RESULT REVIEW

BUY
TP: Rs 1,885 | ▲ 18%

PRESTIGE ESTATES PROJECTS

Real Estate (Developers) | 30 July 2026

Higher costs drag on performance; fundamental drivers in-tact

- **Reported Q1FY27 Revenues of Rs 26,751 (-60% vs our expectations) mostly as a result of lower booking values and higher operating costs**
- **Achieved booking values of Rs 65,793 (-45.7% YoY) from the sale of ~6msf (-37% YoY) at avg. realisations of Rs 10,893psf (-14% YoY)**
- **Robust growth in revenue on the back of sustenance sales and development pipeline; expect stock to trade at 0.8x NAV, maintain BUY**

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Over Q1FY27, **PEPL (Prestige Estates Projects)** launched residential, plotted and commercial projects with developable area of ~20.2msf (+34.9% YoY and +152.0% QoQ) spread across Hyderabad, Bengaluru and Mumbai. Over the quarter, PEPL achieved booking values of Rs 65,793mn (-45.7% YoY and -14.5% QoQ) with the sale of ~6.04msf (-36.8% YoY and +13.1% QoQ) at average realisations of Rs 10,893 (-14.2% YoY and -24.4% QoQ). **We believe that the subdued performance is attributable mostly to an unfavourable product mix**.

PEPL delivered commercial and residential projects with developable area of 4.37msf (-19.8% YoY and -20.7% QoQ) resulting in collections of Rs 48,022mn (+6.2% YoY and -8.2% QoQ). Revenues of Rs 26,751mn, were +15.9% YoY and -34.3% QoQ. However **higher constructions costs limited the pass through to PAT (Rs 2,714mn; -12.9% YoY and -7.0% QoQ), leading to a compression in EBITDA margins to ~36%, -677bps YoY**.

As of Q1FY27, PEPL had ~16.8msf of unsold inventory spread across 7,905 units which we expect to sustain sales momentum. In addition to an expanding investment portfolio, the developer also had 67 ongoing projects with developable area of 144msf (+15.2% YoY and +11.6% QoQ) and 70 upcoming projects with developable area of 85msf (+13.3% YoY and -13.3% QoQ).

PEPL has a robust pipeline of unsold inventory, on-going and upcoming projects to support sales over FY27E-FY29E. The developer continues to witness sustained demand for its properties, given its premium positioning in the markets that it serves. However, we believe that AI-productivity led headwinds to IT employment are likely to keep demand for PEPL's residential projects under pressure. **We expect the developer to grow revenues by +13.9% CAGR through FY29 (vs +11.8% over FY22- 26) and higher costs (labour and commodities) to limit any material improvement in margins**. We expect the stock to trade at 0.8x NAV (vs 1.0x previously) as investor sentiment adjusts to a more moderate pace of growth in revenues, implying a revised 1Y TP of Rs 1,885 (vs Rs 1,731). **Maintain BUY**.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	PEPL IN/Rs 1,595
Market cap	US$ 7.2bn
Free float	39%
3M ADV	US$ 12.6mn
52wk high/low	Rs 1,805/Rs 1,090
Promoter/FPI/DII	61%/13%/24%

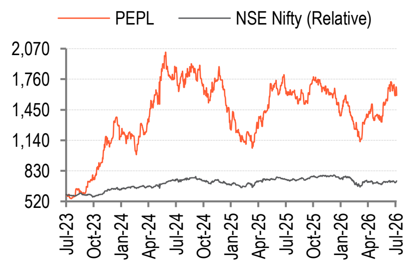
Source: NSE | Price as of 30 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,31,955	1,47,684	1,80,973
EBITDA (Rs mn)	42,192	46,245	54,718
Adj. net profit (Rs mn)	13,054	14,355	19,714
Adj. EPS (Rs)	27.8	32.5	45.8
Consensus EPS (Rs)	30.5	45.8	64.2
Adj. ROAE (%)	8.0	8.2	10.4
Adj. P/E (x)	57.5	49.1	34.8
EV/EBITDA (x)	16.3	14.9	12.6
Adj. EPS growth (%)	148.0	17.1	40.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Higher costs drove EPS miss

