

Suraj Estate Developers Ltd

The Palette



Ocean Star-I



Vitalis



Emmanuel



Suraj Eterna



Nirvana



Louisandra



Ave Maria



Park View



Suraj Lumina



Strengthening portfolio & expecting strong pre-sales

CMP: INR 572

Rating: BUY

Target Price: INR 1,134

Stock Info

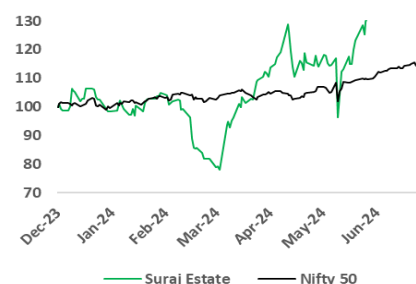
BSE	544054
NSE	SURAJEST
Bloomberg	SURAJEST:IN
Sector	Real Estate
Face Value (INR)	5
Mkt Cap (INR Mn)	25,374
52w H/L (INR)	692/256
Avg Daily Volume (in 000')	370.4

**Shareholding Pattern %
(As on March, 2024)**

Promoters	74.95
Public & Others	25.05

Stock Performance (%)	1m	6m	12m
SURAJEST	36.4	66.7	71.0
NIFTY	4.3	13.5	23.7

Suraj Estate Vs Nifty



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Suraj Estate Developers Ltd (SURAJEST) is a real estate player across the residential (value, luxury, value-luxury) and commercial sectors in South Central Mumbai (SCM) region. They have a residential portfolio located in the sub-markets of Mahim, Dadar, Prabhadevi and Parel, which are sub-markets of the SCM and also they are now venturing into residential real estate development in Bandra sub-market. Since incorporation, they have completed 42 projects with a developed area of more than 10.46 lakh sq. ft. and they have 13 ongoing projects and 18 upcoming projects.

Core player in South Central Mumbai with decent growth prospects: SURAJEST has a huge opportunity in SCM market because of the consistent supply & absorption in the market, also SCM is an attractive real estate market because of better connectivity and improved infrastructure facilities as well as there is healthy demand for affordable homes and also demand from families looking to upgrade themselves to higher categories.

Continue to focus as a leading player in redevelopment projects under scheme 33 (7) of DCPR through asset light model: SURAJEST expertise is in redevelopment of tenanted properties under Regulation 33(7) of the Development Control and Promotion Regulations (DCPR) in the Mumbai region. They have ~8% market share in redevelopment project launches in SCM area. Besides, they continue to strengthen their redevelopment project portfolio predominantly through the asset light model as there is an added advantage for redevelopment of tenanted properties as compared to other redevelopment projects. In addition, they have a total of 18 upcoming projects and among them 15 are redevelopment projects. Besides, SURAJEST has strong brand recall, diversified presence across various price points and also, they aim to sell ~80% of units during the launch & construction phase which bodes well for their growth.

Diversified portfolio of residential and commercial projects: SURAJEST has a diversified portfolio of residential and commercial projects in the SCM region. They cater to a wide spectrum from value luxury to luxury residential projects offering 1 BHK to 4 BHK flats with 300-2,200 sq.ft. area and the ticket size of ~10Mn-130Mn. In terms of the projects, the company has 13 ongoing projects with carpet area of 6.1 lakhs sq ft. wherein they sold an area of ~4.89 lakh sq ft and unsold area is ~1.2 lakhs sq ft with estimated collections of INR 13,500Mn. Also, they have ~18 upcoming projects launched in the next 4-5 years with an estimated carpet area of 9.01 lakh sq. ft. and additionally they are expecting FSI with Metro FSI Scheme/33(9) Scheme and these are well diversified projects across different price ranges.

Has a decent land parcel: SURAJEST primary focus is on expanding in SCM regions but at the same time they will continue to evaluate opportunities in the nearby areas of Bandra and Santacruz, thus, they have already acquired land parcels of ~10,359.8 sq meters for future development.

Outlook & Valuation:

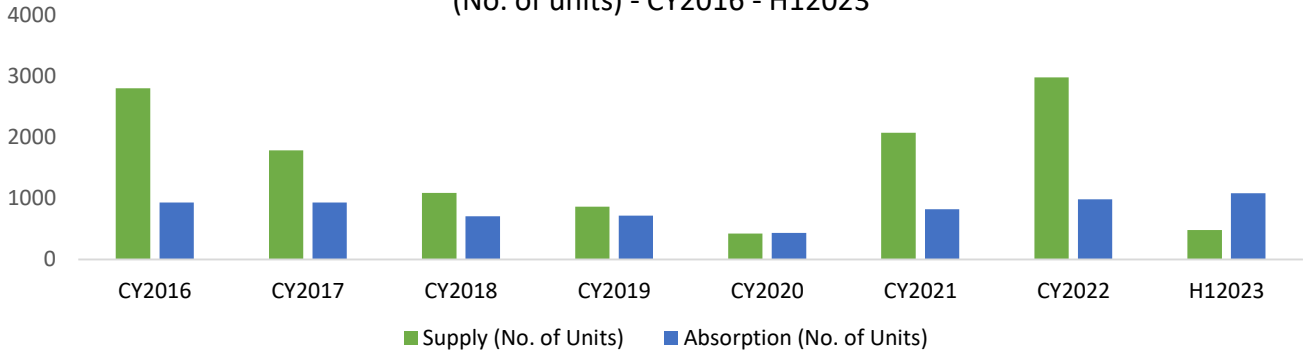
We remain positive on the growth prospect of SURAJEST and expects its financials to see healthy improvement over FY24-27E, with pre-sales growing at CAGR of 58.5%, revenue to improve by CAGR of 25.8% and on profitability front, its EBITDA is expected to grow at a CAGR of 23.6% while we expect the company to maintain EBITDA margin of ~50-55%. The financial growth is expected to be driven by its new launches in the upcoming portfolio, leadership position in SCM & redevelopment projects and continuous demand for real-estate. On the valuation front, we have valued the company on NAV basis by giving the multiple of 1x and have arrived at the target price of Rs 1,134, which is a potential upside of 98.2%.

Investment Rational:

Core player in South Central Mumbai with decent growth prospects:

In the past decade, the real estate sector has witnessed several reforms including demonetization and the implementation of GST and RERA. While these reforms have resulted in increased transparency, there was a significant increase in compliance costs, resulting in smaller developers exiting the business and providing an opportunity for branded developers to increase their market share. There is a huge opportunity for SURAJEST in the SCM market because of the consistent absorption in the market, healthy demand for affordable homes as well as demand from families looking to upgrade themselves to higher categories.

