

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	SRIN IN
Equity Shares (m)	146
M.Cap.(INRb)/(USDb)	69 / 0.8
52-Week Range (INR)	512 / 271
1, 6, 12 Rel. Per (%)	8/-17/46
12M Avg Val (INR M)	352

Financials & Valuations (INR b)			
Y/E Mar	FY24	FY25E	FY26E
Sales	5.6	14.1	18.3
EBITDA	1.2	3.5	4.9
EBITDA (%)	20.8	24.8	26.5
PAT	0.7	2.4	3.4
EPS (INR)	4.8	16.2	23.2
EPS Gr. (%)	NA	234.8	43.1
BV/Sh. (INR)	213.3	228.0	249.7
Ratios			
Net D/E	0.1	0.1	0.0
RoE (%)	2.4	7.4	9.7
RoCE (%)	3.5	7.4	9.5
Payout (%)	31.0	9.2	6.5
Valuations			
P/E (x)	97.2	29.0	20.3
P/BV (x)	2.2	2.1	1.9
EV/EBITDA (x)	61.1	20.3	14.5
Div Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)			
As On	Mar-24	Dec-23	Mar-23
Promoter	63.2	63.3	67.2
DII	9.1	7.3	6.1
FII	18.3	20.3	19.5
Others	9.3	9.2	7.2

**CMP: INR471** **TP: INR640 (+36%)** **BUY**

## Healthy performance aided by luxury sales

### Targeting 30-35% bookings growth in FY25

- Sunteck Realty (Sunteck) reported pre-sales of INR6.8b in 4QFY24, up 26%/51% YoY/QoQ (29% above our estimate). In FY24, it achieved bookings of INR19.2b, up 20% YoY, with an embedded EBITDA margin of 35%.
- Pre-sales in FY24 were slightly lower than the guidance of INR20b due to a delay in the new tower launch at the Mira Road project. However, Sunteck remains confident in delivering 30-35% bookings growth in FY25.
- In 4QFY24, Sunteck posted 10% YoY decline in collections at INR3b. For FY24, collections were flat at INR12.4b and adjusted for proceeds from the treasury stake sale, collections dipped 24% YoY to INR9.6b. The decline can be attributed to lower inflows from new projects such as Mira Road and Vasai, where it posted healthy sales but the pace of construction has not picked up.
- In FY24, the Uber luxury projects at BKC generated sales of INR2.4b (up 3x YoY), which were higher than cumulative bookings achieved in the last three years. The upper mid-income projects recorded a 19% YoY decline in bookings to INR10b. However, the lower mid-income projects posted strong bookings of INR4.8b, up 118% YoY.
- Aided by robust surplus cash generation of INR4b, Sunteck has become net debt free, and it intends to redeploy the surplus to further strengthen its project pipeline.
- **P&L performance:** Revenue surged ~9x YoY to INR4.3b, but was 29% below our estimate on account of partial revenue recognition of Phase 2 (Maxx World) at Naigaon. It reported an EBITDA of INR1.5b vs. a loss of INR91m in 4QFY23. EBITDA margin came in at 36%. PAT stood at INR1b vs. a net loss of 279m in 4QFY23. In FY24, revenue/EBITDA/PAT stood at INR5.6b/INR1.2b/INR0.7b, a sharp improvement compared to its FY23 performance.

### Key management commentary

- **Launches:** Sunteck is aiming to launch the Napean Sea and Bandra projects in FY25, and these projects have a combined GDV of INR30b. Additionally, the subsequent phases of Mira Road, Naigaon, and ODC will also be launched in FY25. These projects have a cumulative GDV of ~INR50b (Mira Road – INR8b, Naigaon – INR10b, and ODC – INR30b).
- **Guidance:** Management is expecting 30-35% pre-sales growth in FY25 and it is confident of achieving it even if the launch of Napean Sea gets delayed.
- **Business development:** The surplus cash generation has been robust at INR4b in FY24, which will be redeployed in building commercial assets and BD for residential business. Sunteck has commenced planning of an office tower at ODC, and it will soon share the construction timelines. In residential, it is aggressively looking for new projects in the Western Suburbs/South Mumbai and will hopefully sign a few large deals in FY25.

- **P&L Performance:** Management expects further improvement as revenue from Avenue 4 (ODC) and Maxx World, along with BKC projects, will be recognized in FY25.

