

May 23, 2024

RESULT REPORT Q4 FY24 | Sector: Real Estate

Puravankara

Strong presales & BD to drive valuations ahead

Our view

Puravankara (PURVA) closed the year with best ever annual presales of Rs59.14bn (84% YoY) guided by the launch of 9msf projects in FY24. Company collected Rs39.48bn (47.3% YoY) in FY24. PURVA acquired two marquee projects in Mumbai under redevelopment space. Pali Hill and Lokhandwala with GDV of Rs21.5bn and Rs15bn respectively. Additionally, Provident has secured Rs11.5bn funding from HDFC Capital to develop a platform which will acquire projects with a total GDV of Rs171bn. Company plans to launch 7.28msf projects with the GDV of Rs74.43bn and which are expected to generate surplus of Rs26.96bn from the existing pipeline additionally, the company intends to add some new projects to it.

We believe the company is on the right track now and will achieve strong presales in the next 5-7years resulting in strong cashflow generation. Additionally, the company is expected to expand its operations in new geographies like MMR & Pune. Most importantly, with expanding execution, the company is expected to manage debt in a better way with Net D/E coming down to 0.49 by FY26E on the back of a strong cashflow generation. We valued PURVA on SoTP based with residential valued on an NPV-based NAV approach, at Rs68.1bn, new projects acquired valued at Rs35.4bn includes 20% discount to net CF, commercial at cap rate of 10% to Rs15.7bn, land bank (RS.27.6bn) and business development at 50% premium to residential portfolio (RS.103.5bn). We maintain our 'BUY' rating and upgrade our 1 year forward target price to Rs769/share (WACC 13.5%) implying an upside of 72% upside (earlier TP452/share)

Result Highlights:

- PURVA achieved pre-sales of 2.35msf (44.2% QoQ & 94.2% YoY) translates in sales value of Rs19.47bn (56.9% QoQ & 93.3% YoY) While for FY24 company clocked presales of 7.36msf (84% YoY) resulting in sales of Rs59.14bn (90.3% YoY)
- Company collected Rs10.94bn (16.3% QoQ & 65.5% YoY) while for FY24 achieved Rs39.48bn (47.3% YoY).
- For FY24, PURVA reported Revenue of Rs21.85bn (76.8% YoY), EBITDA of Rs4.63bn (101.5% YoY) with margin 21.1% (259bps YoY), PAT at Rs420mn (-36.9% YoY) due to higher interest cost and lower other income.
- For Q4FY24, PURVA reported Revenue of Rs9.2bn (60.4% QoQ & 136.5% YoY), EBITDA of Rs1.13bn (-43% QoQ & 600.9% YoY) with margin 12.3% (-2234bps QoQ & 817bps YoY), PAT loss at Rs67mn.
- PURVA's net debt in the Q4FY24 has moved up to Rs21.5bn from Rs17.41bn in Q3FY24. Cost of borrowing also inched up to 11.59% from 11.49% in Q3FY24.
- Company has repaid the NCD's to the tune of Rs4.1bn to IFC & ASK and deployed Rs3bn towards land acquisition/unlocking. In next 2 years under regular debt repayment schedule company knock off Rs16.64bn out of net debt of Rs21.5bn.

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	9,200	5,709	-	61.1	N/A	Higher completion results higher revenues while lower EBITDA is due to higher indirect cost
EBITDA	1,134	1,334	-	(15.0)	N/A	
EBITDA Margin (%)	12.3	23.4	-	(1104bps)	N/A	
Adj. PAT	-67	875	-	(107.7)	N/A	

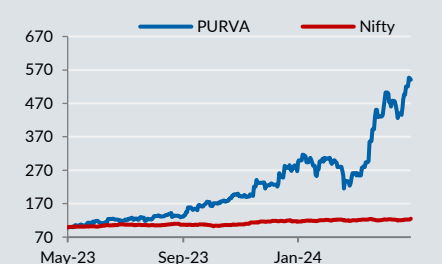
Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 446
Target Price	: Rs 769
Potential Return	: +72%

Stock data (as on May 23, 2024)

Nifty	22,968
52 Week h/l (Rs)	462 / 81
Market cap (Rs/USD mn)	106634 / 1281
Outstanding Shares (mn)	237
6m Avg t/o (Rs mn):	200
Div yield (%):	0.3
Bloomberg code:	PURVA IN
NSE code:	PURVA

