



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Consolidated revenue rose by 10.8% on YoY basis and -13.96% on QoQ basis to Rs.1862 cr.
- ROCE of the company increased to 17.7 % in FY24 from 13.18% in FY23.
- EBITDA margin increased by 1094 bps YoY and increased by 379.0 bps QoQ to close at 42.1%.
- ROE of the company increased to 12.17% in FY24 from 11.19% in FY23.

2. MANAGEMENT COMMENTARY:

- The management expects to deliver 25%-30% growth in pre-sales for FY25.
- Cash flow and QIP: The funds will be utilized for growth as well as debt repayments.
- The management expects topline of ₹2,300 crore from the Hospitality segment by FY28.
- Capex for all the segments is anticipated to be at ₹16,000 crore, going forward.
- In Q2 FY25 it is looking forward to launch Prestige Raintree Park, Prestige Pine Forest, Prestige Sunset Park and Prestige Forest Hills.
- Q3 FY25 the pre-sales are expected to be robust as projects in NCR, Goa and Mumbai with higher pricing will come in.

3. PRICE PERFORMANCE (%)

Particulars	3 M	1 Y
Prestige Estate	12.68%	206.77%
Nifty Realty	-6.24%	32.30%
Nifty 500	4.83%	21.73%

4. CONCALL SUMMARY:

- The debt for the residential segment is anticipated to come down in the next 6 quarters supported by strong cash flows. This was majorly for acquiring land banks across the country wherever lucrative opportunity were available in the last few quarters.
- During the quarter, the company registered sales of ₹3,029.5 crore, down by 23% YoY which was attributed by 2.86 million sq. ft of volume or 1,364 units during the quarter.
- The average realization per sq ft for apartments, villas and commercial space was ₹11,934 in Q1 FY25. Whereas for plots the average realization for the quarter was ₹7,285 per sq ft.
- The company clocked collections of ₹2,916 crore, up by 6% on a YoY basis during Q1 FY25.
- They launched 2 projects during the quarter namely Prestige King's County and Prestige Camden Gardens in Bengaluru covering a total developable area of 1.86 million sq ft with a combined GDV (gross development value) of ₹1,400 crore.
- The geographical spread of the sales during the quarter were 43% from Bengaluru, 32% - Hyderabad, 23% - Mumbai and the remaining from others.
- Few of the upcoming projects in FY25 are Prestige Raintree Park and Prestige Falcon City Luxe in Bengaluru, Prestige Nautilus and prestige Forest Hills Mulund in Mumbai, Prestige Pallava Gardens in Chennai, Prestige Bougainvillea Gardens and The Prestige City Indirapuram in Delhi and Prestige Sea Scapes in Goa.
- The projects in NCR to get launched in the October quarter during the year.
- The vacancy in their commercial projects is minimal and there is good buoyancy in the office market.
- The gross margins are in the range of 35% and EBITDA margins in the range of 25%-27% on their new projects

5. VALUATION AND OUTLOOK:

- With a robust near term launch pipeline across, the sales run rate is expected to remain strong over the next three- to-four years.
- The company remains on track for a healthy launch pipeline in 2HFY25 and company remains hopeful of closing a few land deals in the coming quarter, which is expected to drive up pre-sales growth.
- Strong cash generation will enable business development and further growth visibility in future.
- We initiate BUY rating on stock and value the stock at 53.5x FY26 earnings to arrive at the target of Rs.2041.**

RECOMMENDATION – BUY

CMP –1714

TARGET – 2041 (19.1%)

Industry	Construction-Real Estate
NSE CODE	PRESTIGE
BSE CODE	533274
Market Cap (₹ Cr)	68724
Shares outstanding (in Cr)	40.1
52 wk High/Low (₹)	2075/571
P/E	51.2
P/BV	6.09
Face Value (₹)	10.0
Book Value (₹)	282
EPS (₹)	34.3
Dividend Yield (%)	0.09
Debt / Equity	1.19
Interest coverage	2.60

