

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	SRIN IN
Equity Shares (m)	146
M.Cap.(INRb)/(USDb)	86.1 / 1
52-Week Range (INR)	699 / 351
1, 6, 12 Rel. Per (%)	-6/16/36
12M Avg Val (INR M)	414

## 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)	121.4	36.3	25.3
P/BV (x)	2.8	2.6	2.4
EV/EBITDA (x)	75.7	25.2	18.1
Div Yield (%)	0.3	0.3	0.3

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	63.2	63.2	67.2
DIIDIIDIIDII	9.3	9.1	6.0
FIIFIIFIIFII	18.5	18.3	17.5
Others	8.9	9.3	9.3

**CMP: INR588**

**TP: INR745 (+27%)**

**BUY**

## Stable traction across segments

### Strong pipeline to drive growth in FY25

- Sunteck reported pre-sales of INR5b in 1QFY25, up 30% YoY (in line). Traction in uber-luxury projects remained intact, with bookings of INR1.1b or 22% of overall pre-sales. The upper mid-income segment accounted for 46% of pre-sales.
- Collections increased 18% YoY to INR3.4b and Sunteck generated OCF of INR1b. The company remains debt free and intends to utilize the surplus cash to further strengthen its project pipeline.
- The management aims to launch a new phase across all its ongoing projects and expects over 30% growth in bookings in FY25.
- **P&L performance:** Revenue jumped ~4.5x YoY to INR3.1b and was 28% above our estimate as the company continued to recognize revenue from the Naigaon project. It reported EBITDA of INR0.3b vs. a loss of INR75m in 1QFY24. EBITDA margin declined to 10% (vs. 36% in 4QFY24) due to a one-time amortization expense of INR850m in the Avenue 2 project. PAT stood at INR228m vs. a net loss of INR68m in 1QFY24.

### Key management commentary

- **Launches and guidance:** Sunteck aims to launch INR50b worth of inventory, including new phases/towers at Naigaon, Sky Park (Mira Road), Avenue 5 (ODC), Beach Residency (Vasai) and Crescent Park (Kalyan). The company is confident of achieving 30-35% growth in bookings over the next couple of years.
- **Dubai:** The management does not expect major incremental investments in the project. It has a GDV of INR90b and will require INR20b to complete it. The project can be launched in 12-15 months. Housing demand in Dubai is holding up well, with new launches attracting encouraging responses.
- **Business development:** Completed inventory at BKC is worth INR12b and the ongoing projects have unsold stock of INR16-17b, with INR13-14b required for completion. While sales from BKC accounted for most of OCF in 1Q, the ongoing projects continue to generate healthy surplus on an annual basis.

### Valuation and view

- We expect Sunteck to deliver a healthy 28% 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 the 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 future project additions through the IFC platform.
- We incorporate the Dubai project in the upcoming project pipeline and arrive at an increased TP of INR745. Reiterate BUY rating with 27% upside potential.

## Quarterly performance

(INR m)

