

'Purav'ankara's sun to rise in the West



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Real Estate ▶ Initiating Coverage ▶ January 26, 2025

TARGET PRICE (Rs): 430

We initiate coverage on Puravankara with BUY and SoTP-based TP of Rs430. The company is among the top-5 players in the South India real estate market with a strong brand recall. It has gained market share faster than peers in the last 5 years in Bengaluru – its core market (comprises 60-65% share in pre-sales). It is now diversifying into the West with ~48% of new launches planned in MMR and Pune. Initial response has been strong; and a dedicated team, focus on faster capital churn, and healthy inventory pipeline lend comfort on performance continuity. We thus expect the West to drive a strong 29% CAGR in pre-sales, in FY25-27E (share in mix: @35% by FY27E). Consequently, increase in collections would deleverage the balance sheet post-FY26E. Growth outlook remains robust, valuations are undemanding, and multiple avenues for re-rating abound which underpin our conviction on the stock.

Puravankara Ltd: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	12,358	21,853	25,100	31,484	36,313
EBITDA	2,297	4,628	5,597	7,074	8,191
Adj. PAT	665	423	483	1,326	2,338
Adj. EPS (Rs)	2.8	1.8	2.0	5.6	9.9
EBITDA margin (%)	18.6	21.2	22.3	22.5	22.6
EBITDA growth (%)	7.6	101.5	20.9	26.4	15.8
Adj. EPS growth (%)	(55.0)	(36.4)	14.2	174.7	76.3
RoE (%)	3.3	2.2	2.6	7.5	13.0
RoIC (%)	5.1	10.6	12.4	14.3	17.0
P/E (x)	98.9	155.5	136.2	49.6	28.1
EV/EBITDA (x)	39.8	19.3	17.3	13.8	11.5
P/B (x)	3.3	3.5	3.7	3.7	3.6
FCFF yield (%)	1.5	9.4	(1.7)	5.6	10.3

Source: Company, Emkay Research

Focus on creating 45msf land bank lends comfort on launch pipeline, growth

Momentum of new launches has stepped up, with the company launching 10.7msf in FY24 (3.2msf in FY22). It has planned new project launches with saleable area of 12.2msf, and another ~11msf from ongoing projects has yet to open for sale. Additional land bank of 14-15msf is expected to rise to 45msf in coming 3 years, providing comfort on continuity of new launches over the medium term. Further, there is a clear focus on enhancing presence in the West, as ~70% of new business development (BD) has been in MMR in YTD FY25. This would offer a diversified play over the medium term.

The West to drive strong pre-sales CAGR of 29% post-FY25

Historically, Puravankara has seen 60-65% bookings emanating from Bengaluru. However, it is diversifying its presence with ~48% of launches planned in MMR and Pune. A separate team focuses on western markets in India, and the initial set of launches in the region has garnered healthy response. We anticipate strong bookings here which would also de-risk the business from geographical concentration. We expect ~29% pre-sales CAGR, at Rs102bn over FY25-27E, mainly driven by the West (~35% share vs less than 10% earlier).

Increase in quantum of collections to deleverage the balance sheet post-FY26

Healthy pre-sales growth and project execution would drive 24% CAGR in collections to Rs69.4bn during FY24-27E. Gross debt stood at ~Rs40bn, and net debt at ~Rs30bn (Q2FY25). In the pursuit of growth, the company intends maintaining current gross debt in the near term (well capitalized to service debt). However, with the quantum of cash flows growing in coming years, we expect net debt to peak at ~Rs32bn in FY26E, and start declining thereafter.

Valuations undemanding; initiate with BUY

Assigning 6.0x embedded EV/EBITDA to the residential business on Dec-25E, an EV of Rs112bn implies ~19% premium to the NAV, which is comfortable and conservative, considering peers with the same brand image and size command a much better multiple and premium. Further, the commercial portfolio gives an EV of Rs22.3bn (8.5% cap rate). At CMP, adjusting for the commercial business value, the market implies Rs73bn EV for the residential business which is at 22% discount to the NAV. Hence, we believe that at current price, the stock remains an attractive BUY, as valuations are undemanding.

Avenues for valuation upside/re-rating: 1) Our assumption of 25% embedded EBITDA margin is on the conservative side, and can increase (28-32% is the normative range). 2) Better-than-expected pre-sales growth would increase embedded EBITDA/prepone cash flows. 3) Faster BD, earlier deleveraging would enhance growth visibility.

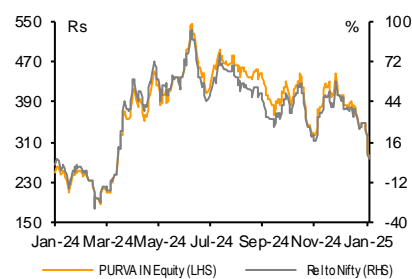
Target Price – 12M	Dec-25
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	
Upside/(Downside) (%)	55.2
CMP (24-Jan-25) (Rs)	277.1

Stock Data	Ticker
52-week High (Rs)	570
52-week Low (Rs)	175
Shares outstanding (mn)	237.1
Market-cap (Rs bn)	66
Market-cap (USD mn)	762
Net-debt, FY25E (Rs mn)	31,307
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	51.1
ADTV-3M (USD mn)	0.6
Free float (%)	-
Nifty-50	23,092
INR/USD	86.2
Shareholding, Dec-24	
Promoters (%)	75.0
FPIs/MFs (%)	17.3/0.9

Price Performance

(%)	1M	3M	12M
Absolute	(31.4)	(30.6)	13.5
Rel. to Nifty	(29.5)	(26.6)	5.4

1-Year share price trend (Rs)



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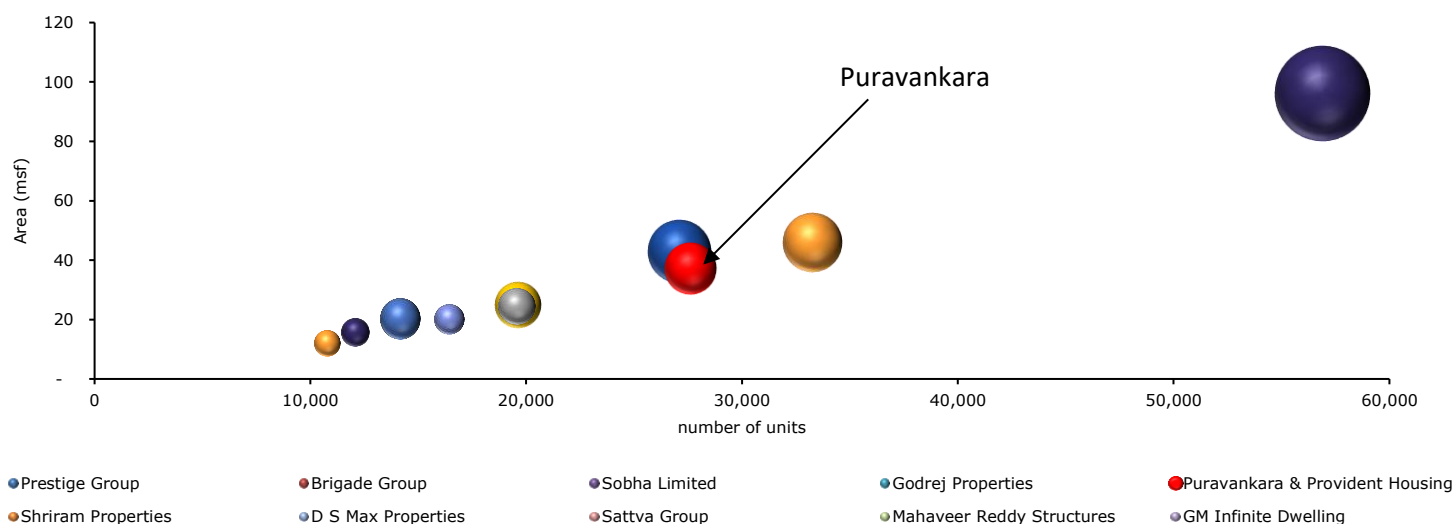
Story in charts

Exhibit 1: Puravankara has a diversified product portfolio in the housing segment

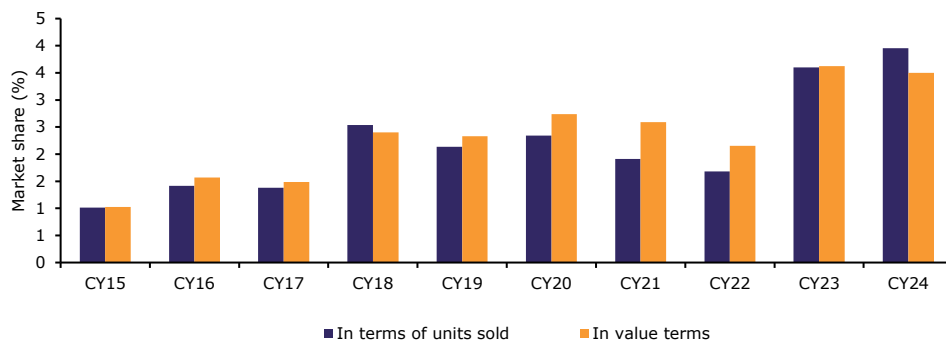
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Brand salience	Luxury/upmarket residential and commercial real estate development	Premium affordable luxury housing	Premium plotted development																								
Brand attributes	Modern luxury lifestyle living with tech-centred features and amenities	Aspirational, value-driven home ownership with projects comprising contemporary facilities	Offering evolved buyers with greater flexibility in space design and planning, along with a lucrative investment opportunity																								
Primary locations	<ul style="list-style-type: none"> South: Bengaluru, Chennai, Hyd, Kochi, Coimbatore West: Pune, Mumbai, Goa East: Kolkata 	<ul style="list-style-type: none"> South: Bengaluru, Chennai, Hyd, Kochi, Coimbatore, Mangaluru West: Pune, Mumbai, Goa 	<ul style="list-style-type: none"> Bengaluru Chennai Coimbatore 																								
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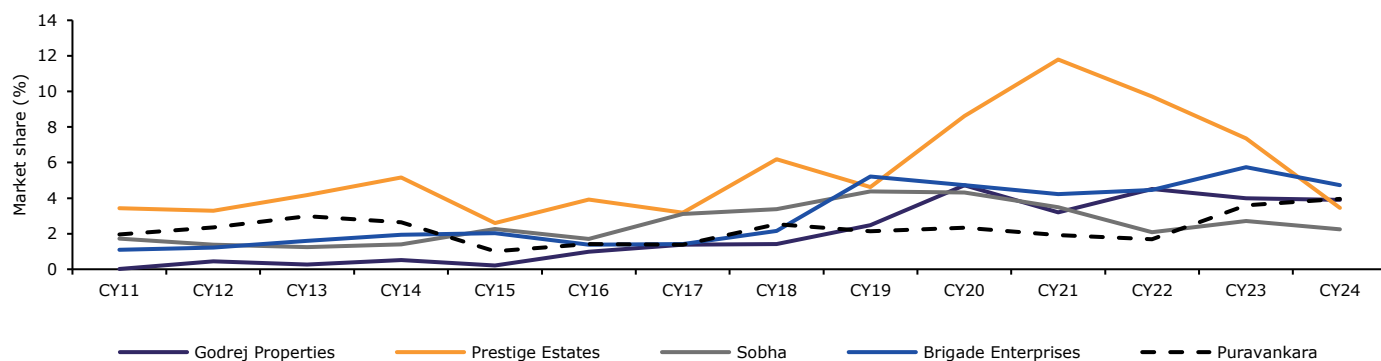
Exhibit 2: Puravankara is among the top 4 players in the Bengaluru market



Source: PropEquity, Emkay Research; Note: Data represents absorption on a cumulative basis up to Dec-24 and includes plot sales; size of the bubble represents absorption value

Exhibit 3: The company's share has increased in the Bengaluru market

Source: PropEquity, Emkay Research; Note: Based on absorption data

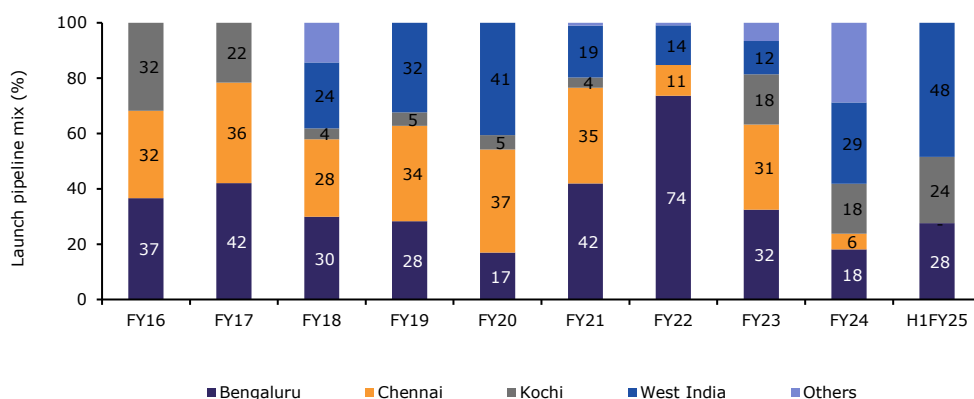
Exhibit 4: Among the top 5 players in Bengaluru, Puravankara's market share gains have been the fastest post-CY22

Source: PropEquity, Emkay Research; Note: Data only pertains to the Bengaluru market; market share in terms of absorbed units

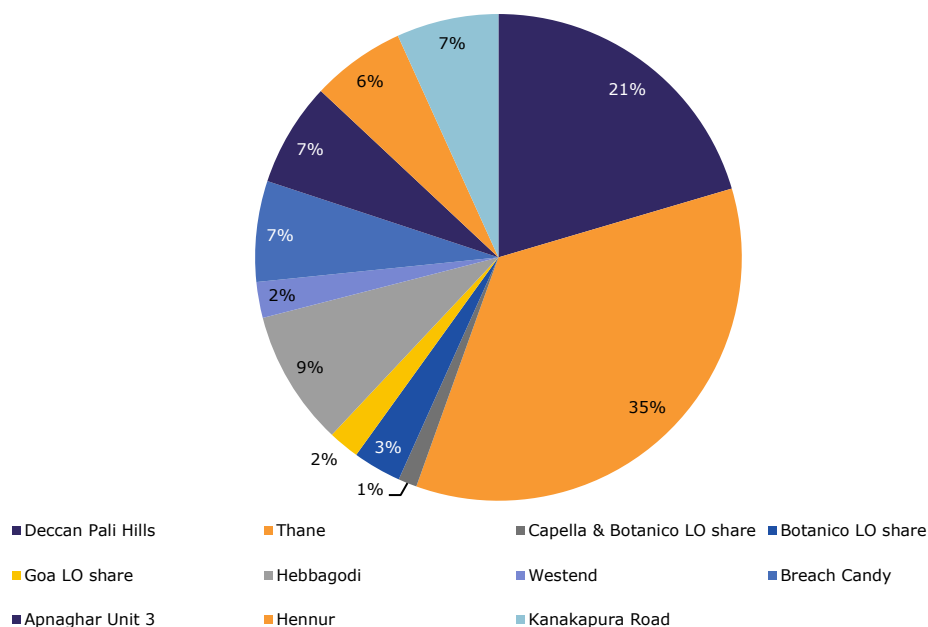
Exhibit 5: Focus has increased on higher capital churn

Project	Brand	Status	Location	Ownership	Acquisition quarter	Launch quarter	Time to launch
Tivoli Hills	Purva Land	Completed (Q4FY24)	Bengaluru	Owned	Q3FY21	Q2FY22	3 quarters
Purva Blubelle	Puravankara	Ongoing	Bengaluru	JDA	Q3FY22	Q4FY23	5 quarters
Purva Oakshire	Purva Land	Ongoing	Bengaluru	JDA	Q4FY22	Q4FY23	4 quarters
Purva Soukhyam	Purva Land	Ongoing	Chennai	Owned	Q3FY23	Q4FY24	5 quarters
Provident Ecopolitan	Provident	Ongoing	Bengaluru	JDA	Q4FY23	Q2FY24	2 quarters

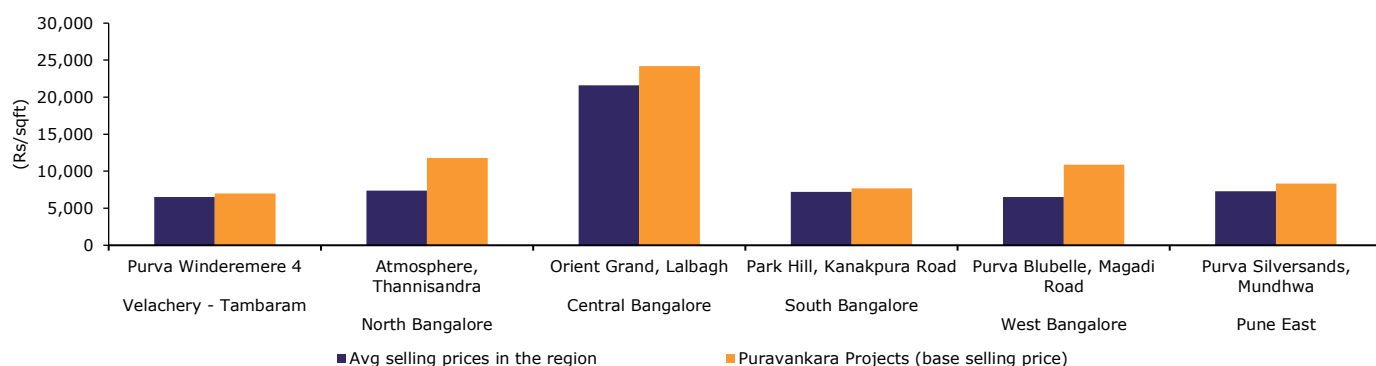
Source: Company, Emkay Research

Exhibit 6: Share of the West in the launch pipeline has increased significantly

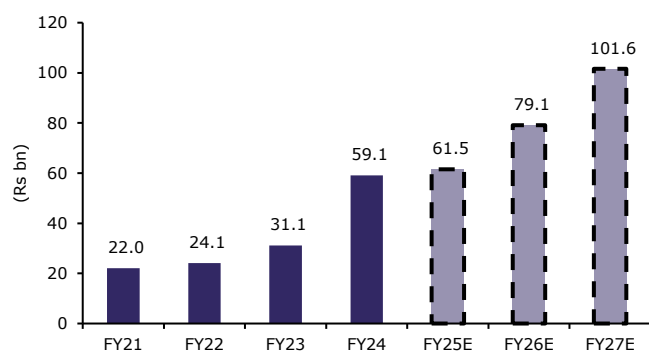
Source: Company, Emkay Research

Exhibit 7: Of the total ~Rs105bn business development in YTD FY25, ~70% has been in MMR

