

**CMP: INR 494**

**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)	72,310
52w H/L (INR)	699 / 380
Avg Yearly Volume (in 000')	587

**Shareholding Pattern %**

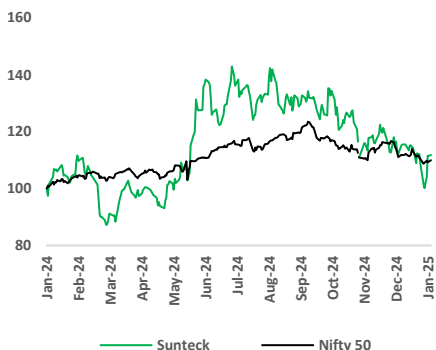
(As on September, 2024)

Promoters	63.3
FII	19.4
DII	8.6
Public & Others	8.7

**Stock Performance (%) 1m 6m 12m**

SUNTECK	-1.51%	-17.92%	13.45%
NIFTY	-2.52%	-5.53%	9.02%

**Sunteck vs Nifty**



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Sunteck Realty Ltd reported strong growth numbers pre-sales & profitability. For Q3FY25, revenue came in at INR 1,618 Mn, a growth of 281% YoY but de-growth of 4% QoQ as against the expectation of INR 2,100 Mn. Pre-Sales came in at INR 6,350 Mn, an increase of 40% YoY and increase of 23% QoQ, as against the expectation of INR 5,915 Mn. Collections stood at INR 3,360 Mn, de-growth of 23% YoY but growth of 26% QoQ.

**Investment Rational**

**Strong Pre-Sales Momentum** - The company recorded healthy pre-sales growth in Q3FY25, in line with expectations, with a 40% YoY and 23% QoQ growth to INR 6,350 Mn. The strong growth in pre-sales was driven by our Uber Luxury segment, which comprises of three BKC projects, namely Signature Island, Signia Isle, and Signia Pearl, and now Nepean Sea Road Project. They have also updated their pre-sales guidance to 35%

**Strong Pipeline of Premium Project Launches**- Sunteck Realty is set to bolster its growth trajectory with strategic launches across key locations in Q4FY25. At Sunteck City, ODC, Goregaon West, the company plans to introduce a new phase comprising two towers with a combined GDV of INR 30 Bn. Additionally, the launch of a new tower at Sunteck Beach Residences (SBR) (GDV - INR 2500-3000 Mn) and launch at Sunteck Skypark, Mira Road, (GDV - INR 6000 -7000 Mn), reinforcing the company's leadership in aspirational and premium housing. It has also strengthened its project portfolio with the addition of Nepean Sea Project 2 in Q3FY25, contributing an incremental GDV of INR 24000 Mn. This brings the total GDV of the Nepean Sea Road Project to INR 54,000 Mn.

**Profitability on an Uptrend** - On the profitability front, the company posted a strong turnaround. EBITDA stood at INR 480 Mn, a significant improvement compared to a loss of INR 149 Mn in Q3FY24, reflecting a 426% YoY growth. The EBITDA margin expanded to 30%.PAT came in at INR 430 Mn, up 537% YoY, compared to a loss of INR 98 Mn in Q3FY24. The PAT margin for the quarter was at 27%, highlighting operational efficiency.

**Outlook and Valuation** - We remain positive on the growth prospects of Sunteck Realty, supported by its robust growth strategy, debt-free balance sheet, and strong brand equity. The company is well-positioned to achieve its GDV doubling target of INR 520 Bn by FY27, driven by 30–35% CAGR in pre-sales momentum. The addition of high-value developments such as Nepean Sea Project 2 in Q3FY25, along with new phase expansions at ODC Goregaon and Mira Road, will further strengthen the company's project pipeline and enhance its positioning in the premium and uber-luxury segments. Furthermore, the Dubai project is set to drive international growth. We assign a price-to-NAV multiple of 1.25x and maintain a 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