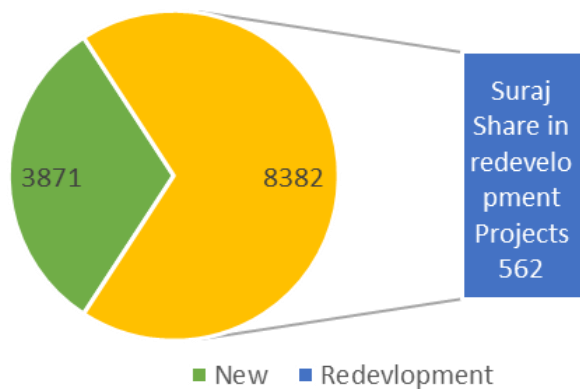
SCM Market - Supply & Absorption trend
(No. of units) - CY2016 - H12023



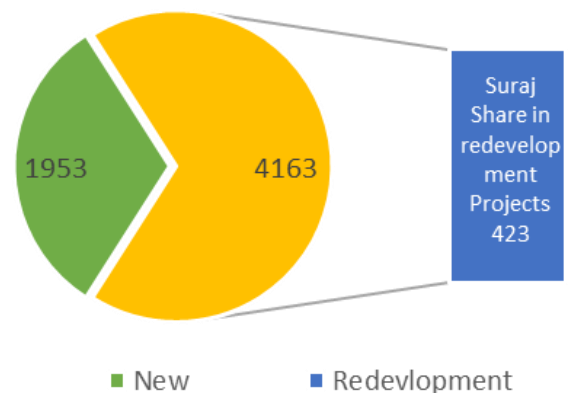
Source: Company's RHP, Aриhant Research

Further, there is a significant opportunity for redevelopment projects in MMR and largely SCM because there were ~52000 redevelopment projects alone in the region of MMR from 2017 to Q1 2023. Additionally, there are ~19642 cessed buildings which means they are more than 50 years old and that need redevelopment in SCM. Also, there are ~16,502 buildings that are more than 80 years old and they even require redevelopment in SCM. We believe SURAJEST has been a consistent player in redevelopment projects and earns a large share of these projects thus, ~87% share of its projects is from redevelopment. So, ahead there is a huge opportunity for them in the SCM region to continue adding more projects.

SCM Supply (No. of units)

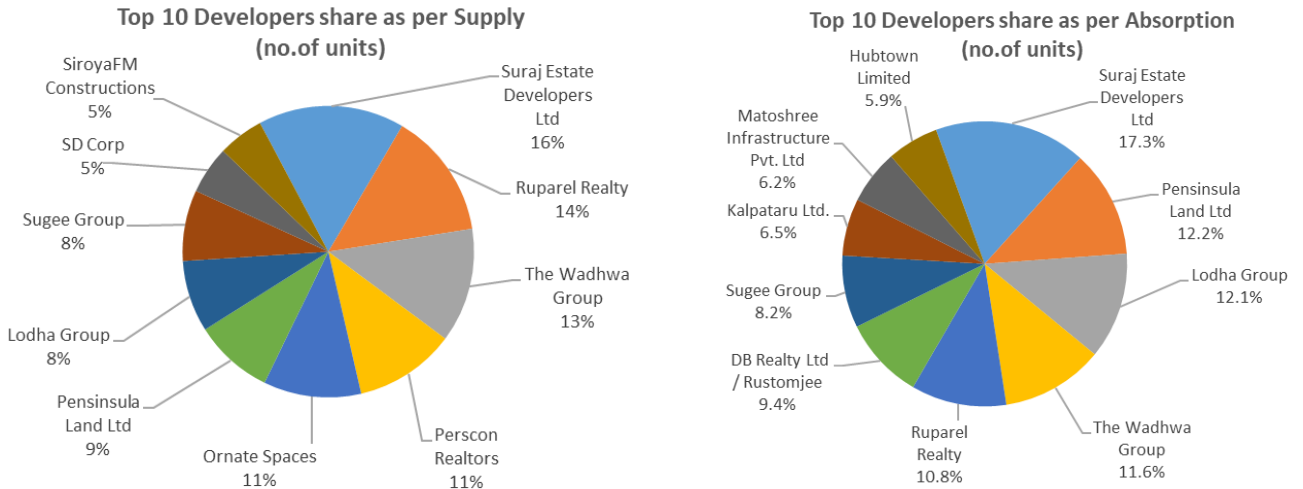


SCM Absorption (No. of units)



Source: Company's presentation, Aриhant Research

Also, the past trend suggests that SURAJEST has been one of the market leaders in terms of supply and absorption of inventory. In the combined sub-markets from CY2016-H12023 total supply in units stood at 12,496 units and ~35.04% is the share of the top ten developers with ~4,379 units. Amongst the top 10 developers SURAJEST ranks first with market share of 16.24%. Further, in these sub-markets the total absorption in units was ~6,599 units and ~48.13% is the share of the top ten developers with ~3,176 units. Amongst the top 10 developers SURAJEST ranks first with market share of 17.25%.



Source: Company's RHP, Aриhant Research

We believe SURAJEST is well placed as a core real estate player in the SCM market as it develops residential and commercial space in the sub-markets of Mahim, Dadar, Prabhadevi and Parel. The South-Central Mumbai region is an attractive real estate market in terms of improved connectivity, higher affordability, development of alternative commercial centers and better realization. Also, there is high demand across segments because of improvement in infrastructure facilities, availability of residential flats at various price points, high income population, discerning customer base, family expansion/nuclear family trends and professionals preferring the convenience of living.

Continue to focus as a leading player in redevelopment projects under scheme 33 (7) of DCPR through asset light model:

SURAJEST expertise is in redevelopment of tenanted properties under Regulation 33(7) of the Development Control and Promotion Regulations (DCPR) in the Mumbai region. They have ~8% market share in redevelopment project launches in the SCM area which is expected to improve going ahead as they continue to add more projects. The South-Central Mumbai real estate sub markets have high barriers to entry due to the limited availability and high cost of land, so that is the reason there is the need for an expertise in tenant re-housing, regulatory and approval processes required for the development of such projects. Thus, SURAJEST's brand name, longstanding operations and extensive experience in this region provides significant opportunities in these attractive and fast growing redevelopment markets. Also, most of these land parcels are situated between Colaba to Mahim to Sion areas which are the key markets to the company. In addition, they have a total of 18 upcoming projects and amongst them 15 are redevelopment projects. Besides, SURAJEST has strong brand recall, diversified presence across price points and also, they aim to sell ~80% of units during the launch & construction phase which bodes well for their growth.

Comparison of various projects:

Parameters	Redevelopment of Tenanted Properties (Conveyance/ DA) Under DCPR 33(7)	Redevelopment of Society Under DCPR 33(7)	Vacant Land-Normal Development
Land Status	Conveyance/DA	DA	Conveyance / JDA
Upfront Capital Requirement	Moderate	Low	High
FSI	Inherent FSI of 3.00 +35% Fungible. No TDR/ Additional FSI Cost. Also has FSI Upside of Clubbing Scheme notified under 33(7)	Inherent FSI of 1.33 +35% Fungible and Additional FSI of up to 1.67 + 35% Fungible by way of Payment of TDR/ Additional FSI Premium depending on Road Width	Inherent FSI of 1.33 +35% Fungible and Additional FSI of up to 1.67 + 35% Fungible by way of Payment of TDR/ Additional FSI Premium depending on Road Width
Land Cost	Moderate	Negligible	High
Approval Cost	Lower Cost due to Concessions	High Approval Cost	High Approval Cost
Availability of Plots in MMR Region	High	High	Low
Tenant Consent for Redevelopment	51%	51%	Not Applicable
Project Turnaround Time & Litigation Risk	Moderate	Moderate	Low
Mortgage of Land for Project Finance	Yes	No	Yes
Project Turnaround Time	Moderate	Moderate	Low
Property Maintenance Cost	Low	Moderate	High
EBITDA Margins	High	Low	Moderate
ROE/ROCE	Moderate	High	Low
Sacalability	High	High	Low
No of Ongoing & Upcoming Projects Under Each Category	24 Projects	3 Projects	4 Projects

