2009A	2010A	2011A	2012A	2013A	2014E	2014A	2015E
<b>Performance</b>								
Revenue	445	478	600	815	1246	1600	1310	1520
Other Income	5	0	10	9	3	6	3	6
Total Income	450	479	609	823	1248	1606	1313	1526
EBITDA	137	173	282	389	577	736	476	593
EBIT	131	162	279	384	570	727	467	581
DEPRICIATION	6	11	4	5	7	9	8	12
INTREST COST	4	3	141	201	232	240	228	225
PBT	132	160	147	192	341	493	244	362
TAX	3	30	28	63	112	161	84	118
Extra Oridinary Items	NA	NA	NA	NA	NA	NA	NA	41
Reported PAT	144	145	118	134	244	354	160	284
Dividend (INR)	0	21	21	21	21	21	21	21
DPS	0.0	1.0	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	7.5	13.3
<b>Yeild %</b>								
EBITDA %	30.7%	36.2%	47.1%	47.8%	46.3%	46.0%	36.3%	39.0%
NPM %	32.1%	30.3%	19.3%	16.2%	19.5%	22.0%	12.2%	18.6%
Earning Yeild %	16.2%	7.0%	5.4%	9.1%	12.7%	19.8%	9.0%	15.6%
Dividend Yeild %	0.0%	1.0%	1.0%	1.5%	1.1%	1.2%	1.2%	1.2%
ROE %	10.6%	9.8%	7.5%	7.9%	12.8%	15.8%	7.4%	11.7%
ROCE%	6.8%	6.3%	9.4%	11.0%	12.9%	15.5%	10.8%	13.3%
<b>Position</b>								
Net Worth	1365	1485	1576	1687	1900	2233	2173	2436
Total Debt	815	881	1184	1349	1786	1607	1404	1404
Capital Employed	2179	2366	2761	3036	3686	3840	3577	3840
D/E	0.6	0.6	0.8	0.8	0.9	0.7	0.6	0.6
No of Share (Adj)	21	21	21	21	21	21	21	21
CMP	42	97	102	69	90	84	84	85
<b>Valuation</b>								
Book Value	64.2	69.6	73.9	79.1	89.0	104.6	101.8	114.2
P/B	0.7	1.4	1.4	0.9	1.0	0.8	0.8	0.7
Int/Coverage	34.1	56.7	2.0	1.9	2.5	3.0	2.1	2.6
P/E	6.2	14.2	18.5	11.0	7.9	5.0	11.1	6.4

Amount in Crores

(Source: Company/Eastwind)