YEARS

MAKING MARKETS FUNCTION BETTER

CRISIL RESEARCH

CRISIL IER IndependentEquityResearch

At historically low valuations, select real estate companies offer upside

December 2012

Enhancing investment decisions

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade) The fundamental grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals) The valuation grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Fundamental Grade	Assessment	CRISIL Valuation Grade	Assessment
5/5	Excellent fundamentals	5/5	Strong upside (>25% from CMP)
4/5	Superior fundamentals	4/5	Upside (10-25% from CMP)
3/5	Good fundamentals	3/5	Align (+-10% from CMP)
2/5	Moderate fundamentals	2/5	Downside (negative 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Research

CRISIL Research is India's largest independent and integrated research house. We provide insights, opinions, and analysis on the Indian economy, industries, capital markets and companies. We are India's most credible provider of economy and industry research. Our industry research covers 70 sectors and is known for its rich insights and perspectives. Our analysis is supported by inputs from our network of more than 4,500 primary sources, including industry experts, industry associations, and trade channels. We play a key role in India's fixed income markets. We are India's largest provider of valuations of fixed income securities, serving the mutual fund, insurance, and banking industries. We are the sole provider of debt and hybrid indices to India's mutual fund and life insurance industries. We pioneered independent equity research in India, and are today India's largest independent equity research house. Our defining trait is the ability to convert information and data into expert judgments and forecasts with complete objectivity. We leverage our deep understanding of the macro economy and our extensive sector coverage to provide unique insights on micro-macro and cross-sectoral linkages. We deliver our research through an innovative web-based research platform. Our talent pool comprises economists, sector experts, company analysts, and information management specialists.

CRISIL Privacy

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfill your request and service your account and to provide you with additional information from CRISIL and other parts of The McGraw-Hill Companies, Inc. you may find of interest. For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view McGraw-Hill's Customer Privacy Policy at http://www.mcgrawhill.com/site/tools/privacy/privacy_english.
Last updated: April 30, 2012

Analyst Disclosure

Each member of the team involved in the preparation of the grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.

Disclaimer:

This **Company-commissioned CRISIL IER** report is based on data publicly available or from sources considered reliable. CRISIL Ltd. (CRISIL) does not represent that it is accurate or complete and hence, it should not be relied upon as such. The data / report is subject to change without any prior notice. Opinions expressed herein are our current opinions as on the date of this report. Nothing in this report constitutes investment, legal, accounting or tax advice or any solicitation, whatsoever. The subscriber / user assume the entire risk of any use made of this data / report. CRISIL especially states that, it has no financial liability whatsoever, to the subscribers / users of this report. This report is for the personal information only of the authorised recipient in India only. This report should not be reproduced or redistributed or communicated directly or indirectly in any form to any other person – especially outside India or published or copied in whole or in part, for any purpose.

Real Estate

At historically low valuations, select real estate companies offer upside

CRISIL Research expects real estate developers' earnings and return on equity (RoEs) to improve next year. Sustained growth in demand, expected to improve on interest rate cuts likely next year, will be a key determinant for the improvement in industry's profitability and RoEs. Over the past two years, subdued demand, high construction costs and high interest rates have dented the earnings and return ratios of real estate companies in India. Overleveraged, many large real estate companies could not substantially reduce debt. Most real estate stocks, therefore, have significantly underperformed the benchmark S&P CNX NIFTY and trade at historically low valuations. CRISIL Research believes select real estate stocks offer upside potential from their current valuations and expects valuations to improve and return to historical levels of FY09-10.

Earnings and RoEs under pressure over the past two years

Earnings and RoEs of majority of real estate players have been under pressure over the past two years. Our analysis of 23 listed real estate companies highlights that earnings declined 21% and 9% y-o-y in FY12 and H1FY13, respectively, RoEs declined from 7.7% in FY10 to 4.7% in H1FY13. Subdued demand and high construction costs impacted revenues and margins. This coupled with high debt and rise in interest rates dented earnings and return ratios. We expect earnings to remain muted for the rest of FY13 but should pick up in FY14.

Real estate players to tread on smoother ground next year

Despite deteriorating financial performance over the past two years, CRISIL Research foresees light at the end of the tunnel. We believe GDP growth has bottomed out and expect gradual recovery in FY14. Further, inflation is showing signs of cooling down. In this backdrop, CRISIL Research expects the Reserve Bank of India (RBI) to cut the repo rate by at least 50 bps in the next one year. This is expected to improve affordability and provide the much-needed stimulus to demand. Consequently, earnings and return ratios are expected to improve in FY14. An analysis of the historical absorption trend post softening of interest rates supports our argument. Our analysis also suggests 8% improvement in PBT and 100 bps increase in RoEs at an aggregate level purely on 50 bps decline in interest rates.

Demand across six key cities to increase at a CAGR of 7% during 2012-14

CRISIL Research expects absorption of new residential units across six key cities - Mumbai, National Capital Region (NCR), Pune, Bengaluru, Chennai and Hyderabad - to increase at a CAGR of 7% to 251 mn sq ft in the next two years. Mumbai is expected to record the highest CAGR of 14% over the next two years due to pent-up demand. Capital values across regions are expected to remain at H1CY13 levels and are anticipated to rise marginally in H2CY13.

Realty companies are trading at historically low P/BV multiples

Real estate companies are currently trading at an average price to book (P/BV) of 0.9x. Historically, these companies have traded at an average three-year and five-year P/BV of 1.0x and 1.1x, respectively. Though most companies have good land banks, subdued demand has led to delays in monetisation. Also, high debt levels and rise in interest costs have impacted profitability; hence, valuations are under pressure. We believe pessimism in the real estate sector is largely factored in the current valuations. Given the expectations of 50 bps cut in interest rates in the next one year, we expect demand to improve on higher affordability. This will also provide some respite from the high interest costs and boost earnings. As a result, we expect valuation multiples to improve and return to historical levels of FY09-10.

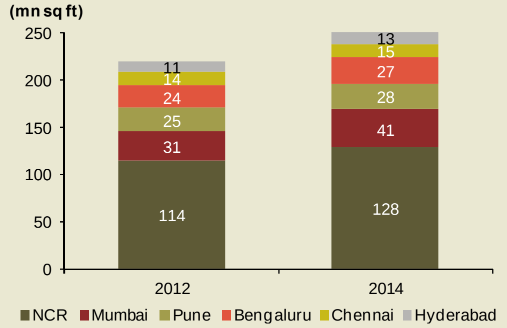
CRISIL coverage: Select companies offer strong upsides

CRISIL Research has five real estate stocks under coverage – Ashiana Housing Ltd (Ashiana), Bhartiya International Ltd (Bhartiya), Nitesh Estates Ltd (Nitesh), Parsvnath Developers Ltd (Parsvnath) and The Phoenix Mills Ltd (Phoenix). CRISIL Research has assigned Nitesh and Parsvnath a valuation grade of 5/5, indicating strong upside (more than 25% from the current market price). Ashiana, Phoenix and Bhartiya have been assigned a valuation grade of 3/5, indicating that current market price is aligned (±10% from the current market price).

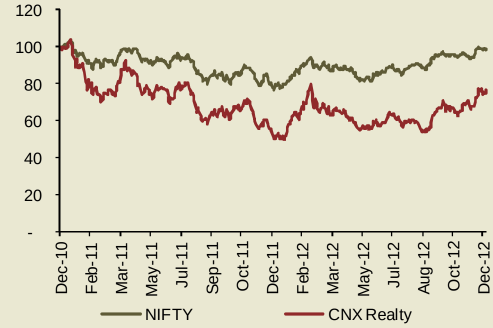
December 2012

NIFTY 5,897

DEMAND OUTLOOK



CNX REALTY VS NIFTY



-indexed to 100

PERFORMANCE VIS-À-VIS MARKET

	Returns			
	3-m	6-m	1-yr	2-yr
NIFTY	5%	16%	24%	-1%
CNX Realty	22%	35%	46%	-23%

KEY STOCK STATISTICS

Company	M.Cap (Rs mn)	CMP (Rs)	Funda-mental grade	Fair value (Rs)
Ashiana	4,470	240	4/5	256
Bhartiya	1,953	177	3/5	180
Nitesh	2,545	17	2/5	25
Parsvnath	17,821	41	2/5	54
Phoenix	35,697	246	3/5	245

ANALYTICAL CONTACT

Bhaskar Bukrediwala bhaskar.bukrediwala@crisil.com

Dipali Modi dipali.modi@crisil.com

Client servicing desk

+91 22 3342 3561 clientservicing@crisil.com

For detailed initiating coverage report please visit: www.ier.co.in

CRISIL Independent Equity Research reports are also available on Bloomberg (CRI <go>) and Thomson Reuters.

Industry outlook

Earnings and RoEs under pressure over the past two years

Earnings and RoEs of most of the real estate players have been under pressure over the past two years. Subdued demand, and high construction costs, debt and interest rates have played spoilsport. Earnings declined 21% and 9% y-o-y in FY12 and H1FY13, respectively. RoEs too declined significantly to sub-5% from 32% in FY08.

Reasons: Subdued demand, and high construction costs, debt and interest rates

Figure 1: Earnings have declined in the past two years

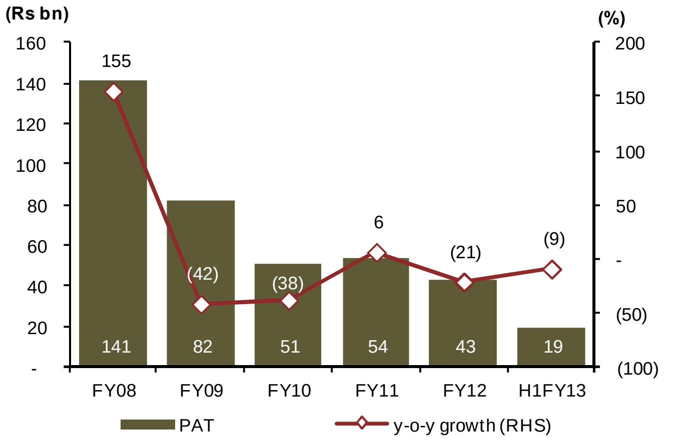
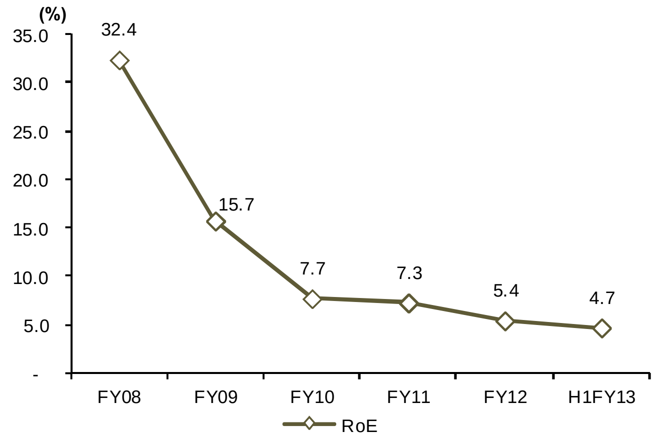


Figure 2: RoEs abysmally low



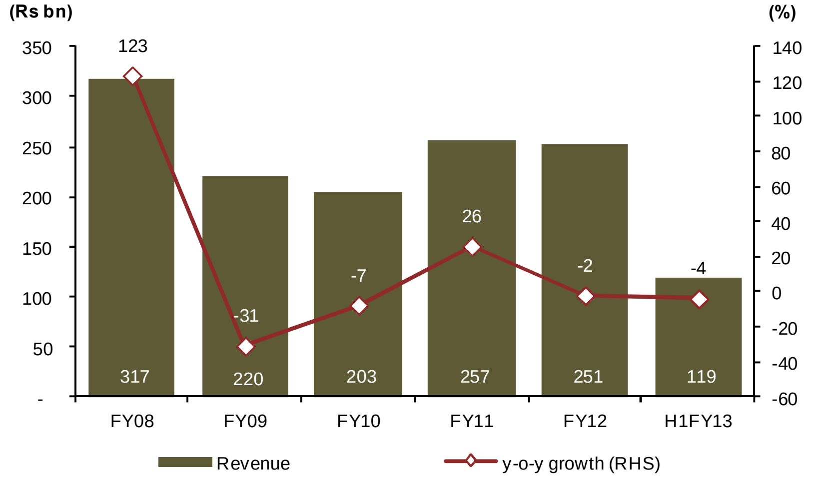
Companies included: Anantraj Ind, Ansal Housing, Ashiana, Brigade, DB Realty, DLF, Godrej Properties, HDIL, Hubtown, Kolte Patil, Mahindra Lifespace, Nitesh Estates, Oberoi Realty, Omaxe, Orbit Corp, Parsvnath, Peninsula Land, Phoenix, Prestige, Purvankara, Sobha, Unitech, Vipul

Source: Company, CRISIL Research

Source: Company, CRISIL Research

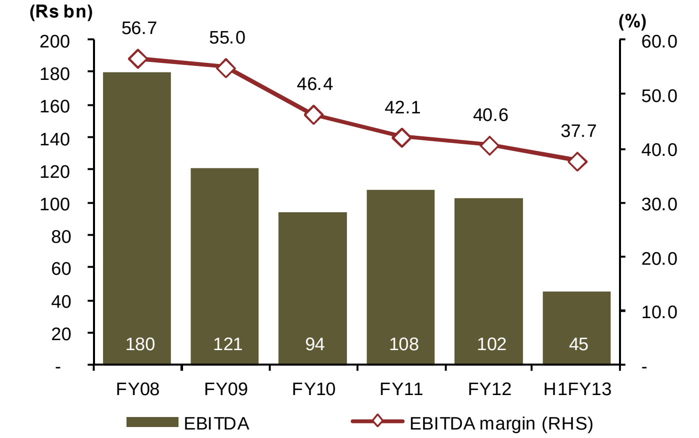
Increase in capital values and interest costs have adversely affected affordability, as a result current quarterly absorption are below FY11 levels. Owing to lower absorption, revenues were down 2.1% y-o-y in FY12 and 3.7% y-o-y in H1FY13. EBITDA margin also declined from 42% in FY11 to 38% in H1FY13 due to lower revenues and increase in construction costs. Most real estate players still have high debt as pace of divestment of non-core assets to reduce debt has been slow. Higher debt and a rise in interest rates have dealt a double blow to profitability and return ratios.