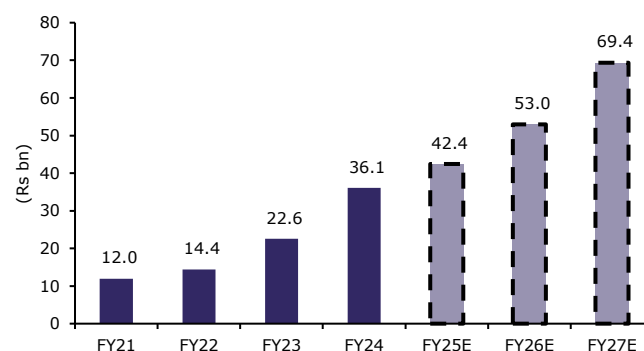
Source: Company, Emkay Research

Exhibit 8: Puravankara's projects are priced at a premium in respective markets

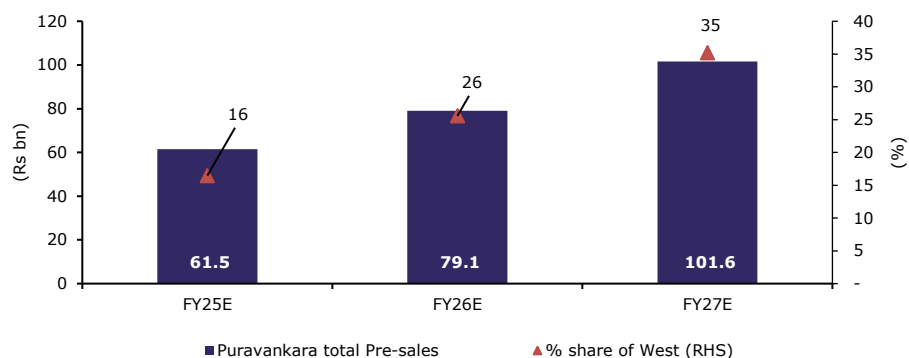
Source: Company, Emkay Research

Exhibit 9: Pre-sales CAGR expected at 29% during FY25-27E

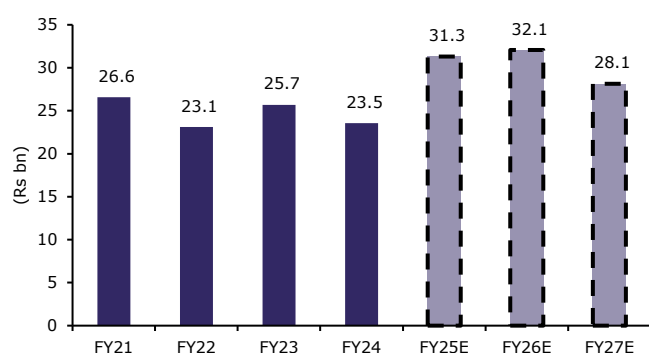
Source: Company, Emkay Research

Exhibit 10: Collections CAGR envisaged at 24% during FY24-27E

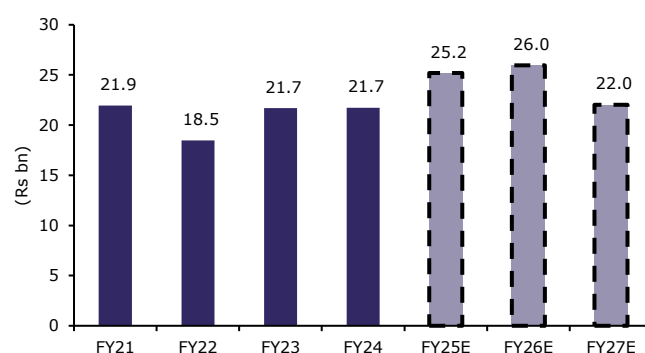
Source: Company, Emkay Research

Exhibit 11: Share of the West in the pre-sales mix set to increase

Source: Company, Emkay Research; Note: West comprises of only MMR and Pune (Goa not included)

Exhibit 12: Net debt expected to start declining post-FY26E

Source: Company, Emkay Research; Note: Includes Rs4.2bn pertaining to NCD issued to HCARE Fund-3 and Purva Excellence Fund of Rs1.4bn

Exhibit 13: Net debt, excluding NCD and Excellence Fund

Source: Company, Emkay Research; Note: The investments that are excluded are of 'payable when able' nature

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Investment thesis

We initiate coverage on Puravankara with BUY and SoTP-based TP of Rs430. The company is among the top-5 players in the South India real estate market with a strong brand recall. Puravankara has gained market share faster than peers in the last 5 years in Bengaluru, which is its core market (comprises 60-65% share in pre-sales). It is now diversifying in the West with ~48% of new launches planned in MMR and Pune. Initial response has been strong and a dedicated team, focus on faster capital churn, and healthy inventory pipeline lend comfort on continuity of performance. We, therefore, expect the West to drive a strong 29% CAGR in pre-sales in FY25-27E (share in the mix expected @35% by FY27E). Consequently, increase in collections would deleverage the balance sheet post-FY26. Growth outlook remains robust, valuations are undemanding, and multiple avenues for re-rating abound, which underpin our conviction on the stock.

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Momentum of new launches has stepped up, with the company launching 10.7msf in FY24 (3.2msf in FY22). It has planned new project launches with saleable area of 12.2msf, whereas an additional ~11msf from ongoing projects is yet to open for sale. Further, an additional land bank of 14-15msf is expected to increase to 45msf in the next 3 years, providing comfort on continuity of new launches over the medium term. Also, there is a clear focus on enhancing presence in the West, as ~70% of the new business development (BD) has been in MMR in YTD FY25. This would offer a diversified play over the medium term.

Western region to drive strong pre-sales CAGR of 29% post-FY25E

Puravankara has historically seen 60-65% bookings emanating from Bengaluru. However, it is diversifying its presence with ~48% of launches planned in MMR and Pune. It has a separate team to focus on western markets, and the initial set of launches has garnered strong response. We anticipate strong bookings from this region, which would also de-risk the business from geographical concentration. We expect ~29% CAGR in pre-sales to Rs102bn over FY25-27E, mainly driven by the western region (~35% share by FY27E vs <10% earlier).

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Valuations undemanding; initiate with BUY

Assigning 6.0x embedded EV/EBITDA multiple for the residential business on Dec-25E, an EV of Rs112bn implies ~19% premium to the NAV which is comfortable and conservative, considering that peers with the same brand image and size command a much higher multiple and premium. Further, the commercial portfolio gives an EV of Rs22.3bn (8.5% cap rate). At CMP, adjusting for the commercial business value, the market implies Rs73bn EV for the residential business which is at a 22% discount to the NAV. Hence, we believe that at current price, the stock remains an attractive BUY, as valuations are undemanding. **We initiate coverage on the company with BUY and SoTP-based TP of Rs430.**

Avenues for valuation upside/re-rating: 1) Our assumption of 25% embedded EBITDA margin is on the conservative side, and can increase (28-32% is the normative range). 2) Better-than-expected pre-sales growth would increase embedded EBITDA/ prepone cash flows. 3) Faster BD, earlier deleveraging would enhance growth visibility.

Exhibit 14: Puravankara – Valuations

(Rs mn)	Comments	Dec-25E
Residential business		
Pre-sales/bookings	Dec-25E on proportionate basis	74,708
Embedded EBITDA margin		25%
Embedded EBITDA		18,677
Embedded EV/EBITDA	Valued at 6.0x on Dec-25E	6.0
EV - residential		112,063
Commercial business NAV	Valued at 8.5% cap rate	22,352
Less: Net debt	Dec-25E on proportionate basis	31,879
Implied Market cap		102,535
No of shares (mn)		237
Value per share (Rs)		432
Rounded-off target (Rs)		430

Source: Emkay Research; Note: Residential NAV is calculated on the ongoing/planned projects and land bank already in the portfolio; no growth aspect has been built in

Exhibit 15: Implied NAV premium

NAV – residential (Rs mn)	93,938
EV - residential (based on embedded EV/EBITDA; Rs mn)	112,063
Implied NAV premium	19%

Source: Emkay Research; Note: Residential NAV is calculated on the ongoing/planned projects and land bank already in the portfolio; no growth aspect has been built in

Exhibit 16: Peer comparison

Company	Market Cap	FY24 Net Debt	Pre-sales/Bookings (Rs bn)		Project level EV/EBITDA (residential)		Assumptions (FY24-27E)	
	(Rs bn)	(Rs bn)	FY24	FY21-24 CAGR	FY26E	FY27E	Pre-sales growth	EBITDA margin
DLF	1,720	179	148	69%	11.4	8.7	28%	40%
Macrotech Developers	1,098	30	145	34%	11.3	9.3	20%	27%
Brigade Enterprises	255	26	60	30%	4.2	3.3	22%	25%
Sobha	122	13	66	28%	6.1	5.0	20%	27%
Aditya Birla Real Estate	210	25	40	86%	6.4	4.9	45%	35%
Puravankara	66	24	59	39%	3.8	2.8	20%	25%
Arvind Smartspaces	32	-0	11	28%	6.2	4.7	35%	25%

Source: Company, Emkay Research; Note: Project level EV/EBITDA is based on the embedded EBITDA for residential business; EBITDA margin assumption is the embedded EBITDA margin; CMP as on 24-Jan-25

Among the top 5 brands in South India with a diversified portfolio

Puravankara is one of the leading real estate developers with presence in 9 cities and a strong foothold in South India, and core focus on the residential segment (luxury and premium affordable housing projects) as well as commercial development, along with ancillary retail. Its residential portfolio is diversified across brands, price segments, and geographies. It operates under three brands: Purva (luxury residences), Provident (premium mid-segment housing), and Purva Land (plotted developments).

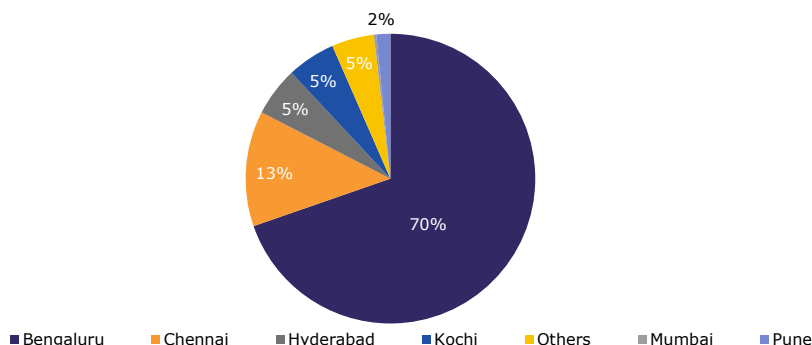
The company's operations span across the value chain – identification and acquisition of land, design, planning and execution, as well as marketing of projects. The residential properties offered by the company include apartment complexes, villas, townhouses, as well as premium affordable housing projects. **Real estate sales (bookings) CAGR stood at 39% to Rs59bn during FY21-24 (90% YoY growth in FY24)** on the back of demand support, step up in launches, as well as strong brand recall.

Bengaluru is the core market for Puravankara (among the top-4 in this micro-market), wherein its market share in terms of units sold has increased, from 1.4% in CY17 to 4.0% in CY24. With the recent business developments and launches in the Mumbai, Pune, and Goa markets, it has also diversified in a meaningful way in the West. Bengaluru, Mumbai, Pune, Chennai, and Kochi remain key focus markets, while the company also has presence in Hyderabad, Coimbatore, Mangalore, Kolkata, and Goa. It also has business presence in select locations overseas, with representative offices at Colombo and the UAE.

Exhibit 17: Puravankara has a diversified product portfolio in the housing segment

	<div>PURVA</div> <div></div>	<div>PROVIDENT More For Sure</div> <div></div>	<div>PURVALAND Plotted Development</div> <div></div>																								
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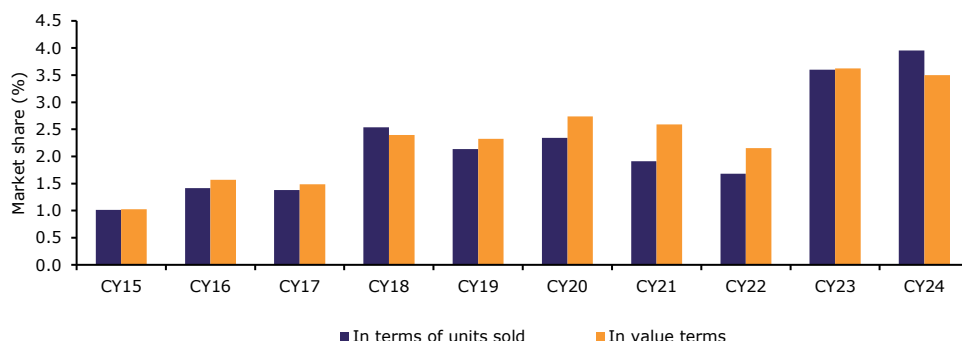
Exhibit 18: Puravankara's completed projects are higher in Bengaluru given the higher focus on this region

Source: Company, Emkay Research; Note: Data as of H1FY25

Exhibit 19: On cumulative basis, Puravankara is among the top 4 players in the Bengaluru market

Cumulative figures	Units sold	Rank	as a % of total	Area sold (msf)	Rank	as a % of total	Absorption Value (Rs bn)	Rank	as a % of total	Wtd Avg Price of absorbed units (Rs/sqft)
Prestige Group	56,906	1	4.9%	96.2	1	5.5%	670	1	8.9%	6,958
Brigade Group	33,261	2	2.9%	45.9	2	2.6%	262	3	3.5%	5,701
Puravankara & Provident Housing	27,611	3	2.4%	37.3	4	2.2%	199	4	2.7%	5,333
Sobha	27,111	4	2.3%	42.9	3	2.5%	299	2	4.0%	6,963
Godrej Properties	19,611	5	1.7%	24.8	5	1.4%	160	5	2.1%	6,454
Shriram Properties	19,559	6	1.7%	24.5	6	1.4%	96	9	1.3%	3,927
D S Max Properties	16,420	7	1.4%	20.2	9	1.2%	68	13	0.9%	3,368
Sattva Group	14,142	8	1.2%	20.3	8	1.2%	121	8	1.6%	5,946
Mahaveer Reddy Structures	12,067	9	1.0%	15.8	11	0.9%	54	18	0.7%	3,396
GM Infinite Dwelling	10,767	10	0.9%	12.1	14	0.7%	52	19	0.7%	4,260
Others (2,724)	9,19,134		79.5%	1,394.4		80.4%	5,526		73.6%	3,963
Total - Bengaluru	11,56,589			1,734.5			7,505			

Source: PropEquity, Emkay Research; Note: Data is up to Dec-24 and includes plot sales

Exhibit 20: The company's share has increased in the Bengaluru market

Source: PropEquity, Emkay Research; Note: Data based on absorption

The three brands under which Puravankara offers products cater to different consumer segments: 'Purva', 'Provident' and 'Purva Land'.

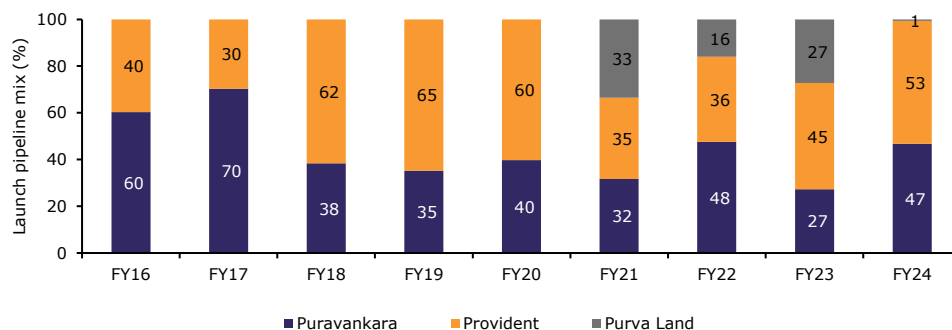
Purva: Under this brand, the company undertakes luxury/upmarket residential and commercial real estate development, including high-end apartments and villas targeted to customers seeking premium living.

Provident: The company develops premium affordable housing projects under its 'Provident' brand, which comprises of mid-income and mass housing projects (commenced in 2009). Projects in this segment are aimed at first-time home buyers and have configurations across

small and medium unit sizes with amenities such as swimming pools, club houses, and multi-purpose halls. The company is able to provide these projects within a specified price range, which is more affordable than the housing provided under the Puravankara brand.

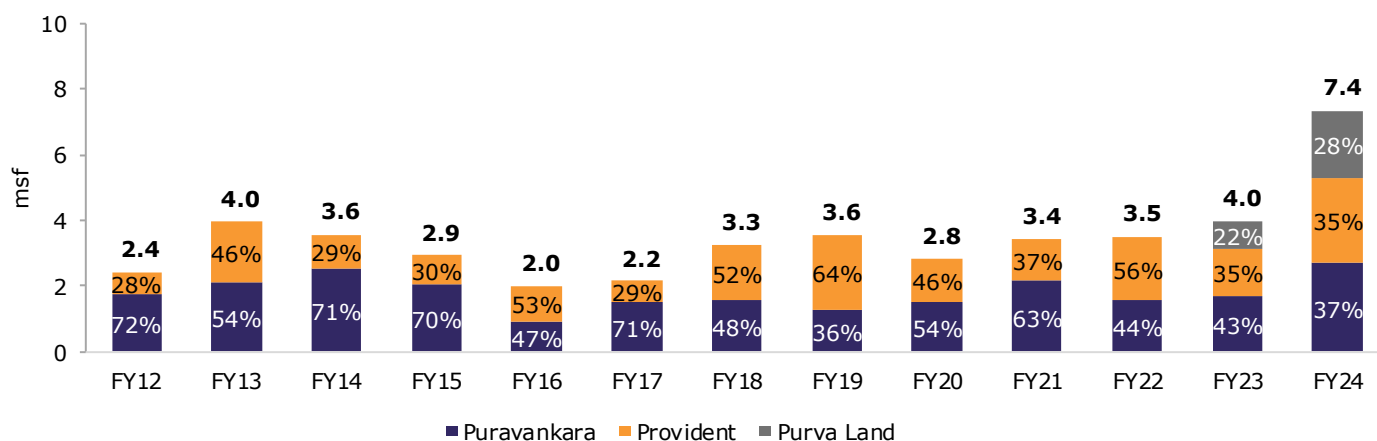
Purva Land: To address the evolving interest of homebuyers in the plotted developments, the company forayed into this segment with the launch of 'Purva Land' in FY21. The products under this brand have received strong response and been a major sales driver for the company during FY23-24 as it comprised 22-28% of the overall sales.

