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India | Equity Research | Q4FY24 results review

Prestige Estate Projects

Real Estate

Impressive sales bookings in Q4; strong FY25 launch pipeline

Prestige Estates Projects (PEPL) clocked strong Q4FY24 sales bookings worth INR 47.0bn (up 21% YoY) driven by new launches of 0.83msf and the company has clocked another stellar year with FY24 gross sales bookings worth INR 210bn (up 63% YoY). For FY25, the company plans to launch 59.2msf of residential projects with total GDV of INR 591bn. Accordingly, the company aspires to clock INR 250-300bn of gross sales bookings in FY25 with high value Mumbai projects (INR 130bn of launch GDV) and Indirapuram, NCR (INR 83bn launch GDV) being the key projects outside South India. Incorporating new launches and land bank additions, we retain our **HOLD** rating on the stock with a revised target price of INR 1,484/share (earlier INR 1,136) at 50% premium to FY24 NAV of INR 989/share. Downside risk: Residential demand slowdown. Upside risk: Rise in residential prices.

Stellar FY24, healthy launch pipeline for FY25

After a stellar FY23, when the company achieved gross sales bookings of INR 129bn on the back of 16.5msf of new residential launches, FY24's 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, the company plans to launch 59.2msf of residential projects with total GDV of INR 591bn. Accordingly, the company aspires to clock INR 250-300bn of gross sales bookings in FY25 with high value Mumbai projects (INR 130bn of launch GDV) and Indirapuram, NCR (INR 83bn launch GDV) being the key projects outside South India.

Debt levels – a key monitorable

While the company's residential sales bookings remain strong, consolidated net debt levels as of Mar'24 stood at INR 69.5bn (net debt/equity of 0.6x). With the company continuing to incur annual land/stake buyout spend of INR 40-50bn and annual annuity capex of INR 30-40bn, its ability to keep debt levels under control while chasing growth is a key monitorable. We expect the company's net debt levels to rise further to INR 84.4bn by Mar'25E. With gross incremental pending capex of over INR 150bnbn for annuity/hotel assets, the company's ability to achieve significant pre-leasing in ongoing/upcoming annuity assets and strata sales may be the key monitorable going forward.

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	40.9	59.1
P/B (x)	6.1	5.3	4.7	4.0
P/E (x)	64.1	43.9	36.9	25.5
EV/EBITDA (x)	32.0	27.7	17.5	13.7
RoCE (%)	11.6	16.8	16.0	18.1
RoE (%)	9.9	12.9	13.6	17.0

Adhidev Chattopadhyay

adhidev.chattopadhyay@icicisecurities.com
+91 22 6807 7451

Saishwar Ravekar

saishwar.ravekar@icicisecurities.com

Market Data

Market Cap (INR)	622bn
Market Cap (USD)	7,484mn
Bloomberg Code	PEPL IN
Reuters Code	PREG.BO
52-week Range (INR)	1,676 /471
Free Float (%)	35.0
ADTV-3M (mn) (USD)	16.9

Price Performance (%)	3m	6m	12m
Absolute	26.3	62.2	222.8
Relative to Sensex	22.3	48.6	202.5

Previous Reports

15-02-2024: [Q3FY24 results review](#)

09-11-2023: [Q2FY24 results review](#)

Exhibit 1: Q4FY24 consolidated result snapshot

INR mn	Q4FY24	Q4FY23	Q3FY24	YoY (%)	QoQ (%)
Total Operating income	21,640	26,318	17,958	(17.8)	20.5
Raw Materials	5,610	12,764	5,212	(56.0)	7.6
Personnel Cost	2,137	1,568	1,916	36.3	11.5
Other Expenses	5,616	5,168	5,315	8.7	5.7
Total Expenses	13,363	19,500	12,443	(31.5)	7.4
EBITDA	8,277	6,818	5,515	21.4	50.1
EBITDA margin (%)	38.2	25.9	30.7	1,234.2	753.8
Interest (Net)	4,238	2,347	2,932	80.6	44.5
Depreciation	1,972	1,679	1,797	17.5	9.7
Other Income	685	3,062	1,747	(77.6)	(60.8)
Extraordinary items	0	119	0	NM	NM
Profit Before Tax	2,752	5,973	2,533	(53.9)	8.6
Taxation	786	1,150	723	(31.7)	8.7
Profit After Tax before MI/Associate	1,966	4,823	1,810	(59.2)	8.6
MI/Associate share	(566)	(139)	(647)		
Reported PAT	1,400	4,684	1,163	(70.1)	20.4
Net margin (%)	6.5	17.8	6.5	(1,132.8)	(0.7)

Source: I-Sec research, Company data

Exhibit 2: Quarterly sales volume trend

INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Sales Summary – PEPL share							
PEPL sales volume (msf)	4.18	2.32	3.74	3.41	6.01	5.29	3.86
PEPL sales value (INR mn)	32,320	21,502	36,990	35,579	62,691	51,677	44,330
Collections (INR mn)	23,479	19,980	24,501	24,843	23,923	28,757	32,967
Consolidated net debt (INR mn)	40,470	41,699	55,657	64,804	69,610	69,808	77,880

