

## Poddar Housing

₹679

*We find your ideal home...!!!* Accumulate

Oct 12, 2018

## Company Background

Poddar Housing & Development Ltd, is engaged primarily in the business of real estate construction, development and other related activities. It is formerly known as Poddar Developers Ltd, is a real estate development company. Company has completed projects with a saleable area of approximately 1.63 million square feet, comprising approximately 3,757 units, including over 3,582 residential units and approximately 175 retail shops located within the integrated projects. In the near future it intend to extend to 5 million sq ft of saleable area. It has completed projects with a saleable area of approximately 1.05 million square feet, consist over 2,428 units, across over 151 buildings, including approx 2,314 residential units & over 114 retail shops, as part of the integrated residential complexes. It has also developed retail shops in some of its projects. Its residential projects include Samruddhi Complex, Bhivpuri; Poddar Navjeevan, Atgaon; Poddar Evergreens, Badlapur, and Poddar Anantah Aspire, Kalyan. Its commercial project includes Samruddhi Shopping Arcade, Bhivpuri. Poddar housing has only one subsidiary called Poddar Habitat Pvt Ltd, with 100% holding. For FY18 it has sales revenue of ₹ 46.4 millions and PAT was of ₹ 29.8 millions. It involved in Realty & Construction Business.

## Key Highlights

- ➔ During the FY18 it was launched two projects and expected to launch more projects in FY19. These projects will create revenue for multi years. Launched in Badlapur & Chembur at Mumbai. It will continue to raise its Mumbai city exposure with second project at Kandivali.
- ➔ Company has acquired a land parcel under joint venture about 71,900 Sq mt at Village Miraj Taluka Miraj District Sangli through its LLP know as Poddar Anantah Nirvana LLP. The company is having 65% of economic interest in the LLP. And another land parcel of 5800 sq mt during the current financial year in Pune, proposed for residential housing project.
- ➔ RERA introduction has been positive to safeguarding the customers interest. Reduction of GST from 12% to 8% is also positive for the customers. Both policies will drive the growth of the sector.

## Key Financials

Year Ended 31 <sup>st</sup>	Mar 16	Mar 17	Mar 18
Revenue (₹ mn)	1,388.4	398.0	309.2
Rev. growth (%)	31.70	(71.33)	(22.31)
EBITDA (INR mn)	229.0	5.3	(52.0)
Net profit (₹ mn)	157.6	1.4	(44.5)
Shares outstanding (mn)	6.3	6.3	6.3
EPS (₹)	24.6	0.2	0.0
EPS growth (%)	(25.92)	(99.07)	0.00
P/E (x)	46.06	0.00	0.00
RONW (%)	7.34	0.09	(2.01)
ROCE (%)	10.11	0.01	(2.04)

## Nishant Chopra

nishantc@indiratrade.com

## Info Codes

Reuters	: PODD.BO
Bloomberg	: PODDAR IN
NSE	: PODDARHOUS
BSE	: 523628

## Market Data

52 Wk Range (₹)	: 598/1636
Shares in Issue (mn)	: 6.3
Market. Cap ( bn)	: 4.28
BSE 2 Wk Avg Vol	: 133

## Share Holding Pattern (%)

Promoters Holding	: 61.01
Public & Others	: 17.14
Corporate Holding	: 02.78
Foreign Institution	: 05.27
Institutions	: 13.80

## Investment Theme

Indian real estate market is expected to touch \$ 180 bn by 2020. Housing sector is expected to contribute around 11% to India's GDP by 2020. Private equity investments in real estate are estimated to grow to \$ 100 bn by 2026 with tier 1 and 2 cities being the prime beneficiaries. Private equity investments in Indian real estate are increased by 15% on YoY basis. The real estate sector comprises 4 subsectors-housing, retail, hospitality, and commercial. During the Q1FY19 company has acquired a total land of 77,700 sq mt in Pune and Sangli, Maharashtra. Out of the total acquisition it acquired about 71,900sq mt under joint venture through its LLP at Sangli. It launched 4 projects, it will generate the revenues from these projects for further 4-5 years. Management is expecting that no-growth/stagnant growth phase is over, now the company will turn to profitable from this stage onwards.

