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India | Equity Research | Q2FY25 results review

Prestige Estate Projects

Real Estate

Stronger FY25 under construction

Prestige Estates Projects (PEPL) clocked tepid Q2FY25 gross sales bookings worth INR 40.3bn (43% YoY dip) owing to just three new launches across 8.2msf in Bengaluru and Mumbai during the quarter. Although H1FY25 sales bookings were weak overall, at INR 70.5bn, PEPL maintains its FY25 guidance of launching 53.4msf of residential projects with a total GDV of INR 521bn. Accordingly, it aspires to clock INR 250–300bn of gross sales bookings in FY25 with high-value Mumbai projects (INR 100bn of launch GDV) and Indirapuram, NCR (INR 100bn launch GDV) being key projects beyond south India. While incorporating recent QIP of INR 50bn and land bank additions, we retain **REDUCE** with a revised TP of INR 1,485 (earlier INR 1,596) at a 50% premium to FY25E NAV of INR 990/share. Key upside risks: Strong residential price uptick and pick up in office leasing.

H1FY25 – tepid start; FY25 – healthy launch pipeline in queue

After a stellar FY23, where PEPL achieved FY23 gross sales bookings of INR 129bn with 16.5msf of new residential launches, FY24 gross sales bookings have been impressive at INR 210.4bn (up 63% YoY) driven by new launches of 31.67msf and ongoing project inventory sales. For FY25, it plans to launch 53.4msf of residential projects with total GDV of INR 521bn. Accordingly, PEPL aspires to clock INR 250–300bn of gross sales bookings in FY25 – high-value Mumbai projects (INR 100bn of launch GDV) and Indirapuram, NCR (INR 100bn launch GDV) being key projects beyond south India. H1FY25 has been a relatively tepid period, with gross sales bookings of INR 70.5bn (36% YoY dip), owing to just five new launches across 10.1msf (80% in Bengaluru) on account of delays in approvals. However, with a strong launch pipeline for the rest of FY25, PEPL maintains its initial guidance for FY25 sales bookings.

Debt levels a key monitorable

While PEPL's residential sales bookings remain strong, consol. net debt levels as of Jun'24 are at INR 81.8bn (net debt/equity of 0.68x). However, with the recent INR 50bn QIP issuance and PEPL continuing to incur an annual land/stake buyout spend of INR 40–50bn and annual annuity capex of INR 30–40bn, the company's ability to keep debt levels in check while chasing growth is a key monitorable. We expect PEPL's net debt levels to rise to INR 84.4bn by Mar'25E owing to land spend and stake buyouts. Further, with gross incremental pending capex of over INR 150bnbn for annuity/hotel assets, its ability to achieve significant pre-leasing in ongoing/upcoming annuity assets along with strata sales shall be an essential metric to monitor ahead.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	83,150	78,771	1,26,031	1,57,555
EBITDA	20,863	24,984	41,068	54,084
EBITDA Margin (%)	25.1	31.7	32.6	34.3
Net Profit	9,418	13,741	16,381	23,702
EPS (INR)	23.5	34.3	38.0	55.0
P/B (x)	6.6	5.8	4.0	3.5
P/E (x)	69.6	47.7	43.0	29.7
EV/EBITDA (x)	34.5	29.8	18.7	14.6
RoCE (%)	11.6	16.8	14.5	15.4
RoE (%)	9.9	12.9	11.2	12.5

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Market Data

Market Cap (INR)	705bn
Market Cap (USD)	8,383mn
Bloomberg Code	PEPL IN
Reuters Code	PREG.BO
52-week Range (INR)	2,075 / 737
Free Float (%)	35.0
ADTV-3M (mn) (USD)	31.2

Price Performance (%)	3m	6m	12m
Absolute	(9.9)	18.6	113.7
Relative to Sensex	(7.0)	12.0	89.4

ESG Score	2022	2023	Change
ESG score	52.9	62.9	10.0
Environment	31.2	38.0	6.8
Social	38.0	73.3	35.3
Governance	76.3	75.4	-0.9

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Previous Reports

01-08-2024: [Q1FY25 results review](#)30-05-2024: [Q4FY24 results review](#)

