

CMP: INR 400

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)	58,760
52w H/L (INR)	699 / 347
Avg Yearly Volume (in 000')	560

Shareholding Pattern %

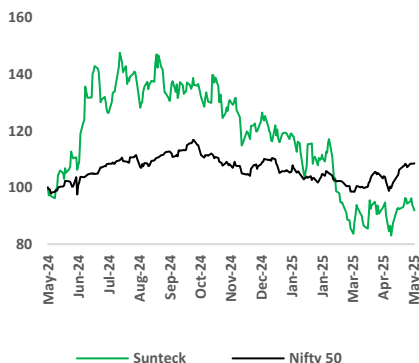
(As on September, 2024)

Promoters	63.3
FII	19.4
DII	8.2
Public & Others	9.1

Stock Performance (%) 1m 6m 12m

SUNTECK	11.2%	-27.5%	-6%
NIFTY	10.4%	1.02%	9%

Sunteck vs Nifty



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Sunteck Realty Ltd reported strong growth numbers pre-sales & profitability. For Q4FY25, revenue came in at INR 2060 Mn, a de-growth of 107% YoY and growth of 21% QoQ as against the expectation of INR 5741 Mn, Pre-Sales came in at INR 8700 Mn, an increase of 22% YoY and 27% QoQ. Collections stood at INR 3100 Mn, growth of 4.5% YoY and de-growth of 8.4% QoQ

Investment Rational

Recorded highest Pre-sales - The company recorded healthy pre-sales growth in FY25, with a 32% YoY growth to INR 25,310 Mn and for Q4FY25 it was INR 8,700. Uber Luxury segment contributed INR 5730 Mn of Q4FY25 pre-sales which is 65% of the total pre-sale, with BKC contributing INR 1,500 Mn and Nepean Sea Road INR 4,230 Mn. They have maintained their pre-sales guidance to 25-30%

Strategic Focus on High-Value Launches and Sales Velocity: Sunteck Realty is well-positioned for growth with a robust FY26 launch pipeline, planned to launch projects including high-GDV projects like Nepean Sea Road with GDV of INR 50,000 Mn which is currently in demolishing stage and 5th Avenue at ODC Goregaon West (GDV: INR 15,000 Mn), one tower of Sunteck Sky park, mira road and few in Beach residency as well as naigoan, targeting the Uber and Premium Luxury segments. Management's strategy to prioritize sales velocity over price hikes, maintaining stable or improved margins, aligns with sustained demand and operational efficiencies.

Strong Profitability with Margin Expansion : Sunteck Realty showcased a 112% YoY increase in FY25 net profit to INR 1,500 Mn, with Q4 FY25 net profit at INR 503.8 Mn (up 101% YoY). EBITDA margins improved consistently, reaching 33% in Q4 FY25 (full-year at 22%), driven by operational efficiencies and a focus on high-margin Uber Luxury projects. The company's financial position remains robust, with a net cash surplus of INR 125 Mn and a net debt-to-equity ratio of -0.04x, reflecting low leverage.

Outlook and Valuation - Sunteck Realty showcased a robust performance in FY25, with Q4 demonstrating significant profitability growth and margin improvement. The company plans to launch high-margin projects such as Nepean Sea Road, 5th Avenue at ODC Goregaon West, and other developments in the Uber and Premium Luxury segments in FY26, aiming to sustain or enhance margins through operational efficiencies. The full year marked a record for pre-sales and a significant rise in net profit, supported by substantial growth in net GDV since FY22 and a healthy balance sheet with a net cash surplus and a low debt-to-equity ratio. 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	8,531	21,413
EBITDA	642	1,173	1,858	6,156
EBITDA Margin %	17.7	20.8	21.8	28.7
Adjusted PAT	(56)	708	1,485	4,446
PAT Margin %	-1.4	11.4	109.6	20.2
Adjusted EPS (INR)	(0.4)	4.8	10.1	30.4
ROE %	-	2.4	4.7	12.4

Source: Arihant Research, Company Filings

Q4FY25 Concall Highlights-**Outlook:**

Sunteck Realty aims for a pre-sales growth rate of over 25-30% in FY26, driven by key launches like Nepean Sea Road and 5th Avenue. The Dubai project is targeted to launch in late FY26 or early FY27, pending approvals and design finalization. The company will prioritize sales velocity over price hikes, focusing on Uber and Premium Luxury segments, with expectations of stable or improved margins supported by operational efficiencies and strong demand.

