

Unitech Q1FY15 adjusted PBT was at Rs 1.35 bn (up 218% QoQ) was above our estimates. The variance was mainly on account of better than estimated Gross margins. However, the company recorded proceeds of sale of its share (Rs8.5 bn) in assets sold by Unitech Corporate Park (UCP). The net debt reduced by Rs4 bn but net fixed assets and networth too reduced by Rs 9.2 bn and Rs5.7 bn respectively. The company recorded extraordinary loss of Rs 9.9 bn on sale of compulsorily convertible debentures of its 49% Associate Simpson Unitech wireless Ltd (insignificant consideration received). Given the recent developments in the 2G license trial where the Management of the company is under scanner once again, we believe that the stock would continue to be weighed down till clarity emerges on the same.

## Key Highlights of the results

- Net sales for the quarter grew by 47% QoQ at Rs 15.2bn. Net sales excluding investment activities de-grew by 36% (QoQ). EBITDA for the quarter excluding investment activities stood at Rs 188mn and including investment activities stood at Rs 10.44bn. Net Margins for the quarter were at 0.4% as against 11% in Q4FY13. Depreciation reduced 30% QoQ.
- Adjusted for sale of share in UCP assets gross margins and EBITDA margins stood at 44.6% and 28% respectively.
- Real estate and related activities revenues were de-grew by 41% (QoQ).
- The company has launched ~0.64 sqft during the quarter. Average blended realizations moved from Rs 7312/ sqft to Rs 5131/sqft a decrease of 30% on sequential basis. Average realizations in non-residential decrease by 59% QoQ to Rs 4932/sqft whereas in residential decrease by 8% QoQ to Rs5430/sqft.
- During the quarter, Company achieved sales booking of 0.66 mn sqft as compared to 0.59 mn sqft in Q4FY14 and 0.67mn sqft in Q1FY14. Sales value booked for the current quarter stood at Rs 3.39bn.
- Company has delivered ~1.07mn sqft in Q1FY15 and ~18.34mn sqft up to JuneFY15. 71% of past projects (39.78 mn sqft) have reached finishing/ handing over stages or where structure is complete and internal work is in progress. 21% of the past projects (11.86 mn sqft) have reached Piling/structure work in progress and balance 8% is in Land development and activities in progress stage.
- Handing over started in one more projects during Q1FY15. Handing over is in progress in 37 projects across regions.
- In Q1FY15, 30% and 43% of sales bookings were from Noida & Gurgaon while Kolkata and Chennai are of 4% and 6% respectively.
- Project execution continued to be the key focus area and the Company delivered over a million square feet of completed property during the quarter – highest in any quarter during the last 4 quarters.

**Valuations:** While the current economic environment is likely to elongate the cash generation cycle the company is focused on delivery of its projects. Delivery of Pre-March 2009 projects will continue to hit margins. At CMP stock trades at 12x FY16E P/E and 4x FY16E P/BV. We revise our estimates downwards to factor in lower EBITDA margins. Given the recent developments and ongoing investigations on the 2G license allotments to its telecom venture are going on, presently we have a 'Under Review' rating on the stock, till any further clarity emerges on this part.

## Under Review

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### Company Data

O/S SHARES (MN) :	2616
MARKET CAP (RSBN) :	57
MARKET CAP (USDBN) :	0.9
52 - WK HI/LO (RS) :	39 / 11
LIQUIDITY 3M (USDMN) :	22.0
FACE VALUE (RS) :	2