Exhibit 21: Launch pipeline planned for the following fiscal was more skewed toward 'Provident' and 'Purva Land' after FY17...



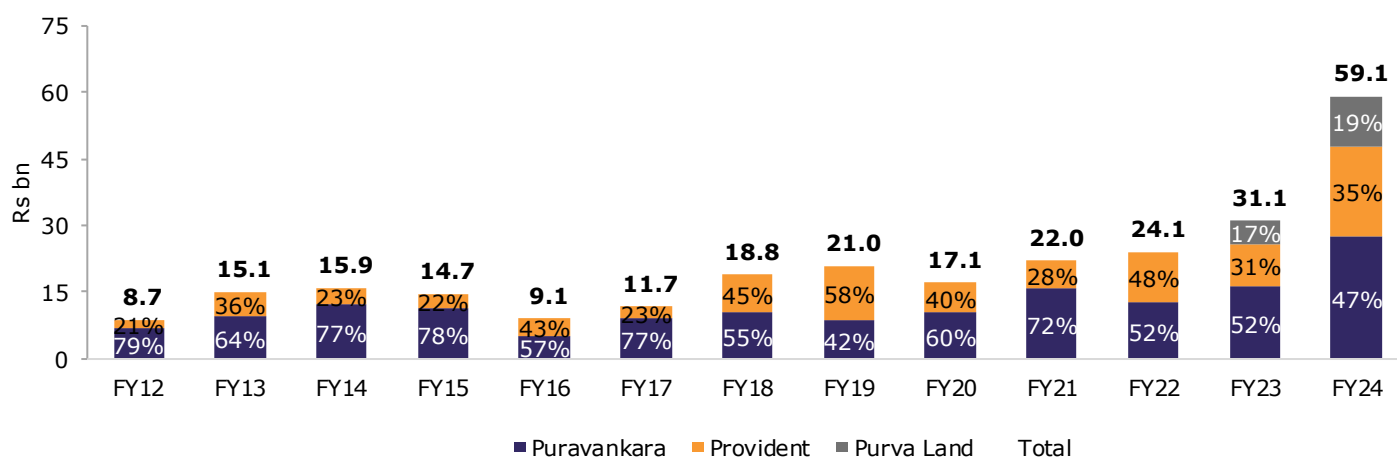
Source: Company, Emkay Research

Exhibit 22: ...which led to their share in the sales mix increasing after FY17

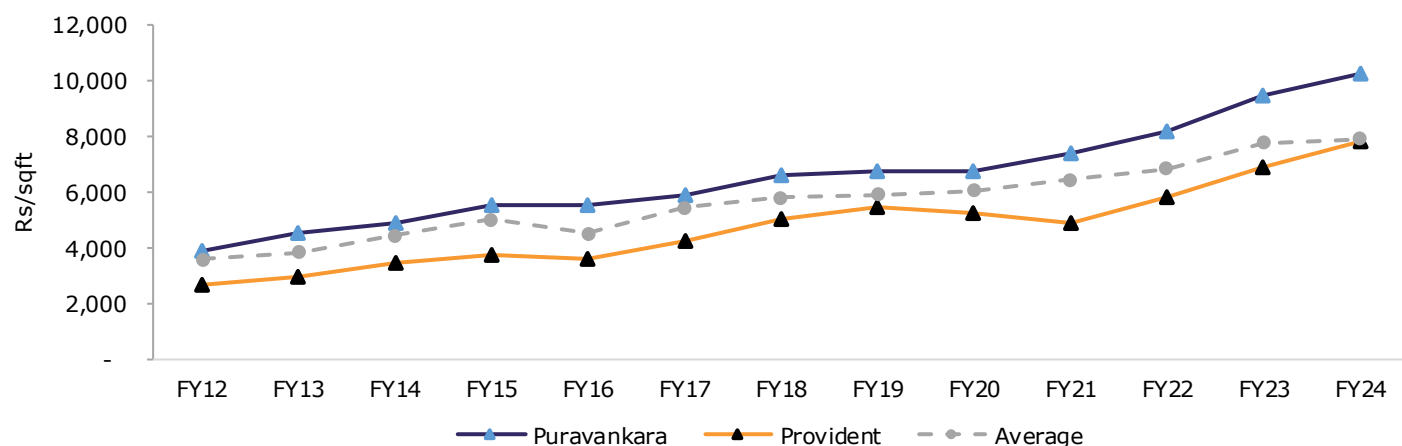


Source: Company, Emkay Research

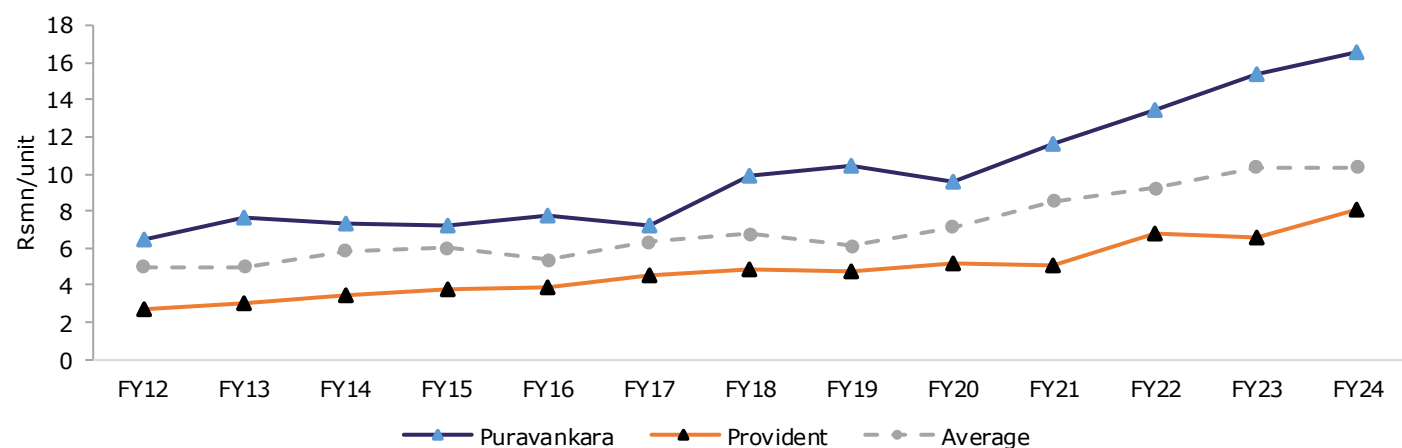
Exhibit 23: Share of 'Puravankara' brand in value terms in the portfolio mix is still at higher levels



Source: Company, Emkay Research

Exhibit 24: Realizations have increased across all segments post FY21

Source: Company, Emkay Research

Exhibit 25: Average ticket size has increased on account of sales mix shifting toward premium/high-value products as well as an increase in realizations under each brand

Source: Company, Emkay Research

Gaining share in its core market of Bengaluru

Bengaluru has been the core region for Puravankara, with ~65% of its sales emanating from here as of FY24. Despite housing sales in Bengaluru registering 15% CAGR during CY20-24, in absolute terms, the absorption in the market is just closer to the previous peak seen in CY14. Further consolidation has led to market share gains for the top 5 players (share increased from ~10% in CY16/17 to 18-20% in CY23/CY24).

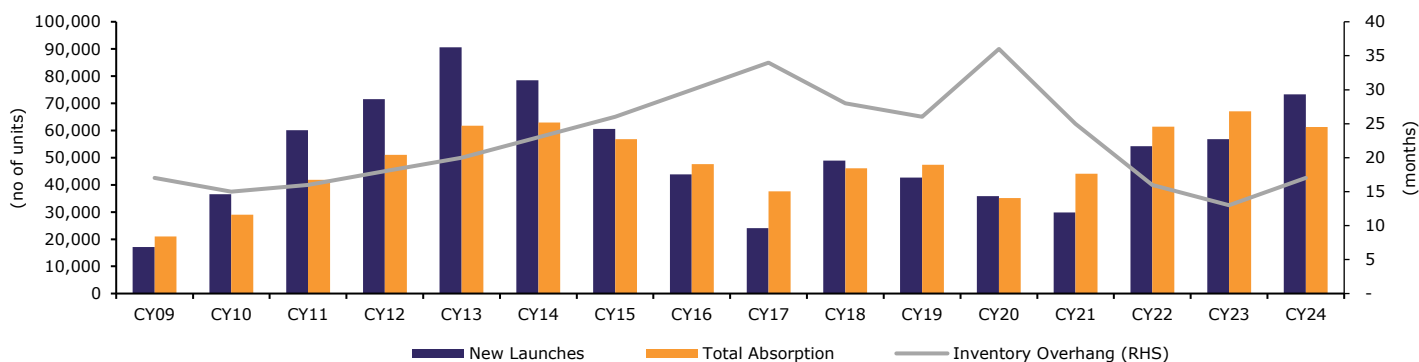
Prudent product alignment led to Puravankara gaining market share faster than peers in the Bengaluru region (among the top-5) in the past 2-3 years. The company commands 4% share of total units sold in Bengaluru which is the highest for Puravankara since CY11. Continuity of demand and further scope of consolidation would lead to its share increasing even more vis-à-vis better premiumization.

Bengaluru market has strong legs for the upcycle to continue

Housing sales in Bengaluru saw 15% CAGR to ~61,200 units during CY20-24 on the back of strong revival in residential demand. While growth has been strong, in absolute terms, current absorption in the market is closer to the peak of the previous upcycle which was ~62,700 units in CY14. Further, velocity of new launches has been disciplined post CY15 (largely lagged absorption) which led to inventory overhang declining sharply to only 17 months as of CY24 – one of the best levels in the past 10-12 years. This creates enough room for developers to comfortably come up with new launches.

Our conviction remains that demand growth would continue over the medium term on the back of increased affordability, willingness to purchase homes, asset value appreciation, as well as the growing job market. Having enough demand growth drivers bodes well for real estate players to launch new projects in the Bengaluru market, with reasonable confidence on liquidating inventory vis-à-vis better working capital management.

Exhibit 26: Strong demand trend after CY20 has led to a sharp decline in unsold inventory, paving the way for developers to bring new supply in Bengaluru

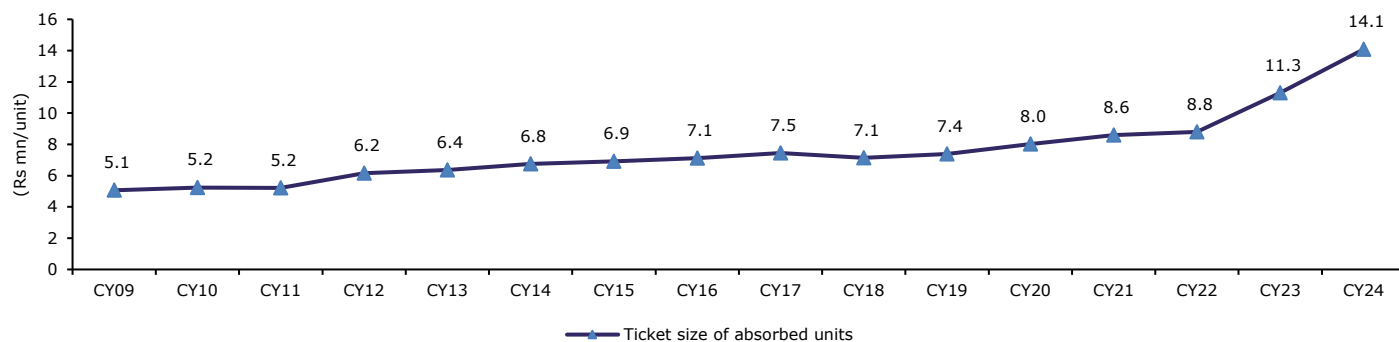


Source: PropEquity, Emkay Research

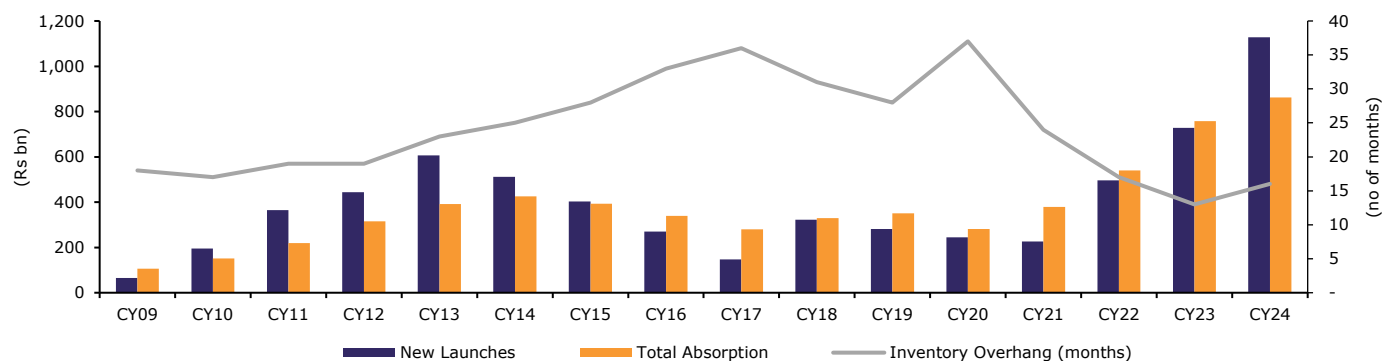
Demand growth in terms of value has been at a faster rate

Average ticket size in the Bengaluru market was at a much slower rate, of 1.8% CAGR during CY14-19 (Exhibit 27). This was owing to higher amount of unsold inventory in the system as well as more traction for affordable and mid-premium housing (Exhibit 29) over the same period. However, consistent with the broader trends seen at a pan-India level, Bengaluru market started consolidating toward the top-5 players, which saw their share increasing from ~10% in CY16/17 to 18-20% in CY23/24; this rationalized the demand-supply dynamics.

Disciplined supply in the region led to inventory overhang consistently declining, paving the way for better price appreciation in this region post CY19, whereas pick-up in trend for spacious homes led to average ticket size of housing units increasing at a higher rate, of >13% CAGR during CY19-24. Consequently, demand growth in terms of value has been higher than units absorbed in the past 3-4 years.

Exhibit 27: Average ticket size of absorbed units continue to increase post-CY22, indicating continued trend of premiumization...

Source: PropEquity, Emkay Research

Exhibit 28: ...which has led to total value absorption in Bengaluru continuing to rise and registered a 15-year high in CY24

Source: PropEquity, Emkay Research

Agile product alignment leads to market share gains for Puravankara

Absorption trends seen post CY12 suggest that preference for affordable and mid-premium houses was on the rise, as average size of an absorbed unit was on a decline. Also, pricing growth was slower during the earlier residential downcycle. Citing opportunity, Puravankara aligned its launches toward this category by increasing share of supply in the 'Provident Housing' segment post FY17 (Exhibit 30). Consequently, share of 'Provident' in the sales mix increased significantly from FY18 (Exhibit 32).

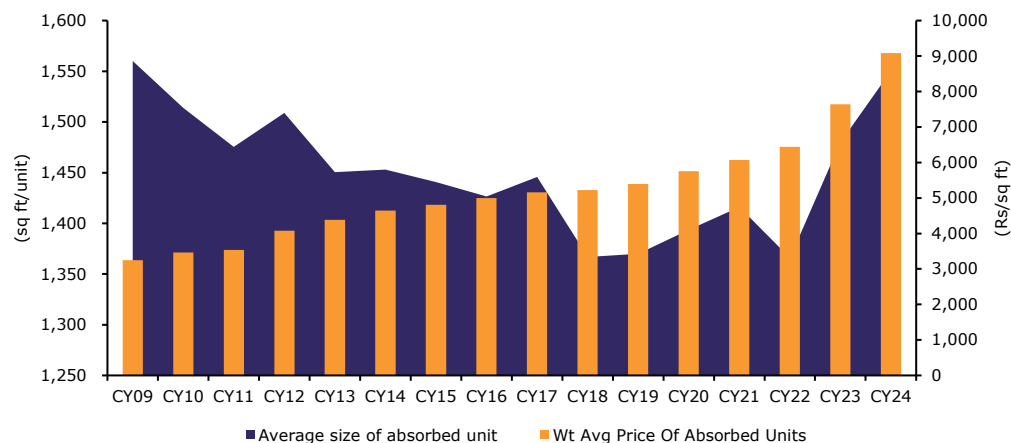
With aim to judiciously align supply with the prevailing demand trends, the company launched plotted developments under 'Purva Land' post-FY21 which received strong response, and share of this segment in the sales mix increased to 28% in FY24 (nil, till FY22). On the other hand, given the pick-up in demand for luxury/spacious homes, the company has again rejigged its launch mix with a tilt toward the 'Puravankara' brand.

The agile approach toward portfolio augmentation has led to the company's share in the Bengaluru market increasing to 4/3.5% in terms of units absorbed/sales value, respectively, in CY24. This is the highest market share of the company since CY11 (Exhibit 33).

During CY13-22, average size of an absorbed unit was on a decline, indicating that affordable/mid-premium housing units were more in demand...