Figure 3: Revenues - negative growth since FY11



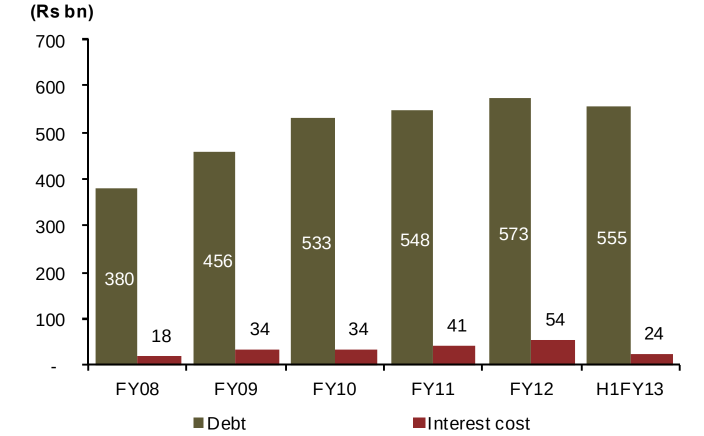
Source: Company, CRISIL Research

Figure 4: EBITDA margins under pressure



Source: Company, CRISIL Research

Figure 5: High debt, rise in interest rates also hurt earnings



Source: Company, CRISIL Research

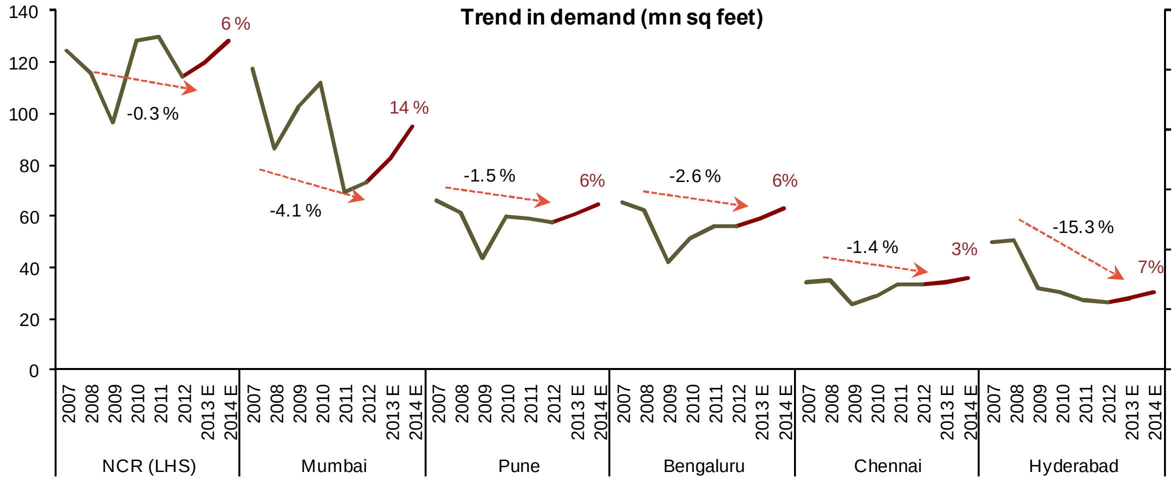
Real estate players to tread on smoother ground next year

Despite deteriorating financial performance during the past two years, CRISIL Research foresees light at the end of the tunnel. We believe GDP growth has bottomed out and expect gradual recovery in FY14. CRISIL Research expects the RBI to cut repo rate by at least 50 bps in the next one year. This will improve affordability and fuel demand recovery. An analysis of historical absorption trend post softening of interest rates also supports our argument. Our analysis also suggest 8% increase in PBT and 100 bps increase in RoEs at an aggregate level purely on 50 bps decline in interest rates. Owing to increase in demand and low interest burden, we expect earnings and return ratios to improve in FY14.

Strong latent demand across six key cities in India

CRISIL Research expects absorption of new residential units across six key cities to increase at a CAGR of 7% to 251 mn sq ft in the next two years. Mumbai is expected to record the highest CAGR of 14% in the next two years due to huge pent-up demand. Capital values are expected to remain at H1CY13 levels and are anticipated to rise marginally in H2CY13. Of the planned residential supply of 1.8 bn sq ft across six cities, CRISIL Research expects 70% to materialise due to execution delays and postponement of the projects.

Figure 6: Offtake of new homes to rise at a CAGR of 7% during 2012-14



Source: CRISIL Research

Valuation

Realty stocks have underperformed NIFTY in past two/five years

In the past five years, CNX Realty Index has underperformed the NIFTY with negative 82% returns compared to NIFTY's 1%. The index has also underperformed the NIFTY over the past two years with negative 23% returns compared to NIFTY's negative 1%. Earnings and RoEs of real estate companies have been under pressure for the past two years, leading to underperformance. The reasons, as already mentioned, are subdued demand, and high construction costs, debt and interest costs.

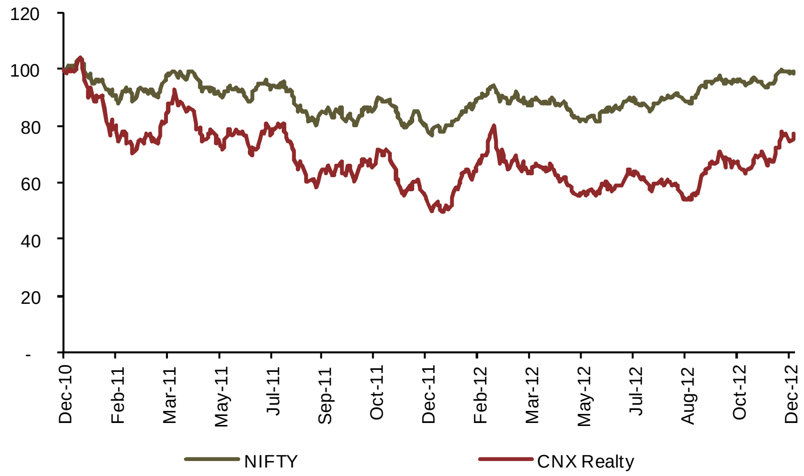
CNX Realty Index has underperformed Nifty in past two and five years

Table 1: NIFTY and CNX Realty returns

	6-m	1-yr	2-yr	3-yr	5-yr
NIFTY	16%	24%	-1%	16%	1%
CNX Realty	35%	46%	-23%	-42%	-82%
NCR region	17%	23%	-25%	-40%	-79%
Mumbai region	35%	54%	-5%	40%	-26%
South region	39%	93%	-3%	121%	-20%

Source: NSE

Figure 7: Realty Index has underperformed NIFTY in the past two years



Companies included: Anantraj Ind, Ansal Housing, Ashiana, Brigade, DB Realty, DLF, Godrej Properties, HDIL, Hubtown, Kolte Patil, Mahindra Lifespace, Nitesh Estates, Oberoi Realty, Omaxe, Orbit Corp, Parsvnath, Peninsula Land, Phoenix, Prestige, Purvankara, Sobha, Unitech, Vipul

Source: CRISIL Research

Realty companies trading at historically low P/BV

Real estate companies are currently trading at an average one-year forward P/BV of 0.9x. Historically, these companies have traded at a three-year and five-year median P/BV of 1.0x and 1.1x, respectively. Though most companies have substantial land banks, subdued demand has led to delays in monetisation. Also, high debt levels and rise in interest costs have impacted profitability; hence, valuations are under pressure.

Figure 8: One-year forward P/BV of 0.9x

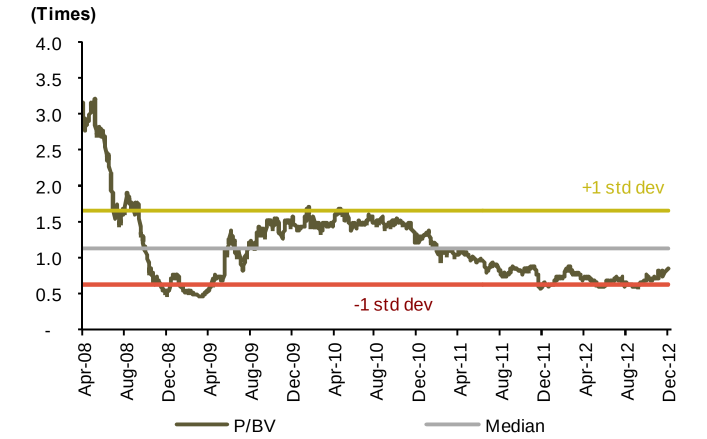
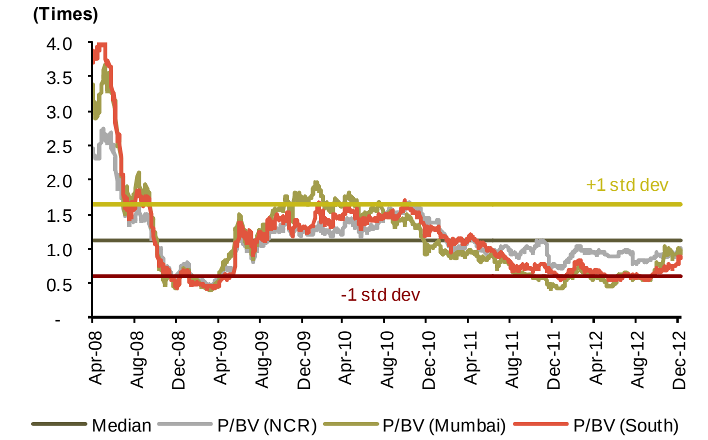


Figure 9: One-year forward P/BV (geography-wise)



Companies included: Anant Raj, Ashiana, Brigade, DLF, HDIL, Mahindra Lifespace, Nitesh Estates, Omaxe, Orbit Corp, Parsvnath, Peninsula Land, Phoenix, Puravankara, Sobha, Unitech, Vipul

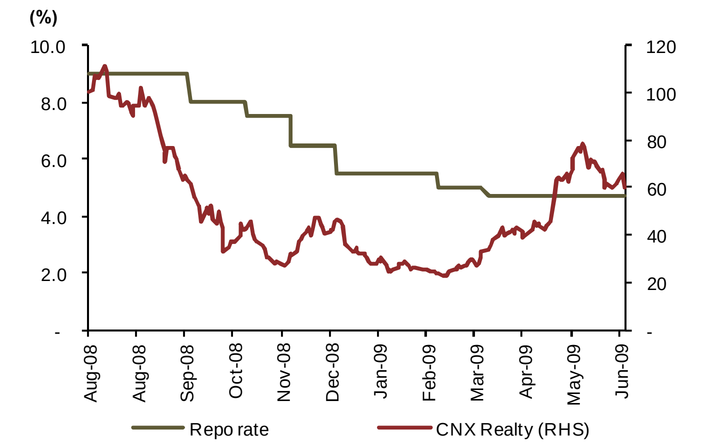
Source: CRISIL Research

Source: CRISIL Research

We believe pessimism in the real estate sector is largely factored in the current valuations. Earnings and RoEs should improve on higher demand and decline in interest costs. CRISIL Research expects the RBI to cut repo rate by at least 50 bps in the next one year. This should improve affordability, augment demand, provide some respite from high interest costs and boost earnings. Accordingly, we expect valuation multiples to improve and return to historical levels of FY09-10.