### Valuation and view

- We expect Sunteck to deliver a healthy 30% pre-sales CAGR over FY24-26, fueled by a ramp-up in launches from both new and existing projects. Further, its sound balance sheet, strong cash flows, and recent partnership with IFC would spur project additions and drive sustainable growth.
- We value its residential segment based on the NPV of existing pipelines and its commercial segment based on an 8% cap rate on FY25E EBITDA. We also assign INR14b of value to its future project additions through the IFC platform to arrive at our TP of INR640, indicating 36% upside potential.

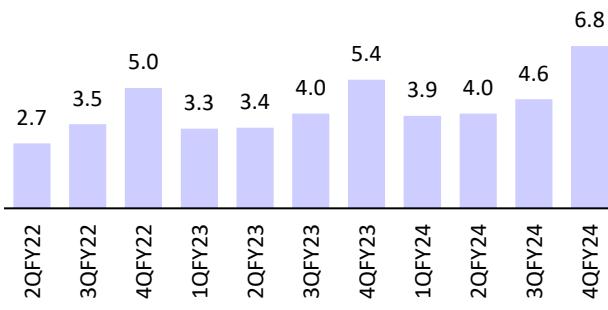
Y/E March	Quarterly performance								(INR m)			
	FY23				FY24				FY23	FY24	FY24E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>1,435</b>	<b>807</b>	<b>893</b>	<b>489</b>	<b>706</b>	<b>250</b>	<b>424</b>	<b>4,269</b>	<b>3,624</b>	<b>5,648</b>	<b>5,990</b>	<b>-29</b>
YoY Change (%)	-35.4	68.8	43.4	219.2	-50.8	-69.1	-52.5	773.4			1,125.7	
<b>Total Expenditure</b>	<b>983</b>	<b>707</b>	<b>713</b>	<b>579</b>	<b>780</b>	<b>391</b>	<b>573</b>	<b>2,735</b>	<b>2,982</b>	<b>4,476</b>	<b>3,827</b>	
<b>EBITDA</b>	<b>452</b>	<b>100</b>	<b>180</b>	<b>-91</b>	<b>-75</b>	<b>-141</b>	<b>-148</b>	<b>1,534</b>	<b>642</b>	<b>1,173</b>	<b>2,163</b>	<b>-29</b>
Margins (%)	31.5	12.4	20.2	-18.6	-10.6	-56.5	-34.9	35.9	17.7	20.8	36.1	
Depreciation	21	23	22	25	18	22	24	31	92	95	7	
Interest	198	176	196	289	173	158	171	182	859	684	142	
Other Income	52	70	81	80	178	113	185	81	284	555	202	
<b>PBT before EO expense</b>	<b>285</b>	<b>-29</b>	<b>44</b>	<b>-324</b>	<b>-87</b>	<b>-208</b>	<b>-158</b>	<b>1,402</b>	<b>-24</b>	<b>949</b>	<b>2,216</b>	<b>-37</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>285</b>	<b>-29</b>	<b>44</b>	<b>-324</b>	<b>-87</b>	<b>-208</b>	<b>-158</b>	<b>1,402</b>	<b>-24</b>	<b>949</b>	<b>2,216</b>	<b>-37</b>
Tax	62	-10	42	-62	-27	-64	-55	386	31	240	586	
Rate (%)	21.7	36.3	95.3	19.2	31.0	30.5	34.9	27.5	-125.6	25.3	26.5	
Minority Interest & Profit/Loss of Asso. Cos.	-27	-42	-19	17	7	-6	-6	3	-70	-1	-6	
<b>Reported PAT</b>	<b>250</b>	<b>23</b>	<b>21</b>	<b>-279</b>	<b>-67</b>	<b>-139</b>	<b>-97</b>	<b>1,013</b>	<b>15</b>	<b>710</b>	<b>1,635</b>	<b>-38</b>
<b>Adj PAT</b>	<b>250</b>	<b>23</b>	<b>21</b>	<b>-279</b>	<b>-67</b>	<b>-139</b>	<b>-97</b>	<b>1,013</b>	<b>15</b>	<b>710</b>	<b>1,635</b>	<b>-38</b>
YoY Change (%)	NA	-90.6	-11.4	NA	-75.8	105.7	-29.9	-1,141.7	NA	NA	-1,781.2	
Margins (%)	17.4	2.9	2.3	-57.1	-9.6	-55.6	-22.9	23.7	0.4	12.6	27.3	
<b>Operational metrics</b>												
Pre-sales	3,330	3,360	3,960	5,370	3,860	3,950	4,550	6,780	16,020	19,140	5,259	<b>29</b>
Collections	2,840	3,310	3,040	3,300	2,880	2,140	4,380	2,960	12,490	12,360	2,404	<b>23</b>