SHAREHOLDING PATTERN

	June 24	Mar 24	Dec 23
Promoters	65.5	65.5	65.5
FIIs	16.8	16.1	18.1
DIIIs	14.4	14.9	13.2
Public	3.3	3.5	3.3
Promoter Pledging	0.0	0.00	0.00

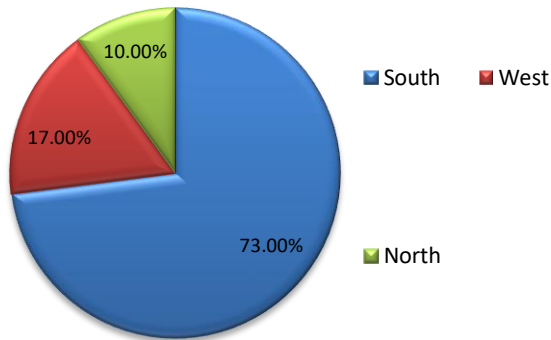
FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2024A	2025E	2026E
Core			
Sales	7877	10105	15798
Sales Gr. (%)	-5.27	28.3	56.34
EBITDA	2498	2694	3426
EBITDA mrg. (%)	32.0	26.7	21.6
PAT	1629	1190	1526
EPS (₹)	34.3	29.7	38.1
EPS Gr. (%)	45.9	-13.4	28.3
Ratios			
RoE (%)	12.2	10.1	11.2
RoCE (%)	17.7	15.6	17.2
Valuation			
P/E (x)	34.1	58.2	45.4
Net Debt/ equity	1.19	0.85	0.75

Particulars	TTM	5 Yr Avg
Historical P/E :	52.7	15.6
Industry P/E :	79.2	
Historical P/B :	6.1	1.8
Industry P/B :	6.0	



Geographical Split : Q1 FY25 (%)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY23				FY24			FY25		FY24	FY25E*
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2QE*		
Net sales	1428	2,317	2,632	1,681	2,236	1,796	2,164	1,862	1912	7877	10105
YoY change (%)	9.85	74.54	9.64	-13.29	56.64	-22.49	-17.77	10.78	-14.5	-5.27	28.3
Total Expenditure	1059	1,743	1,950	1,154	1,644	1,244	1,336	1066	1087	5379	7411
EBITDA	369	574	682	527	593	552	828	796	825	2498	2694
Margins (%)	26%	25%	26%	31%	26%	31%	38%	43%	43%	32%	26.7
Depreciation	163	170	168	166	174	180	197	191	191	716	812
Interest	186	201	235	238	264	293	424	346	376	1219	1107
Other income	47	31	306	285	1,020	175	69	162	151	1560	812
PBT	213	234	597	408	1,174	253	275	422	409	2123	1587
Tax	63	70	115	86	256	72	79	102	103	493	396.7
Rate (%)	29%	30%	19%	21%	22%	29%	29%	24%	25%	23%	25%
Adjusted PAT	151	164	482	322	918	181	197	320	306	1629	1190
YoY change (%)	52.1	69.36	-48.67	27.01	509.77	10.64	-59.24	-0.71	-66.7	97.2	-26.9
Key Performance Indicator											
RM Cost (% of Sales)	37%	53%	49%	34%	46%	29%	26%	16%	-	34%	-
Staff Cost (% of Sales)	10%	7%	6%	10%	8%	11%	10%	11%	-	10%	-
Other Costs (% of Sales)	53%	40%	45%	56%	46%	60%	64%	73%	-	56%	-
EBITDA Margin (%)	26%	25%	26%	31%	26%	31%	38%	43%	43%	32%	27%
PAT Margin (%)	11%	7%	18%	19%	41%	10%	9%	17%	16%	21%	12%

Source: Company, Hem Securities Research.

