

**CMP: INR 321**

**Rating: Buy**

**Target: INR 834**

**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)	15,320
52w H/L (INR)	847/270
Avg Yearly Volume (in 000')	211

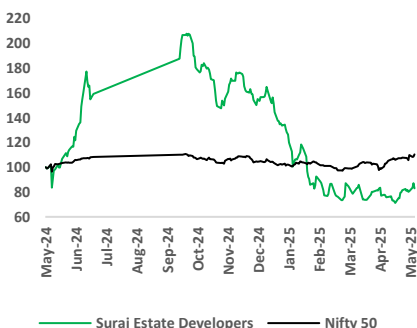
**Shareholding Pattern %**

(As on September, 2024)

Promoters	69.6
DII	2.3
FII	2
Public & Others	26.1

Stock Performance (%)	1m	6m	12m
SURAJEST	7.4%	-50.1%	-16.8%
NIFTY	1.7%	2.6%	9.1%

**SURAJEST vs Nifty**



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Suraj Estate reported robust revenue growth in Q4FY25, Revenue came in at INR 1365 Mn, growth of 36% YoY but declined by 19.6 QoQ, below our expectation of INR 1,500 Mn. driven by strong unit sales and brand recognition in South Central Mumbai. However, EBITDA declined 44% YoY to INR 301 Mn, with an EBITDA margin of 22.4% (adjusted to ~33% excluding one-time costs), impacted by a higher share of value-luxury projects and a one-time INR 150 Mn litigation settlement cost. PAT came in at INR 182.8 Mn that is de-growth of 6% YoY and 8.5 % QoQ, PAT margin at 13%, though annual PAT for FY25 surged 48.5% to INR 1,002 Mn, supported by better price realization and reduced finance costs. For FY25, total income grew 33% YoY to INR 5,530 Mn, while EBITDA fell 13% to INR 2,070 Mn.

Pre-sales in Q4FY25 grew 20% YoY to INR 1,460 Mn, with FY25 pre-sales reaching INR 5,010 Mn, meeting the revised guidance of INR 4,800–5,250 Mn. The sales area in Q4FY25 increased 14% YoY to 25,848 sq. ft., driven by robust demand for luxury projects like Palette and Ocean Star. Average realization improved 5% YoY to INR 56,508 per sq. ft. in Q4FY25 (21% YoY to INR 54,353 per sq. ft. for FY25), reflecting strong pricing in the premium segment. Collections rose 22% YoY to INR 3,860 Mn in FY25 (INR 1,030 Mn in Q4FY25), supported by steady project progress and execution focus.

**Project Pipeline** - Suraj Estate plans FY26 launches worth INR 20,000 Mn GDV, including the Tulsi Pipe Road commercial project (INR 12,000 Mn) and residential projects (INR 8,000 Mn): Parkview 1 (INR 2500 Mn, Shivaji Park), Kauriwadi (INR 1200 Mn, Prabhadevi), Lobo Villa (INR 1,200 Mn, Mahim), JRE (INR 900 Mn, Baikala), Lucky Chawl (INR 650 Mn, Mahim), and Shivaji Park luxury (INR 800 Mn). The pipeline spans 10.04 lakh sq. ft. across 18–19 projects over 3–4 years, with 67% in value-luxury (1–2 BHK, INR 14–30 Mn). Marinagar's additional 2 lakh sq. ft. under Metro FSI adds INR 8,000 Mn GDV, likely for FY27.

**Growth Strategy & Capital Allocation-** Suraj Estate raised INR 3,430 Mn in FY25 (INR 2,930 Mn received, INR 500 Mn pending under share warrants) for land acquisitions (e.g., INR 1100 Mn for Mahim, INR 380 Mn for Lobo Villa), Metro FSI, and working capital. Net debt rose to INR 4,140 Mn, with a peak expected at INR 5,000 Mn, supported by an INR 2,500 Mn debt sanction for Tulsi Pipe Road. No further capital raising is planned; internal cash flows and debt will fund launches. The asset-light DCR 33(7) model, strong brand, and Metro connectivity drive high-value project execution with a stable debt-to-equity ratio.

**Outlook & Valuation:** Suraj Estate is well-positioned for growth in FY26, leveraging its dominance in South Central Mumbai's redevelopment market and strong demand for premium residential and commercial properties. The INR 20,000 Mn GDV launch pipeline, enhanced by Metro connectivity and strategic land acquisitions, supports robust revenue and cash flow growth, with EBITDA margins expected to stabilize at 40–45% as high-margin projects scale. On the valuation front, we continue to value Suraj Estate on an NAV basis with a 1x multiple, maintaining our target price of INR 834.

