Sunteck Realty Ltd

Reviving the Luxury Experience

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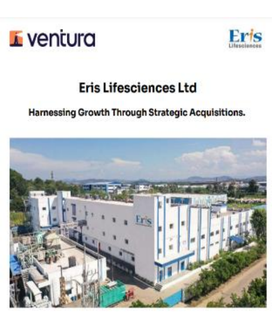
Our recent initiating coverage reports

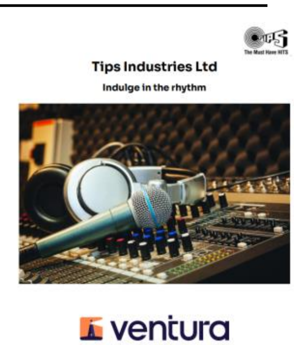


Eris Lifesciences Ltd.

Seamec Ltd.

PCBL Ltd.

Tracxn Technologies Ltd.



Tips Industries Ltd.

Sunteck Realty Ltd.

BUY @ CMP INR 457	Target: INR 664 in 24 months	Upside Potential: 45%

Reviving the Luxury Experience

Sunteck Realty Limited (SRL) is a Mumbai based realty company focused on developing luxury residential & commercial properties across the Mumbai Metropolitan Region (MMR). The company is amongst the largest developers in the Western Suburbs of MMR from Bandra to Virar. The company has a pipeline of projects under development with a GDV of ~Rs. 30,000 cr. The company also aims to create annuity assets of 3 projects which will contribute around Rs.300 Cr. of rental incomes by FY28 with a capital valuation of ~Rs. 5,000 Cr. One of these projects- Sunteck BKC 51 has already been completed and let out & the second project- Sunteck Icon is nearing completion.

The company has been following the project completion method & hence the company's revenues are not indicative of any trend and been bulky towards a particular year of project completions. However, in terms of GDV, the company has significantly increased the GDV from around Rs. 13,650 cr. in FY22 to approximately Rs. 27,150 cr., with a notable CAGR of about 41%. Additionally, it will unveil projects in Napeansea Road and Bandra Bandstand, contributing approximately Rs. 3,000 cr. to elevate the GDV to around Rs. 30,000 cr. by FY25. Actively pursuing opportunities to acquire mid income projects, the company has also partnered with IFC to construct 12,000 mid-income homes across 4-6 projects. With these efforts, the company aims to double the GDV to about Rs. 60,000 cr. within the next 3-4 years, targeting a CAGR of approximately 24%.

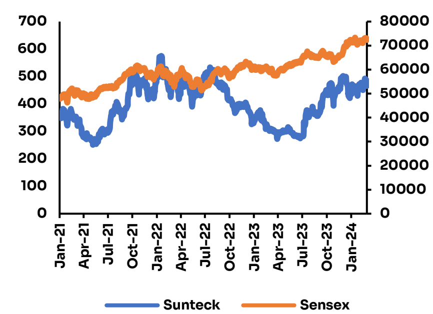
The pre-sales surged at a robust 22% CAGR to Rs. 1,600 cr. from FY18 to FY23, fueled by successful launches in Naigaon, Vasai, and Mira Road. New project launches historically drove pre-sales growth. The new project launch in Kalyan & upcoming in Napeansea road & new phases of existing projects in Naigaon & Goregaon are expected to drive pre-sales to about Rs. 3,000 cr. by FY26 at a 25.5% CAGR.

With MMR experiencing its best years after covid, the company has been able to improve its inventory turnover. Also, the BKC sales have gained momentum due to the establishment of the NMACC. The company has changed its strategy for its project additions towards the asset light model by entering into JDAs and JVs. Further, the projects have been able to yield better rates on account of the surge in property rates. The company has tapped the emerging micro markets with its multi-brand approach. We initiate coverage with a BUY for a DCF based price objective of INR 664, representing an upside of 43% over the next 24 months. Risk to our thesis: (1) Slowdown in realty sector. (2) Delay in project launches. (3) Failure to add new projects.

Industry	Realty

Scrip Details	
Face Value (INR)	1.0
Mkt Cap (INR Cr)	6,695
Price (INR)	477
No of Sh O/S (Cr)	14.7
3M Avg Vol (000)	821
52W H/L (INR)	512/271
Dividend Yield (%)	0.3

Shareholding (%)	Dec 2023
Promoter	63.2
FIIs	20.3
DIIs	7.2
Public	9.2
TOTAL	**100.0**



Key Financial Data (in Cr. unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	ADJ EPS (Rs.)	ADJ BVPS (Rs.)	ROE (%)	ROIC (%)	EV/EBITDA (x)	P/BV (x)	P/E (x)
FY22	513.1	95.3	25.1	18.6	4.9	1.7	190.5	0.9	2.5	78.0	2.4	n.a
FY23	362.4	64.2	1.4	17.7	0.4	0.1	190.3	0.1	1.7	112.5	2.4	n.a
FY24E	494.9	102.6	63.4	20.7	12.8	4.3	194.6	2.2	3.2	65.8	2.3	105.5
FY25E	2,053.3	599.5	449.6	29.2	21.9	30.7	225.3	13.6	16.9	11.5	2.0	14.9
FY26E	1,597.8	363.2	272.8	22.7	17.1	18.6	243.9	7.6	10.0	18.2	1.9	24.5

Source: Ventura Research

Our optimism stems from the following:

Prime growth engines are in the MMR region.

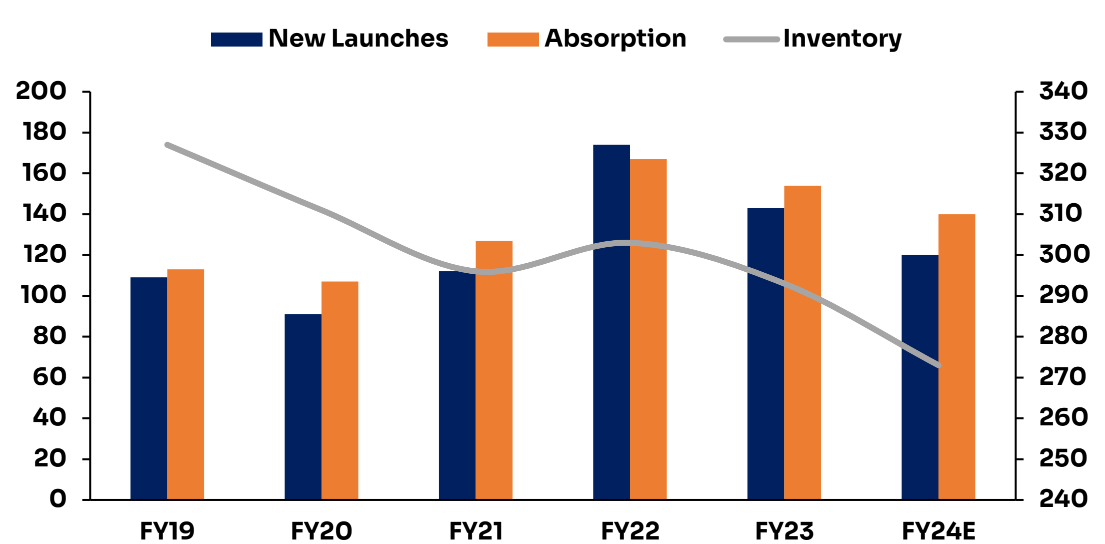
MMR has been the country's hottest property market since last year among the top 7 cities in India accounting for 25% of the area sold in FY23. With the advent of big infrastructural developments in the region like the MTHL & metro lines leading to better connectivity, the demand for real estate has been at its peak and is expected to keep the lead in FY24. The region currently has 5,92,650 residential units under construction, the largest share among all cities. MMR has recorded an absorption rate of ~70% exceeding the pre covid average hitting the inventories to all time low since 2017.

The company has a significant presence in the MMR market towards the western suburbs such as Bandra, Goregaon, Mira Road and has been able to tap micro markets such as Naigaon, Vasai, etc. with a GDV of ~Rs. 18,400 cr. The company has also recently announced a new project in Napeansea road & Bandra bandstand adding up to Rs. 3,000 cr. to the GDV.

On the Eastern suburbs previously completed projects in Airoli & now it has launched Kalyan which is being actively developed having a GDV of ~ Rs. ~8,925 cr. With developments like the MTHL and the Navi Mumbai International Airport, the eastern suburbs have picked up demand.

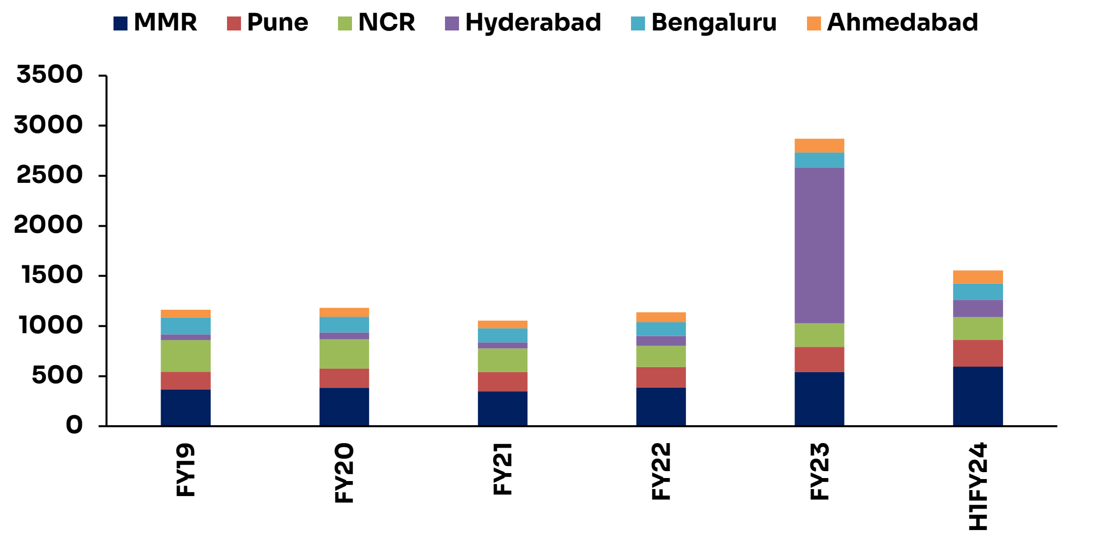
The real estate demand in MMR is inclined towards luxury segment driven by factors like increased HNIs, urbanization, and rising incomes. The luxury segment remains resilient due to strong economic performance and favorable exchange rates for NRIs. The company has been able to launch its luxury offerings in lower end micro markets through a multi-brand strategy.

MMR Supply & Absorption



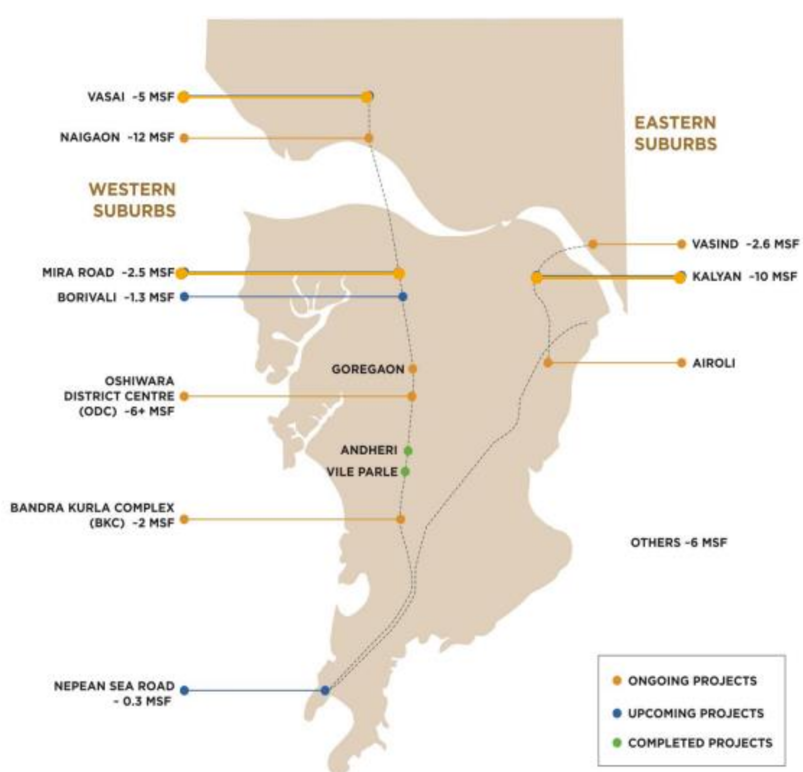
Source: Company Reports & Ventura Research

Under construction residential units ('000)



Source: Liases Foras & Ventura Research

SRL's location wise volumes

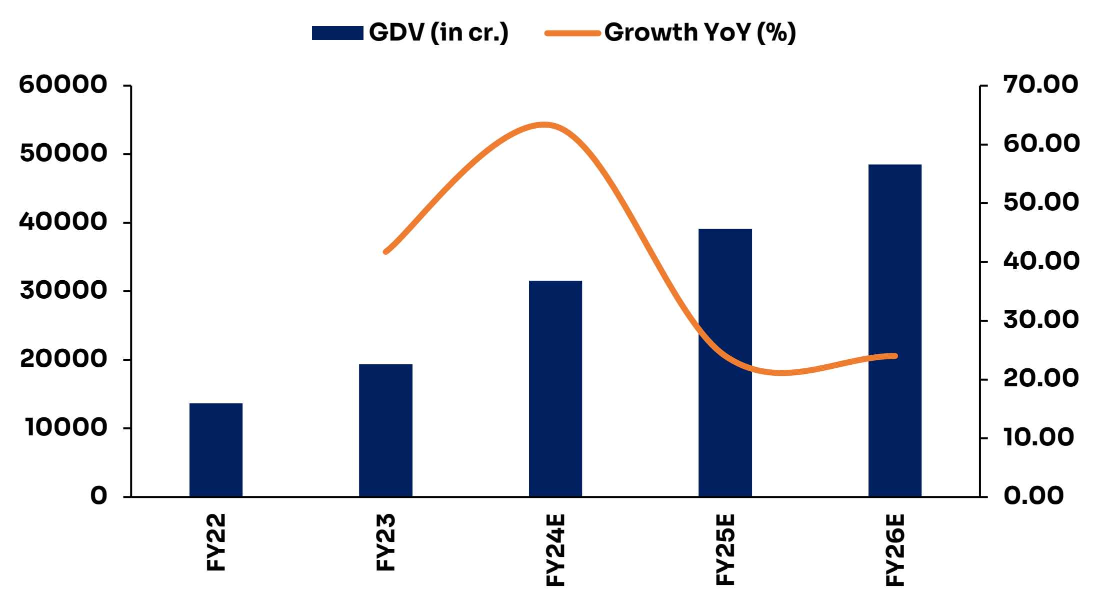


Source: Company Reports & Ventura Research

GDV Growth

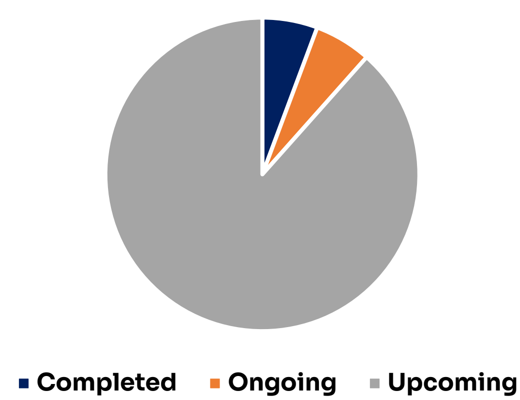
Following a challenging period due to COVID-19, the company has significantly increased its Gross Development Value (GDV) from approximately Rs. 13,650 cr. in FY22 to approximately Rs. 27,150 cr., achieving a remarkable compound annual growth rate (CAGR) of around 41%. Moreover, it has unveiled projects in Napeansea Road and Bandra Bandstand, contributing approximately Rs. 5,000 cr. to elevate the GDV to around Rs. 32,000 cr. by FY25. Actively seeking opportunities to acquire distressed and affordable projects, the company has also established a joint development platform with IFC to construct 12,000 green urban mid-income homes across 4-6 projects. With these initiatives, the company aims to double the GDV to approximately Rs. 60,000 cr. within the next 3-4 years, achieving a CAGR of approximately 24%.