Also, pricing growth during CY13-19 was muted, at 3.5% CAGR

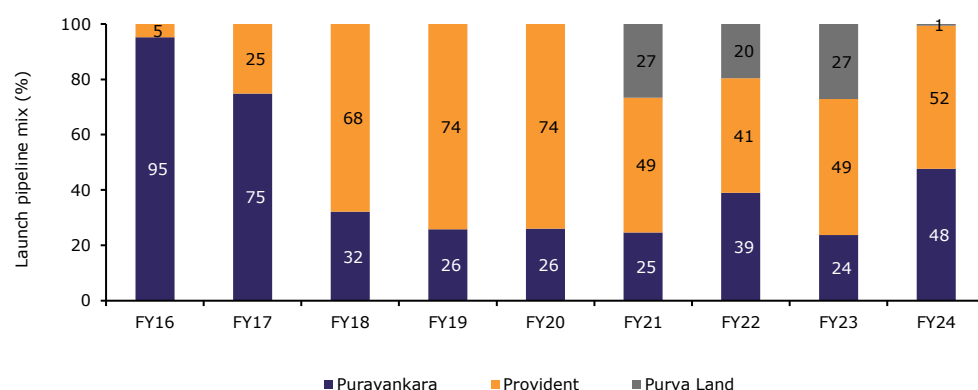
Exhibit 29: Bengaluru market's average size of new unit, and pricing trend



Source: PropEquity, Emkay Research

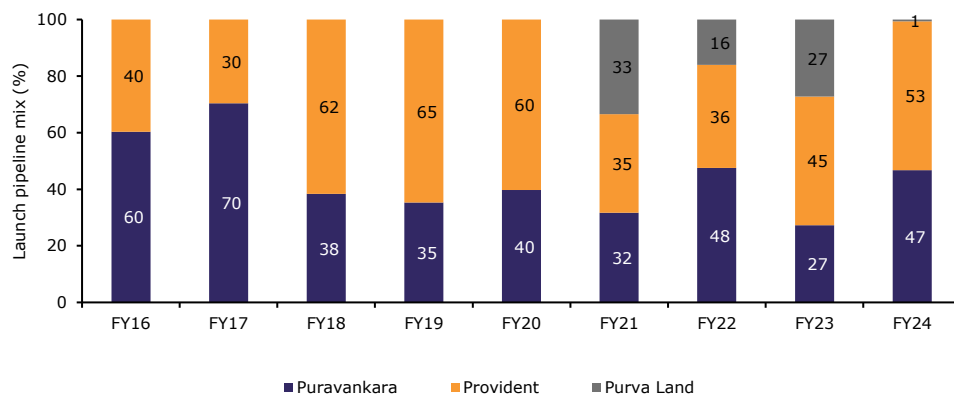
Share of 'Puravankara' brand in the launch mix is again on the rise which is consistent with the broader trend of premiumization

Exhibit 30: Total launch pipeline mix at the end of each fiscal

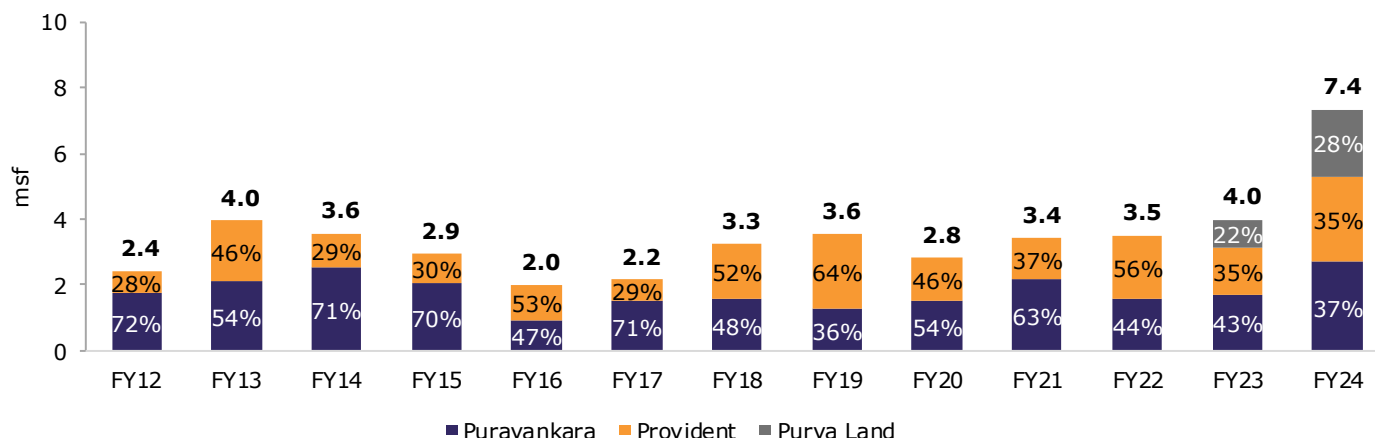


Source: Company, Emkay Research

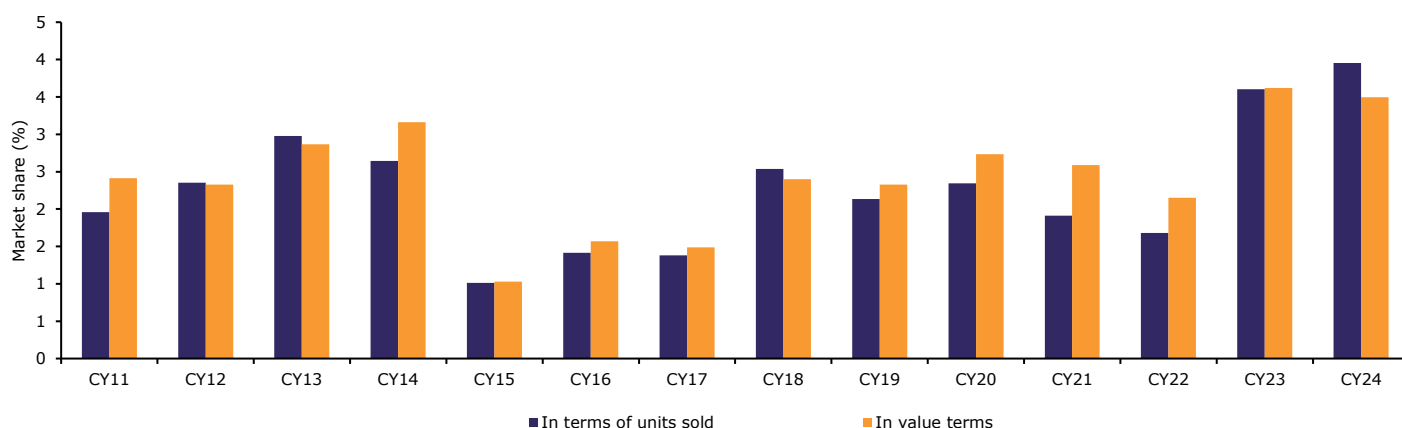
Exhibit 31: Launch pipeline mix for the following one year indicates higher focus on Provident post FY17, for capturing the mid-premium housing trend



Source: Company, Emkay Research

Exhibit 32: ...which led to their share in the sales mix increasing post FY17

Source: Company, Emkay Research

Exhibit 33: Puravankara's current market share is at a 15-year high; prudent strategy and better demand helped in gaining traction

Source: PropEquity, Emkay Research; Note: Data based on absorption

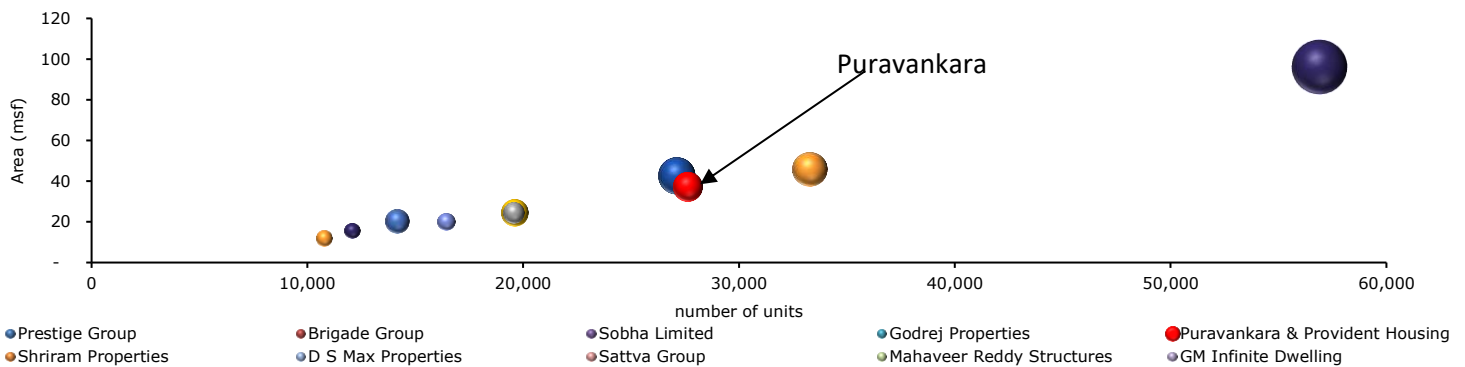
On the back of its prudent strategy, demand support, and strong sales performance, Puravankara has gained market share faster than peers in the Bengaluru region (among the top-5) in the past 2-3 years. The company commands 4% share of the total units sold in Bengaluru. This is the highest market share of the company since CY11. Further, on a cumulative basis, Puravankara ranks 3rd in terms of number of units sold and 4th in terms of sales area and value.

Consolidation in the Bengaluru market toward the top-5 players has led to their share increasing from ~10% in CY16/17 to 18-20% in CY23/24. With further scope of consolidation, we expect these players to increase their share in the region vis-à-vis better premiumization.

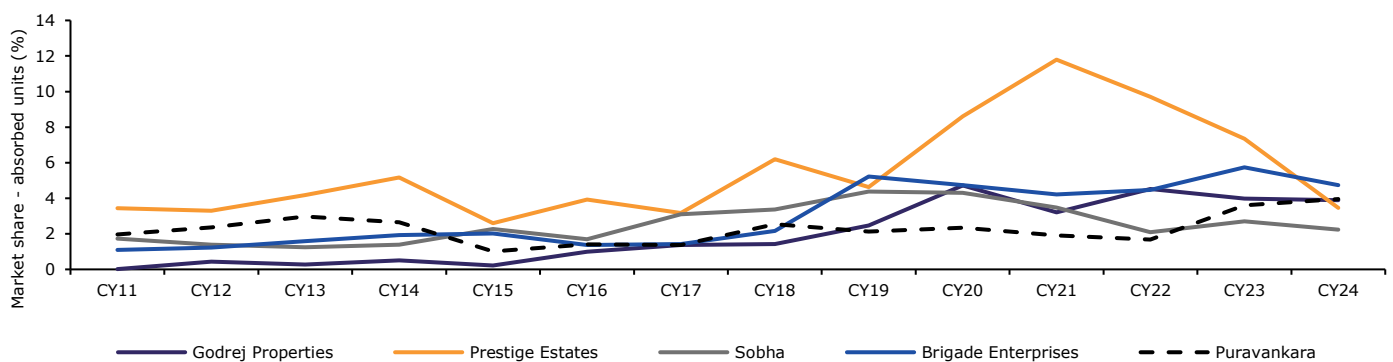
Exhibit 34: On cumulative basis, Puravankara is among the top 4 players in the Bengaluru market

Cumulative figures	Units sold	Rank	as a % of total	Area sold (msf)	Rank	as a % of total	Absorption Value (Rs bn)	Rank	as a % of total	Wtd Avg Price of absorbed units (Rs/sqft)
Prestige Group	56,906	1	4.9%	96.2	1	5.5%	670	1	8.9%	6,958
Brigade Group	33,261	2	2.9%	45.9	2	2.6%	262	3	3.5%	5,701
Puravankara & Provident Housing	27,611	3	2.4%	37.3	4	2.2%	199	4	2.7%	5,333
Sobha	27,111	4	2.3%	42.9	3	2.5%	299	2	4.0%	6,963
Godrej Properties	19,611	5	1.7%	24.8	5	1.4%	160	5	2.1%	6,454
Shriram Properties	19,559	6	1.7%	24.5	6	1.4%	96	9	1.3%	3,927
DS Max Properties	16,420	7	1.4%	20.2	9	1.2%	68	13	0.9%	3,368
Sattva Group	14,142	8	1.2%	20.3	8	1.2%	121	8	1.6%	5,946
Mahaveer Reddy Structures	12,067	9	1.0%	15.8	11	0.9%	54	18	0.7%	3,396
GM Infinite Dwelling	10,767	10	0.9%	12.1	14	0.7%	52	19	0.7%	4,260
Others (2,724)	919,134		79.5%	1,394.4		80.4%	5,526		73.6%	3,963
Total - Bengaluru	1156,589			1,734.5			7,505			

Source: PropEquity, Emkay Research; Note: Data up to Dec-24 and includes plot sales

Exhibit 35: Prestige leads the absorption in Bengaluru, followed by Brigade, Puravankara, and Sobha

Source: PropEquity, Emkay Research; Note: Data on a cumulative basis till Dec-24, and includes plot sales; size of the bubble represents absorption value

Exhibit 36: Among the top-5 players in Bengaluru, Puravankara's market share gains have been the fastest post CY22

Source: PropEquity, Emkay Research

Focused strategy puts Puravankara back on the growth trajectory

In the last 3-4 years, the management has taken several initiatives that have given a focused growth to the company especially after FY22. This is reflected in the step up of new launches and sharp growth in pre-sales seen during FY22-24. Some of these core strategies include:

Improved operational efficiency: Instead of holding land for an extended time, the company now targets launching newly-acquired land in 12-18 months, if not earlier. This leads to improvement in capital churn and enhanced return ratios. Further, it targets selling 40-50% inventory at the time of launch which leads to faster pre-sales as well as better working capital management. Also, it has enhanced its IT infrastructure for better resource management. Additionally, operational decisions are decentralized, resulting in better efficiency.

Initiatives on better price discovery: Puravankara has introduced a sales strategy wherein it runs an EOI process (after receiving RERA approval) before the official launch. This helps the company realize better price discovery and enables sales of projects at higher rates.

Organizational structure made more professional: The company onboarded Abhishek Kapoor from the industry as the COO – Residential Business in 2019; Abhishek was subsequently elevated to the position of Group CEO in 2021. Also, the different verticals in the company were set up with a more focused approach, and the company has seen onboarding of several experienced personnel from the industry, which has made decision making more qualitative, streamlined, and efficient.

Creation of management bandwidth: The recent change in the management with appointment of Deepak Rastogi would create additional bandwidth, as he brings 32 years of diverse industry experience in India as well as abroad. In his earlier roles, he held key positions that helped the respective leadership team with short and long-term strategic plans, investment decisions, joint ventures, and acquisitions. Also, he has hands-on experience in debt raising/management, ERP, SAP implementation, and business integration. Subsequent to this, Abhishek Kapoor, who had the additional charge as the Group CFO, relinquished this position, and will continue as the Group CEO.

We believe these positive efforts would keep driving growth for the company over the medium-to-long term.

Exhibit 37: In the past 1-2 years, the company has focused more on achieving higher sales closer to the launch

Project	Launch month	Total no of units	Sold within 1 year of launch	% sold in 1 year
Provident Ecolopolitan (Sold 78 % in the launch quarter)	Aug-23	828	789	95%
Purva Kensho Hills (Sold 81% in the launch quarter)	Mar-24	509	433	85%
Purva Raagam	May-23	664	478	72%
Purva Park Hill Wing B	Aug-23	123	100	81%
Purva Oakshire (Sold 55% in the launch quarter)	Mar-23	175	169	97%

Source: Company, Emkay Research

Exhibit 38: Turnaround time, from land acquisition to project-launch, has shortened

Project	Brand	Status	Location	Ownership	Acquisition quarter	Launch quarter	Time to launch
Tivoli Hills	Purva Land	Completed (Q4FY24)	Bengaluru	Owned	Q3FY21	Q2FY22	3 quarters
Purva Blubelle	Puravankara	Ongoing	Bengaluru	JDA	Q3FY22	Q4FY23	5 quarters
Purva Oakshire	Purva Land	Ongoing	Bengaluru	JDA	Q4FY22	Q4FY23	4 quarters
Purva Soukhyam	Purva Land	Ongoing	Chennai	Owned	Q3FY23	Q4FY24	5 quarters
Provident Ecolopolitan	Provident	Ongoing	Bengaluru	JDA	Q4FY23	Q2FY24	2 quarters

Source: Company, Emkay Research

Expanding presence in the West; NCR foray on the cards

Historically, Bengaluru and Chennai have together accounted for a higher share of the launch mix for the company with ~70% of the launch pipeline on an average focused on these two markets during FY16-22. However, with the acquisition of new projects in MMR and Pune, the mix has started tilting more toward the West, which now constitutes ~48% of the planned projects (ex-Goa).

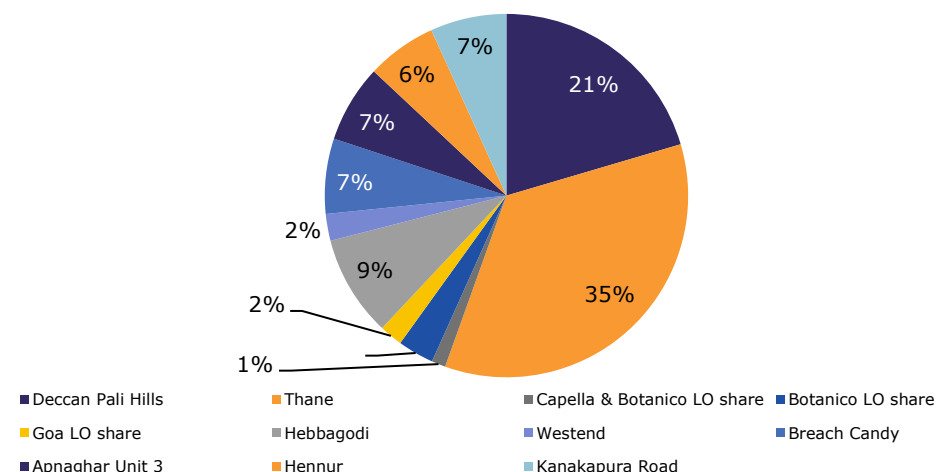
The company already had exposure to the western region with 0.14msf in MMR and 0.79msf in Pune completed as of Q2FY25. It has ongoing projects covering 4.2msf between MMR and Pune, which has led to the West (ex-Goa) comprising 12% of the ongoing project portfolio (4% Mumbai + 8% Pune). **In H1FY25, 11% of the pre-sales mix (value terms) came from MMR and Pune. Further, of the planned launches, 32% are from MMR whereas 17% are from Pune. Also, ~70% of the new BD in YTD FY25 comes from MMR.** There is a separate team for this zone and operational decisions are decentralized. This positions the company well to garner higher sales mix from the West over the medium term.