Source: I-Sec research, Company data

Exhibit 3: PEPL FY25 residential launch pipeline

SI No	Project Name	Location	* TDA (Mnsft)	GDV ₹Mn
1	Prestige Southern Star	Bengaluru	8.50	61,071
2	Prestige Raintree Park	Bengaluru	4.58	46,587
3	Prestige Pine Forest	Bengaluru	1.22	11,220
4	Prestige Falcon City Luxe	Bengaluru	4.21	43,570
5	Prestige Greenmoor	Bengaluru	0.67	10,325
6	Prestige Camden Gardens	Bengaluru	0.34	2,440
7	Eaton Park @ TPC	Bengaluru	0.31	2,654
8	Prestige Suncrest	Bengaluru	0.83	4,704
9	Evergreen @ Prestige Raintree Park	Bengaluru	3.74	43,124
10	Prestige Marigold Ph II	Bengaluru	1.47	5,427
11	Prestige King's County	Bengaluru	1.51	11,345
12	Prestige Sunset Park	Bengaluru	0.76	3,823
13	Prestige Gardenia Estates	Bengaluru	1.44	7,187
14	Prestige Pallava Gardens	Chennai	4.24	26,395
15	Prestige Biosphere	Goa	1.16	15,686
16	Veranda Bay & Shimmering Shores @ Prestige Sea Scapes	Goa	0.66	8,700
17	Beach Gardens @ Prestige Sea Scapes	Goa	1.63	8,130
18	Prestige Rock Cliff	Hyderabad	0.68	9,374
19	Prestige Nautilus	Mumbai	2.92	71,256
20	Prestige Forest Hills Mulund	Mumbai	4.30	59,035
21	Prestige Bougainvillea Gardens	Noida	3.10	21,158
22	9 KG Marg	Delhi	0.18	10,506
23	TPC Indirapuram	NCR	10.78	82,899
Total			59.22	5,91,484

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

Exhibit 4: PEPL pending commercial capex as of Mar'24

BALANCE TO SPEND (PG SHARE)	PARTICULARS	Total COC	COC (PG)	Balance COC	Balance COC (PG)
ONGOING COMMERCIAL ₹83,429 _{mn}	Ongoing Commercial Capex	1,17,679	1,08,586	88,418	83,429
UPCOMING COMMERCIAL ₹20,259 _{mn}	Upcoming Commercial Capex	21,903	20,673	21,470	20,259
TOTAL ₹1,03,688 _{mn}	Total Capex (Ongoing & Upcoming)	1,39,582	1,29,260	1,09,888	1,03,688

Source: I-Sec research, Company data

Exhibit 5: PEPL pending retail capex as of Mar'24

BALANCE TO SPEND (PG SHARE)	PARTICULARS	Total COC	COC (PG)	Balance COC	Balance COC (PG)
ONGOING RETAIL ₹2,613 _{mn}	Ongoing Retail Capex	3,619	3,619	2,613	2,613
UPCOMING RETAIL ₹13,781 _{mn}	Upcoming Retail Capex	20,588	13,855	20,479	13,781
TOTAL ₹16,395 _{mn}	Total Capex (Ongoing & Upcoming)	24,207	17,474	23,092	16,395

Source: I-Sec research, Company data

Exhibit 6: 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 7: SoTP valuation

Project	FY24 GAV (INR mn)	Value (INR/share)	% of GAV
Residential - for sale	1,57,187	392	33.6
Commercial - lease	30,827	77	6.6
Retail - lease	24,362	61	5.2
Hospitality	70,591	176	15.1
Project management	9,673	24	2.1
Capital WIP across projects	80,000	200	17.1
Land bank/new JVs	95,187	237	20.3
Total GAV	4,67,828	1,167	100.0
Less: FY24 Net Debt (PEPL share)	71,233	178	
FY24 NAV	3,96,595	989	
Add: 50% premium to NAV	1,98,297	495	
Target Price	5,94,892	1,484	

Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	65.5	65.5	65.5
Institutional investors	32.3	31.2	31.0
MFs and others	12.2	11.9	13.5
FIs/Banks	-	-	-
Insurance	0.2	0.4	0.5
FIIIs	19.9	18.9	17.0
Others	2.2	3.3	3.5

Source: Bloomberg

Exhibit 9: Price chart



Source: Bloomberg

Financial Summary

Exhibit 10: 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	-	-	-
PBT	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 11: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	2,58,227	3,58,049	3,73,476	3,93,165
of which cash & cash eqv.	18,146	25,582	20,472	18,411
Total Current Liabilities & Provisions	1,73,335	2,47,107	2,55,037	2,63,257
Net Current Assets	84,892	1,10,942	1,18,439	1,29,908
Goodwill/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	2,69,036	3,14,402
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	4,009	4,009
Reserves & Surplus	95,744	1,08,879	1,24,322	1,47,085
Total Net Worth	99,753	1,12,888	1,28,331	1,51,094
Minority Interest	2,832	5,122	6,922	9,527
Total Liabilities	1,81,329	2,31,792	2,69,036	3,14,402

Source Company data, I-Sec research

Exhibit 12: 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)	(21,384)
Other investing cashflow	(12,958)	717	-	-
Cashflow from Investing Activities	(28,964)	(28,073)	(41,500)	(41,500)
Issue of Share Capital	-	-	-	-
Inc (Dec) in Borrowings	13,468	32,454	20,000	20,000
Dividend paid	(601)	(601)	(938)	(938)
Others	-	-	-	-
Cash flow from Financing Activities	12,867	31,853	19,062	19,062
Chg. in Cash & Bank balance	(1,544)	18,736	(9,664)	(2,322)
Closing cash & balance	18,146	25,582	20,472	18,411

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	23.5	34.3	40.9	59.1
Cash EPS	39.6	52.1	59.3	78.1
Dividend per share (DPS)	2.3	2.3	2.3	2.3
Book Value per share (BV)	248.8	281.6	320.1	376.9
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	64.1	43.9	36.9	25.5
P/BV	6.1	5.3	4.7	4.0
EV / EBITDA	32.0	27.7	17.5	13.7
Dividend Yield (%)	0.2	0.2	0.2	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	0.9	0.9
Net 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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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
