

CMP: INR 490

Rating: Buy

Target: INR 900

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)	71,720
52w H/L (INR)	699 / 380
Avg Yearly Volume (in 000')	733

Shareholding Pattern %

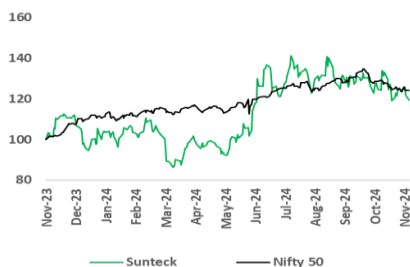
(As on September, 2024)

Promoters	63.3
FII	19.4
DII	8.6
Public & Others	8.7

Stock Performance (%) 1m 6m 12m

SUNTECK	-10.9%	20.3%	10.3%
NIFTY	-6.4%	6.6%	8.4%

Sunteck vs Nifty



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Sunteck Realty Ltd reported strong growth numbers pre-sales & collections YoY. For Q2FY25, revenue came in at INR 1,690 Mn, a growth of 578% YoY but de-growth of 47% QoQ as against the expectation of INR 3,235 Mn. Pre-Sales came in at INR 5,240 Mn, an increase of 33% YoY and increase of 2% QoQ, as against the expectation of INR 5,135 Mn. Collections stood at INR 2,670 Mn, growth of 25% YoY but de-growth of 22% QoQ.

Pre-sales remained healthy for Q2FY25: The company posted healthy pre-sales on expected lines with growth of 33% YoY and 4% QoQ to INR 5240 Mn. Major contribution was its premium luxury segment with project such as Sunteck city, SBR, Sky Park with INR 2140Mn followed by Uber luxury projects like Signature & Signia with INR 1610Mn and Aspirational luxury & others contributed INR 1140Mn & 350Mn.

Reported strong profitability: On profitability front, the company's EBITDA reported a profit of INR 374Mn as against the loss of INR 141Mn in Q1FY24/grew by 19% QoQ. EBITDA margin is at 22.1% as against the margin expectation of 15% which is positive. PAT reported a profit of INR 347 Mn as against the loss of INR 139Mn in Q1FY24 and grew by 57% QoQ. PAT margin stood at 20.5% in Q2FY25.

Expects GDV to double and Pre-sales to witness strong growth: Management remains confident of doubling its GDV in the next 2-3 years and reach 520Bn by FY27 as well as expects its pre-sales to grow healthy at 30% in the next 2-3 years which will be largely driven by launch of its new projects across Mumbai & MMR region. New Phase of project expected in areas such as Naigoan, Mira-road, Nepean sea road, Bandra and also its Dubai project would contribute significantly.

Outlook & Valuation: We remain positive on Sunteck's growth ahead given its strategy of growth with pre-sales growing at 30-35% and doubling its GDV in the next 2-3 years. The growth is expected to be driven by new launches of upcoming projects, strong balance sheet & brand recall as well as it is net cash positive with zero net debt to equity. Further, domestically it would continue to focus on the MMR region meanwhile its new project in Dubai would aid growth for the company. We assign a price to NAV multiple of 1.25x and have maintain Buy rating with a target price of INR 900.

Key Financials

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
Net Revenue	3,624	5,648	12,961	21,413
EBITDA	642	1,173	3,946	6,156
EBITDA Margin %	17.7	20.8	30.4	28.7
Adjusted PAT	(56)	708	2,862	4,446
PAT Margin %	-1.4	11.4	21.2	20.2
Adjusted EPS (INR)	(0.4)	4.8	19.5	30.4
ROE %	-	2.4	8.8	12.4

Source: Arihant Research, Company Filings

Q2FY25 Concall Highlights**Guidance:**

- Pre-sales is expected to grow at ~30% in FY25 as well as for the next 2-3 years.
- Maintains plan of doubling GDV value in the next 3 years and so they have plans to add projects worth GDV of INR 520,000 Mn by FY27.

Other Highlights:

- Mumbai markets continues to see robust growth and in terms of pricing, prices have appreciated much in the last few quarters but it is stable for now and their focus would be on growing volumes.
- Management focus will be in growing in Mumbai & MMR largely South Mumbai/Bandra/within city limits.
- In H2 and by FY26 their launch pipeline remains strong and these projects which will drive growth for the company.
- Launched a new phase project at Naigaon – Ultra world with GDV of INR 6000Mn.
- Fourth Avenue project is almost near completion so planning to launch fifth avenue at ODC Goregaon with GDV value of INR 15000Mn.
- Nepean sea project/Bandra/ Dubai project are under the approval phase and expected to be launched by FY26.
- For its Dubai project 2 towers are expected to be launched in the next 3-4 years.
- Other launches would include 2 towers at beach Residence project – Versova with GDV value of INR 40000-50000Mn, Sky park at Mira road with GDV value of INR 6000-7000Mn, 2 tower at Crescent park in Kalyan worth INR 3000Mn.
- For Borivali project, it is under SEZ policy so post the election outcome & the government in power they would be able to provide more clarity on approval and the project.
- Collections was impacted as compared last quarter would see improvement post delivery of projects.
- They got approvals from court for commercial project and expects construction to start soon.