Particulars (INR Mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	4122.0	5490.9	5954.3	6868.0
EBITDA	2329.0	2026.6	3661.9	4223.8
EBITDA Margin(%)	56.5	36.9	61.5	61.5
PAT	674.0	1001.6	2271.5	2739.0
PAT Margin(%)	16.4	18.2	38.1	39.9
EPS	15.7	21.6	49.1	59.2

Source: Arihant Research, Company Filings

**Q4FY25 Concall Highlights –****Outlook**

- Suraj Estate Developers is optimistic about FY26 growth, targeting a INR 20,000 mn GDV launch pipeline,, driven by a major commercial project on Tulsi Pipe Road (INR 12,000 Mn) and residential projects (INR 8000 Mn) like Parkview 1, Kauriwadi, Lobo Villa, JRE, Lucky Chawl, and a Shivaji Park project.
- FY25 pre-sales achieved INR 5,010 Mn, meeting the revised guidance of INR 4,800–5,250 Mn. Strong demand in luxury and commercial segments, bolstered by Metro FSI approvals (e.g., INR 800 crore incremental GDV for Marinagar), supports sustained revenue growth.
- EBITDA margins expected to stabilize at 40–45% annually, despite short-term pressures from product mix and one-time costs. No further capital raising planned; projects will leverage internal cash flows and sanctioned debt.

**Financial Performance Highlights**

- Revenue grew 33% YoY to INR 5,532 Mn in FY25 (vs. INR 4,157 Mn in FY24) and 33% YoY to INR 1,372 Mn in Q4FY25 (vs. INR 1,030 Mn in Q4FY24), driven by strong unit sales and brand recognition in South Central Mumbai.
- EBITDA has decreased 13% YoY to INR 2,067 Mn in FY25 (vs. INR 2,364 Mn in FY24) and 45% YoY to INR 308 Mn in Q4FY25 (vs. INR 562 Mn in Q4FY24). Margins were impacted by higher operating costs, including a one-time INR 300 Mn litigation settlement
- PAT has increased 48.5% YoY to INR 1,002 Mn in FY25 (vs. INR 675 Mn in FY24) but decreased 6% YoY to INR 183 Mn in Q4FY25 (vs. INR 195 Mn in Q4FY24), supported by better price realization and savings in finance costs.
- EBITDA Margin stood at 22.4% in Q4FY25 (adjusted to 33% excluding litigation costs), with annual margins at 40-43% after adjustments, in line with guidance of 40-45%.

**Other Highlights**

- Pre-sales grew 20% YoY to INR 1460 Mn in Q4FY25 (vs. INR 1,220 Mn in Q4FY24) and reached INR 5,010 Mn in FY25, despite no new launches. Sales area in Q4FY25 increased 14% YoY to 25,848 sq. ft. (vs. 22,713 sq. ft. in Q4FY24), driven by robust demand for luxury projects like Palette and Ocean Star.
- Collections rose 22% YoY to INR 3,860 Mn in FY25 (vs. INR 3,160 Mn in FY24) and stood at INR 1,030 Mn in Q4FY25, reflecting strong execution and steady project progress.
- Realizations Improved 21% YoY to INR 54,586 per sq. ft. in FY25 (vs. INR 45,074 per sq. ft. in FY24) and 5% YoY to INR 57,643 per sq. ft. in Q4FY25 (vs. INR 53,651 per sq. ft. in Q4FY24), driven by premium project sales and for commercial realization for FY25 is INR 46,330 Per sqft.
- Net debt increased to INR 4,140 Mn in March 2025 (from INR 3,600 Mn in December 2024) to fund upcoming launches. Debt-to-equity ratio remains stable, with temporary debt increases expected to taper off as project cash flows materialize.
- Acquired a 390 sq. m. land parcel in Shivaji Park (GDV: INR 800 Mn) and invested INR 1100 Mn in Mahim land, alongside INR 380 Mn for Lobo Villa and INR 1500 Mn in other business development activities.
- Secured in-principle approvals for 2 lakh sq. ft. of additional carpet area for the Marinagar project, adding an incremental GDV of INR 8,000 Mn.
- Tulsi Pipe Road project on track for Q1FY26 launch, with FSI approvals secured and concession approvals pending. Demand observed from corporates and smaller office buyers, with discussions ongoing for large floor plate deals.
- Asset-Light Model: Continues to leverage redevelopment expertise under DCR 33(7) to unlock complex projects with minimal upfront capital expenditure.

