MIRAE ASSET Sharekhan

Sunteck Realty Ltd

Good Q2FY26, launch pipeline robust

Real Estate	Sharekhan code: SUNTECK
Reco/View: Positive ⇔	CMP: **Rs. 436** · Upside potential: **22%** ⇔

Summary

- Pre-sales grew 34% y-o-y to Rs. 702 crore in Q2FY26 (3% above our estimates), on sustained traction across uber-luxury and premium segments. Collections rose 24% y-o-y to Rs. 331 crore, reflecting healthy cash conversion.
- Management reiterated a 30-35% annual growth guidance in 2-3 years, led by strong demand momentum, multiple upcoming launches, and rising liquidity in luxury housing segment.
- Gross Development Value (GDV) surged 3x to Rs. 39,100 crore in H1FY26 from Rs. 13,650 crore in FY22; company plans to further scale up through redevelopment and JDA opportunities.
- We remain positive on the stock and expect a 22% upside, supported by a strong launch pipeline, robust cash flows and attractive valuation.

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		⇔	
RQ		⇔	
RV		⇔	

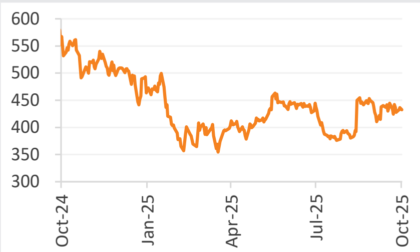
Company details

Market cap:	Rs. 6,379 cr
52-week high/low:	Rs. 574/348
NSE volume: (No of shares)	3.42 lakh
BSE code:	512179
NSE code:	SUNTECK
Free float: (No of shares)	5.4 cr

Shareholding (%)

Promoters	63.3
FII	19.4
DII	6.4
Others	10.9

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	1.0	-1.2	5.0	-23.8
Relative to Sensex	-2.4	-3.4	-0.5	-29.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Q2FY26 numbers were strong, on solid operational momentum and healthy profitability. Pre-sales grew 34% y-o-y (3% above our estimate) to Rs. 702 crore, driven by robust traction across its uber-luxury and premium-luxury segments, which together contributed ~87% of quarterly sales. Collections rose 24% y-o-y to Rs. 331 crore, underscoring strong customer payment discipline. operating cash flow surplus surged 35% y-o-y to Rs. 258 crore in H1FY26 (vs. Rs. 191 crore in H1FY25). consolidated revenue grew 49% y-o-y to Rs. 252 crore, while EBITDA margin expanded 873 bps y-o-y to 30.8%, reflecting favourable product mix and cost efficiencies. Net profit increased 41% y-o-y to Rs. 49 crore, supported by higher margins and steady execution. Its Nepean Sea project, to be launched under the 'Emaance' ultra-luxury brand, is scheduled for Q4FY26. Demolition work is nearly complete, approvals are at an advanced stage. Meanwhile, in Dubai, Sunteck has finalised designs, established a sales pavilion, and is awaiting final regulatory approvals and expected to launch in Q4FY26. In H1FY26, the company added two new projects worth Rs. 2,300 crore in combined GDV — a 2.5-acre redevelopment at Andheri (Rs. 1,100 crore GDV) and a joint development agreement (JDA) at Mira Road (Rs. 1,200 crore GDV) covering ~5.5 lakh sq. ft of developable area. The company's current GDV mix stands at 38% uber-luxury, 29% premium luxury, and 34% aspirational, and the management plans to maintain this balance, focusing only on segments where it can command strong margins and brand leadership. On the commercial side, the 5th Avenue office tower at ODC will be developed concurrently with the residential phase, aimed at expanding the company's annuity income portfolio. Net debt-to-equity remains negligible at 0.04x, reflecting a healthy balance sheet and strong financial flexibility.

Key positives

- Bookings grew 34% y-o-y to Rs. 702 crore, led by strong traction in premium and the uber-luxury segments, reinforcing the brand's positioning in the high-end housing market.

