

CMP: INR 427

Rating: Buy

Target: INR 904

Stock Info

BSE	512179
NSE	SUNTECK
Bloomberg	SRIN:IN
Sector	Real Estate
Face Value (INR)	1
Equity Capital (INR mn)	146
Mkt Cap (INR mn)	62,530
52w H/L (INR)	635 / 347
Avg Yearly Volume (in 000')	390

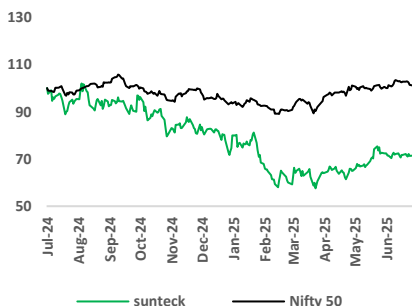
Shareholding Pattern %

(As on September, 2024)

Promoters	63.3
FII	19.4
DII	7.5
Public & Others	9.8

Stock Performance (%)	1m	6m	12m
SUNTECK	-2.9%	-13.3%	-30%
NIFTY	-0.6%	7%	1.9%

Sunteck vs Nifty



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Sunteck Realty delivered a steady performance in Q1 FY26, with pre-sales of INR 6,570 Mn, marking a 31% YoY growth, although down 24% QoQ. Pre-sales came in marginally above our estimate of INR 6,526 Mn, driven by strong momentum in Uber and Premium Luxury segments, particularly Nepean Sea Road and BKC. Collections stood at INR 3,510 Mn, growing 3% YoY and 13% QoQ, exceeding our expectation of INR 3,400 Mn, supported by healthy construction progress across ongoing projects. However, revenue came in at INR 1,883 Mn, representing a 40% YoY and 9% QoQ de-growth, and missed our estimate of INR 2,554 Mn, due to lower revenue recognition from project phases under early-stage execution.

Investment Rational

Strengthened Business Development Momentum with GDV Expansion

Visibility- The company now targets to increase its Gross Development Value from INR 400 Bn to INR 500 Bn by FY26-end. A well-diversified launch pipeline worth INR 110 Bn GDV is expected to be rolled out over the next three quarters, including key projects such as Nepean Sea Road, Andheri (Western Express Highway), Bandra (Benz 10 redevelopment), 5th Avenue (ODC Goregaon), Mira Road, Vasai, and Naigaon. These launches are skewed toward the Uber and Premium Luxury segments, supporting the company's expansion outlook. Sunteck Realty has meaningfully accelerated its business development activities, investing INR 3 Bn in Q1 FY26—surpassing the full-year FY25 investment of INR 1.8 Bn. This proactive capital deployment underscores management's strong conviction in the Mumbai Metropolitan Region (MMR) residential market and its strategy to scale operations across high-value micro-markets

Healthy Margins Backed by Premium Projects - Sunteck Realty posted a 52% YoY rise in EBITDA for Q1 FY26, with margins improving to 25.4%, slightly above expectations. The improvement was driven by a strong sales mix from high-value projects and disciplined cost control. The company also generated INR 1,080 Mn in positive cash flow and maintained a low leverage profile (net D/E: 0.02x). With active construction at Mira Road, Vasai, and ODC (4th Avenue, which has received OC), margins are expected to remain stable. Collections improved sequentially and are likely to rise further as execution progresses across launched inventory.

Outlook and Valuation - Sunteck Realty started FY26 strong with record Q1 pre-sales and maintained its guidance of 30%+ YoY growth, backed by a robust INR 110 Bn GDV launch pipeline. With INR 300 Cr already invested in new acquisitions, the company is targeting GDV expansion to INR 500 Bn by year-end. Margins remained healthy at 25.4%, and collections improved sequentially. Backed by a solid balance sheet (net D/E: 0.02x) and improving cash flows, We assign a price-to-NAV multiple of 1.25x and maintain a Buy rating with a target price of INR 904.

