

## RESULT UPDATE

### MID CAP

#### Share Data

Reuters code	PARV.BO
Bloomberg code	PARSV IN
Market cap. (US\$ mn)	566
6M avg. daily turnover (US\$ mn)	3.0
Issued shares (mn)	199
Target price (Rs)	122

Performance (%)	1M	3M	12M
Absolute	12	(1)	162
Relative	14	(8)	71

#### Valuation Ratios (Consolidated)

Yr to 31 Mar	FY11E	FY12E
EPS (Rs)	8.5	10.9
+/- (%)	12.7	28.7
PER (x)	15.0	11.6
Dividend/Yield (%)	0.8	0.8
EV/Sales (x)	3.4	2.8
EV/EBITDA	12.3	9.9

#### Major shareholders (%)\*

Promoters	75
FII's	5
Public & Others	20

\*As of March 2010

#### Financial highlights (Consolidated)

(Rs mn)	4QFY09	4QFY10	YoY (%)	FY09	FY10P	YoY (%)	FY11E	YoY (%)	FY12E	YoY (%)
Net sales	200	3,585	1,695.4	6,984	9,522	36.3	11,229	17.9	14,410	28.3
Expenses	102	(2,711)	(2,748.4)	(4,907)	(6,902)	40.7	(8,104)	17.4	(10,350)	27.7
EBITDA	302	873	189.2	2,077	2,619	26.1	3,125	19.3	4,060	29.9
EBITDA margin (%)	151.3	24.4	-	29.7	27.5	-	27.8	-	28.2	-
EBIT	266	844	216.9	2,104	2,764	31.4	2,930	6.0	3,823	30.5
Interest	(194)	(245)	26.1	(734)	(594)	(19.0)	(552)	(7.1)	(627)	13.5
Pre-Tax profit	72	599	732.4	1,370	2,170	58.5	2,378	9.6	3,196	34.4
Tax	44	(240)	(644.0)	(241)	(615)	154.9	(690)	12.1	(1,023)	48.3
Adjusted PAT	116	347	199.2	1,129	1,498	32.6	1,689	12.7	2,173	28.7
PAT Margin (%)	58.1	9.7	-	16.2	15.7	-	15.0	-	15.1	-
No of shares (mn)	184.7	198.6	-	184.7	198.6	-	198.6	-	198.6	-
Adjusted EPS (Rs)	0.6	1.7	178.3	6.1	7.5	23.4	8.5	12.7	10.9	28.7

## Parsvnath Developers Maintain Underperformer

Price: Rs 127

BSE Index: 17,503

30 April 2010

### 4QFY10 Result – Land sale boosts revenue

Revenues from land sale in Ahmedabad, Mumbai and Pune (~40% contribution to its revenues) helped Parsvnath report good results and lifted it beyond expectations. Net sales stood at Rs 3.6 bn (up by 1,695% YoY from a very low base) and adjusted PAT stood at Rs 347 mn (up by 200% YoY).

As continuously being highlighted in our previous quarter result updates, the company needs to raise money to service its debt repayment commitments of ~Rs 5.9 bn in FY11E (~Rs 6.5 bn was due to be repaid in FY10E of which ~85% has been paid) in addition to pending land payments and meeting its construction expenses on the ~52 mn sq ft of ongoing projects. To address this concern, it has in recent times raised ~Rs 1.9 bn through Qualified institutional placement, stake sale in two of its projects (La-Tropicana at Delhi and Exotica and Gurgaon) and some sale of land parcels. This has helped reduce its debt to presently Rs 14.1 bn (from Rs 19.3 bn in FY09) and reduce the interest burden to a certain extent. However, since there are debt repayments to be done in FY11E, it needs to raise more money in this financial year.

Taking consideration of the high scheduled debt repayments, execution delays, we continue to value only current ongoing projects on development basis while valuing all other land at cost of purchase and arrive at our FVPS of Rs 122. We maintain Underperformer.