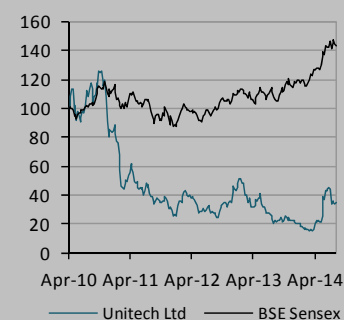
### Share Holding Pattern, %

PROMOTERS :	48.0
FII / NRI :	28.6
FI / MF :	1.7
NON PROMOTER CORP. HOLDINGS :	3.5
PUBLIC & OTHERS :	18.2

### Price Performance, %

	1mth	3mth	1yr
ABS	-13.3	25.7	21.8
REL TO BSE	-16.9	17.1	-12.9

### Price Vs. Sensex (Rebased values)



Source: PhillipCapital India Research

### Other Key Ratios

Rs mn	FY14	FY15E	FY16E
Net Sales	29,333	32,505	38,626
EBIDTA	1,662	3,968	6,324
Net Profit	696	3,377	4,921
EPS, Rs	0.3	1.3	1.9
PER, X	82.7	17.0	11.7
EV/EBIDTA, x	69.8	29.1	18.2
EV/Net Sales, x	0.5	0.5	0.5
ROE, %	0.6	2.8	4.0
Debt/Equity, %	52.6	50.0	48.0

Source: PhillipCapital India Research Est.

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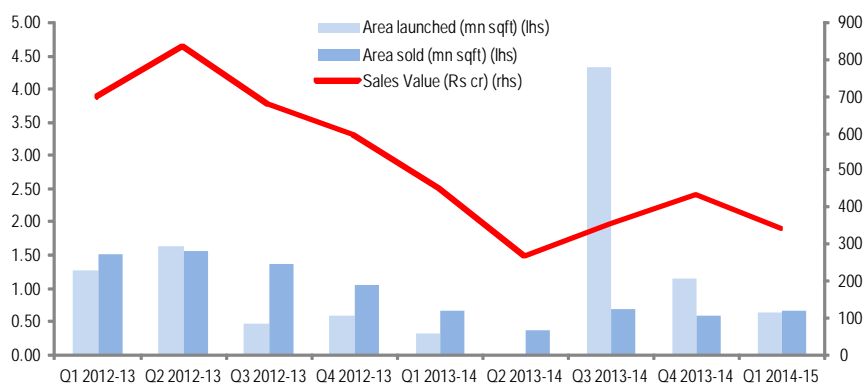
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### Quarterly Results

Rs mn	Q1FY14	Q4FY14	Q1FY15	YoY	QoQ
Sales	5,726	10,333	15,221	166%	47%
Cost of construction	3,638	8,150	3,691	1%	-55%
Employee Cost	529	541	460	-13%	-15%
Other Expenses	807	1,106	635	-21%	-43%
EBITDA	752	536	10,435	1288%	1846%
Depreciation	112	155	108	-4%	-30%
Interest	57	377	35	-40%	-91%
Prior period adjustments	3	0	0	-97%	-22%
Other Income	251	419	117	-53%	-72%
<b>PBT</b>	<b>837</b>	<b>423</b>	<b>10,410</b>	<b>1144%</b>	<b>2360%</b>
Tax	264	(4)	495	88%	-13439%
<b>PAT before exceptional</b>	<b>573</b>	<b>427</b>	<b>9,915</b>	<b>1630%</b>	<b>2222%</b>
Minority	56	88	48	-14%	-45%
Extraordinary items	0	1,030	9,907		
<b>Reported PAT</b>	<b>629</b>	<b>(516)</b>	<b>56</b>	<b>-91%</b>	<b>-111%</b>