Management Commentary

- Key upcoming projects include ODC 5th Avenue City (GDV ~Rs. 1,500+ crore), Bandra West (Bandstand) (~Rs. 1,000+ crore), Andheri (WEH redevelopment) (~Rs. 1,100 crore), Mira Road – New Tower (~Rs. 1,000 crore), Vasai – Sunteck Beach Residences (Phase 2) (Rs. 500–600 crore), Naigaon – Sunteck World (new phase) (~Rs. 500 crore), and Nepean Sea Road projects (combined GDV >Rs. 5,000 crore). These will underpin strong pre-sales visibility over FY26–FY27.
- Sunteck invested Rs. 430 crore in business development during H1FY26, significantly higher than the Rs. 180 crore deployed in the entire FY25, highlighting management's intent to expand its development portfolio.
- The company targets its annual rental income portfolio to exceed Rs. 300 crore by FY28–FY29, translating into a capital value creation of Rs. 5,000 crore. The upcoming 5th Avenue commercial tower at ODC is expected to contribute around Rs. 250 crore of rental income annually once operational.
- Sunteck raised Rs. 500 crore through a recent fundraise, not due to liquidity needs but to ensure adequate financial flexibility for upcoming business-development and project investments.

Our Call

Valuation – Stay Positive; expect 22% upside: Sunteck is well-positioned across key micro-markets and income segments in the lucrative Mumbai Metropolitan Region (MMR). A robust pipeline of launches from both existing and upcoming projects is expected to drive continued momentum in pre-sales and collections. Strong operating cash flows, low leverage, and strategic land acquisitions will support long-term growth. Its partnership with IFC also enhances credibility and scalability. The stock currently trades at a discount to its NAV, offering an attractive entry point for investors. We maintain a positive outlook on Sunteck Realty, with an estimated upside of 22%, supported by its strong and sustainable growth prospects.

Key Risks

- Potential slowdown in real estate demand in the MMR region.
- Delays in sales traction and/or execution of ongoing and upcoming projects.

Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E
Revenue	564.8	853.1	1249.7	1680.9
OPM (%)	20.8	21.8	24.8	27.9
Adjusted PAT	70.9	150.3	183.4	283.1
y-o-y growth (%)	NA	111.9	22.0	54.3
Adjusted EPS (Rs.)	4.8	10.3	12.5	19.3
P/E (x)	89.9	42.4	34.8	22.5
P/B (x)	2.0	2.0	1.9	1.7
EV/EBITDA (x)	56.7	35.3	22.5	14.4
RoNW (%)	2.4	4.7	5.5	7.9
RoCE (%)	4.7	6.3	8.3	11.4

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated) Rs cr

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	q-o-q (%)
Net sales	**252.4**	**169.0**	**49.3**	**188.3**	**34.0**
other income	9.8	13.0	-24.7	13.2	-25.9
Total income	**262.2**	**182.1**	**44.0**	**201.5**	**30.1**
Total expenses	174.5	131.7	32.	140.6	24.2
Operating profit	**77.8**	**37.4**	**108.2**	**47.7**	**63.0**
Depreciation	3.6	3.6	-0.6	3.4	4.5
Interest	19.4	9.9	95.8	14.9	30.4
Profit Before Tax	**64.6**	**36.8**	**75.3**	**42.6**	**51.6**
Exceptional items	0.0	0.0	NA	0.0	NA
Taxes	15.9	2.2	631.8	9.2	72.1
PAT	48.7	34.7	40.6	33.4	46.0
Adj. PAT after JV/MI	**49.0**	**34.6**	**41.4**	**33.4**	**46.5**
EPS (Rs.)	3.3	2.4	41.4	2.3	46.5
OPM (%)	30.8	22.1	873 bps	25.4	549 bps
NPM (%)	19.4	20.5	-108 bps	17.8	165 bps
Tax rate (%)	24.5	5.9	1867 bps	21.6	292 bps

*Source: Company; Mirae Asset Sharekhan Research; *Adjusted for one-time expense related to Avenue 2, ODC project*

Outlook and Valuation

■ Sector Outlook – Residential market on growth trajectory

The real estate sector, especially the residential realty market, is expected to be in the limelight, as it benefits from central and state governments' favourable policies about the affordable housing segment. Rising income and affordability levels are expected to drive sales for quality and organised developers. Further, organised players are expected to benefit from ample inorganic opportunities in the sector, aiding consolidation in the sector. The sector is also likely to benefit from low interest rates, which provide the twin benefits of driving demand and lowering funding costs. Overall, we are positive about the residential segment of the real estate market for the aforementioned reasons.