## Q4FY25 - Quarterly Performance (Consolidated)

Particulars (INR Mn)	Q4FY25	Q4FY24	Q3FY25	Y-o-Y	Q-o-Q
<b>Net Sales</b>	<b>1,364.8</b>	<b>1,003.6</b>	<b>1,698.5</b>	<b>36.0</b>	<b>(19.6)</b>
Operating & project expenses	1,072.5	790.0	2,167.2	35.8	(50.5)
Changes in inventories of construction work in   progress	(138.5)	(494.0)	(1,061.0)	-	-
Total raw material expense	934.1	296.0	1,106.2	215.6	(15.6)
Gross Profit	430.8	707.6	592.3	(39.1)	(27.3)
<i>Gross Profit margin %</i>	<i>32%</i>	<i>71%</i>	<i>35%</i>	<i>-389bps</i>	<i>-331bps</i>
Employee cost	77.5	45.3	57.3	71.1	35.2
Other expenses	52.3	127.5	76.8	(59.0)	(31.9)
Total expenditure	1,063.8	468.8	1,240.4	126.9	(14.2)
EFITDA	301.0	534.8	458.1	(43.7)	(34.3)
<i>EFITDA Margins (%)</i>	<i>22%</i>	<i>53%</i>	<i>27%</i>	<i>-312bps</i>	<i>-492bps</i>
Depreciation	7.8	16.5	12.9	(52.8)	(39.4)
EFIT	293.2	518.3	445.2	(43.4)	(34.2)
Other Income	6.8	26.8	19.8	(74.5)	(65.5)
Interest	40.0	249.8	204.9	(84.0)	(80.5)
PFT	260.0	295.2	260.2	(11.9)	(0.0)
Exceptional	-	-	-	-	-
PFT	260.0	295.2	260.2	(11.9)	(0.0)
Tax	77.2	100.6	60.3	(23.2)	28.1
PAT	182.8	194.7	199.8	(6.1)	(8.5)
<i>PAT Margin (%)</i>	<i>13%</i>	<i>19%</i>	<i>12%</i>	<i>-600bps</i>	<i>163bps</i>
EPS	4.3	6.1	4.7	(30.4)	(8.5)

Operational Data					
Particulars (INR Mn)	Q4FY25	Q4FY24	Q3FY25	Y-o-Y	Q-o-Q
Pre-sales (INR Mn)	1,460	1,220	1,070	19.7	36.4
Sales Area (Sqft)	25,848	22,713	16,656	13.8	55.2
Collections (INR Mn)	1,030	1,110	840	(7.2)	22.6
Realizations (INR/Sqft)	57,643	53,651	64,711	7.4	(10.9)

Source: Arianth Research, Company Filings

## Profit &amp; Loss Statement (Consolidated)

Particulars (INR Mn)	FY24A	FY25A	FY26E	FY27E
<b>Net Revenue</b>	<b>4,122</b>	<b>5,491</b>	<b>5,954</b>	<b>6,868</b>
Op. Expenses	1,793	3,464	2,292	2,644
<b>EBITDA</b>	<b>2,329</b>	<b>2,027</b>	<b>3,662</b>	<b>4,224</b>
Depreciation	37	50	71	82
<b>EBIT</b>	<b>2,292</b>	<b>1,977</b>	<b>3,590</b>	<b>4,141</b>
Other income	35	41	51	58
Interest Exp.	1,389	657	815	805
Extra Ordinary Items	-	-	-	-
<b>Reported PBT</b>	<b>938</b>	<b>1,361</b>	<b>2,826</b>	<b>3,395</b>
Tax	264	359	565	679
<b>PAT</b>	<b>674</b>	<b>1,002</b>	<b>2,261</b>	<b>2,716</b>
<b>Adjusted EPS (INR)</b>	<b>15.7</b>	<b>21.6</b>	<b>48.9</b>	<b>58.7</b>