GDV Growth



Source: Company Reports & Ventura Research

Current GDV Share



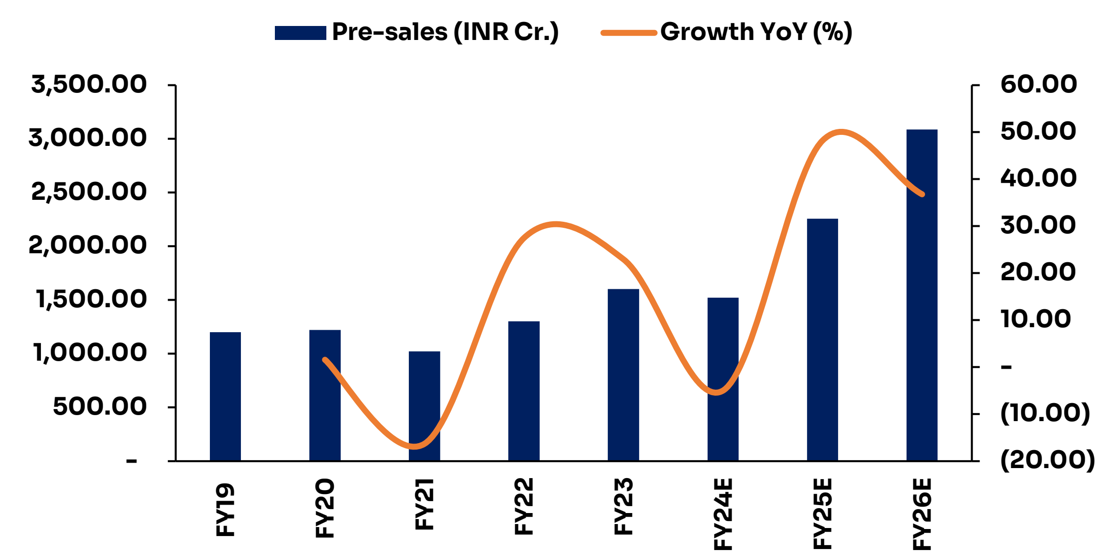
Source: Company Reports & Ventura Research

Pre-Sales Growth Driven by New Launches, Delayed Projects Loom:

Pre-sales experienced a robust 22% CAGR to reach Rs. 1,600 cr. during the period from FY18 to FY23, driven by successful launches in Naigaon, Vasai, and Mira Road. Historically, new project launches have been the catalyst for pre-sales growth. Sunteck has initiated the first phase of its Kalyan project and is poised to introduce the Napeansea Road project in later half of FY25. Furthermore, it anticipates obtaining essential clearances for the Borivali project in FY25, with a launch expected by FY26. Additionally, the new phases of Sunteck World Naigaon is slated for launch in FY25. These forthcoming launches are anticipated to drive pre-sales to approximately Rs. 3,000 cr. by FY26 at a CAGR of 25.5%.

The BKC projects have faced challenges over the past three years; however, with the development of NMACC, sales have gained momentum. These projects are projected to be monetized over the next 3-5 years. The upcoming launch of Napeansea and Bandstand projects will further contribute to the growth in pre-sales.

Pre-sales & Growth



Source: Company Reports & Ventura Research

Healthy Balance sheet

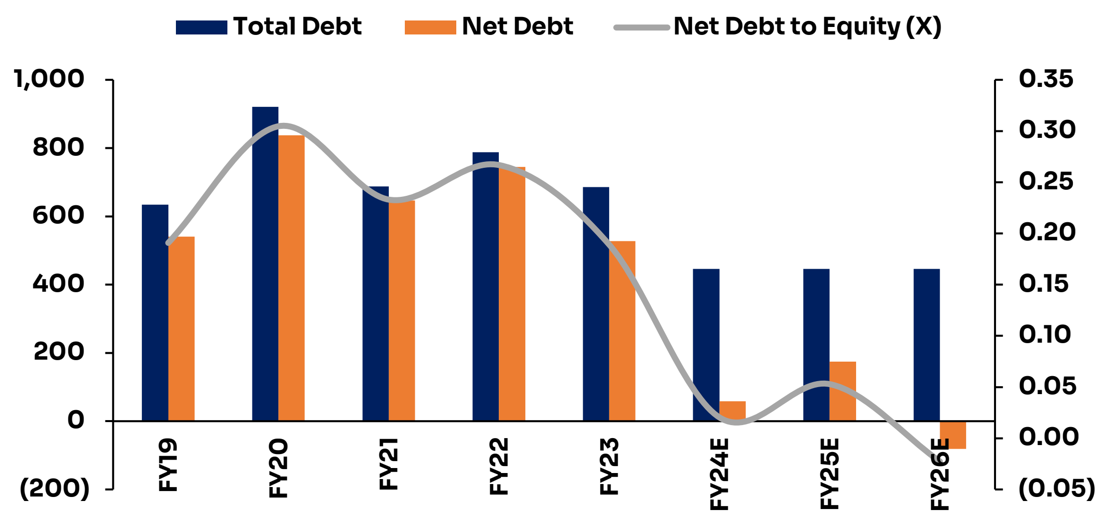
Sunteck has maintained a disciplined balance sheet, ensuring that its leverage does not exceed 0.3x of equity. Over the period of FY21-23, it generated an operating surplus of INR 950 cr., which contributed to reducing net debt to INR 260 cr., resulting in a net debt to equity ratio of 0.1x. This creates significant room for future growth.

Furthermore, Sunteck's completed and ongoing projects are expected to generate cash flows of INR 4,500 cr. over the next 5-6 years. Additionally, upcoming projects with a potential GDV of INR 3,000 cr. will contribute to further cash flows. Overall, Sunteck is projected to generate a cumulative cash flow of ~INR 4,000 cr. over FY25-27.

In addition to its existing projects, Sunteck has forayed into the premium affordable housing segment by entering into a joint development agreement with IFC to construct 12,000 green urban mid-income homes across 4-6 projects.

Sunteck's net debt to equity ratio of 0.02x provides significant headroom for growth. As of December 2023, the company reported a net debt of INR 49 cr., significantly lower than its peak in FY17, driven by strong cash flows.

SLR's debt profile



Source: Company Reports & Ventura Research

Switching towards Asset light model.

Initially, Sunteck acquired land at BKC and ODC, Goregaon through outright purchases, but these were joint acquisitions with equity partners. Ajay Piramal Group held stake in the BKC project, while Kotak Realty Fund invested INR 1.5 billion out of the total INR 3 billion for the ODC, Goregaon land in 2012.

After 2018, Sunteck shifted towards an asset-light strategy by entering joint development agreements. Over FY18-22 the company added eight new projects, with a cumulative potential developable area of ~39 msf, of which only one project in Napeansea Road was an outright project and entailed an investment of INR340m. The rest were JDA projects.

Owing to the substantial scale of these projects, Sunteck can unlock higher development potential over time. The company's demonstrated capability to increase prices gradually allows for the generation of robust operating margins and a healthy Internal Rate of Returns (IRR).

In terms of financial expectations, given the various brand segments of Sunteck the anticipated project level operating margins of 35% or higher.

Valuations

Since the company follows the project completion method, we have valued the stock on the basis of cash inflows net of construction costs without considering any overheads discounted at an expected market return of 13%. For the projects over and above the current GDV which are expected to be added, we have calculated the cash flows as a certain % of the GDV growth. On the basis of this, we arrived at a value of Rs. 664 per share. We recommend BUY.

Particulars	FY24	FY25	FY26	FY27	FY28	FY29	FY30
CF from completed projects	215	276	449	513	356	193	95
CF from ongoing projects	546	227	278	491	432	290	76
CF from upcoming projects	(63)	235	128	258	379	1,505	3,585
Total	**698**	**738**	**855**	**1,262**	**1,166**	**1,989**	**3,756**
Rental CF	**10**	**70**	**70**	**70**	**315**	**331**	**347**
CF from additional projects	**-**	**189**	**327**	**442**	**477**	**687**	**927**
Total CF	**708**	**997**	**1,252**	**1,773**	**1,958**	**3,006**	**5,030**

Number of Equity Shares (no in crs)	14.7
Long Term Market Return	13%
Risk Free Rate	8%
Levered Beta	1.17
Unlevered Beta	1.0
Cost of Equity	13%
Interest Rate	9%
Tax Rate	25.2%
Cost of Debt	6.7%

	Value	Weight	Cost
Market Cap	6,845	89.7%	13.0%
Total Debt	685	10.3%	6.7%

WACC	12.4%

		FY26	FY27	FY28	FY29	FY30
Discount Factor from FY26		1.00	0.89	0.79	0.70	0.63
Discounted FCFF from FY26		1,252.0	1,577.2	1,548.9	2,115.2	3,147.9
Total of Discounted FCFF FY26	9,641					
FY26 Net Debt	-81					
FY26 Value of Equity	**9,722**					
FY26 Value of Equity per share	**664**					

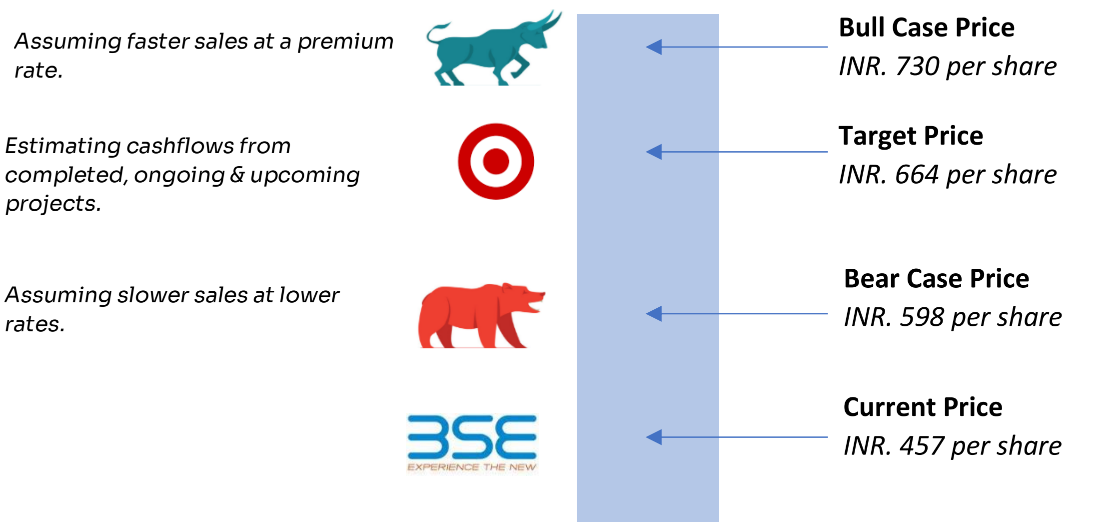
Our Bull and Bear Case Scenarios

We have prepared a Bull and Bear case scenario.

Bull case scenario: We assumed a 10% higher probability of the company being able to sell its inventory at a faster pace or a higher rate. On the basis of this we arrived at a value of Rs. 730 per share.

Bear case scenario: We assumed a 10% lower probability of the company might not be able to sell its inventory at the expected pace or couldn't yield a premium rate. On basis of this we arrived at a value of Rs. 598 per share.

Bull & Bear Case Scenario



Source: BSE & Ventura Research

Risk to upside:

- The company may launch or announce new projects at premium locations or segments which may lead to higher cash inflows.
- The existing inventory may get sold at a faster pace on account of new infrastructure developments.

Risk to downside:

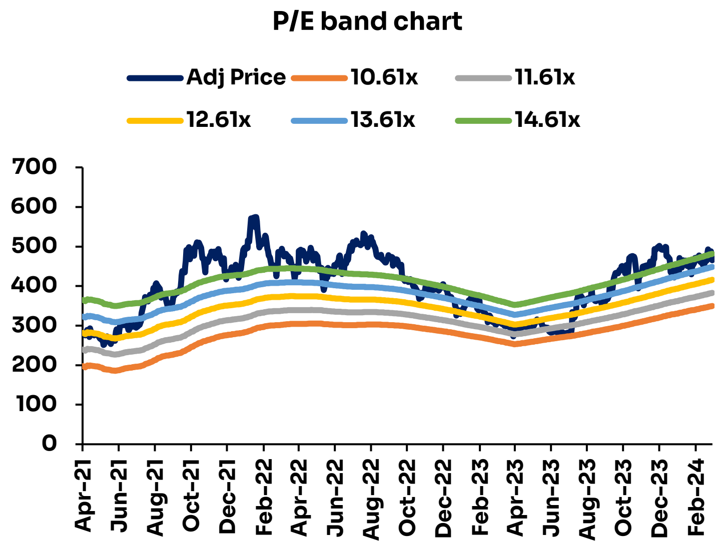
- The company may not be able to command a premium rate on account of strong competition or slowdown in demand, etc.
- The company's projects in low end micro markets may not receive a great response as it caters to luxury segment.