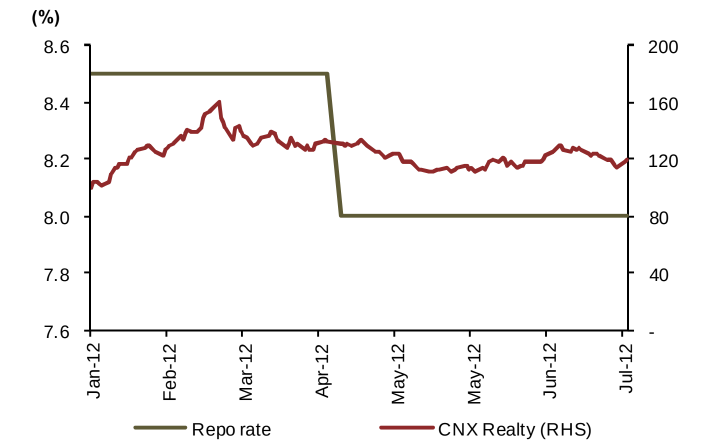
Real estate companies' valuations are expected to improve from the current levels

Figure 10: Movement in CNX Realty Index in FY09



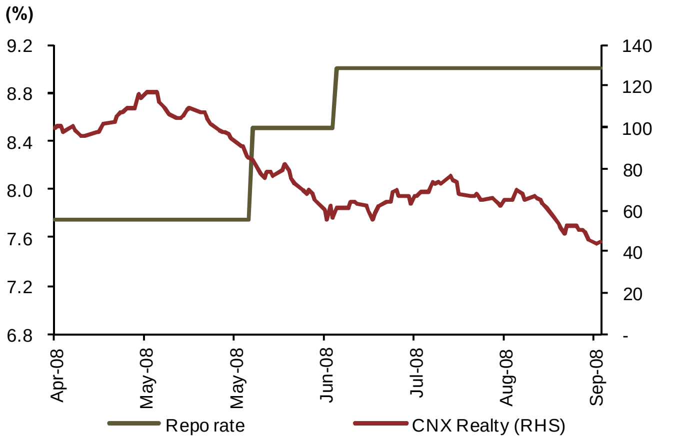
Source: RBI, CRISIL Research

Figure 11: CNX Realty grew ahead of the cut in April 2012



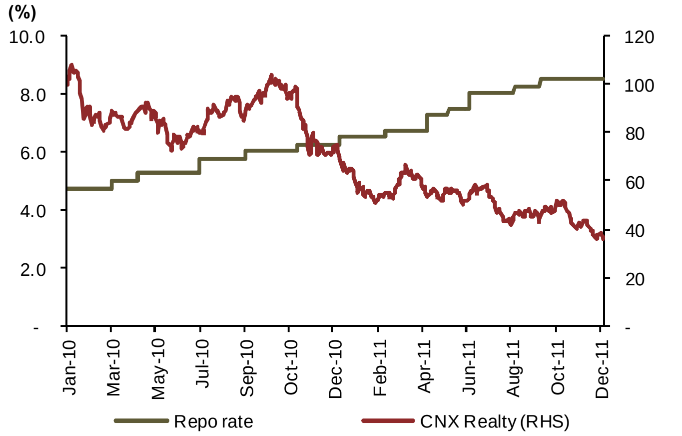
Source: RBI, CRISIL Research

Figure 12: CNX Realty declined post hike in rates in Q1FY09



Source: RBI, CRISIL Research

Figure 13: Hike of 400 bps in FY11 led to significant decline



Source:RBI, CRISIL Research

Select companies under CRISIL coverage offer strong upside, attractive P/BV ratios

CRISIL Research has five real estate stocks under coverage – Ashiana, Bhartiya, Nitesh, Parsvnath and Phoenix. CRISIL Research has assigned Nitesh and Parsvnath a valuation grade of 5/5, indicating a strong upside (more than 25% from the current market price). Ashiana, Phoenix and Bhartiya have been assigned a valuation grade of 3/5, indicating that current market price is aligned (±10% from the current market price).

CRISIL Research has a valuation grade of 5/5 on Nitesh and Parsvnath

Valuation Summary

	NSE ticker	M.cap (Rs mn)	52-week High	52-week Low	Grade F	Grade V	Price (Rs) CMP@	Price (Rs) Fair value	P/E (x) FY12	P/E (x) FY13E	P/E (x) FY14E	P/BV (x) FY12	P/BV (x) FY13E	P/BV (x) FY14E	Dividend yield FY12	Dividend yield FY13E	Dividend yield FY14E
Ashiana Housing Ltd	ASHIANA	4,470	250	128	4	3	240	256	6.4	10.3	9.3	1.9	1.6	1.4	0.9	1.0	1.1
Bhartiya International Ltd	BIL	1,953	186	45	3	3	177	180	4.6	14.6	10.9	0.4	1.3	1.2	2.0	0.7	1.2
Nitesh Estates Ltd	NITESHEST	2,545	25	11	2	5	17	25	NA	30.9	5.9	0.5	0.5	0.5	-	0.5	2.4
Parsvnath Developers Ltd	PARSVNATH	17,821	65	35	2	5	41	54	29.2	24.7	20.9	0.7	0.7	0.7	-	1.0	1.2
The Phoenix Mills Ltd	PHOENIXLTD	35,697	254	150	3	3	246	245	31.7	48.7	35.6	2.1	2.2	2.1	0.9	0.7	1.1

(Rs mn)	Sales FY12	Sales FY13E	Sales FY14E	PAT FY12	PAT FY13E	PAT FY14E	EPS (Rs) FY12	EPS (Rs) FY13E	EPS (Rs) FY14E	EPS CAGR (%) FY10-12	EPS CAGR (%) FY12-14E	RoE (%) FY12	RoE (%) FY13E	RoE (%) FY14E	RoCE (%) FY12	RoCE (%) FY13E	RoCE (%) FY14E
Ashiana Housing Ltd	2,417	1,399	1,478	696	432	478	37.4	23.2	25.7	36	(17)	33.5	16.7	15.9	36.7	18.6	17.2
Bhartiya International Ltd	2,507	3,011	3,532	118	133	185	11.3	12.1	16.1	46	19	9.4	9.5	11.8	12.3	13.1	15.2
Nitesh Estates Ltd	1,162	1,977	3,865	17	82	429	0.1	0.6	2.9	nm	nm	0.4	1.8	8.7	(0.1)	2.0	10.5
Parsvnath Developers Ltd	9,052	8,861	11,217	610	723	855	1.4	1.7	2.0	(29)	18	2.4	2.7	3.2	8.6	7.8	8.7
The Phoenix Mills Ltd	3,670	4,463	7,622	1,126	734	1,003	7.8	5.1	6.9	34.0	(6.0)	6.7	4.4	6.0	5.2	6.1	10.2

F = Fundamental grade; V = Valuation grade; @ 18th December 2012

Source: NSE, BSE, Company, CRISIL Research

Ashiana Housing Ltd

Standing tall amidst headwinds

Fundamental Grade 4/5 (Superior fundamentals)

Valuation Grade 3/5 (CMP is aligned)

Fair Value Rs 256

CMP Rs 240

Ashiana Housing Ltd (Ashiana) is a mid-size developer in North India with a focus on mid-income housing projects. It has pioneered the concept of retirement housing (active senior living) in India. The company has developed 12 mn sq ft till date and has a pipeline of ~12 mn sq ft (~2 mn sq ft launched yet to be booked) to be developed over the next four-five years.

Grading rationale

- Ashiana has a strong track record and is known for quality construction and timely delivery of projects. This enables it to sell properties at premium rates compared to its peers in the same location.
- Unlike other real estate developers, Ashiana does not aggregate a huge land bank. It holds land inventory that provides visibility for five-six years. Hence, the capital requirement is comparatively lower resulting in low gearing and a strong balance sheet.
- Has a strong pipeline of 10 mn sq ft of projects, of which 80% are in Rajasthan. Since land conversion in Rajasthan has been at a standstill for the past one year, delays in approvals have impacted new project launches. Given the risks in land approval, Ashiana has worked on a new capital allocation strategy - for future land acquisitions, payments will be linked to approvals, which will ensure minimal blockage of capital for land where all the necessary approvals are not in place.
- Has a strong and experienced management. It follows good corporate governance practices and disclosure levels are superior than that of peers.
- Robust financial performance in the past four years – reported RoE of 30%+ in the past five years. Earnings recorded a five-year CAGR of 49% during FY07-12.

Financial performance

There has been a change in revenue recognition method – from percentage completion method to possession based with effect from April 2012. Owing to this change in accounting, there will be an impact on revenue recognition and earnings for the next two years but will increase significantly in FY15. There will however be no impact on the cash flows. We expect revenues of Rs 3.2 bn in FY15 against Rs 2.4 bn in FY12. EBITDA margin is expected to improve by ~300 bps over the next three years due to increase in contribution from high-margin projects. PAT is expected at Rs 989 mn in FY15 against Rs 696 mn in FY12.

Valuation

We have valued Ashiana by the net asset value method and arrived at a fair value of Rs 256 per share. At this valuation, implied P/BV multiples are 1.5x FY14E and 1.2x FY15E book value.

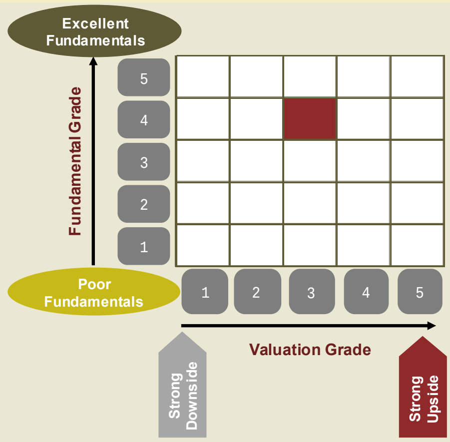
KEY FORECAST (CONSOLIDATED)

(Rs mn)	FY11	FY12	FY13E	FY14E	FY15E
Operating income	1,396	2,417	1,399	1,478	3,153
EBITDA	441	826	542	558	1,190
Adj PAT	429	696	432	478	989
Adj EPS-Rs	23.1	37.4	23.2	25.7	53.2
EPS growth (%)	15.0	62.0	(37.8)	10.6	106.8
Dividend yield (%)	0.7	0.9	1.0	1.1	2.2
RoCE (%)	26.9	36.7	18.6	17.2	31.6
RoE (%)	28.2	33.5	16.7	15.9	26.9
PE (x)	10.4	6.4	10.3	9.3	4.5
P/BV (x)	2.6	1.9	1.6	1.4	1.1
EV/EBITDA (x)	9.1	4.6	5.9	4.4	1.5

CMP: Current Market Price

Source: Company, CRISIL Research estimate

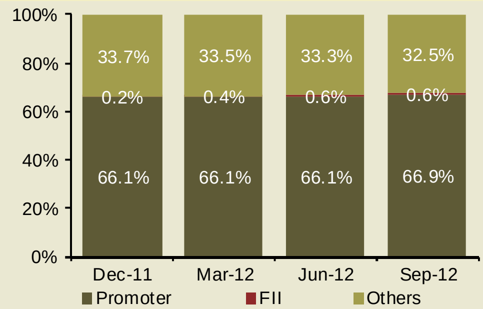
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	5897/19365
NSE/BSE ticker	ASHIANA/ASHIHOU
Face Value (Rs per share)	10
Shares outstanding (mn)	18.6
Market cap (Rs mn)/(US$ mn)	4470/81
Enterprise value (Rs mn)	3590/65
52-week range (Rs) (H/L)	250/128
Beta	1.4
Free float (%)	33.1%
Avg daily volumes (30-days)	12,979
Avg daily value (30-days) (Rs mn)	2.6

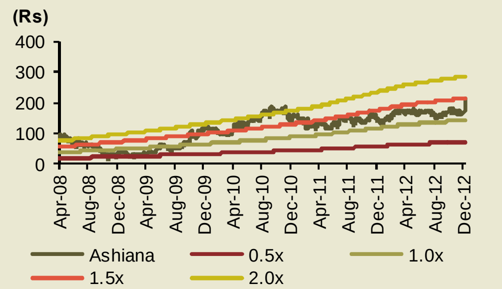
SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Ashiana	41%	46%	44%	76%
NIFTY	6%	5%	16%	24%

