Dated: 14 Nov 2025

Prestige Estates Projects (PEPL)- ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,755	**Rs.1,900**

Rationale:

- PEPL continued its strong momentum, with pre-sales of Rs6020cr (+50% yoy) in Q2FY26.
- Sales performance was aided by 38.7 lakh sq. ft of new launches across four projects (GDV of Rs4000cr).
- Strong showing in the residential business was supplemented by steady occupancy for the office portfolio 93.4%) and leasing of 23 lakh sqft in Q2FY26.
- Strong pipeline of launches (Rs27200cr) will likely sustain the pre-sales momentum.
- Execution on annuity assets will further supplement earnings growth.
- Maintain ADD with a revised SoTP based FV of Rs1,900 (Rs1,750 earlier).

Positives:

- Healthy residential revenue recognition on project completion.
- EBITDA margin in Q2FY26 was healthy at 37.4% (27.4% in Q2FY25), aided by a higher share of the annuity business as well as 28% margins in the residential business.
- H1FY26 pre-sales to Rs18100cr (+157% yoy) achieved 67% of FY26E pre-sales guidance of Rs27000cr.
- Strong collections aided by healthy completions and business development.
- PEPL added Rs126700ctr of GDV across seven new residential projects in Q2FY26.
- Targeting attributable rentals of Rs5000cr (exit rate) from commercial & retail by FY30.

Negatives:

- Net debt increased slightly on a sequential basis to Rs7320cr in Q2FY26
- Annuity business (office + retail) saw sequentially lower revenue of Rs220cr (-7% qoq).

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, GDV: Gross Development Value, SoTP: Sum of the parts)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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