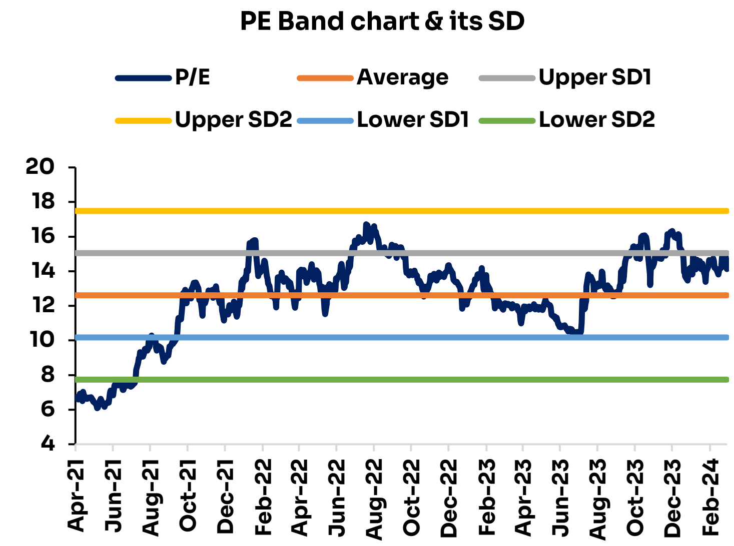
Consensus vs Ventura Estimates

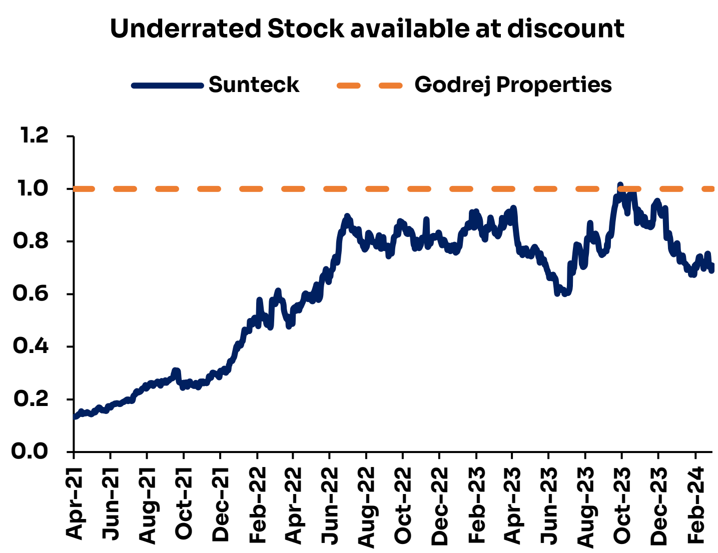
SRL: Consensus vs Ventura Research

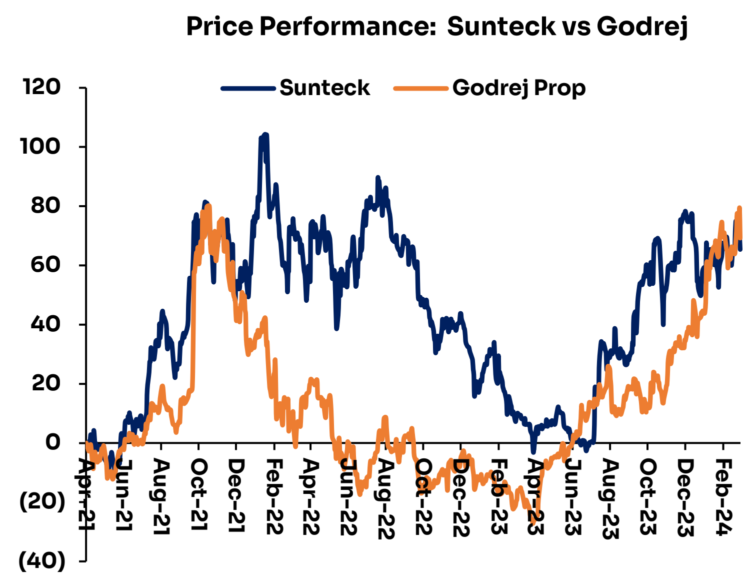
Consensus vs ventura Estimates	FY23	FY24E	FY25E	FY26E	FY23-26 CAGR (%)
Revenue (INR Cr.)					
Concensus	362.4	978.2	1,432.6	1,755.5	69.2
YoY growth (%)	*(29.4)*	*169.9*	*46.5*	*22.5*	
Ventura Estimates	362.4	494.9	2,053.3	1,597.8	64.0
YoY growth (%)	*(29.4)*	*36.5*	*314.9*	*(22.2)*	
EBITDA (INR Cr.) & EBITDA Margin (%)					
Concensus	64.2	241.7	381.8	536.4	102.9
Consensus Margin (%)	*17.7*	*24.7*	*26.7*	*30.6*	
Ventura Estimates	64.2	102.6	599.5	363.2	78.2
Ventura Margin (%)	*17.7*	*20.7*	*29.2*	*22.7*	
Net Profit (INR Cr.) & Net Margin (%)					
Concensus	1.4	137.4	250.6	311.5	506.0
Consensus Margin (%)	*0.4*	*14.0*	*17.5*	*17.7*	
Ventura Estimates	1.4	63.1	448.0	271.5	478.8
Ventura Margin (%)	*0.4*	*12.7*	*21.8*	*17.0*	
Valuation					
EV/Sales					
Consensus	19.9	7.8	5.3	4.4	
Ventura Estimates	19.9	13.6	3.3	4.1	

Strong revenue growth, improving margins & healthy balance sheet could re-rate valuations







