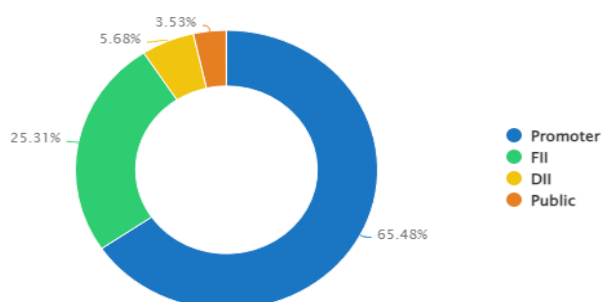


VALUE PARAMETERS

Face Value (Rs.)	10.00
52 Week High/Low	522.00/247.90
M.Cap (Rs. in Cr.)	18369.49
EPS (Rs.)	9.53
P/E Ratio (times)	48.08
P/B Ratio (times)	2.72
Dividend Yield (%)	0.33
Stock Exchange	NSE

SHAREHOLDING PATTERN

P/E CHART
FINANCIAL PERFORMANCE

(Rs.in Cr.)

	ACTUAL	FORECAST	
	FY Mar-21	FY Mar-22	FY Mar-23
REVENUE	7264.4	6131.522	6806.916
EBITDA	1972.2	1607.018	1962.02
EBIT	1379.6	1104.235	1300.73
NET INCOME	-13.6	434.5244	730.0353
EPS	-ve	11.02	15.75
BVPS	166.52	180.69	196.75
RoE	-ve	7.65%	9.70%

Investment Rationale:

- Prestige Estates Projects Limited (PEPL), Prestige Group, one of the leading real estate developers in the country, has legacy of over three decades in real estate development. It has diversified business model across residential, office, retail, and hospitality segments with operations in 12 key locations in India.
- During Q2FY22, the Group has registered highest quarterly new sales of Rs.2111.90 cr, up 88% yoy and has clocked collections of Rs.1551.5 cr, up 35% yoy, resultant H1F22 new sales at Rs.2845.8cr and collections at Rs.2573.80 cr. In terms of volume, it sold 3.54 million square feet area in the second quarter compared with over 1.77 million sq. ft. area in the corresponding period of the previous year.
- It recently reiterated its pre-sale guidance of Rs 6500cr in FY22. The company announced that new sales were backed by the healthy response to its newly launched project, Prestige Great Acres. Looking ahead, apart from launches in southern market, the company is launching three projects in Mumbai and one project in NCR with a combined launch pipeline to the tune of 10 mn sft.
- The management has guided that the company will not incur additional capex to purchase land given that PEPL has strong land bank of ~27 mn sqft, which will be sufficient to meet the near to medium term launches.
- In March this year, Prestige Estates Projects signed definitive agreements with global investment firm Blackstone to sell 12 assets/undertakings comprising completed office, retail and hotel properties in the first phase of Rs 9,160-crore deal. With the completion of the Blackstone deal, PEPL intends to use part of the proceeds to repay some portion of its debt and is expected to bring down net debt-equity ratio. The company is also doing some office assets with Blackstone which is under construction. Once those are completed and rented, maybe those will also be pushed into their REIT or it will participate along with them.
- The company may also create a REIT in next 5-6 years. On the residential front, its focus will be on mid-income, premium and luxury housing and it is looking at about 20% Ebitda margins from this segment.

Risk

- Economic Slowdown
- Working capital intensity

Valuation

Despite the challenging environment, Prestige has clocked highest quarterly sales and collections. The new sales were backed by the healthy response to newly launched project, Prestige Great Acres and the existing inventories across geographies. Thus, it is expected that the stock will see price target of Rs.535 in 8 to 10 months' time frame on a current P/BV of 2.70x and FY23 BVPS of Rs.196.75.

QUERIES & FEEDBACK

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Disclosure:

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