ONE-YEAR FORWARD P/BV BAND



Annexure: Financials (Consolidated)

Income statement

(Rs mn)	FY11	FY12	FY13E	FY14E	FY15E
Operating income	**1,396**	**2,417**	**1,399**	**1,478**	**3,153**
EBITDA	**441**	**826**	**542**	**558**	**1,190**
EBITDA margin	**31.6%**	**34.2%**	**38.7%**	**37.7%**	**37.7%**
Depreciation	20	25	26	27	28
EBIT	**421**	**802**	**516**	**531**	**1,162**
Interest	7	29	26	10	(0)
Operating PBT	**414**	**773**	**490**	**521**	**1,162**
Other income	145	71	87	126	175
Exceptional inc/(exp)	9	(0)	-	-	-
PBT	**568**	**844**	**577**	**647**	**1,337**
Tax provision	130	149	144	169	348
Minority interest	-	-	-	-	-
PAT (Reported)	**439**	**696**	**432**	**478**	**989**
Less: Exceptionals	9	(0)	-	-	-
Adjusted PAT	**429**	**696**	**432**	**478**	**989**

Ratios

	FY11	FY12	FY13E	FY14E	FY15E
Growth					
Operating income (%)	22.5	73.1	(42.1)	5.6	113.4
EBITDA (%)	10.6	87.4	(34.4)	2.9	113.4
Adj PAT (%)	18.4	62.0	(37.8)	10.6	106.8
Adj EPS (%)	15.0	62.0	(37.8)	10.6	106.8
Profitability					
EBITDA margin (%)	31.6	34.2	38.7	37.7	37.7
Adj PAT Margin (%)	30.8	28.8	30.9	32.4	31.4
RoE (%)	28.2	33.5	16.7	15.9	26.9
RoCE (%)	26.9	36.7	18.6	17.2	31.6
RoIC (%)	82.6	65.0	34.4	47.8	93.0
Valuations					
Price-earnings (x)	10.4	6.4	10.3	9.3	4.5
Price-book (x)	2.6	1.9	1.6	1.4	1.1
EV/EBITDA (x)	9.1	4.6	5.9	4.4	1.5
EV/Sales (x)	3.0	1.7	2.4	1.8	0.6
Dividend payout ratio (%)	7.4	6.0	9.9	9.9	9.9
Dividend yield (%)	0.7	0.9	1.0	1.1	2.2
B/S ratios					
Inventory days	327	313	787	986	445
Creditors days	210	142	618	918	390
Debtor days	8	9	18	19	10
Working capital days	61	138	158	82	61
Gross asset turnover (x)	3.4	4.8	2.5	2.5	5.1
Net asset turnover (x)	4.0	5.7	3.1	3.2	6.9
Sales/operating assets (x)	3.3	5.6	3.1	3.2	6.9
Current ratio (x)	2.0	3.4	2.3	1.9	2.4
Debt-equity (x)	0.0	0.1	0.1	(0.0)	(0.0)
Net debt/equity (x)	(0.3)	(0.3)	(0.5)	(0.6)	(0.7)
Interest coverage	64.0	28.0	19.7	55.7	NM

Per share

	FY11	FY12	FY13E	FY14E	FY15E
Adj EPS (Rs)	23.1	37.4	23.2	25.7	53.2
CEPS	24.2	38.7	24.6	27.2	54.7
Book value	94.0	128.8	150.0	173.5	222.1
Dividend (Rs)	1.7	2.3	2.3	2.5	5.3
Actual o/s shares (mn)	18.6	18.6	18.6	18.6	18.6

Balance Sheet

(Rs mn)	FY11	FY12	FY13E	FY14E	FY15E
Liabilities					
Equity share capital	186	186	186	186	186
Reserves	1,564	2,211	2,606	3,043	3,947
Minorities	-	-	-	-	-
Net worth	**1,750**	**2,397**	**2,792**	**3,229**	**4,133**
Convertible debt	-	-	-	-	-
Other debt	7	218	147	(0)	(0)
Total debt	**7**	**218**	**147**	**(0)**	**(0)**
Deferred tax liability (net)	32	31	32	32	32
Total liabilities	**1,789**	**2,646**	**2,971**	**3,262**	**4,166**
Assets					
Net fixed assets	415	436	461	459	456
Capital WIP	5	0	0	0	0
Total fixed assets	**420**	**436**	**461**	**459**	**456**
Investments	686	498	498	498	498
Current assets					
Inventory	751	1,240	1,745	2,305	2,241
Sundry debtors	29	55	63	73	84
Loans and advances	142	279	321	369	424
Cash & bank balance	382	359	1,027	1,579	2,286
Marketable securities	81	491	415	415	415
Total current assets	**1,385**	**2,423**	**3,571**	**4,741**	**5,450**
Total current liabilities	**702**	**715**	**1,563**	**2,441**	**2,243**
Net current assets	**683**	**1,708**	**2,008**	**2,300**	**3,207**
Intangibles/Misc. expenditure	**0**	**4**	**4**	**4**	**4**
Total assets	**1,789**	**2,646**	**2,971**	**3,262**	**4,166**

Cash flow

(Rs mn)	FY11	FY12	FY13E	FY14E	FY15E
Pre-tax profit	559	844	577	647	1,337
Total tax paid	(109)	(150)	(143)	(169)	(348)
Depreciation	20	25	26	27	28
Working capital changes	83	(639)	292	261	(200)
Net cash from operations	**554**	**80**	**752**	**766**	**817**
Cash from investments					
Capital expenditure	(13)	(45)	(52)	(25)	(25)
Investments and others	(269)	(221)	76	-	-
Net cash from investments	**(282)**	**(266)**	**24**	**(25)**	**(25)**
Cash from financing					
Equity raised/(repaid)	5	-	-	-	-
Debt raised/(repaid)	(73)	211	(71)	(147)	-
Dividend (incl. tax)	(38)	(49)	(48)	(53)	(111)
Others (incl extraordinaries)	55	0	11	12	26
Net cash from financing	**(50)**	**163**	**(108)**	**(188)**	**(85)**
Change in cash position	221	(23)	668	553	707
Closing cash	382	359	1,027	1,579	2,286

Quarterly financials

(Rs mn)	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13
Net Sales	**567**	**539**	**903**	**307**	**283**
Change (q-o-q)	41%	-5%	68%	-66%	-8%
EBITDA	**176**	**174**	**327**	**92**	**53**
Change (q-o-q)	25%	-1%	88%	-72%	-43%
EBITDA margin	**31%**	**32%**	**36%**	**30%**	**19%**
PAT	146	153	267	89	71
Adj PAT	**146**	**153**	**267**	**89**	**71**
Change (q-o-q)	12%	5%	75%	-67%	-20%
Adj PAT margin	**26%**	**28%**	**30%**	**29%**	**25%**
Adj EPS	**7.8**	**8.2**	**14.3**	**4.8**	**3.8**

Source: Company, CRISIL Research estimate

Bhartiya International Ltd

From leather to land

Fundamental Grade 3/5 (Good fundamentals)

Valuation Grade 3/5 (CMP is aligned)

Fair Value Rs 180

CMP Rs 177

Bhartiya International Ltd (Bhartiya) has been India's largest leather garment exporter for more than a decade. It also has a low-cost land bank of 122 acres (17.2 mn sq ft) in Hebbal, Bengaluru, which it plans to monetise over the next few years.

Grading rationale

- Bhartiya has a 122-acre land bank with a saleable area of 17.2 mn sq ft. The land is held in an associate company where Bhartiya has a 30% stake. All the major clearance and approvals are in place for this land parcel.
- It has started monetising land bank, launched phase I with development plan of 4.7 mn sq ft in October 2012. Funding for phase I has been tied-up. Of the launched 1 mn sq ft residential project, 95% is booked till date.
- The land bank is in Hebbal, which is an upcoming location in Bengaluru. Post commencement of the international airport in Devanahalli (20 km away from Hebbal), real estate development has gained momentum. Hebbal has one of the largest technology and business parks, housing prominent names such as Bharat Electronics, IBM, Philips Software, etc. With the expected completion of Peripheral Ring Road by FY16, Hebbal's connectivity to other major areas in Bengaluru will improve.
- The Bengaluru real estate market has shown good resilience compared to other geographies. With property prices nearing 2008-peak levels, housing in Bengaluru is relatively more affordable. We expect volumes to register steady growth due to end-user demand largely from the IT/ITeS sector.
- Bhartiya is yet to establish its brand in Bengaluru; monetisation of a huge land bank at a single location will take time. Also, execution of a project of such a large magnitude will be a challenge since it is a first for the company.
- Bhartiya is also the largest exporter of leather garments. It has emerged as one of the preferred Asian vendors for some of the global brands such as Hugo Boss, Zara, Wrangler, Levis, Marco Polo and Guess due to its in-house design capability and superior product quality.
- India's share in the global leather garment industry increased from 2.5% in FY07 to 3.3% in FY12. Given its dominant position, we expect Bhartiya to benefit from India's strong foothold in the global leather garment industry.

Financial performance

We expect revenues to grow at a CAGR of 19% to Rs 3.5 bn in FY14 driven by the accessories business segment. EBITDA margin is expected to increase 50 bps to 11.3% in FY14 due to increase in contribution from high-margin leather goods business. PAT is expected to grow at a two-year CAGR of 25% to Rs 185 mn in FY14. RoE is expected to improve to 11.8% in FY14 from 9.4% in FY12.

Valuation

We have valued Bhartiya by the sum-of-the-parts method and arrived at a fair value of Rs 180 per share. Implied P/BV multiples are 1.4x FY13E and 1.2x FY14E book value. Its fashion business has been valued by the DCF method and the real estate business by NAV.

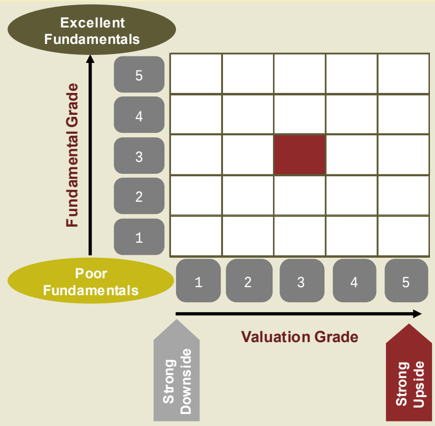
KEY FORECAST

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	2,070	1,952	2,507	3,011	3,532
EBITDA	178	186	270	320	398
Adj PAT	46	68	118	133	185
Adj EPS-Rs	5.3	7.1	11.3	12.1	16.1
EPS growth (%)	36.2	33.7	58.5	6.7	33.7
Dividend yield (%)	1.6	1.9	2.0	0.7	1.2
RoCE (%)	9.7	9.4	12.3	13.1	15.2
RoE (%)	4.5	6.0	9.4	9.5	11.8
PE (x)	12.0	7.3	4.6	14.6	10.9
P/BV (x)	0.5	0.4	0.4	1.3	1.2
EV/EBITDA (x)	4.7	5.3	4.4	8.2	6.7

CMP: Current Market Price; Note: Financials are only of fashion business (textile + leather)

Source: Company, CRISIL Research estimate

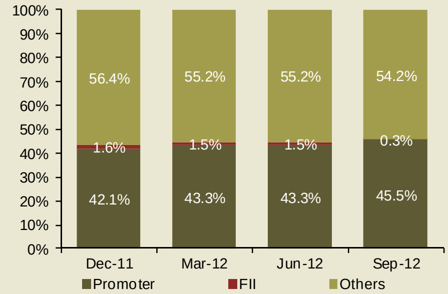
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	5897/19365
NSE/BSE ticker	BIL
Face value (Rs per share)	10
Shares outstanding (mn)	11
Market cap (Rs mn)/(US$ mn)	1,953/36
Enterprise value (Rs mn)/(US$ mn)	1,200/22
52-week range (Rs)/(H/L)	186/45
Beta	1.0
Free float (%)	54.5%
Avg daily volumes (30-days)	136,207
Avg daily value (30-days) (Rs mn)	19.8

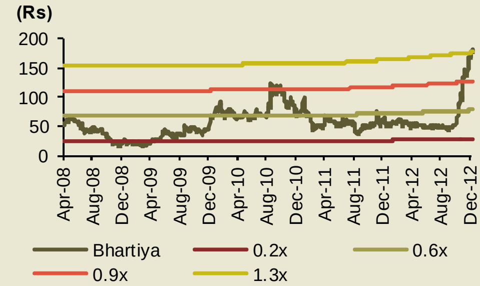
SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Bhartiya	27%	254%	266%	223%
NIFTY	6%	5%	16%	24%

