



Prestige Estates Projects Ltd

Q3FY11: FIRST CUT

- For 9MFY11, Prestige Estate Projects Ltd (PEPL) reported standalone revenue of ~Rs 9.2 bn and PAT of Rs 1.3 bn (FY10 revenue stood at Rs 8.5 bn and PAT stood at Rs 1.4 bn)
- In 9MFY11, the company achieved ~Rs 13 bn worth of sales (~Rs 3.6 bn in Q3FY11). ~75% of the 9MFY11 sales are yet to cross the revenue threshold. As of December 31, 2010, the company has unrecognized revenue of ~Rs 24 bn, which will drive the revenue in the coming quarters.
- Q3FY11 revenue was driven by contribution from projects such as Shantiniketan (which received Occupation Certificate in Q3), Southridge, Neptune Courtyard and Oasis. Q3 standalone revenue includes Rs 378 mn of rental income (does not include subsidiary companies).
- The company launched ~2.8 msf of new projects and delivered projects totaling ~3.6 msf in Q3.
- Q4FY11 performance is expected to be significantly better. January 2011 alone is expected to generate ~Rs 0.5 bn of profit for the company.
- Prestige shall complete the revenue recognition of its low margin Shantiniketan project in Q4FY11, resulting in higher margin in FY12 (on account of higher realization projects crossing the revenue threshold).
- At CMP of Rs 149, the stock trades at a discount of 31% to our fair value. We maintain our TP of Rs 217 with an upside of 46%. We shall release a detailed note post the earnings concall (tomorrow at 5:00 pm).

Results update

(Rs mn)	Q3FY11	9MFY11	FY10	Comment
Net Sales	3,636	9,195	9,497	Revenue booked from Shantiniketan, Southridge, Neptune Courtyard & Oasis in Q3
EBIDTA	935	2,372	2,183	Q3 revenue includes rental income of Rs 378 mn
Other income	183	395	435	
PBIDT	1,118	2,767	2,618	
Depreciation	84	249	349	
Interest	223	595	661	
PBT	812	1,923	1,608	
Tax	268	589	190	
Reported PAT	544	1,334	1,417	
No. of shares (mn)	328	328	263	
EBIDTA margins (%)	25.7	25.8	23.0	Low on account of Shantiniketan projects
PBIDT margins (%)	30.8	30.1	27.6	
EPS - annualized (Rs.)	6.9	19.1	21.6	

Source: Company, ENAM Research

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