Exhibit 1: Q2FY25 consolidated results snapshot

INR mn	Q2FY25	Q2FY24	Q1FY25	YoY (%)	QoQ (%)
Total Operating income	23,044	22,364	18,621	3.0	23.8
Raw Materials	8,618	10,338	3,018	(16.6)	185.6
Personnel Cost	2,042	1,693	2,090	20.6	(2.3)
Other Expenses	6,071	4,408	5,550	37.7	9.4
Total Expenses	16,731	16,439	10,658	1.8	57.0
EBITDA	6,313	5,925	7,963	6.5	(20.7)
EBITDA margin (%)	27.4	26.5	42.8	90.2	(1,536.8)
Interest (Net)	3,565	2,639	3,461	35.1	3.0
Depreciation	2,004	1,741	1,905	15.1	5.2
Other Income	1,194	10,196	1,624	(88.3)	(26.5)
Extraordinary items	0	0	0	NM	NM
Profit Before Tax	1,938	11,741	4,221	(83.5)	(54.1)
Taxation	(519)	2,564	1,023	(120.2)	(150.7)
Profit After Tax before MI/Associate	2,457	9,177	3,198	(73.2)	(23.2)
MI/Associate share	(535)	(668)	(872)		
Reported PAT	1,922	8,509	2,326	(77.4)	(17.4)
Net margin (%)	8.3	38.0	12.5	(2,970.7)	(415.1)

Source: I-Sec research, Company data

Exhibit 2: Quarterly sales volume trends

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Sales Summary – PEPL share							
PEPL sales volume (msf)	3.74	3.41	6.01	5.29	3.86	2.54	2.91
PEPL sales value (INR mn)	36,990	35,579	62,691	51,677	44,330	27,214	39,319
Collections (INR mn)	24,501	24,843	23,923	28,757	32,967	26,974	25,541
Consolidated net debt (INR mn)	55,657	64,804	69,610	69,808	77,880	81,799	35,921

Source: I-Sec research, Company data

Exhibit 3: PEPL FY25 residential launch pipeline

Sl No	Project Name	Location	TDA (mn sft)	GDV (₹ Mn)
1	Prestige Southern Star	Bengaluru	8.50	61,071
2	Prestige Falcon City Luxe	Bengaluru	4.31	49,680
3	Prestige Greenmoor	Bengaluru	0.80	10,753
4	Eaton Park @ TPC	Bengaluru	0.31	2,654
5	Prestige Suncrest	Bengaluru	0.83	4,704
6	Evergreen @ Prestige Raintree Park	Bengaluru	3.74	43,124
7	Prestige Marigold Ph II	Bengaluru	1.47	5,427
8	Prestige Sunset Park	Bengaluru	0.76	3,823
9	Prestige Gardenia Estates	Bengaluru	1.08	5,391
10	Prestige Pallava Gardens	Chennai	4.24	26,395
11	Prestige Bayfront (Biosphere)	Goa	1.16	14,260
12	Veranda Bay & Shimmering Shores @ Prestige Sea Scapes	Goa	0.66	4,640
13	Beach Gardens @ Prestige Sea Scapes	Goa	1.63	8,130
14	Prestige Rock Cliff	Hyderabad	0.68	9,374
15	Prestige Nautilus	Mumbai	2.92	71,256
16	Prestige Forest Hills Mulund - Ph2	Mumbai	2.36	28,693
17	Prestige Bougainvillea Gardens	NCR	3.10	28,211
18	Prestige Imperium (KG Marg)	NCR	0.18	14,008
19	Prestige Spring Heights	Hyderabad	3.18	29,653
20	TPC Indirapuram	NCR	11.57	99,898
Total			53.47	5,21,142

Source: I-Sec research, Company data, *TDA includes car parking

Exhibit 4: Key assumptions

Development Properties	FY21	FY22	FY23	FY24	FY25E	FY26E
PEPL share - Area sold (msf) (Total)	6.4	13.4	13.6	17.1	16.2	15.0
Average rate (INR/psf)	6,674	6,626	8,723	8,908	9,948	10,939
PEPL share - Sales Value (INR mn)	42,846	88,588	1,18,375	1,52,452*	1,61,517*	1,63,841*
PEPL Rental income (INR mn)	7,169	4,371	3,893	4,327	4,705	7,495

Source: I-Sec research, Company data, *FY24-26E estimates are I-sec calculated proportionate share for company

Exhibit 5: SoTP valuation

Project	FY25E GAV (INR mn)	Value (INR/share)	% of GAV
Residential - for sale	1,57,187	365	31.6
Commercial - lease	30,827	72	6.2
Retail - lease	24,362	57	4.9
Hospitality	70,591	164	14.2
Project management	9,673	22	1.9
Capital WIP across projects	90,000	209	18.1
Land bank/new JVs	1,15,187	267	23.1
Total GAV	4,97,828	1,156	100.0
Less: FY25E Net Debt (PEPL share)	71,233	165	
FY25E NAV	4,26,595	990	
Add: 50% premium to NAV	2,13,297	495	
Target Price	6,39,892	1,485	