*Insights into the assumptions:

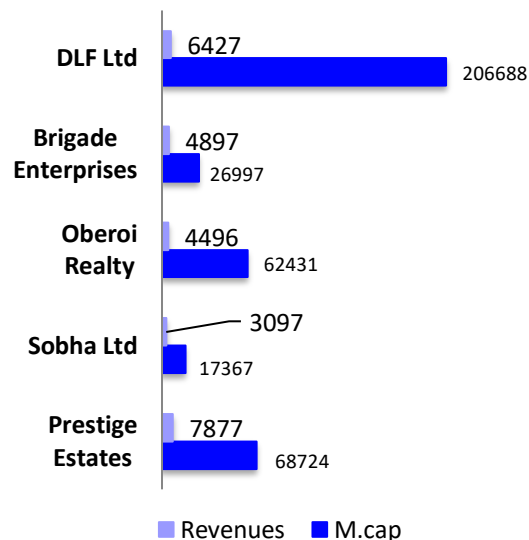
- 1> Expected to see sharp growth in FY25 on the back of Owning to the improving demand dynamics and a strong sales performance in FY24.
- 2> We expect EBITDA and PAT margins to improve in line with dedicated cost cutting efforts by the company.



INDUSTRY OVERVIEW

- Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations.
- By 2040, real estate market will grow to Rs. 65,000 crore (US\$ 9.30 billion) from Rs. 12,000 crore (US\$ 1.72 billion) in 2019. Real estate sector in India is expected to reach a market size of US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13% to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.
- Demand for residential properties has surged due to increased urbanization and rising household income. India is among the top 10 price appreciating housing markets internationally.
- As per ICRA estimates, Indian firms are expected to raise >Rs. 3.5 trillion (US\$ 48 billion) through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US\$ 29 billion to date.
- Private market investor, Blackstone, which has significantly invested in the Indian real estate sector (worth Rs. 3.8 lakh crore (US\$ 50 billion), is seeking to invest an additional Rs. 1.7 lakh crore (US\$ 22 billion) by 2030. Overall Real Estate sector is in bull trend.