ONE-YEAR FORWARD P/BV BAND



Annexure: Financials (Consolidated)

Income statement

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	**2,070**	**1,952**	**2,507**	**3,011**	**3,532**
EBITDA	**178**	**186**	**270**	**320**	**398**
EBITDA margin	**8.6%**	**9.5%**	**10.8%**	**10.6%**	**11.3%**
Depreciation	25	28	30	32	37
EBIT	**153**	**158**	**240**	**288**	**360**
Interest	60	82	103	110	107
Operating PBT	**94**	**76**	**137**	**178**	**254**
Other income	(12)	22	23	21	22
Exceptional inc/(exp)	(0)	(4)	(3)	-	-
PBT	**81**	**94**	**157**	**199**	**276**
Tax provision	35	30	41	66	91
Minority interest	-	-	-	-	-
PAT (Reported)	**46**	**64**	**115**	**133**	**185**
Less: Exceptionals	(0)	(4)	(3)	-	-
Adjusted PAT	**46**	**68**	**118**	**133**	**185**

Ratios

	FY10	FY11	FY12	FY13E	FY14E
Growth					
Operating income (%)	13.6	(5.7)	28.4	20.1	17.3
EBITDA (%)	(20.3)	4.2	45.2	18.6	24.2
Adj PAT (%)	50.1	46.0	75.3	12.8	38.5
Adj EPS (%)	36.2	33.7	58.5	6.7	33.7
Profitability					
EBITDA margin (%)	8.6	9.5	10.8	10.6	11.3
Adj PAT Margin (%)	2.2	3.5	4.7	4.4	5.2
RoE (%)	4.5	6.0	9.4	9.5	11.8
RoCE (%)	9.7	9.4	12.3	13.1	15.2
RoIC (%)	8.9	14.5	16.6	15.8	17.1
Valuations					
Price-earnings (x)	12.0	7.3	4.6	14.6	10.9
Price-book (x)	0.5	0.4	0.4	1.3	1.2
EV/EBITDA (x)	4.7	5.3	4.4	8.2	6.7
EV/Sales (x)	0.4	0.5	0.5	0.9	0.8
Dividend payout ratio (%)	18.9	14.8	9.6	10.0	12.8
Dividend yield (%)	1.6	1.9	2.0	0.7	1.2
B/S ratios					
Inventory days	109	177	169	165	166
Creditors days	39	52	54	51	51
Debtor days	20	28	39	35	33
Working capital days	104	167	159	149	146
Gross asset turnover (x)	4.6	3.6	3.9	4.1	4.4
Net asset turnover (x)	6.5	5.0	5.4	5.8	6.3
Sales/operating assets (x)	5.2	4.3	4.8	5.2	6.0
Current ratio (x)	4.0	4.1	3.9	3.9	3.8
Debt-equity (x)	0.4	0.5	0.6	0.6	0.5
Net debt/equity (x)	0.3	0.4	0.5	0.4	0.4
Interest coverage	2.6	1.9	2.3	2.6	3.4

Per share

	FY10	FY11	FY12	FY13E	FY14E
Adj EPS (Rs)	5.3	7.1	11.3	12.1	16.1
CEPS	8.2	10.1	14.2	15.0	19.4
Book value	123.9	126.1	127.0	133.1	144.8
Dividend (Rs)	1.0	1.0	1.1	1.2	2.1
Actual o/s shares (mn)	8.7	9.5	10.5	11.1	11.5

Balance Sheet

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Liabilities					
Equity share capital	87	95	105	111	115
Reserves	987	1,099	1,224	1,362	1,546
Minorities	-	-	-	-	-
Net worth	**1,074**	**1,194**	**1,329**	**1,473**	**1,660**
Convertible debt	-	-	-	-	-
Other debt	465	627	767	829	779
Total debt	**465**	**627**	**767**	**829**	**779**
Deferred tax liability (net)	9	13	17	22	27
Total liabilities	**1,548**	**1,835**	**2,113**	**2,324**	**2,467**
Assets					
Net fixed assets	320	455	478	565	563
Capital WIP	103	28	91	31	26
Total fixed assets	**424**	**483**	**569**	**596**	**589**
Investments	**396**	**389**	**411**	**411**	**411**
Current assets					
Inventory	516	777	949	1,114	1,306
Sundry debtors	107	137	251	266	293
Loans and advances	168	218	198	211	238
Cash & bank balance	122	96	83	137	114
Marketable securities	54	38	33	33	33
Total current assets	**966**	**1,267**	**1,515**	**1,761**	**1,985**
Total current liabilities	**245**	**310**	**388**	**451**	**525**
Net current assets	**721**	**956**	**1,126**	**1,310**	**1,459**
Intangibles/Misc. expenditure	**7**	**6**	**7**	**7**	**7**
Total assets	**1,548**	**1,835**	**2,113**	**2,324**	**2,467**

Cash flow

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Pre-tax profit	82	98	160	199	276
Total tax paid	(28)	(25)	(38)	(61)	(86)
Depreciation	25	28	30	32	37
Working capital changes	114	(275)	(188)	(130)	(173)
Net cash from operations	**193**	**(175)**	**(37)**	**41**	**54**
Cash from investments					
Capital expenditure	(78)	(87)	(116)	(60)	(30)
Investments and others	(8)	22	(17)	-	-
Net cash from investments	**(86)**	**(65)**	**(133)**	**(60)**	**(30)**
Cash from financing					
Equity raised/(repaid)	34	34	50	27	30
Debt raised/(repaid)	(180)	162	140	62	(50)
Dividend (incl. tax)	(10)	(11)	(13)	(16)	(28)
Others (incl extraordinaries)	19	29	(20)	-	-
Net cash from financing	**(136)**	**215**	**156**	**73**	**(48)**
Change in cash position	(29)	(25)	(13)	54	(23)
Closing cash	122	96	83	137	114

Quarterly financials (standalone)

(Rs mn)	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13
Net Sales	**600**	**657**	**397**	**429**	**722**
Change (q-o-q)	43%	9%	-40%	8%	68%
EBITDA	**60**	**47**	**26**	**50**	**73**
Change (q-o-q)	52%	-21%	-44%	53%	47%
EBITDA margin	**10%**	**7%**	**7%**	**10%**	**10%**
PAT	33	17	9	16	39
Adj PAT	**33**	**17**	**9**	**16**	**39**
Change (q-o-q)	105%	-48%	-45%	74%	137%
Adj PAT margin	**6%**	**3%**	**2%**	**4%**	**5%**
Adj EPS	**3.2**	**1.7**	**0.9**	**1.6**	**3.5**

Note: Financials are only of fashion business (textile + leather)

Source: Company, CRISIL Research estimate

Nitesh Estates Ltd

Building its block in Bengaluru

Fundamental Grade 2/5 (Moderate fundamentals)

Valuation Grade 5/5 (CMP has strong upside)

Fair Value Rs 25

CMP Rs 17

Nitesh Estates Ltd (Nitesh) is an upcoming real estate developer in Bengaluru. It has executed 1.2 mn sq ft projects largely in the premium housing segment and has ongoing projects of 3.3 mn sq ft with pipeline of 2.3 mn sq ft to be launched in the next six months.

Grading rationale

- Nitesh has established its brand in the premium housing segment in Bengaluru within a short span of time. The company has executed 1.2 mn sq ft of projects so far.
- It undertakes projects under Joint Development Agreement (JDA) with landowners. This provides access to city-centric projects with lower capital requirements. However, margins in the JDA model are capped as the land owner gets the benefits of the appreciation in land prices.
- The Bengaluru real estate market has shown good resilience compared to other geographies. We expect volumes to register steady growth due to end-user demand largely from the IT/ITeS sector. Given that property prices are nearing 2008-peak levels, housing in Bengaluru is relatively more affordable than in Mumbai and the NCR.
- Of the ongoing projects of 3.3 mn sq ft, Nitesh has sold 1.55 mn sq ft with sales value of Rs 6.1 bn; however, only Rs 1.8 bn has been recognised as revenues. As execution picks up, we expect revenue recognition to increase. This is expected to boost earnings and return ratios.
- Nitesh has diversified into the hospitality and retail segments. Ritz Carlton Hotel (281 keys) is expected to be operational in the next six months and a 0.7 mn sq ft retail asset at Indiranagar is expected to commence operations by FY16. Given the long gestation period of these projects, return ratios are expected to remain under pressure for some time. Also, timely execution and marketing challenges exist.

Financial performance

We expect revenues to register a two-year CAGR of 82% to Rs 3.9 bn in FY14. EBITDA margin is expected to expand to 21.9% in FY14 from 1% in FY12 due to higher revenue recognition and absorption of fixed costs. PAT is expected to increase to Rs 429 mn in FY14 from Rs 17 mn in FY12. We expect RoE to improve to 8.7% in FY14 from 0.4% in FY12. Adjusting for capital WIP for the Indiranagar Mall and equity contribution of Ritz Carlton, RoCE is expected to be 19.6% in FY14.

Valuation

We have valued Nitesh by the sum-of-the-parts method and arrived at a fair value of Rs 25 per share. At this value, implied P/BV multiples are 0.8x FY13E and 0.7x FY14E book value.

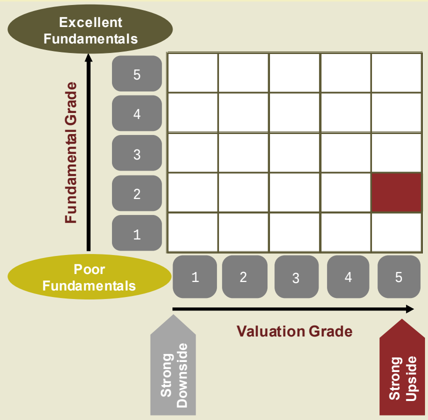
KEY FORECAST (CONSOLIDATED)

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	792	1,311	1,162	1,977	3,865
EBITDA	(24)	86	12	143	845
Adj PAT	(130)	109	17	82	429
Adj EPS-Rs	(1.8)	0.7	0.1	0.6	2.9
EPS growth (%)	NA	NA	NA	NA	420
Dividend yield (%)	-	1.4	-	0.5	2.4
RoCE (%)	(1.7)	2.2	(0.1)	2.0	10.5
RoE (%)	(17.8)	3.9	0.4	1.8	8.7
PE (x)	NA	23.3	NA	30.9	5.9
P/BV (x)	1.4	0.5	0.5	0.5	0.5
EV/EBITDA (x)	NA	38.0	NA	27.2	7.3

CMP: Current Market Price; NA: Not available

Source: Company, CRISIL Research estimate

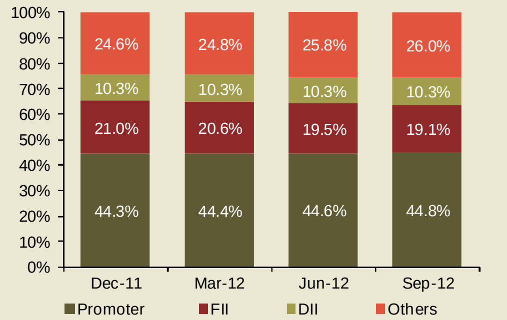
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	5897/19365
NSE/BSE ticker	NITESHEST
Face value (Rs per share)	10
Shares outstanding (mn)	145.8
Market cap (Rs mn)/(US$ mn)	2,545/46
Enterprise value (Rs mn)/(US$ mn)	3,614/66
52-week range (Rs)/(H/L)	25/11
Beta	1.2
Free float (%)	55.3%
Avg daily volumes (30-days)	1,097,367
Avg daily value (30-days) (Rs mn)	17.7

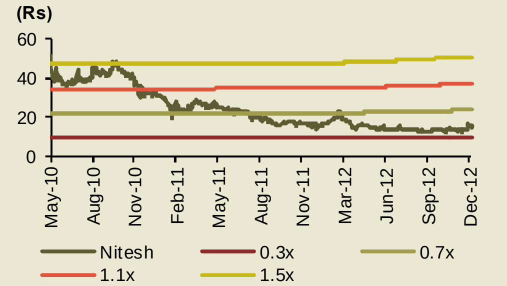
SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
NITESH	23%	20%	22%	8%
NIFTY	6%	5%	16%	24%

ONE-YEAR FORWARD P/BV BAND



Annexure: Financials (Consolidated)