Source: MOFSL, Company

## Key exhibits

### Exhibit 1: Pre-sales increased 26% YoY to INR6.8b

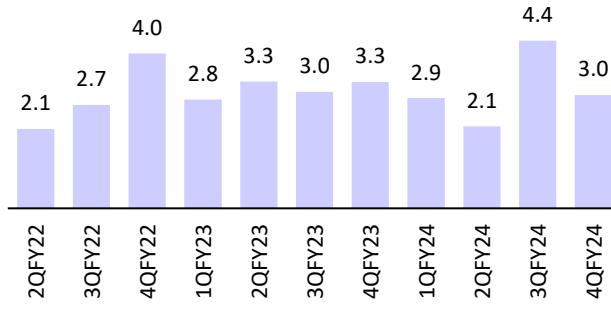
Pre-sales (INRb)



Source: Company, MOFSL

### Exhibit 2: Collections declined 10% YoY to INR3b

Collections (INRb)

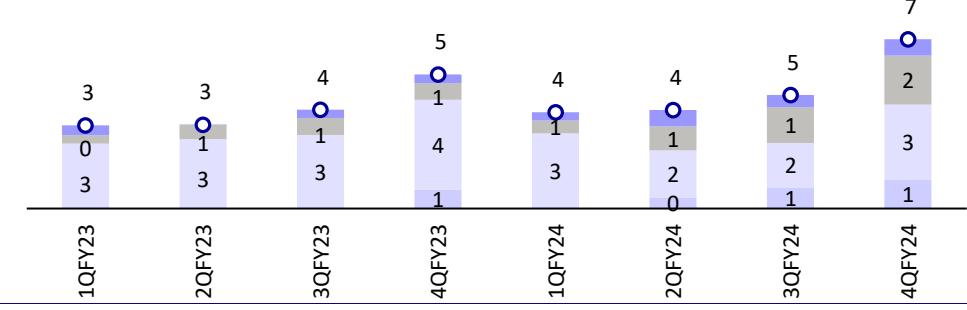


Source: Company, MOFSL

### Exhibit 3: Uber luxury segment witnessed 53% YoY surge in sales

Pre-sales (INRb)

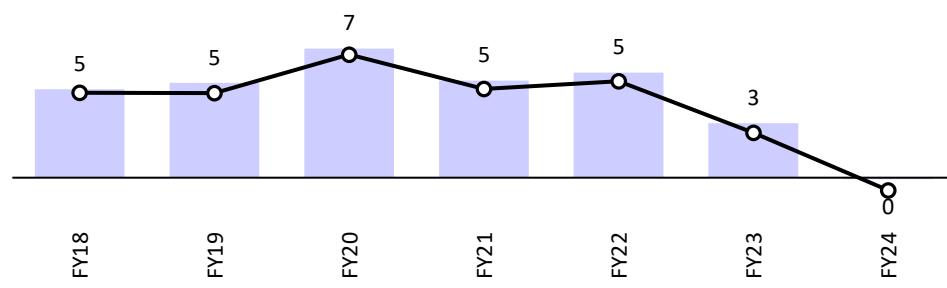
■ Uber luxury ■ Upper Mid-income ■ Lower Mid-income ■ Others ○ Total