Over-optimistic expectations of sales and revenue recognition resulted in reported EPS of Rs 5.48, missing our estimates by -80.0%. PEPL reported Q1FY27 revenues of Rs 26,751mn, missing our estimates by -60%. Higher operating costs (construction and labour) resulted in lower EBITDA margins (however, they were ~407bps above our expectations). We adjust our assumptions over FY27E-FY29E as described in the note below.

Fig 1 – Q1FY27 miss driven by higher costs

	1Q27A	1Q26A	YoY (%)	4Q26A	QoQ (%)	1Q27E	Deviation (%)
Revenue (Rs mn)	26,751	23,073	15.9	40,738	(34.3)	66,504	(59.8)
EBITDA (Rs mn)	10,201	10,552	(3.3)	11,152	(8.5)	22,715	(55.1)
EBITDA Margin (%)	36	43	(677bps)	27	906bps	32	407bps
PAT (Rs mn)	2,714	3,115	(12.9)	2,918	(7.0)	11,803	(77.0)
EPS (Rs)	5.48	6.79	(19.4)	5.81	(5.7)	27.40	(80.0)

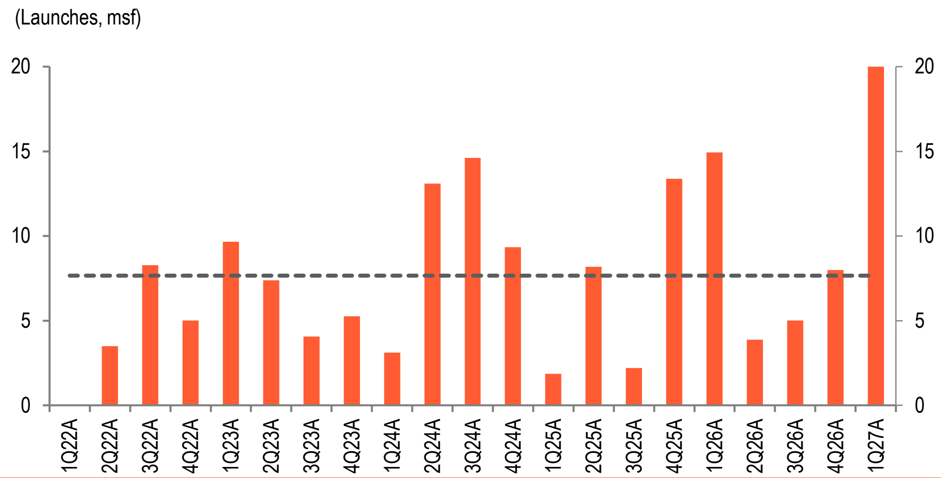
Source: BOBCAPS Research, Company

Slow residential sales over Q1FY27

PEPL launched projects with total developable area of ~20.2msf (+34.9% YoY and +152.0% QoQ) - residential (~16.8msf), plotted (~0.5msf) and commercial projects (~2.9msf).