Income statement

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	**792**	**1,311**	**1,162**	**1,977**	**3,865**
EBITDA	**(24)**	**86**	**12**	**143**	**845**
EBITDA margin	**-3.1%**	**6.6%**	**1.0%**	**7.2%**	**21.9%**
Depreciation	7	7	18	16	18
EBIT	**(31)**	**79**	**(7)**	**127**	**826**
Interest	106	59	72	18	39
Operating PBT	**(138)**	**21**	**(79)**	**109**	**788**
Other income	25	136	133	18	31
Exceptional inc/(exp)	176	(314)	(8)	-	-
PBT	**64**	**(157)**	**47**	**127**	**819**
Tax provision	17	35	25	42	272
Minority interest	-	13	12.7	3	118
PAT (Reported)	**47**	**(204)**	**9**	**82**	**429**
Less: Exceptionals	176	(314)	(8)	-	-
Adjusted PAT	**(130)**	**109**	**17**	**82**	**429**

Ratios

	FY10	FY11	FY12	FY13E	FY14E
Growth					
Operating income (%)	(9.7)	65.5	(11.4)	70.1	95.5
EBITDA (%)	NA	NA	NA	NA	491.8
Adj PAT (%)	NA	NA	NA	NA	420.4
Adj EPS (%)	NA	NA	NA	NA	420.4
Profitability					
EBITDA margin (%)	(3.1)	6.6	1.0	7.2	21.9
Adj PAT Margin (%)	(16.3)	8.3	1.5	4.2	11.1
RoE (%)	(17.8)	3.9	0.4	1.8	8.7
RoCE (%)	(1.7)	2.2	(0.1)	2.0	10.5
RoIC (%)	0.1	10.5	4.7	2.3	9.1
Valuations					
Price-earnings (x)	NA	23.3	NA	30.9	5.9
Price-book (x)	1.4	0.5	0.5	0.5	0.5
EV/EBITDA (x)	NA	38.0	NA	27.2	7.3
EV/Sales (x)	3.5	2.6	3.1	2.0	1.6
Dividend payout ratio (%)	-	NA	-	14.2	14.2
Dividend yield (%)	-	1.4	-	0.5	2.4
B/S ratios					
Inventory days	97	225	432	360	337
Creditors days	193	247	646	489	232
Debtor days	231	800	511	304	172
Working capital days	454	615	1,090	608	354
Gross asset turnover (x)	15.8	22.4	16.3	16.3	21.3
Net asset turnover (x)	26.4	40.0	31.1	26.7	33.0
Sales/operating assets (x)	2.0	1.7	0.8	1.1	1.3
Current ratio (x)	3.4	4.8	2.8	2.4	3.3
Debt-equity (x)	1.1	0.2	0.3	0.4	0.8
Net debt/equity (x)	1.0	0.2	0.2	0.3	0.7
Interest coverage	(0.3)	1.4	(0.1)	7.0	21.3

Per share

	FY10	FY11	FY12	FY13E	FY14E
Adj EPS (Rs)	(1.8)	0.7	0.1	0.6	2.9
CEPS	(1.7)	0.8	0.2	0.7	3.1
Book value	12.8	31.8	31.9	32.4	35.2
Dividend (Rs)	-	0.2	-	0.1	0.4
Actual o/s shares (mn)	70.8	145.8	145.8	145.8	145.8

Balance Sheet

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Liabilities					
Equity share capital	708	1,458	1,458	1,458	1,458
Reserves	198	3,173	3,171	3,244	3,621
Minorities	-	10	25	28	51
Net worth	**906**	**4,641**	**4,655**	**4,730**	**5,130**
Convertible debt	-	-	-	-	-
Other debt	963	791	1,247	1,873	3,939
Total debt	**963**	**791**	**1,247**	**1,873**	**3,939**
Deferred tax liability (net)	(4)	(13)	(57)	(57)	(57)
Total liabilities	**1,865**	**5,419**	**5,846**	**6,547**	**9,013**
Assets					
Net fixed assets	25	40	34	114	120
Capital WIP	22	1,501	1,247	2,134	3,366
Total fixed assets	**47**	**1,542**	**1,281**	**2,248**	**3,486**
Investments	**711**	**452**	**639**	**639**	**543**
Current assets					
Inventory	193	624	1,103	1,668	2,622
Sundry debtors	391	2,457	1,626	1,645	1,825
Loans and advances	963	1,145	2,995	2,246	2,201
Cash & bank balance	19	68	203	569	346
Marketable securities	1	1	0	-	1
Total current assets	**1,567**	**4,296**	**5,927**	**6,128**	**6,996**
Total current liabilities	**464**	**895**	**2,115**	**2,581**	**2,125**
Net current assets	**1,104**	**3,401**	**3,812**	**3,546**	**4,870**
Intangibles/Misc. expenditure	**3**	**24**	**114**	**114**	**114**
Total assets	**1,865**	**5,419**	**5,846**	**6,547**	**9,013**

Cash flow

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Pre-tax profit	(113)	157	54	127	819
Total tax paid	(4)	(44)	(68)	(42)	(272)
Depreciation	7	7	18	16	18
Working capital changes	(199)	(2,248)	(277)	631	(1,545)
Net cash from operations	**(308)**	**(2,128)**	**(273)**	**732**	**(980)**
Cash from investments					
Capital expenditure	674	(1,523)	153	(983)	(1,257)
Investments and others	(485)	259	(185)	-	95
Net cash from investments	**189**	**(1,264)**	**(32)**	**(983)**	**(1,161)**
Cash from financing					
Equity raised/(repaid)	366	3,736	-	-	-
Debt raised/(repaid)	(365)	(172)	456	626	2,066
Dividend (incl. tax)	-	(40)	-	(13)	(70)
Others (incl extraordinaries)	117	(83)	(16)	4	(77)
Net cash from financing	**118**	**3,441**	**441**	**616**	**1,919**
Change in cash position	(2)	50	135	365	(222)
Closing cash	19	68	203	569	346

Quarterly financials

(Rs mn)	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13
Net Sales	**277**	**344**	**400**	**306**	**300**
Change (q-o-q)	95%	24%	16%	-23%	-2%
EBITDA	**(7)**	**28**	**(22)**	**(62)**	**(47)**
Change (q-o-q)	NA	NA	NA	NA	NA
EBITDA margin	**-3%**	**8%**	**-5%**	**-20%**	**-16%**
PAT	(6)	13	44	(41)	(126)
Adj PAT	**(6)**	**13**	**44**	**(41)**	**(126)**
Change (q-o-q)	NA	NA	241%	NA	NA
Adj PAT margin	**-2%**	**4%**	**11%**	**-13%**	**-42%**
Adj EPS	**(0.0)**	**0.1**	**0.3**	**(0.3)**	**(0.9)**

Source: Company, CRISIL Research estimate

Parsvnath Developers Ltd

Deleveraging is a key monitorable

Fundamental Grade 2/5 (Moderate fundamentals)

Valuation Grade 5/5 (CMP has strong upside)

Fair Value Rs 54

CMP Rs 41

Delhi-based Parsvnath Developers Ltd (Parsvnath) is a leading real estate developer with a significant presence in North India.

Grading rationale

- Parsvnath is a pan-India real estate developer with a major focus on North India. It has developed 16 mn sq ft of projects till date and has a pipeline of 76 mn sq ft.
- The company has a large pool of low-cost land bank - its total land bank of 190 mn sq ft has an average cost of Rs 200 per sq ft.
- Of the current pipeline, 70% of the projects are under townships. Given the weak macro-economic environment and subdued demand, we expect monetisation of the ongoing projects to take time.
- Parsvnath plans to ramp up the execution of the projects with strong bookings. This coupled with focus on plot sales is expected to drive future cash flows.
- It is expected to receive 38 acres of land in Sarai Rohilla, Delhi from Indian Railways in phases over the next four years. For the right to develop this land, it will pay Rs 16.5 bn (Rs 3.3 bn already paid) over the next five years. We expect the land parcel to be value-accretive but funding and approvals are key monitorable. We expect phase I of this project to be launched by FY14-end.
- The liquidity position of Parsvnath is strained. It has a current debt of Rs 21 bn (D/E of 0.9x and interest coverage of 1.5x). It plans to service its debt obligations through – a) cash flows from ongoing projects, b) sale of 1.2-acre land near Connaught Place, New Delhi, c) sale of non-core assets and d) restructuring of some of the existing loans. In case it is not able to sell land parcels and other non-core assets and if there is no pick up in bookings, it may be difficult to service its obligations; this remains a key monitorable.

Financial performance

We expect revenues to grow at a CAGR of 11% to Rs 11.2 bn in FY14 driven by execution of the ongoing projects. EBITDA margin is expected to decline from 46.6% in FY12 to 39.1% in FY14 due to declining contribution from the high-margin projects. PAT is expected at Rs 855 mn in FY14 compared to Rs 610 mn in FY12. RoE is expected to remain under pressure at 3.2% in FY14.

Valuation

We have valued Parsvnath by the net asset value method and arrived at a fair value of Rs 54 per share. At this value, implied P/BV multiples are 0.9x FY13E and FY14E book value, respectively.

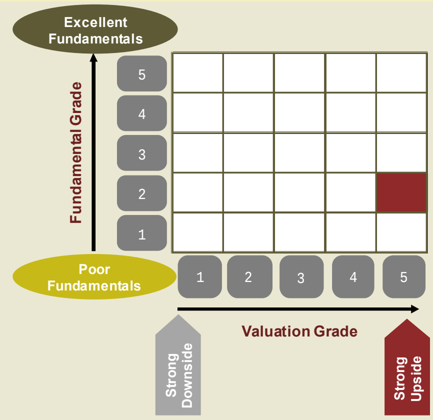
KEY FORECAST

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	9,473	9,092	9,052	8,861	11,217
EBITDA	4,272	4,510	4,221	3,914	4,391
Adj PAT	1,115	1,471	610	723	855
Adj EPS-Rs	2.8	3.4	1.4	1.7	2.0
EPS growth (%)	(7.3)	20.4	(58.6)	18.6	18.2
Dividend yield (%)	-	2.9	-	1.0	1.2
RoCE (%)	10.2	10.1	8.6	7.8	8.7
RoE (%)	5.1	6.1	2.4	2.7	3.2
PE (x)	14.6	12.1	29.2	24.7	20.9
P/BV (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x)	7.4	8.7	9.8	10.1	9.3

CMP: Current Market Price

Source: Company, CRISIL Research estimate

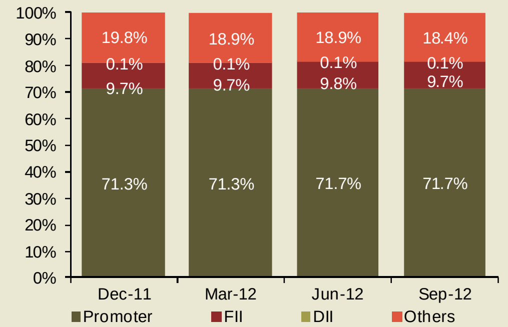
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	5897/19365
NSE/BSE ticker	PARSVNATH
Face value (Rs per share)	5
Shares outstanding (mn)	435
Market cap (Rs mn)/(US$ mn)	17,821/325
Enterprise value (Rs mn)/(US$ mn)	41,174/751
52-week range (Rs)/(H/L)	65/35
Beta	1.9
Free float (%)	28.3%
Avg daily volumes (30-days)	449,393
Avg daily value (30-days) (Rs mn)	17.9

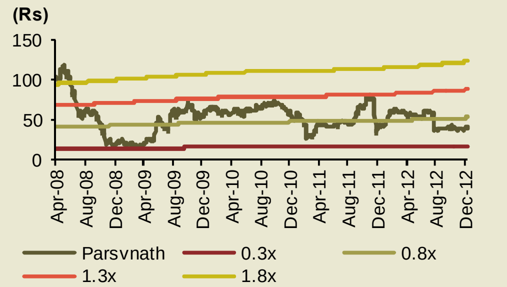
SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Parsvnath	5%	0%	-33%	-5%
NIFTY	6%	5%	16%	24%

ONE-YEAR FORWARD P/BV BAND



Annexure: Financials (Consolidated)