Source: Company's presentation, Arihant Research

Besides, they continue to strengthen its redevelopment project portfolio predominantly through asset light model as there is added advantage for redevelopment of tenanted properties as compared to redevelopment of society or normal development on vacant land. So, they identify properties with existing tenants and at the same time they enter into development agreements or on outright purchase basis through conveyance deeds with the landlords of properties. So, this approach will aid in reducing the upfront land acquisition cost and be more capital efficient. Also the cost of approvals for tenanted properties is lower as they receive concessions as compared to other development projects where the approval cost remains high. Also, the maintenance cost remains low giving them an edge for earning higher profitability over other players. Additionally, its EBITDA margin is higher and in the range of 50-55% which is positive. Apart from this, there is high demand for redevelopment projects because of the availability of plots in MMR regions. However, the risk is of turnaround time which is comparatively higher.

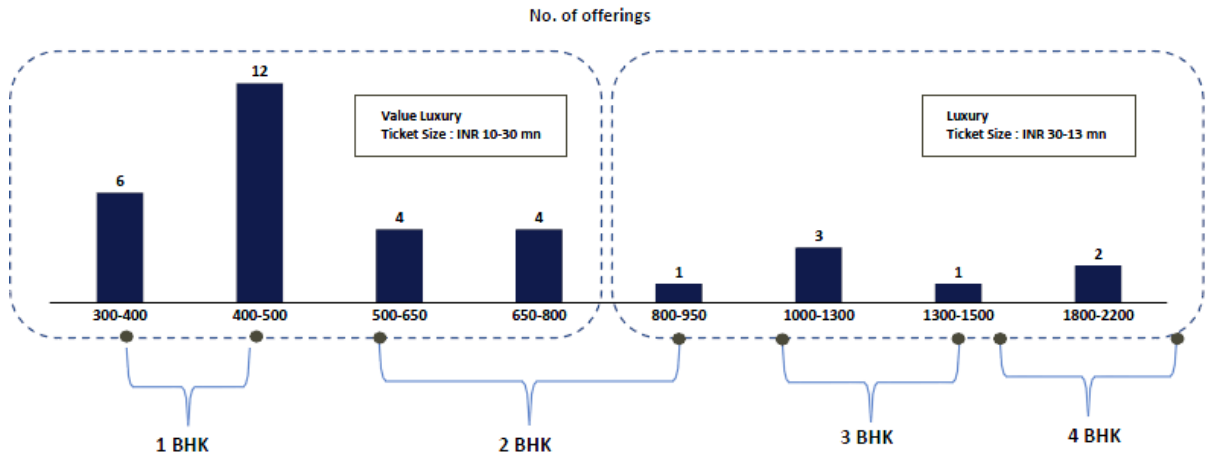
Timeline for a redevelopment Projects:

Step 0	Timelines	Identification of Land Bank (Plot Size, Title, Location, Tenant Density& FSI Scheme)
Step 1	Zero Date	Acquisition of land by way of Conveyance / Development Rights / JDA
Step 2	4-6 Months	Obtaining 51% consent of tenants for redevelopment
Step 3	3 Months	Obtaining IOD for the project
Step 4	3 Months	Site vacation and demolition of old structure
Step 5	3 Months	Obtaining CC and RERA registration
Step 6	3-4 Years	Construction time period – 3 years for G+22 Storey Building and up-to 4-5 years for high rise development from G+40 to 50 Storey
Step 7	3 Months	OC and Handover of Possession

Source: Company's presentation, Arihant Research

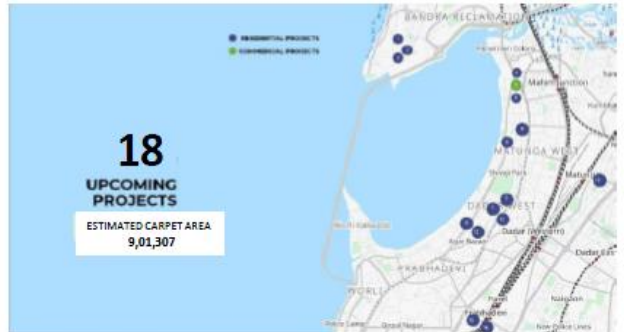
Diversified portfolio of residential and commercial projects:

SURAJEST has a diversified portfolio of residential and commercial projects in South Central Mumbai region. They cater to a wide spectrum from value luxury to luxury residences that includes redevelopment projects as well as open plot projects and have also developed commercial projects in SCM regions. Amongst the residential projects the company offers 1 BHK flats to 4 BHK flats with 300-2200 sq.ft. area and the ticket size of ~10Mn-130Mn.



Source: Company's presentation, Aриhant Research

SURAJEST has longstanding presence in Value Luxury and Luxury segment in South Central Mumbai and in the upcoming projects they would continue to increase share due to better demand from end users and affordability. Along with 1 & 2 BHK flats they provide parking and other amenities which has been a need these days. Also, they have in-house expertise of redevelopment projects, steady brand recall value and better understanding of emerging trends in the market which is an added advantage.



Source: Company's presentation, Aриhant Research

Ongoing & Upcoming Projects

Projects	Ongoing		Upcoming	
	Carpet Area (lakhs Sq ft)	% of total	Carpet Area (lakhs Sq ft)	% of total
Luxury*	2.4	39%	1.7	19%
Value Luxury*	2.2	35%	6.0	67%
Value Luxury / Luxury	1.1	19%	0.2	2%
Commercial	0.4	7%	1.1	12%
Total	6.1		9.01	

* With Metro FSI Scheme/33(9) Scheme they can add FSI of more 4.64 lakh sqft in value luxury and luxury segment.

Ongoing project Pipeline:

Amongst the ongoing portfolio, the company has 13 projects with carpet area of 6.1 lakhs sq ft. and among them there is large portion of luxury project launches of 2.4 lakh sqft. (39% of total) followed by value luxury with 2.2 lakh sqft carpet area (35% of total) and value luxury/luxury with 1.1 sqft. (19% of total) and commercial with 0.4 sqft. carpet area with 7% share of total area. Additionally, ~75-80% of the ongoing area is already sold till now.

Thus, out of 6.1 lakh sqft, they have sold an area of ~4.89 lakh sqft and unsold area is ~1.2 lakhs sqft. So, the estimated collections of unsold area stand at ~INR 6316.4Mn while there are pending sold receivables to be received to the tune of ~INR 7186.9Mn, which means from ongoing projects collections of ~INR 13,503.3Mn will be accrued in the next 2-3 years.

