

Unitech Ltd (UT IN)

New sales remains muted

INDIA | REAL ESTATE | Quarterly Update

16 February 2015

Unitech Q3FY15 reported PAT of Rs 535 mn was above our estimates. The variance was mainly on account of better than estimated EBITDA margins. Area sold during the quarter is the lowest in last 17 quarters. The net debt stood at Rs6.3 bn. Given the continuing overhang in the 2G license trial where the Management of the company is under scanner, 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 84% QoQ at Rs 7.04 bn. EBITDA for the quarter stood at Rs 510mn). PAT was at Rs433 mn
- During the quarter, Company achieved sales booking of 0.20 mn sqft (Lowest area sold till date) as compared to 0.25 mn sqft in Q2FY15 and 0.69mn sqft in Q3FY14. Sales value booked for the current quarter stood at Rs 1.36bn.
- Real estate and related activities revenues were grew by 26% (QoQ).
- The company has not launched any new project during the quarter. Average blended realizations moved from Rs 7664/ sqft to Rs 6830/sqft a decrease of 11% on sequential basis. Average realizations in non-residential decreased by 43% QoQ to Rs 9913/sqft whereas in residential the same increased marginally by 3% QoQ to Rs5543/sqft.
- Company has delivered 0.89mn sqft in Q3FY15. 72% of past projects (40.79 mn sqft) have reached finishing/ handing over stages or where structure is complete and internal work is in progress. 20% of the past projects (11.23 mn sqft) have reached Piling/structure work in progress and balance 8% is in Land development and activities in progress stage.
- Handing over is in progress in 40 projects across regions.
- In Q3FY15, 26% and 43% of sales bookings were from Noida & Gurgaon while Kolkata and Chennai are of 8 % and 6% respectively.
- Project execution continued to be the key focus area and the Company delivered under a million square feet of completed property during the quarter.

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 16x FY16E P/E and 0.4x 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 CMP Rs20

COMPANY DATA

O/S SHARES (MN) :	2616
MARKET CAP (RSBN) :	44
MARKET CAP (USDBN) :	0.7
52 - WK HI/LO (RS) :	39 / 11
LIQUIDITY 3M (USDMN) :	18.5
PAR VALUE (RS) :	2

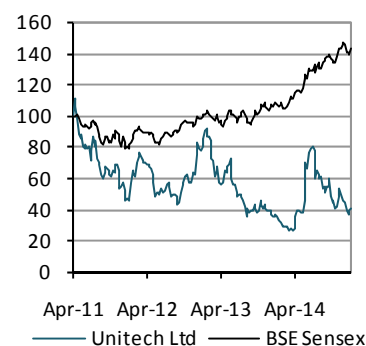
SHARE HOLDING PATTERN, %

PROMOTERS :	47.6
FII / NRI :	26.9
FI / MF :	2.1
NON PROMOTER CORP. HOLDINGS :	5.2
PUBLIC & OTHERS :	18.1

PRICE PERFORMANCE, %

	1MTH	3MTH	1YR
ABS	1.5	-11.7	19.7
REL TO BSE	0.6	-16.6	-13.2

PRICE VS. SENSEX



Source: Phillip Capital India Research

KEY FINANCIALS

Rs mn	FY15	FY16E	FY17E
Net Sales	32,505	33,596	44,206
EBIDTA	3,968	4,432	8,649
Net Profit	3,042	3,261	5,889
EPS, Rs	1.2	1.2	2.3
PER, x	17.2	16.0	8.9
EV/EBIDTA, x	28.7	26.0	13.0
P/BV, x	3.5	3.4	2.5
ROE, %	2.6	2.7	4.7
Debt/Equity (%)	54.2	54.8	54.5