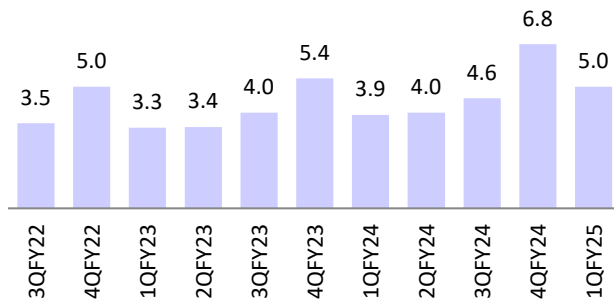
Y/E March	FY24				FY25E				FY24	FY25E	FY25E 1QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>706</b>	<b>250</b>	<b>424</b>	<b>4,269</b>	<b>3,163</b>	<b>3,671</b>	<b>3,812</b>	<b>3,472</b>	<b>5,648</b>	<b>14,118</b>	<b>2,471</b>	<b>28</b>
YoY Change (%)	-50.8	-69.1	-52.5	773.4	348.2	1,370.6	798.0	-18.7			250.1	
Total Expenditure	780	391	573	2,735	2,849	2,722	2,868	2,184	4,476	10,623	2,075	
<b>EBITDA</b>	<b>-75</b>	<b>-141</b>	<b>-148</b>	<b>1,534</b>	<b>314</b>	<b>948</b>	<b>944</b>	<b>1,289</b>	<b>1,173</b>	<b>3,495</b>	<b>395</b>	<b>-21</b>
Margins (%)	-10.6	-56.5	-34.9	35.9	9.9	25.8	24.8	37.1	20.8	24.8	16.0	
Depreciation	18	22	24	31	34	70	73	93	95	270	47	
Interest	173	158	171	182	103	105	109	87	684	403	71	
Other Income	178	113	185	81	117	90	93	44	555	344	60	
<b>PBT before EO expense</b>	<b>-87</b>	<b>-208</b>	<b>-158</b>	<b>1,402</b>	<b>295</b>	<b>863</b>	<b>855</b>	<b>1,153</b>	<b>949</b>	<b>3,166</b>	<b>338</b>	<b>-13</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-87</b>	<b>-208</b>	<b>-158</b>	<b>1,402</b>	<b>295</b>	<b>863</b>	<b>855</b>	<b>1,153</b>	<b>949</b>	<b>3,166</b>	<b>338</b>	<b>-13</b>
Tax	-27	-64	-55	386	70	216	214	292	240	792	84	
Rate (%)	31.0	30.5	34.9	27.5	23.9	25.0	25.0	25.3	25.3	25.0	25.0	
Minority Interest & Profit/Loss of Asso. Cos.	7	-6	-6	3	-3	0	0	0	-1	-1	0	
<b>Reported PAT</b>	<b>-67</b>	<b>-139</b>	<b>-97</b>	<b>1,013</b>	<b>228</b>	<b>647</b>	<b>641</b>	<b>862</b>	<b>710</b>	<b>2,376</b>	<b>253</b>	<b>-10</b>
<b>Adj PAT</b>	<b>-67</b>	<b>-139</b>	<b>-97</b>	<b>1,013</b>	<b>228</b>	<b>647</b>	<b>641</b>	<b>862</b>	<b>710</b>	<b>2,376</b>	<b>253</b>	<b>-10</b>
YoY Change (%)	-75.8	105.7	-29.9	-1,141.7	-77.5	184.0	-0.9	34.4	NA	NA	-75.0	
Margins (%)	-9.6	-55.6	-22.9	23.7	7.2	17.6	16.8	24.8	12.6	16.8	10.3	
<b>Operational metrics</b>												
Pre-sales	3,860	3,950	4,550	6,780	5,020	6,000	6,500	7,712	19,140	25,232	5,000	<b>0</b>
Collections	2,880	2,140	4,380	2,960	3,420	3,210	4,818	5,108	12,360	16,556	3,168	<b>8</b>

Source: MOFSL, Company

## Key exhibits

**Exhibit 1: Pre-sales increased 30% YoY to INR5b**

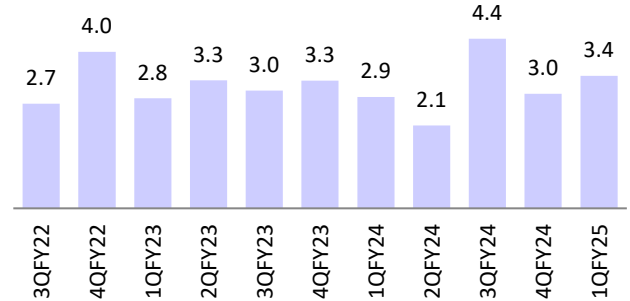
Pre-sales (INRb)



Source: Company, MOFSL

**Exhibit 2: Collections were up 19% YoY to INR3.4b**

Collections (INRb)

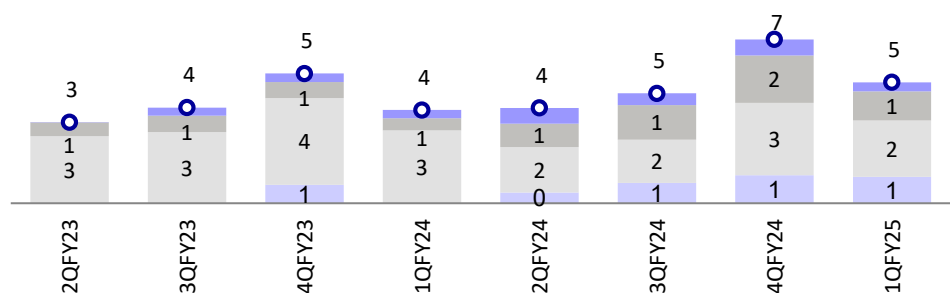


Source: Company, MOFSL

**Exhibit 3: Company witnessing healthy traction across segments**

Pre-sales (INRb)