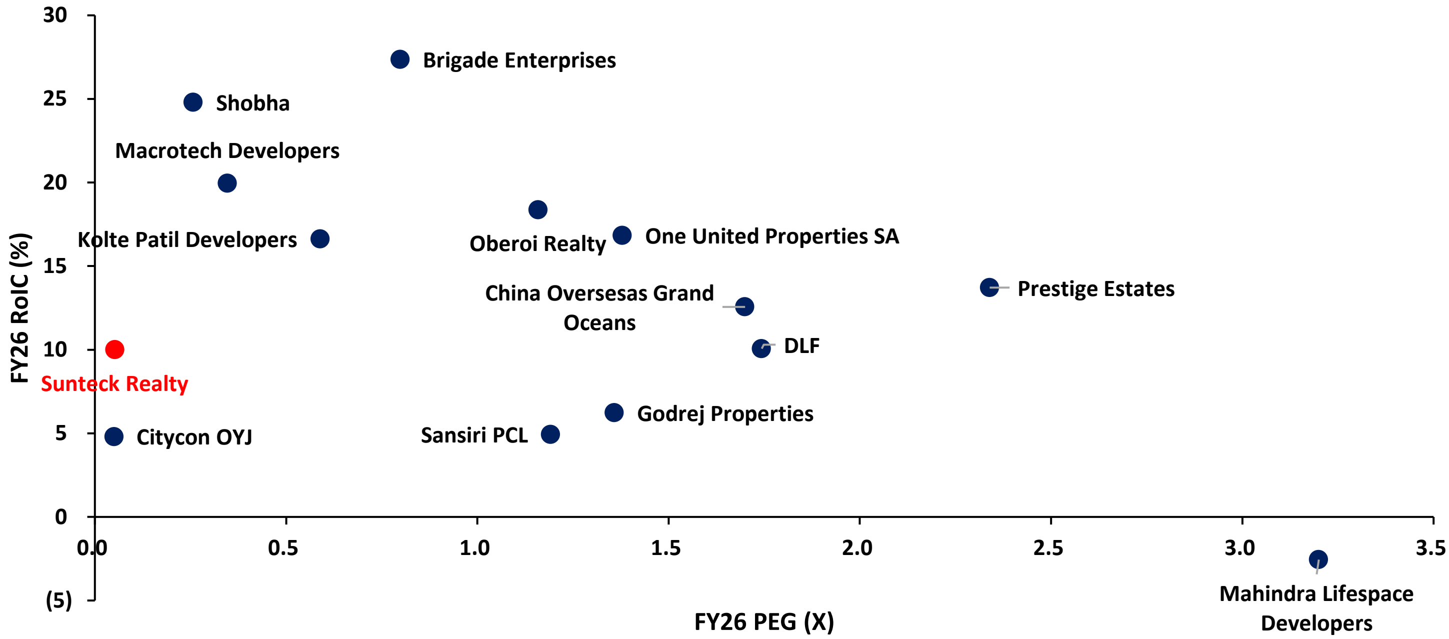


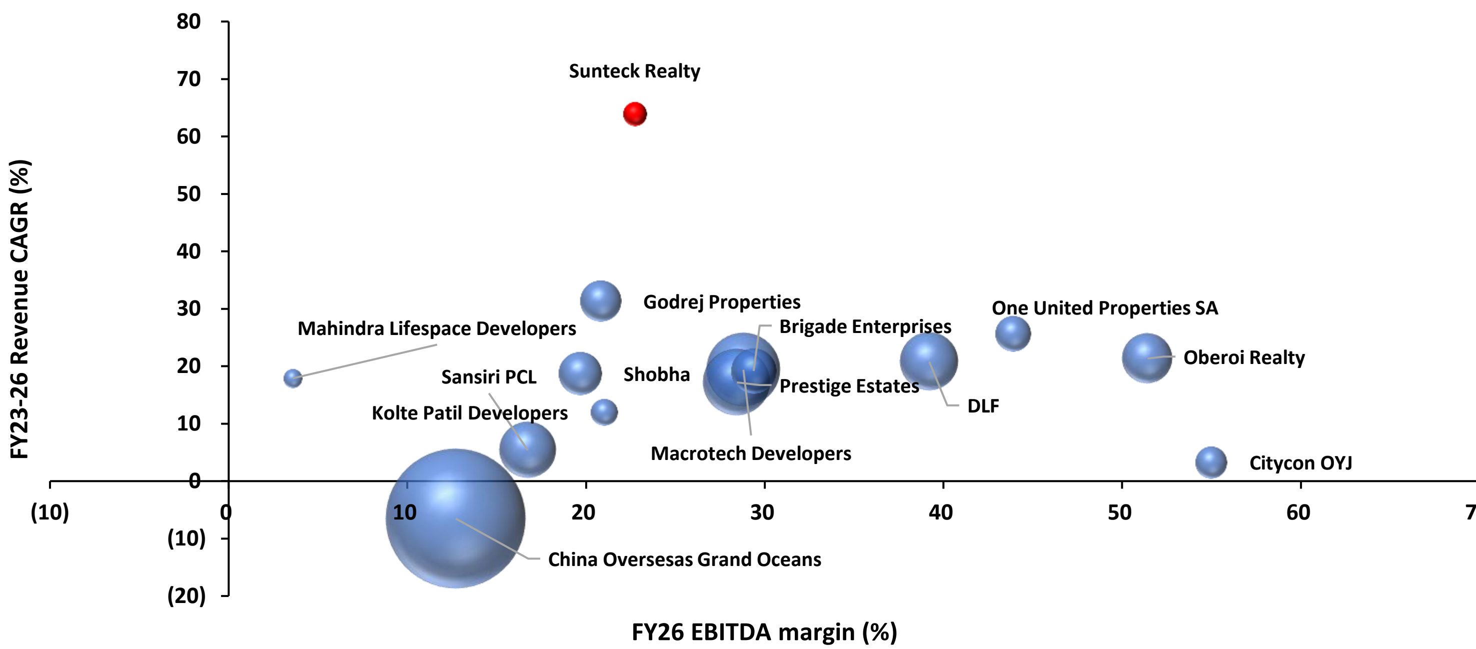
Source: Ventura Research

Valuation and comparable metrics of domestic and global companies

				P/E Ratio				EV/Sales				EV/EBIDTA				RoE (%)				RoIC (%)				Sales				EBITDA Margin (%)				Net Margin (%)			
Company Name	Mkt Cap	Price	PEG	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Domestic Peers	(fig in INR Cr, unless specified)																																		
Sunteck Realty	6,695.0	457.0	0.1	N/A	105.5	14.9	24.5	19.9	13.6	3.3	4.1	112.5	65.8	11.5	18.2	0.1	2.2	13.6	7.6	1.7	3.2	16.9	10.0	362.4	494.9	2,053.3	1,597.8	17.7	20.7	29.2	22.7	-1.5	12.7	21.8	17.0
Macrotech Developers	1,02,223.4	1,059.9	0.3	210.0	61.5	44.4	31.0	11.6	10.0	7.9	6.5	53.0	40.3	31.3	22.5	3.8	11.5	13.5	16.2	9.9	13.2	16.5	20.0	9,470.4	10,829.4	13,501.9	16,114.1	21.8	24.8	25.2	28.8	5.1	15.3	17.1	20.5
Godrej Properties	63,493.1	2,283.6	1.4	111.1	78.4	59.4	46.2	30.8	26.2	16.6	13.7	269.9	338.8	92.3	65.8	6.2	8.0	9.5	10.7	1.8	1.7	4.6	6.2	2,166.4	2,634.9	4,130.4	4,909.8	11.4	7.7	17.9	20.8	26.4	30.7	25.9	28.0
Oberoi Realty	47,602.8	1,309.2	1.2	25.0	28.5	20.9	16.7	12.1	10.5	8.2	6.5	24.0	21.0	15.9	12.7	15.6	12.1	14.2	15.2	13.5	14.5	17.3	18.4	4,192.6	4,780.7	6,044.6	7,489.5	50.4	50.0	51.6	51.4	45.4	34.9	37.6	38.1
Prestige Estates	45,397.6	1,132.5	2.3	48.2	35.2	45.1	32.6	6.5	6.0	5.0	4.1	17.7	21.7	17.7	14.6	9.4	11.5	8.2	10.4	13.3	9.5	12.2	13.7	8,215.4	9,105.6	10,835.2	13,220.6	36.4	27.5	28.3	28.4	11.5	14.2	9.3	10.5
Mahindra Lifespace Developers	8,870.4	572.4	3.2	87.5	449.1	89.7	73.6	14.6	15.8	10.7	9.4	-80.5	-149.5	3,350.4	261.4	5.6	1.0	4.9	5.6	-6.8	-5.8	-0.9	-2.6	606.6	584.0	867.3	994.1	-18.2	-10.6	0.3	3.6	16.7	3.4	11.4	12.1
DLF	2,10,748.0	851.4	1.7	103.5	77.0	61.2	49.1	37.1	30.1	25.4	20.2	122.5	82.8	68.4	51.5	5.4	6.9	8.1	9.4	4.1	6.0	7.6	10.1	5,694.8	6,966.4	8,121.0	10,031.7	30.3	36.3	37.2	39.2	35.7	39.3	42.4	42.7
Brigade Enterprises	22,788.6	986.1	0.8	78.2	63.0	40.6	30.0	7.5	6.1	5.0	4.1	30.1	23.1	17.9	13.8	9.0	11.5	15.6	17.7	8.6	12.2	17.7	27.4	3,444.6	4,409.1	5,070.4	5,831.4	24.9	26.5	28.0	29.4	8.5	8.2	11.1	13.0
Shobha	13,248.5	1,396.9	0.3	127.1	68.4	34.1	21.1	4.5	3.8	3.1	2.5	40.1	28.9	18.6	12.9	4.2	7.1	12.6	17.0	7.4	11.7	17.0	24.8	3,274.9	3,893.1	4,685.9	5,483.2	11.3	13.0	16.5	19.6	3.2	5.0	8.3	11.4
Kolte Patil Developers	3,619.7	476.3	0.6	35.3	31.6	21.5	16.7	2.6	2.8	2.5	2.1	20.2	15.8	13.0	10.1	9.8	10.1	13.4	15.2	14.2	13.0	14.5	16.6	1,488.4	1,568.2	1,761.8	2,092.2	12.7	17.5	19.2	21.0	6.9	7.3	9.5	10.4
Global Peers	(fig in USD Mn, unless specified)																																		
Citycon OYJ	844.4	4.9	0.1	151.3	10.0	11.9	8.3	8.5	8.8	8.5	8.4	27.2	15.3	14.9	15.2	0.2	4.3	4.8	5.1	2.2	4.6	5.4	4.8	317.6	311.7	323.8	349.6	31.3	57.5	57.3	55.0	1.8	27.1	22.0	29.3
China Oversesas Grand Oceans	746.4	0.2	1.7	1.6	1.8	1.7	1.6	0.6	0.4	0.4	0.3	5.4	3.7	3.4	2.4	10.8	9.3	9.0	9.0	10.4	11.8	11.7	12.6	8,549.4	7,655.4	7,148.8	6,980.6	10.4	10.8	11.9	12.7	5.5	5.5	6.1	6.7
One United Properties SA	827.5	0.2	1.4	8.8	8.4	8.8	7.5	3.9	2.8	2.6	2.2	7.2	6.7	6.7	5.0	21.0	17.8	14.9	14.6	24.3	22.5	18.1	16.8	226.8	314.1	355.7	450.1	54.5	42.4	39.3	43.9	41.6	31.6	26.6	24.6
Sansiri PCL	821.7	0.0	1.2	6.7	5.3	6.0	5.8	2.9	2.5	2.6	2.7	16.3	15.3	16.1	15.9	8.9	11.4	9.8	9.8	4.4	5.2	5.0	4.9	963.6	1,061.1	1,105.9	1,128.3	18.0	16.4	16.0	16.7	12.7	14.5	12.5	12.5

Source: Ventura Research & Bloomberg


30
25
20
15
10
5
0
(5)
FY26 RoIC (%)
Brigade Enterprises
Shobha
Macrotech Developers
Kolte Patil Developers
Oberoi Realty
One United Properties SA
China Oversesas Grand Oceans
Prestige Estates
DLF
Sunteck Realty
Godrej Properties
Sansiri PCL
Citycon OYJ
Mahindra Lifespace Developers
0.0
0.5
1.0
1.5
2.0
2.5
3.0
3.5
FY26 PEG (X)


80
70
60
50
40
30
20
10
0
(10)
(20)
FY23-26 Revenue CAGR (%)
Sunteck Realty
Godrej Properties
One United Properties SA
Mahindra Lifespace Developers
Brigade Enterprises
Oberoi Realty
Sansiri PCL
Shobha
Prestige Estates
Kolte Patil Developers
DLF
Macrotech Developers
Citycon OYJ
China Oversesas Grand Oceans
(10)
0
10
20
30
40
50
60
70
FY26 EBITDA margin (%)

Sunteck Realty Limited SWOT Analysis in a nutshell

Sunteck Realty Ltd

Growth Drivers

- Concentrated portfolio in the MMR region in luxury & aspirational luxury segments commands premium pricing.
- Robust pipeline of ~30,000 cr. GDV with 7 growth engines provides long term visibility. Aspirations to double by FY32.
- Partnership with IFC to develop large-scale housing projects.
- Annuity Income portfolio to grow to yield rentals of ~300cr. with capital value creation of around 50 bn.

Key Challenges

- Dependancy on handful projects for revenues in near term.
- Inventory turnover not keeping pace with company's aspirations.
- Delay in completion of projects may hamper the cashflows of the company
- Slowdown or maturity in the luxury housing segment might affect company's cashflows & business.

New Trends

- MMR is the highest selling micro-market for the luxury segment with around 40,000 units being sold in Jan-June 2023
- Strong balancesheet position with a D/E ratio of 0.02x with adoption of asset light model.

Investment Themes

- Strong pipeline with improves saleability at BKC provides cashflow visibility.
- Strong management commitment towards adding new projects.
- Locations targeting most prime areas with growth markets.

Financial analysis and projections

FY20-23 characterized by slow sales yet robust growth in project additions.

Pre Sales

The company recorded a 9% CAGR in pre-sales growth from Rs. 1,221 cr. to 1,602 cr. being the highest ever in FY23. The lower growth was primarily on account of laggard sales in the BKC projects which are expected to see traction in sales due to development of NMACC in the vicinity.

Revenue

The company has recorded a degrowth of 13% in its sales over the period. The company follows the project completion method of accounting, as a result, the revenues appear to be uneven and bulky in a particular year of completion. However, the company managed to grow its GDV from ~Rs. 13,650 cr. to ~19,345 cr. posting a 41% YoY growth rate on account of project additions in Vasai & Mira Road. Further, with the addition of Kalyan project, the GDV has reached ~Rs. 27,150 cr. The sales were primarily driven by an increase in the realization rates in the MMR region accompanied by a spike in volumes on account of new launches.

Profits & Margins

The EBITDA has fallen from Rs. 168 cr. in FY20 to Rs. 64 cr. in FY23. This is on account of lower revenues and higher construction & advertisement costs driven by new project launches. The operating margins fell 1230 bps.

FY24-26 will come bearing fruits for the seeds sowed.

Pre Sales

The pre-sales are expected to grow at a CAGR of 24% to reach Rs. 3,086 cr. by FY26 on account of launches of new projects led by Napeansea road & Bandra.

Revenue

We expect the revenues to grow at a CAGR of 64% to Rs. 1,598 cr. by FY26 with a higher spike in FY25 on account of project completions in Goregaon & Naigaon along with better sales in the BKC projects. The rental assets also will contribute ~Rs. 175 cr. to the revenue.

Profits & Margins

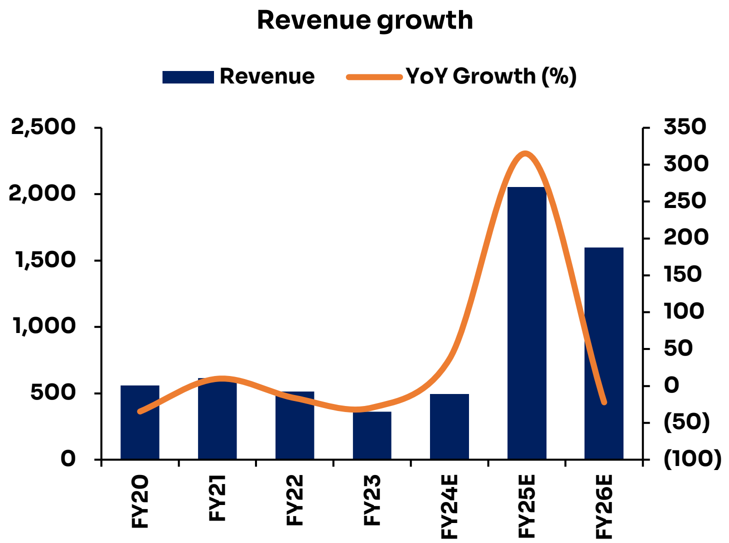
The EBITDA is expected to grow at a CAGR of 78% to Rs. 363 cr. by FY26 on account of higher revenue recognition and the margins are expected to improve by 500 bps to reach ~22.7% on account of higher realizations per sq. ft.

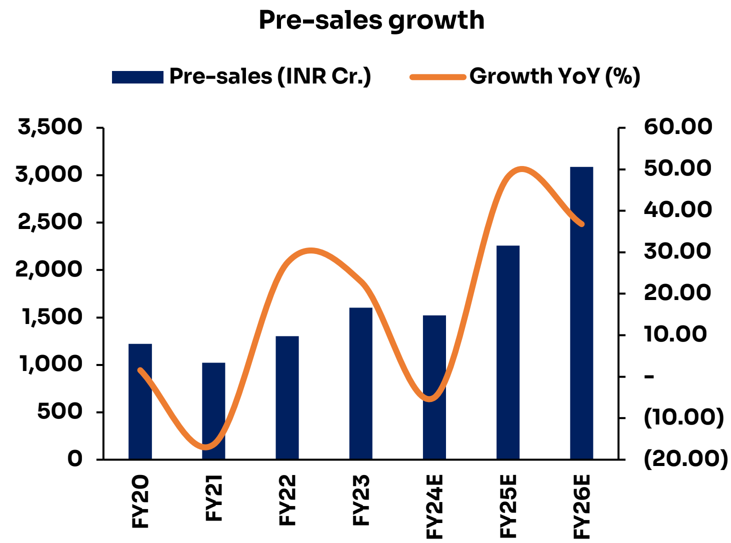
SRL's Financial Summary

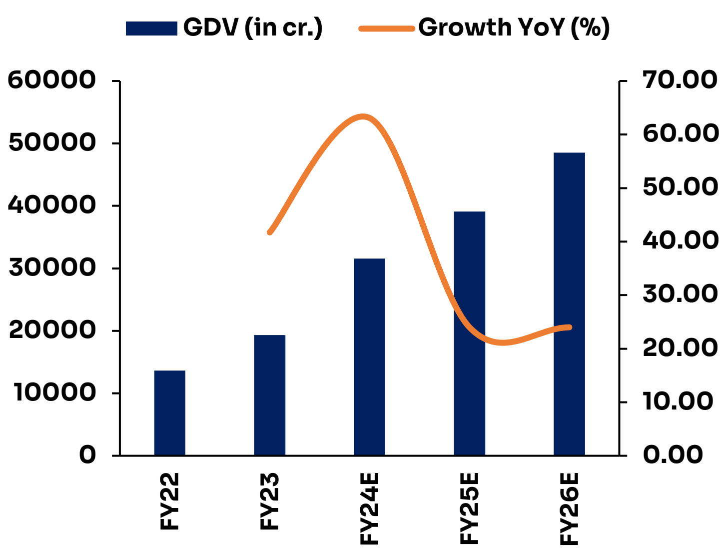
Fig in INR Cr (unless specified)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Revenue from operations	559.7	614.1	513.1	362.4	494.9	2,053.3	1,597.8	2,007.5	3,777.6
YoY Growth (%)	*(34.7)*	*9.7*	*(16.4)*	*(29.4)*	*36.5*	*314.9*	*(22.2)*	*25.6*	*88.2*
Raw Material Cost	(112.1)	132.7	(604.6)	(1,345.7)	(441.1)	(831.4)	(1,206.1)	(1,736.6)	(2,866.3)
RM Cost to Sales (%)	*(20.0)*	*21.6*	*(117.8)*	*(371.3)*	*(89.1)*	*(40.5)*	*(75.5)*	*(86.5)*	*(75.9)*
Employee Cost	41.8	38.2	52.8	69.0	92.5	110.0	130.0	150.0	170.0
Employee Cost to Sales (%)	*7.5*	*6.2*	*10.3*	*19.0*	*18.7*	*5.4*	*8.1*	*7.5*	*4.5*
Other Expenses	461.9	306.0	969.5	1,575.0	740.8	2,175.3	2,310.7	3,111.6	5,409.6
Other Expenses to Sales (%)	*82.5*	*49.8*	*189.0*	*434.5*	*149.7*	*105.9*	*144.6*	*155.0*	*143.2*
EBITDA	168.2	137.1	95.3	64.2	102.6	599.5	363.2	482.6	1,064.4
EBITDA Margin (%)	*30.0*	*22.3*	*18.6*	*17.7*	*20.7*	*29.2*	*22.7*	*24.0*	*28.2*
PAT	75.6	41.6	23.9	(5.6)	63.1	448.0	271.5	362.0	798.2
PAT Margin (%)	*13.5*	*6.8*	*4.7*	*(1.5)*	*12.7*	*21.8*	*17.0*	*18.0*	*21.1*
Net Profit	74.0	41.9	25.1	1.4	63.4	449.6	272.8	363.6	801.1
Net Margin (%)	*13.2*	*6.8*	*4.9*	*0.4*	*12.8*	*21.9*	*17.1*	*18.1*	*21.2*
Adjusted EPS	5.1	2.9	1.7	0.1	4.3	30.7	18.6	24.8	54.7
P/E (X)	*92.0*	*162.4*	*271.5*	*4,835.2*	*107.4*	*15.2*	*25.0*	*18.7*	*8.5*
Adjusted BVPS	187.6	189.2	190.5	190.3	194.6	225.3	243.9	268.8	323.4
P/BV (X)	*2.5*	*2.5*	*2.4*	*2.4*	*2.4*	*2.1*	*1.9*	*1.7*	*1.4*
Enterprise Value	7,649.7	7,458.3	7,556.6	7,339.4	6,870.3	6,986.7	6,731.4	6,526.3	6,222.5
EV/EBITDA (X)	*45.5*	*54.4*	*79.3*	*114.4*	*66.9*	*11.7*	*18.5*	*13.5*	*5.8*
Net Worth	2,748.7	2,772.3	2,790.4	2,787.9	2,851.3	3,300.9	3,573.6	3,937.2	4,738.4
Return on Equity (%)	*2.7*	*1.5*	*0.9*	*0.1*	*2.2*	*13.6*	*7.6*	*9.2*	*16.9*
Capital Employed	3,669.4	3,460.2	3,578.6	3,473.3	3,297.3	3,746.9	4,019.6	4,383.2	5,184.4
Return on Capital Employed (%)	*3.3*	*2.7*	*1.9*	*3.5*	*2.1*	*11.7*	*6.5*	*7.9*	*15.0*
Invested Capital	3,586.2	3,418.3	3,534.8	3,315.0	2,909.3	3,475.3	3,492.8	3,651.2	4,148.6
Return on Invested Capital (%)	*4.6*	*3.9*	*2.5*	*1.7*	*3.2*	*16.9*	*10.0*	*12.7*	*25.1*
Cash Flow from Operations	(78.0)	250.8	(30.5)	262.0	389.0	340.6	624.8	778.7	395.1
Cash Flow from Investing	(17.8)	50.0	18.1	(16.2)	17.0	(403.5)	(316.0)	(520.1)	(37.8)
Cash Flow from Financing	87.9	(297.0)	45.9	(261.4)	(176.3)	(53.5)	(53.5)	(53.5)	(53.5)
Net Cash Flow	(7.9)	3.8	33.5	(15.6)	229.7	(116.4)	255.3	205.1	303.8
Free Cash Flow	(34.5)	295.3	10.4	434.6	708.4	997.2	1,252.0	1,773.3	1,958.0
FCF to Revenue (%)	*(6.2)*	*48.1*	*2.0*	*119.9*	*143.2*	*48.6*	*78.4*	*88.3*	*51.8*
FCF to EBITDA (%)	*(20.5)*	*215.3*	*10.9*	*677.2*	*690.3*	*166.3*	*344.7*	*367.5*	*184.0*
FCF to Net Profit (%)	*(46.6)*	*704.0*	*41.5*	*30,847.6*	*1,116.5*	*221.8*	*459.0*	*487.8*	*244.4*
FCF to Net Worth (%)	*(1.3)*	*10.7*	*0.4*	*15.6*	*24.8*	*30.2*	*35.0*	*45.0*	*41.3*
Total Debt	921	688	788	685	446	446	446	446	446
Net Debt	837	646	744	527	58	174	-81	-286	-590
Net Debt to Equity (X)	*0.3*	*0.2*	*0.3*	*0.2*	*0.0*	*0.1*	*(0.0)*	*(0.1)*	*(0.1)*
Net Debt to EBITDA (X)	*5.0*	*4.7*	*7.8*	*8.2*	*0.6*	*0.3*	*(0.2)*	*(0.6)*	*(0.6)*
Interest Coverage Ratio (X)	*2.0*	*1.6*	*1.1*	*0.6*	*1.4*	*11.0*	*6.5*	*8.7*	*19.5*
Fundamental scores									
Altman Z Score	1.2	1.2	1.4	1.6	1.8	2.2	1.8	1.7	2.0
Piotroski F-score	4.0	7.0	4.0	5.0	7.0	5.0	5.0	7.0	6.0
Beneish M-score	(2.5)	(2.4)	(3.5)	(3.7)	(1.5)	0.2	(2.3)	(2.5)	(1.7)