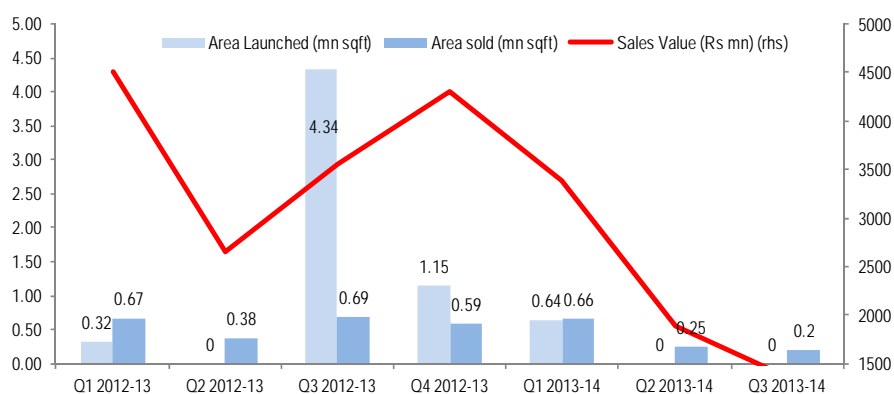
Source: PhillipCapital India Research Est.

Abhishek Ranganathan (+ 9122 6667 9952)
abhishekr@phillipcapital.in

Quarterly Results

Rs mn	Q3FY14	Q2FY15	Q3FY15	YoY	QoQ
Sales	7,317	3,837	7,046	-4%	84%
Cost of construction	5,590	2,525	5,397	-3%	114%
Employee Cost	514	454	434	-15%	-4%
Other Expenses	934	990	704	-25%	-29%
EBITDA	279	(132)	510	83%	-488%
Depreciation	120	120	76	-36%	-36%
Interest	281	34	73	-74%	113%
Prior period adjustments	1	(1)	-0	-151%	-63%
Other Income	619	221	174	-72%	-21%
PBT	498	(356)	245	-51%	-472%
Tax	209	123	225	8%	83%
PAT before exceptional	289	(479)	19	-93%	-110%
Minority	39	42	123	216%	194%
Extraordinary items	0	0	0		
Reported PAT	328	(437)	143	-56%	-197%

Source: Company, PhillipCapital India Research

Sales Area sold lowest in last 17 quarters


Source: Company, PhillipCapital India Research

Construction Status Of Projects

Construction Stage	No of projects	mn sq ft	% age	Projects
Handover / Finishing	40	28.46	50%	Gurgaon: The Close (South),The Close (North), World Spa, Fresco, Escape, Harmony, Espace, Nirvana Floors, The Residences, Signature Tower II, South City Floors, Nirvana Courtyard, Arcadia, Business Zone, Comm Tower GW City, South City II Shops, Others; Greater Noida/Noida: Horizon, Heights, Cascades, Habitat, Verve; Kolkata: Gardens, Horizons, Heights, Downtown, Cascades, Vistas, Gateway Cluster I, Chambers, DT Retail; Bhopal: Unihomes; Mohali: Plotted Development; Chennai: Unihomes, Aspen, Palm Villas, Greenwood City, Birch Court; Lucknow: South City Gardens, Plots
Structure Complete, Internal Work in progress	22	12.26	22%	Gurgaon: UW Resorts Villas, UW Gardens - II, Nirvana Country II, Exquisite, UW Towers, Arcadia 2; Noida/Greater Noida: Grande,Unihomes Ph-1,Unihomes Ph- 2, Gardens Galleria; Kolkata: Air, Harmony, Fresco; Mohali: Singleton Floors, Executive Floors, Unihomes, Gardens, Chennai: Ananda,Brahma,Gulmohur Avenue,Unihomes 2, Lucknow: Gardens Galleria
Structure Work Progress	24	11.12	20%	Gurgaon: Sunbreeze, Vistas, Espace Premiere, South Park, The One, The Concourse, Signature Tower III, Global Gateway; Noida/Greater Noida: Burgundy, UW Gardens, Unihomes 3, The Residences, Exquisite; Kolkata: Gateway Cluster II; Bangalore: UW Resorts, Gardens Galleria; Bhopal: The Great India Place; Mohali: Downtown; Chennai: Gardens, Chaitanya, Ekanta Phase-1; Dehradun: The Residences,The Great India Place; Bhubneshwar: Bhubneshwar One
Land development activities in progress	18	4.63	8%	Gurgaon: UW Resorts Plotted, The Willows, Anthea Floors, Crestview, The Spruce, Ivy Terraces, Institutional Plots, Nirvana Courtyard II; Noida/Greater Noida: UW City, Unihomes plotted, The Willows; Mohali: Gardens Galleria, Aspen Greens; Rewari: Unihomes, Ananda; Ambala: Unihomes, Ananda; Dehradun: Signature Towers
Yet to start	1	0.03	0%	Noida: Unihomes Superb
Total	105	56.7	100%	

