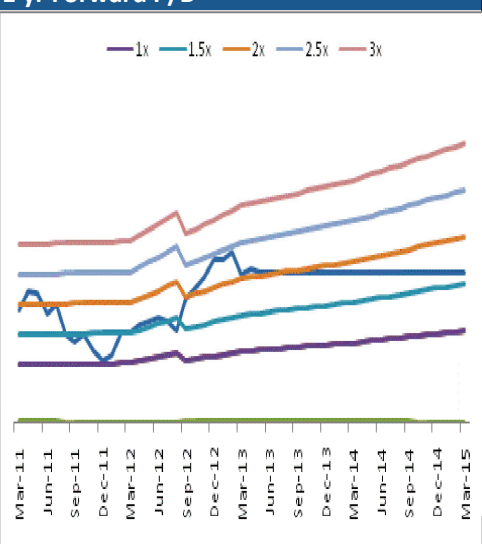


Prestige Estates Projects Ltd.

"Buy"
6th Feb' 14

"Volume growth & sustained realization to drive out performance....."

Result update		Buy	
CMP		145	
Target Price		165	
Previous Target Price		195	
Upside		14%	
Change from Previous		0%	
Market Data			
BSE Code		533274	
NSE Symbol		PRESTIGE	
52wk Range H/L		102/195	
Mkt Capital (Rs Crores)		4,947	
Average Daily Volume		161,912	
Nifty		6,022	
Stock Performance-%			
	1M	1yr	YTD
Absolute	(10.1)	(21.5)	(13.1)
Rel. to Nifty	(7.1)	(21.9)	(19.1)
Share Holding Pattern-%			
	4QFY14	3QFY14	2QFY14
Promoters	75.0	75.0	75.0
FII	17.4	17.4	17.2
DII	6.3	6.3	6.1
Others	1.3	1.3	1.7
1 yr Forward P/B			
			

Prestige Estates posted muted revenue recognition trajectory, degrowing 12.5% yoy to Rs. 430.5 crore. On a sequential basis, the decline was 9.4%. EBITDA margins expanded by 570bps qoq to 30.6%. PAT surged by 3.8% QoQ to Rs. 80.6 crore, increased by 12.5% yoy.. Volumes for the quarter stood at 2.075 mn sft, to Rs. 1262 crore on the back of three new residential launches in Bengaluru to the tune of 4.09 mn sft. Prestige Estates remains well on track to achieve its sales guidance for FY14 at Rs. 4300 crore as the management commentary on the result call regarding launches in Q2FY14 as well as through the year remained extremely positive. We maintain our target price to Rs. 165 and maintain our buy rating on stock.

Result Highlights 3QFY14

Prestige Estates Projects said it sold 1,204 residential units and 0.026 million square feet (Mnsft) of commercial space, aggregating to 2.075 Mnsft, amounting to Rs 1262 crore of sales in Q3 December 2013. Of the above, Prestige share is 904 units -1.55 Mnsft amounting to Rs 940.20 crore of sales, up by 24.69% from that of Q3 December 2012. In Q3 December 2012, the company had sold 682 units aggregating 1.44 Mnsft of residential and commercial space, amounting to Rs 754 crore of sales - Prestige share. (Overall sales of 1.69 Mnsft of area amounting to Rs 873.90 crore). Collections rose 16.69% to Rs 592.30 crore in Q3 December 2013 over Q3 December 2012 - Prestige share. (Overall collections for the Q3 December 2013 - Rs 713.30 crore). In Q3 December 2013, the company launched the first phase of its largest residential project- Prestige Lakeside Habitat in Bangalore aggregating to 2.79 million square feet of total developable area. The project is spread across 102 acres in area and consists of apartments and villas with total developable area of 8.40 Mnsft.

Management Guidance FY14E

Company will exceed its presales guidance. Company has already done sales to the extent of Rs 1,200 crore plus and now it is just a question of production and these numbers getting recognised because company need to touch the trigger of 30 percent to recognise these numbers. During the year, company has made Rs 3,700 crore and guidance was Rs 4,300 crore. On his outlook for the company's business, Prestige Estates Projects, says there is no slowdown in the Bangalore market and aims to concentrate on the phase 2 and 3 of its Lakeside Habitat project next quarter.

Valuation:

At the current CMP of Rs. 145, the stock is trading at a PE of 13.7x FY14E & 11.7x FY15E . The company can post EPS of Rs. 10.3 & Rs. 12.1 in FY14E & FY15E and RoE of 11.3% & 12.0%. Prestige Estates remains well on track to achieve its sales guidance for FY14 at Rs. 4300 crore as the management commentary on the result call regarding launches in Q3FY14 as well as through the year remained extremely positive. **We maintain our target price to Rs. 165 and maintain our buy rating on stock**

Financials	Rs, Crore				
	3QFY14	2QFY14	(QoQ)-%	3QFY13	(YoY)-%
Revenue	430.5	475.3	-9.4%	492.1	-12.5%
EBITDA	131.9	118.7	11.1%	142.4	-7.4%
PAT	80.6	77.6	3.8%	92.1	-12.5%
EBITDA Margin	30.6%	25.0%	560 bps	28.9%	170 bps
PAT Margin	17.5%	15.4%	210 bps	18.0%	(50) bps

(Source: Company/ Eastwind Research)

(Standalone)

Prestige Estates Projects Ltd.

Key financials :

PARTICULAR	2011A	2012A	2013A	2014E	2015E
Performance					
Revenue	1543	1052	1948	2532	3038
Other Income	68	34	64	64	64
Total Income	1611	1086	2011	2595	3102
EBITDA	442	331	579	696	805
EBIT	381	270	511	621	722
DEPRICIATION	61	61	68	75	83
INTREST COST	123	119	149	163	163
PBT	326	185	426	522	623
TAX	91	63	131	161	199
Reported PAT	235	122	294	361	423
Dividend	39	39	39	39	39
EPS	7.2	3.7	8.4	10.3	12.1
DPS	1.2	1.2	1.1	1.1	1.1
Yeild %					
EBITDA %	28.6%	31.4%	29.7%	27.5%	26.5%
NPM %	14.6%	11.3%	14.6%	13.9%	13.7%
Earning Yeild %	5.7%	3.7%	5.2%	7.3%	8.6%
Dividend Yeild %	1.0%	1.2%	0.7%	0.8%	0.8%
ROE %	11.1%	5.7%	10.7%	11.8%	12.0%
ROCE%	6.5%	3.0%	5.7%	6.6%	7.4%
Position					
Net Worth	2114	2151	2743	3065	3531
Total Debt	1505	1864	2420	2420	2200
Capital Employed	3619	4015	5163	5485	5731
No of Share	33	33	35	35	35
CMP	125	100	163	141	141
Valuation					
Book Value	64.4	65.6	78.4	87.6	100.9
P/B	1.9	1.5	2.1	1.6	1.4
Int/Coverage	3.1	2.3	3.4	3.8	4.4
P/E	17.5	26.8	19.4	13.7	11.7

(Source: Eastwind Research)

(Figures in crore)