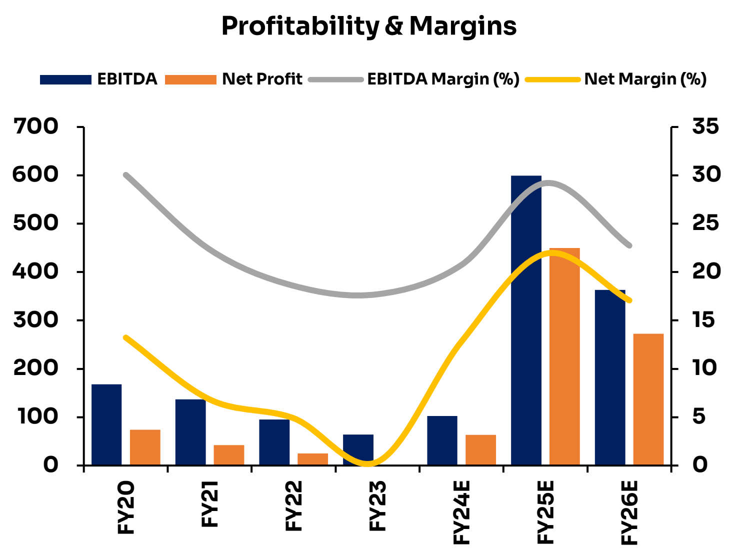
Source: ACE Equity, Company Reports & Ventura Research

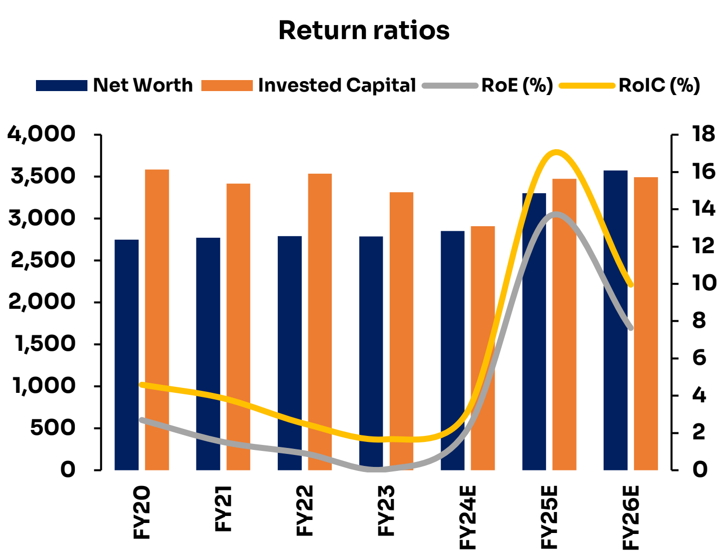
SRL's Story in Charts

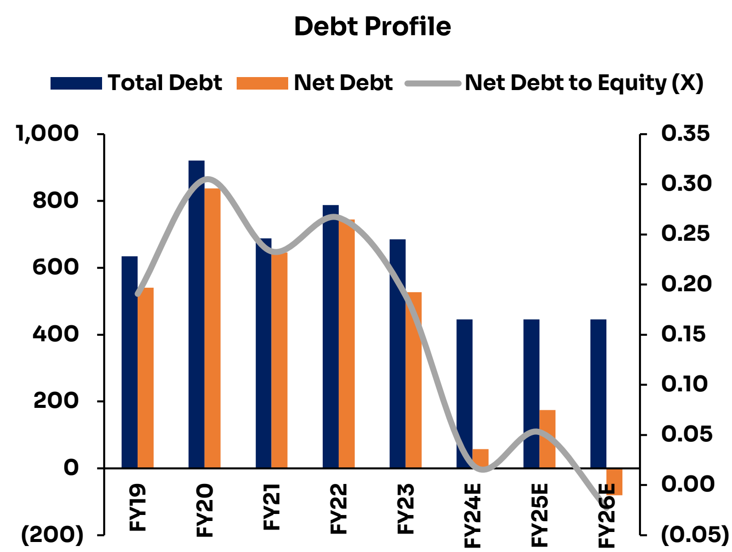












Source: ACE Equity, Company Reports & Ventura Research

Company's Overview

SRL is a Mumbai based realty company focused on developing luxury residential & commercial properties across the Mumbai Metropolitan Region (MMR). The company is amongst the largest developers in the Western Suburbs of MMR from Bandra to Virar. The company has a pipeline of ~21.5 MSF area under development with a GDV of ~Rs. 30,000 cr.

The company has created different brands in its luxury portfolio for strong brand recall and product differentiation:

Uber / Ultra Luxury Segment

Signature — residences that are aimed at HNIs.

Signia — residences in select suburban micro markets.

Premium Luxury

SunteckCity — large mixed-use developments.

Sunteck Sky Park — upper-mid income targeted residences.

Aspirational Luxury Segment

SunteckWorld — affordable luxury product

Marquee Luxury Segment

SBR Sunteck Beach Residences — flagship beach-front residences

Key Investment Rationale

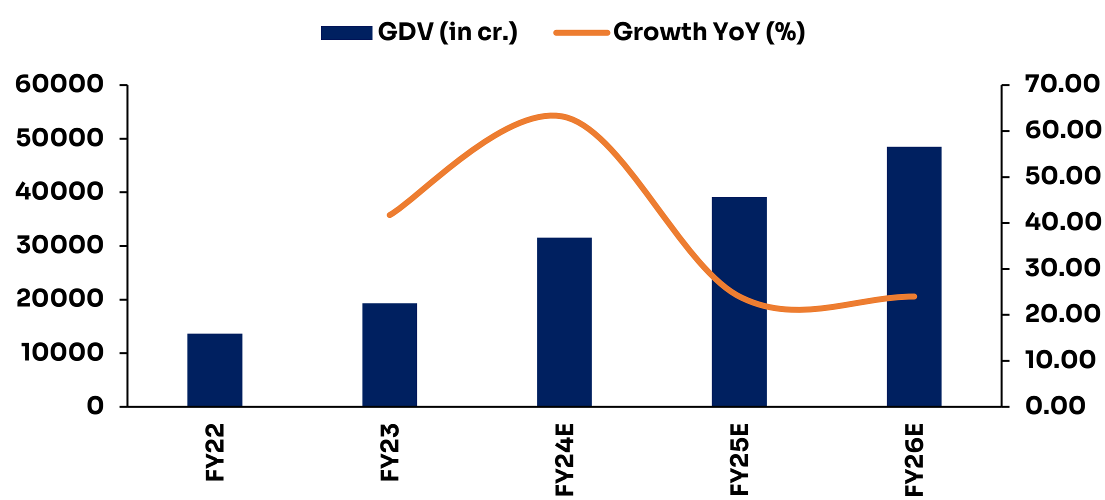
Revenue

We expect the revenues to grow at a CAGR of 64% to Rs. 1,598 cr. in FY26 on account of the following factors.

GDV Growth

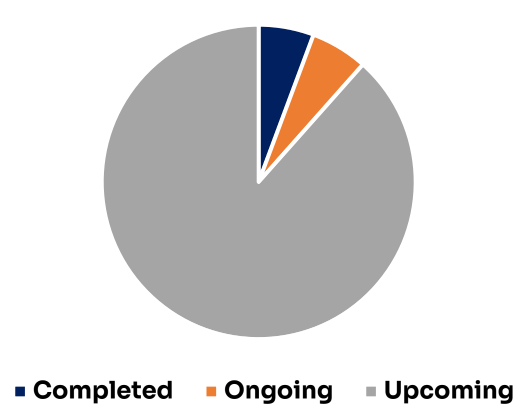
Following a challenging period due to COVID-19, the company has significantly increased its Gross Development Value (GDV) from approximately Rs. 13,650 cr. in FY22 to approximately Rs. 27,150 cr., achieving a remarkable compound annual growth rate (CAGR) of around 41%. Moreover, it has unveiled projects in Napeansea Road, and Bandra Bandstand, contributing approximately Rs. 3,000 cr. to elevate the GDV to around Rs. 30,000 cr. by FY25. Actively seeking opportunities to acquire distressed and affordable projects, the company has also established a joint development platform with IFC to construct 12,000 affordable and mid-income homes across 4-6 projects. With these initiatives, the company aims to double the GDV to approximately Rs. 60,000 cr. within the next 3-4 years, achieving a CAGR of approximately 24%.

GDV Growth



Source: Company Reports & Ventura Research

Current GDV Share



Source: Company Reports & Ventura Research

Concentrated portfolio in the largest realty market with luxury offerings.

MMR's real estate market is set to grow by 8-9% YoY in FY24, maintaining its leadership position in FY25. In FY23, MMR accounted for 25% of total area sold among the top seven markets in India. Robust residential property sales and controlled project launches resulted in a decade-low unsold inventory of 182 million square feet as of June 2023, representing 28% of the total unsold inventory across the top seven cities.

Sales in MMR surpassed fresh launches in FY23, reducing the years-to-sell metric to 1.2 years as of June 2023. New launches in FY24 are expected to reach around 145 million square feet, with the years-to-sell metric projected to remain around 1-1.2 years as of March 2024.

Further, the surge in demand in MMR is inclined towards luxury segment which is driven by factors such as a growing number of high-net-worth individuals, rapid urbanization, and rising incomes. High Net Worth Individuals (HNIs) and Non-Resident Indians (NRIs) prefer technologically integrated homes with bespoke features and extravagant amenities. This segment remains resilient to market fluctuations, supported by the region's strong economic performance and favorable exchange rates for NRIs.

The company has maintained its brand value by adopting a multi-brand strategy for its offerings in the luxury segment across income categories. The 'Signature' & 'Signia' brand are uber luxury brands whereas the 'Sunteck' brand caters to the premum luxury segment. For low affordability markets like Naigaon & Kalyan, the company offers its aspirational luxury brand 'Sunteck World'.

Long gestation projects benefit from better rates.

Further, average residential prices across the top seven cities saw an increase ranging from 8% to 18% in Q3 2023 compared to Q3 2022. This rise can be attributed mainly to the escalation in prices of construction raw materials and an overall surge in demand.
The average property prices across the top seven cities combined witnessed an 11% increase over the year, rising from ₹6,105 per square foot in Q3 2022 to nearly ₹6,800 per square foot in Q3 2023. The prices are further expected to rise by around 10-15% in the next couple of years primarily on account of rising material costs.

Sunteck has been able to reshape the market landscape and capitalize on pricing growth through its large-scale developments and unique luxury offerings in markets that have traditionally been underserved by major grade-A developers.

For instance, Sunteck's projects in BKC were initially priced at INR 17,500 per square foot in FY11. Today, they are quoted at INR 80,000-90,000 per square foot, indicating a CAGR of 13% from FY10 to FY24.

Similarly, realizations for SunteckCity in Oshiwara District Center (ODC), Goregaon, and Naigaon have seen improvement, with an 8% CAGR over FY13-24 and an 11% CAGR over FY18-24.

Building value with annuity assets

The market anticipates that the demand for commercial real estate will either match or exceed the leasing records set in 2022.

Despite global geopolitical tensions and heightened inflation levels, FY23 witnessed robust leasing activity across the six major office markets in the country. Office demand saw a gross absorption of 38 million square feet, similar to the corresponding period in

2022. Although the technology sector's share in overall office leasing decreased from 35% in 2022 to 25% in 2023, domestic companies in flex spaces, engineering and manufacturing, and BFSI sectors increased their space allocation.