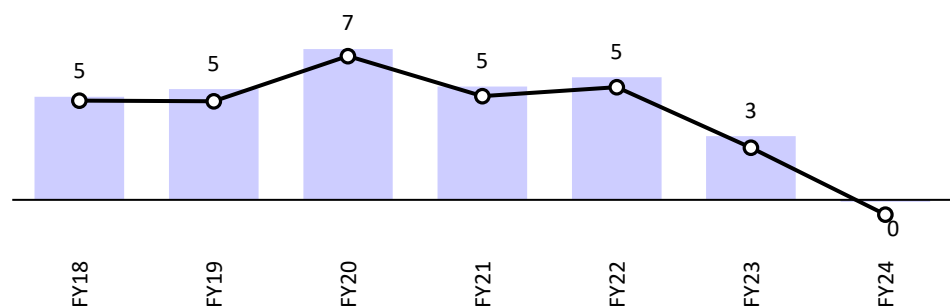
Uber luxury Upper Mid-income Lower Mid-income Others Total



Source: Company, MOFSL

**Exhibit 4: SRIN is now debt free**

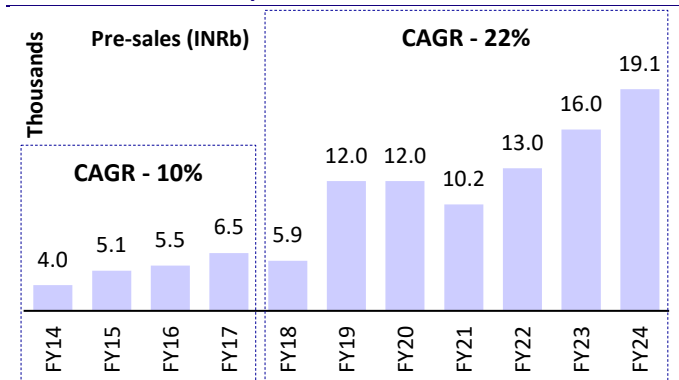
Net debt Net debt/Equity



Source: Company, MOFSL

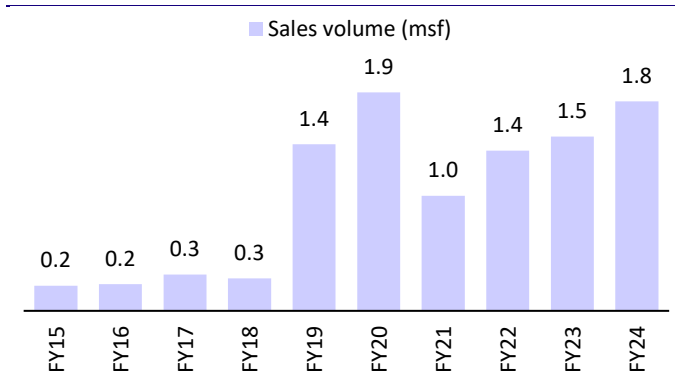
## Story in charts

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



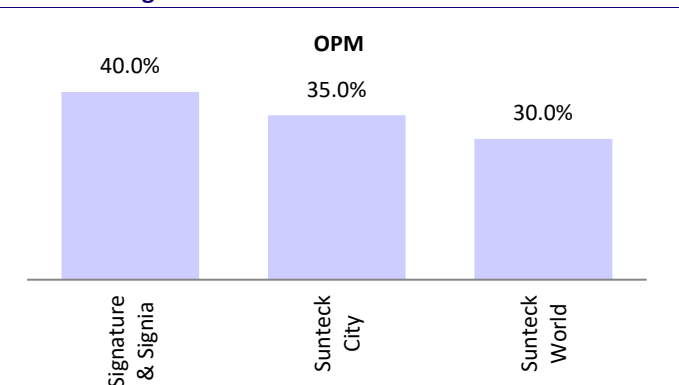
Source: Company, MOFSL

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



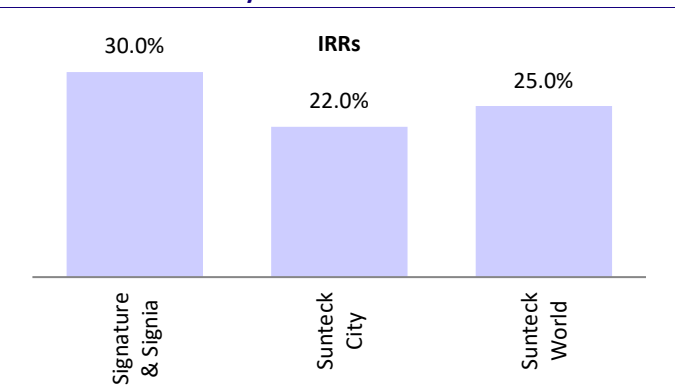
Source: Company, MOFSL

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



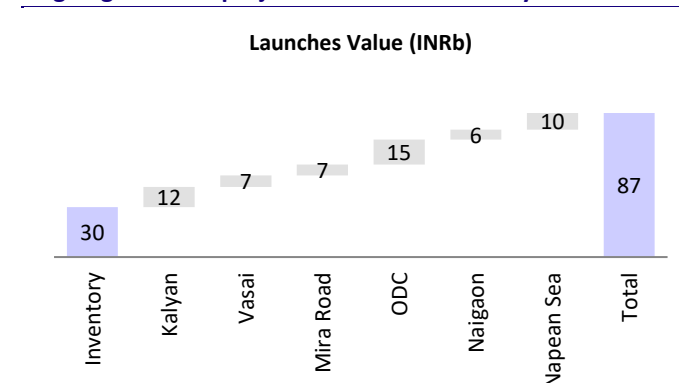
Source: Company, MOFSL

**Exhibit 4: ...and healthy IRRs**



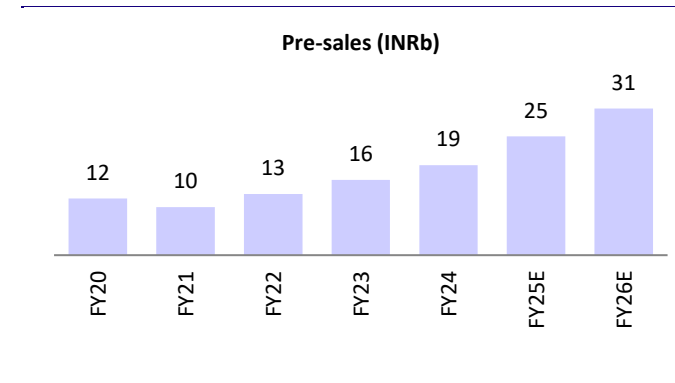
Source: Company, MOFSL

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



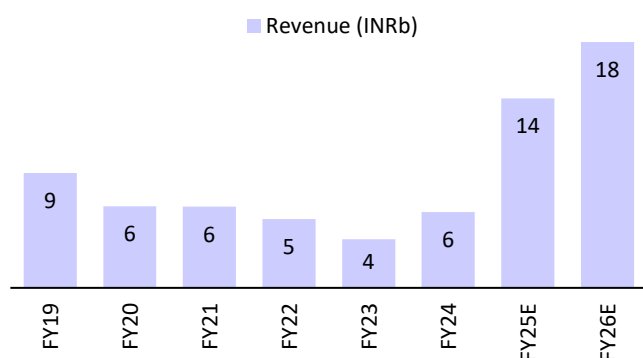
Source: MOFSL, Company

**Exhibit 6: We expect SRIN to post 28% pre-sales CAGR over FY24-26**



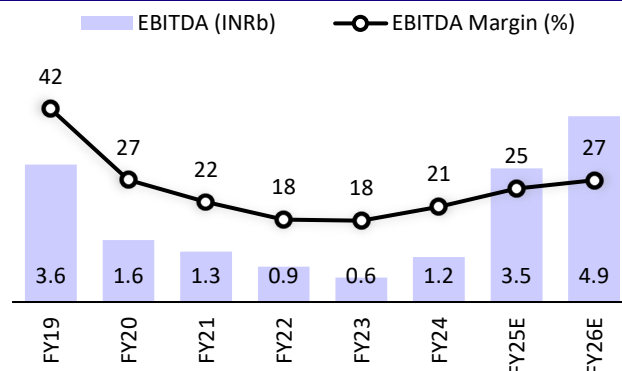
Source: MOFSL, Company

Exhibit 7: Expect 80% CAGR over FY24-26



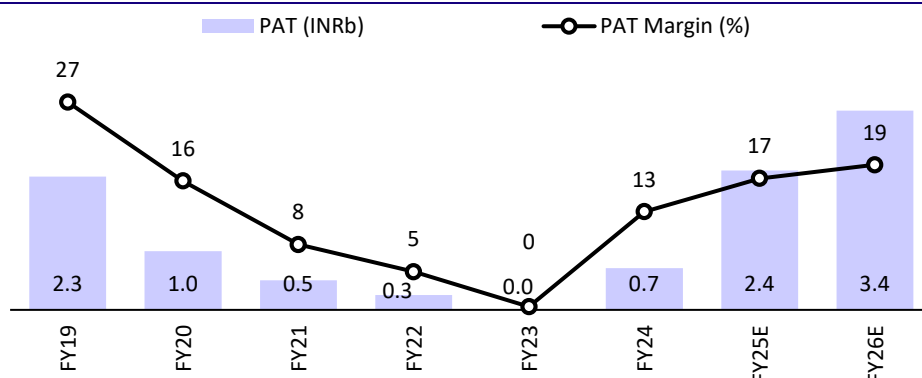
Source: Company, MOSL

Exhibit 8: EBITDA margin to recover to &gt;20% from FY24



Source: Company, MOSL

Exhibit 9: PAT to increase to INR3.4b 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	14,118	18,313	14,118	18,313	0%	0%
