

CMP: INR 304

Rating: Buy

Target: INR 834

Stock Info

BSE	544054
NSE	SURAJEST
Bloomberg	SURAJEST:IN
Sector	Real Estate
Face Value (INR)	5
Equity Capital (INR mn)	231
Mkt Cap (INR mn)	14,430
52w H/L (INR)	737 / 263
Avg Yearly Volume (in 000')	211

Shareholding Pattern %

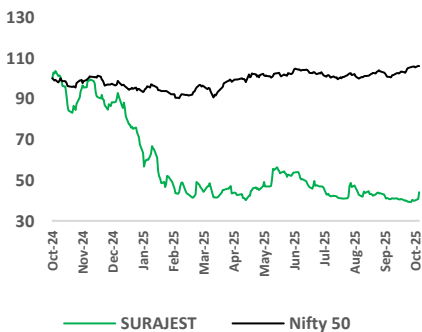
(As on September, 2024)

Promoters	69.6
DII	0.9
FII	1.7
Public & Others	27.8

Stock Performance (%) 1m 6m 12m

SURAJEST	9.2%	1.6%	-55%
NIFTY	5.3%	6.6%	6.0%

SURAJEST vs Nifty



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Suraj Estate reported strong revenue growth in Q2FY26, with total income rising 33% YoY to INR 1,445 Mn up 32.5% YoY and 9.1% QoQ, supported by robust sales in South Central Mumbai's value-luxury segment. EBITDA improved 3% YoY to INR 647.5 Mn, rising 31% QoQ and 2.1% YoY, with EBITDA margins at 45.1% (37.7% in Q1), reflecting the benefit of operating leverage on higher volumes and a premium product mix. PAT came in at INR 331 Mn, up 4% YoY and 55% QoQ, with margin expansion driven by improved execution and reduced finance costs. Average realization for Q2 moderated to INR 43,851 per sq. ft. due to product mix trends.

Pre-sales surged 89% QoQ to INR 1529 Mn, up 42% YoY, fueled by successful launches at Suraj Aureva (Prabhadevi) and Parkview 1 (Dadar West). Sold area rose 111% QoQ to 34,875 sq. ft., with rapid inventory absorption (>40% at launch). Collections for Q2FY26 stood at INR 710 Mn, reflecting strong execution in ongoing projects. Combined sales and unsold inventory receivables now stand at INR 1,166 Mn, supporting robust cash flow visibility for upcoming quarters.

Project Pipeline - The launch pipeline remains strong with five projects planned for H2FY26, including the Mahim commercial (INR 12,000 Mn GDV), Gudekar House (INR 1,500 Mn), Ambavat Bhavan (INR 1,300 Mn), Lobo Villa (INR 800 Mn), and Shivaji Park (INR 800 Mn). Commercial launches will use a sale model with sanctioned funding lines; peak debt is expected to touch INR 2,000 Mn for construction as sales progress. Combined sales and unsold inventory receivables stand at INR 11,660 Mn, ensuring strong cash flow visibility. Strategic focus remains on deepening the value-luxury presence, scaling redevelopment via DCR 33(7), and leveraging Metro FSI opportunities. Annual EBITDA margins are guided at 30–35% (from 40–45% earlier), reflecting increased share of value-luxury and phased commercial launches. Pre-sales guidance for FY26 is set at INR 6,000 Mn.

Expanding Redevelopment Footprint with Value-Luxury Positioning- Suraj Estate is well-positioned to capitalize on Mumbai's thriving redevelopment opportunity, supported by strong brand recall, execution track record, and deep understanding of South and Central Mumbai micro-markets. The company's strategic focus on value-luxury and luxury residential projects caters to a large base of end-users seeking premium living within established city zones. Its ~13.6 lakh sq. ft. development pipeline across 17 projects, including marquee developments such as Lumiere (Dadar), Bandra 1–3, and Mahim Commercial, provides visibility for sustained growth. The recent Lower Parel land acquisition enhances its footprint in high-value corridors and aligns with management's strategy to deepen presence in premium redevelopment clusters—segments characterized by limited supply, strong pricing power, and steady demand momentum.