Source: Arianth Research, Company Filings

## Balance Sheet (Consolidated)

Particulars (INR Mn)	FY24A	FY25A	FY26E	FY27E
Share Capital	214	231	231	231
Reserves & Surplus	4,947	8,796	11,067	13,806
<b>Networth</b>	<b>5,161</b>	<b>9,027</b>	<b>11,299</b>	<b>14,038</b>
Debt	4256	4563	4678	4804
Minority Interest	0	0	0	0
Net deferred Tax liabilities	94	259	281	324
Others	122	142	154	178
<b>Capital Employed</b>	<b>9,633</b>	<b>13,991</b>	<b>16,411</b>	<b>19,343</b>
Property, Plant and Equipment	375	368	405	446
Other Non-Current Assets	111	89	97	112
<b>Net Fixed Assets</b>	<b>486</b>	<b>458</b>	<b>502</b>	<b>558</b>
<b>Investments</b>	<b>14</b>	<b>29</b>	<b>31</b>	<b>36</b>
<b>Current Assets, Loans &amp; Advances</b>	<b>12,330</b>	<b>16,936</b>	<b>19,381</b>	<b>22,803</b>
Inventory	7,392	9,041	9,462	10,537
Debtors	1,067	565	653	753
Cash & Bank balance	1,103	392	3,079	4,375
Loans & advances and others	2,768	6,938	6,188	7,138
<b>Current Liabilities &amp; Provisions</b>	<b>3,203</b>	<b>3,431</b>	<b>3,583</b>	<b>4,132</b>
Liabilities	3,202	3,429	3,580	4,129
Provisions	1	2	3	3
<b>Net Current Assets</b>	<b>9,127</b>	<b>13,504</b>	<b>15,798</b>	<b>18,670</b>
<b>Application of Funds</b>	<b>9,627</b>	<b>13,991</b>	<b>16,332</b>	<b>19,264</b>

Source: Arianth Research, Company Filings

## Cash Flow Statement (consolidated)

Particulars (INR Mn)	FY24A	FY25A	FY26E	FY27E
Profit before tax	938	1,361	2,839	3,424
Add: Depreciation	37	50	71	82
Add: Interest cost	1,389	657	795	769
Less: Other Income	(35)	(41)	(44)	(51)
Others	32	10	-	-
Operating profit before working capital changes	2,361	2,037	3,662	4,224
Working Capital changes	(2,100)	(5,109)	397	(1,567)
Cash from Operations	261	(3,072)	4,059	2,657
Less: Taxes	(171)	(193)	(568)	(685)
Cash flow from Operations	90	(3,264)	3,491	1,972
Cash flow from investing	(897)	786	(45)	(34)
Cash flow from Financing	702	2,378	(680)	(642)
Net cash Inflow/Outflow	(105)	(100)	2,766	1,296
Opening cash	118	13	(88)	2,679
Closing cash	13	(88)	2,679	3,975

Source: Arihant Research, Company Filings

## Ratio Analysis

Per share data	FY24	FY25	FY26E	FY27E
No. of shares (mn)	43	46	46	46
BVPS (INR)	121	195	244	303
CEPS (INR)	16.6	22.7	50.6	61.0

## Margins (%)

	FY24	FY25	FY26E	FY27E
EBITDA Margin(%)	56.5	36.9	61.5	61.5
PBTM (%)	22.8	24.8	47.7	49.9
PAT Margin(%)	16.4	18.2	38.1	39.9

## Growth Indicators (%)

	FY24	FY25	FY26E	FY27E
Revenue(%)	34.8	33.2	8.4	15.3
EBITDA(%)	54.2	-13.0	80.7	15.3
Adj PAT(%)	110.2	48.6	126.8	20.6

## Turnover ratio (x)

	FY24	FY25	FY26E	FY27E
Debtors Days	94.5	37.6	40.0	40.0
Inventory Days	654.6	601.0	580.0	560.0
Payable Days	31.8	28.5	26.0	26.0
Wc Days	717.2	610.1	594.0	574.0

## Valuation (x)

	FY24	FY25	FY26E	FY27E
P/E (x)	20.6	15.0	6.6	5.5
P/BV (x)	2.7	1.7	1.3	1.1
EV/EBITDA (x)	7.8	9.6	4.6	3.7
EV/Sales (x)	4.4	3.5	2.9	2.3

	FY24	FY25	FY26E	FY27E
RoE (%)	13.1	11.1	20.1	19.5
RoCE (%)	24.3	14.5	22.5	22.0
Net Debt/Equity (x)	0.8	0.5	0.4	0.3
EBIT/Interest (x)	1.7	3.0	4.5	5.4

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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