**SOTP valuation – Revised**

<b>Nature of project</b>	<b>(Rs per share)</b>
Townships	22
Residential	24
DMRC	28
Commercial	15
<b>GPV per share</b>	<b>89</b>
Less: Net debt (per share)	68
Less: Land cost (per share)	27
Add: Land value (per share)	128
<b>No. of shares (mn)</b>	<b>199</b>
<b>Value per share/FVPS</b>	<b>122</b>

**Income Statement**

Yr end 31 Mar (Rs mn)	FY09	FY10	FY11E	FY12E
<b>Net sales</b>	<b>6,984</b>	<b>9,522</b>	<b>11,229</b>	<b>14,410</b>
<i>Growth (%)</i>	<i>(60.6)</i>	<i>36.3</i>	<i>17.9</i>	<i>28.3</i>
Operating expenses	(4,907)	(6,902)	(8,104)	(10,350)
Operating profit	2,077	2,619	3,125	4,060
<b>EBITDA</b>	<b>2,077</b>	<b>2,619</b>	<b>3,125</b>	<b>4,060</b>
<i>Growth (%)</i>	<i>(66.2)</i>	<i>26.1</i>	<i>19.3</i>	<i>29.9</i>
Depreciation	(281)	(215)	(352)	(422)
Other income	308	360	157	185
<b>EBIT</b>	<b>2,104</b>	<b>2,764</b>	<b>2,930</b>	<b>3,823</b>
Interest paid	(734)	(594)	(552)	(627)
Pre-tax profit	1,370	2,170	2,378	3,196
(before non-recurring items)				
Pre-tax profit	1,370	2,170	2,378	3,196
(after non-recurring items)				
Tax (current + deferred)	(241)	(615)	(690)	(1,023)
Net profit (before Minority Interest, Pref. Dividend, etc.)	1,128	1,555	1,689	2,173
Minority interests	1	(57)	-	-
Reported PAT	1,129	1,498	1,689	2,173
<b>Adjusted net profit</b>	<b>1,129</b>	<b>1,498</b>	<b>1,689</b>	<b>2,173</b>
<i>Growth (%)</i>	<i>(73.4)</i>	<i>32.6</i>	<i>12.7</i>	<i>28.7</i>

**Balance Sheet**

Yr end 31 Mar (Rs mn)	FY09	FY10P	FY11E	FY12E
Cash & marketable sec.	2,710	770	2,488	1,380
Other current assets	43,101	42,718	42,469	44,627
Investments	296	296	296	296
Net fixed assets	3,578	4,821	6,423	9,928
Other non-current assets	49	20	20	20
<b>Total assets</b>	<b>49,733</b>	<b>48,624</b>	<b>51,695</b>	<b>56,250</b>
Current liabilities	10,362	11,922	12,033	14,142
Total debt	19,310	14,191	15,692	16,193
<b>Total liabilities</b>	<b>29,673</b>	<b>26,113</b>	<b>27,724</b>	<b>30,335</b>
Share capital	1,867	2,006	2,006	2,006
Reserves & surplus	18,180	20,506	21,965	23,910
<b>Shareholders' funds</b>	<b>20,047</b>	<b>22,511</b>	<b>23,971</b>	<b>25,915</b>
Minorities interests	13	-	-	-
<b>Total equity &amp; liabilities</b>	<b>49,733</b>	<b>48,624</b>	<b>51,695</b>	<b>56,250</b>
<b>Capital employed</b>	<b>39,371</b>	<b>36,702</b>	<b>39,663</b>	<b>42,108</b>

**Cash Flow Statement**

Yr end 31 Mar (Rs mn)	FY09	FY10P	FY11E	FY12E
Pre-tax profit	1,370	2,170	2,378	3,196
Depreciation	279	482	541	650
Chg in working capital	(1,785)	1,370	269	(381)
Total tax paid	(501)	(227)	(615)	(690)
<b>Cash flow from oper. (a)</b>	<b>(637)</b>	<b>3,795</b>	<b>2,574</b>	<b>2,775</b>
Capital expenditure	(1,208)	(1,725)	(2,143)	(4,155)
Chg in investments	(151)	-	-	-
<b>Cash flow from inv. (b)</b>	<b>(1,359)</b>	<b>(1,725)</b>	<b>(2,143)</b>	<b>(4,155)</b>
<b>Free cash flow (a+b)</b>	<b>(1,997)</b>	<b>2,070</b>	<b>431</b>	<b>(1,380)</b>
Equity raised/(repaid)	20	1,681	-	-
Debt raised/(repaid)	1,105	(5,120)	1,501	501
Dividend (incl. tax)	(648)	-	(213)	(229)
Other financing activities	1	(501)	-	-
<b>Cash flow from fin. (c)</b>	<b>478</b>	<b>(4,011)</b>	<b>1,288</b>	<b>272</b>
<b>Net chg in cash (a+b+c)</b>	<b>(1,519)</b>	<b>(1,940)</b>	<b>1,718</b>	<b>(1,108)</b>