Source: Company, MOFSL

### Exhibit 4: Sunteck is now debt free

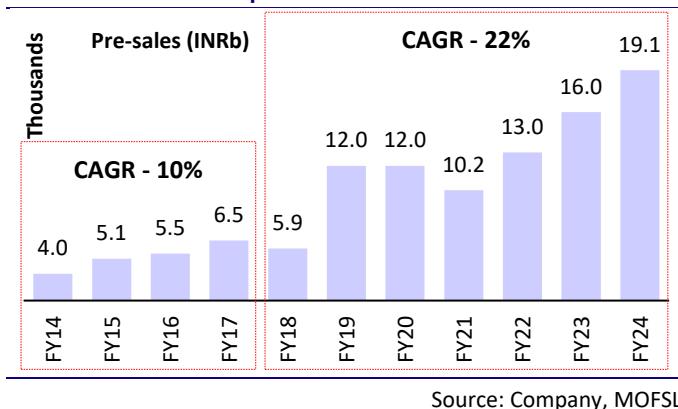
■ Net debt ○ Net debt/Equity



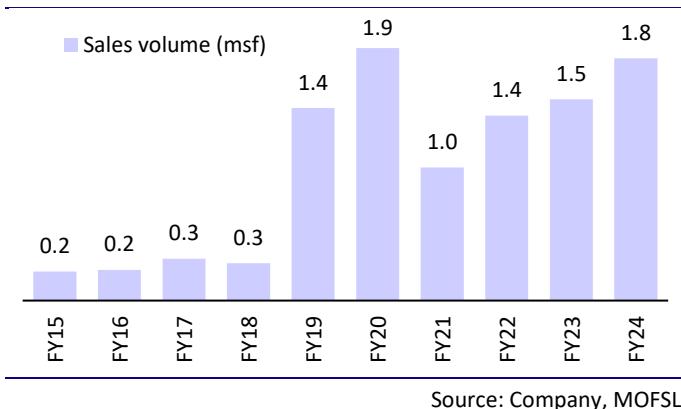
Source: Company, MOFSL

## Story in charts

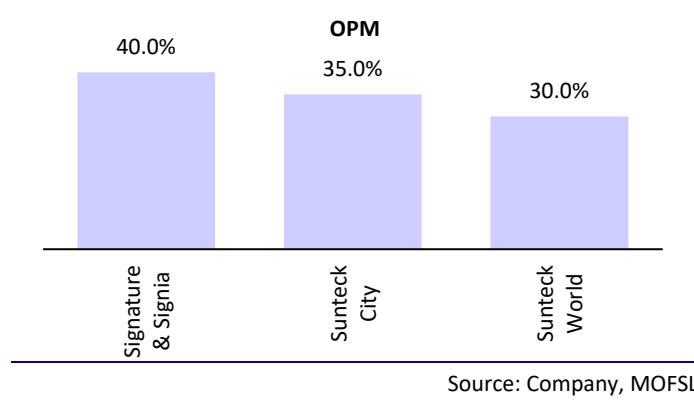
### Exhibit 1: Pre-sales reported 22% CAGR over CY18-24



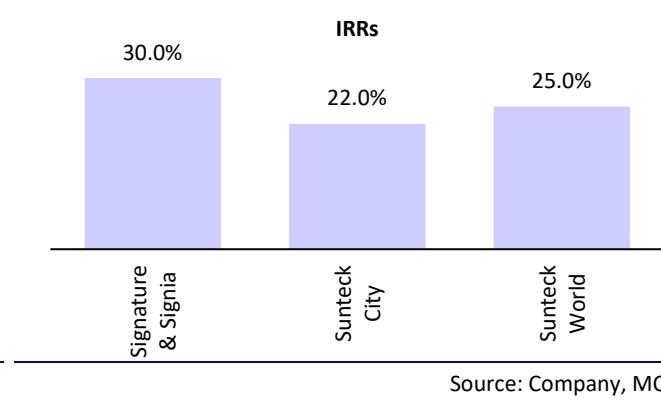
### Exhibit 2: Volume rose to 1.8msf in FY24 vs. 0.3msf in FY18



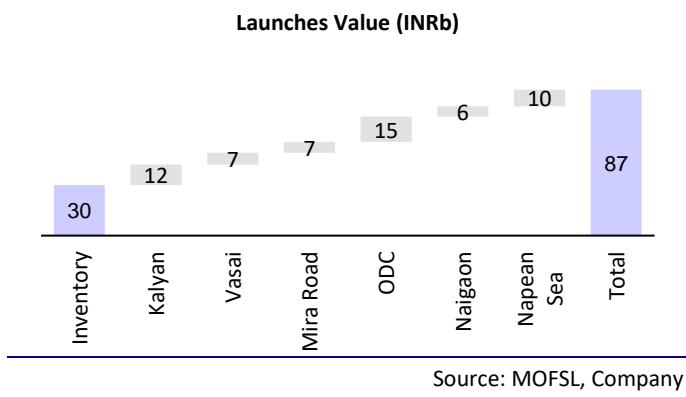
### Exhibit 3: Targets 30-40% OPM...