Outlook & Valuation: Suraj Estate is positioned strongly for continued growth, supported by a robust project pipeline led by its key commercial launch in Mahim and multiple value-luxury residential projects across South-Central Mumbai. The company's focus on asset-light redevelopment and capital-efficient expansion, coupled with favorable market demand and enhanced connectivity from Metro infrastructure, underpins optimism for revenue and cash flow growth with EBITDA margins expected in the 30–35% range in the near term. On valuation, the stock is valued on an NAV basis with a 1x multiple, maintaining our target price of INR 834.

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

Source: Arihant Research, Company Filings

Q2FY26 Concall Highlights

Outlook:

Suraj Estate Developers remains optimistic about sustaining growth in FY26, leveraging a robust project pipeline that includes successful Q2 launches and key approvals for a major commercial project in Mahim; the company's core strengths in South-Central Mumbai redevelopment, strong demand in both value-luxury and luxury segments, and an asset-light, cash flow-focused approach underpin management's confidence in meeting the FY26 launch target of INR 20,000 Mn GDV, including the high-impact November 2025 commercial launch.

Financial Performance Highlights

- Total income grew 32.6% YoY to INR 145 Mn in Q2FY26 (vs. INR 110 Mn in Q2FY25) and 9.2% QoQ from INR 133 Mn in Q1FY26, supported by successful new launch sales and collections.
- EBITDA rose 2.5% YoY to INR 65.6 Mn in Q2FY26 (vs. INR 64 Mn in Q2FY25), with Q2 EBITDA margin expanding to 45% (vs. 38% in Q1), underpinned by operating leverage on higher volumes and some moderation in value-luxury project mix.
- PAT increased 4% YoY to INR 33.1 Mn in Q2FY26 (vs. INR 31.8 Mn in Q2FY25) and 56% QoQ, as margin improvement and finance cost savings continued. H1FY26 PAT stood at INR 54.4 Mn.
- Pre-sales rose 88.8% QoQ to INR 153 Mn in Q2FY26 (from INR 81 Mn in Q1FY26) and 42% YoY, driven by Suraj Aureva and Parkview 1 launches, with sales area up 111% QoQ to 34,875 sq.ft. and inventory absorption exceeding 40% at launch.
- Realisation remained moderate at INR 43,850 per sq.ft. in Q2FY26 (vs. INR 45,409 per sq.ft. in Q2FY25), influenced by product mix and higher share of value-luxury segment.
- Collections stood at INR 471 Mn for Q2FY26 (lower due to timing of new bookings), while gross debt increased to INR 546 Mn (vs. INR 456 Mn in Mar-25) and net debt to INR 498 Mn, largely on account of expansion and regulatory approval outflows.

Other Highlights

- Suraj Estate completed the acquisition of a prime 644 sq.m. parcel in Lower Parel, merging with Ambavat Bhavan (total saleable area 0.32 lakh sq.ft., GDV: INR 130 Crore) for phased redevelopment of premium 1/2 BHK apartments.
- Five new launches planned for H2FY26, including Mahim commercial (INR 12,000 Mn GDV), Gudekar House (INR 1,500 Mn GDV), Lower Parel Ambavat Bhavan (INR 1,300 Mn GDV), Lobo Villa (INR 800 Mn GDV), and Shivaji Park (INR 800 Mn GDV).
- Commercial launch at Mahim remains a key growth driver; RERA registration is expected by November 2025. Sale model adopted for commercial assets with INR 2,500 Mn sanctioned limit and anticipated peak debt requirement up to INR 2,000 Mn for construction.
- Ongoing residential portfolio maintains high sales velocity with total sold area at 4.89 lakh sq.ft. (average realisation INR 45,409/sq.ft.), cumulative collections INR 1,363 Crore, and balance receivable INR 8,810 Mn. Unsold inventory GDV is estimated at INR 2,850 Mn. Combined receivable visibility at INR 11,660 Mn ensures strong cash flow over next several quarters.
- Redevelopment expertise leveraged for new launches with >90% absorption in recent launches and ability to unlock value across old, tenanted assets. Tenant settlement remains a strategic edge for Suraj in South-Central Mumbai redevelopment projects.
- Pipeline visibility includes approx. 13.6 lakh sq.ft. across 17 projects (residential and commercial) concentrated in the company's core market.
- Management guided for annual EBITDA margins of 30–35% (down from prior 40–45% due to value-luxury mix), pre-sales guidance of INR 6,000 Mn for FY26, and modular launch approach for larger parcels like Bandra, depending on cash flow and approvals progression.