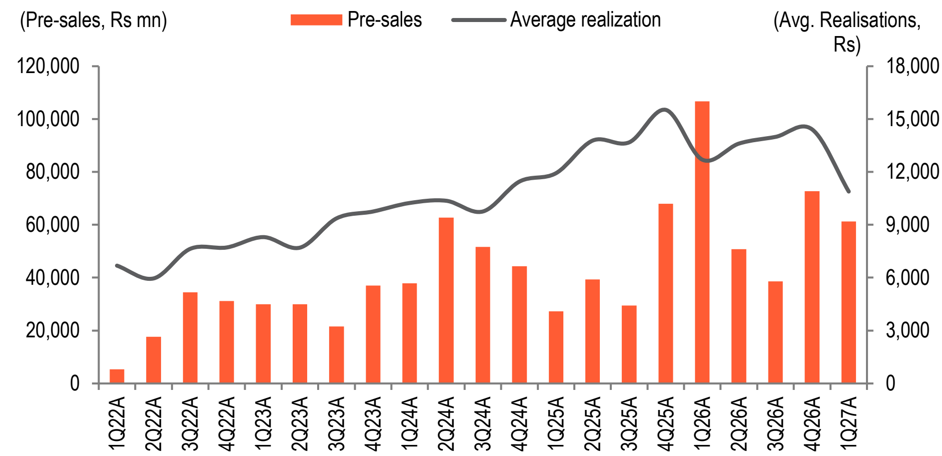
PEPL achieved booking values of Rs 65,793mn (-45.7% YoY and -14.5% QoQ) with the sale of ~6.04msf (-36.8% YoY and +13.1% QoQ); Prestige Golden Grove (Hyderabad) was the biggest contributor (~Rs 29,913mn). Average realisations of Rs 10,893psf (-14.2% YoY and -24.4% QoQ) were also lower as a result of an unfavourable product mix (sales driven by HYD launches). We expect launches to pick up over the rest of FY27, driving sales and average realisation higher from an improved product mix.

Fig 2 – Accelerating launches; ~20.2 msf launched over Q1FY27



Source: Company, BOBCAPS Research

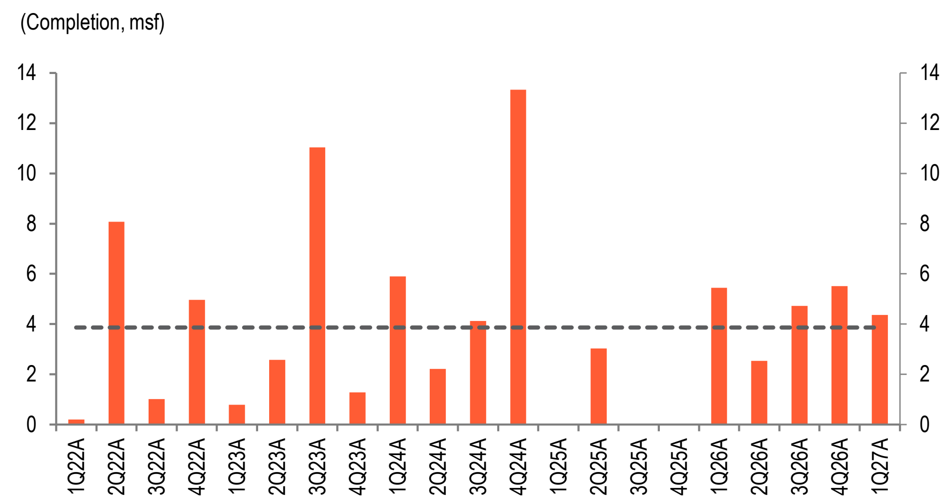
Fig 3 – Subdued sales and average realisations



Source: BOBCAPS Research, Company

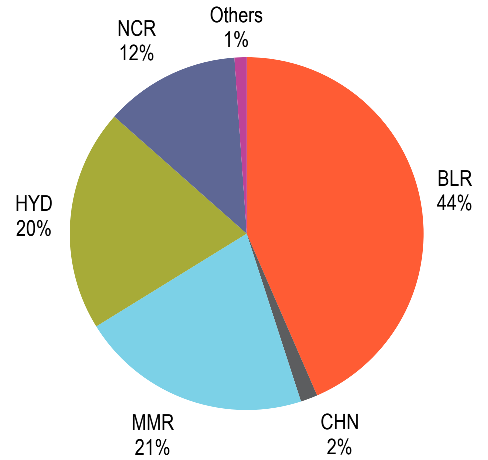
PEPL delivered commercial and residential projects with developable area of 4.37msf (-19.8% YoY and -20.7% QoQ) – Prestige Tech Forest (Bengaluru) was the biggest project (~3.6msf) completed over the quarter, **demonstrating the developer's ability to keep up a steady pace of executions**. As of Q1FY27, PEPL had unrecognised revenue of Rs 702,800mn, which the developer expects to flow through as it continues to execute on its projects. Collections of Rs 48,022mn (+6.2% YoY and -8.2% QoQ) also remained steady.