Source: Company, PhillipCapital India Research

### Sales Area Booked



Source: Company, PhillipCapital India Research

### Construction Status Of Projects

Construction Stage	No of projects	mn sq ft	% age	Projects
Handover / Finishing	37	26.47	47%	<b>Gurgaon:</b> The Close (South),The Close (North), World Spa, Fresco, Escape, Harmony, Espace, Nirvana Floors, South City Floors, Nirvana Courtyard, Arcadia, Business Zone, Comm Tower GW City, South City II Shops, Others; <b>Greater Noida/Noida:</b> Horizon, Heights, Cascades, Habitat, Verve; <b>Kolkata:</b> Gardens, Horizons, Heights, Downtown, Cascades, Vistas, Gateway Cluster I, Chambers, DT Retail; <b>Bhopal:</b> Unihomes; <b>Mohali:</b> Plotted Development; <b>Chennai:</b> Unihomes, Aspen, Palm Villas, Greenwood City, Birch Court; <b>Lucknow:</b> South City Gardens, Plots
Structure Complete, Internal Work in progress	23	13.31	24%	<b>Gurgaon:</b> UW Resorts Villas, UW Gardens - II, Residences, Nirvana Country II, Exquisite, UW Towers, Signature Tower II, Arcadia 2; <b>Noida/Greater Noida:</b> Grande,Unihomes Ph1, Unihomes Ph-2, Gardens Galleria; <b>Kolkata:</b> Air, Harmony; <b>Mohali:</b> Singleton Floors, Executive Floors, Unihomes, Gardens, <b>Chennai:</b> Ananda,Brahma, Gulmohur Avenue,Unihomes 2, <b>Lucknow:</b> Gardens Galleria
Structure Work Progress	25	11.86	21%	<b>Gurgaon:</b> Sunbreeze, Vistas, Espace Premiere, South Park, The One, The Concourse, Signature Tower III, Global Gateway; <b>Noida/Greater Noida:</b> Burgundy, UW Gardens, Unihomes 3, The Residences, Exquisite; <b>Kolkata:</b> Gateway Cluster II, Fresco; <b>Bangalore:</b> UW Resorts, Gardens Galleria; <b>Bhopal:</b> The Great India Place; <b>Mohali:</b> Downtown; <b>Chennai:</b> Gardens, Chaitanya, Ekanta Phase-1; <b>Dehradun:</b> The Residences,The Great India Place; <b>Bhubneshwar:</b> Bhubneshwar One
Land development activities in progress	18	4.59	8%	<b>Gurgaon:</b> UW Resorts Plotted, The Willows, Anthea Floors, Crestview, The Spruce, Ivy Terraces, Institutional Plots, Nirvana Courtyard II; <b>Noida/Greater Noida:</b> UW City, Unihomes plotted, The Willows; <b>Mohali:</b> Gardens Galleria, Aspen Greens; Rewari: Unihomes, Ananda; <b>Ambala:</b> Unihomes, Ananda; <b>Dehradun:</b> Signature Towers
Yet to start	1	0.03	0%	<b>Noida:</b> Unihomes Superb
<b>Total</b>	<b>104</b>	<b>56.26</b>	<b>100%</b>	

Source: Company, PhillipCapital India Research

## Financials

### Income Statement

Y/E Mar, Rs mn	FY13	FY14	FY15E	FY16E
<b>Net sales</b>	<b>24,405</b>	<b>29,333</b>	<b>32,505</b>	<b>38,626</b>
Growth, %	1	20	11	19
Total income	24,405	29,333	32,505	38,626
Raw material expenses	-15,883	-21,729	-22,000	-25,112
Other Operating expenses	-5,252	-5,943	-6,537	-7,191
<b>EBITDA (Core)</b>	<b>3,270</b>	<b>1,662</b>	<b>3,968</b>	<b>6,324</b>
Growth, %	0.8	(49.2)	138.8	59.4
Margin, %	13.4	5.7	12.2	16.4
Depreciation	-398	-504	-536	-637
<b>EBIT</b>	<b>2,872</b>	<b>1,158</b>	<b>3,432</b>	<b>5,687</b>
Growth, %	2.1	(59.7)	196.4	65.7
Margin, %	11.8	3.9	10.6	14.7
Interest paid	-305	-765	-803	-884
Other Non-Operating Income	1,888	1,666	1,832	2,016
<b>Pre-tax profit</b>	<b>4,454</b>	<b>2,059</b>	<b>4,461</b>	<b>6,819</b>
Tax provided	-1,378	-572	-1,342	-2,182
<b>Profit after tax</b>	<b>3,076</b>	<b>1,487</b>	<b>3,119</b>	<b>4,637</b>
Others (Minorities, Associates)	-981	-791	258	284
<b>Net Profit</b>	<b>2,095</b>	<b>696</b>	<b>3,377</b>	<b>4,921</b>
Growth, %	(11.8)	(66.8)	385.3	45.7
<b>Net Profit (adjusted)</b>	<b>2,095</b>	<b>696</b>	<b>3,377</b>	<b>4,921</b>
Unadj. shares (m)	2,616	2,616	2,616	2,616
Wtd avg shares (m)	2,616	2,616	2,616	2,616