Key Financials

Y/e 31st March in mn	FY24	FY25	FY26E	FY27E
Net Revenue	5,648	8,531	13,305	18,302
EBITDA	1,173	1,858	3,560	4,972
EBITDA Margin %	20.8	21.8	26.8	27.2
Adjusted PAT	708	1,485	2,818	3,920
PAT Margin %	11.4	16.4	20.4	20.8
Adjusted EPS (INR)	4.8	10.1	19.2	26.8
ROE %	2.4	4.7	8.4	10.8

Source: Arihant Research, Company Filings

Q1FY26 Concall Highlights-**Outlook:**

Sunteck Realty reaffirmed its pre-sales growth guidance of over 30% YoY in FY26, led by continued traction in the Uber and Premium Luxury segments such as Nepean Sea Road, Bandra, and Andheri. The company plans to launch projects worth INR 110 Bn in GDV over the next three quarters, backed by aggressive business development and strategic investments. It expects margin expansion and strong operational cash flow due to high-value launches and disciplined cost management.

Financial Highlights –

- Pre-sales: Achieved INR 6,570 Mn, the highest ever Q1 figure, up 31% YoY from INR 5,020 Mn in Q1 FY25.
- Collections: Reached INR 3,510 Mn, up 2.6% YoY (vs. INR 3,420 Mn in Q1 FY25), with expectations of higher collections in upcoming quarters as new projects move into construction phase.
- Operating Revenue: Stood at INR 1,883 Mn, a de-growth of 40% YoY but aligned with project revenue recognition timelines.
- EBITDA: Came in at INR 480 Mn, up 52% YoY (vs. INR 310 Mn), with EBITDA margin at 25% (up from 15% YoY).
- Net Profit: Reported INR 330 Mn, reflecting 47% YoY growth (vs. INR 225 Mn).
- Net Operating Cash Flow: Surplus of INR 1,080 Mn for the quarter.
- Net Debt-to-Equity: At a low 0.02x, showcasing continued financial prudence.

Other Highlights:

- New Business Development: Added a 2.5-acre redevelopment project in Andheri (GDV: INR 11 Bn), contributing to the company's GDV growth target of INR 500 Bn by FY26-end (from INR 400 Bn).
- Sunteck Realty invested INR 3,000 Mn in Q1 FY26 toward new acquisitions—surpassing the INR 180 Cr deployed in all of FY25. This reflects its aggressive GDV expansion strategy, targeting INR 500 Bn by FY26-end, while maintaining a strong balance sheet with net debt-to-equity at 0.02x.
- They will be launching 110 Gdv project in the next 3 quarters of FY26.
- Launch Pipeline for Next 3 Quarters of FY26 is 5th Avenue, Sunteck City, ODC Goregaon (GDV of 15,000 Mn+), Bandra (Benz 10 redevelopment) with 10,000 mn GDV, than Andheri (Western Express Highway) redevelopment project with GDV of 11,000 Mn+, Mira Road – new tower of 10,000 Mn GDV, 2 new towers in Sunteck Beach Residences in Vasai of GDV10,000 Mn, Sion Project of GDV 5,000–6,000 Mn, ne phase in Naigaon (Sunteck World) GDV of 5,000 mn, and Nepean Sea Road (Sunteck Nepean)
- Segment Focus: Strong contribution from Uber and Premium Luxury, particularly Nepean Sea Road (INR 4,230 Mn) and BKC (INR 1,500 Mn).
- Collections Outlook: While no numerical guidance was given, management expects substantial YoY growth, driven by ongoing construction at ODC 4th Avenue (received OC).
- The 5th Avenue commercial component at ODC is also awaiting environmental clearance.
- Dubai Project: A 3-acre development near Dubai Mall, currently in the approval/design phase; launch expected in Q4 FY26 or Q1 FY27.

Q1FY26 - Quarterly Performance (Consolidated)

INR Mn	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %
Net Sales	1,883	3,163	-40%	2,060	-9%
Total Expenditure	1,406	2,849	-51%	1,374	2%
EBITDA	477	314	52%	687	-30%
Margins (%)	25.4	9.9	1543bps	33.3	-798bps
Depreciation	34	34	3%	28	25%
Interest	149	103	45%	119	25%
Other Income	132	117	13%	118	12%
PBT before EO expense	426	295	45%	658	-35%
Extra-Ord expense	0	3	-89%	17	-98%
PBT	426	298	43%	674	-37%
Tax	92	70	31%	170	-46%
Reported PAT	334	228	47%	504	-34%
Margins (%)	17.8	7.3	1046bps	25.3	-749bps

INR mn	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %
Pre - sales	6,570	5,020	31%	8,700	-24%
Collection	3,510	3,420	3%	3,100	13%

Source: Arianth Research, Company Filings

Profit & Loss Statement (Consolidated)