Sr.No.	Project Name	Location	Completion Date (As Filed)	Project Developable Area	Sale Carpet Area (lakhs Sq ft)	Area Sold (lakhs Sq ft)	Unsold Area (Lakhs Sq ft)
Residential							
1	Louisandra	Dadar (W)	30-06-2024	0.63	0.29	0.29	-
2	Ave Maria	Dadar (W)	30-12-2024	1.77	0.23	0.23	0
3	Vitalis	Mahim (W)	31-12-2026	3.49	0.81	0.55	0.26
4	Suraj Eterna	Mahim (W)	31-12-2026	0.61	0.33	0.21	0.13
5	Palette	Dadar (W)	29-06-2024	4.96	1.8	1.41	0.39
6	Ocean Star-I	Dadar (W)	30-06-2026	2.52	0.6	0.48	0.13
7	Suraj Parkview 2	Dadar (W)	31-12-2026	0.64	0.21	0.18	0.03
8	Mestry House	Mahim (W)	Not Applicable	0.17	0.01	-	0.01
9	Nirvana**	Parel (East)	30-12-2024	3.22	0.91	0.84	0.07
10	Emmanuel	Dadar (W)	30-12-2025	0.79	0.28	0.28	-
11	Suraj Lumina	Mahim (W)	31-12-2028	1.04	0.22	0.04	0.19
Commercial							
12	CCIL Bhavan (Phase-II-Additional 2.5 floors)	Dadar (W)	30-12-2024	0.27	0.22	0.22	-
13	Saraswat Bank Bhavan (Additional 2.5 Floors)	Prabhadevi	Not Applicable	0.22	0.17	0.17	-
Total				20.34	6.1	4.89	1.21

Source: Company's presentation, Arianth Research

Upcoming Project Pipeline:

There are a total of ~18 upcoming projects launched in the next 4-5 years with an estimated carpet area of 9.01 lakh sq. ft. and additionally they are expecting FSI with Metro FSI Scheme/33(9) Scheme. Their projects are divided such that the company is launching ~67% (6 lakh sqft.) of total carpet area in value luxury segments which are in high demand and in the overall industry, there is better sales opportunity as well as improving realization of flats would aid growth. Besides, they are launching ~19% (~1.7 lakh sqft) in luxury, ~2% (0.2 lakh sqft) of total carpet area in value-luxury/luxury projects and the balanced ~12% (~1.1 lakh sqft) of total carpet area will be in the commercial segment. Additionally, they are expected to add FSI of ~4.64 lakh sqft in their Value luxury segment project in Mahim as well as a luxury project in Bandra which will increase sales of carpet area to 13.64 lakh sqft. Apart from this, realizations are expected to improve on the residential projects from 46,000-48,000 per sqft to INR 50,000-55,000 per sq. ft. and can touch upto INR 60,000-62,000 per sqft in the next 3-4 years.

We believe these projects are well diversified across SCM area, also their plan of developing in value luxury that too ~ nearly 50% projects in Mahim bodes well. Also, their large luxury upcoming project in Bandra (which remains a prime location) would help in earning higher & better realization of 1-1.5 lakh per sqft.

Sr. No.	Project Name	Location	Type	Segment	Estimated Carpet Area for sale (lakh sq.ft)
1	Kowliwadi & Kripasiddhi Building	Prabhadevi	Residential	Value Luxury	0.24
2	Madonna Wing B	Dadar (w)	Residential	Value Luxury	0.14
3	Gudekar House, Irani Building and Ratnabhumi Bld	Dadar (W)	Residential	Value Luxury	0.33
4	Lucky Chawl	Mahim (W)	Residential	Value Luxury	0.15
5	Ambavat Bhawan	Lower Parel (E)	Residential	Value Luxury	0.17
6	Marinagar Phase -2**	Mahim (W)	Residential	Value Luxury	1.07
7	Marinagar Phase -3*	Mahim (W)	Residential	Value Luxury	0.64
8	Norman House	Dadar (W)	Residential	Value Luxury	0.07
9	Nanabhai Manzil	Mahim (W)	Residential	Value Luxury	0.20
10	Lumiere Phase 2	Dadar (W)	Residential	Value Luxury	0.20
11	Girgaonkarwadi	Mahim (W)	Residential	Value Luxury	2.00
12	Suraj Parkview 1	Dadar (W)	Residential	Value Luxury	0.53
13	Lobo Villa & Ellis Villa	Mahim (W)	Residential	Value Luxury	0.30
14	Bandra Project 3	Bandra (W)	Residential	Luxury	0.35
15	Bandra Project 1	Bandra (w)	Residential	Luxury	0.46
16	Bandra Project 2	Bandra (w)	Residential	Luxury	0.89
17	JRU Property	Byculla (E)	Residential	Value Luxury/ Luxury	0.21
18	Final Plot No 426-B	Mahim (W)	Commercial	Commercial	1.06
	Total				9.01

Source: Company's presentation, Arianth Research

Expand Land Reserves in sub market of South-Central Mumbai region as well as MMR region:

There are emerging opportunities in the real estate market and the company continue to evaluate various land acquisitions models, such as outright purchase, joint ventures, joint development and development management to increase their market penetration across the various market segments. Their primary focus will be South-Central Mumbai regions but at the same time they will continue to evaluate opportunities in the nearby areas of Bandra and Santacruz. Further, it has already acquired land parcel of ~10,359.8 sq. meters at Bandra West and Santacruz East for future development.

No.	Location	Name of company/entity that the developer of the project	Company's/Entity's effective stake in the project (%)	Leased/ Owned/ Development Rights	Plot Area (sq Meters)
1	C.T.S.No.918 Mount Mary, Hill Road, Bandra (W)	Accord Estates Pvt. Ltd.	100	Leasehold Rights	1,173.6
2	C.T.S.No.930 Mount Mary, Hill Road, Bandra (W)			Owned	364.2
3	C.T.S. No 917 Mount Mary, Hill Road, Bandra (W)			Development Rights	3,884.9
4	C.T.S. No 929 Mount Mary, Hill Road, Bandra (W)			Development Rights	1,740.1
5	C.T.S. No 931 Mount Mary, Hill Road, Bandra (W)			Development Rights	890.3
6	C.T.S. No 916 Mount Mary, Hill Road, Bandra (W)			Development Rights	1,578.3
Total Bandra (west)					9,631.4
7	CS No 3429, 3430 and 3262 - Kole Kalyan Property, Santacruz (E)	Suraj Estate Developers Ltd	100	Development Rights	728.4
Total Santacruz (E)					728.4
Total Area					10,359.8

Source: Company's presentation, Arianth Research

Outlook & Valuations:

SURAJEST a real estate player which largely focuses on the residential and commercial projects in SCM region and having strong past experience of 37 years and have completed 42 projects with a developed area of more than 10.46 lakh sq. ft. The past trend suggests that SURAJEST has been a consistent player and one of the market leaders in terms of supply and absorption of inventory in SCM region from CY2016-CY2023 and having a market share of 16.24% and 17.34%, respectively. Also, their expertise is in redevelopment of tenanted properties under Regulation 33(7) of the Development Control and Promotion Regulations (DCPR) and have a market share of 8% in SCM region.