Fig 4 – Steady pace of execution; completions (-19.8% YoY and -20.7% QoQ)



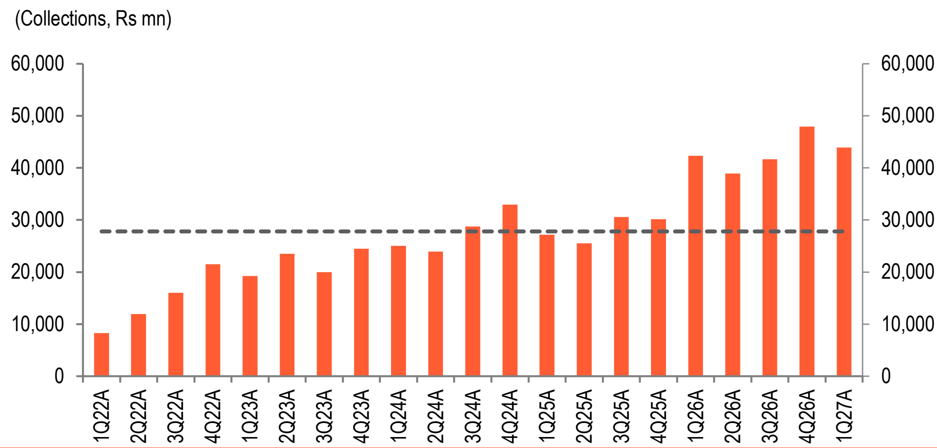
Source: Company, BOBCAPS Research

Fig 6 – Unrecognised revenue of Rs 702,800mn



Source: Company, BOBCAPS Research

Fig 7 – Collections remain robust



Source: Company, BOBCAPS Research

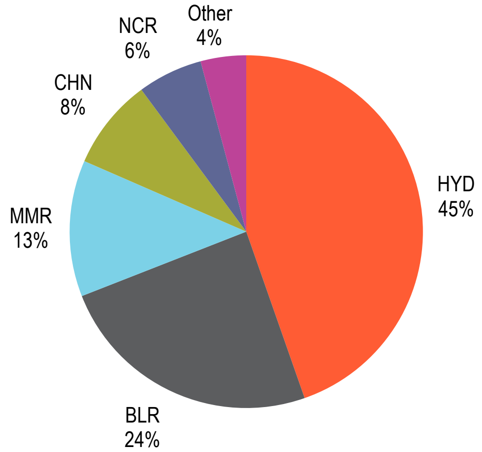
Robust pipeline to sustain sales

PEPL also had ~16.8msf of unsold inventory spread across 7,905 units mostly in Hyderabad, Bengaluru, Mumbai, Chennai and the NCR - which we expect to sustain sales momentum. **Hyderabad and Bengaluru made up ~69% of this unsold inventory leaving sales exposed to any downturn in IT related employment**. However, management remains confidence of the demand for its properties and expects the advent of AI to add positively to the demand.

