

# Parsvnath Developers Ltd

Q3FY12 First cut – Revenues below, margins in line

Fundamental Grade 2/5 (Moderate fundamentals)  
Valuation Grade 3/5 (CMP is aligned)

Industry Real Estate Management & Development

Parsvnath Developers Ltd's (Parsvnath's) Q3FY12 results were below CRISIL Research's expectations. Revenue registered marginal y-o-y growth. Though EBITDA margin was in line with our estimates, PAT margin was lower due to high tax provisioning during the quarter. Post our discussion with the management, we will provide more clarity on the bookings and realisations, and we may revise our earnings estimates downwards. However, we maintain the fundamental grade of **2/5**.

## Q3FY12 result analysis

- Consolidated revenues grew marginally by ~7% y-o-y (down 6% q-o-q) to Rs 2.4 bn and was below our expectations.
- EBITDA margin declined ~840 bps (decreased ~390 bps q-o-q) to 24.6%, in line with our expectations. We believe the decline in margin is due to lower realisation, higher input and carrying costs. However, we will be able to provide more clarity on the same post discussion with the management.
- PAT declined by 28.1% y-o-y (down by ~23% bps q-o-q) to Rs 225 mn mainly due to higher tax provisions. PAT margin declined ~460 bps y-o-y and 200 bps to 9.4%. EPS was reported at Rs 0.5 vs. Rs 0.7 in Q3FY11.

## Key developments

Parsvnath's promoters have increased pledging of shares from ~71% in Q2FY12 to 91.6% in Q3FY12.

## Valuations: Current market price is aligned

We continue to use the NAV method to value Parsvnath and maintain our fair value of Rs 63 per share. Given the current market price, this translates to a valuation grade of **3/5**.

## KEY FORECAST

(Rs mn)	FY09	FY10	FY11	FY12E	FY13E
Operating income	7,051	9,473	9,104	10,712	13,461
EBITDA	2,148	2,578	2,829	2,662	3,789
Adj PAT	1,118	1,115	1,409	1,327	2,123
Adj EPS-Rs	3.0	2.8	3.2	3.1	4.9
EPS growth (%)	(73.8)	(7.3)	15.3	(5.8)	59.9
Dividend yield (%)	-	-	2.2	2.2	2.2
RoCE (%)	4.9	6.0	6.0	5.2	8.0
RoE (%)	5.7	5.1	5.6	4.8	7.4
PE (x)	10.7	22.1	19.2	14.2	8.9
P/BV (x)	0.6	1.1	1.0	0.7	0.6
EV/EBITDA (x)	13.2	15.3	16.0	12.1	7.7

NM: Not meaningful; CMP: Current market price

Source: Company, CRISIL Research estimate

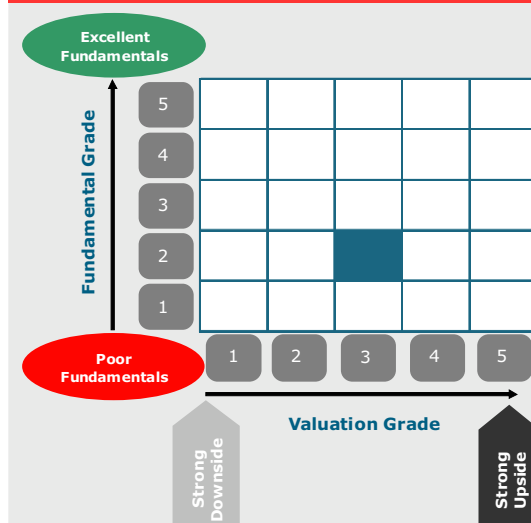


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Fair Value Rs 63

CMP Rs 62

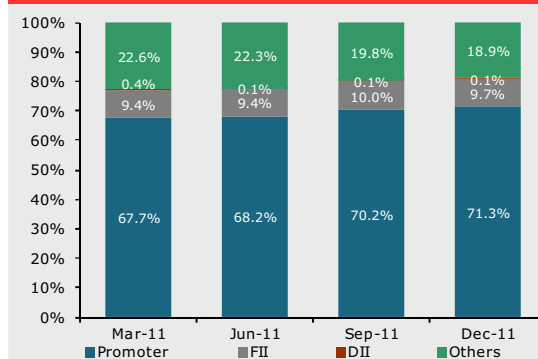
## CFV MATRIX



## KEY STOCK STATISTICS

NIFTY / SENSEX	5390/17773
NSE / BSE ticker	PARSVNATH
Face value (Rs per share)	5
Shares outstanding (mn)	435
Market cap (Rs mn)/(US\$ mn)	27,025/548
Enterprise value (Rs mn)/(US\$ mn)	45,212/917
52-week range (Rs) (H/L)	82/25
Beta	1.9
Free float (%)	28.7%
Avg daily volumes (30-days)	1,809,428
Avg daily value (30-days) (Rs mn)	104

## SHAREHOLDING PATTERN



## PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Parsvnath	17%	-18%	36%	137%
NIFTY	11%	4%	6%	2%

## ANALYTICAL CONTACT

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