**Key Ratios**

Yr end 31 Mar (%)	FY09	FY10P	FY11E	FY12E
Adjusted EPS (Rs)	6.1	7.5	8.5	10.9
Growth	(73.4)	23.4	12.7	28.7
Book NAV/share (Rs)	108.6	113.4	120.7	130.5
Dividend/share (Rs)	-	0.9	1.0	1.0
Dividend Payout Ratio	-	14.2	13.6	10.5
Tax	17.6	28.3	29.0	32.0
EBITDA margin	29.7	27.5	27.8	28.2
EBIT margin	30.1	29.0	26.1	26.5
RoCE	5.5	7.3	7.7	9.4
Net debt/Equity	82.8	59.6	55.1	57.2

**Valuations**

Yr end 31 Mar (x)	FY09	FY10P	FY11E	FY12E
PER	20.8	16.9	15.0	11.6
PCE	16.7	14.7	12.4	9.7
Price/Book	1.2	1.1	1.1	1.0
Yield (%)	-	0.7	0.8	0.8
EV/Net sales	6.0	4.1	3.4	2.8
EV/EBITDA	20.2	14.8	12.3	9.9

**Du Pont Analysis – ROE**

Yr end 31 Mar (x)	FY09	FY10P	FY11E	FY12E
Net margin (%)	16.2	15.7	15.0	15.1
Asset turnover	0.1	0.2	0.2	0.3
Leverage factor	2.6	2.3	2.2	2.2
Return on equity (%)	5.8	7.0	7.3	8.7

**Neetika Singhal**  
**neetika.singhal@bksec.com**  
**+91-120-460 5611**

**Analyst Declaration:** I, Neetika Singhal, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendation or view expressed in this report.

---

**B&K Securities is the trading name of Batlivala & Karani Securities India Pvt. Ltd.**

---

**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)
- 

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, print, publishing, photocopying, recording or otherwise without the permission of Batlivala & Karani Securities India Pvt. Ltd. Any unauthorized act in relation to all or any part of the material in this publication may call for appropriate statutory proceedings.

The information contained herein is confidential and is intended solely for the addressee(s). Any unauthorized access, use, reproduction, disclosure or dissemination is prohibited. This information does not constitute or form part of and should not be construed as, any offer for sale or subscription of or any invitation to offer to buy or subscribe for any securities. The information and opinions on which this communication is based have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, correctness and are subject to change without notice. Batlivala & Karani Securities India P Ltd and/ or its clients may have positions in or options on the securities mentioned in this report or any related investments, may effect transactions or may buy, sell or offer to buy or sell such securities or any related investments. Recipient/s should consider this report only for secondary market investments and as only a single factor in making their investment decision. The information enclosed in the report has not been vetted by the compliance department due to the time sensitivity of the information/document. Some investments discussed in this report have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when the investment is realized. Those losses may equal your original investment. Some investments may not be readily realizable and it may be difficult to sell or realize those investments, similarly it may prove difficult for you to obtain reliable information about the value, risks to which such an investment is exposed. Neither B&K Securities nor any of its affiliates shall assume any legal liability or responsibility for any incorrect, misleading or altered information contained herein.

---

**B & K SECURITIES INDIA PRIVATE LTD.**

**Equity Research Division:** City Ice Bldg., 298, Ground/1st Floor, Perin Nariman Street, Behind RBI, Fort, Mumbai - 400 001, India. Tel.: 91-22-4031 7000, Fax: 91-22-2263 5020/30.  
**Registered Office:** Room No. 3/4, 7 Lyons Range, Kolkata - 700 001. Tel.: 91-33-2243 7902.

---

***B&K Research is also available on Bloomberg <BNKI>, Thomson First Call & Investext.***