EBITDA	3,495	4,857	3,495	4,857	0%	0%
Adj. PAT	2,376	3,400	2,376	3,400	0%	0%
Pre-sales	25,232	31,174	25,232	31,174	0%	0%
Collections	16,556	24,406	16,556	24,406	0%	0%

Source: MOFSL, Company

### Valuation and view

#### We value SRIN on a DCF-based approach:

- Its residential business is valued by using a DCF of expected cash flows over a 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 NAV of INR109b, or INR745/share, indicating an upside potential of 27%. **Reiterate BUY.**

**Exhibit 11: Our SoTP-based TP of INR745 indicates an upside potential of 27%**

<b>NAV Summary</b>		<b>INR b</b>	<b>Per Share</b>	<b>as % of NAV</b>
Completed Projects	INR16b of net cash surplus, excluding overheads discounted at a WACC of 13% over the next four years	15	100	13%
Ongoing Projects	INR22b of net cash surplus, excluding overheads discounted at a WACC of 13% over the next four years	23	156	21%
Upcoming projects	Around 13msf of pipeline with GDV of INR300b discounted at a WACC of 13%	52	355	48%
Commercial	Operational assets valued at a cap rate of 8% and ongoing projects through DCF	5	37	5%
<b>Value of Existing Pipeline</b>		<b>95</b>	<b>649</b>	<b>87%</b>
New project additions	Value of expected new project additions of INR150b with cash flow potential of INR40b	14	98	13%