They continue to strengthen its redevelopment project portfolio pre-dominantly through asset light model and at present they have 13 ongoing projects with a developable area of 20.34 lakh sq. ft. and saleable carpet area 6.10 lakh sq. ft. Going ahead, they have more 18 upcoming projects with an estimated carpet area of 9.01 lakh sq. ft and additionally, they are expected to add FSI of ~4.64 lakh sqft in their Value luxury & luxury segment going ahead. Thus, with continuous addition of project in premium South Mumbai location would help them in maintaining leadership, improving brand recall value and also aid market share.

Further, for FY24-27E we expect its financials to see healthy improvement with pre-sales growing at CAGR of 58.5%, revenue to improve by CAGR of 25.8% and on profitability front, its EBITDA is expected to grow at a CAGR of 23.6% while we expect the company to maintain EBITDA margin of ~50-55%. The financial growth is expected to be driven by its new launches in the upcoming portfolio, leadership position in SCM & redevelopment projects and continuous demand for real-estate. SURAJEST has the land parcel of ~10,359.8 sq meters at Bandra West and Santacruz East for future development and besides they have their own commercial property at Prabhadevi of ~5,200 sqft.

On the valuation front, we have valued the company on NAV basis by giving the multiple of 1x and have arrived at the target price of INR 1,134, which is a potential upside of 98.2%

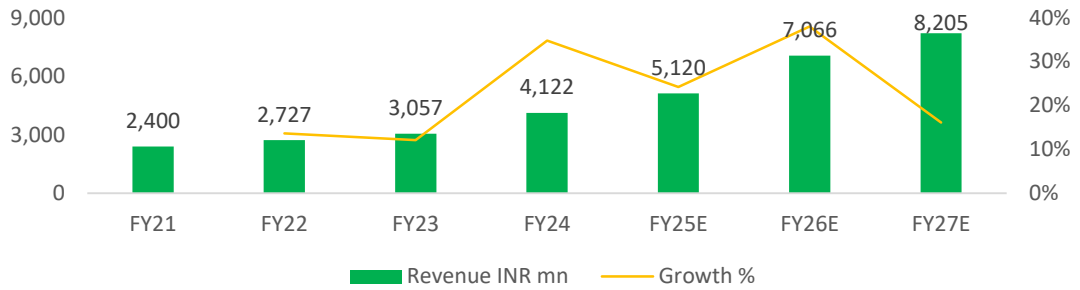
Particulars (INR Mn)	FY2025	FY2026	FY2027	FY2028	FY2029
Pre-Sales (Mn)	8,534	12,176	19,232	22,883	19,833
Collections (Mn)	7,242	12,413	15,099	23,219	31,871
Cost of Project (Mn)	4,687	6,842	8,468	8,373	8,491
Project Value	2,555	5,571	6,631	14,846	23,380
Less: Taxes	639	1,393	1,658	3,712	5,845
Net Cash Flow (Pre-discounting)	1,916	4,178	4,973	11,135	17,535

Source: Company, Aриhant Research

Particulars	(INR Mn)
NPV of Projects	27,306
Less: Debt	3,153
NPV of Projects	24,153
Revenue Potential (FY29)	16,042
EBITDA Margin (40%)	6,417
Tax (20%)	1,604
PAT	4,813
Terminal Value (Pre-Discount)	53,474
Terminal Value	24,362

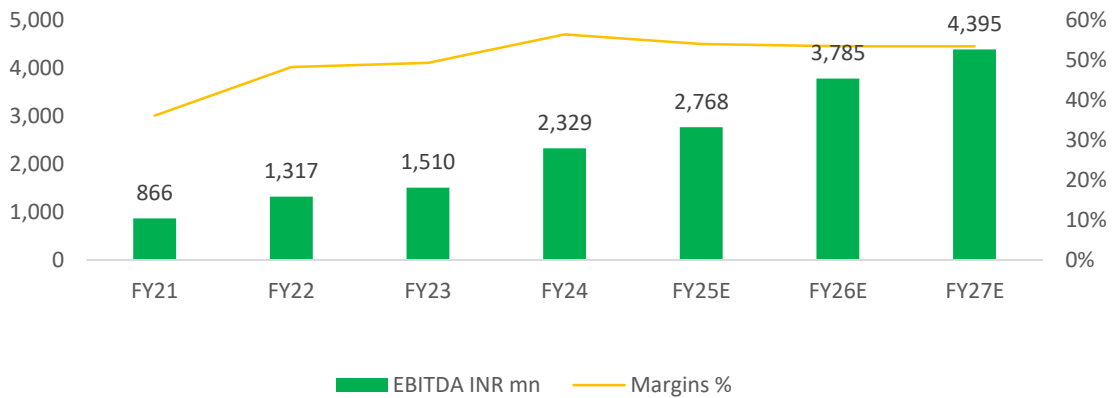
Equity Value	48,515
O/S Shares (Mn)	42.8
NAV per Share	1,134
Multiple (x)	1
Target Price	1,134
Upside (%)	98.2%
Rating	Buy