Q2FY25 - Quarterly Performance (Consolidated)

INR mn	Q2FY25	Q2FY24	Q1FY25	YoY %	QoQ %
Net Sales	1,690	249	3,163	578%	-47%
Total Expenditure	1,317	391	2,849	237%	-54%
EBITDA	374	-141	314	-	19%
Margins (%)	22.1	-	9.9	-	1218bps
Depreciation	36	22	34	62%	8%
Interest	99	158	103	-37%	-3%
Other Income	130	113	117	15%	11%
PBT	368	-209	295	-	25%
Tax	22	-64	70	-	-69%
MI & Profit/Loss of Asso. Cos.	1	-6	-3	-	-115%
Reported PAT	347	-139	221	-	57%
Adj PAT	347	-139	221	-	57%
Margins (%)	20.5	(55.9)	7.0	-	1354bps

Source: Arianth Research, Company Filings

INR mn	2QFY25	2QFY24	1QFY25	YoY %	QoQ %
Booked value (INR mn)	5,240	3,950	5,020	33%	4%
Collections (INR mn)	2,670	2,140	3,420	25%	-22%

Source: Arianth Research, Company Filings

Profit & Loss Statement (Consolidated)

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
Net Revenue	3,624	5,648	12,961	21,413
Op. Expenses	2,983	4,476	9,015	15,257
EBITDA	642	1,173	3,946	6,156
Depreciation	92	95	312	401
EBIT	550	1,078	3,634	5,755
Other income	284	555	555	555
Interest Exp.	859	684	356	356
Extra Ordinary Items	70	1	-	-
Reported PBT	45	950	3,832	5,953
Tax	31	240	970	1,507
PAT	14	709	2,862	4,446
Adjusted PAT	(56)	708	2,862	4,446
Adjusted EPS (INR)	(0.4)	4.8	19.5	30.4

Source: Arian Research, Company Filings

Balance Sheet (Consolidated)

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
Share Capital	140	146	146	146
Reserves & Surplus	27,738	31,095	33,694	37,876
Networth	27,878	31,242	33,840	38,023
Debt	6,885	3,791	3,791	3,791
Net deferred Tax liabilities	9	59	59	59
Others	90	173	173	173
Capital Employed	34,862	35,266	37,705	42,060
Goodwill	14	25	25	25
Property, Plant and Equipment	1,490	4,881	6,264	7,764
Capital work in progress	1,012	183	183	183
Other Non-Current Assets	3,820	4,903	4,903	4,903
Net Fixed Assets	6,321	9,968	11,350	12,850
Investments	99	24	24	24
Current Assets, Loans & Advances	66,152	69,220	70,065	74,793
Inventory	57,251	59,663	43,925	49,427
Debtors	1,496	2,925	5,406	10,544
Cash & Bank balance	888	597	13,396	5,793
Bank balance	694	461	461	461
Loans & advances and others	5,823	5,574	6,878	8,568
Current Liabilities & Provisions	37,724	43,971	43,759	45,632
Liabilities	37,672	43,906	43,694	45,567
Provisions	52	65	65	65
Net Current Assets	28,428	25,249	26,306	29,161
Application of Funds	34,862	35,266	37,705	42,062

Source: Arian Research, Company Filings

Cash Flow Statement (consolidated)

Y/e 31st March in mn	FY23	FY24	FY25E	FY26E
PBT	45	950	3,832	5,953
Depreciation & amortisation	92	95	312	401
Interest expense	859	684	356	356
(Inc)/Dec in working capital	2,020	(502)	13,046	(8,768)
Tax paid	(70)	(121)	(970)	(1,507)
Less: Interest/Dividend Income Received	(267)	(84)	(555)	(555)
Other operating Cash Flow	(60)	69	(228)	(228)
Cash flow from operating activities	2,620	1,090	15,793	(4,347)
Capital expenditure	(181)	(631)	(1,382)	(1,500)
Inc/(Dec) in investments	8	14	-	-
Others	13	3,128	(749)	(1,136)
Cash flow from investing activities	(160)	2,511	(2,131)	(2,636)
Inc/(Dec) in share capital	13	2	-	-
Inc/(Dec) in debt	(1,650)	(2,784)	-	-
Dividend Paid	(215)	(211)	(264)	(264)
Others	(763)	(534)	(356)	(356)
Cash flow from financing activities	(2,615)	(3,527)	(620)	(620)
Net cash flow	(155)	74	13,042	(7,603)
Opening balance	436	280	354	13,396
Closing balance	280	354	13,396	5,793

Source: Arian Research, Company Filings

Ratio Analysis

Particulars	FY23	FY24	FY25E	FY26E
No. of shares (m)	140	146	146	146
Diluted no. of shares (m)	140	146	146	146
BVPS (INR)	198	213	231	260
CEPS (INR)	0.8	5.5	21.7	33.1
DPS (INR)	1.5	1.5	1.5	1.5
Margins (%)				
EBITDA Margin(%)	17.7	20.8	30.4	28.7
EBIT Margin(%)	15.2	19.1	28.0	26.9
PAT Margin(%)	-	11.4	21.2	20.2
Growth Indicators (%)				
Revenue(%)	-29.4	55.8	129.5	65.2
EBITDA(%)	-32.7	82.7	236.4	56.0
Adj PAT(%)	-	-	304.1	55.4
Adj EPS(%)	-	-	304.1	55.4
Valuation (x)				
P/E (x)	-	101.3	25.1	16.1
P/BV (x)	2.5	2.3	2.1	1.9
EV/EBITDA (x)	121.1	63.9	15.7	11.3
EV/Sales (x)	21.4	13.3	4.8	3.3
RoE (%)	-	2.4	8.8	12.4
RoCE (%)	2.4	4.7	11.5	15.8
Asset/T.O (x)	0.1	0.2	0.4	0.5
Net Debt/Equity (x)	0.1	0.1	-0.3	-0.1
EBIT/Interest (x)	0.6	1.6	10.2	16.2

Source: Arian 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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