

February 25, 2013

**UNITECH LTD.**

BSE Code: 507878

NSE Code: UNITECH

Reuters Code:

UNTE.NS

Bloomberg Code: UT:IN

Unitech Ltd, India's second largest real estate investment company established in 1972, and is engaged in developing real estate properties in India and internationally. It operates mainly in five segments, namely, real estate and related activities, property management, hospitality, electrical and others. Unitech is the first developer to have been certified ISO 9001:2000 in North India and offers the most diversified product mix comprising residential, commercial/IT parks, retail, hotels, amusement parks and SEZs.

### Investor's Rationale

#### Revenue rose 25.4% YoY on higher revenue from real estate & related activities and transmission tower segments

Unitech registered a growth of 25.4% YoY in its consolidated top-line at ₹6.4 bn in Q3FY'13 driven by growth in real estate and related activities and transmission tower segments by 18.3% and 139.1% YoY to ₹5.1 bn and ₹0.1 bn respectively.

#### Net Profit grew massively by 52.4% YoY on continued focus on completing under-construction projects

The net profit of the company grew significantly by 52.4% YoY to ₹0.8 bn in Q3FY'13 as it focused on completing under-construction projects rather than launching new ones and restructuring its debt. The company has launched 0.5msf, sold 1.35msf (1.64msf/1.55msf in Q2FY'13) for ₹6.7 bn (₹8.4bn in Q2FY'13) and delivered 0.5msf during Q3FY'13. Moreover, during Q3FY'13, its net debt to equity ratio was 0.45, one of the lowest in the industry. Besides, decline in finance cost and taxation by 68.9% and 11.4% YoY to ₹0.1 bn and ₹0.4 bn respectively, has also contributed to the solid bottom-line.

#### EBITDA margin fell 369bps on account of higher real estate, construction and other expenses as well as raw material cost

The company's EBITDA grew 3.2% YoY to ₹1.1 bn due to a huge fall in other expenses followed by a decline in employee expenses by 646bps and 14bps YoY to 11.0% and 7.0% from 17.5% and 7.2% respectively. However, EBITDA margin declined 369bps YoY to 17.2% from 20.9% on account of a rise in real estate and construction expenses as well as raw material cost by 533bps and 351bps to 55.8% and 8.7% respectively.

#### Well-focused on ramping-up the construction activity

The company is focused on further ramping up the construction activity in the coming months with a view to not only clear the delivery backlog of the older projects but also commence delivery of finished product in some new projects.

### Market Data

CMP (₹)	30	
Target Price	48	
Stop Loss	22	
Duration	Short-term	
52-week High-Low (₹)	40.9/18.2	
Rise from 52WL (%)	64.8	
Correction from 52WH (%)	(26.7)	
Beta	2.9	
1 year Average Volume (mn)	108.4	
	3M-	13.3
Stock Return (%)	6M-	47.0
	1Y-	(8.4)
Market Cap (₹bn)	78.3	
Book Value (₹)	2.9	

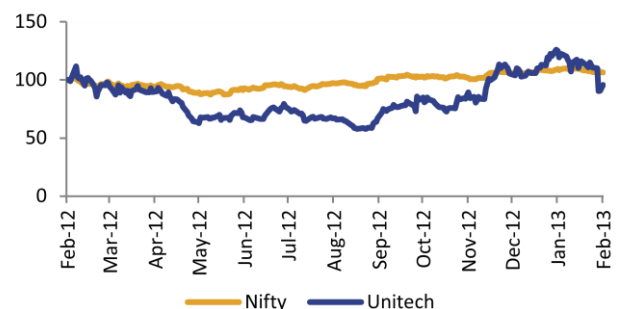
### Shareholding Pattern

	Dec'12	Sep'12	Chg
Promoters (%)	48.3	48.3	-
FII (%)	33.0	32.9	0.1
DII (%)	1.4	1.2	0.2
Public & Others (%)	17.3	17.6	(0.3)

### Quarterly Performance (Consolidated)

(₹bn)	Q3 FY'13	Q3 FY'12	Q2 FY'13	YoY Change(%)	QoQ Change(%)
Revenue	6.4	5.1	5.4	25.4	19.4
Op. exp	5.3	4.1	4.6	31.2	16.6
EBITDA	1.1	1.1	0.8	3.2	35.3
OPM (%)	17.2	20.9	15.2	(369bps)	202bps
Net profit	0.8	0.6	0.5	52.4	71.1
NPM (%)	12.4	10.1	8.6	231bps	382bps
EPS (₹)	0.3	0.2	0.2	52.4	68.4

### One Year Price Chart





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