KEY PLAYERS



PEER PERFORMANCE

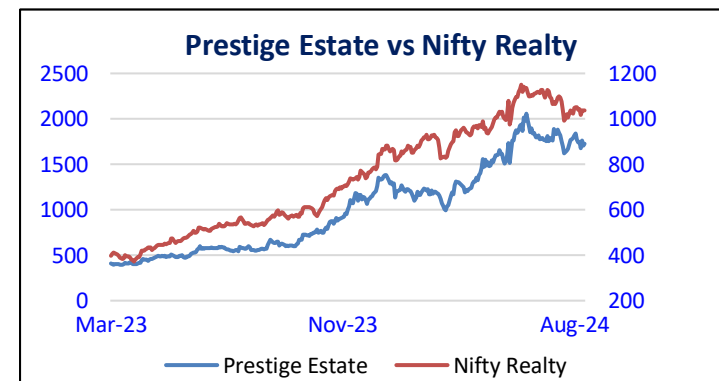
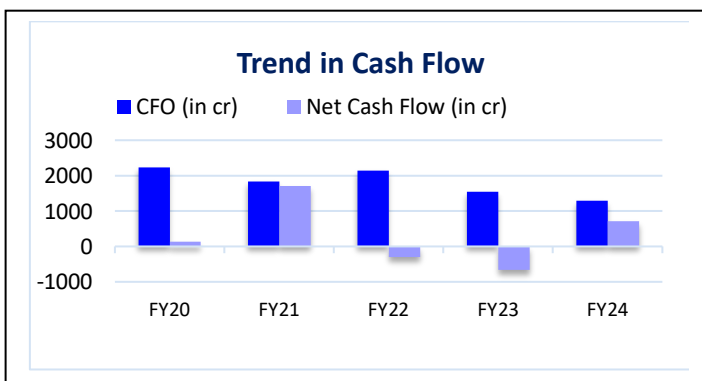
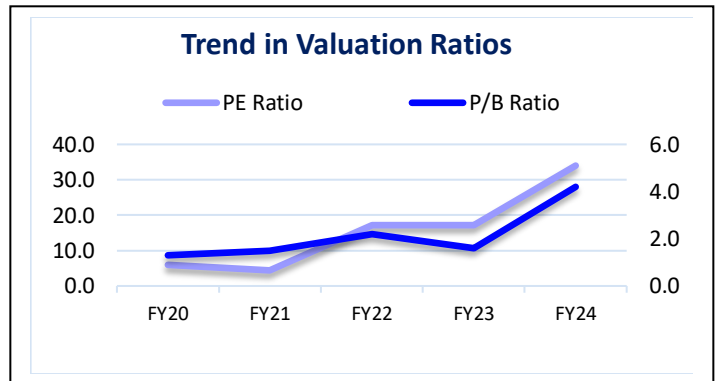
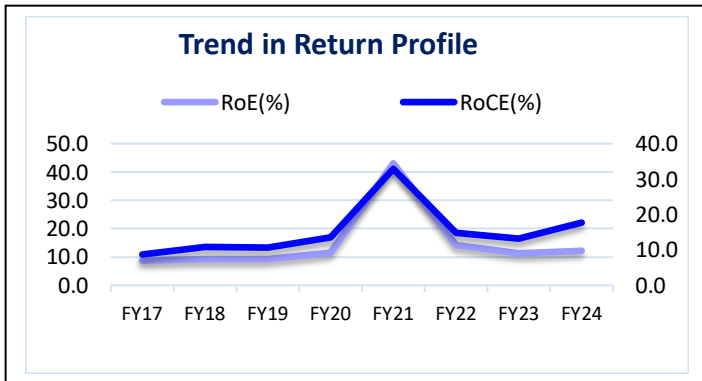
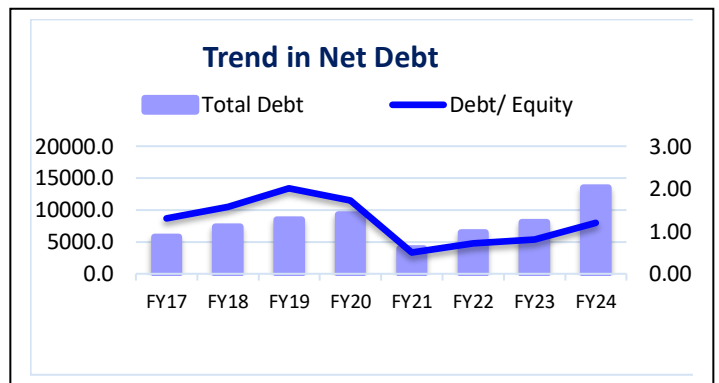
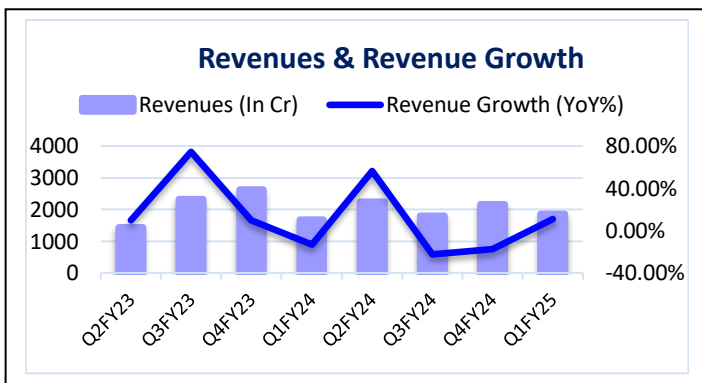
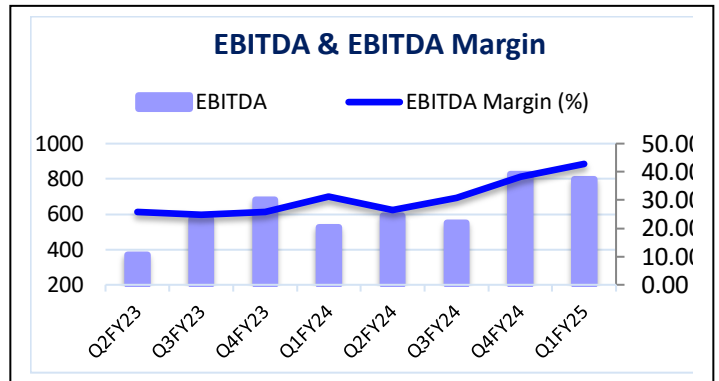
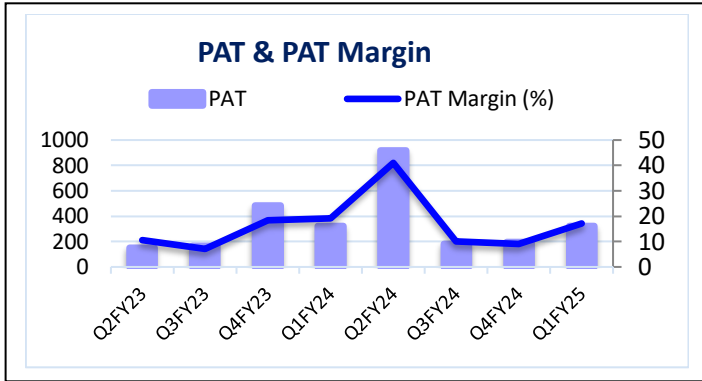
(₹ Cr)