Stock performance



	1M	3M	1Y
Absolute return	18.4%	77.1%	444.8%

Shareholding pattern (As of Mar'24 end)

Promoter	75.0%
FII+DII	17.1%
Others	7.9%

Δ In stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	769	452

Financial Summary

(Rs mn)	FY24	FY25E	FY26E
Revenues	21853	32743	17160
YoY growth	76.8	49.8	(47.6)
EBITDA	4628	9986	6653
YoY growth	101.5	115.8	(33.4)
PAT	420	4741	2427
YoY growth	(36.9)	1028.7	(48.8)
EPS	1.8	20.0	10.2
P/E	252.0	22.3	43.6
P/BV	5.6	4.5	4.1
D/E	1.7	1.1	1.0
EV/EBITDA	27.9	12.2	17.7
RoE (%)	2.2	20.3	9.5
RoCE (%)	8.4	19.2	12.2

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Valuations:

Exhibit 2: SoTP at WACC 13.5%, Cap Rate 10% and Premium to Resi. Portfolio at 50%

Valuation Breakup	Rs. mn	Rs./share
Residential Portfolio (A)	68,136	287
Project Addition in Q4FY24		
1. Pali Hill	8,040	34
2. HDFC Platform	31,697	134
3. Lokhandwala	4,500	19
Total	44,237	187
Post Discount@20% (B)	35,390	149
Total Residential Portfolio (A+B)	103,525	437
Commercial	15,652	66
Land Bank	27,612	116
Business Development	51,763	218
Net Debt as of FY25	16,085	68
Total	182,467	769
CMP		446
Upside/(downside)		72%

Source: Company, YES Sec

1. Increase premium from 25% to 50% on current portfolio as company is aggressively acquiring the projects to maintain the growth in coming years.
2. Added new acquired projects like Pali Hill, Lokhandwala & HDFC Platform.

Exhibit 3: Quarterly snapshot (Console)

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	q/q %	y/y %	FY23	FY24	y/y %
Revenue	3,890	3,233	3,683	5,737	9,200	60.4	136.5	12,358	21,853	76.8
EBITDA	162	637	868	1,989	1,134	(43.0)	600.9	2,297	4,628	101.5
EBITDA Margin %	4.2	19.7	23.6	34.7	12.3	(2234bps)	817bps	18.6	21.2	259bps
Depreciation	38	52	65	67	97	43.8	154.1	171	281	63.7
EBIT	124	585	804	1,922	1,037	(46.0)	738.5	2,126	4,348	104.5
EBIT Margin %	3.2	18.1	21.8	33.5	11.3	(2222bps)	809bps	17.2	19.9	269bps
Interest charges	1,022	981	1,046	1,051	1,265	20.4	23.9	3,597	4,342	20.7
Other Income	574	126	132	222	269	21.1	(53.2)	1,712	748	(56.3)
PBT	12	(278)	(129)	1,063	27	(97.5)	118.0	554	682	23.1
Tax	(255)	(100)	(17)	285	94	(67.1)	(136.7)	(111)	262	N/A
Effective Tax Rate (%)	N/A	35.8	13.0	26.8	352.3	N/A	N/A	(20.0)	38.5	N/A
PAT	268	(179)	(112)	778	(67)	N/A	N/A	665	420	(36.9)
PAT Margin %	6.9	(5.5)	(3.0)	13.6	(0.7)	N/A	N/A	5.4	1.9	(346bps)
EPS (Rs)	1.1	(0.8)	(0.5)	3.3	(0.3)	(108.6)	(125.1)	2.8	1.8	(36.9)

Source: Company, YES Sec

Exhibit 4: Operational Performance

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	q/q %	y/y %	FY23	FY24	y/y %
Sales (msf)	1.21	1.36	2.01	1.63	2.35	44.2	94.2	4	7.36	84.0
Sales (Rs mn)	10,070	11,260	16,000	12,410	19,470	56.9	93.3	31,070	59,140	90.3
Collection (Rs mn)	6,610	6,960	8,790	9,410	10,940	16.3	65.5	26,810	39,480	47.3
Net Debt	2208	21190	19,920	17410	21510	23.5	874.2	22080	21510	-2.6