<b>Gross Asset value</b>		<b>109</b>	<b>746</b>	<b>100%</b>
Net debt	FY25E net debt	0	0	0%
<b>Net Asset value</b>		<b>109</b>	<b>746</b>	<b>100%</b>
No. of share		146		
<b>NAV per share</b>		<b>745</b>		
CMP		588		
<b>Upside Potential</b>		<b>27%</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	4,699.7	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>								
<b>EPS</b>	<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>16.2</b>	<b>23.2</b>
Cash EPS	15.7	7.1	3.8	2.2	0.7	5.5	18.1	25.1
BV/Share	193.5	199.4	187.7	190.5	190.3	213.3	228.0	249.7
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	9.2	6.5
<b>Valuation (x)</b>								
P/E	29.2	66.3	131.7	NA	NA	121.4	36.3	25.3
Cash P/E	28.9	64.0	119.6	NA	NA	107.0	32.6	23.4
P/BV	2.3	2.3	2.4	2.4	2.4	2.8	2.6	2.4
EV/Sales	8.3	12.2	11.8	14.3	19.8	15.7	6.2	4.8
EV/EBITDA	19.8	45.8	54.2	79.7	111.7	75.7	25.2	18.1
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	7.1	4.1
<b>Return Ratios (%)</b>								
RoE	8.3	3.5	1.8	0.9	0.1	2.4	7.4	9.7
RoCE	8.0	3.6	3.0	2.4	1.8	3.5	7.4	9.5
RoIC	7.1	3.3	2.7	1.9	3.7	2.5	7.5	10.0
<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	0.1	0.0

### 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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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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