Y/e 31st March in mn	FY24	FY25	FY26E	FY27E
Net Revenue	5,648	8,531	13,305	18,302
Op. Expenses	4,476	6,673	8,729	11,167
EBITDA	1,173	1,858	3,560	4,972
Depreciation	95	129	137	147
EBIT	1,078	1,730	3,423	4,825
Other income	555	495	501	528
Interest Exp.	684	409	369	311
Extra Ordinary Items	1	18	5	5
Reported PBT	950	1,835	3,560	5,046
Tax	240	331	737	1,121
PAT	709	1,503	2,823	3,925
Adjusted PAT	708	1,485	2,818	3,920
Adjusted EPS (INR)	4.8	10.1	19.2	26.8

Source: Arian Research, Company Filings

Balance Sheet (Consolidated)

Y/e 31st March in mn	FY24	FY25	FY26E	FY27E
Share Capital	146	146	146	146
Reserves & Surplus	31,095	32,454	34,732	37,727
Networth	31,242	32,600	34,878	37,873
Debt	3,791	3,869	3,647	3,199
Minority Interest	-	-	-	-
Net deferred Tax liabilities	59	42	48	48
Others	173	211	196	199
Capital Employed	35,266	36,564	38,784	41,333
Goodwill	25	36	36	36
Property, Plant and Equipment	4,881	4,950	4,832	4,817
Capital work in progress	183	318	341	534
Other Non-Current Assets	5,171	4,934	4,934	4,934
Net Fixed Assets	10,235.9	10,203.0	10,107.9	10,285.8
Investments	24	21	23	23
Current Assets, Loans & Advances	68,952	73,006	80,761	86,177
Inventory	59,663	62,064	61,551	70,052
Debtors	2,925	1,174	1,946	2,198
Cash & Bank balance	1,058	2,025	4,991	4,963
Loans & advances and others	5,305	7,743	12,273	8,965
Current Liabilities & Provisions	43,971	46,702	52,145	55,189
Liabilities	43,905.9	46,598.1	52,063.5	55,106.3
Provisions	65	104	81	82
Net Current Assets	24,981	26,305	28,617	30,989

Source: Arian Research, Company Filings

Cash Flow Statement (consolidated)

Y/e 31st March in mn	FY24	FY25	FY26E	FY27E
PAT	709	1,503	2,797	3,895
Depreciation & amortisation	95	129	137	147
Interest expense	684	409	354	306
(Inc)/Dec in working capital	(38)	537	(964)	(2,063)
Less: Interest/Dividend Income Received	(529)	(495)	(501)	(528)
Cash flow from operating activities	1,090	1,898	1,823	1,757
Cash flow from investing activities	2,511	(367)	(73)	219
Cash flow from financing activities	(3,527)	(1,035)	(1,584)	(1,489)
Net cash flow	74	497	166	487
Opening balance	283	356	853	1,019
Closing balance	356	853	1,019	1,506

Source: Arianth Research, Company Filings

Ratio Analysis

	FY24	FY25	FY26E	FY27E
No. of shares (m)	146	146	146	146
Diluted no. of shares (m)	146	146	146	146
BVPS (INR)	213	223	238	259
CEPS (INR)	5.5	11.1	20.2	27.8
DPS (INR)	1.5	1.5	1.5	1.5
Margins (%)				
EBITDA Margin(%)	20.8	21.8	26.8	27.2
EBIT Margin(%)	19.1	20.3	25.7	26.4
PAT Margin(%)	11.4	16.4	20.4	20.8
Growth Indicators (%)				
Revenue(%)	55.8	51.0	56.0	37.6
EBITDA(%)	82.7	58.4	91.6	39.7
Adj PAT(%)	-1369.3	109.6	89.8	39.1
Adj EPS(%)	-1317.0	109.6	89.8	39.1
Valuation (x)				
P/E (x)	88.3	42.1	22.2	16.0
P/BV (x)	2.0	1.9	1.8	1.7
EV/EBITDA (x)	55.6	34.6	17.2	12.2
EV/Sales (x)	11.6	7.5	4.6	3.3
Return				
RoE (%)	2.4	4.7	8.4	10.8
RoCE (%)	4.7	6.2	10.4	13.4
Asset/T.O (x)	0.2	0.2	0.4	0.5
Net Debt/Equity (x)	0.1	0.1	-0.1	-1.5
EBIT/Interest (x)	1.6	4.2	9.3	15.5

Source: Arianth Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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