Particulars	Prestige Estates	Sobha Ltd	Oberoi Realty	Brigade Enterprises	DLF Ltd
Market Cap	68724	17367	62431	26997	206688
Net Sales	7877	3097	4496	4897	6427
EBITDA	2498	277	2430	1202	2124
PAT	1629	49	1927	401	2724
EPS (Rs)	34.3	4.59	52.99	19.54	11.02
EBITDA MARGIN %	32	9	54	25	33
PAT MARGIN %	20.7	1.6	42.9	8.2	42.4
ROCE %	14.9	7.1	15.2	12.7	5.7
ROE %	12.9	1.9	13.5	11.7	6.9
P/E	51.3	403	28.6	59.4	72.7
P/B	6.1	7.2	4.5	7.5	5.3
EV/EBITDA	19.0	47.5	20.8	21.0	75.6
Dividend Yield	0.1	0.18	0.5	0.16	0.00
Mcap/Sales	8.5	6.1	12.6	5.16	32.7

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- The real estate business is highly cyclical and susceptible to various geographical risks. Prestige Group has mitigated these risks by diversifying across verticals and geographies.
- In the real estate sector, financial discipline and cash flow management are crucial for a company's resilience during challenging times. PEPL demonstrates strong financial stewardship, with a net debt of Rs 8,000Cr and a net debt to-equity ratio of 0.66x, well within the guided range of less than 0.9x.
- Prestige has recorded its best-ever pre-sales of ~Rs 21,000 Cr and the highest-ever collections of Rs 11,950 Cr in FY24. The company has delivered 25 Mn sq. ft in FY24 with over 300 projects completed. In FY24, it has also managed to achieve 75% of its sales in FY24 from newly launched projects at ~Rs 15,700 Cr, demonstrating its execution capability and excellence in delivering large projects.
- Given the established brand and favourable dynamics, company will continue to capitalize on upcoming opportunities.
- Company has a strong corporate governance framework driven by its Board of Directors.
- Expected to see sharp growth in FY25 on the back of Owing to the improving demand dynamics and a strong sales performance in FY24 across all segments.
- Currently company has a residential portfolio with 127 Mn sq. ft completed across 150 projects. Its ongoing portfolio consists of 66 Mn sq. ft distributed across 39 projects. These ongoing and completed projects are set to yield strong free cash flow. The total upcoming projects have 73 Mn sq. ft deliverable, which is almost 65% of completed projects.
- Company has strong financials and healthy balance sheet as compared to its peer companies which gives company a competitive advantage in bidding for new bulky projects.
- Its continued focus on adding and diversifying project portfolio at healthy margins reinforces our positive view on the company.
- Company has built strong capabilities that enable it to deliver complex projects ahead of schedule. It has a successful track record of executing projects on time.