Financial Highlights-

- Q4 FY25 pre-sales reached INR 8,700 Mn, reflecting a 22% YoY increase and 27% QoQ growth. Full-year FY25 pre-sales hit a record INR 25,310 Mn, up 32% from INR 19,150 Mn in FY24, driven by strong contributions from Uber Luxury projects.
- Q4 FY25 operating revenue was INR 2,060 Mn, showing a 107% YoY de-growth & growth of 21% QoQ.
- Q4 FY25 collections stood at INR 3,100 Mn, up 4.5% YoY but down 8.4% QoQ, with full-year collections at INR 12,550 Mn (vs. INR 12,360 Mn in FY24), yielding a net cash flow surplus of INR 374 Mn.
- Q4 FY25 EBITDA was INR 690 Mn (33% margin), with full-year EBITDA at INR 1,860 Mn (22% margin), up 58% YoY from INR 1,170 Mn. Net profit for Q4 FY25 was INR 503.8 Mn (up 101% YoY and 15.6% QoQ), and full-year net profit reached INR 1,500 Mn, a 112% YoY increase from INR 710 Mn.
- Net cash surplus improved to INR 125 Mn by FY25-end, with net debt-to-equity at -0.04x, reflecting a robust financial position and improved cash flow RoCE of 16%

Other Highlights-

- The demolition of the old Bageshwari building at Nepean Sea Road is in full swing, with pre-sales of INR 4,230 Mn from high-profile owners and tenants. The Bandra project is in the final stages of design and approval.
- In Q4 FY25, Uber Luxury pre-sales totaled INR 5,730 Mn, with BKC contributing INR 1,500 Mn and Nepean Sea Road INR 4,230 Mn, underscoring the segment's dominance.
- Management highlighted a 3x growth in net GDV to INR 400,000 Mn since FY22, driven by high-margin acquisitions and a focus on value-accretive projects.
- The 4th Avenue project at Sunteck City is expected to contribute to revenue recognition in FY26 upon receiving the occupation certificate.
- The Dubai project, a three-acre development near Dubai Mall, remains in the approval and designing stage, with a targeted launch in late FY26 or early FY27, subject to finalizing the product mix and regulatory approvals.
- Key Launches for FY26 include Sunteck Nepean Sea Road (GDV: INR 50,000 Mn), 5th Avenue at ODC Goregaon West (GDV: INR 15,000 Mn), new tower of Sunteck Sky Park (GDV: INR 7,000 Mn), one or two towers of Sunteck Beach Residences Vasai (GDV: INR 4,000-4,500 Mn), and a new phase of Sunteck World Naigaon (GDV: INR 3,500 Mn).

Q3FY25 - Quarterly Performance (Consolidated)

INR Mn	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ %
Net Sales	2,060	4,269	-52%	1,620	27%
Total Expenditure	1,374	2,735	-50%	1,134	21%
EBITDA	687	1,534	-55%	486	41%
Margins (%)	33.3	35.9	-260bps	30.0	332bps
Depreciation	28	31	-11%	31	-12%
Interest	119	182	-34%	87	37%
Other Income	118	81	45%	130	-9%
PBT before EO expense	658	1,402	-53%	498	32%
Extra-Ord expense	0	0	0	0	0
PBT	658	1,402	-53%	498	32%
Tax	170	386	-56%	69	147%
MI & Profit/Loss of Asso. Cos.	0	3	-100%	0	#DIV/0!
Reported PAT	487	1,019	-52%	429	14%
Adj PAT	487	1,019	-52%	429	14%
Margins (%)	23.6	23.9	-22bps	26.5	-282bps