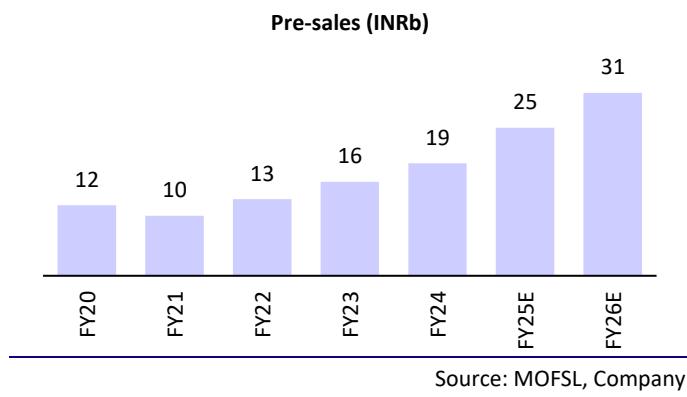
### Exhibit 4: ...and generates healthy IRRs



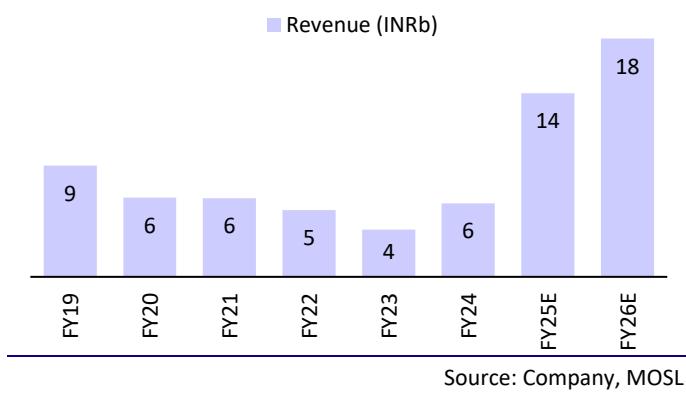
### Exhibit 5: Gearing up for INR57b of launches from the ongoing and new projects over the next two years



### Exhibit 6: We expect the company to post 28% pre-sales CAGR over FY24-26



### Exhibit 7: Expect multi-fold growth in revenue over FY24-26



### Exhibit 8: EBITDA margin to recover to >25% from FY25

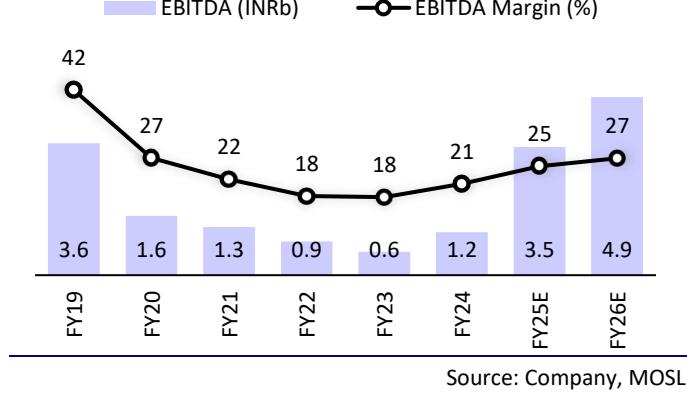
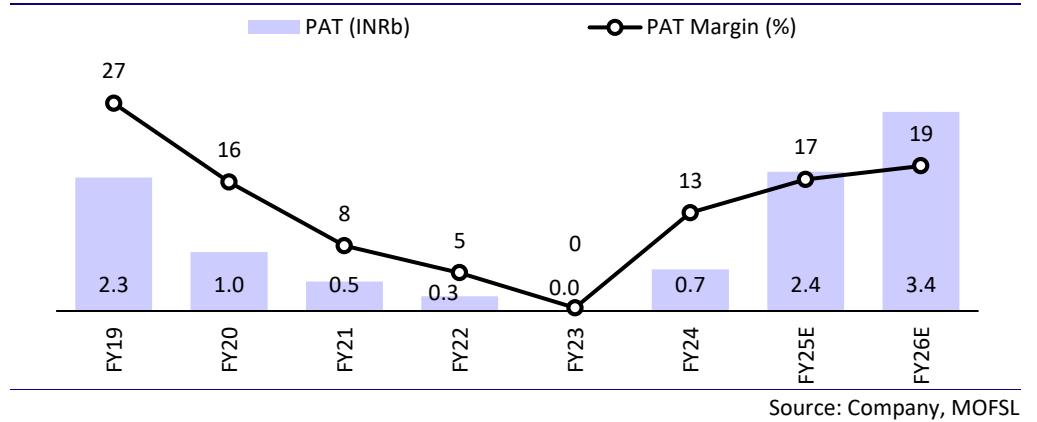