RISK FACTORS:

- Any decline in property prices could exert pressure on the real estate market. Further, there is uncertainty about events such as government policy changes, market movements and in general demographic preferences, which could cause considerable damage to players operating in the real estate industry.
- Interest rates play a pivotal role in real estate and are one of the key demand boosters. Any adverse movement in interest rates can lead to a reduction in demand and impact the industry and the company's growth prospects.

COMPANY RECAP

- Prestige Estates (PEPL) is a leading developer based in Bengaluru. Established in 1986, the group has pioneered many landmark developments. Company boasts a diversified portfolio that includes residential projects (villas, apartments, townships, plotted developments), commercial projects (corporate offices, IT parks, SEZs), retail businesses (shopping malls, multiplexes, luxury retail), and hospitality ventures (hotels, service apartments, and resorts).
- Prestige is spearheading projects in popular locales, and not only expanding in Hyderabad and Chennai but also reaching wider into Mumbai, NCR and Pune. They also have land banks in several cities, such as Hyderabad and Mumbai in prime locations for mixed-use that will help scale their operations.
- **Revenue Mix:**
Residential: ~65%
Services: ~12%
Hospitality: ~10%
Office: ~4%
Retail: ~3%
Others: ~6%
- **Geographical Mix :**
Bengaluru: 58%
Hyderabad: 24%
Mumbai: 15%
Koch/Calicut: 1.2%
Chennai: 0.7%
Goa: <1%
Mangalore: <1%
- **Land Bank:** Company has a land bank of 679 acres.



ANNUAL PERFORMANCE

Financials & Valuations

Income Statement

	2019	2020	2021	2022	2023	2024	2025E	2026E
							(₹ Cr)	
March	2019	2020	2021	2022	2023	2024	2025E	2026E
Revenue from operations	5171.9	8124.8	7241.9	6389.5	8315	7877	10105	15798
Growth YoY (%)	-5.9	57.1	-10.9	-11.8	30.1	-5.27	28.3	56.34
Total Expenditure	3718.1	5768.8	5283.6	4856.0	6228.7	5379	7411	12372
(%) of sales	71.9	71.0	73.0	76.0	74.9	68.3	73.34	78.3
EBITDA	1453.8	2356.0	1958.3	1533.5	2086.3	2498	2694	3426
EBITDA Growth (%)	16.4	58.0	-11.0	-20.8	45.8	19.8	7.84	27.2
EBITDA Margin (%)	30.3	30.5	30.4	27.3	30.6	32.0	26.7	21.69
Depreciation	322.9	666.7	592.6	471.0	647.1	716	812	1095
EBIT	843.2	1451.2	1222.5	1188.9	1736.7	1782	1882	2331
Growth (%)	10.7	38.9	136.6	-52.8	7.6	2.6	5.62	23.86
Interest Expenses	722.8	1023.3	979.9	555.3	806.6	1219	1107	1012
Other Income	112.2	118.5	243.5	210.7	457.0	1560	812	716
Exceptional Items	89.4	38.0	2792.6	807.9	307.9	-	-	-
Earnings before Taxes	609.7	826.9	3397.5	1509.3	1414.3	2123	1587	2035
Growth (%)	182%	36%	311%	-56%	-6%	50.1%	-25%	28.2%
EBT Margin (%)	11.8%	10.2	46.9	23.6	17.0	26.9	15.71	12.88
Tax-Total	198.5	278.3	519.3	294.5	347.5	493	396.7	508.8
Rate of tax (%)	32.6	33.7	15.3	19.5	24.6	23.0	25.0	25.0
Net Profit	411.2	548.6	2878.2	1214.8	1066.8	1629	1190	1526.2
Growth (%)	-3.2	33.4	424.6	-57.8	-12.2	52.7	-26.95	28.2
PAT Margin (%)	7.9	6.8	39.7	19.0	12.8	20.7	11.78	9.66
EPS	11.1	10.1	69.4	28.7	23.5	34.3	29.7	38.1
EPS Growth (%)	11.9	-9.3	590.2	-58.7	-18.1	45.9	-13.4	28.3

