

CMP: INR 315

Rating: Buy

Target: INR 882

Stock Info

BSE	544054
NSE	SURAJEST
Bloomberg	SURAJEST:IN
Sector	Real Estate
Face Value (INR)	5
Equity Capital (INR mn)	42.8
Mkt Cap (INR mn)	13,973
52w H/L (INR)	847/256
Avg Yearly Volume (in 000')	211

Shareholding Pattern %

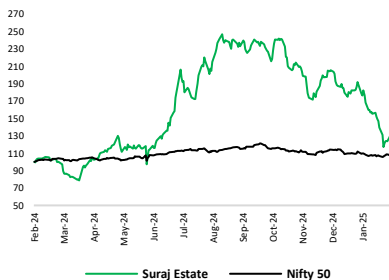
(As on September, 2024)

Promoters	69.6
DII	1.94
FII	2.5
Public & Others	26

Stock Performance (%) 1m 6m 12m

SURAJEST	-32.9%	52.5%	7.2%
NIFTY	-0.7%	-5.9%	5.9%

SURAJEST vs Nifty



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Suraj Estate reported a strong 62% YoY revenue growth in Q3FY25, reaching INR 1,718 Mn, significantly outpacing the INR 1,061 Mn reported in Q3FY24. However, on a sequential basis, revenue saw a 57% QoQ increase from INR 1,096 Mn in Q2FY25. Despite robust topline growth, margins were impacted due to a higher share of value-luxury projects and a one-time INR 1,500 Mn litigation expense. EBITDA stood at INR 478 Mn, down 31% YoY and 25% QoQ, resulting in an EBITDA margin of 27.8%, lower than the previous quarter's 58.4%. PAT came in at INR 200 Mn, reflecting a 21% YoY increase but a 37% QoQ decline due to margin pressures.

Pre-sales stood at **INR 1,070 Mn**, marking a **2% YoY increase**, although area sold declined by **21%** due to limited new launches. Average realization per square foot rose **18% YoY to INR 64,321/sqft**, reflecting the strong demand for premium projects like **Palette and Ocean Star**. Collections improved significantly, rising **24% YoY to INR 840 Mn**, driven by continued inventory sales and robust demand in the luxury segment.

Strong Growth Pipeline & Capital Deployment: Suraj Estate has a robust expansion plan with the upcoming launch of the Tulsi Pipe Road commercial project in Q1FY26, increasing its GDV from INR 4,750 Mn to INR 10,000 Mn. Additionally, two new residential projects worth INR 4,000 Mn will further strengthen its position in South Central Mumbai's premium real estate market. The company successfully raised INR 3,430 Mn through preferential equity allotment and convertible warrants, which will be utilized for land acquisition, business expansion, and working capital needs. Post-issuance, promoter stake dilution from 74.95% to 67.71% indicates a strategic move to fund future growth while maintaining financial discipline.

Pre-Sales Guidance & Project Pipeline: Suraj Estate had FY25 pre-sales guidance at INR 8,500 Mn, with INR 6,500 Mn from residential projects and INR 2,000 Mn from commercial developments. The company has revised its FY25 this guidance to INR 5000-5500 Mn for the residential segment, while the commercial segment's INR 200 Crore pre-sales target may spill over into Q1FY26 following the Tulsi Pipe Road launch. The company plans to launch projects worth INR 11,500 Mn, including 18 new developments over the next 3-4 years, covering a carpet area of 10.04 lakh sqft, with 67% allocated to the value-luxury segment.

Outlook & Valuation: Suraj Estate's leadership in South-Central Mumbai's redevelopment market, combined with strong demand for premium real estate, positions it well for sustainable growth. The company's healthy project pipeline, improving financials, and stable balance sheet further support its long-term expansion. On the valuation front, we continue to value Suraj Estate on an NAV basis with a 1x multiple, maintaining our target price of INR 882.

Particulars (INR Mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	4122.0	3998.6	5969.1	7971.8
EBITDA	2329.0	2161.8	3197.3	4270.0
EBITDA Margin(%)	56.5	54.1	53.6	53.6
PAT	674.0	1084.4	1917.4	2782.3
PAT Margin(%)	16.4	27.1	32.1	34.9
EPS	15.7	25.3	44.8	65.0
EV/EBITDA (x)	7.8	7.5	5.2	3.8

Source: Arihant Research, Company Filings

Q3FY25 concall highlights –

Outlook - Suraj Estate remains optimistic about its growth trajectory, with strong demand in premium and commercial real estate supporting sustained revenue expansion. The strategic delay in launching the Tulsi Pipe Road commercial project is expected to maximize its GDV, now increased from INR 4,750 mn to INR 10,000 mn. Additionally, the company plans to launch two residential projects worth INR 4,000 mn in Q1FY26. While EBITDA margins faced short-term pressure due to a higher mix of value-luxury projects and one-time litigation costs, management expects a recovery, with margins normalizing at 40-45% as high-margin luxury and commercial projects gain momentum.

