

Prestige Estates Projects Ltd.

"Hold"

10th Mar' 14

"Downgrade to Hold....."

Result update	Hold
CMP	169
Target Price	190
Previous Target Price	165
Upside	12%
Change from Previous	15%

Market Data

BSE Code	533274
NSE Symbol	PRESTIGE
52wk Range H/L	102/195
Mkt Capital (Rs Crores)	5,717
Average Daily Volume	161,912
Nifty	6,401

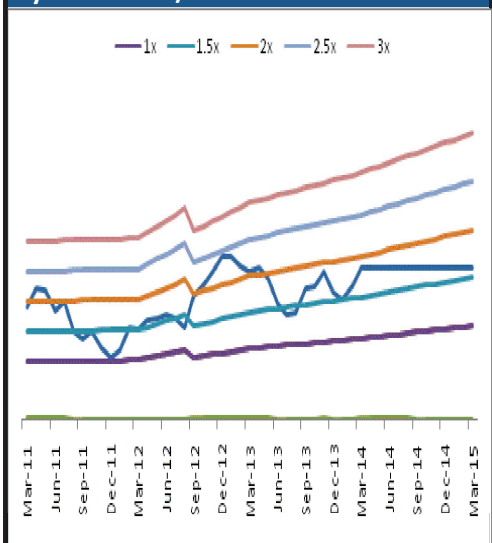
Stock Performance-%

	1M	1yr	YTD
Absolute	15.6	0.4	0.4
Rel. to Nifty	9.3	(11.5)	(12.2)

Share Holding Pattern-%

	3QFY14	2QFY14	1QFY14
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



Key Points

- The Prestige Estate has moved up from starting of CY12, peaked in May13, then went down gradually. The stories behind the current price diving are the concern of price war, staggered economics, and non softening of interest rates. The heat wave in economy have affected complete sector, this hurt the real estate companies' revenue and the revival which were expected by us in previous year cannot be seen in the manner in which we expect.

- Earlier in our 3QFY14 result update we had given a buy rating on stock when the price was Rs. 145, with the next 5-6 month price target of Rs. 165. However seeing the current rally in stock post 3QFY14 result and on back of guidance for FY14 at Rs. 4300 crore sales booking as the management commentary on the result call regarding launches in Q3FY14 as well as through the year remained extremely positive. However given the limited upside in counter in near term, we revise our rating on PEPL to "Hold" with a revised price target of Rs. 190.

- Regarding the stock's future course, our "Hold" rating indicates that we do not recommend

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 new quarter

Valuation:

At the current CMP of Rs. 165, the stock is trading at a PE of 16.0x FY14E & 13.6x 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 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%	6.2%	7.3%
Dividend Yeild %	1.0%	1.2%	0.7%	0.7%	0.7%
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	165	165
Valuation					
Book Value	64.4	65.6	78.4	87.6	100.9
P/B	1.9	1.5	2.1	1.9	1.6
Int/Coverage	3.1	2.3	3.4	3.8	4.4
P/E	17.5	26.8	19.4	16.0	13.6

(Source: Eastwind Research)

(Figures in crore)