Income statement

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	**9,473**	**9,092**	**9,052**	**8,861**	**11,217**
EBITDA	**4,272**	**4,510**	**4,221**	**3,914**	**4,391**
EBITDA margin	**45.1%**	**49.6%**	**46.6%**	**44.2%**	**39.1%**
Depreciation	215	165	154	160	182
EBIT	**4,058**	**4,345**	**4,067**	**3,753**	**4,209**
Interest	2,497	2,218	2,763	2,896	3,123
Operating PBT	**1,560**	**2,127**	**1,304**	**857**	**1,086**
Other income	402	326	758	274	247
Exceptional inc/(exp)	193	(105)	(51)	-	-
PBT	**2,156**	**2,348**	**2,011**	**1,131**	**1,333**
Tax provision	790	705	1,324	373	440
Minority interest	57	277	129	35	39
PAT (Reported)	**1,308**	**1,366**	**559**	**723**	**855**
Less: Exceptionals	193	(105)	(51)	-	-
Adjusted PAT	**1,115**	**1,471**	**610**	**723**	**855**

Ratios

	FY10	FY11	FY12	FY13E	FY14E
Growth					
Operating income (%)	34.3	(4.0)	(0.4)	(2.1)	26.6
EBITDA (%)	5.8	5.6	(6.4)	(7.3)	12.2
Adj PAT (%)	(0.3)	31.9	(58.6)	18.6	18.2
Adj EPS (%)	(7.3)	20.4	(58.6)	18.6	18.2
Profitability					
EBITDA margin (%)	45.1	49.6	46.6	44.2	39.1
Adj PAT Margin (%)	11.8	16.2	6.7	8.2	7.6
RoE (%)	5.1	6.1	2.4	2.7	3.2
RoCE (%)	10.2	10.1	8.6	7.8	8.7
RoIC (%)	11.0	10.6	9.6	8.6	9.3
Valuations					
Price-earnings (x)	14.6	12.1	29.2	24.7	20.9
Price-book (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x)	7.4	8.7	9.8	10.1	9.3
EV/Sales (x)	3.4	4.5	4.7	4.5	3.6
Dividend payout ratio (%)	-	38.1	-	24.9	24.9
Dividend yield (%)	-	2.9	-	1.0	1.2
B/S ratios					
Inventory days	2,511	3,132	3,444	2,719	2,101
Creditors days	833	1,020	1,087	993	900
Debtor days	303	350	359	357	338
Working capital days	1,286	1,486	1,560	1,550	1,244
Gross asset turnover (x)	4.7	3.9	3.5	2.9	2.7
Net asset turnover (x)	8.0	7.0	6.2	5.2	4.1
Sales/operating assets (x)	2.4	1.7	1.3	1.3	1.6
Current ratio (x)	3.2	3.1	2.9	3.2	2.8
Debt-equity (x)	0.7	0.8	0.9	0.8	0.8
Net debt/equity (x)	0.6	0.8	0.8	0.7	0.8
Interest coverage	1.6	2.0	1.5	1.3	1.3

Per share

	FY10	FY11	FY12	FY13E	FY14E
Adj EPS (Rs)	2.8	3.4	1.4	1.7	2.0
CEPS	3.3	3.8	1.8	2.0	2.4
Book value	58.5	57.3	60.0	61.3	62.7
Dividend (Rs)	-	1.2	-	0.4	0.5
Actual o/s shares (mn)	397.1	435.2	435.2	435.2	435.2

Balance Sheet

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Liabilities					
Equity share capital	1,986	2,176	2,176	2,176	2,176
Reserves	20,955	21,622	22,217	22,723	23,322
Minorities	310	1,119	1,730	1,765	1,803
Net worth	**23,250**	**24,918**	**26,123**	**26,664**	**27,301**
Convertible debt	-	-	-	-	-
Other debt	16,907	20,892	22,420	20,920	21,670
Total debt	**16,907**	**20,892**	**22,420**	**20,920**	**21,670**
Deferred tax liability (net)	(46)	(70)	(56)	(56)	(56)
Total liabilities	**40,110**	**45,739**	**48,487**	**47,528**	**48,915**
Assets					
Net fixed assets	1,082	1,502	1,401	1,995	3,480
Capital WIP	3,367	4,768	6,089	4,279	3,971
Total fixed assets	**4,449**	**6,270**	**7,490**	**6,275**	**7,451**
Investments	**289**	**2,255**	**1,766**	**1,766**	**1,766**
Current assets					
Inventory	33,811	34,522	38,432	36,851	39,285
Sundry debtors	7,741	8,476	8,628	8,658	10,394
Loans and advances	7,274	10,410	10,769	9,692	9,935
Cash & bank balance	2,047	495	796	986	578
Marketable securities	-	-	-	-	-
Total current assets	**50,873**	**53,903**	**58,626**	**56,187**	**60,192**
Total current liabilities	**15,927**	**17,462**	**20,278**	**17,583**	**21,377**
Net current assets	**34,946**	**36,441**	**38,348**	**38,604**	**38,815**
Intangibles/Misc. expenditure	**426**	**773**	**883**	**883**	**883**
Total assets	**40,110**	**45,739**	**48,487**	**47,528**	**48,915**

Cash flow

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Pre-tax profit	1,963	2,453	2,062	1,131	1,333
Total tax paid	(787)	(729)	(1,310)	(373)	(440)
Depreciation	215	165	154	160	182
Working capital changes	(418)	(3,047)	(1,606)	(66)	(619)
Net cash from operations	**972**	**(1,158)**	**(699)**	**852**	**457**
Cash from investments					
Capital expenditure	(1,512)	(2,333)	(1,484)	1,055	(1,358)
Investments and others	6	(1,966)	489	-	-
Net cash from investments	**(1,506)**	**(4,299)**	**(995)**	**1,055**	**(1,358)**
Cash from financing					
Equity raised/(repaid)	1,746	2,638	1	-	-
Debt raised/(repaid)	(2,146)	3,985	1,528	(1,500)	750
Dividend (incl. tax)	-	(607)	-	(217)	(256)
Others (incl extraordinaries)	271	(2,112)	466	-	-
Net cash from financing	**(129)**	**3,905**	**1,996**	**(1,717)**	**494**
Change in cash position	(662)	(1,552)	301	190	(408)
Closing cash	2,047	495	796	986	578

Quarterly financials

(Rs mn)	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13
Net Sales	**2549**	**2378**	**2,192**	**1,634**	**1,497**
Change (q-o-q)	18%	-7%	-8%	-25%	-8%
EBITDA	**725**	**1132**	**671**	**1,077**	**931**
Change (q-o-q)	29%	56%	-41%	61%	-14%
EBITDA margin	**28%**	**48%**	**31%**	**66%**	**62%**
PAT	291	225	(272)	202	179
Adj PAT	**291**	**225**	**(272)**	**202**	**179**
Change (q-o-q)	13%	-22%	-221%	-174%	-11%
Adj PAT margin	**11%**	**9%**	**-12%**	**12%**	**12%**
Adj EPS	**0.7**	**0.6**	**(0.7)**	**0.5**	**0.5**

Source: Company, CRISIL Research estimate

The Phoenix Mills Ltd

Hop on to India's retail wagon

Fundamental Grade 3/5 (Good fundamentals)

Valuation Grade 3/5 (CMP is aligned)

Fair Value Rs 245

CMP Rs 246

The Phoenix Mills Ltd (Phoenix) is the largest retail real estate developer. It also develops residential, commercial and hospitality projects. It has pioneered the 'marketcity' concept in India.

Grading rationale

- Phoenix is the largest retail real estate player and has transitioned from a single-asset play to a company with diverse assets base in cities like Bengaluru, Mumbai and Pune. It has a lease portfolio of 6 mn sq ft, which is expected to increase to 7 mn sq ft by FY14.
- Phoenix's marquee asset High Street Phoenix (HSP) in Lower Parel, Mumbai is an established retail destination. It is expected to earn yearly revenues of Rs 2,000 mn and free cash flows of Rs 1,500 mn per annum with steady growth.
- Marketcity projects in Pune and Bengaluru, which commenced operations in the past one year, have reported encouraging initial performance; however, the performance of Kurla Marketcity has been slow to take off. Chennai Marketcity, with healthy pre-leasing status and rentals, is expected to commence operations by January 2013.
- Phoenix is expected to be one of the major beneficiaries of foreign direct investment (FDI) in multi brand retail.
- Residential projects (1.5 mn sq ft) in Bengaluru and Chennai received strong response and are booked ~70%; this highlights the acceptability of the Phoenix brand in the residential segment.
- Shangri-La Hotel (396-keys) recently commenced operations. Since the project was delayed by two years with certain costs escalations, ramp-up in occupancy and room rentals is a key monitorable.
- Phase II development of 5.6 mn sq ft of residential and commercial projects to aid future growth. Cash flows from these projects will be utilised to lower debt.

Financial performance

We expect consolidated revenues to increase at a two-year CAGR of 44% to Rs 7.6 bn in FY14 driven by Pune and Chennai marketcity projects and residential project in Bengaluru. EBITDA margin is expected to decline by 226 bps to 56% in FY14 due to higher contribution from the comparatively low-margin residential project. PAT is expected to decline marginally from Rs 1.1 bn in FY12 to Rs 1.0 bn in FY14 on high interest cost.

Valuation

We have valued Phoenix by the sum-of-the-parts method and arrived at a fair value of Rs 245 per share. At this valuation, implied P/BV multiples are 2.2x FY13E and 2.1x FY14E book value.

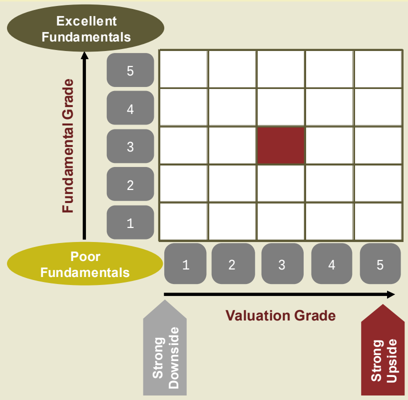
KEY FORECAST (CONSOLIDATED)

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	1,252	2,117	3,670	4,463	7,622
EBITDA	800	1,398	2,136	2,675	4,265
Adj PAT	612	674	1,126	734	1,003
Adj EPS-Rs	4.3	4.7	7.8	5.1	6.9
EPS growth (%)	(18.4)	7.5	67.1	(34.8)	36.7
Dividend yield (%)	0.7	0.8	0.9	0.7	1.1
RoCE (%)	2.9	4.4	5.2	6.1	10.2
RoE (%)	4.0	4.1	6.7	4.4	6.0
PE (x)	47.9	53.0	31.7	48.7	35.6
P/BV (x)	1.9	2.1	2.1	2.2	2.1
EV/EBITDA (x)	44.7	32.3	25.2	21.4	12.6

CMP: Current Market Price

Source: Company, CRISIL Research estimate

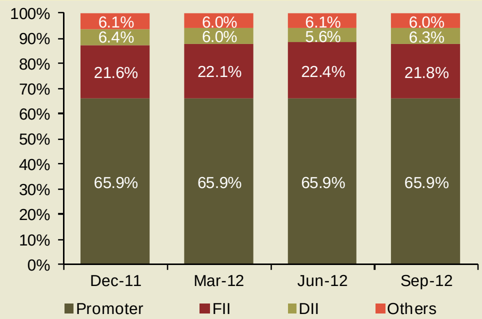
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	5897/19365
NSE/BSE ticker	PHOENIXLTD/PHOENIX
Face value (Rs per share)	2
Shares outstanding (mn)	144.8
Market cap (Rs mn)/(US$ mn)	35,697/651
Enterprise value (Rs mn)/(US$ mn)	53,911/983
52-week range (Rs)/(H/L)	254/150
Beta	1.1
Free float (%)	34.1%
Avg daily volumes (30-days)	145,490
Avg daily value (30-days) (Rs mn)	33.1

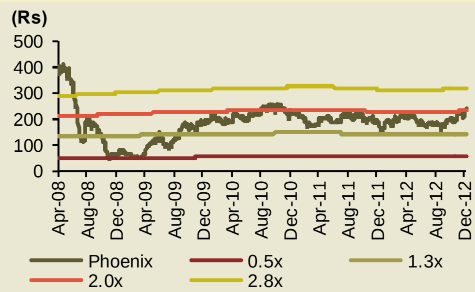
SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Phoenix	13%	25%	40%	49%
NIFTY	6%	5%	16%	24%

ONE-YEAR FORWARD P/BV BAND



Annexure: Financials (Consolidated)