Exhibit 9: PAT to increase to INR3.3b with a margin of 19%



Source: Company, MOFSL

Exhibit 10: Changes to our estimates

(INR m)	Old		New		Change	
	FY25E	FY26E	FY25E	FY26E	FY24E	FY25E
Revenue	14,138	18,334	14,118	18,313	0%	0%
EBITDA	3,510	4,856	3,495	4,857	0%	0%
Adj. PAT	2,407	3,352	2,579	3,310	7%	-1%
Pre-sales	25,232	31,425	25,232	31,174	0%	-1%
Collections	16,754	24,439	16,556	24,406	-1%	0%

Source: MOFSL, Company

## Valuation and view

We value Sunteck on a DCF-based approach:

- Its residential business is valued by using a DCF of expected cash flows over project cycle with a WACC of 13.1%.
- Its operational commercial assets are valued at 8% cap rate on FY25E EBITDA.
- We expect the company to add INR150b worth of new projects in the near term and discount the expected cash flows with a WACC of 13.1%.

Based on the above approach, we arrive at a NAV of INR94b, or INR640/share, indicating an upside potential of 36%. **Reiterate BUY.**

Exhibit 11: Our SoTP-based TP of INR640 indicates an upside potential of 36%

NAV Summary		INR b	Per Share	as % of NAV
Completed Projects	INR16b of net cash surplus, excluding overheads discounted at a WACC of 13% over the next four years	15	100	16%
Ongoing Projects	INR22b of net cash surplus, excluding overheads discounted at a WACC of 13% over the next four years	23	156	24%
Upcoming projects	Around 12msf of pipeline with GDV of INR200b discounted at a WACC of 13%	36	248	39%
Commercial	Operational assets valued at a cap rate of 8% and ongoing projects through DCF	5	37	6%
<b>Value of Existing Pipeline</b>		<b>79</b>	<b>541</b>	<b>85%</b>
New project additions	Value of expected new project additions of INR150b with cash flow potential of INR40b	14	98	15%
<b>Gross Asset value</b>		<b>94</b>	<b>639</b>	<b>100%</b>
Net debt	FY25E net debt	0	0	0%
<b>Net Asset value</b>		<b>94</b>	<b>639</b>	<b>100%</b>
No. of share		146		
<b>NAV per share</b>		<b>640</b>		
CMP		471		
<b>Upside Potential</b>		<b>36%</b>		

Source: MOFSL

## Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>8,558</b>	<b>6,078</b>	<b>6,046</b>	<b>5,132</b>	<b>3,624</b>	<b>5,648</b>	<b>14,118</b>	<b>18,313</b>
Change (%)	-3.7	-29.0	-0.5	-15.1	-29.4	55.8	149.9	29.7
<b>Total Expenditure</b>	<b>4,960</b>	<b>4,460</b>	<b>4,730</b>	<b>4,211</b>	<b>2,982</b>	<b>4,476</b>	<b>10,623</b>	<b>13,456</b>
% of Sales	58.0	73.4	78.2	82.1	82.3	79.2	75.2	73.5
<b>EBITDA</b>	<b>3,598</b>	<b>1,618</b>	<b>1,316</b>	<b>921</b>	<b>642</b>	<b>1,173</b>	<b>3,495</b>	<b>4,857</b>
Margin (%)	42.0	26.6	21.8	17.9	17.7	20.8	24.8	26.5
Depreciation	22	36	51	73	92	95	270	284
<b>EBIT</b>	<b>3,576</b>	<b>1,583</b>	<b>1,265</b>	<b>848</b>	<b>550</b>	<b>1,078</b>	<b>3,225</b>	<b>4,573</b>
Int. and Finance Charges	408	435	802	778	859	684	403	394
Other Income	525	237	211	244	284	555	344	352
<b>PBT bef. EO Exp.</b>	<b>3,693</b>	<b>1,385</b>	<b>674</b>	<b>314</b>	<b>-24</b>	<b>949</b>	<b>3,166</b>	<b>4,532</b>
<b>PBT after EO Exp.</b>	<b>3,693</b>	<b>1,385</b>	<b>674</b>	<b>314</b>	<b>-24</b>	<b>949</b>	<b>3,166</b>	<b>4,532</b>
Total Tax	1,284	378	173	75	31	240	792	1,133
Tax Rate (%)	34.8	27.3	25.6	23.8	-125.6	25.3	25.0	25.0
Minority Interest	133	4	-3	-12	-70	-1	-1	-1
<b>Reported PAT</b>	<b>2,275</b>	<b>1,003</b>	<b>505</b>	<b>251</b>	<b>15</b>	<b>710</b>	<b>2,376</b>	<b>3,400</b>
<b>Adjusted PAT</b>	<b>2,275</b>	<b>1,003</b>	<b>505</b>	<b>251</b>	<b>15</b>	<b>710</b>	<b>2,376</b>	<b>3,400</b>
Change (%)	6.2	-55.9	-49.6	-50.3	-94.1	NA	234.8	43.1
Margin (%)	26.6	16.5	8.4	4.9	0.4	12.6	16.8	18.6