MMR re-entry receives encouraging response; ~70% of new project additions in Mumbai

The company has re-entered the Mumbai market in a big way with strong project additions. It has already launched projects in Chembur and Navi Mumbai, and received encouraging response with ~50% of the launched inventory already sold out. Further, it has acquired more projects in South Mumbai (Breach Candy), Andheri (Lokhandwala), and Bandra (Pali Hill) which will be launched in coming quarters.

- Acquired redevelopment rights of Miami Apartments at Breach Candy which marks Puravankara's entry into the uber-luxury South Mumbai market. The project would have a saleable area of ~0.08msf and, with average price of ~Rs130,000/sqft of carpet area, offering an estimated GDV potential of ~Rs6.5bn.
- Selected as a preferred developer for redeveloping a residential housing society in Pali Hill (Bandra, Mumbai) with development potential of ~0.35msf area and potential GDV of ~Rs21bn. Pricing at this project is likely to be ~Rs100,000/sqft of carpet area.
- Signed a development agreement for Apnagar in Lokhandwala, Andheri West for a saleable area of 0.6msf with GDV potential of ~Rs16bn (Nov-23). It further expanded footprint in this location (Apnagar) by adding a new cluster of four societies with 0.26msf saleable area and potential GDV of ~Rs7bn. With this, it would have a combined GDV of Rs23bn for the project. Pricing at this project is likely to be in the range of Rs36,000-45,000/sqft of carpet area.

Exhibit 39: Of the total ~Rs105bn business development in YTD FY25, ~70% has been in MMR



Source: Company, Emkay Research

Exhibit 40: The company's redevelopment portfolio in Mumbai

- Saleable Area (our share) - 0.66 msft (Unit 4 & 5)
- Location – Apnagar, Lokhandwala, Andheri West
- Development agreement (DA) signed for unit 4 & 5.
- DA is in process for Unit 3 (cluster of 4 societies)- 0.26 msft



- Saleable Area (Our share) – 0.35 msft
- Location – Deccan, Pali Hills, Mumbai
- Appointed as the preferred developer.
- DA signed & yet to be registered.



- Saleable Area – 0.08 msft
- Location – Miami, Breach Candy, Mumbai
- Development agreement signed.

Source: Company; **Note:** Information as per Q2FY25 presentation

Some of these acquisitions provide a unique opportunity, viz: 1) in the **Pali Hill area**, where there is paucity of land, Puravankara's project will come up on a 2.7-acre land; 2) in **Lokhandwala (Andheri)**, the company would be doing cluster development, and there is only one other development that has a similar layout in this location; 3) **Miami Apartments** overlook Breach Candy and the sea directly.

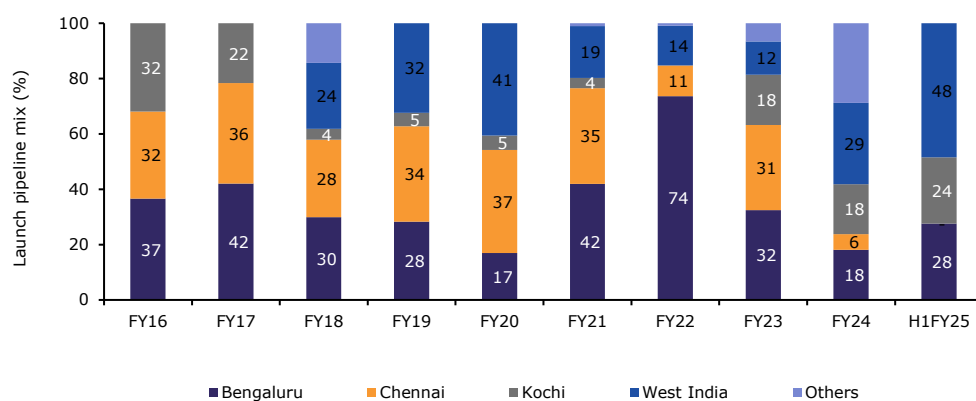
Puravankara is increasingly seeing demand from society residents themselves in advance to undertake redevelopment projects in Mumbai, thereby providing better traction in terms of opportunity for new business development in the region.

The company has a couple of projects ongoing/under construction in MMR – Purva Clermont (Chembur) and Provident Palm Vista (Shilphata, Navi Mumbai).

■ **Purva Clermont** (100% owned) has configurations available in 2/3/4 BHK with carpet area in the range of 530-1,350sqft. Given the right placement and planning/design, the project received good traction as >50% of the launched inventory has already been sold; brand premium has played out, with housing units being sold at 15-20% higher rates than many developers in the vicinity.

■ **Palm Vista** (64% Puravankara's share) offers units in 1/2/2.5BHK with carpet area of 395-760sqft and ~50% of the launched inventory has already been sold out.

With these ongoing as well as recently-acquired projects already in the portfolio, the company now has presence in Bandra, South Mumbai, Andheri, Navi Mumbai (Shilphata), and Chembur. It will continue to scout for more opportunities across MMR, especially in Borivali, Kandivali, Malad, Thane, Versova, etc, largely through redevelopment and JDA models. Also, land acquisition on outright basis remains an option in case there is an attractive/ opportunistic deal in MMR. Currently, 32% of the planned launches are from MMR and this would further increase as the recently-acquired projects add up in the pipeline. **With this, the share of projects from Mumbai in the launch as well as sales mix will be meaningfully higher in coming years.**

Exhibit 41: Share of western region in the launch pipeline has increased significantly

Source: Company, Emkay Research

Exhibit 42: Construction at the Purva Clermont project is progressing well

Source: Emkay Research; Note: Photo recently taken at site

Exhibit 43: Snapshot of the under-construction Provident Palm Vista project

Source: Emkay Research; Note: Photo recently taken at site

Focused approach, combined with experience and dedication, lends confidence on strong growth in MMR

In MMR, the company has already launched projects in Chembur and Navi Mumbai, and received encouraging response, with ~50% of the launched inventory already sold out. This is reminiscent of the fact that the company is able to play on its strong brand recognition even in new territories. Also, this emphasizes the management's ability and understanding about the MMR market in terms of choice of location, type of project addition, and launch strategy.

The promoter has a development history in Mumbai, where the company commenced operations in the real estate industry in the 1970s. Further, Abhishek Kapoor (Group CEO) has had career stints with real estate players that are focused on MMR, viz Keystone Developers (Rustomjee), K Raheja, CBRE, etc, with roles ranging across Head of Retail and Investments (western region), marketing, and corporate sales. Also, there is a separate team for the West and operational decisions are decentralized which would bring a focused approach toward growing business in MMR and Pune.

From a sales and marketing point of view, the significant homebuyer-interest that the company has been able to generate was on the back of brand reach that the team had already structured. The distribution is channel partner-focused and due care has been taken to give an experience to the homebuyers. For instance, at the Chembur sales gallery, the company has built a construction museum (Exhibit 44), which gives a glimpse into the transparency and service standards. All these initiatives have created a good brand reputation for the company.

Exhibit 44: Construction museum at the Chembur sales gallery

Source: Emkay Research; Note: Photo recently taken at site

Pune to provide further scale-up opportunity in the West

The company is also looking at Pune as an opportunity to scale up its presence in the West. Within the ongoing portfolio mix (already launched), the company has launched four projects – 0.29msf at Aspire (Bavdhan), 0.35msf at Emerald Bay (Keshavnagar), 0.13msf at Silversand II (Keshavnagar), and 0.28msf at Kenvista (Kondhwa). On a combined basis, the Pune portfolio is ~50% sold out which reinforces the company's ability to achieve higher sales in new markets.

In the ongoing portfolio, Pune comprises of ~8% share; however, this is expected to increase over the medium term as the planned pipeline has 17% share coming from Pune. This would lead to continuity of sales from this region over the medium term.

NCR foray to be asset-light in nature

From a strategic perspective, the company is looking to foray into the NCR market in coming quarters. The region is one of the key real estate markets in India and Puravankara intends to capitalize on the opportunity with new business development in this geography. However, given the increase in land rates in NCR, the company initially looks to take a conservative approach with an asset-light model (especially JDAs), at least for the next two years. Based on the response at these initial projects, the business model in this region would be planned accordingly thereafter.

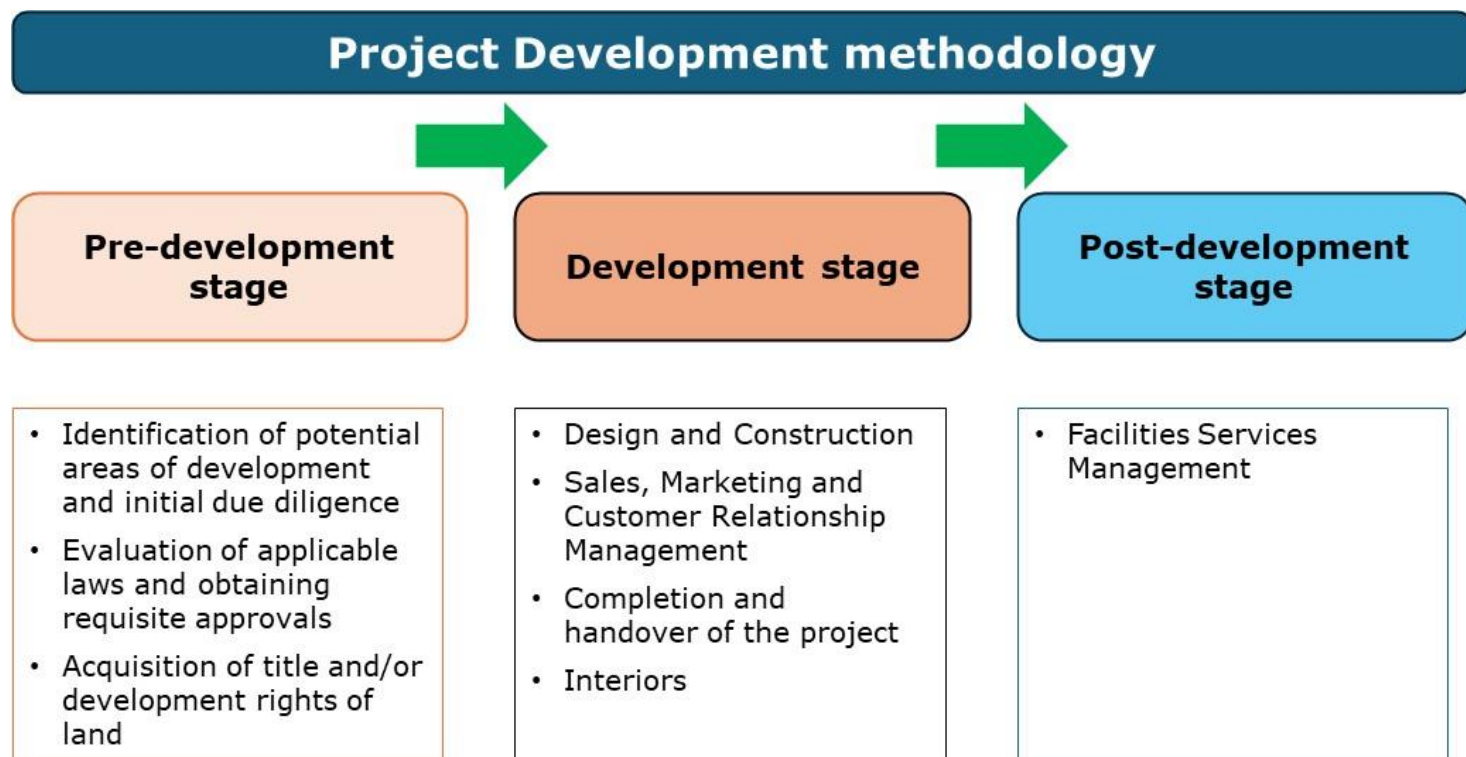
Within NCR, Puravankara sees opportunity mainly in South Delhi, Gurgaon (Golf Course Road as well as Golf Course Road Extension), Noida, etc. The company remains selective in terms of the micro-market, in order to capitalize on its brand image to the maximum, and hence aims to add projects that are closer to city-centers, and stays away from entering the micro-markets such as Dwarka Expressway, and Yamuna Expressway, which are farther away from city-centers.

We expect contribution from NCR to commence after 2 years.

Strong track record with focus on quality leads to the company commanding premium rates

Puravankara's project development methodology falls under three broad categories: Pre-development stage, Development stage, and Post-development stage. This provides end-to-end capabilities to the company – from sourcing to hand-over of projects. As a part of this, it has teams for land acquisition, design & planning, project management, marketing, audit, client servicing, and customer relationship management. The company also has a couple of subsidiaries – Starworth Infrastructure and Construction, and Purva Streaks, which take care of construction works (including bidding for the company's projects and for third-party projects) and in-house interiors services. Availability of these facilitate strong control over timelines vis-à-vis delivering superior quality products to customers.

Exhibit 45: Project development methodology



Source: Company, Emkay Research

Pre-development stage: Sourcing of potential land parcels with apt evaluation

Identification of potential areas of development and initial due diligence: The land identification process starts with selection of an appropriate micro-market with growth potential. The land acquisition and research teams undertake initial due-diligence of the proposed land (potential and viability). They also conduct title searches, followed by survey and preliminary feasibility report preparation. Following this, type and scale of project to be undertaken is decided. The final decision on the location, nature, financial feasibility, and scale of each project is taken by the senior management.

Evaluation of applicable laws and obtaining requisite approvals: As part of this, the company undertakes understanding the legal regime governing land development at the location. It also evaluates the factors affecting obtaining of approvals required for implementation of the project. These include approvals for building plans, conversion of agricultural lands to non-agricultural lands, layouts, and infrastructure facilities (power and water). Also, it includes obtaining requisite clearances from environment department, airport authorities, fire authorities, etc. Building completion certificates are obtained from the appropriate authorities after the projects have been completed in accordance with applicable laws.

Acquisition of title and/or development rights of land: This depends on the laws and regulations governing the location of the proposed real estate development project.

Development stage: Sales, execution and handover of projects










Design and Construction: The design and planning of the company's projects are either completed by in-house planning department or through external architects and structural consultants appointed by Puravankara. The planning department as well as the architect appointed by the company provide structural design of the project along with estimates of requirements pertaining to manpower, materials, machinery, etc; it also seeks advice from external consultants during the course of the project.

After this, a project team under the supervision of a site engineer (reports to the senior management) is set up. The company has machineries for construction of projects and it also grants construction contracts through a tender process to third parties (company only oversees the construction processes). The purchase of raw materials is centralized and based on the estimates given by the planning division or the architect. The company is not dependent on any single contractor/builder/supplier for construction activities. The raw material requirements are satisfied in a timely and cost effective manner, with quality checks.

Puravankara conducts regular site visits and has developed a system of internal reporting for monitoring the status and stage of all projects. This minimizes time and cost overruns. Further, it deploys representatives from head office at the sites to deal with issues related to manpower planning, whereas one representative from the HR department visits each site periodically to address issues related to statutory compliances and other general issues.

The company's wholly-owned subsidiary, **Starworth Infrastructure and Construction**, performs construction works and bids for projects as well as third-party projects. It undertakes residential, commercial, hospitality, infrastructure, and industrial projects. Starworth provides end-to-end services from design to handover and has >21msf of completed and >9msf of ongoing projects. Marquee clients include BMRCL, ITC Limited, Jindal Steel & Power, Taj GVK, BIAL, HCC, HRC, OCC, Taj BIAL, Star Homes, Parkhill, Purva Silversand, Godrej Properties, DAE, AMPA, Purva Aerocity, and Provident Park Square.

Exhibit 46: Starworth Infrastructure and Construction – Overview

 <p>Total Sq Ft 18+ Million sft Delivered</p>	 <p>Projects Completed 34 Projects</p>	 <p>Years 12+ years in the industry</p>
 <p>Ongoing sft 7+ Million sft</p>	 <p>Presence Residential, Commercial, Infrastructure & Industrial</p>	 <p>Safe Man Hours 18 Million</p>
 <p>Team Strength 300 Experts & 5'000+ Tradesman</p>	 <p>Factory Our Competitive Edge is Precasting</p>	 <p>Technology We use Advanced Technologies, Design Softwares, Mechanisation</p>

Source: Company website

Sales, Marketing, and Customer Relationship Management: Puravankara maintains a database consisting of existing customers to undertake direct sales. Further, indirect marketing is conducted through external network of sales associates across India. It also participates actively in real estate exhibitions in India and abroad. It has participated in exhibitions in the Middle East since 1990s, which has enabled access to large NRI customer base in the region.

Puravankara also has a well-crafted program called 'Purva Privilege' offering rewards to residents as well as prospective residents of the residential projects for their referrals. Depending on the project type (residential or commercial), it undertakes various marketing approaches viz launch events, corporate presentations, web marketing, direct and indirect marketing, as well as newspaper and outdoor advertising.

It liaises with various banks/HFCs to provide customers convenient access to finance for purchasing the apartments. Also, it has an active CRM team to manage all aspects of sales, including addressing any concerns of customers. The customer relationship management team regularly follows up with customer on payments and meets with them at the project site.

Completion and handover of the project: Puravankara transfers the title or lease hold rights to the customer after ensuring the entire consideration is paid prior to the transfer.

Interiors: The company has an in-house interiors division – Purva Streaks – that offers interior decoration facilities to its customers. This division is staffed with a dedicated team of professionals, including interior designers, to provide prospective customers with various interior options to suit their needs as well as budgets.