Exhibit: Revenue & Growth



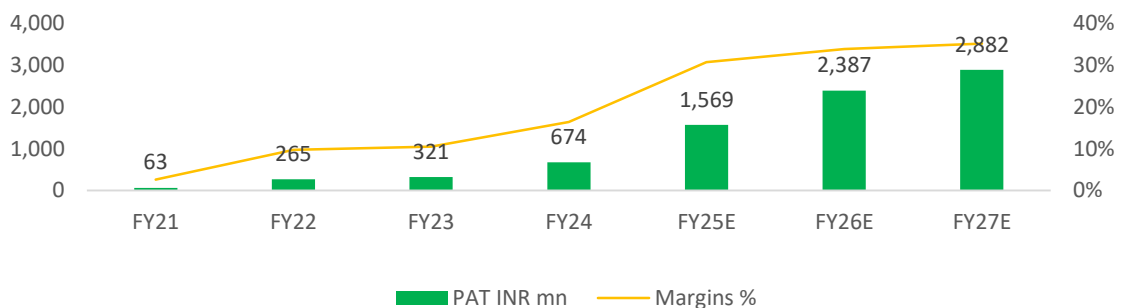
Source: Company, Arianth Research

Exhibit: EBITDA & its Margins



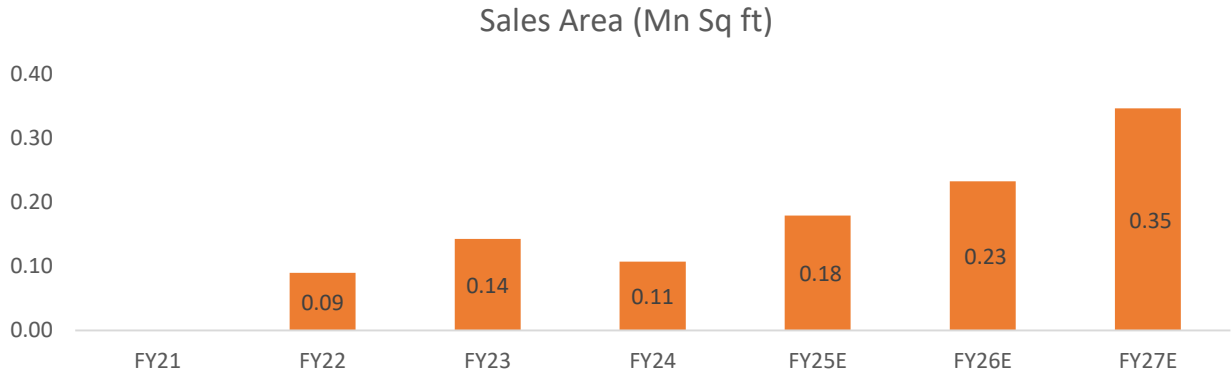
Source: Company, Arianth Research

Exhibit: PAT & PAT Margin



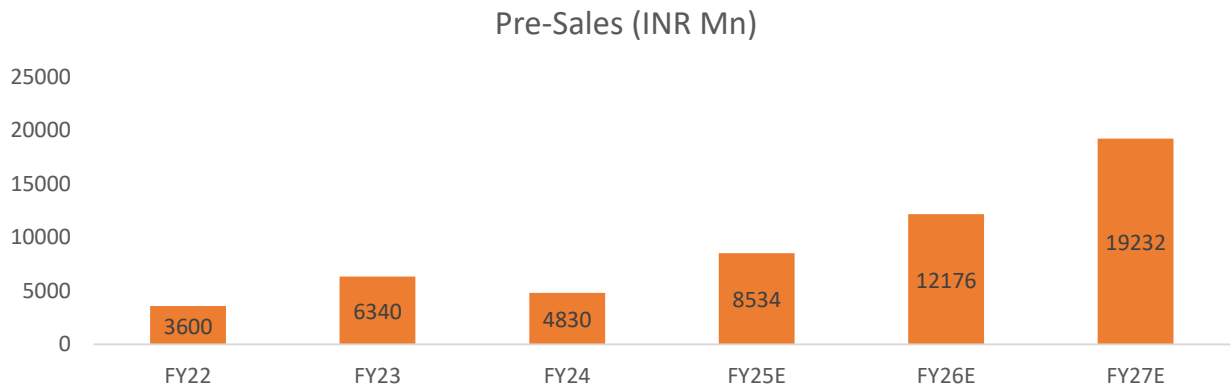
Source: Company, Arianth Research

Exhibit: Sales Area (Mn SqFt)



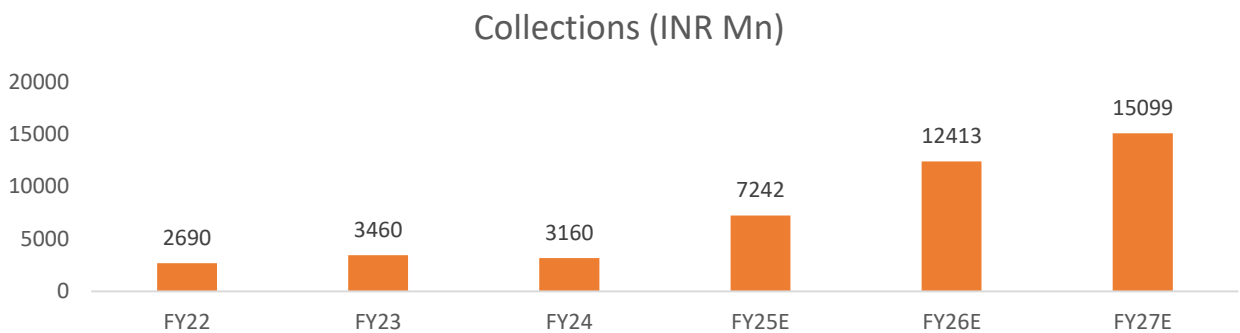
Source: Company, Aриhant Research

Exhibit: Pre-Sales (INR Mn)



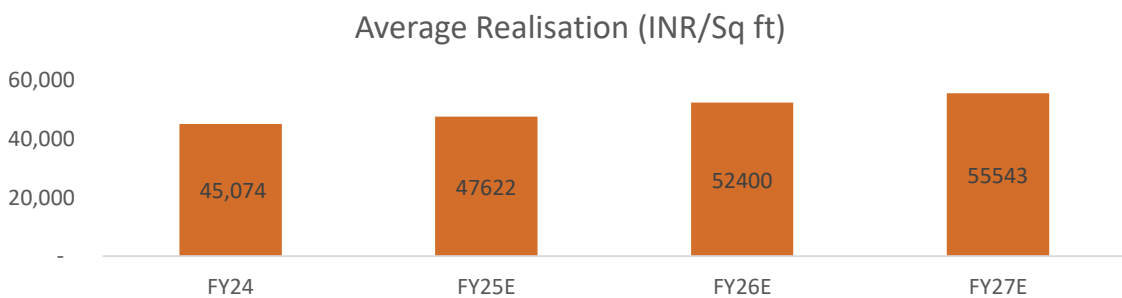
Source: Company, Aриhant Research

Exhibit: Collections (INR Mn)



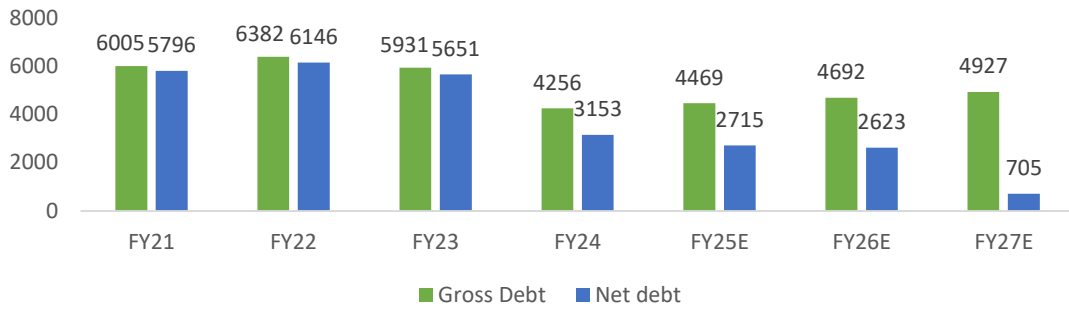
Source: Company, Aриhant Research

Exhibit: Average Realisation (INR/Sqft)