Sunteck aims to build its annuity portfolio through its 3 properties namely BKC 51, BKC Icon & Sunteck City 5th Avenue in Goregaon. Out of these, BKC 51 has been already let out with an annual rental of Rs. 35cr. BKC Icon is expected to be ready in FY25 with a similar annual rental. Whereas the Goregaon property is comparatively bigger and expected to be ready by FY27 yielding Rs. 250 cr. of annual rent. These assets would build a capital value of ~Rs. 5,000 cr. for the company.

Balance sheet

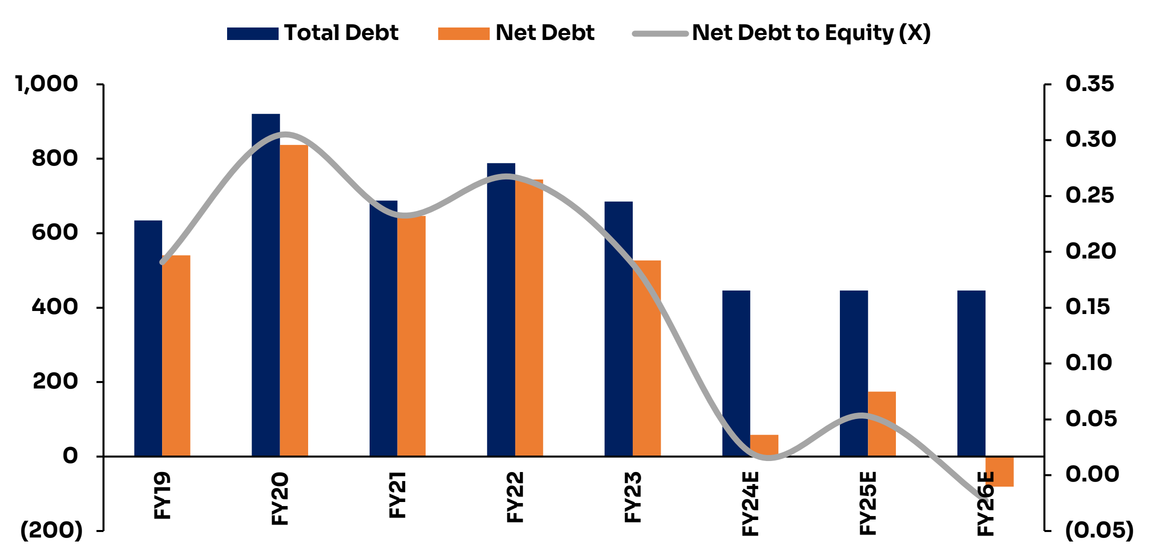
Disciplined approach to maintain healthy balance sheet.

Sunteck maintains a disciplined balance sheet with leverage capped at 0.5x of equity. Generating INR 950 cr. in operating surplus over FY21-23 reduced net debt to INR 260 cr., resulting in a net debt to equity ratio of 0.1x. With projected cash flows of INR 4,500 cr. from completed and ongoing projects, and a GDV of INR 3,000 cr. from upcoming projects, Sunteck expects cumulative cash flows of ~INR 2,300 cr. over FY24-26.

Partnering with IFC to build 12,000 affordable homes, Sunteck aims to double its project pipeline to INR 60,000 cr. and increase pre-sales in the next 3-4 years. Its net debt to equity ratio stands at a low 0.02x, with net debt of INR 49 cr. as of December 2023, down from a peak in FY17. The issuance of INR 800 cr. through QIP and preferential allotment raised equity to INR 2,600 cr., resulting in a favorable ratio.

Initially, Sunteck acquired land jointly with partners like Piramal Enterprise and Kotak Realty Fund. Shifting to joint development agreements since 2018, it added eight projects totaling ~39msf, mostly through JDA. Sunteck's ability to unlock higher development potential and increase prices gradually ensures robust operating margins and IRRs of 20-30% for outright projects and 25-30% for JDA projects at BKC and ODC.

SRL's debt profile



Source: Company Reports & Ventura Research

Cash Flows

Sunteck holds an outstanding receivable of INR 2,442 cr. from completed and ongoing projects, expected to be recovered over 5-6 years after incurring costs of ~INR 1,05 cr. Additionally, it maintains a balance inventory worth INR 3,171 cr., projected to generate ~INR 4,500 cr. in surplus cash flows over the next 5-6 years, excluding corporate overheads. Overall, Sunteck is expected to generate a cumulative operating cash surplus of INR 16 billion over FY24-26, primarily allocated towards new project additions.

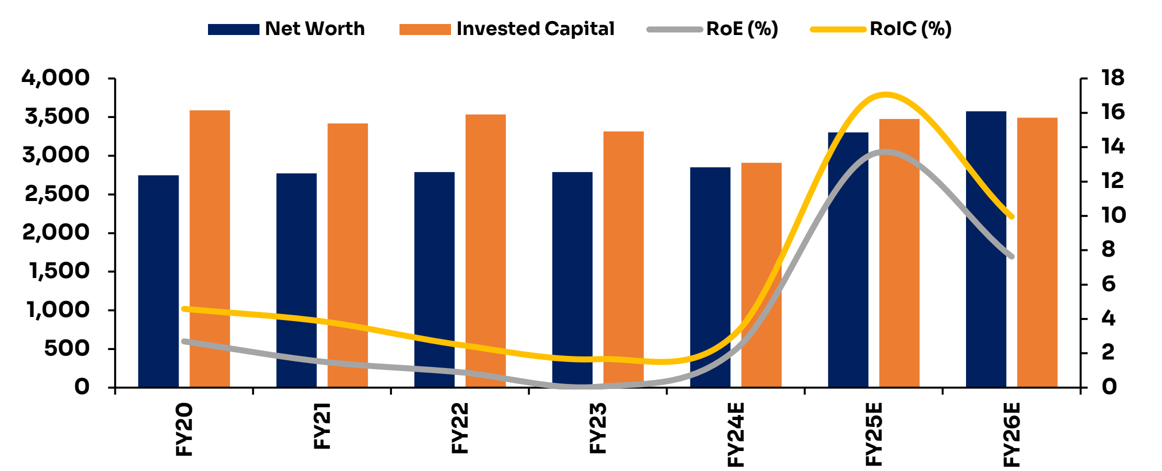
SRL's project wise estimated cashflows

Source: Company Reports & Ventura Research

Return Ratios

The return ratios are expected to improve exceptionally on account of better sales and revenue recognition. The ROE is expected to reach 7.6% in FY26 and ROIC to 10% in FY26 with reduced net debt and better margins.

Return Ratios



Source: Company Reports & Ventura Research

Ventura Business Quality Score

Key Criteria	Score	Risk	Comments
Management & Leadership			
Management Quality	9	Low	The management is of high quality & has managed to be nimble footed to the market changes by maintaining disciplined approach.
Promoters Holding Pledge	8	Low	The promoters have not pledged any of their holdings.
Board of Directors Profile	9	Low	The directors have significant experience in their respective sectors and expert areas.
Industry Consideration			
Industry Growth	8	Low	The Industry growth is robust owing to increase in per capita income, return of office work culture post covid, rapid infrastructure growth, etc.
Regulatory Environment or Risk	6	Medium	The introduction of RERA has increased compliance and any default can cause vindictive damages to the company's reputation.
Entry Barriers / Competition	4	High	Construction sector is concentrated towards a few micro markets where all the reputed construction players wants to establish their identity leading to intense competition.
Business Prospects			
New Business / Client Potential	8	Low	The company is actively looking for new development projects and has a robust pipeline of upcoming projects.
Business Diversification	6	Medium	The company has developed a portfolio of annuity assets yeilding rental income. Apart from this, the company has little scope for diversification.
Market Share Potential	8	Low	The company has comparatively smaller chunk of the market in the MMR region. However, the company is targeting low income emerging micro markets with its multi brand offerings which would lead to increase in market share.
Margin Expansion Potential	8	Low	With better sales and new luxury projects in Bandra & Napeansea road & momentum gain in BKC sales would lead to margin expansion for the company.
Earnings Growth	8	Low	The earnings for the company will grow with increase in revenue recognition on account of project completion as well as reduction in debt.
Valuation and Risk			
Balance Sheet Strength	8	Low	The company has a track record of maintaining healthy balance sheet with disciplined debt and we expect it to remain stable in coming years.
Debt Profile	8	Low	The company has reduced its debt to Rs. 446 cr. with net debt to equity being as low as 0.02x which is the best in industry.
FCF Generation	8	Low	The company will generate robust FCF on account of collections from new launches and receivables.
Dividend Policy	7	Low	The company displays a history of paying stable dividends and we expect it to continue for the future period.
Total Score **Ventura Score (%)**	**113** **75%**	**Low**	**The overall risk profile of the company is good and we consider it a LOW-risk company for investments**

Source: Company Reports & Ventura Research

Management Team		
Key Person	**Designation**	**Details**
Mr. Kamal Khetan	Chairman and Managing Director	Mr. Kamal Khetan is the Chairman & Managing Director of Sunteck Realty Ltd, a top realty firm in India. He's a first-generation entrepreneur known for his visionary leadership, strategic growth plans, and commitment to stakeholders' mutual growth. He pioneered business centers in Mumbai's financial hub and has a strong focus on quality and social responsibility. He holds a degree in Engineering Electronics & Communication, serves as the Honorary Consul of Jordan in Mumbai, and is associated with various industry bodies.
Mrs. Rachana Hingarajia	Non-Executive, Non-Independent Women Director	Ms. Rachana Hingarajia is an accomplished professional with over 15 years of experience in corporate secretarial compliance functions. She serves as the Executive Director and Company Secretary of Sunteck Realty Limited. With a background in commerce, company secretarial qualifications, and a law degree, she brings expertise to her role. Her responsibilities include ensuring compliance with Company Law, SEBI Listing Regulations, and other corporate laws. Throughout her career, she has successfully managed tasks related to corporate restructuring, fundraising, Qualified Institutional Placements (QIP), corporate governance, investor services, and other incidental activities.
Mr. Atul Poopal	Executive Director	Mr. Atul Madhav Poopal serves as the Executive Director of the company, bringing with him nearly 30 years of experience in Civil Engineering and Regulatory Affairs. His specialties lie in assessing projects in accordance with prevailing regulations, managing client relations, coordinating with consultants and associates, streamlining approval processes, and providing valuable inputs during conceptualization. He possesses profound knowledge of regulations and acts governing development, making him a valuable asset to the company.

Source: Company Reports

Annual Report Takeaways

Board of Directors

Details of Board of Directors		
Particulars	**FY22**	**FY23**
Mr. Kamal Khetan	Chairman & MD	Chairman & MD
Mr. Atul Poopal	ED	ED
Mrs. Rachana Hingarajia	Director & CS	Director & CS
Mr. Vaddarse Prabhakar Shetty	ID	ID
Mr. Mukesh Jain	ID	ID
Mr. Chaitanya Dalal	ID	ID
Ms. Sandhya Malhotra	ID	ID

Source: Annual Reports

Auditor's qualifications and significant notes to accounts

M/s. Walker Chandoik & Co.LLP is the auditor and there are no qualification details. The emphasis of matters highlighted by them in the FY23 Annual Report is subjected to the recoverability of INR 1,402.73 lakhs from a partnership firm, disputed with another partner, but management believes the amount is fully recoverable, thus no impairment provision is necessary as of 31 March 2023.Top of Form

Related Party Transactions and Balances

SRL's Related Party			
Particulars	**FY21**	**FY22**	**FY23**
Loans Taken	-	25	15.1
Loans Repaid	-	25	9.6
Interest Paid	-	-	1.8
Dividend earned	-	-	11.3
Loans given (net)	5.4	6.8	14.6
Interest Received	0.6	3.3	2.7
Remuneration Paid	4.7	3.4	3.8
Sales	0.5	1.0	0.7
Total Related Party Transactions			

Source: Annual Reports & Ventura Research

Summary of management commentary and quarterly performance over the last few quarters

Key Criteria	Risk	Comments
Q3FY24		
Business Performance	**Positive**	Attained cash inflow of INR 940 crores within the first nine months of FY '24, while doubling the GDV from INR 13,650 crores in FY '22 to INR 30,000 crores in FY '24.
Outlook & Strategy	**Positive**	Intends to double GDV from INR 30,000 crores to INR 60,000 crores within a period of less than 3 years, with a focus on increasing sales volume and sustaining favourable margins. Displays confidence in sustaining sales growth and aims to uphold healthy margins while expanding GDV.
Q2FY24		
Business Performance	**Positive**	Robust presales amounting to INR 782 crores and customer collections surpassing INR 500 crores were achieved in the first half of FY24. The net debt was reduced to INR 259 crores, leading to a net debt to equity ratio of 0.09X.
Outlook & Strategy	**Positive**	Anticipates robust margins for the Sunteck Maxx World and Sunteck City 4th Avenue projects. The initial launch of the Kalyan project is projected to yield revenue potential ranging from INR 1,200 crores to INR 1,400 crores. Sales are expected to rise QoQ, with additional sales anticipated in BKC projects.
Q1FY24		
Business Performance	**Positive**	Sunteck Realty achieved strong pre-sales and collections in FY23, with minimal inventory remaining in ODC and Naigaon projects. BKC51 was pre-leased at INR 300 per square foot. Strata sales are ongoing for other commercial projects. Q4 sales breakdown between Sunteck Beach Residences and ODC was undisclosed. Sky Park, Mira Road, had a total inventory size of INR 700 crores, with INR 250 crores sold by March 31st.
Outlook & Strategy	**Positive**	Sunteck Realty expresses confidence in maintaining a steady growth rate of 20% to 30% throughout FY24, with upcoming launches including the Kalyan project and new phases of existing projects. The company is prioritizing large-scale developments and is exploring the establishment of a growth engine or factory production house for the next 7 to 10 years. Furthermore, Sunteck Realty is actively seeking new acquisitions in the MMR region, particularly focusing on opportunities in the midtown area.
Q3FY23		
Business Performance	**Positive**	During the initial 9 months of FY23, Sunteck Realty experienced significant growth in presales and collections, resulting in an operating cash flow surplus of INR 311 crores and an enhanced net debt ratio of 0.14. Sunteck's established growth drivers, such as Sunteck City, Sunteck World, and Sunteck Beach Residences, consistently generate positive cash flows. Over the past 3 years, the company has acquired 25.5 million square feet across the MMR region, with a gross development value of INR 20,000 crores, and intends to sustain this momentum moving forward.
Outlook & Strategy	**Negative**	Sunteck aims for close to INR 1,800 crores in presales this year, historically strongest in Q4. New project launch expected to contribute INR 350 crores to reach target. Borivali project likely delayed to FY '24, Nepean Sea Road possibly to FY '25. Q3 sales: around 0.35M sq. ft. in FY '23 and 0.30M sq. ft. in FY '22. Operating cash flow dipped in Q3 due to payments for Kalyan and Mira Road projects.