Source: Company, PhillipCapital India Research

Financials

Income Statement

Y/E Mar, Rs mn	FY14	FY15	FY16e	FY17e
Net sales	29,333	32,505	33,596	44,206
Growth, %	20	11	3	32
Total income	29,333	32,505	33,596	44,206
Raw material expenses	-21,729	-22,000	-21,973	-25,067
Other Operating expenses	-5,943	-6,537	-7,191	-10,490
EBITDA (Core)	1,662	3,968	4,432	8,649
Growth, %	(49.2)	138.8	11.7	95.1
Margin, %	5.7	12.2	13.2	19.6
Depreciation	-504	-536	-636	-475
EBIT	1,158	3,432	3,796	8,174
Growth, %	(59.7)	196.4	10.6	115.3
Margin, %	3.9	10.6	11.3	18.5
Interest paid	-765	-803	-884	-4,034
Other Non-Operating Income	1,666	1,333	1,466	1,613
Pre-tax profit	2,059	3,961	4,378	5,752
Tax provided	-572	-1,177	-1,401	-176
Profit after tax	1,487	2,784	2,977	5,577
Others (Minorities, Associates)	-791	258	284	312
Net Profit	696	3,042	3,261	5,889
Growth, %	(66.8)	337.2	7.2	80.6
Net Profit (adjusted)	696	3,042	3,261	5,889
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	FY14	FY15	FY16e	FY17e
Cash & bank	2,800	2,727	3,222	7,910
Debtors	15,528	13,975	12,578	15,093
Inventory	43,945	47,900	52,690	71,132
Loans & advances	43,213	41,052	39,000	39,966
Other current assets	90,704	113,380	124,718	130,954
Total current assets	196,190	219,034	232,207	265,055
Investments	13,780	13,780	13,780	13,780
Gross fixed assets	52,472	55,845	57,403	53,278
Net fixed assets	52,472	55,845	57,403	53,278
Total assets	262,442	288,660	303,391	332,112
Current liabilities	84,025	105,031	115,534	137,715
Provisions	387	387	387	636
Total current liabilities	84,412	105,418	115,921	138,351
Non-current liabilities	61,041	64,103	66,033	68,020
Total liabilities	145,453	169,522	181,954	206,371
Paid-up capital	5,233	5,233	5,233	5,233
Reserves & surplus	111,233	113,383	115,681	119,986
Shareholders' equity	116,989	119,138	121,437	125,742
Total equity & liabilities	262,442	288,660	303,391	332,112

Source: Company, PhillipCapital India Research Estimates

Cash Flow

	FY14	FY15	FY16e	FY17e
Pre-tax profit	2,059	3,961	4,378	5,752
Depreciation	504	536	636	475
Chg in working capital	-4,676	-1,911	-2,175	-5,730
Total tax paid	-576	-1,177	-1,401	-176
Cash flow from operating activities	-2,689	1,409	1,439	322
Capital expenditure	-3,640	-3,910	-2,194	3,650
Chg in investments	-759	0	0	0
Cash flow from investing activities	-4,399	-3,910	-2,194	3,650
Free cash flow	-7,088	-2,500	-755	3,972
Debt raised/(repaid)	4,821	3,062	1,929	1,987
Other financing activities	-597	-597	0	0
Cash flow from financing activities	3,363	2,723	2,213	2,299
Net chg in cash	-3,725	223	1,458	6,272