Source: Company, YES Sec

KEY PRESENTATION AND CONFERENCE CALL HIGHLIGHTS

- **HDFC Platform Details:** Provident Housing Secures INR 1,150 Crores Investment from HDFC Capital This strategic collaboration will add an additional 6.2msf of new residential projects to the ongoing 14.8msf with a combined GDV of Rs171bn, which will be delivered over the next five to six years.
- **GDV from unlocking the existing land bank** of ~Rs93.77bn which will generate a surplus of Rs26bn while GDV from new acquisition will be ~Rs77.23bn.
- **Company will be utilizing Rs5.5bn** to unlock the existing projects through zero coupon bonds given to HDFC Capital which will generate surplus of ~Rs26.96bn. While new projects will generate surplus of ~Rs19bn. This will help scale Provident arm by developing ~21msf.
- **As a part of strategy, the company intends to have a presence in the Central and Western suburbs of Mumbai** along with south Mumbai in terms of redevelopment. In Western Suburban PURVA would not go beyond Borivali, and not beyond Chembur for central suburban.
- **Planning to add a project in Thane** under the JDA/JV model.
- **Company intends to launch Lokhandwala & Pali Hill** in H2FY25, precisely Lokhandwala in Q3/Q4FY25 and Pali Hill in Q4FY25/Q1FY26.
- **On the business development side, the company intends to have ~40msf available** with the company at any given point in time so will aggressively acquire the projects to bridge the gap. Additionally, PURVA wants to turnaround the projects in 9-12months of acquisition which will help to churn the capital efficiently and quickly.
- **Company launched 9msf in FY24** and plans to launch 7.28msf from the current pipeline in FY25. H2FY25 will be launch-heavy and the company intends to launch more projects compared to FY24.
- **Nearly Rs5bn is escrow accounts** and remaining ~Rs4bn is deposits in banks.
- **Company has delivered 1188 units in Q4FY24** out of 2614units possession given in FY24. And plans to deliver 3500-4000units in FY25.
- **Company is evaluating projects in NCR** and started building a team as well while FY25 will be focusing on western markets.
- **Company is rebalancing and reallocating the capital within regions** and funding the growth. In addition, the company is exploring to raise equity from the AIF and can form more platforms (like HDFC Capital) to fund the growth.

Company is comfortable with the Debt/sft under Rs1000/sft.

FINANCIALS

Exhibit 5: Balance Sheet (Console)

Y/e 31 Mar (Rs m)	FY22	FY23	FY24	FY25E	FY26E
Equity capital	1,186	1,186	1,186	1,186	1,186
Reserves	19,235	18,682	17,646	22,149	24,339
Net worth	20,421	19,868	18,831	23,335	25,525
Debt	26,110	29,269	32,856	26,769	25,769
Deferred tax liab (net)	(2,010)	(2,703)	(3,123)	(3,123)	(3,123)
Other non-current liabilities	0	0	0	0	0
Total liabilities	44,521	46,434	48,565	46,982	48,171
Fixed Asset	611	841	1,448	1,528	1,586
Investments	820	1,040	355	355	355
Other Non-current Assets	1,106	1,077	2,722	2,722	2,722
Net Working Capital	38,981	39,903	34,728	31,692	30,167
Inventories	68,196	76,230	84,650	81,981	80,577
Sundry debtors	2,421	5,321	4,943	5,164	4,916
Loans and Advances	923	1,041	1,146	1,146	1,146
Sundry creditors	4,346	4,911	5,638	6,236	6,089
Other current liabilities	34,396	45,659	58,593	58,593	58,593
Cash & equivalents	3,002	3,574	9,311	10,684	13,341
Total Assets	44,521	46,434	48,565	46,982	48,171

Source: Company, YES Sec

Exhibit 6: Cash Flow (Console)

Y/e 31 Mar (Rs m)	FY22	FY23	FY24	FY25E	FY26E
PBIT	2,858	554	682	6,335	3,243
Depreciation	176	171	281	365	381
Tax paid	(497)	(572)	(683)	(1,595)	(816)
Working capital Δ	(445)	(748)	4,810	3,046	1,506
Other operating items	(756)	2,046	3,874	4,186	4,029
Operating cashflow	1,337	1,452	8,964	12,337	8,343
Capital expenditure	(65)	(296)	(545)	(455)	(419)
Free cash flow	1,272	1,156	8,419	11,882	7,923
Equity raised					
Investments	5,319	1,244	685	0	0
Debt financing/disposal	(3,038)	3,324	(551)	(6,087)	(1,000)
Interest Paid	(2,848)	(3,573)	(4,549)	(4,186)	(4,029)
Dividends paid	0	(1,185)	(1,494)	(237)	(237)
Other items	601	25	3,469	0	0
Net Δ in cash	1,305	991	5,967	1,373	2,657