Consolidated - Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	140	140	140	140	140	146	146	146
Total Reserves	28,197	29,061	27,347	27,764	27,738	31,095	33,251	36,431
<b>Net Worth</b>	<b>28,337</b>	<b>29,201</b>	<b>27,487</b>	<b>27,904</b>	<b>27,878</b>	<b>31,242</b>	<b>33,398</b>	<b>36,578</b>
Total Loans	6,346	9,217	6,512	7,882	6,854	3,749	3,749	3,749
Deferred Tax Liabilities	12	0	0	7	9	59	59	59
<b>Capital Employed</b>	<b>35,606</b>	<b>38,418</b>	<b>34,000</b>	<b>35,793</b>	<b>34,741</b>	<b>35,050</b>	<b>37,206</b>	<b>40,386</b>
Gross Block	200	442	460	660	787	1,007	1,277	1,561
Less: Accum. Deprn.	49	77	125	186	264	360	630	913
<b>Net Fixed Assets</b>	<b>150</b>	<b>365</b>	<b>334</b>	<b>474</b>	<b>522</b>	<b>648</b>	<b>648</b>	<b>648</b>
<b>Investment Property</b>	<b>254</b>	<b>221</b>	<b>186</b>	<b>750</b>	<b>967</b>	<b>4,259</b>	<b>4,259</b>	<b>4,259</b>
Capital WIP	0	0	0	67	1,012	103	103	103
<b>Total Investments</b>	<b>287</b>	<b>319</b>	<b>319</b>	<b>17</b>	<b>99</b>	<b>2,375</b>	<b>2,376</b>	<b>2,377</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>38,230</b>	<b>40,786</b>	<b>40,852</b>	<b>53,681</b>	<b>69,985</b>	<b>71,851</b>	<b>75,138</b>	<b>79,223</b>
Inventory	26,321	27,203	27,438	40,419	57,251	59,663	61,885	65,225
Account Receivables	4,101	3,587	3,698	2,703	1,496	2,925	1,741	1,756
Cash and Bank Balance	1,479	1,662	1,662	970	1,582	1,058	1,843	2,207
Loans and Advances	6,329	8,334	8,054	9,589	9,656	8,205	9,670	10,035
<b>Curr. Liability &amp; Prov.</b>	<b>3,664</b>	<b>3,556</b>	<b>7,722</b>	<b>19,196</b>	<b>37,845</b>	<b>44,186</b>	<b>45,318</b>	<b>46,224</b>
Account Payables	1,492	1,654	2,122	1,936	2,114	2,916	2,707	3,512
Other Current Liabilities	2,136	1,857	5,571	17,214	35,679	41,205	42,546	42,647
Provisions	36	45	30	46	52	65	65	65
<b>Net Current Assets</b>	<b>34,595</b>	<b>37,195</b>	<b>33,160</b>	<b>34,485</b>	<b>32,141</b>	<b>27,665</b>	<b>29,820</b>	<b>32,999</b>
<b>Appl. of Funds</b>	<b>35,606</b>	<b>38,418</b>	<b>34,000</b>	<b>35,793</b>	<b>34,741</b>	<b>35,050</b>	<b>37,206</b>	<b>40,386</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
EPS	<b>15.5</b>	<b>6.8</b>	<b>3.4</b>	<b>1.7</b>	<b>0.1</b>	<b>4.8</b>	<b>15.3</b>	<b>21.8</b>
Cash EPS	15.7	7.1	3.8	2.2	0.7	5.5	17.1	23.7
BV/Share	193.5	199.4	187.7	190.5	190.3	213.3	227.1	247.4
DPS	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Payout (%)	9.7	21.9	43.5	87.6	NA	31.0	9.8	6.9
<b>Valuation (x)</b>								
P/E	29.2	66.3	131.7	NA	NA	97.2	30.8	21.6
Cash P/E	28.9	64.0	119.6	NA	NA	85.7	27.5	19.8
P/BV	2.3	2.3	2.4	2.4	2.4	2.2	2.1	1.9
EV/Sales	8.3	12.2	11.8	14.3	19.8	12.7	5.3	4.0
EV/EBITDA	19.8	45.8	54.2	79.7	111.7	61.1	21.4	15.1
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
FCF per share	-0.8	-3.7	18.4	-3.3	16.7	37.4	-19.0	13.9
<b>Return Ratios (%)</b>								
RoE	8.3	3.5	1.8	0.9	0.1	2.4	6.9	9.2
RoCE	8.0	3.6	3.0	2.4	1.8	3.5	7.1	9.1
RoIC	7.1	3.3	2.7	1.9	3.7	2.5	7.1	9.2
<b>Leverage Ratio (x)</b>								
Current Ratio	10.4	11.5	5.3	2.8	1.8	1.6	1.7	1.7
Interest Cover Ratio	8.8	3.6	1.6	1.1	0.6	1.6	8.0	11.6
Net Debt/Equity	0.2	0.3	0.2	0.2	0.2	0.1	0.2	0.1