The developer also had 67 ongoing projects with developable area of 144msf (+15.2% YoY and +11.6% QoQ) and 70 upcoming projects with developable area of 85msf (+13.3% YoY and -13.3% QoQ)

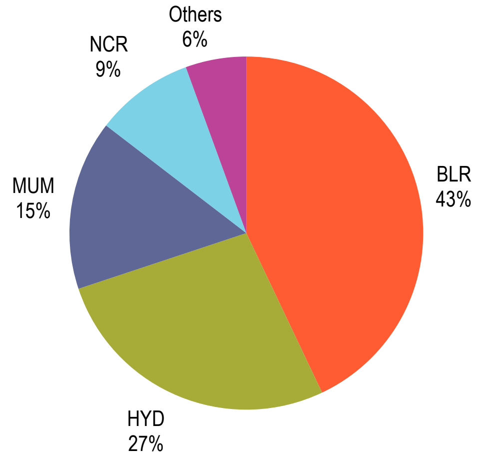
Additionally, PEPL is on-track to significantly expand its annuity income generating portfolio (~+75% CAGR over FY27E-FY29E), that we expect will smoothen the inherent cyclicality in the residential development business, helping improve cash-flows and reduce leverage (0.69x Net Debt/Equity as of Q1FY27).

Fig 8 – Unsold inventory concentrated in HYD and BLR



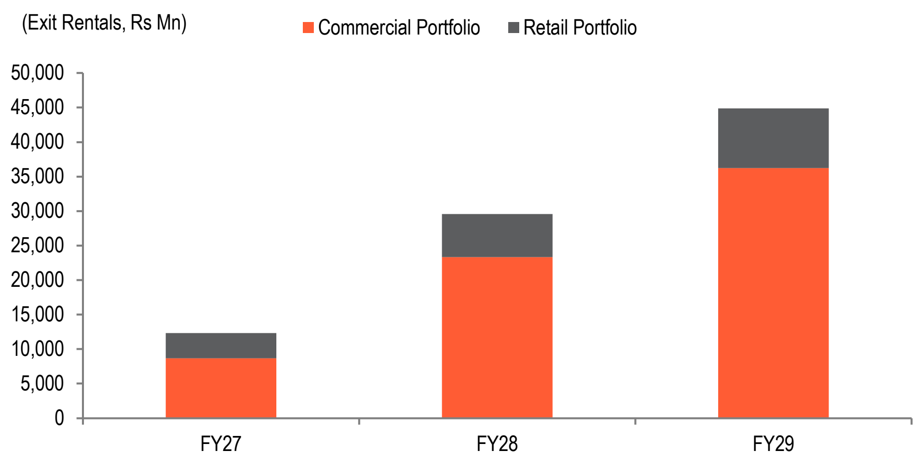
Source: Company, BOBCAPS Research

Fig 9 – On-going Projects - BLR and HYD to continue driving revenue growth



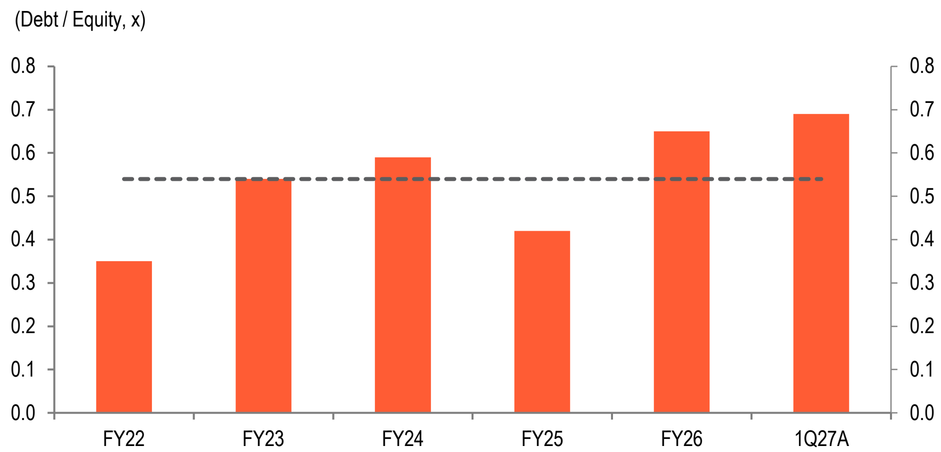
Source: Company, BOBCAPS Research

Fig 10 – Annuity income to grow exponentially; +75% CAGR over FY27E-FY29E



Source: Company, BOBCAPS Research

Fig 11 – Improved cash-flows to limit leverage



Source: Company, BOBCAPS Research

Higher growth in revenues to support valuations

We believe PEPL's unsold inventory, its ongoing and upcoming projects, and its expanding annuity portfolio provide a robust pipeline for growth. We expect the developer to grow revenues by +13.9% CAGR through FY29 (vs +11.8% over FY22- 26). However, higher costs (labour and commodities) are expected to keep margins under pressure. We expect EBITDA margins to average ~31.1% over FY27E-29E (vs 29.5% over FY22-FY26). Additionally, we believe AI-productivity led macro-economic headwinds are likely to keep demand under pressure as excluding MMR, the IT employee makes up the biggest cohort of buyers of PEPL's residential projects.