Source: Company, YES Sec

Exhibit 7: Income statement (Console)

Y/e 31 Mar (Rs m)	FY22	FY23	FY24	FY25E	FY26E
Revenue	9,547	12,358	21,853	32,743	17,160
Operating profit	2,135	2,297	4,628	9,986	6,653
Depreciation	176	171	281	365	381
Interest expense	3,319	3,597	4,342	4,186	4,029
Other income	4,270	1,712	748	900	1,000
Profit before tax	2,858	554	682	6,335	3,243
Taxes	1,382	(111)	262	1,595	816
Adj. PAT	1,476	665	420	4,741	2,427

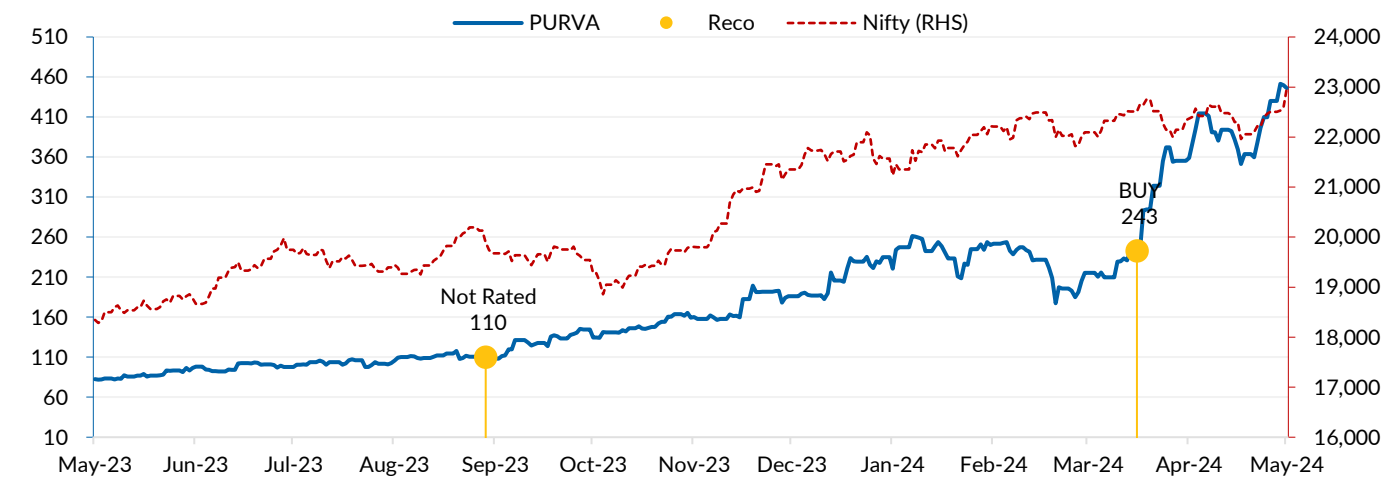
Source: Company, YES Sec

Exhibit 8: Growth and Ratio matrix

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
Growth matrix (%)					
Revenue growth	(0.9)	29.4	76.8	49.8	(47.6)
Op profit growth	(24.9)	7.6	101.5	115.8	(33.4)
EBIT growth	(25.7)	8.5	104.5	121.3	(34.8)
Net profit growth	N/A	(54.9)	(36.9)	1,028.7	(48.8)
Profitability ratios (%)					
OPM	22.4	18.6	21.2	30.5	38.8
EBIT margin	20.5	17.2	19.9	29.4	36.6
Net profit margin	15.5	5.4	1.9	14.5	14.1
RoCE	4.2	4.3	8.4	19.2	12.2
RoNW	7.2	3.3	2.2	20.3	9.5
RoA	1.5	0.6	0.3	2.7	1.4
Per share ratios					
EPS	6.2	2.8	1.8	20.0	10.2
Dividend per share	0.0	5.0	1.0	1.0	1.0
Cash EPS	7.0	3.5	3.0	21.5	11.8
Book value per share	86.4	84.1	79.7	98.7	107.9
Payout (%)					
Dividend payout	0.0	178.2	56.5	5.0	9.8
Tax payout	48.4	(20.0)	38.5	25.2	25.2
Liquidity ratios					
Debtor days	93	157	83	58	105
Inventory days	2,607	2,252	1,414	914	1,714
Creditor days	166	145	100	70	130

Source: Company, YES Sec

Recommendation Tracker



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