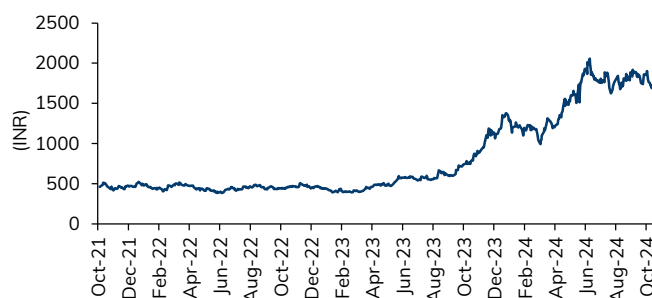
Source: Company data, I-Sec research

Exhibit 6: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	65.5	65.5	60.9
Institutional investors	31.0	30.3	34.8
MFs and others	13.5	13.0	13.2
FIs/Banks	-	-	0.9
Insurance	0.5	0.5	1.7
FIIIs	17.0	16.8	19.1
Others	3.5	4.2	4.3

Source: Bloomberg

Exhibit 7: Price chart



Source: Bloomberg

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	83,150	78,771	1,26,031	1,57,555
Operating Expenses	62,287	53,787	84,963	1,03,472
EBITDA	20,863	24,984	41,068	54,084
EBITDA Margin (%)	25.1	31.7	32.6	34.3
Depreciation & Amortization	6,471	7,165	7,380	7,601
Interest expenditure	8,066	12,191	14,332	16,632
Other Non-operating Income	4,570	15,482	4,645	4,877
Recurring PBT	3,079	-	-	-
Profit / (Loss) from Associates	13,975	21,110	24,001	34,728
Less: Taxes	3,475	4,936	6,000	8,682
PAT	10,500	16,174	18,001	26,046
Less: Minority Interest	(1,082)	(2,433)	(1,620)	(2,344)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	9,418	13,741	16,381	23,702
Net Income (Adjusted)	9,418	13,741	16,381	23,702

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	2,58,227	3,58,049	4,23,476	4,43,095
of which cash & cash eqv.	18,146	25,582	70,472	68,341
Total Current Liabilities & Provisions	1,73,335	2,47,107	2,55,037	2,63,257
Net Current Assets	84,892	1,10,942	1,68,439	1,79,838
Investments	5,179	13,320	8,946	8,946
Net Fixed Assets	91,258	1,07,530	1,41,651	1,75,548
Total Assets	1,81,329	2,31,792	3,19,036	3,64,332
Liabilities				
Borrowings	81,208	1,14,622	1,34,623	1,54,622
Deferred Tax Liability	(2,464)	(841)	(841)	(841)
Equity Share Capital	4,009	4,009	4,308	4,308
Reserves & Surplus	95,744	1,08,879	1,74,023	1,96,716
Total Net Worth	99,753	1,12,888	1,78,331	2,01,024
Minority Interest	2,832	5,122	6,922	9,527
Total Liabilities	1,81,329	2,31,792	3,19,036	3,64,332

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	16,971	23,339	25,381	33,647
Working Capital Changes	(2,418)	(8,383)	(12,606)	(13,531)
Capital Commitments	(16,006)	(28,790)	(41,500)	(41,500)
Free Cashflow	(1,453)	(13,834)	(28,725)	61,616
Other investing cashflow	(12,958)	717	-	-
Cashflow from Investing Activities	(28,964)	(28,073)	(41,500)	(41,500)
Issue of Share Capital	-	-	50,000	-
Inc (Dec) in Borrowings	13,468	32,454	20,000	20,000
Dividend paid	(601)	(601)	(938)	(1,008)
Others	-	-	-	-
Cash flow from Financing Activities	12,867	31,853	69,062	18,992
Chg. in Cash & Bank balance	(1,544)	18,736	40,336	(2,392)
Closing cash & balance	18,146	25,582	70,472	68,341

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	23.5	34.3	38.0	55.0
Cash EPS	39.6	52.1	55.2	72.7
Dividend per share (DPS)	2.3	2.3	2.3	2.5
Book Value per share (BV)	248.8	281.6	414.0	466.7
Growth (%)				
Net Sales	30.1	(5.3)	60.0	25.0
EBITDA	36.0	19.8	64.4	31.7
EPS (INR)	(20.8)	45.9	19.2	44.7
Valuation Ratios (x)				
P/E	69.6	47.7	43.0	29.7
P/BV	6.6	5.8	4.0	3.5
EV / EBITDA	34.5	29.8	18.7	14.6
Dividend Yield (%)	0.1	0.1	0.1	0.2
Operating Ratios				
EBITDA Margins (%)	25.1	31.7	32.6	34.3
Net Profit Margins (%)	11.3	17.4	13.0	15.0
Net Debt / Equity (x)	0.6	0.8	0.4	0.4
Debt / EBITDA (x)	3.9	4.6	3.3	2.9
Profitability Ratios				
RoCE (%)	11.6	16.8	16.0	18.1
RoE (%)	9.9	12.9	13.6	17.0

Source Company data, I-Sec research

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