### Balance Sheet

Y/E Mar, Rs mn	FY13	FY14	FY15E	FY16E
Cash & bank	4,064	2,800	1,461	1,243
Debtors	15,545	15,528	13,975	12,578
Inventory	44,025	43,945	47,900	52,211
Loans & advances	40,997	43,213	41,052	39,000
Other current assets	71,327	90,704	99,774	109,752
Total current assets	175,958	196,190	204,163	214,784
Investments	13,021	13,780	13,780	13,780
Gross fixed assets	49,336	52,472	53,472	55,079
Net fixed assets	49,336	52,472	53,472	55,079
<b>Total assets</b>	<b>238,315</b>	<b>262,442</b>	<b>271,415</b>	<b>283,643</b>
Current liabilities	66,899	84,025	92,428	101,670
Provisions	693	387	387	387
Total current liabilities	67,592	84,412	92,815	102,057
Non-current liabilities	56,224	61,041	59,204	58,609
Total liabilities	123,816	145,453	152,018	160,667
Paid-up capital	5,233	5,233	5,233	5,233
Reserves & surplus	108,673	111,233	113,641	117,221
Shareholders' equity	114,499	116,989	119,397	122,976
<b>Total equity &amp; liabilities</b>	<b>238,315</b>	<b>262,442</b>	<b>271,415</b>	<b>283,643</b>

Source: Company, PhillipCapital India Research Estimates

### Cash Flow

Y/E Mar, Rs mn	FY13	FY14	FY15E	FY16E
Pre-tax profit	4,454	2,059	4,461	6,819
Depreciation	398	504	536	637
Chg in working capital	-3,327	-4,676	-909	-1,596
Total tax paid	-1,734	-576	-1,342	-2,182
<b>Cash flow from operating activities</b>	<b>-209</b>	<b>-2,689</b>	<b>2,746</b>	<b>3,678</b>
Capital expenditure	-5,180	-3,640	-1,536	-2,244
Chg in investments	4,455	-759	0	0
<b>Cash flow from investing activities</b>	<b>-725</b>	<b>-4,399</b>	<b>-1,536</b>	<b>-2,244</b>
Free cash flow	-934	-7,088	1,210	1,434
Debt raised/(repaid)	11,380	4,821	-1,837	-594
Other financing activities	-298	-597	-597	0
<b>Cash flow from financing activities</b>	<b>9,976</b>	<b>3,363</b>	<b>-2,176</b>	<b>-310</b>
Net chg in cash	9,042	-3,725	-967	1,124

### Valuation Ratios & Per Share Data

	FY13	FY14	FY15E	FY16E
<b>Per Share data</b>				
EPS (INR)	0.8	0.3	1.3	1.9
Growth, %	(11.8)	(66.8)	385.3	45.7
Book NAV/share (INR)	43.5	44.5	45.4	46.8
FDEPS (INR)	0.8	0.3	1.3	1.9
CEPS (INR)	1.0	0.5	1.5	2.1
CFPS (INR)	(0.8)	(1.7)	0.3	0.6
<b>Return ratios</b>				
Return on assets (%)	1.4	0.8	1.4	1.9
Return on equity (%)	1.8	0.6	2.8	4.0
Return on capital employed (%)	1.9	1.1	2.0	2.9
<b>Turnover ratios</b>				
Asset turnover (x)	0.2	0.2	0.2	0.2
Sales/Total assets (x)	0.1	0.1	0.1	0.1
Sales/Net FA (x)	0.5	0.6	0.6	0.7
Working capital/Sales (x)	4.3	3.7	3.4	2.9
Working capital days	1,570.3	1,360.9	1,238.3	1,057.1
<b>Liquidity ratios</b>				
Current ratio (x)	2.6	2.3	2.2	2.1
Quick ratio (x)	2.0	1.8	1.7	1.6
Interest cover (x)	9.4	1.5	4.3	6.4
Total debt/Equity (%)	49.5	52.6	50.0	48.0
Net debt/Equity (%)	46.0	50.2	48.7	47.0
<b>Valuation</b>				
PER (x)	27.5	82.7	17.0	11.7
Price/Book (x)	0.5	0.5	0.5	0.5
EV/Net sales (x)	4.5	4.0	3.6	3.0
EV/EBITDA (x)	33.6	69.8	29.1	18.2
EV/EBIT (x)	38.3	100.2	33.7	20.2

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