Guidance –

FY25 pre-sales guidance adjusted to INR 5000-5250 Mn, reflecting a cautious yet optimistic outlook.

Positive outlook for FY26 and FY27, driven by strong demand in the high-end real estate segment.

Key projects slated for completion in FY26, expected to boost revenue recognition and financial performance.

Financial Performance Highlights

- Total income for 3QFY25 grew by 60% YoY and 57% QoQ to INR 1718 mn.
- EBITDA for 3Q FY25 stood at INR 478 mn (-31% YoY/-25% QoQ), EBITDA margin is at 27%
- PAT is INR 200 mn (+21% YoY/-37% QoQ).
- EBITDA margins were impacted due to lower-margin projects and one-time litigation costs.

Other Highlights -

Pre-sales for the quarter remained relatively stable in value terms, growing by 2% year-on-year to INR 1,070 Mn, although the sales area declined by 21% due to fewer new launches.

Despite this, average realization improved significantly, reaching INR 64,321 per square foot, an 18% increase driven by premium projects like Palette and Ocean Star.

Collections also remained strong, rising 24% year-on-year to INR 840 million, indicating healthy cash flow generation.

Aggressive Expansion in FY26 by focusing on commercial real estate as a key growth driver.

Major Commercial Launch is Tulsi Pipe Road project, set for Q1FY26, with an estimated GDV of INR 12,000 mn.

Two new Residential Project Launches worth INR 4,000 mn in Q1FY26 to strengthen presence in Mumbai's premium real estate segment.

Continues leveraging an asset-light model, reducing upfront capital expenditure while ensuring steady growth and financial discipline.

Gross debt at INR 4,360 million, while net debt declined to INR 2,190 mn, supported by strong collections.

Debt-to-equity ratio remains stable at 0.9x, reflecting strong financial management.

Q3FY25 - Quarterly Performance (Consolidated)

Particulars (INR Mn)	Q3FY25	Q3FY24	Q2FY25	Y-o-Y	Q-o-Q
Net Sales	1,698.5	1,059.9	1,090.9	60.3	55.7
Operating & project expenses	2,167.2	717.3	335.0	202.1	547.0
Changes in inventories of construction work in progress	(1,061.0)	(397.2)	(11.4)	-	-
Total raw material expense	1,106.2	320.1	323.6	245.6	241.9
Gross Profit	592.3	739.8	767.4	(19.9)	(22.8)
<i>Gross Profit margin %</i>	<i>34.9</i>	<i>69.8</i>	<i>70.3</i>	<i>-3493bps</i>	<i>-3547bps</i>
Employee cost	57.3	33.4	59.9	71.4	(4.2)
Other expenses	76.8	10.5	73.0	633.1	5.2
Total expenditure	1,240.4	364.0	456.5	240.8	171.7
EBITDA	458.1	695.9	634.5	(34.2)	(27.8)
<i>EBITDA Margins (%)</i>	<i>27%</i>	<i>66%</i>	<i>58%</i>	<i>-3868bps</i>	<i>-3119bps</i>
Depreciation	12.9	6.1	12.0	111.8	7.7
EBIT	445.2	689.8	622.5	(35.5)	(28.5)
Other Income	19.8	1.6	5.5	1,104.9	260.6
Interest	204.9	470.5	190.8	(56.5)	7.4
PBT	220.6	217.7	426.2	1.4	(48.2)
Exceptional	-	-	-	-	-
PBT	220.6	217.7	426.2	1.4	(48.2)
Tax	60.3	55.2	118.9	9.3	(49.3)
PAT	160.3	162.5	307.4	(1.3)	(47.8)
<i>PAT Margin (%)</i>	<i>9%</i>	<i>15%</i>	<i>28%</i>	<i>-6bps</i>	<i>-19bps</i>
EPS	3.7	5.1	7.2	(26.9)	(47.8)

Operational Data					
Particulars (INR Mn)	Q3FY25	Q3FY24	Q2FY25	Y-o-Y	Q-o-Q
Pre-sales (INR Mn)	1,070	1,430	1,070	(25.2)	-
Sales Area (Sqft)	16,656	35,537	22,201	(53.1)	(25.0)
Collections (INR Mn)	840	680	1,270	23.5	(33.9)
Realizations (INR/Sqft)	64,711	40,101	48,366	61.4	33.8

Source: Arianth Research, Company Filings

Profit & Loss Statement (Consolidated)