INR mn	Q4FY25	Q4FY24	YoY %	Q3FY25	QoQ %
Pre - sales	8,700	6,780	28%	6,350	37%
collection	3,100	2,960	5%	3,360	-8%

Source: Arianth Research, Company Filings

Profit & Loss Statement (Consolidated)

Y/e 31st March in mn	FY23	FY24	FY25	FY26E
Net Revenue	3,624	5,648	8,531	21,413
Op. Expenses	2,983	4,476	6,673	15,257
EBITDA	642	1,173	1,858	6,156
Depreciation	92	95	129	401
EBIT	550	1,078	1,730	5,755
Other income	284	555	495	555
Interest Exp.	859	684	409	356
Extra Ordinary Items	70	1	18	-
Reported PBT	45	950	1,835	5,953
Tax	31	240	331	1,507
PAT	14	709	1,503	4,446
Adjusted PAT	(56)	708	1,485	4,446
Adjusted EPS (INR)	(0.4)	4.8	10.1	30.4

Source: Arian Research, Company Filings

Balance Sheet (Consolidated)

Y/e 31st March in mn	FY23	FY24	FY25	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	FY25	FY26E
PBT	45	950	1,835	5,967
Depreciation & amortisation	92	95	129	317
Interest expense	859	684	409	368
(Inc)/Dec in working capital	2,020	(502)	537	5,224
Tax paid	(70)	(121)	(556)	(1,511)
Less: Interest/Dividend Income Received	(267)	(84)	(488)	(495)
Other operating Cash Flow	(60)	69	34	(228)
Cash flow from operating activities	2,620	1,090	1,899	9,641
Capital expenditure	(181)	(631)	(325)	(2,808)
Inc/(Dec) in investments	8	14	-	0
Others	13	3,128	(42)	(1,841)
Cash flow from investing activities	(160)	2,511	(367)	(4,649)
Inc/(Dec) in share capital	13	2	1	-
Inc/(Dec) in debt	(1,650)	(2,784)	(444)	-
Dividend Paid	(215)	(211)	(220)	(264)
Others	(763)	(534)	(372)	(368)
Cash flow from financing activities	(2,615)	(3,527)	(1,035)	(631)
Net cash flow	(155)	74	497	4,361
Opening balance	436	280	356	853
Closing balance	280	354	853	5,214

Source: Arianth Research, Company Filings

Ratio Analysis

Per share data

	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	222	250
CEPS (INR)	0.8	5.5	11.1	32.6
DPS (INR)	1.5	1.5	1.5	1.5

Margins (%)

	FY23	FY24	FY25E	FY26E
EBITDA Margin(%)	17.7	20.8	21.8	28.7
EBIT Margin(%)	15.2	19.1	20.3	27.3
PAT Margin(%)	-1.4	11.4	16.4	20.3

Growth Indicators (%)

	FY23	FY24	FY25E	FY26E
Revenue(%)	-29.4	55.8	51.0	151.0
EBITDA(%)	-32.7	82.7	58.4	231.2
Adj PAT(%)	-123.3	-1369.3	109.6	200.1
Adj EPS(%)	-123.3	-1317.0	109.6	200.1

Valuation (x)

	FY23	FY24	FY25E	FY26E
P/E (x)	-1283.7	105.5	50.3	16.8
P/BV (x)	2.6	2.4	2.3	2.0
EV/EBITDA (x)	125.7	66.4	41.4	11.9
EV/Sales (x)	22.3	13.8	9.0	3.4

Return

	FY23	FY24	FY25E	FY26E
RoE (%)	-0.2	2.4	4.7	12.9
RoCE (%)	2.4	4.7	6.2	16.4
Asset/T.O (x)	0.1	0.2	0.2	0.6
Net Debt/Equity (x)	0.1	0.1	0.1	0.0
EBIT/Interest (x)	0.6	1.6	4.2	15.9

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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