Post-development stage

Facilities Services Management: Handiman Services, a promoter group company, provides facility management services in relation to Puravankara's projects for a certain period after the handover, following which the residents have the option to retain Handiman Services. The services are monitored by the company's internal team and include building maintenance, security services, and other housekeeping services.

Exhibit 47: Purva Streaks undertakes modular kitchen interior to interior design for flats

A division focused on curating interiors in Bengaluru with captive production unit - Purva Woodworks

- Homes furnished before possession
- In-house design, production and installation
- Forward integration offering that enhances our end-to-end execution



Purva Woodworks Factory



Source: Company

End-to-end capabilities result in superior quality and ability to command premium

A strong focus on quality is evident from the company's projects, which have been delivered before 10-12 years. The capturing of prevalent consumer trends or being ahead-of-the-curve in recognizing and incorporating them in project designs/layouts has led to Puravankara gaining preference from the aspirational class of homebuyers and those seeking to upgrade their lifestyle.

Our channel checks in the Bengaluru market indicate that the company has delivered superior quality products to its customers which has created a strong brand image and enabled Puravankara to command pricing premium in the markets it has presence in.

Purva Venezia in Bengaluru was completed in March 2012. Even after ~13 years of completion, the project remains well maintained, being among the best in terms of quality

Exhibit 48: Purva Venezia in Bengaluru – completed in 2012



Source: Emkay Research; Note: Photo recently taken at site

Purva Venezia was created/ designed with a Venice-based theme . The project looks aesthetically superior, which gives a sense of high quality that Puravankara delivers

It has amenities that include a gymnasium, tennis court, amphitheatre, mini water body (replicating the Venice theme), grocery shop, availability of regular vegetables/fruits, etc, offering a premium lifestyle to homebuyers.

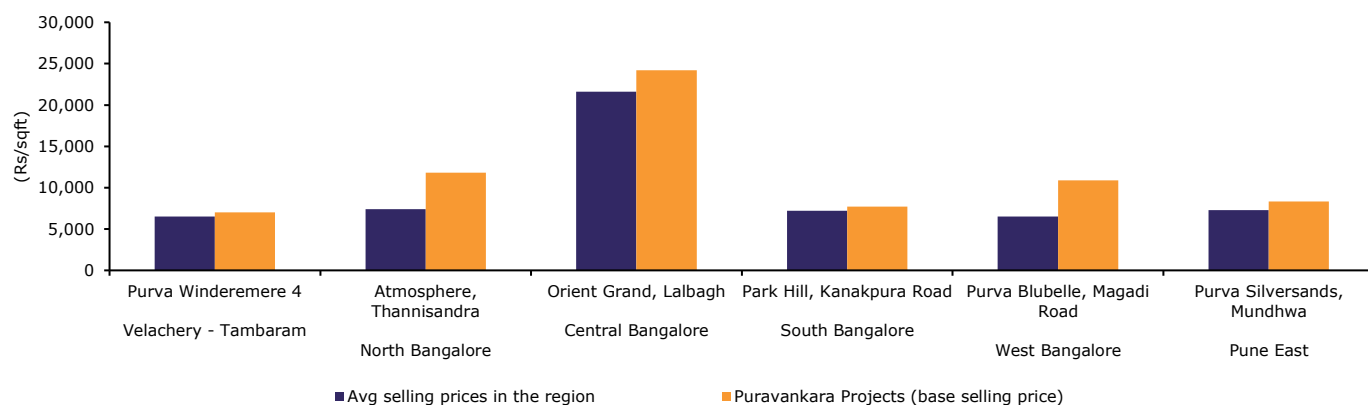
Exhibit 49: Purva Venezia – Bringing Venice to Bengaluru



Source: Emkay Research; Note: Photo recently taken at site

Exhibit 50: Purva Venezia remains well maintained even after 12-13 years of completion

Source: Emkay Research; Note: Photo recently taken at site

Exhibit 51: Puravankara's projects are priced at a premium in respective markets

Source: Company, Emkay Research

Focus on creating a 45msf land bank enhances growth visibility

With clear focus to achieve higher sales growth, Puravankara has stepped up its momentum of new launches and, accordingly, launched 10.7msf in FY24 which is significantly higher than the 3.2msf launched in FY22. The company has planned launch of new projects with total saleable area of 12.2msf in H2FY25 (a portion of this is likely to slip into FY26), whereas an additional ~11msf from ongoing projects is yet to open for sale. Further, it has an additional land bank of 14-15msf spread across various regions which is expected to increase to 45msf in the next 3 years. 80% focus will be toward core markets.

80/20 approach between core and opportunistic markets

Bengaluru, Mumbai, Pune, Chennai, and Kochi remain key focus markets, while it is looking to foray into NCR in the next 1-2 years, and scale up would be gradual. MMR and Pune are given strong focus, while NCR is likely to become the core/ focus market for the company in coming years. Additionally, the company has presence in Hyderabad, Coimbatore, Mangalore, Kolkata, and Goa, which are the opportunistic markets for the company. In terms of focus, 80% would be toward the 5-6 core markets to create scale (enough depth available), whereas balance 20% would be toward opportunistic regions.

Western region: Since 2-3 years, the company has strongly ramped-up its presence in the West with the acquisition of multiple projects in MMR and Pune. This would further increase over the medium term, which would lead to higher mix of launches from these two cities. Already, the current launch pipeline has ~48% share coming from MMR and Pune.

Southern region: Puravankara's strength remains the South Indian markets, given their long-standing presence in this region, mainly in Bengaluru and Chennai, as well as in other markets like Hyderabad and Kochi. The company would continue making inroads into the market and grow its share. This would be through strategic land acquisitions/joint developments across all product segments, ie Purva, Provident, and Purva Land. It is making good progress on this front and, as a part of this, it recently acquired a land parcel in Kanakpura Road (Bengaluru) which adds a GDV of >Rs7bn. It would continue to do more business development in Bengaluru, Chennai, and Hyderabad over the medium term.

Exhibit 52: Portfolio split in terms of area

(msf)	Completed	Ongoing	Land Assets
Regional breakup			
Bengaluru	35.4	17.6	14.1
Chennai	6.5	6.9	-
Hyderabad	2.8	0.1	-
Kochi	2.7	3.1	2.9
Others	2.4	2.1	1.1
Mumbai	0.1	1.4	4.5
Pune	0.8	2.7	2.0
Colombo			4.0
Total	50.8	33.9	28.6
Product-wise breakup			
Puravankara	33.9	15.0	22.3
Provident	14.5	13.5	4.6
Purva Land	2.4	5.4	1.7
Total	50.8	33.9	28.6
Group's economic interest			
Puravankara	28.4	12.9	21.2
Provident	13.3	12.5	3.9
Purva Land	2.3	4.9	1.3
Total	44.0	30.2	26.4

Source: Company, Emkay Research; Note: Data as of Q2FY25; ongoing projects include ~11msf not open for sale; includes JVs and other subsidiaries; group's economic interest is the estimated developer's share after deducting economic interest of JD|JV partners

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Exhibit 53: Bengaluru has higher share in ongoing projects...

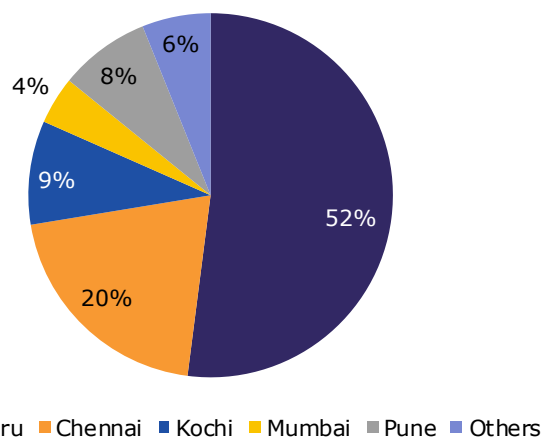
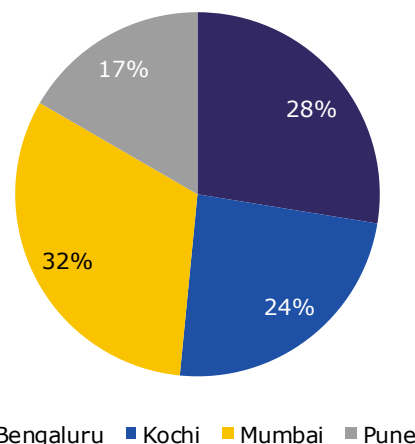


Exhibit 54: ...but planned launches have a higher mix of West



Source: Company, Emkay Research; Note: Ongoing projects of 33.9msf, of which ~11msf is not open for sale

Source: Company, Emkay Research; Note: Planned launches of 12.2msf

Exhibit 55: Planned launches in the near term are tilted toward Mumbai and Bengaluru

Project/ Location	City	Development model	Developable area	Group's share in JD	Saleable area	Inventory to be opened at the time of launch	Expected time of launch
			(msf)	(%)	(msf)	(msf)	
Puravankara							
Bellandur	Bengaluru	Owned	0.5	100%	0.5	0.5	H2FY25
Puravankara - Winworth 2	Kochi	Owned	1.3	100%	1.3	0.7	H2FY25/ Q1FY26
Grand Hills	Bengaluru	Owned	0.6	100%	0.6	0.6	H2FY25
Mundhwa	Pune	Joint Venture	2.0	32%	2.0	1.0	H2FY25
Apna ghar redevelopment	Mumbai	Redevelopment	1.1	60%	0.7	0.7	H2FY25
Thane	Mumbai	Owned	2.9	100%	2.9	0.5	H2FY25
Hebbagodi	Bengaluru	Owned	0.7	100%	0.7	0.7	H2FY25
Westend	Bengaluru	JDA	0.3	65%	0.3	0.3	H2FY25
Hennur Road	Bengaluru	Owned	0.4	100%	0.4	0.4	H2FY25
Total			9.7		9.3	5.3	
Provident							
Cityspire - Winworth (2)	Kochi	Owned	1.7	100%	1.7	0.4	H2FY25
Mallasandra	Bengaluru	Owned	0.8	100%	0.8	0.4	H2FY25
Total			2.5		2.5	0.8	
Purva Land							
Bouganvilla	Bengaluru	Owned	0.1	100%	0.1	0.1	H2FY25
Grand total - New launches			12.3		11.9	6.2	
New phase launches			3.4		3.4	1.6	
Total launches including new phase launch			15.7		15.3	7.8	

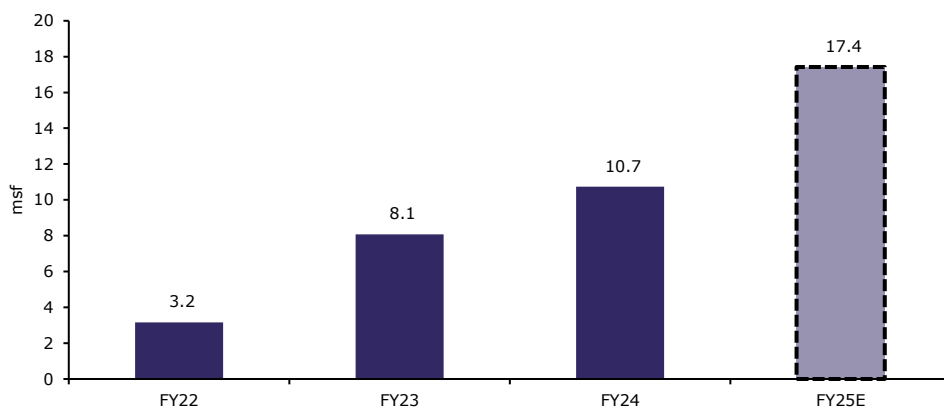
Source: Company, Emkay Research; Note: Data as of Q2FY25

Stepped up pace of new launches; momentum to increase

In the last three years, Puravankara has significantly stepped up its launch momentum with new supply by the company increasing to ~10.7msf in FY24 from 3.2msf in FY22. In FY25, this has further increased, as the company has planned for launch of new projects with total saleable area of 12.2msf in H2FY25 (however, a portion of this could be deferred to FY26, as approvals in Bengaluru took more than expected time to come through during H1FY25). Additionally, ~11msf in ongoing projects is yet to be opened for sale which enhances inventory visibility, and ~Rs70bn of launched inventory is yet to be sold.

The company has already stepped up efforts toward building a strong launch pipeline, as it has made a land investment of ~Rs11bn in YTD FY25, which adds a potential GDV of ~Rs105bn from ~6.3msf area of new acquisitions. MMR comprises ~70% share in these new business developments. Apart from this, it is unlocking potential of the legacy land bank, which would add to the launch pipeline. It has an additional land bank of 14-15msf spread across various regions. **It remains focused on increasing it to 45msf over the next three years as it looks to maintain at least 2 years of launch visibility in the pipeline.**

Exhibit 56: The momentum of new launches has stepped up from FY22



Source: Company, Emkay Research

Multiple avenues of fund availability to provide additional growth capital

The company has demonstrated its ability to secure funding/partnership with reputed financial institutions for supporting business growth. These include Keppel Land, HDFC Capital, IFC, as well as its own AIF.

Strategic collaboration with HDFC Capital for growing the Provident portfolio

- In Q1FY25, Provident Housing secured investment worth Rs11.5bn from HDFC Capital in the form of non-convertible debentures (NCDs).
- This strategic collaboration is expected to add new residential projects that are expected to be delivered over the next 5-6 years.
- Already, Rs4.2bn has been deployed and the company is in the process of deploying another ~Rs3bn in the near term.

IFC: Affordable Housing

- In 2020, IFC and IFC Emerging Asia Fund partnered with Puravankara to invest Rs3.2bn in the form of NCDs. These funds were utilized toward development of two projects – Provident Winworth and Tivoli Hills.
- This investment has already been repaid.

Keppel Land – Among the first FDIs in real estate in India

- In 2005, Puravankara entered into a JV with Keppel Investment (Mauritius) Pte, a subsidiary of the Singapore-based Keppel Land, to develop residential projects through associate company - Keppel Puravankara Development Pvt (KPDPL), in which Puravankara owns 49% share.
- The company has already repaid this investment.

AIF to provide a steady source of funds for land acquisition

- In Apr-22, the company incorporated a subsidiary – Purva Asset Management.
- With this, it launched Rs7.5bn AIF to invest in a mix of Provident and Purva Land projects.
- The fund envisages investment in 6-8 mid-size projects under affordable housing, with a four-year development timeline and plotted projects of up to 1.1-1.5msf. Further, the funds are deployed predominantly toward outright land purchases.
- Setting up of this AIF has been a core part of the capital transformation strategy, which provides scope for enhancing capital efficiency and generating long-term surplus funds for investment in larger projects.
- Given the positive response from investors, the company could explore launch of another AIF in coming years, which would provide further avenues of capital for new business development.

Bookings CAGR envisaged at 29% over FY25-27E, led by the West

Historically, 60-65% of Puravankara's bookings emanated from Bengaluru. However, the company is diversifying presence with ~48% of launches planned in MMR and Pune. It has a separate team for focusing on western markets and the initial set of launches has garnered strong response. We anticipate strong bookings from this region which would also de-risk the business from geographical concentration. We expect 29% pre-sales CAGR at Rs102bn over FY25-27E, mainly driven by the West (35% share by FY27E vs <10% earlier).

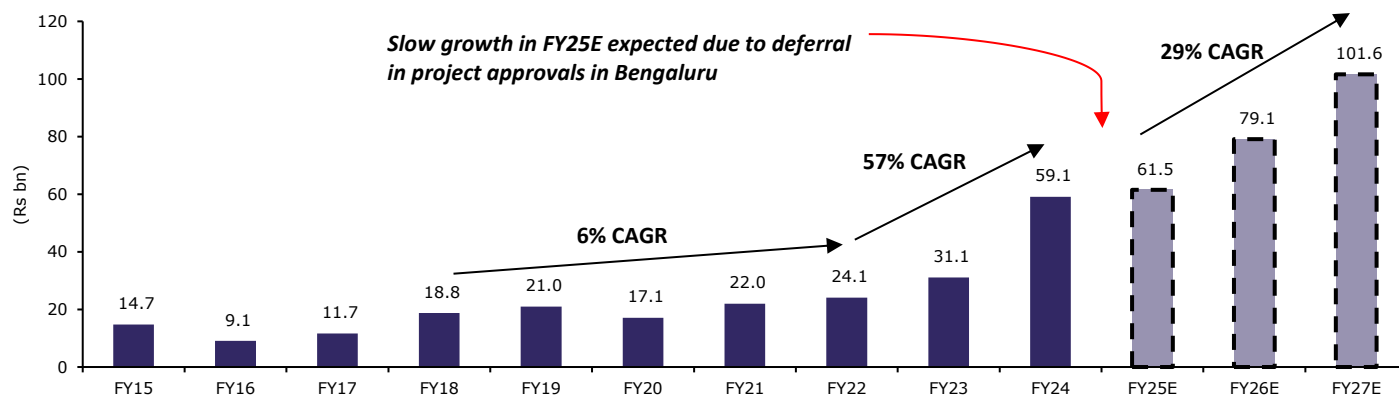
Puravankara's pre-sales CAGR was a slow 6% at Rs24.1bn during FY18-22. However, with the pick-up in launch momentum and revamp in strategy, growth in pre-sales has gathered pace, with 57% CAGR at Rs59.1bn logged during FY22-24. The company has a strong launch pipeline of new projects with 12.2msf area (Puravankara's economic share). Additionally, ~11msf in ongoing projects is yet to be opened for sale, and a 14-15msf land bank that enhances inventory visibility. Apart from the new launches, there is availability of ~Rs70bn worth of inventory yet to be sold, which would support sustenance sales.

Bengaluru comprised 60-65% of the bookings mix earlier; however, this would become more diversified in coming years. Share of the West in planned launches has increased to ~48%; business development has been focused on this geography, with the lion's share in MMR (~70% of the BD mix). Taking cue from the good response received by the company in the West and sizable launches ahead, we expect its contribution to be significantly higher in the pre-sales mix over the medium term.