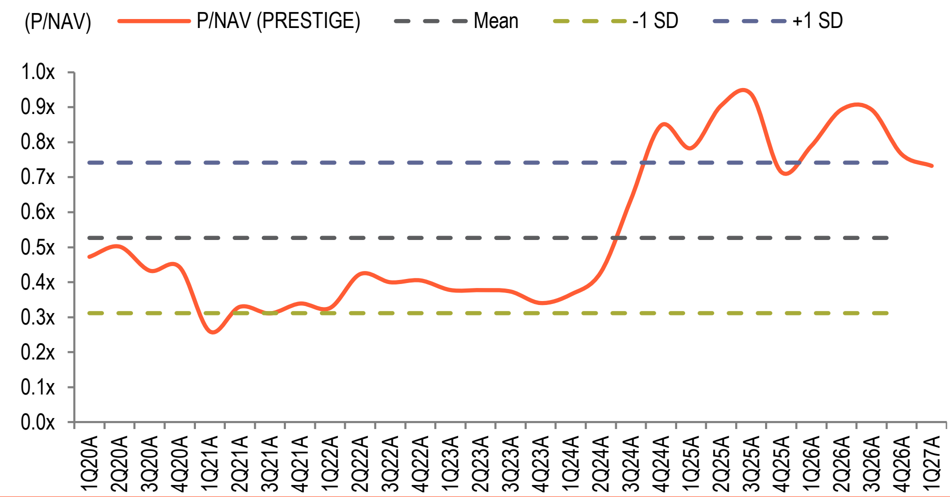
We revise our revenue estimates over FY27E-29E to adjust for the higher pace of revenue from the developer's robust pipeline. However, we lower our EPS estimates over the period by ~-19.9%, as we adjust for limited margin expansion weighed down by higher construction costs. **We expect the stock to trade at 0.8x NAV (vs 1.0x previously) as investor sentiment adjusts to a more moderate pace of growth in revenues, implying a revised 1Y TP of Rs 1,885 (vs Rs 1,731)**.

Fig 12 – Revised estimates

	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue (Rs mn)	139,225	169,650	187,416	153,458	184,523	223,238	(9.3)	(8.1)	(16.0)
EBITDA (Rs mn)	46,245	54,718	63,967	49,085	59,518	75,518	(5.8)	(8.1)	(15.3)
PAT (Rs mn)	14,355	19,714	23,295	18,182	22,551	30,705	(21.0)	(12.6)	(24.1)
EPS (Rs)	32.50	45.77	54.08	42.21	52.36	71.29	(23.0)	(12.6)	(24.1)

Source: BOBCAPS Research

Fig 13 – PEPL trading at a discount



Source: BOBCAPS Research, Bloomberg

Key downside risks

- A material slowdown in the pace of launches is likely to affect the pace of growth in booking values.
- Lower demand because of the disruptions caused by AI-led productivity gains could put sales under pressure.
- A lower pace of execution could lower revenue recognition, jeopardising cashflows and increasing leverage (higher interest expense).