Income statement

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	**1,252**	**2,117**	**3,670**	**4,463**	**7,622**
EBITDA	**800**	**1,398**	**2,136**	**2,675**	**4,265**
EBITDA margin	**63.9%**	**66.0%**	**58.2%**	**59.9%**	**56.0%**
Depreciation	174	316	568	592	841
EBIT	**626**	**1,082**	**1,569**	**2,083**	**3,424**
Interest	86	230	945	983	1,836
Operating PBT	**540**	**853**	**624**	**1,100**	**1,588**
Other income	226	154	499	272	218
Exceptional inc/(exp)	(1)	127	23	-	-
PBT	**765**	**1,134**	**1,145**	**1,372**	**1,806**
Tax provision	147	321	189	329	433
Min. interest/Profit from associates	(7)	(12)	(192)	309	370
PAT (Reported)	**611**	**801**	**1,149**	**734**	**1,003**
Less: Exceptionals	(1)	127	23	-	-
Adjusted PAT	**612**	**674**	**1,126**	**734**	**1,003**

Ratios

	FY10	FY11	FY12	FY13E	FY14E
Growth					
Operating income (%)	25.7	69.1	73.3	21.6	70.8
EBITDA (%)	32.3	74.7	52.8	25.2	59.4
Adj PAT (%)	(18.4)	7.5	67.1	(34.8)	36.7
Adj EPS (%)	(18.4)	7.5	67.1	(34.8)	36.7
Profitability					
EBITDA margin (%)	63.9	66.0	58.2	59.9	56.0
Adj PAT Margin (%)	50.1	31.8	30.7	16.4	13.2
RoE (%)	4.0	4.1	6.7	4.4	6.0
RoCE (%)	2.9	4.4	5.2	6.1	10.2
RoIC (%)	6.4	6.0	10.1	8.0	12.2
Valuations					
Price-earnings (x)	47.9	53.0	31.7	48.7	35.6
Price-book (x)	1.9	2.1	2.1	2.2	2.1
EV/EBITDA (x)	44.7	32.3	25.2	21.4	12.6
EV/Sales (x)	29.1	21.5	14.7	12.8	7.0
Dividend payout ratio (%)	32.5	37.8	29.3	35.0	40.0
Dividend yield (%)	0.7	0.8	0.9	0.7	1.1
B/S ratios					
Inventory days	5	1,113	918	776	491
Creditors days	1,387	1,379	785	632	491
Debtor days	129	390	389	346	152
Working capital days	(56)	38	177	311	179
Gross asset turnover (x)	0.2	0.3	0.3	0.2	0.2
Net asset turnover (x)	0.2	0.3	0.4	0.2	0.3
Sales/operating assets (x)	0.1	0.1	0.2	0.2	0.3
Current ratio (x)	2.3	2.0	2.2	2.5	1.8
Debt-equity (x)	0.4	0.6	1.0	1.1	0.9
Net debt/equity (x)	0.2	0.4	0.9	1.1	0.8
Interest coverage	7.3	4.7	1.7	2.1	1.9

Per share

	FY10	FY11	FY12	FY13E	FY14E
Adj EPS (Rs)	4.3	4.7	7.8	5.1	6.9
CEPS	5.5	6.8	11.7	9.2	12.7
Book value	110.8	115.3	118.1	112.5	116.7
Dividend (Rs)	1.4	2.1	2.3	1.8	2.8
Actual o/s shares (mn)	144.8	144.8	144.8	144.8	144.8

Balance Sheet

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Liabilities					
Equity share capital	290	290	290	290	290
Reserves	15,759	16,410	16,816	16,006	16,607
Net worth	**16,048**	**16,700**	**17,105**	**16,295**	**16,897**
Minorities	2,190	1,965	3,566	4,216	4,359
Convertible debt	-	-	-	-	-
Other debt	6,608	9,634	16,684	18,210	15,635
Total debt	**6,608**	**9,634**	**16,684**	**18,210**	**15,635**
Deferred tax liability (net)	(24)	(9)	(247)	(9)	(9)
Total liabilities	**24,823**	**28,291**	**37,109**	**38,712**	**36,882**
Assets					
Net fixed assets	7,321	7,932	11,876	28,398	27,757
Capital WIP	9,137	11,245	15,614	-	-
Total fixed assets	**16,458**	**19,178**	**27,490**	**28,398**	**27,757**
Investments	**5,787**	**5,990**	**4,939**	**4,344**	**4,527**
Current assets					
Inventory	3	1,182	2,516	3,803	4,517
Sundry debtors	431	2,044	3,172	4,233	3,179
Loans and advances	1,034	741	701	841	841
Cash & bank balance	671	1,021	1,209	525	1,624
Marketable securities	2,389	1,176	828	465	465
Total current assets	**4,527**	**6,164**	**8,426**	**9,867**	**10,627**
Total current liabilities	**1,950**	**3,042**	**3,750**	**3,901**	**6,033**
Net current assets	**2,578**	**3,123**	**4,676**	**5,965**	**4,593**
Intangibles/Misc. expenditure	**-**	**-**	**4**	**4**	**4**
Total assets	**24,823**	**28,291**	**37,109**	**38,712**	**36,882**

Cash flow

(Rs mn)	FY10	FY11	FY12	FY13E	FY14E
Pre-tax profit	767	1,007	1,122	1,372	1,806
Total tax paid	(160)	(306)	(427)	(91)	(433)
Depreciation	174	316	568	592	841
Working capital changes	578	(1,407)	(1,714)	(2,336)	2,471
Net cash from operations	**1,359**	**(390)**	**(451)**	**(463)**	**4,684**
Cash from investments					
Capital expenditure	(3,209)	(3,035)	(8,884)	(1,501)	(200)
Investments and others	(875)	1,009	1,400	958	(183)
Net cash from investments	**(4,084)**	**(2,027)**	**(7,484)**	**(543)**	**(383)**
Cash from financing					
Equity raised/(repaid)	0	0	-	-	-
Debt raised/(repaid)	1,132	3,026	7,050	1,526	(2,575)
Dividend (incl. tax)	(203)	(303)	(337)	(257)	(401)
Others (incl extraordinaries)	556	67	1,410	(946)	(226)
Net cash from financing	**1,486**	**2,791**	**8,123**	**322**	**(3,202)**
Change in cash position	(1,239)	374	188	(684)	1,099
Closing cash	671	1,021	1,209	525	1,624

Quarterly financials (standalone)

(Rs mn)	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13
Net Sales	**539**	**505**	**600**	**626**	**665**
Change (q-o-q)	15%	-6%	19%	4%	6%
EBITDA	**333**	**373**	**363**	**394**	**438**
Change (q-o-q)	4%	12%	-3%	9%	11%
EBITDA margin	**61.9%**	**73.9%**	**60.5%**	**63.0%**	**66.0%**
PAT	239	269	273	306	330
Adj PAT	**239**	**269**	**273**	**306**	**330**
Change (q-o-q)	-12.0%	12.6%	1.6%	12.0%	7.9%
Adj PAT margin	**44.4%**	**53.3%**	**45.5%**	**48.9%**	**49.7%**
Adj EPS	**1.7**	**1.9**	**1.9**	**2.1**	**2.3**

Source: Company, CRISIL Research estimate

This page intentionally left blank

CRISIL Research Team

President

Mukesh Agarwal	CRISIL Research	+91 22 3342 3035	mukesh.agarwal@crisil.com

Analytical Contacts

Prasad Koparkar	Senior Director, Industry & Customised Research	+91 22 3342 3137	prasad.koparkar@crisil.com
Binaifer Jehani	Director, Customised Research	+91 22 3342 4091	binaifer.jehani@crisil.com
Manoj Mohta	Director, Customised Research	+91 22 3342 3554	manoj.mohta@crisil.com
Sudhir Nair	Director, Customised Research	+91 22 3342 3526	sudhir.nair@crisil.com
Mohit Modi	Director, Equity Research	+91 22 4254 2860	mohit.modi@crisil.com
Jiju Vidyadharan	Director, Funds & Fixed Income Research	+91 22 3342 8091	jiju.vidyadharan@crisil.com
Ajay D'Souza	Director, Industry Research	+91 22 3342 3567	ajay.dsouza@crisil.com
Ajay Srinivasan	Director, Industry Research	+91 22 3342 3530	ajay.srinivasan@crisil.com
Rahul Prithiani	Director, Industry Research	+91 22 3342 3574	rahul.prithiani@crisil.com

Business Development

Siddharth Arora	Director, Customised Research	+91 22 3342 4133	siddharth.arora@crisil.com
Sagar Sawarkar	Associate Director, Equity Research	+91 22 3342 8012	sagar.sawarkar@crisil.com
Deepak Mittal	Associate Director, Funds & Fixed Income Research	+91 22 3342 8031	deepak.mittal@crisil.com
Prosenjit Ghosh	Associate Director, Industry & Customised Research	+91 22 3342 8008	prosenjit.ghosh@crisil.com

Business Development – Equity Research

Ahmedabad / Mumbai
Vishal Shah – Regional Manager, Business Development
Email : vishal.shah@crisil.com I Phone : +91 9820598908

Bengaluru / Mumbai
Shweta Adukia – Regional Manager, Business Development
Email : Shweta.Adukia@crisil.com I Phone : +91 9987855771

Chennai / Hyderabad
Sagar Sawarkar – Associate Director, Equity Research
Email : sagar.sawarkar@crisil.com I Phone : +91 9821638322

Delhi
Arjun Gopalkrishnan – Regional Manager, Business Development
Email : arjun.gopalakrishnan@crisil.com I Phone : +91 9833364422

Kolkata
Priyanka Murarka – Regional Manager, Business Development
Email : priyanka.murarka@crisil.com I Phone : +91 9903060685

Our Capabilities
Making Markets Function Better

Economy and Industry Research

- Largest team of economy and industry research analysts in India
- Coverage on 70 industries and 139 sub-sectors; provide growth forecasts, profitability analysis, emerging trends, expected investments, industry structure and regulatory frameworks
- 90 per cent of India's commercial banks use our industry research for credit decisions
- Special coverage on key growth sectors including real estate, infrastructure, logistics, and financial services
- Inputs to India's leading corporates in market sizing, demand forecasting, and project feasibility
- Published the first India-focused report on Ultra High Net-worth Individuals
- All opinions and forecasts reviewed by a highly qualified panel with over 200 years of cumulative experience

Funds and Fixed Income Research

- Largest and most comprehensive database on India's debt market, covering more than 14,000 securities
- Largest provider of fixed income valuations in India
- Value more than Rs.33 trillion (USD 650 billion) of Indian debt securities, comprising 85 per cent of outstanding securities
- Sole provider of fixed income and hybrid indices to mutual funds and insurance companies; we maintain 12 standard indices and over 80 customised indices
- Ranking of Indian mutual fund schemes covering 71 per cent of average assets under management and Rs 4.7 trillion (USD 94 billion) by value
- Retained by India's Employees' Provident Fund Organisation, the world's largest retirement scheme covering over 50 million individuals, for selecting fund managers and monitoring their performance

Equity and Company Research

- Largest independent equity research house in India, focusing on small and mid-cap companies; coverage exceeds 100 companies
- Released company reports on all 1,401 companies listed and traded on the National Stock Exchange; a global first for any stock exchange
- First research house to release exchange-commissioned equity research reports in India
- Assigned the first IPO grade in India

Our Office

Ahmedabad
706, Venus Atlantis
Nr. Reliance Petrol Pump
Prahladnagar, Ahmedabad, India
Phone: +91 79 4024 4500
Fax: +91 79 2755 9863

Bengaluru
W-101, Sunrise Chambers,
22, Ulsoor Road,
Bengaluru - 560 042, India
Phone:+91 80 2558 0899
+91 80 2559 4802
Fax: +91 80 2559 4801

Chennai
Thapar House,
43/44, Montieth Road, Egmore,
Chennai - 600 008, India
Phone:+91 44 2854 6205/06
+91 44 2854 6093
Fax: +91 44 2854 7531

Gurgaon
Plot No. 46
Sector 44
Opp. PF Office
Gurgaon - 122 003, India
Phone: + 91 124 6722 000

Hyderabad
3rd Floor, Uma Chambers
Plot No. 9&10, Nagarjuna Hills,
(Near Punjagutta Cross Road)
Hyderabad - 500 482, India
Phone: +91 40 2335 8103/05
Fax: +91 40 2335 7507

Kolkata
Horizon, Block 'B', 4th Floor
57 Chowringhee Road
Kolkata - 700 071, India
Phone: +91 33 2289 1949/50
Fax: +91 33 2283 0597

Pune
1187/17, Ghole Road,
Shivaji Nagar,
Pune - 411 005, India
Phone: +91 20 2553 9064/67
Fax: +91 20 4018 1930

CRISIL Limited
CRISIL House, Central Avenue,
Hiranandani Business Park, Powai, Mumbai – 400076. India
Phone: +91 22 3342 3000 | Fax: +91 22 3342 8088
www.crisil.com

CRISIL Ltd is a Standard & Poor's company