Source: Company Reports & Ventura Research

Key Risks

- A slowdown in the realty market may affect the company's ability to sell its inventory and thereby disrupt the cashflows and hamper the ongoing projects of the company.
- Any non-compliance by the company or changes in the regulatory environment may affect the company adversely.
- The company's failure to acquire new assets may affect the future revenue generating ability of the company. Further, delays in launches can disrupt the cashflows of the company.
- Any failure on payment in JDA liability or non-compliance at end of either parties can result in delay in completion of projects.

SRL's consolidated quarterly financial performance

Fig in INR Cr (unless specified)	FY20	FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24	Q3FY24	FY24E	FY25E	FY26E
Revenue from operations	559.7	614.1	92.7	137.0	128.1	155.2	513.1	143.5	80.8	89.3	48.9	362.4	70.6	24.9	42.5	494.9	2,053.3	1,597.8
YoY Growth (%)	(34.7)	9.7	68.7	(6.8)	(41.1)	(19.0)	(16.4)	54.7	(41.1)	(30.3)	(68.5)	(29.4)	(50.8)	(69.1)	(52.5)	36.5	314.9	(22.2)
Raw Material Cost	(112.1)	132.7	(45.5)	(261.3)	(173.5)	(124.2)	(604.6)	(577.5)	(46.5)	(47.9)	(673.8)	(1,345.7)	(48.6)	(72.8)	(164.5)	(441.1)	(831.4)	(1,206.1)
RM Cost to Sales (%)	(20.0)	21.6	(49.0)	(190.8)	(135.5)	(80.0)	(117.8)	(402.4)	(57.5)	(53.6)	(1,378.5)	(371.3)	(68.8)	(292.1)	(387.6)	(89.1)	(40.5)	(75.5)
Employee Cost	41.8	38.2	13.2	13.0	13.9	12.7	52.8	16.4	18.4	17.2	17.0	69.0	21.6	22.9	23.0	92.5	110.0	130.0
Employee Cost to Sales (%)	7.5	6.2	14.3	9.5	10.8	8.2	10.3	11.4	22.7	19.2	34.8	19.0	30.6	91.9	54.2	18.7	5.4	8.1
Other Expenses	461.9	306.0	104.4	348.2	256.2	260.9	969.5	659.4	98.8	102.0	714.8	1,575.0	105.0	89.0	198.8	740.8	2,175.3	2,310.7
Other Expenses to Sales (%)	82.5	49.8	112.5	254.1	200.0	168.0	189.0	459.5	122.4	114.2	1,462.3	434.5	148.8	356.9	468.3	149.7	105.9	144.6
EBITDA	168.2	137.1	20.6	37.2	31.6	5.9	95.3	45.2	10.0	18.0	(9.1)	64.2	(7.5)	(14.1)	(14.8)	102.6	599.5	363.2
EBITDA Margin (%)	30.0	22.3	22.2	27.2	24.7	3.8	18.6	31.5	12.4	20.2	(18.6)	17.7	(10.6)	(56.7)	(34.9)	20.7	29.2	22.7
PAT	75.6	41.6	4.4	16.9	12.4	(9.8)	23.9	22.3	(1.8)	0.2	(26.2)	(5.6)	(6.0)	(14.5)	(10.3)	63.1	448.0	271.5
PAT Margin (%)	13.5	6.8	4.7	12.3	9.7	(6.3)	4.7	15.5	(2.2)	0.2	(53.7)	(1.5)	(8.5)	(58.1)	(24.2)	12.7	21.8	17.0
Net Profit	74.0	41.9	3.0	15.3	11.1	(4.3)	25.1	24.9	2.4	2.1	(27.9)	1.4	(6.7)	(13.9)	(9.7)	63.4	449.6	272.8
Net Margin (%)	13.2	6.8	3.3	11.1	8.7	(2.8)	4.9	17.4	2.9	2.3	(57.2)	0.4	(9.6)	(55.9)	(22.9)	12.8	21.9	17.1
Adjusted EPS	5.1	2.9					1.7					0.1				4.3	30.7	18.6
P/E (X)	94.4	166.6					278.5					4,959.9				110.1	15.5	25.6
Adjusted BVPS	187.6	189.2					190.5					190.3				194.6	225.3	243.9
P/BV (X)	2.5	2.5					2.5					2.5				2.5	2.1	2.0
Enterprise Value	7,825.5	7,634.1					7,732.4					7,515.2				7,046.1	7,162.5	6,907.2
EV/EBITDA (X)	46.5	55.7					81.1					117.1				68.7	11.9	19.0
Net Worth	2,748.7	2,772.3					2,790.4					2,787.9				2,851.3	3,300.9	3,573.6
Return on Equity (%)	2.7	1.5					0.9					0.1				2.2	13.6	7.6
Capital Employed	3,669.4	3,460.2					3,578.6					3,473.3				3,297.3	3,746.9	4,019.6
Return on Capital Employed (%)	3.3	2.7					1.9					3.5				2.1	11.7	6.5
Invested Capital	3,586.2	3,418.3					3,534.8					3,315.0				2,909.3	3,475.3	3,492.8
Return on Invested Capital (%)	4.6	3.9					2.5					1.7				3.2	16.9	10.0
Cash Flow from Operations	(78.0)	250.8					(30.5)					262.0				389.0	340.6	624.8
Cash Flow from Investing	(17.8)	50.0					18.1					(16.2)				17.0	(403.5)	(316.0)
Cash Flow from Financing	87.9	(297.0)					45.9					(261.4)				(176.3)	(53.5)	(53.5)
Net Cash Flow	(7.9)	3.8					33.5					(15.6)				229.7	(116.4)	255.3
Free Cash Flow	(34.5)	295.3					10.4					434.6				708.4	934.1	1,234.3
FCF to Revenue (%)	(6.2)	48.1					2.0					119.9				143.2	45.5	77.3
FCF to EBITDA (%)	(20.5)	215.3					10.9					677.2				690.3	155.8	339.8
FCF to Net Profit (%)	(46.6)	704.0					41.5					30,847.6				1,116.5	207.8	452.5
FCF to Net Worth (%)	(1.3)	10.7					0.4					15.6				24.8	28.3	34.5
Total Debt	921	688					788					685				446	446	446
Net Debt	837	646					744					527				58	174	-81
Net Debt to Equity (X)	0.3	0.2					0.3					0.2				0.0	0.1	(0.0)
Net Debt to EBITDA (X)	5.0	4.7					7.8					8.2				0.6	0.3	(0.2)
Interest Coverage Ratio (X)	2.0	1.6					1.1					0.6				1.4	11.0	6.5
Fundamental scores																		
Altman Z Score	1.2	1.2					1.4					1.6				1.8	2.2	1.8
Piotroski F-score	4.0	7.0					4.0					5.0				7.0	5.0	5.0
Beneish M-score	(2.5)	(2.4)					(3.5)					(3.7)				(1.5)	0.2	(2.3)

Source: Company Reports & Ventura Research

ventura Sunteck

SRL's financial analysis & projections

Fig in INR Cr (unless specified)	FY22	FY23	FY24E	FY25E	FY26E
Income Statement					
Revenue	513.1	362.4	494.9	2,053.3	1,597.8
YoY Growth (%)	*(16.4)*	*(29.4)*	*36.5*	*314.9*	*(22.2)*
Raw Material Cost	(604.6)	(1,345.7)	(441.1)	(831.4)	(1,206.1)
RM Cost to Sales (%)	*(117.8)*	*(371.3)*	*(89.1)*	*(40.5)*	*(75.5)*
Employee Cost	52.8	69.0	92.5	110.0	130.0
Employee Cost to Sales (%)	*10.3*	*19.0*	*18.7*	*5.4*	*8.1*
Other Expenses	969.5	1,575.0	740.8	2,175.3	2,310.7
Other Exp to Sales (%)	*189.0*	*434.5*	*149.7*	*105.9*	*144.6*
EBITDA	95.3	64.2	102.6	599.5	363.2
Margin (%)	*18.6*	*17.7*	*20.7*	*29.2*	*22.7*
YoY Growth (%)	*(30.5)*	*(32.7)*	*59.9*	*484.1*	*(39.4)*
Depreciation & Amortization	7.3	9.2	10.5	11.5	15.6
EBIT	88.0	54.9	92.2	588.0	347.7
Margin (%)	*17.2*	*15.2*	*18.6*	*28.6*	*21.8*
YoY Growth (%)	*(33.3)*	*(37.6)*	*67.7*	*538.0*	*(40.9)*
Other Income	20.9	28.4	60.0	64.2	68.7
Bill discounting & other charges	77.6	85.9	67.9	53.5	53.5
Fin Charges Coverage (X)	1.1	0.6	1.4	11.0	6.5
Exceptional Item	0.0	0.0	0.0	0.0	0.0
PBT	31.4	(2.5)	84.3	598.7	362.9
Margin (%)	*6.1*	*(0.7)*	*17.0*	*29.2*	*22.7*
YoY Growth (%)	*(45.9)*	*(108.0)*	*(3,444.3)*	*610.3*	*(39.4)*
Tax Expense	7.5	3.1	21.2	150.7	91.3
Tax Rate (%)	*23.8*	*(122.0)*	*25.2*	*25.2*	*25.2*
PAT	23.9	(5.6)	63.1	448.0	271.5
Margin (%)	*4.7*	*(1.5)*	*12.7*	*21.8*	*17.0*
YoY Growth (%)	*(42.5)*	*(123.4)*	*(1,227.3)*	*610.3*	*(39.4)*
Min Int/Sh of Assoc	1.2	7.0	0.4	1.6	1.2
Net Profit	25.1	1.4	63.4	449.6	272.8
Margin (%)	*4.9*	*0.4*	*12.8*	*21.9*	*17.1*
YoY Growth (%)	*(40.2)*	*(94.4)*	*4,403.4*	*608.6*	*(39.3)*
Balance Sheet					
Share Capital	14.0	14.0	14.0	14.0	14.0
Total Reserves	2,776.4	2,773.8	2,837.3	3,286.8	3,559.6
Shareholders Fund	2,790.4	2,787.9	2,851.3	3,300.9	3,573.6
Long Term Borrowings	440.3	420.8	300.0	300.0	300.0
Deferred Tax Assets / Liabilities	(28.1)	(33.4)	(33.4)	(33.4)	(33.4)
Other Long Term Liabilities	2.3	12.0	16.4	68.2	53.1
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0
Long Term Provisions	237.1	236.1	316.5	376.4	444.8
Total Liabilities	3,442.0	3,423.4	3,450.8	4,012.1	4,338.1
Net Block	47.5	52.3	46.8	55.9	56.3
Capital Work in Progress	6.7	101.2	101.0	101.0	101.0
Intangible assets under development	0.6	1.3	0.0	0.0	0.0
Non Current Investments	234.6	240.7	317.0	700.0	1,000.0
Long Term Loans & Advances	361.3	357.5	400.0	400.0	400.0
Other Non Current Assets	17.1	15.6	21.3	88.3	68.7
Net Current Assets	2,774.2	2,654.8	2,564.7	2,666.9	2,712.1
Total Assets	3,442.0	3,423.4	3,450.8	4,012.1	4,338.1

Fig in INR Cr (unless specified)	FY22	FY23	FY24E	FY25E	FY26E
Per share data & Yields					
Adjusted EPS (INR)	1.7	0.1	4.3	30.7	18.6
Adjusted Cash EPS (INR)	2.2	0.7	5.0	31.5	19.7
Adjusted BVPS (INR)	190.5	190.3	194.6	225.3	243.9
Adjusted CFO per share (INR)	(2.1)	17.9	26.6	23.3	42.6
CFO Yield (%)	(0.5)	3.9	5.8	5.1	9.3
Adjusted FCF per share (INR)	0.7	29.7	48.4	68.1	85.5
FCF Yield (%)	0.2	6.5	10.6	14.9	18.7
Solvency Ratio (X)					
Total Debt to Equity	0.3	0.2	0.2	0.1	0.1
Net Debt to Equity	0.3	0.2	0.0	0.1	(0.0)
Net Debt to EBITDA	7.8	8.2	0.6	0.3	(0.2)
Return Ratios (%)					
Return on Equity	0.9	0.1	2.2	13.6	7.6
Return on Capital Employed	1.9	3.5	2.1	11.7	6.5
Return on Invested Capital	2.5	1.7	3.2	16.9	10.0
Working Capital Ratios					
Payable Days (Nos)	138	213	200	200	200
Inventory Days (Nos)	2,875	5,765	4,606	1,037	1,409
Receivable Days (Nos)	192	151	151	151	151
Net Working Capital Days (Nos)	2,930	5,703	4,557	987	1,360
Net Working Capital to Sales (%)	802.7	1,562.5	1,248.5	281.6	385.4
Valuation (X)					
P/E	266.9	4,752.0	105.5	14.9	24.5
P/BV	2.4	2.4	2.3	2.0	1.9
EV/EBITDA	78.0	112.5	65.8	11.5	18.2
EV/Sales	14.5	19.9	13.6	3.3	4.1
Cash Flow Statement					
PBT	31.4	(2.5)	84.3	598.7	362.9
Adjustments	1,298.7	1,812.4	841.2	(503.3)	729.1
Change in Working Capital	(1,353.1)	(1,544.7)	(515.2)	395.9	(375.8)
Less: Tax Paid	(7.5)	(3.1)	(21.2)	(150.7)	(91.3)
Cash Flow from Operations	(30.5)	262.0	389.0	340.6	624.8
Net Capital Expenditure	(18.3)	(18.1)	(4.9)	(20.5)	(16.0)
Change in Investments	36.3	1.9	21.9	(383.0)	(300.0)
Cash Flow from Investing	18.1	(16.2)	17.0	(403.5)	(316.0)
Change in Borrowings	136.4	(155.1)	(108.4)	0.0	0.0
Less: Finance Cost	(77.6)	(85.9)	(67.9)	(53.5)	(53.5)
Proceeds from Equity	1.3	0.7	0.0	0.0	0.0
Buyback of Shares	0.0	0.0	0.0	0.0	0.0
Dividend Paid	(14.2)	(21.1)	0.0	0.0	0.0
Cash flow from Financing	45.9	(261.4)	(176.3)	(53.5)	(53.5)
Net Cash Flow	33.5	(15.6)	229.7	(116.4)	255.3
Forex Effect	0.0	0.0	0.0	0.0	0.0
Opening Balance of Cash	10.3	43.8	28.3	258.0	141.6
Closing Balance of Cash	43.8	28.3	258.0	141.6	396.8