**Your Property, Our Priority...!!!**

## Financial Statements

## Income Statement

(₹ mn)

Year end	Mar 16	Mar 17	% Chg	Mar 18	% Chg
Net Sales	1,290.5	325.2	(74.8)	285.2	(12.3)
Other Income	97.9	72.8	(25.6)	24.0	(67.0)
Change in Stocks	(655.8)	145.7	(122.2)	1,025.8	604.0
Raw Material Con.	0.0	0.0	0.0	0.0	0.0
Employee Exp.	42.4	84.5	99.3	93.5	10.7
Indirect Taxes	0.0	0.0	0.0	0.0	0.0
Other Exp.	461.3	453.9	(1.6)	1,293.6	185.0
Operating Exp.	503.7	538.4	6.9	1,387.1	157.6
Operating Profit	228.9	5.2	(97.7)	(52.1)	(1,101.9)
Total Interest	0.8	0.5	0.0	13.1	0.0
Gross Profit	228.1	4.7	(97.9)	(65.2)	(1,487.2)
Net Dep.	7.8	5.8	(25.6)	5.6	(3.4)
Total Taxation	62.7	(2.5)	(104.0)	(26.3)	0.0
Net Profit/Loss	157.6	1.4	(99.1)	(44.5)	(3,278.6)

## 4 Years Balance Sheet

(₹ mn)

Balance Sheet as on 31 <sup>st</sup>	Mar 15	Mar 16	Mar 17	Mar 18
<b>SOURCES OF FUNDS</b>	<b>2,127.5</b>	<b>2,244.2</b>	<b>2,248.9</b>	<b>3,396.4</b>
Equity Share capital	63.2	63.2	63.2	63.2
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	2,010.4	2,156.9	2,181.2	2,129.8
Secured Loans	45.6	3.3	2.4	1,198.3
Unsecured Loans	8.3	20.8	2.1	5.1
<b>USES OF FUNDS</b>	<b>2,127.5</b>	<b>2,244.2</b>	<b>2,248.9</b>	<b>3,396.4</b>
Gross Block	65.0	71.8	68.5	78.0
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	29.7	37.3	36.9	39.4
Net Block	35.3	34.5	31.6	38.7
Capital Work in Progress	61.1	0.0	0.6	0.0
Investments	1,344.6	1,264.3	649.2	728.9
Current Assets	1,188.5	773.7	1,407.8	2,142.0
Less : Current Liabilities	933.8	286.4	479.1	415.0
Total Net Current Assets	254.7	487.3	928.7	1,727.0
Misc. Expenses not writtenoff	431.8	458.1	638.8	901.8
<b>NOTE</b>				
Book Value of Unquoted Investments	(8.6)	(5.9)	11.7	12.2
Market Value of Quoted Investments	1,334.2	1,250.1	634.7	714.6
Contingent Liabilities	5.6	0.0	6.4	12.2
Dividend (%)	15.0	15.0	15.0	15.0

**Quarterly Income Sheets**

(₹ mn)

Quarter Ended	Sep 17	Dec 17	Mar 18	Jun 18
Net Sales	38.8	34.6	171.8	70.6
Cost Of Sales	60.8	87.1	143.9	84.5
Operating Profit	(22.0)	(52.5)	27.9	(13.9)
Other Income	3.8	4.2	9.8	4.6
Adjusted PBDIT	(18.2)	(48.3)	37.7	(9.3)
Financial Expenses	0.1	2.0	10.9	21.4
Depreciation	1.1	1.4	1.7	1.5
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	(19.4)	(51.7)	25.1	(32.2)
Tax Charges	(0.4)	0.8	(24.9)	(9.7)
Reported Profit	(19.0)	(52.4)	50.0	(22.5)
Extra Ordinary Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	(19.0)	(52.4)	50.0	(22.5)

**52 Week Index Relative Percentage Appreciation**



**Poddar Housing vs SENSEX**

**Risks Associated**

- ➔ Last two FYs (2017, 18) there was no growth, for FY 18 it had a loss of ₹ 44.5 millions. Reasons for the no growth were sluggishness in the sector, delay in getting approvals for new projects & Government policies like; GST & RERA.
- ➔ Company's secured debt on its books during FY18 was stood at ₹ 1,198.3 millions compared to a net worth of ₹ 2,193 millions. It has debt-to-networth ratio at 54.65%. A lower ratio suggest that the company has minimal debt & vice versa.