Particulars (INR Mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Net Revenue	3,057	4,122	3,999	5,969	7,972
Op. Expenses	1,547	1,793	1,837	2,772	3,702
EBITDA	1,510	2,329	2,162	3,197	4,270
Depreciation	26	37	36	54	72
EBIT	1,484	2,292	2,126	3,144	4,198
Other income	21	35	34	51	68
Interest Exp.	1,074	1,389	804	798	788
Extra Ordinary Items	-	-	-	-	-
Reported PBT	432	938	1,355	2,397	3,478
Tax	111	264	271	479	696
PAT	321	674	1,084	1,917	2,782
Adjusted EPS (INR)	10.1	15.7	25.3	44.8	65.0

Source: Arianth Research, Company Filings

Balance Sheet (Consolidated)

Particulars (INR Mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Share Capital	159	214	214	214	214
Reserves & Surplus	555	4,947	6,031	7,949	10,731
Networth	714	5,161	6,245	8,163	10,945
Debt	5931	4256	4469	4692	4927
Minority Interest	1	-	-	-	-
Net deferred Tax liabilities	98	94	91	136	182
Others	57	115	112	167	222
Capital Employed	6,801	9,626	10,917	13,158	16,276
Property, Plant and Equipment	158	374	411	453	498
Other Non-Current Assets	227	111	108	161	215
Net Fixed Assets	385	485	519	613	712
Investments	89	14	14	20	27
Current Assets, Loans & Advances	8,910	12,330	13,453	16,627	20,617
Inventory	6,523	7,392	6,464	8,831	10,920
Debtors	1,130	1,067	1,035	1,545	2,064
Cash & Bank balance	280	1,103	3,248	2,868	3,514
Loans & advances and others	976	2,768	2,706	3,383	4,119
Current Liabilities & Provisions	2,582	3,203	3,068	4,103	5,081
Liabilities	2,581	3,202	3,067	4,101	5,079
Provisions	1	1	1	1	2
Net Current Assets	6,328	9,127	10,384	12,524	15,537
Application of Funds	6,801	9,626	10,917	13,158	16,276

Source: Arianth Research, Company Filings

Cash Flow Statement (consolidated)

Particulars (INR Mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Profit before tax	432	938	1,355	2,397	3,478
Add: Depreciation	26	37	36	54	72
Add: Interest cost	1,049	1,389	804	798	788
Less: Other Income	(10)	(35)	(34)	(51)	(68)
Others	3	32	-	-	-
Operating profit before working capital changes	1,499	2,361	2,162	3,197	4,270
Working Capital changes	450	(2,100)	888	(2,518)	(2,364)
Cash from Operations	1,950	261	3,049	679	1,906
Less: Taxes	(64)	(171)	(271)	(479)	(696)
Cash flow from Operations	1,885	90	2,778	200	1,210
Cash flow from investing	(271)	(897)	(42)	(6)	(10)
Cash flow from Financing	(1,557)	702	(592)	(574)	(554)
Net cash Inflow/Outflow	57	(105)	2,145	(380)	646
Opening cash	61	118	13	2,158	1,778
Closing cash	118	13	2,158	1,778	2,424

Source: Arihant Research, Company Filings

Ratio Analysis

Per share data	FY23	FY24	FY25E	FY26E	FY27E
No. of shares (mn)	32	43	43	43	43
BVPS (INR)	22	121	154	213	280
CEPS (INR)	10.9	16.6	34.4	57.3	69.1
Margins (%)	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin(%)	49.4	56.5	54.1	53.6	53.6
PBTM (%)	14.1	22.8	37.3	42.2	43.9
PAT Margin(%)	10.5	16.4	29.8	33.8	35.1
Growth Indicators (%)	FY23	FY24	FY25E	FY26E	FY27E
Revenue(%)	12.1	34.8	16.4	38.0	16.1
EBITDA(%)	14.6	54.2	11.4	36.7	16.1
Adj PAT(%)	21.0	110.2	112.3	52.1	20.7
Turnover ratio (x)	FY23	FY24	FY25E	FY26E	FY27E
Debtors Days	135.0	94.5	94.5	94.5	94.5
Inventory Days	778.7	654.6	590.0	540.0	500.0
Payable Days	32.2	31.8	31.8	31.8	31.8
Wc Days	881.5	717.2	652.7	602.7	562.7
Valuation (x)	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	56.5	36.3	10.6	10.2	8.5
P/BV (x)	25.4	4.7	2.3	2.7	2.0
EV/EBITDA (x)	15.9	12.3	7.2	7.4	6.0
EV/Sales (x)	7.8	6.9	3.9	4.0	3.2
	FY23	FY24	FY25E	FY26E	FY27E
RoE (%)	44.9	13.1	21.7	26.2	24.0
RoCE (%)	22.3	24.3	23.1	26.9	25.5
Net Debt/Equity (x)	8.3	0.8	0.7	0.5	0.4
EBIT/Interest (x)	1.4	1.7	3.2	4.7	5.5

Source: Arihant 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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