

# Prestige Estates

## Timely approvals are key for achieving presales guidance

Prestige Estates (PEPL) registered quarterly presales by value and volume at INR 40.2bn (-43.3%/+32.8% YoY/QoQ) and 3msf (-56.1%/+4.9% YoY/QoQ). On a blended basis, realisations stood at INR 13,409psf (+29.3%/+26.6% YoY/QoQ). For FY25, PEPL maintained presales growth of 20% YoY at INR 240bn. Weak H1FY25 presales of INR 70.5bn (-36% YoY) were owing to delays in approvals and launches hitting in Sep-24 (only a month of sale). However, PEPL is ready to press the pedal on new launches in Mumbai, Chennai, Bengaluru, Hyderabad and NCR during H2FY25. Due to the delay in RERA approvals, many projects have been shifted to the Q3FY25 launch. Moreover, PEPL has guided that it shall launch c.INR 520bn worth of GDV in H2FY25 (INR 250/260bn in Q3FY25/Q4FY25), which will eventually aid in achieving its targeted guidance of INR 240bn+. The company has strengthened its financial position with an INR 50bn QIP and is planning a potential hospitality IPO by FY26. We believe PEPL has superior growth prospects for the residential portfolio and multi-fold annuity growth; hence, we maintain BUY, with an unchanged SOTP-based TP of INR 2,060/sh, which factors in better-than-expected realisation, the addition of new land parcels and improving visibility on office/retail assets leasing.

- Q2FY25 financial highlights:** Reported revenue was INR 23.0bn (3.0%/+23.8% YoY/QoQ, beat by 10%). EBITDA was INR 6.3bn (6.5%/-20.7% YoY/QoQ, a 5% miss). EBITDA margin was 27.4% (+90/-1537bps YoY/QoQ, vs. our estimate of 32%). APAT was INR 931mn (-45%/-60% YoY/QoQ, a miss of 32%). Total collections were at INR 27.3bn (+4/-6.2% YoY/QoQ).
- Launch heavy 2HFY25, would aid PEPL to surpass its presales guidance:** Q2FY25 reported INR 40.2bn presales (-43.3%/+32.8% YoY/QoQ) with volume at 3.0msf (-56.1%/+4.9% YoY/QoQ). On a blended basis, realizations stood at INR 13,409psf (+29.3%/+26.6% YoY/QoQ). PEPL's entry into high-value markets of Mumbai and NCR is set to boost the overall margin profile in the near future. During the quarter, PEPL launched three projects which aided presales momentum. For FY25, PEPL maintained a presales growth of 20% over FY24 at INR 240bn. Moreover, PEPL is gearing up for its major launches in H2FY25 with INR 520bn GDV across Bengaluru, NCR, MMR, Hyderabad, Goa and Chennai.
- Stable balance sheet position with debt under control:** Net debt decreased to INR 35.2bn (-INR 46.2bn QoQ), from INR 81.8bn in Jun-24. Net D/E is at 0.21x (0.68x in Jun-24). The substantial debt reduction is attributable to the utilisation of funds from a recent QIP fundraise of INR 49.4bn. During Q2FY25, PEPL acquired GDV of INR 200bn from related parties for INR 8.2bn consideration and expects INR 80bn EBIDTA accretion. Valuation seems minority shareholders accretive. With INR 520bn worth of projects getting launched over H2FY25, ensuing collection and surplus cash flows shall aid further debt reduction. PEPL has to incur a capex of ~INR 97/34/29bn on the ongoing and upcoming commercial, retail and hospitality segments.

### Consolidated Financial Summary

(INR in mn)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	FY24	FY25E	FY26E	FY27E
Net Sales	23,044	22,364	3.0%	18,621	23.8%	78,771	88,313	1,10,578	1,44,732
EBITDA	6,313	5,925	6.5%	7,963	-20.7%	24,984	27,532	34,282	44,957
APAT	931	1,701	-45.3%	2,326	-60.0%	5,491	4,836	8,295	13,967
EPS (INR)	2.2	3.9	-45.3%	5.4	-60.0%	14	11	19	32
P/E (x)						120.2	146.7	85.5	50.8
EV/EBITDA (x)						30.0	29.0	23.2	17.5
RoE (%)						5	4	7	11

Source: Company, HSIE Research

## BUY

CMP (as on 30 Oct 2024)	INR 1,646
Target Price	INR 2,060
NIFTY	24,341

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,060	INR 2,060
EPS Change %	FY25E	FY26E
	-	-

### KEY STOCK DATA

Bloomberg code	PEPL IN
No. of Shares (mn)	431
MCap (INR bn) / (\$ mn)	709/8,433
6m avg traded value (INR mn)	2,472
52 Week high / low	INR 2,075/734

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.9)	19.3	119.1
Relative (%)	(9.1)	11.9	94.4

### SHAREHOLDING PATTERN (%)

	Jun-24	Sept-24
Promoters	65.48	60.95
FIs & Local MFs	14.43	16.75
FPIs	16.83	19.19
Public & Others	3.27	3.19
Pledged Shares	-	-

Source: BSE

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