Q1FY26 - Quarterly Performance (Consolidated)

Particulars (INR Mn)	Q2FY26	Q2FY25	Q1FY26	Y-o-Y	Q-o-Q
Net Sales	1,445.6	1,090.9	1,324.7	32.5	9.1
Operating & project expenses	695.5	335.0	737.4	107.6	(5.7)
Changes in inventories of construction work in progress	(35.6)	(11.4)	(16.5)	212.0	116.2
Total raw material expense	659.9	323.6	720.9	104.0	(8.5)
Gross Profit	785.7	767.4	603.8	2.4	30.1
<i>Gross Profit margin %</i>	<i>54%</i>	<i>70%</i>	<i>46%</i>	<i>-1599bps</i>	<i>877bps</i>
Employee cost	57.8	59.9	58.0	(3.4)	(0.4)
Other expenses	80.4	73.0	49.8	10.1	61.4
Total expenditure	798.2	456.5	828.8	74.9	(3.7)
EBITDA	647.5	634.5	495.9	2.1	30.6
<i>EFITDA Margins (%)</i>	<i>45%</i>	<i>58%</i>	<i>37%</i>	<i>-1337bps</i>	<i>735bps</i>
Depreciation	10.4	12.0	11.2	(12.9)	(7.3)
EBIT	637.1	622.5	484.7	2.3	31.4
Other Income	8.6	5.5	6.7	56.6	28.6
Interest	204.7	190.8	206.5	7.3	(0.9)
PBT	440.9	437.2	284.8	0.9	54.8
Exceptional	-	-	-	-	-
PBT	440.9	437.2	284.8	0.9	54.8
Tax	110.0	118.9	72.0	(7.5)	52.8
PAT	331.0	318.3	212.8	4.0	55.5
<i>PAT Margin (%)</i>	<i>23%</i>	<i>29%</i>	<i>16%</i>	<i>-629bps</i>	<i>683bps</i>
EPS	7.7	10.0	5.0	(23.0)	55.5

Operational Data

Particulars (INR Mn)	Q2FY26	Q2FY25	Q1FY26	Y-o-Y	Q-o-Q
Pre-sales (INR Mn)	1,529	1,070	810	42.9	88.8
Sales Area (Sqft)	34,875	22,201	16,524	57.1	111.1
Collections (INR Mn)	710	1,270	1,150	(44.1)	(38.3)
Realizations (INR/Sqft)	42,851	48,366	49,028	(11.4)	(12.6)

Source: Arihant Research, Company Filings

Profit & Loss Statement (Consolidated)

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

Source: Arianth Research, Company Filings

Balance Sheet (Consolidated)

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

Source: Arianth Research, Company Filings

Cash Flow Statement (consolidated)

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

Source: Aриhant Research, Company Filings

Ratio Analysis

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

Margins (%)

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

Growth Indicators (%)

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

Turnover ratio (x)

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

Valuation (x)

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

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

Source: Aриhant Research, Company Filings

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return**Research Analyst
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