**Q3FY25 Concall Highlights-****Financial Performance:**

- For Q3FY25, revenue came in at INR 1,618 Mn, a growth of 281% YoY and de-growth of 4% QoQ as against the expectation of INR 2100 Mn
- Pre-Sales came in at INR 6350 Mn, an increase of 40% YoY and 21% QoQ, as against the expectation of INR 5,915 Mn.
- Collections stood at INR 3360 Mn, de-growth of 23% YoY and growth of 26% QoQ
- EBITDA margin is at 30% as against the margin expectation of 31%
- PAT is at INR 426 Mn, an increase of 534% YoY and 23% QoQ, against the expectation of INR 471 Mn.

**Other Highlights :**

- The Uber Luxury segment contributed INR 4,220 Mn in pre-sales during Q3 FY25, driven by projects at BKC (Signature Island, Signia Isle, and Signia Pearl) and Nepean Sea Road. The Premium Luxury segment contributed INR 1,210 Mn, Aspirational Luxury contributed INR 830 Mn, and the remaining INR 90 Mn came from other segments
- On business development front they have added of the Nepean Sea Road Project 2 with a GDV of INR 24,000 Mn and has launch plans for Sunteck City at ODC Goregaon West (GDV INR 30,000 Mn) and Sunteck Skypark at Mira Road (GDV INR 6,000–7,000 Mn).
- Total GDV of the company has reached INR402,250 Mn, doubling over the last two years.
- Collections has reached INR 3,360 Mn in Q3 FY25, slightly lower than Q3 FY24 but expected to increase with project completions like 4th Avenue at ODC and construction progress at other sites.
- Neapon sea Road , Dubai downtown projects and Bandra project are set to launch in FY26.
- Commercial project in ODC Goregaon is expected to complete by Fy28.
- Q4 FY25 is expected to be the best-ever quarter for pre-sales, supported by strong project launches and robust demand.
- Targeting a 30-35% growth in pre-sales, with major contributions from Dubai downtown Project, ODC, Nepean Sea Road, Mira Road, and Bandra project.
- They are Emphasis on uber-luxury projects with strong High EBITDA Margin Projects .

## Q3FY25 - Quarterly Performance (Consolidated)

INR mn	Q3FY25E	Q3FY24	Q2FY25	YoY %	QoQ %
<b>Net Sales</b>	<b>1,618</b>	<b>424</b>	<b>1,690</b>	281%	-4%
Total Expenditure	1,134	574	1,317	98%	-14%
<b>EBITDA</b>	<b>484</b>	<b>-149</b>	<b>374</b>	-424%	29%
Margins (%)	30%	-35%	22%		
Depreciation	31	24	36	29%	-14%
Interest	87	171	99	-49%	-12%
Other Income	130	185	130	-30%	0%
<b>PBT</b>	<b>495</b>	<b>-159</b>	<b>368</b>	-412%	34%
Tax	69	-55	22	-225%	218%
MI & Profit/Loss of Asso. Cos.	-1	-6	6	-80%	-120%
<b>Reported PAT</b>	<b>426</b>	<b>-98</b>	<b>347</b>	-534%	23%
<b>Adj PAT</b>	<b>426</b>	<b>-98</b>	<b>347</b>	-534%	23%
Margins (%)	26%	-23%	21%		

## Operational performance

INR mn	Q3FY25	Q3FY24	Q2FY25	YoY %	QoQ %
<b>Pre-sales (INR mn)</b>	6,350	4,550	5,240	40%	21%
<b>Collections (INR mn)</b>	3,360	4,380	2,670	-23%	26%

Source: Arianth Research, Company Filings

## Profit &amp; 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
<b>Capital Employed</b>	<b>34,862</b>	<b>35,266</b>	<b>37,705</b>	<b>42,060</b>
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
<b>Application of Funds</b>	<b>34,862</b>	<b>35,266</b>	<b>37,705</b>	<b>42,062</b>

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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