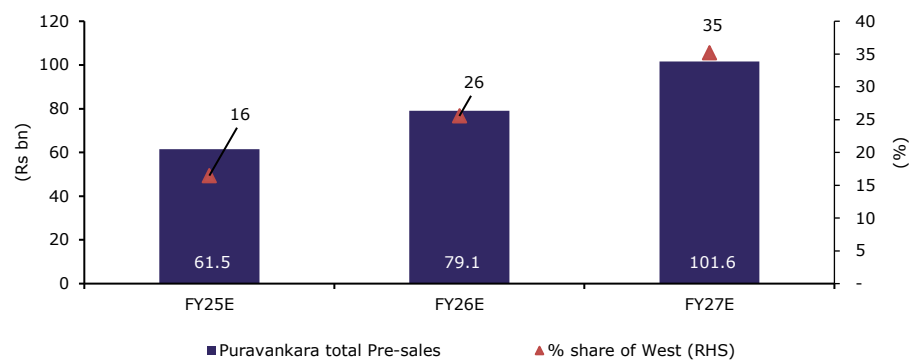
Puravankara had chalked out a plan to launch projects with 12.2msf saleable area in H2FY25. However, as approvals in Bengaluru took more time to come through during H1FY25, no new projects were launched in Q3FY25, due to which the company's pre-sales declined 6% YoY to Rs37.2bn in 9MFY25. Nonetheless, project approvals in Bengaluru have gradually re-started and, on the back of its strong launch pipeline in Q4FY25, we expect Puravankara to manage a muted 4% YoY growth in pre-sales to Rs61.5bn in FY25E. This would still be considered healthy.

We note that some of the project launches planned in H2FY25 could be deferred to FY26. The inventory pipeline would be further enhanced with the addition of new projects over the medium term. This provides comfort on the bookings momentum picking up pace post-FY25, as demand continues to be healthy. Further, focus remains on selling higher proportion of inventory (40-50%) in the first year of launch; the EOI stage helps in better price discovery. Accordingly, we expect strong CAGR of ~29% at Rs102bn during FY25-27E. Further, the sales mix would become more diversified as the share of the West would increase to 35% by FY27E (vs <10% earlier), thus de-risking the company from geographical concentration.

Exhibit 57: Pre-sales expected to see strong growth post -FY25, at 29% CAGR



Source: Company, Emkay Research

Exhibit 58: Share of the West in the pre-sales mix to increase

Source: Company, Emkay Research

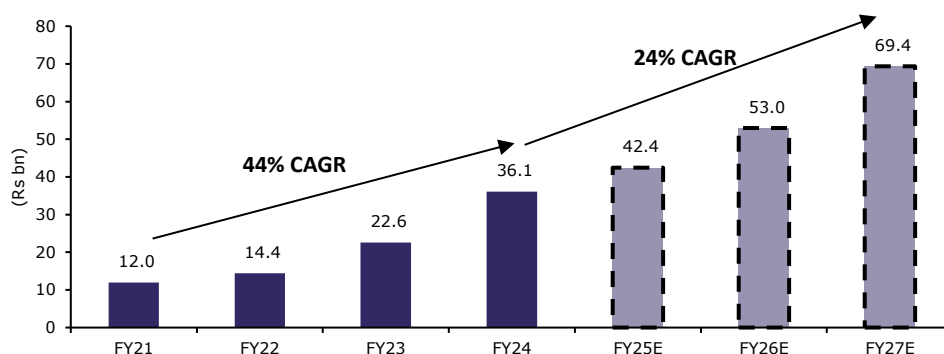
Robust collections to generate strong cashflow stream; balance sheet to deleverage

Collections CAGR expected at 24% during FY24-27E

Collections CAGR has been higher at 44% over FY21-24, at Rs36.1bn. This was on the back of strong pre-sales after FY22 as well as healthy execution by the company (collections are milestone-based and depend on progression in the construction activity of the project). In 9MFY25, it clocked Rs29.9bn collections which translates into 19% YoY growth.

On the back of healthy pre-sales growth as well as progression in the construction activity, we expect the company to clock 24% CAGR in collections to Rs69.4bn during FY24-27E. Though the velocity of collections growth seems to be moderating, we note that this is on a high base. Also, in absolute terms, the quantum of cash flows to the company remains high, which is comforting and would make it well-placed to continue with new business development for building an inventory pipeline over the medium term.

Exhibit 59: Collections CAGR expected at 24% over FY24-27E



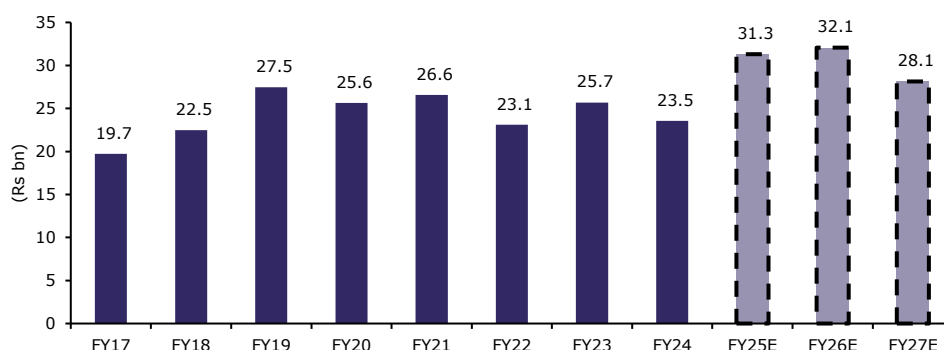
Source: Company, Emkay Research

Net debt expected to decline post FY26E

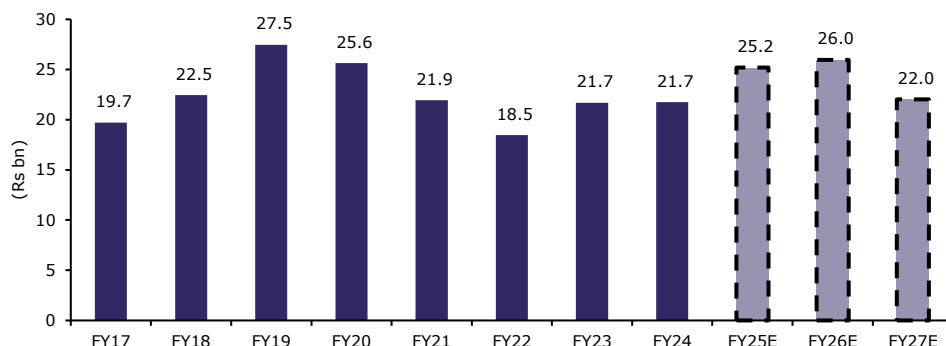
The company's gross debt stood at ~Rs40bn, whereas it has cash balance worth Rs9.4bn as of Q2FY25. Consequently, net debt stood at ~Rs30bn. However, this includes Rs4.2bn pertaining to the NCDs issued to HCARE Fund-3 and Purva Excellence Fund of Rs1.4bn (these investments are of 'payable when able' nature). Excluding these, net debt stands at ~Rs24.3bn. Collections remain healthy, which enables the company to service its debt obligations.

To continue pursuing growth opportunities, the company intends maintaining gross debt at similar levels in the near term. However, with the quantum of cash flows growing in coming years, it expects net debt to decline. We anticipate net debt to maintain levels in FY25/26E. However, **it is likely to peak out at Rs32.1bn in FY26E, after which we expect it to start declining, as we anticipate the quantum of collections to increase.**

Exhibit 60: Net debt expected to start declining post FY26E



Source: Company, Emkay Research; Note: Includes Rs4.2bn pertaining to NCD issued to HCARE Fund-3 and Purva Excellence Fund of Rs1.4bn

Exhibit 61: Net debt trend excluding NCD and Excellence Fund

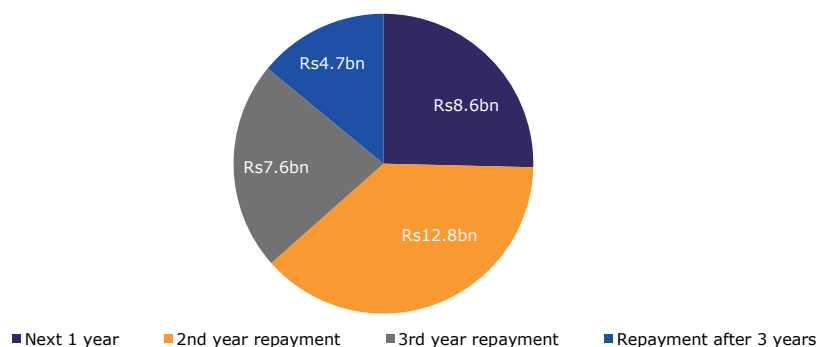
Source: Company, Emkay Research; Note: The investments that are excluded are of 'payable when able nature'

Exhibit 62: Debt composition

(Rs bn)	FY24	Q1FY25	Q2FY25
Residential	23.6	22.9	21.9
Land	5.2	7.5	8.8
Capex toward commercial development	2.0	2.4	3.0
Total Gross debt	30.8	32.8	33.7
Less: Cash and Cash equivalents	9.3	10.4	9.4
Net debt*	21.5	22.4	24.3

Source: Company, Emkay Research; Note: *Q2FY25 net debt does not include NCD issued to HCARE Fund 3 of Rs4.2bn and Purva Excellence Fund of Rs1.4bn, as these investments are of 'payable when able' nature; ~Rs500mn of unamortized processing fee, accrued interest and others

In the next 2 years, the company has cumulative debt repayments of Rs21bn. However, during H2FY25-FY27E, it would generate net cash inflow of >Rs30bn, which suggests that debt serviceability remains intact.

Exhibit 63: Debt repayment schedule, as of Q2FY25

Source: Company, Emkay Research

Upcoming commercial portfolio to generate steady annuity income

Puravankara currently has a small portion of the rent-generating commercial portfolio, which makes a miniscule contribution to the company's financials. However, the company is meaningfully ramping up the office portfolio, which would generate strong annuity income over the medium term. Construction of 2.9msf assets is under way which is likely to generate annual rental income of ~Rs2-2.1bn, whereas another asset addition in Hebbal (in the process of being acquired) would build a sizable rental portfolio, which can potentially generate annual rentals of ~Rs5bn over the next 5-6 years. Overall, we expect annuity income (including CAMS) of Rs805mn in FY27E.

Currently, Puravankara is constructing a couple of commercial assets with ~2.9msf area, of which ~2.2msf pertains to Purva Aerocity (Phase-1: 1.3msf + Phase-2: 0.9msf) and ~0.7msf to Purva Zentech. In the first set of asset additions, Purva Aerocity P-1 and Purva Zentech are expected to be completed in the next 1-2 years. The company is seeing good traction from potential lessees at both these assets, and would be given for fit-outs once construction is complete. With this, rental generation would start from FY27E. **We expect rental income (including CAMS) of up to Rs805mn in FY27E (assumed occupancy of ~40% between Aerocity P-1 and Zentech) which would further increase to Rs1.7bn in FY28E with better occupancy, new space being added, and rental escalations.**

Phase-2 at Aerocity would likely operationalize in the next 3 years, and this is expected to incrementally contribute ~Rs600-700mn to the rental income at full occupancy. Further, the company is currently in the process of acquiring a land parcel in Hebbal (Bengaluru), which would be developed as a commercial asset. Per our estimates, once the acquisition is complete, the asset could take 4-6 years to be operationalized and would lead to sharp increase in rental income. **With operationalization of these assets, we expect rentals (including CAMS charges) to clock ~70% CAGR, to Rs6.6bn during FY27-31E.**

Further, the company is looking at a healthy addition of commercial projects, especially in city-center prime location projects, which can offer more capital appreciation over the long term. It targets Rs4-5bn annual rental income over the next 5-6 years.

Exhibit 64: Purva Aerocity – Site view



Source: Emkay Research; Note: Photo recently taken at site

Exhibit 65: Execution at Aerocity progressing well

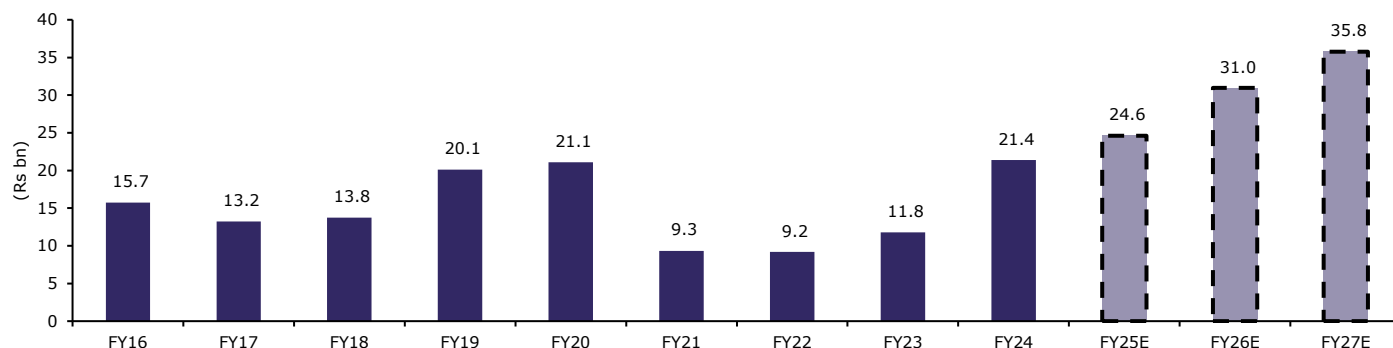
Source: Emkay Research; Note: Photo recently taken at site

Financials

Revenue CAGR expected at 19% during FY24-27E

In the residential business, the company recognizes revenue on project completion basis (PCM). Accordingly, despite projects getting sold, revenue recognition would be staggered given the time taken for construction. Further, the commercial segment is expected to start contributing to revenue from FY27E. We expect Rs805mn revenue from the commercial segment in FY27E. Accordingly, we expect Puravankara's consolidated revenue CAGR at 19% (Rs35.8bn) during FY24-27E.

Exhibit 66: Revenue CAGR expected at 19% over FY24-27E



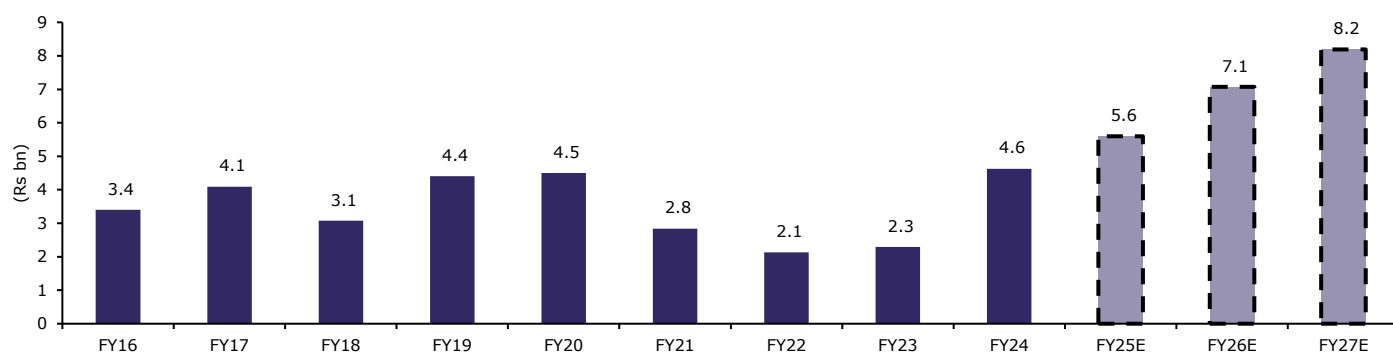
Source: Company, Emkay Research

Profitability likely to improve in the next 2-3 years

The company has residential projects categorized as per different budget segments as well as extent of ownership. Project-level margins range between 16 and 17% for joint development projects, whereas for Purva Land, margins can be as high as 35-40%. Further, considering the higher focus on the West, EBITDA margin for redevelopment projects would be 23-24%, while that for the Thane project would be 30%. Overall, on a blended basis, the company's EBITDA margin would range at 28-32% on a project-level basis. Further, the commercial segment would see a significantly higher margin, which would start contributing from FY27.

On the back of the project hitting revenue recognition as well as contribution from the commercial segment, we expect 21% EBITDA CAGR during FY24-27E, at Rs8.2bn.

Exhibit 67: EBITDA CAGR likely at 21% during FY24-27E



Source: Company, Emkay Research

Strong collections to deleverage the balance sheet post FY26

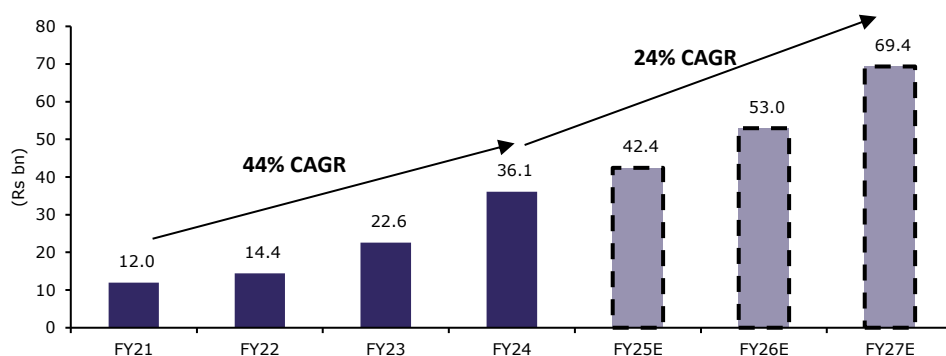
On the back of healthy pre-sales growth as well as progression in construction activity, we expect the company to clock 24% CAGR in collections to Rs69.4bn during FY24-27E.

Gross debt stood at ~Rs40bn, while it has cash balance worth Rs9.4bn as of Q2FY25. Consequently, net debt stood at ~Rs30bn. This includes Rs4.2bn worth of NCDs issued to HCARE Fund-3 and Rs1.4bn to Purva Excellence Fund (these investments are of 'payable when able' nature). Excluding these, net debt stands at ~Rs24.3bn.

To continue pursuing growth opportunities, the company intends maintaining gross debt at similar levels in the near term. However, with the quantum of cash flows growing in coming years, it expects net debt to decline. We anticipate net debt at similar levels in FY25/26E.