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**77,355**	**1,31,955**	**1,47,684**	**1,80,973**	**2,01,318**
EBITDA	25,588	42,192	46,245	54,718	63,967
Depreciation	(8,123)	(9,061)	(11,746)	(9,331)	(9,371)
EBIT	17,465	33,131	34,499	45,387	54,596
Net interest inc./(exp.)	(13,338)	(15,824)	(16,003)	(20,745)	(25,478)
Other inc./(exp.)	3,861	5,101	8,459	11,323	13,902
Exceptional items	0	0	0	0	0
EBT	7,988	17,307	18,496	24,642	29,119
Income taxes	(1,389)	(4,082)	(4,038)	(4,928)	(5,824)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(430)	(171)	(103)	0	0
Reported net profit	**6,169**	**13,054**	**14,355**	**19,714**	**23,295**
Adjustments	0	0	0	0	0
Adjusted net profit	**6,169**	**13,054**	**14,355**	**19,714**	**23,295**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	18,710	25,050	23,051	27,145	32,141
Other current liabilities	3,35,994	4,53,357	5,10,488	5,52,276	6,27,465
Provisions	536	713	713	713	713
Debt funds	43,130	56,311	87,927	1,52,186	2,04,275
Other liabilities	30,537	30,851	30,851	30,851	30,851
Equity capital	4,307	4,307	4,307	4,307	4,307
Reserves & surplus	1,54,738	1,63,091	1,76,510	1,94,937	2,16,869
Shareholders' fund	1,59,045	1,67,398	1,80,818	1,99,244	2,21,176
Total liab. and equities	**5,87,952**	**7,33,680**	**8,33,849**	**9,62,416**	**11,16,622**
Cash and cash eq.	20,094	15,560	10,211	13,150	14,611
Accounts receivables	13,582	20,422	26,160	31,876	35,214
Inventories	3,18,831	4,02,519	4,70,172	5,53,915	6,66,346
Other current assets	89,793	1,10,886	1,10,886	1,10,886	1,10,886
Investments	305	7,332	7,332	7,332	7,332
Net fixed assets	26,354	28,660	60,787	96,955	1,33,932
CWIP	14,243	22,072	22,072	22,072	22,072
Intangible assets	127	128	128	128	128
Deferred tax assets, net	9,411	14,245	14,245	14,245	14,245
Other assets	95,212	1,11,856	1,11,856	1,11,856	1,11,856
Total assets	**5,87,952**	**7,33,680**	**8,33,849**	**9,62,416**	**11,16,622**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**1,307**	**32,232**	**12,102**	**(3,375)**	**12,961**
Capital expenditures	(15,829)	(28,834)	(32,127)	(36,168)	(36,977)
Change in investments	2,345	(27,524)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(13,484)**	**(56,358)**	**(32,127)**	**(36,168)**	**(36,977)**
Equities issued/Others	50,000	0	0	0	0
Debt raised/repaid	(8,621)	43,599	31,616	64,259	52,089
Interest expenses	(11,105)	(12,982)	(16,003)	(20,745)	(25,478)
Dividends paid	(775)	(775)	(938)	(1,032)	(1,135)
Other financing cash flows	(19,907)	(10,250)	0	0	0
Cash flow from financing	**9,592**	**19,592**	**14,676**	**42,482**	**25,477**
Chg in cash & cash eq.	**(2,585)**	**(4,534)**	**(5,349)**	**2,939**	**1,460**
Closing cash & cash eq.	**20,094**	**15,560**	**10,211**	**13,150**	**14,611**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	11.2	27.8	32.5	45.8	54.1
Adjusted EPS	11.2	27.8	32.5	45.8	54.1
Dividend per share	1.8	2.0	2.2	2.4	2.6
Book value per share	369.2	388.6	419.8	462.6	513.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	8.9	5.2	4.7	3.8	3.4
EV/EBITDA	26.8	16.3	14.9	12.6	10.7
Adjusted P/E	142.5	57.5	49.1	34.8	29.5
P/BV	4.3	4.1	3.8	3.4	3.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	77.2	75.4	77.6	80.0	80.0
Interest burden (PBT/EBIT)	45.7	52.2	53.6	54.3	53.3
EBIT margin (EBIT/Revenue)	22.6	25.1	23.4	25.1	27.1
Asset turnover (Rev./Avg TA)	14.4	20.0	18.8	20.1	19.4
Leverage (Avg TA/Avg Equity)	3.9	4.0	4.5	4.7	4.9
Adjusted ROAE	4.5	8.0	8.2	10.4	11.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(17.9)	70.6	11.9	22.5	11.2
EBITDA	2.4	64.9	9.6	18.3	16.9
Adjusted EPS	(67.4)	148.0	17.1	40.8	18.2
Profitability & Return ratios (%)					
EBITDA margin	33.1	32.0	31.3	30.2	31.8
EBIT margin	22.6	25.1	23.4	25.1	27.1
Adjusted profit margin	8.0	9.9	9.7	10.9	11.6
Adjusted ROAE	4.5	8.0	8.2	10.4	11.1
ROCE	7.5	13.0	11.5	11.9	11.9
Working capital days (days)					
Receivables	67	69	69	69	69
Inventory	1,215	1,223	1,223	1,223	1,223
Payables	71	51	51	51	51
Ratios (x)					
Gross asset turnover	2.9	4.6	2.4	1.9	1.5
Current ratio	1.2	1.1	1.2	1.2	1.3
Net interest coverage ratio	1.3	2.1	2.2	2.2	2.1
Adjusted debt/equity	2.7	3.4	3.6	3.8	4.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