Source: Company, Aриhant Research

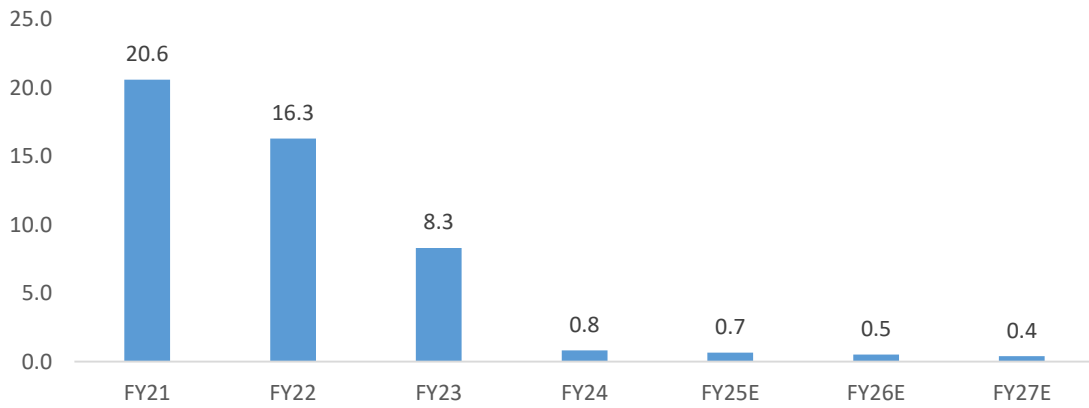
Exhibit: Borrowings



Source: Company, Aриhant Research

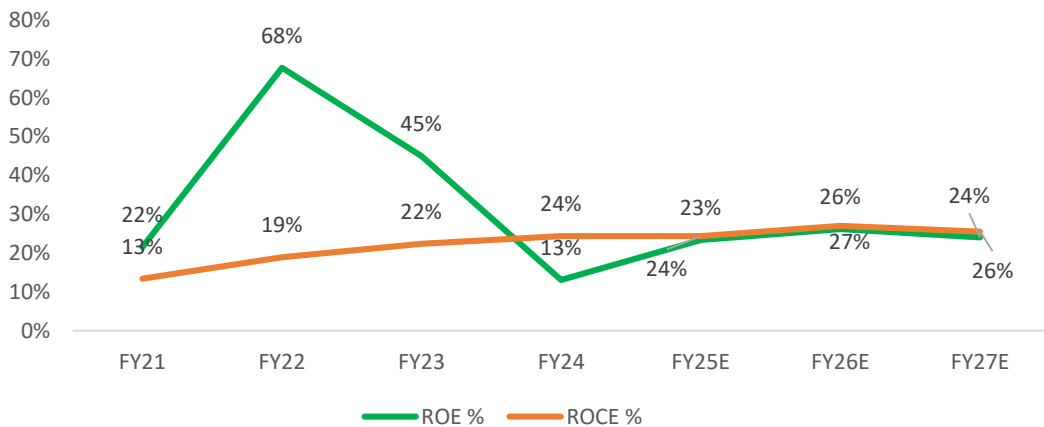
Exhibit: Debt to Equity

Debt/Equity



Source: Company, Aриhant Research

Exhibit: ROE & ROCE (%)



Source: Company, Aриhant Research

Peer Comparison:
Leading Residential Developers:

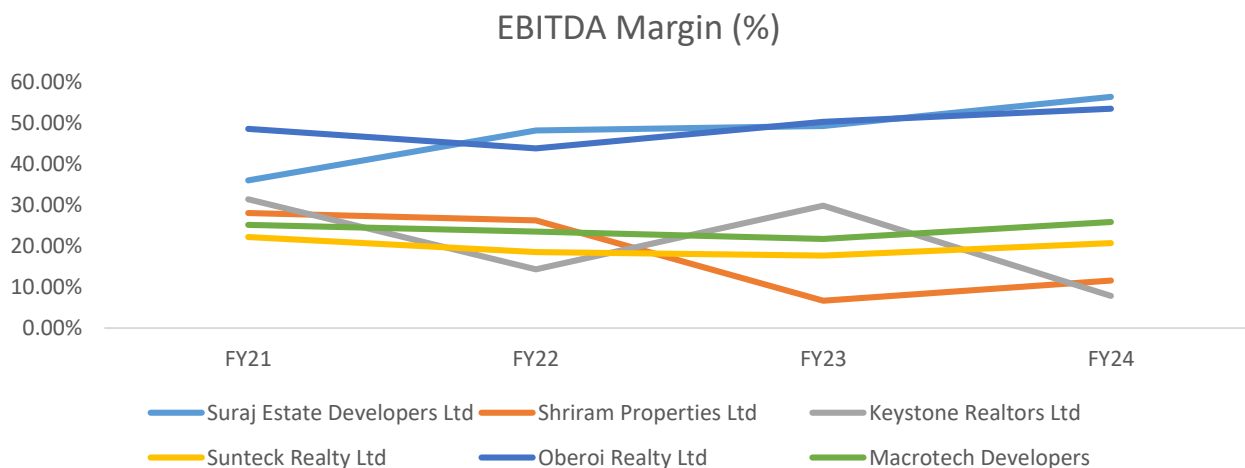
Particulars (INR Mn)	Suraj Estate			Shriram Properties			Macrotech Developers			Keystone Realtors Ltd			Sunteck Realty Ltd		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Revenue	2,730	3,060	4,120	5,178	8,139	9,870	92,300	94,700	1,03,200	12,694	6,857	22,223	5,130	3,620	5,650
EBITDA	1,319	1,511	2,328	1,360	547	1,141	21,783	20,664	26,770	1,828	2,053	1,760	956	641	1,173
Presale	3,600	6,350	4,830	14,824	18,461	23,620	90,200	1,20,600	1,45,200	26,390	16,040	22,660	13,030	16,020	19,150
Collections	2,690	3,460	3,160	11,835	10,936	13,910	86,000	1,06,100	1,12,600	20,380	18,620	22,030	10,530	12,500	12,360
Net Debt	6,150	5,650	3,150	3,410	4,330	4,410	93,000	70,700	31,000	5,210	188	3,591	5,390	2,800	-80
Net debt/Equity (x)	16.2	8.3	0.8	0.3	0.4	0.4	0.8	0.6	0.2	0.5	0.0	0.2	0.2	0.1	-
Net debt/EBITDA (x)	4.7	3.7	1.4	2.5	7.9	3.9	4.3	3.4	1.2	2.9	0.1	2.0	5.6	4.4	-0.1
EBITDA Margins %	48.3%	49.4%	56.5%	26.3%	6.7%	11.6%	23.6%	21.8%	25.9%	14.4%	29.9%	7.9%	18.6%	17.7%	20.8%
PAT Margins %	9.7%	10.5%	16.4%	2.7%	10.2%	8.7%	13.0%	5.1%	15.0%	11.2%	12.0%	5.1%	4.9%	0.4%	12.6%
ROE %	77.6%	58.0%	23.0%	1.0%	5.7%	6.1%	14.4%	3.9%	10.3%	16.1%	6.3%	6.5%	0.9%	0.1%	2.4%

Source: Company, Aриhant Research

Amongst the peers, SURAJEST operating profit – EBITDA margin is one of the highest given its asset light business model and redevelopment projects portfolio it operates in. Going ahead for the next 2-3 years, the company plan is to continue maintaining EBITDA margin of ~50-55% better than industry.