Source: Company Reports & Ventura Research

For any further query, please email us on research@venturasecurities.com

Appendix- Completed & Ongoing project profiles
Signature Island – BKC

Location: BKC, Bandra, Mumbai

Project Type: Ownership

Status: Completed

Segment: Uber Luxury

Approximate Rate/ Sq. Ft. (Rs.): 65,000

Signia Pearl – BKC

Location: BKC, Bandra, Mumbai

Project Type: Ownership

Status: Completed

Segment: Ultra Luxury

Approximate Rate/ Sq. Ft. (Rs.): 50,000

For any further query, please email us on research@venturasecurities.com

Signia Isles – BKC

Location: BKC, Bandra, Mumbai

Project Type: Ownership

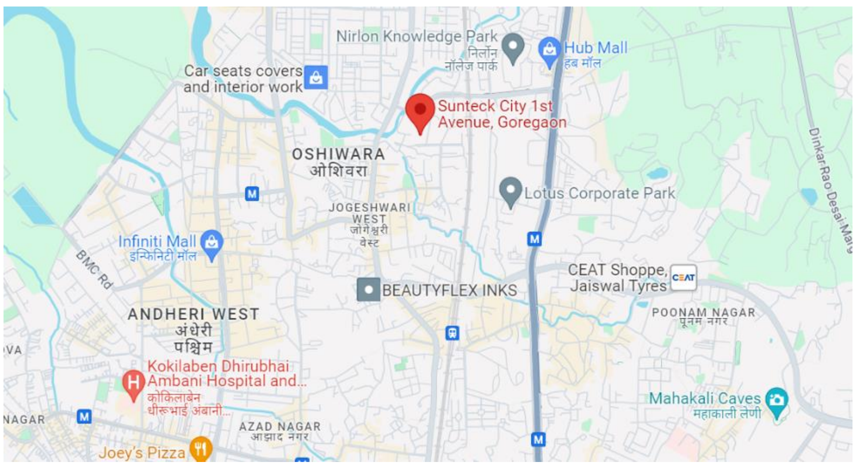
Status: Completed

Segment: Ultra Luxury

Approximate Rate/ Sq. Ft. (Rs.): 50,000

For any further query, please email us on research@venturasecurities.com

Sunteck City 1st & 2nd Avenue – Goregaon



Location: Oshiwara, Goregaon, Mumbai

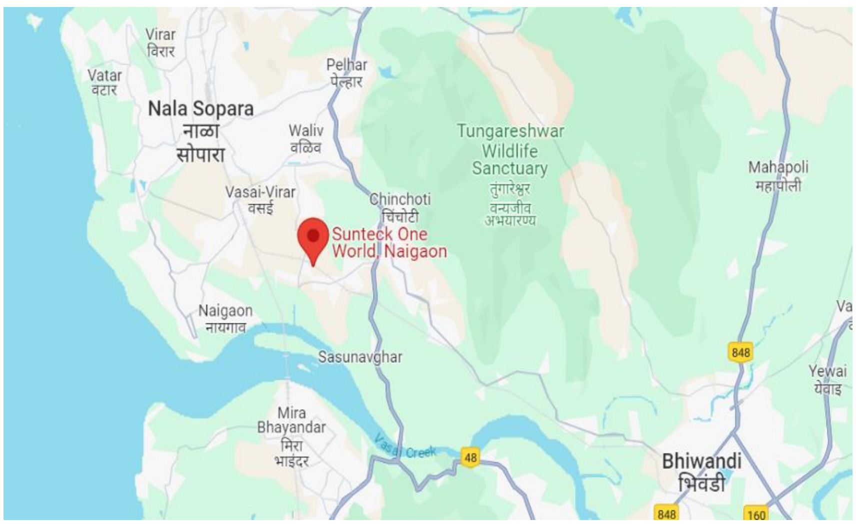
Project Type: Ownership

Status: Completed

Segment: Premium Luxury

Approximate Rate/ Sq. Ft. (Rs.): 16,000

Sunteck West World- Naigaon



Location: Naigaon, Mumbai

Project Type: JDA

Status: Completed

Segment: Aspirational Luxury

Approximate Rate/ Sq. Ft. (Rs.): 6,000

Sunteck City 4th Avenue- Goregaon

Location: Oshiwara, Goregaon, Mumbai

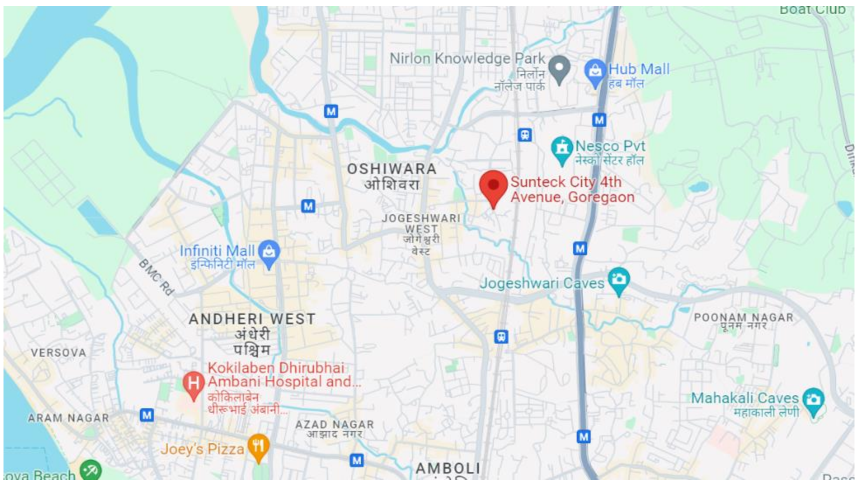
Project Type: Ownership

Status: Ongoing

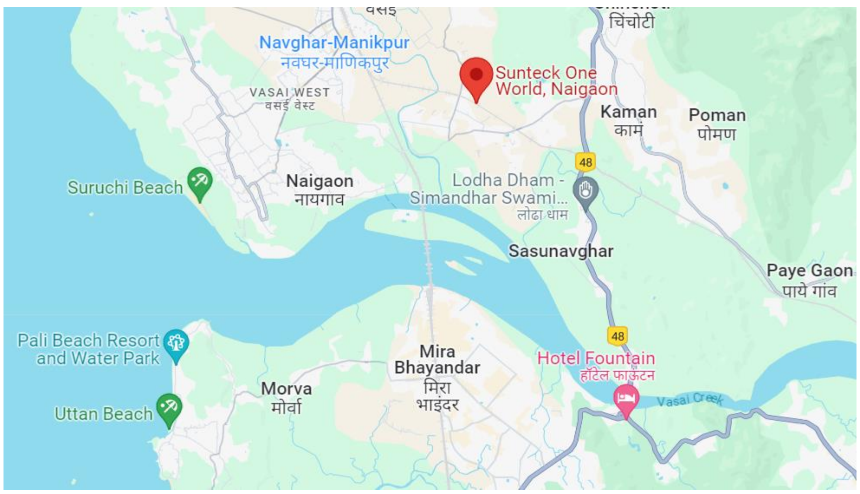
Segment: Premium Luxury

Approximate Rate/ Sq. Ft. (Rs.): 16,000

Estimated Completion: FY25



Sunteck One World- Naigaon



Location: Naigaon, Mumbai

Project Type: JDA

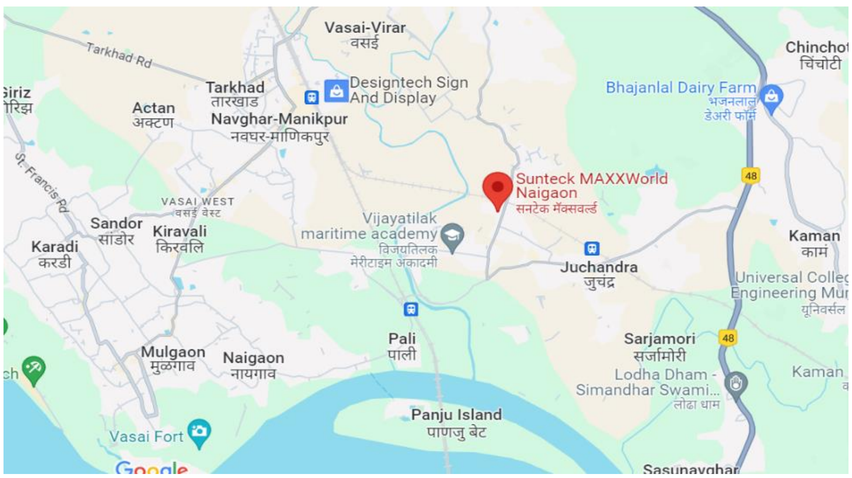
Status: Ongoing

Segment: Aspirational Luxury

Approximate Rate/ Sq. Ft. (Rs.): 6,000

Estimated Completion: FY26

Sunteck Maxx World- Naigaon



Location: Naigaon, Mumbai

Project Type: JDA

Status: Ongoing

Segment: Aspirational Luxury

Approximate Rate/ Sq. Ft. (Rs.): 6,000

Estimated Completion: FY25

Sunteck Crescent Park- Kalyan

Location: Kalyan, Mumbai

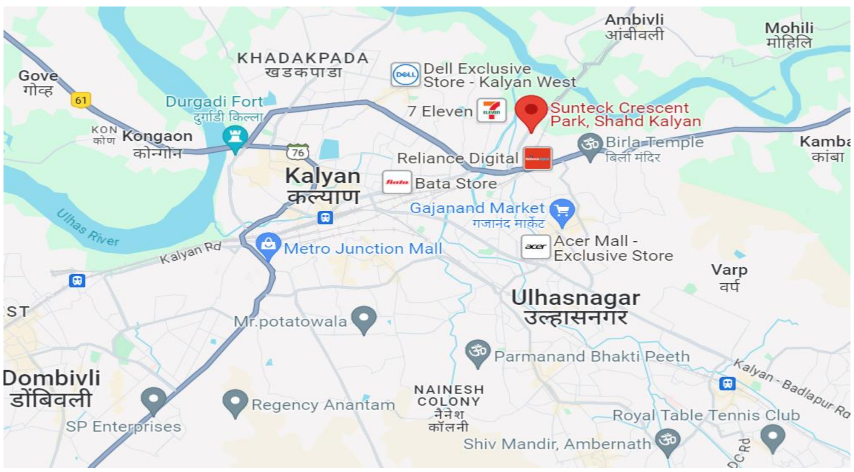
Project Type: JDA

Status: Ongoing

Segment: Premium Luxury

Approximate Rate/ Sq. Ft. (Rs.): 8,000

Estimated Completion: FY27



For any further query, please email us on research@venturasecurities.com

Sunteck Sky Park- Mira Road

Location: Mira Road, Mumbai

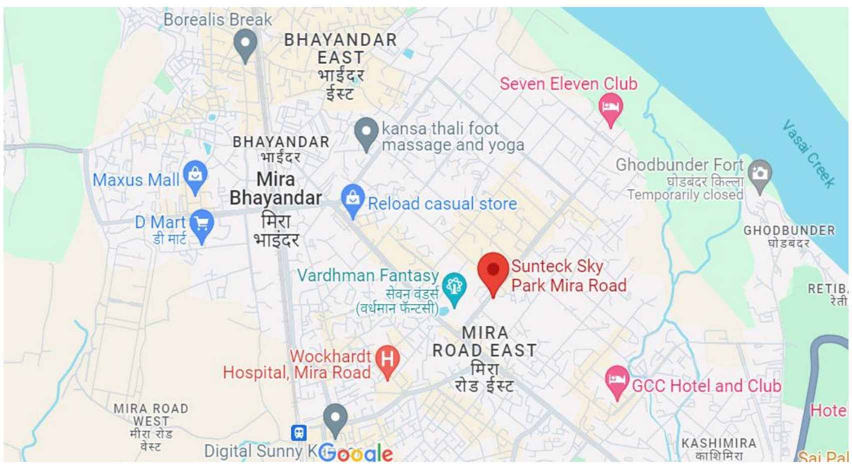
Project Type: JDA

Status: Ongoing

Segment: Premium Luxury

Approximate Rate/ Sq. Ft. (Rs.): 12,000

Estimated Completion: FY27



For any further query, please email us on research@venturasecurities.com

Sunteck Beach Residences- Vasai

Location: Vasai, Mumbai

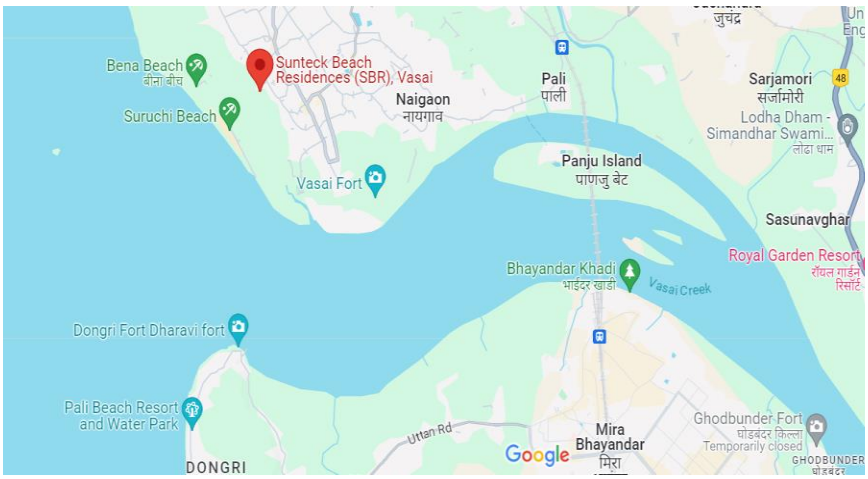
Project Type: JDA

Status: Ongoing

Segment: Marquee Luxury

Approximate Rate/ Sq. Ft. (Rs.): 8,500

Estimated Completion: FY27



Disclosures and Disclaimer

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