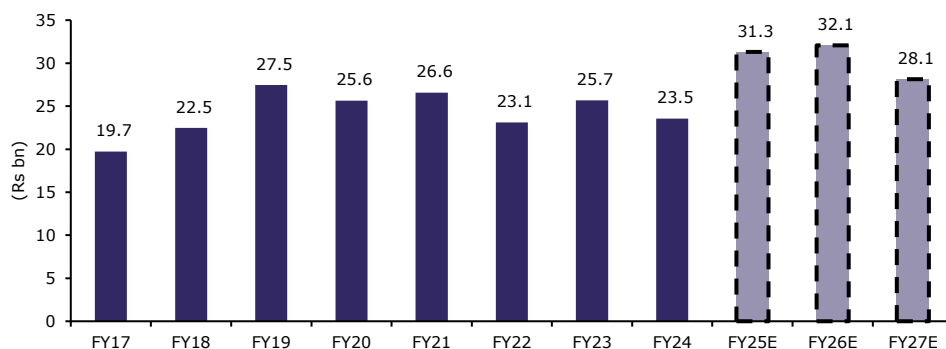
However, it is likely to peak out at Rs32.1bn in FY26E, and after that we expect it to start declining, as we anticipate the quantum of collections to increase.

Exhibit 68: Collections CAGR expected at 24% over FY24-27E



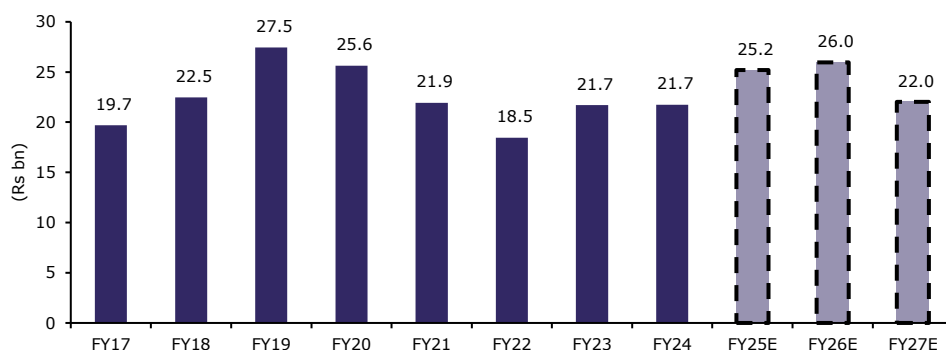
Source: Company, Emkay Research

Exhibit 69: Net debt expected to start declining after FY26E



Source: Company, Emkay Research; Note: Includes Rs4.2bn pertaining to NCD issued to HCARE Fund-3 and to Purva Excellence Fund of Rs1.4bn

Exhibit 70: Net debt trend excluding NCD and Excellence Fund



Source: Company, Emkay Research; Note: The investments that are excluded are of 'payable when able' nature

Valuations

We value the residential business on embedded EV/EBITDA multiple methodology, and the commercial business on cap-rate basis. **Overall, we arrive at an SoTP-based target price of Rs430, and initiate coverage on the stock with BUY.**

What is embedded EV/EBITDA multiple? Given the accounting treatment in real estate, P&L-based EBITDA does not reflect the actual operational performance of the company. Hence, it is not prudent to use P&L EBITDA for valuing the company. Accordingly, we have assumed a blended EBITDA margin on the pre-sales clocked by the company, which gives a ballpark sense of the operational EBITDA clocked at the project level for the respective years. This is defined as embedded EBITDA. We have assigned a target multiple on this EBITDA to arrive at EV for the residential business, which is the embedded EV/EBITDA multiple.

Residential business: We assume an embedded EBITDA margin of 25%, which is conservative, considering the company clocks margins in the range of 28-32% depending on the product mix. Accordingly, we arrive at an embedded EBITDA of Rs18.7bn on Dec-25E basis. **Assigning a 6.0x embedded EV/EBITDA multiple, we arrive at EV of Rs112bn on Dec-25E. This target multiple is conservative, as peers of the same brand image and size command a much better multiple** (Exhibit 73). Hence, there is scope for re-rating, depending on the performance beat as well as the pace of new business development that Puravankara can deliver.

Implied NAV premium: To check the sanity of the valuation derived via the embedded EV/EBITDA approach, we check the premium it implies on the NAV of the residential portfolio. We use WACC rate of 11.8% to discount the cash flows of projects already launched/ongoing, whereas the projects yet to be launched are discounted at 12.3%. Accordingly, we arrive at an NAV of Rs94bn. **The EV we get from the embedded EV/EBITDA approach implies ~19% premium to the NAV, which is comfortable, considering peers are commanding higher premium to NAV.**

Commercial business: A couple of assets are currently under construction, whereas the Hebbal land is currently being acquired. We have projected cash flows till FY40, and taken 4% terminal growth rate. Further, we have assigned a cap rate of 8.5% on the terminal value. The cash flows have been discounted at 11.8% for under-construction assets, and at 12.8% for the Hebbal asset. **Accordingly, we arrive at an EV of Rs22.4bn.**

Based on the embedded EV/EBITDA multiple for residential, cap rate for commercial, and net debt of ~Rs32bn, we arrive at a target price of Rs430.

Valuations are undemanding: At CMP, Puravankara is trading at an EV of ~Rs96bn. Adjusting for the value of the commercial business, the market is implying Rs73bn EV for the residential business which is at a 22% discount to the NAV. Hence, we believe that at the current price, the stock is a highly attractive BUY, as valuations are undemanding.

Exhibit 71: Valuations

(Rs mn)	Comments	FY26E
Residential business		
Pre-sales/bookings	Dec-25E on proportionate basis	74,708
Embedded EBITDA margin		25%
Embedded EBITDA		18,677
Embedded EV/EBITDA multiple	Valued at 6.0x on Dec-25E	6.0
EV - residential		112,063
Commercial business NAV		
	Valued at 8.5% cap rate	22,352
Less: Net debt	Dec-25E on proportionate basis	31,879
Implied Market cap		102,535
No. of shares (mn)		237
Value per share (Rs)		432
Rounded-off target (Rs)		430

Source: Emkay Research

Exhibit 72: Implied NAV premium

NAV – residential (Rs mn)	93,938
EV - residential (based on embedded EV/EBITDA; (Rs mn))	112,063
Implied NAV premium	19%

Source: Emkay Research; Note: Residential NAV is calculated on the ongoing/planned projects and land bank already available in the portfolio; no growth aspect has been built in

Exhibit 73: Peer comparison

Company	Market Cap	FY24 Net Debt	Pre-sales/Bookings (Rs bn)		Project level EV/EBITDA (residential)		Assumptions (FY24-27E)	
	(Rs bn)	(Rs bn)	FY24	FY21-24 CAGR	FY26E	FY27E	Pre-sales growth	EBITDA margin
DLF	1,720	179	148	69%	11.4	8.7	28%	40%
Macrotech Developers	1,098	30	145	34%	11.3	9.3	20%	27%
Brigade Enterprises	255	26	60	30%	4.2	3.3	22%	25%
Sobha	122	13	66	28%	6.1	5.0	20%	27%
Aditya Birla Real Estate	210	25	40	86%	6.4	4.9	45%	35%
Puravankara	66	24	59	39%	3.8	2.8	20%	25%
Arvind Smartspaces	32	-0	11	28%	6.2	4.7	35%	25%

Source: Company, Emkay Research; Note: Project-level EV/EBITDA is based on the embedded EBITDA for residential business; EBITDA margin assumption is the embedded EBITDA margin; CMP as on 24-Jan-25

Management overview

■ Ravi Puravankara, Founder & Chairman

- Under Ravi Puravankara's leadership and guidance, the company has built an impressive portfolio of completed residential and commercial properties.
- He has established a strong framework of good corporate governance, laying a strong foundation for brand Puravankara, based on transparency and ethical practices.
- Also, he was one of the first to obtain FDI in the Indian real estate sector, forging a JV with Singapore-based Keppel Land.

■ Ashish R Puravankara, Managing Director

- Ashish Puravankara oversees the entire business, primarily identifying growth opportunities.
- Played a vital role in ensuring superior construction quality (innovative technologies).
- Led the launch of Provident Housing, which led to the subsequent launch of Purva Land.
- He has held the position of President of CREDAI Bengaluru in the past. He holds a BSc Degree in Business from Virginia Polytechnic Institute and State University, and an MBA from Willamette University in Salem, Oregon.

■ Abhishek Kapoor, Group Chief Executive Officer

- Abhishek Kapoor has been a driving force behind the company's growth strategy. His core competencies include strategic planning and implementation, project optimization, JVs, PE deals, sales and marketing, and senior-level government liaison across residential, commercial, hospitality, and retail domains.
- He has delivered superior results by strategizing and executing process parameters in an exceptional business expansion environment and stressed assets situation.
- Earlier he has worked with Keystone Developers (Rustomjee), CBRE, K Raheja, etc.
- He is an alumnus of the Narsee Monjee Institute of Management, having studied Marketing Management, and has a Diploma in Business Finance. He has also completed the Advanced Management Program from Harvard Business School.

■ Mallanna Sasalu, Chief Executive Officer - Provident Housing

- Mallanna Sasalu's career stints include profitable real estate development startups, business scaling, PE fundraising, and real estate asset investment and management.
- He has conceptualized and developed a spectrum of real estate asset classes exceeding USD1bn in value and spanning commercial, residential, retail, hospitality, and mixed-use projects.
- His expertise lies in profitably scaling startups across Asia-Pacific (APAC) and North America, seamlessly combining financial acumen with extensive development experience to navigate the full project lifecycle.
- He is an alumnus of Harvard Business School and possesses a Bachelor's degree in Civil Engineering.

■ Rajat Rastogi, Chief Executive Officer - West region and pan-India Commercial

- Rajat Rastogi has been instrumental in driving growth and scaling the company's presence across the western region for residential projects and for creating commercial platforms at the pan-India level.
- He has 21 years of industry experience with a career spanning Real Estate and Financial Services. His expertise includes Business Leadership, Finance, P&L, Brand and Distribution, Team Management, and Customer Centricity.
- He has held leadership positions with the Runwal Group, Lodha Group, Deutsche Bank, and CitiBank.
- He has an MBA from the ICFAI Business School in Hyderabad

■ Deepak Rastogi, Group Chief Financial Officer

- Deepak Rastogi was recently appointed as the Group CFO of the company and, in his previous stint, he was associated with Deepak Fertilizers and Petrochemicals as the President and Group CFO. He also had a long stint with Tata Autocomp Systems as their Group CFO and President. He has also worked with Timken Company (CFO), Alcatel South Asia, Castrol, Raymond Synthetics etc.
- He is instrumental in raising capital, managing investor relations, and business integration. Also, he has rich experience in driving digitization, ERP, and setting up shared services.
- He is a CA and has done business management from SP Jain Institute of Research and Management

■ Neeraj Gautam, Deputy Chief Financial Officer

- Neeraj Gautam has been associated with the organization for over 12 years and has experience in raising capital, handling structuring and providing financial governance including large platform-level financial arrangements, securing complete financing for ongoing commercial projects as well as recent land acquisitions.
- He is a CA and has been instrumental in driving transformation, automation, and team restructuring.

Risks and Concerns

- General slowdown in residential real estate market can impact bookings growth as well as collections.
- Muted response in the western region can lead to slower bookings growth as well as bulk up unsold inventory, which would impact the brand image along with increasing leverage, thus stretching the balance sheet.
- Sharp increase in construction costs due to unforeseen situations can impact profitability of ongoing projects, wherein a sizable portion has already been sold.
- Failure to add new projects (business development) can impact launch visibility and slowdown bookings growth.
- Sharp increase in net debt can impact project additions/growth aspirations.
- Slower tenant acquisition at the commercial assets can impact annuity income, leading to lower return ratios.

Puravankara Ltd: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	12,358	21,853	25,100	31,484	36,313
Revenue growth (%)	29.4	76.8	14.9	25.4	15.3
EBITDA	2,297	4,628	5,597	7,074	8,191
EBITDA growth (%)	7.6	101.5	20.9	26.4	15.8
Depreciation & Amortization	171	281	314	451	533
EBIT	2,126	4,348	5,283	6,622	7,657
EBIT growth (%)	8.5	104.5	21.5	25.4	15.6
Other operating income	0	0	0	0	0
Other income	1,712	748	761	788	816
Financial expense	3,597	4,342	5,382	5,451	4,957
PBT	241	754	663	1,960	3,517
Extraordinary items	0	0	0	0	0
Taxes	(111)	262	232	686	1,231
Minority interest	0	3	2	2	2
Income from JV/Associates	313	(72)	50	50	50
Reported PAT	665	423	483	1,326	2,338
PAT growth (%)	(55.0)	(36.4)	14.2	174.7	76.3
Adjusted PAT	665	423	483	1,326	2,338
Diluted EPS (Rs)	2.8	1.8	2.0	5.6	9.9
Diluted EPS growth (%)	(55.0)	(36.4)	14.2	174.7	76.3
DPS (Rs)	0.0	6.3	6.4	6.4	6.5
Dividend payout (%)	0.0	353.6	312.7	115.0	65.8
EBITDA margin (%)	18.6	21.2	22.3	22.5	22.6
EBIT margin (%)	17.2	19.9	21.0	21.0	21.1
Effective tax rate (%)	(45.9)	34.8	35.0	35.0	35.0
NOPLAT (pre-IndAS)	3,102	2,834	3,434	4,305	4,977
Shares outstanding (mn)	237.2	237.2	237.2	237.2	237.2

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	241	754	663	1,960	3,517
Others (non-cash items)	(1,379)	(79)	52	52	52
Taxes paid	(572)	(683)	(232)	(686)	(1,231)
Change in NWC	(748)	4,810	(6,479)	7,258	7,174
Operating cash flow	1,452	8,964	(1,212)	13,547	14,036
Capital expenditure	(76)	(544)	(402)	(8,105)	(4,405)
Acquisition of business	(168)	(404)	(11)	(12)	(12)
Interest & dividend income	172	389	761	788	816
Investing cash flow	1,214	(193)	349	(7,328)	(3,612)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	3,453	3,062	8,100	500	(4,000)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(3,573)	(4,549)	(5,382)	(5,451)	(4,957)
Dividend paid (incl tax)	(1,185)	(1,494)	(1,509)	(1,524)	(1,539)
Others	(104)	(145)	4	4	4
Financing cash flow	(1,409)	(3,126)	1,213	(6,471)	(10,492)
Net chg in Cash	1,257	5,645	349	(251)	(68)
OCF	1,452	8,964	(1,212)	13,547	14,036
Adj. OCF (w/o NWC chg.)	704	13,773	(7,692)	20,805	21,210
FCFF	1,376	8,420	(1,615)	5,442	9,631
FCFE	(2,049)	4,467	(6,235)	780	5,490
OCF/EBITDA (%)	63.2	193.7	(21.7)	191.5	171.4
FCFE/PAT (%)	(308.2)	1,057.1	(1,291.9)	58.8	234.8
FCFF/NOPLAT (%)	44.4	297.1	(47.0)	126.4	193.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	1,186	1,186	1,186	1,186	1,186
Reserves & Surplus	18,682	17,646	16,621	16,425	17,225
Net worth	19,868	18,831	17,807	17,611	18,411
Minority interests	66	64	62	60	58
Deferred tax liability (net)	(2,199)	(2,678)	(2,704)	(2,732)	(2,759)
Total debt	29,269	32,856	40,956	41,456	37,456
Total liabilities & equity	47,004	49,073	56,120	56,395	53,166
Net tangible fixed assets	949	1,554	1,795	9,593	13,610
Net intangible assets	120	74	79	84	89
Net ROU assets	0	0	0	0	0
Capital WIP	8	23	15	15	15
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1,040	355	366	377	388
Cash & equivalents	3,574	9,311	9,649	9,386	9,318
Current assets (ex-cash)	86,601	94,067	1,24,477	1,44,285	1,68,561
Current Liab. & Prov.	51,349	65,516	92,903	1,22,807	1,58,007
NWC (ex-cash)	35,251	28,551	31,574	21,478	10,554
Total assets	47,004	49,074	56,120	56,395	53,166
Net debt	25,696	23,545	31,307	32,070	28,138
Capital employed	47,004	49,073	56,120	56,395	53,166
Invested capital	42,382	39,384	46,090	46,617	43,445
BVPS (Rs)	83.8	79.4	75.1	74.3	77.6
Net Debt/Equity (x)	1.3	1.3	1.8	1.8	1.5
Net Debt/EBITDA (x)	11.2	5.1	5.6	4.5	3.4
Interest coverage (x)	0.9	0.9	0.9	0.7	0.6
RoCE (%)	8.3	10.6	11.5	13.2	15.5

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	98.9	155.5	136.2	49.6	28.1
P/CE(x)	78.6	93.5	82.5	37.0	22.9
P/B (x)	3.3	3.5	3.7	3.7	3.6
EV/Sales (x)	7.8	4.2	3.9	3.2	2.6
EV/EBITDA (x)	39.8	19.3	17.3	13.8	11.5
EV/EBIT(x)	43.0	20.5	18.4	14.8	12.3
EV/IC (x)	2.2	2.3	2.1	2.1	2.2
FCFF yield (%)	1.5	9.4	(1.7)	5.6	10.3
FCFE yield (%)	(3.1)	6.8	(9.5)	1.2	8.4
Dividend yield (%)	0.0	2.3	2.3	2.3	2.3
DuPont-RoE split					
Net profit margin (%)	5.4	1.9	1.9	4.2	6.4
Total asset turnover (x)	0.3	0.5	0.5	0.6	0.7
Assets/Equity (x)	2.3	2.5	2.9	3.2	3.0
RoE (%)	3.3	2.2	2.6	7.5	13.0
DuPont-RoIC					
NOPLAT margin (%)	25.1	13.0	13.7	13.7	13.7
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	5.1	10.6	12.4	14.3	17.0
Operating metrics					
Core NWC days	1,041.2	476.9	459.1	249.0	106.1
Total NWC days	1,041.2	476.9	459.1	249.0	106.1
Fixed asset turnover	1.6	2.2	1.8	1.5	1.2
Opex-to-revenue (%)	44.1	31.4	36.2	31.3	30.4

Source: Company, Emkay Research

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Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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