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	3,693	1,385	584	326	-24	949	3,166	4,532
Depreciation	22	36	52	73	92	95	270	284
Interest & Finance Charges	408	435	846	776	859	583	375	375
Direct Taxes Paid	-1,203	-420	-231	-152	-68	-240	-792	-1,133
(Inc)/Dec in WC	-2,862	-1,834	1,699	-1,129	2,022	3,951	-1,369	-2,815
<b>CF from Operations</b>	<b>59</b>	<b>-398</b>	<b>2,950</b>	<b>-106</b>	<b>2,880</b>	<b>5,338</b>	<b>1,650</b>	<b>1,243</b>
Others	-138	43	-88	-198	-260	-555	-344	-352
<b>CF from Operating incl EO</b>	<b>-79</b>	<b>-355</b>	<b>2,861</b>	<b>-305</b>	<b>2,620</b>	<b>4,783</b>	<b>1,306</b>	<b>890</b>
(Inc)/Dec in FA	-43	-192	-164	-183	-181	688	-270	-284
<b>Free Cash Flow</b>	<b>-122</b>	<b>-548</b>	<b>2,697</b>	<b>-487</b>	<b>2,439</b>	<b>5,471</b>	<b>1,036</b>	<b>607</b>
(Pur)/Sale of Investments	-360	-121	139	248	7	-5,566	0	0
Others	1,125	-311	170	115	12	555	344	352
<b>CF from Investments</b>	<b>723</b>	<b>-624</b>	<b>145</b>	<b>181</b>	<b>-162</b>	<b>-4,324</b>	<b>74</b>	<b>68</b>
Issue of Shares	7	11	7	13	7	6	0	0
Inc/(Dec) in Debt	666	1,952	-2,328	1,331	-1,647	-3,105	0	0
Interest Paid	-640	-807	-860	-743	-762	-583	-375	-375
Dividend Paid	-256	-256	-142	-142	-211	-220	-220	-220
Others	-423	864	-413	0	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-647</b>	<b>1,765</b>	<b>-3,736</b>	<b>459</b>	<b>-2,614</b>	<b>-3,902</b>	<b>-595</b>	<b>-595</b>
<b>Inc/Dec of Cash</b>	<b>-3</b>	<b>785</b>	<b>-729</b>	<b>335</b>	<b>-156</b>	<b>-3,442</b>	<b>786</b>	<b>364</b>
Opening Balance	49	47	832	103	438	282	-3,160	-2,374
<b>Closing Balance</b>	<b>47</b>	<b>832</b>	<b>103</b>	<b>438</b>	<b>282</b>	<b>-3,160</b>	<b>-2,374</b>	<b>-2,010</b>

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NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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