Balance Sheet

Y/E March	2019	2020	2021	2022	2023	2024
Equity Share Capital	375	401	401	401	401	401
Reserves & Surplus	3852	4959	7600	8694	9574	10888
Total Shareholder's Funds (A)	4227	5360	8001	9095	9975	11289
Long Term Borrowings	4719.0	6218	2414	4003	3410	4554
Non-Controlling Interest	112	228	420	452	283	512
Total Non-Current Liabilities (B)	4831	6446	2834	4455	3693	5066
Advance from customers	262	312	343	372	242	-
Trade Payables	1253	1225	1082	980	1451	1657
Other Liability Items	17860	16134	12840	15269	20910	30506
Total Current Liabilities (C)	19375	17671	14408	16621	22603	32163
Total Equity and Liabilities (A+B+C)	28433	29477	25100	30171	36271	48518
Property, Plant & Equipment	6732	8986	3780	5858	6780	8669
Capital Work in progress	1645	2143	2740	1725	2399	2137
Investments	778	789	907	772	1023	1279
Total Non-Current Assets (A)	9155	11918	7427	8355	10202	12085
Inventory	13150	11375	9580	11567	14367	24156
Debtors	1654	1476	1374	1420	1329	1234
Cash and Bank Balance	712	951	2401	2171	1815	2558
Loans and advances	205	97	257	513	1436	1963
Other Current Assets	3555	3659	4059	6146	7123	6522
Total Current Assets (B)	19277	17558	17672	21816	26069	36434
Total Assets(A+B)	28433	29476	25100	30171	36271	48519

Source: Company, Hem Securities Research.



Ratios						
Y/E March (Basic (INR))	2019	2020	2021	2022	2023	2024
Profitability and return ratios						
Net profit margin (%)	7.95	6.75	39.74	19.01	12.83	20.7
EBITDA margin (%)	30.28	30.46	30.40	27.30	30.59	32.0
EBIT margin (%)	25.76	22.77	60.44	32.31	26.71	22.6
ROE (%)	9.18	11.44	43.08	14.21	11.19	12.17
ROCE (%)	10.72	13.53	32.89	14.97	13.18	17.7
Working Capital & liquidity ratios						
Payables (Days)	0.00	0.00	0.00	0.00	0.00	225
Inventory (Days)	665.61	665.61	665.61	665.61	665.61	3275
Receivables (Days)	92.41	92.41	92.41	92.41	92.41	57
Current Ratio (x)	0.89	0.89	0.89	0.89	0.89	1.2
Valuations Ratios						
EV/sales (x)	3.33	1.85	1.91	3.78	2.70	10.1
EV/EBITDA (x)	10.99	6.09	6.28	13.84	8.83	13.9
P/E (x)	22.70	6.00	4.40	17.22	17.15	34.1
P/BV (x)	2.2	1.26	1.53	2.18	1.62	4.2
Dividend Yield (%)	0.6	0.89	0.49	0.30	0.37	0.1
Return on Assets (%)	1.8	1.92	10.66	4.45	3.24	2.8
Leverage Ratio						
Debt/Equity (x)	2.0	1.73	0.50	0.72	0.81	1.02

Cash Flow Statement						
Y/E March	2019	2020	2021	2022	2023	2024
CF from Operating activities (A)	762	2226	1839	2140	1540	1297
CF from Investing Activities (B)	-628	-2350	494	-4045	-2756	-2548
CF from Financing Activities (C)	87	252	-634	1598	546	1969
Net Cash Flow	221.5	128.7	1699	-307.1	-671	718
Add: Opening Bal.	353	653	786	2346	2069	1456
Closing Balance	653	786	2346	2069	1456	2174

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
28 th August 24	BUY	2041

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Name of the Research Analyst: Deepanshu Jain

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3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
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