Valuation Ratios

	FY14	FY15	FY16e	FY17e
Per Share data				
EPS (INR)	0.3	1.2	1.2	2.3
Growth, %	(66.8)	337.2	7.2	80.6
Book NAV/share (INR)	44.5	45.3	46.2	47.9
FDEPS (INR)	0.3	1.2	1.2	2.3
CEPS (INR)	0.5	1.4	1.5	2.4
CFPS (INR)	(1.7)	0.0	(0.0)	(0.5)
Return ratios				
Return on assets (%)	0.8	1.2	1.2	2.6
Return on equity (%)	0.6	2.6	2.7	4.7
Return on capital employed (%)	1.1	1.8	1.9	4.2
Turnover ratios				
Asset turnover (x)	0.2	0.2	0.2	0.3
Sales/Total assets (x)	0.1	0.1	0.1	0.1
Sales/Net FA (x)	0.6	0.6	0.6	0.8
Working capital/Sales (x)	3.7	3.4	3.4	2.7
Working capital days	1,360.9	1,249.5	1,232.6	986.1
Liquidity ratios				
Current ratio (x)	2.3	2.1	2.0	1.9
Quick ratio (x)	1.8	1.6	1.6	1.4
Interest cover (x)	1.5	4.3	4.3	2.0
Total debt/Equity (%)	52.6	54.2	54.8	54.5
Net debt/Equity (%)	50.2	51.9	52.1	48.2
Valuation				
PER (x)	75.2	17.2	16.0	8.9
Price/Book (x)	0.4	0.4	0.4	0.4
EV/Net sales (x)	3.8	3.5	3.4	2.5
EV/EBITDA (x)	66.7	28.7	26.0	13.0
EV/EBIT (x)	95.7	33.2	30.4	13.8

Management

Vineet Bhatnagar (Managing Director)	(91 22) 2300 2999
Kinshuk Bharti Tiwari (Head – Institutional Equity)	(91 22) 6667 9946
Jignesh Shah (Head – Equity Derivatives)	(91 22) 6667 9735

Research
Automobiles

Dhawal Doshi	(9122) 6667 9769
Priya Ranjan	(9122) 6667 9965

Banking, NBFCs

Manish Agarwalla	(9122) 6667 9962
Pradeep Agrawal	(9122) 6667 9953
Paresh Jain	(9122) 6667 9948

Consumer, Media, Telecom

Naveen Kulkarni, CFA, FRM	(9122) 6667 9947
Jubil Jain	(9122) 6667 9766

Cement

Vaibhav Agarwal	(9122) 6667 9967
-----------------	------------------

Economics

Anjali Verma	(9122) 6667 9969
--------------	------------------

Sales & Distribution

Ashvin Patil	(9122) 6667 9991
Shubhangi Agrawal	(9122) 6667 9964
Kishor Binwal	(9122) 6667 9989
Sidharth Agrawal	(9122) 6667 9934
Bhavin Shah	(9122) 6667 9974