**Pending Litigations**

- ➔ In case of Bhivpuri project, certain occupants and four societies out of 12 societies of the project have filed criminal complaint against the company in the matter of occupation certificate (OC) issued by the Gram panchayat in 2014. The Company has made necessary applications for re approval of the OC as required and also contesting the matter suitably in the concerned court.
- ➔ Received demand notice of ₹ 15.53 millions towards royalty including penal charges from Land Revenue Authorities-Tahsildar of Ambarnath, Maharashtra for excavation of soil and stone from the land at Badlapur.
- ➔ Another notice towards open land tax in respect of Tisgaon land raised by the Kalyan Dombivali Municipal Corporation of ₹ 13.85 millions after adjusting the payment made in the earlier years.

**Scope of Growth**

- ➔ During the current FY it lanuched 4 projects, it will develop medium-term revenue from those four projects, over a period of 48 to 54 months. It possessed a land bank of 83.8 acres which have potential of 7-8 million sq. ft salable area.
- ➔ The Indian government set a target to build 50 million new housing units by 2022 under Housing for All through the Pradhan Mantri Awas Yojna, of which 30 million units are likely to be construct in rural areas.

## Poddar Housing

### In a Nutshell

Poddar Housing is engaged primarily in the business of real estate construction, development and other related activities. It has one subsidiary with 100% holding, one Joint Venture with 50% Holding, one LLP with 99%, two partnership firms with 97% and 99% and one LLC with 50% holding. Subsidiary's name called Poddar Habitat Pvt Ltd, for FY18 it has sales revenue of ₹ 46.4 millions and PAT was of ₹ 29.8 millions. It involved in Realty business. During the FY18, Poddar Housing Pvt Ltd. was merged with Poddar Housing & Development Ltd. The merged company is into the business of Real Estate and housing development. One equity share of Poddar Housing & Development Ltd for 62 equity share of Poddar Housing Pvt Ltd, company has given. Company's upcoming projects will spread over 83.8 acres in Karjat, Badlapur, Kalyan, Mumbai, Sangli and Pune. Out of this total land, 2.37 acres are under joint development agreement and rest of the land is company's own land. Company's net sales were declined by 12.3% to ₹ 285.2 mn, operating loss was ₹ 52.1 mn and finally the net loss was ₹ 44.5 mn for FY18. Reasons for the net losses are delay in the project approvals, RERA and GST implementation. It announced a dividend at ₹ 1.50 per share for FY18. During the Q1FY19 it launched 4 projects, it will generate revenues for multi years. Company will turn profitable now due to no delay in approvals, full fledged implementation of RERA and fall down of GST rate. It aggressively looking forward to acquisition of land for expansion in Mumbai & Pune. Government policies and company's aggressiveness will improve the performance of the company in future.

## Indira Group Offices

**Registered Office** : 5, Indira House, 3rd Floor, Topiwala Lane, Lamington Road, Mumbai – 400007  
**Tel** : 022-66224202 **Fax** : 022-66224201 **Email** : [ie@indiratrade.com](mailto:ie@indiratrade.com)

**Administrative Office** : 204-205 "Amardarshan" 28/2 Old Palasia, Indore (MP) 452018  
**Tel** : 0731-4097170 **Fax** : 0731-4215999 **Email** : [customercare@indiratrade.com](mailto:customercare@indiratrade.com)

**Institutional Dealing Unit** : 5, Indira House, 3rd Floor, Topiwala Lane, Lamington Road, Mumbai – 400007  
**Tel** : 022-66224209 **Fax** : 022-66224201 **Email** : [ie@indiratrade.com](mailto:ie@indiratrade.com)

## Rating Interpretation

<b>Buy</b> : Expected to appreciate 20% or more over 12-months	<b>Reduce</b> : Expected to depreciate up to 10% over 12-months
<b>Accumulate</b> : Expected to appreciate 10% to 20% over 12-months	<b>Sell</b> : Expected to depreciate 10% or more over 12-months
<b>Trade Buy</b> : Expected to appreciate more than 10% over 45-days	<b>Trade Sell</b> : Expected to depreciate more than 10% over 45-days

## Disclaimer

This document has been prepared by Indira Group of Companies (Indira). Indira and its associate companies are a full fledged retail and institutional broking group. Our research analysts and sales persons provide important input into our investment broking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Indira or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Indira and affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Indira reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Indira is under no obligation to update or keep the information current. Nevertheless, Indira is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Indira nor any of its affiliates, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. The Analyst does not have any holding in this stock.