■ Company Outlook – Strong growth visibility over the near to long term

Sunteck Realty has a robust project portfolio of over 50 million square feet (msf), with a primary focus on the residential market in the Mumbai Metropolitan Region (MMR). Since 2018, the company has steadily built a strong presence across key MMR micro-markets, with diversification across all income segments. Sunteck offers a well-positioned luxury portfolio across the spectrum—from uber-luxury to aspirational luxury—catering to a wide range of homebuyers. Its current portfolio has a total GDV of Rs. 39,100 crore, which is expected to drive sales and collections. With a strong launch pipeline of over Rs. 11,000 crore planned, the company is targeting over 30% growth in pre-sales and expects a meaningful ramp-up in collections. In addition, its negligible leverage and growing annuity income potential further enhance its financial flexibility and long-term growth outlook.

■ Valuation – Retain Positive view; expect an upside of 22%

Sunteck is well-positioned across key micro-markets and income segments in the lucrative Mumbai Metropolitan Region (MMR). A robust pipeline of launches from both existing and upcoming projects is expected to drive continued momentum in pre-sales and collections. Strong operating cash flows, low leverage, and strategic land acquisitions will support long-term growth. Its partnership with IFC also enhances credibility and scalability. The stock currently trades at a discount to its NAV, offering an attractive entry point for investors. We maintain a positive outlook on Sunteck Realty, with an estimated upside of 22%, supported by its strong and sustainable growth prospects.

About company

Sunteck Realty Limited (SRL) is one of India's leading Luxury real-estate developers. SRL has an immaculate track record of having one of the lowest net Debt/Equity ratios, financial prudence, and sustainable growth. The company focuses on a city-centric development portfolio of about 50.0 million square feet spread across 32 projects. Sunteck Realty has differentiated its projects under six brands - 'Signature': Uber luxury residences, 'Signia': Ultra luxury residences, 'Sunteck City' & 'Sunteck Park': Premium luxury residences, 'Sunteck Beach Residences': Marquee Luxury Destination, 'Sunteck World': Aspirational luxury residences, 'Sunteck': Commercial & Retail developments. The company has been a trendsetter in creating iconic destinations such as the flagship project, Signature Island at Bandra Kurla Complex (BKC), Sunteck City in Oshiwara District Centre (ODC), Goregaon and SunteckWorld at Naigaon - the largest township of MMR's Western Suburbs.

Investment theme

Sunteck Realty offers strong and sustainable growth potential over the near to long term, underpinned by robust foundations across key regions and income segments in the high-growth MMR market.The company's completed and ongoing projects are positioned to generate healthy net operating surplus in the near to medium term with minimal incremental expenditure. Its strategic objective of doubling its GDV every three years remains intact.A strong launch pipeline is expected to drive collections and help achieve the targeted 30% growth in pre-sales for FY26. The company's focused approach toward uber-luxury and premium luxury segments continues to support strong sales momentum and brand positioning in high-value markets.

Key Risks

- Slowdown in realty demand in MMR region
- Delays in sales traction and/or execution of ongoing and upcoming projects

Additional Data

Key management personnel

Name	Designation
Kamal Khaitan	Chairman and Managing Director
Santhana Kumar	Chief Technology Officer
Prashant Chaubey	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	CLSA GLOBAL MARKETS	5.17
2	Life Insurance Corp of India	4.02
3	NTASAIN DISCOVERY MASTER FUND	2.90
4	FMR LLC	2.45
5	Schroders PLC	2.25
6	IDFC Mutual Fund/India	1.76
7	Khetan Akrur Kamal	1.53
8	Blackrock Inc	0.74
9	Dimensional Fund Advisors LP	0.73
10	Polar Capital Partners Ltd	0.65

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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