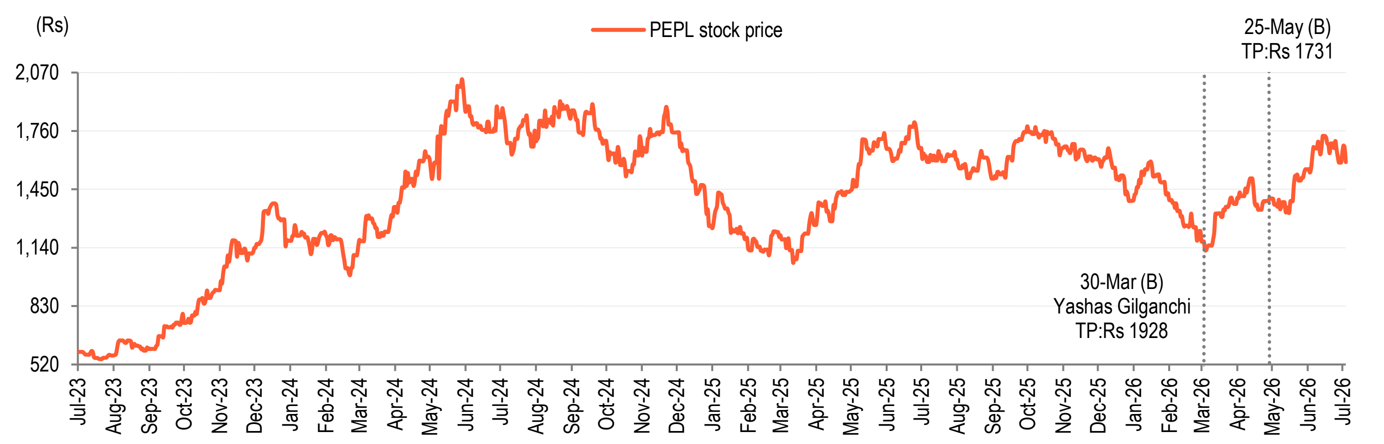
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): PRESTIGE ESTATES PROJECTS (PEPL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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