Engineering, Capital Goods

Ankur Sharma	(9122) 6667 9759
Hrishikesh Bhagat	(9122) 6667 9986

Infrastructure & IT Services

Vibhor Singhal	(9122) 6667 9949
Deepan Kapadia	(9122) 6667 9992

Midcap

Vikram Suryavanshi	(9122) 6667 9951
--------------------	------------------

Metals

Dhawal Doshi	(9122) 6667 9769
Ankit Gor	(9122) 6667 9987

Oil&Gas, Agri Inputs

Gauri Anand	(9122) 6667 9943
Deepak Pareek	(9122) 6667 9950

Sales Trader

Dilesh Doshi	(9122) 6667 9747
Suniil Pandit	(9122) 6667 9745

Execution

Mayur Shah	(9122) 6667 9945
------------	------------------

Pharma

Surya Patra	(9122) 6667 9768
-------------	------------------

Retail, Real Estate

Abhishek Ranganathan, CFA	(9122) 6667 9952
Neha Garg	(9122) 6667 9996

Technicals

Subodh Gupta, CMT	(9122) 6667 9762
-------------------	------------------

Production Manager

Ganesh Deorukhkar	(9122) 6667 9966
-------------------	------------------

Sr. Manager – Equities Support

Rosie Ferns	(9122) 6667 9971
-------------	------------------

Corporate Communications

Zarine Damania	(9122) 6667 9976
----------------	------------------

Contact Information (Regional Member Companies)
SINGAPORE
Phillip Securities Pte Ltd

250 North Bridge Road, #06-00 Raffles City Tower,
Singapore 179101
Tel : (65) 6533 6001 Fax: (65) 6535 3834
www.phillip.com.sg

JAPAN
Phillip Securities Japan, Ltd

4-2 Nihonbashi Kabutocho, Chuo-ku
Tokyo 103-0026
Tel: (81) 3 3666 2101 Fax: (81) 3 3664 0141
www.phillip.co.jp

THAILAND

Phillip Securities (Thailand) Public Co. Ltd.
15th Floor, Vorawat Building, 849 Silom Road,
Silom, Bangrak, Bangkok 10500 Thailand
Tel (66) 2 2268 0999 Fax: (66) 2 2268 0921
www.phillip.co.th

UNITED STATES
Phillip Futures Inc.

141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel (1) 312 356 9000 Fax: (1) 312 356 9005

MALAYSIA
Phillip Capital Management Sdn Bhd

B-3-6 Block B Level 3, Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur
Tel (60) 3 2162 8841 Fax (60) 3 2166 5099
www.poems.com.my

INDONESIA
PT Phillip Securities Indonesia

ANZ Tower Level 23B, Jl Jend Sudirman Kav 33A,
Jakarta 10220, Indonesia
Tel (62) 21 5790 0800 Fax: (62) 21 5790 0809
www.phillip.co.id

FRANCE
King & Shaxson Capital Ltd.

3rd Floor, 35 Rue de la Bienfaisance
75008 Paris France
Tel (33) 1 4563 3100 Fax : (33) 1 4563 6017
www.kingandshaxson.com

AUSTRALIA
PhillipCapital Australia

Level 37, 530 Collins Street
Melbourne, Victoria 3000, Australia
Tel: (61) 3 9629 8380 Fax: (61) 3 9614 8309
www.phillipcapital.com.au

INDIA
PhillipCapital (India) Private Limited

No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg, Lower Parel West, Mumbai 400013
Tel: (9122) 2300 2999 Fax: (9122) 6667 9955 www.phillipcapital.in

HONG KONG
Phillip Securities (HK) Ltd

11/F United Centre 95 Queensway Hong Kong
Tel (852) 2277 6600 Fax: (852) 2868 5307
www.phillip.com.hk

CHINA
Phillip Financial Advisory (Shanghai) Co. Ltd.

No 550 Yan An East Road, Ocean Tower Unit 2318
Shanghai 200 001
Tel (86) 21 5169 9200 Fax: (86) 21 6351 2940
www.phillip.com.cn

UNITED KINGDOM
King & Shaxson Ltd.

6th Floor, Candlewick House, 120 Cannon Street
London, EC4N 6AS
Tel (44) 20 7929 5300 Fax: (44) 20 7283 6835
www.kingandshaxson.com

SRI LANKA
Asha Phillip Securities Limited

Level 4, Millennium House, 46/58 Navam Mawatha,
Colombo 2, Sri Lanka
Tel: (94) 11 2429 100 Fax: (94) 11 2429 199
www.ashaphillip.net/home.htm

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PhillipCapital (India) Pvt. Ltd.

Registered office: No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg, Lower Parel West, Mumbai 400013