EBITDA (%)	FY21	FY22	FY23	FY24
Suraj Estate Developers Ltd	36.1%	48.3%	49.4%	56.5%
Shriram Properties Ltd	28.1%	26.3%	6.7%	11.6%
Macrotech Developers	25.2%	23.6%	21.8%	25.9%
Keystone Realtors Ltd	31.5%	14.4%	29.9%	7.9%
Oberoi Realty Ltd	48.7%	43.9%	50.4%	53.6%
Sunteck Realty Ltd	22.3%	18.6%	17.7%	20.8%
Hubtown	-39%	-31%	23%	-40%
DB Realty	-361%	-34%	-103%	44%

Source: Company, Aриhant Research



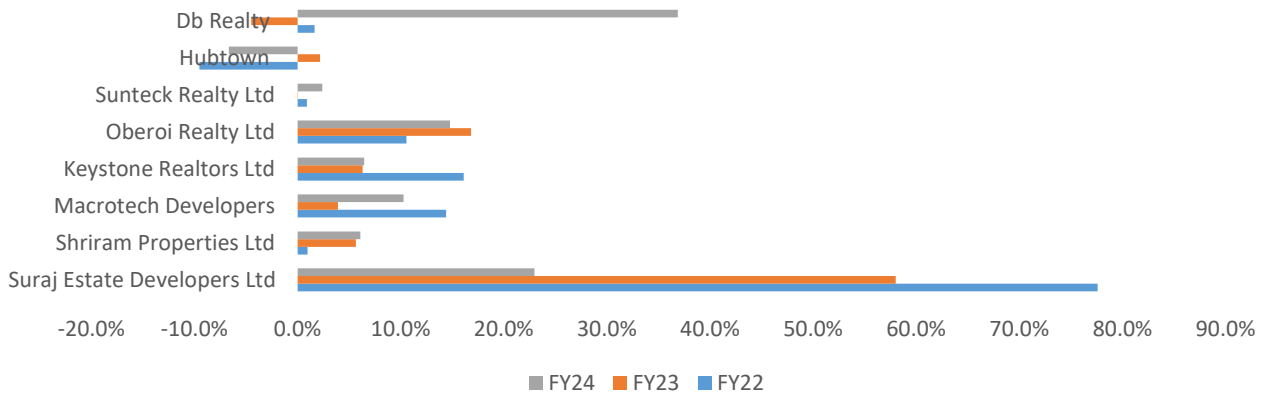
Source: Company, Aриhant Research

In terms of ROE (%) and ROCE (%) the company has high return ratio as compared to other peers given better profitability. Also, going forward in the next 2-3 years, SURAJEST plan is to maintain ROE & ROCE at around 25-30% each.

Companies	ROE (%)			ROCE (%)		
	FY22	FY23	FY24	FY22	FY23	FY24
Suraj Estate Developers Ltd	77.6%	58.0%	23.0%	12.3%	14.5%	20.8%
Shriram Properties Ltd	1.0%	5.7%	6.1%	5.2%	9.6%	10.2%
Macrotech Developers	14.4%	3.9%	10.3%	7.0%	3.4%	8.0%
Keystone Realtors Ltd	16.1%	6.3%	6.5%	6.7%	5.9%	5.8%
Oberoi Realty Ltd	10.6%	16.8%	14.8%	9.2%	13.9%	12.9%
Sunteck Realty Ltd	0.9%	0.1%	2.4%	2.4%	0.8%	3.5%
Hubtown	-9.5%	2.2%	-6.7%	-4.4%	3.6%	-1.5%
DB Realty	1.7%	-4.5%	36.9%	1.6%	1.0%	23.6%

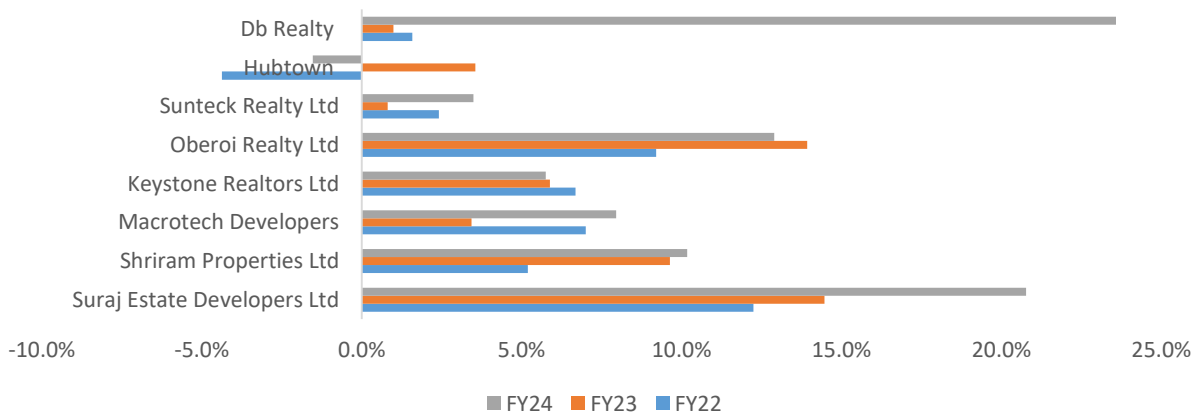
Source: Company, Aриhant Research

ROE (%)



Source: Company, Aриhant Research

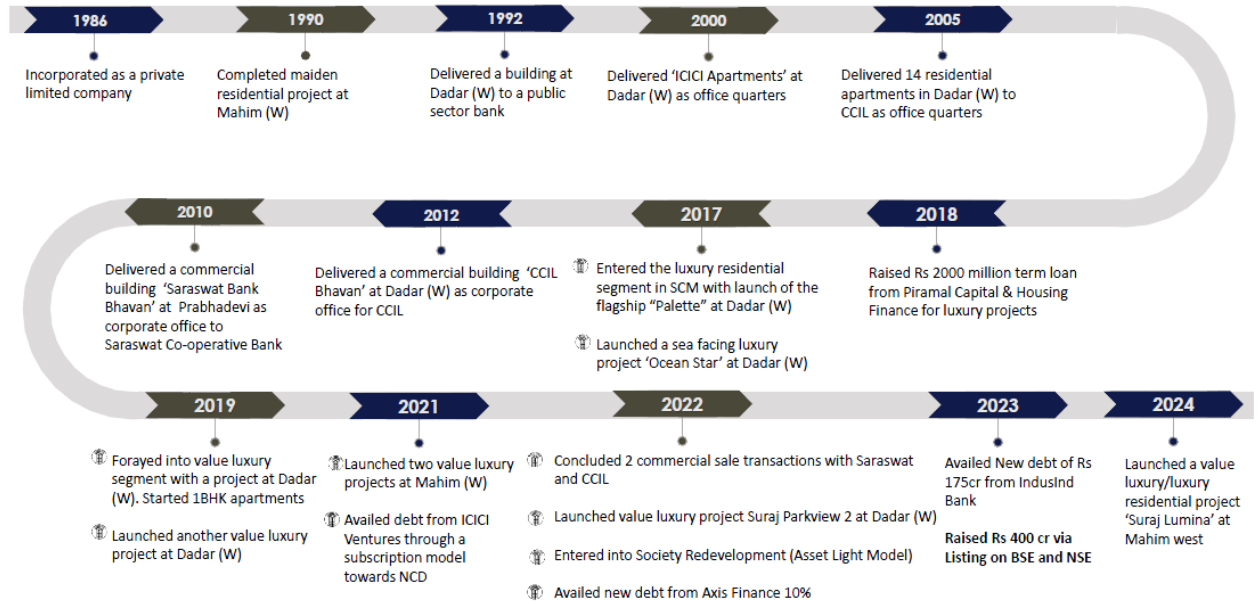
ROCE (%)



Source: Company, Aриhant Research

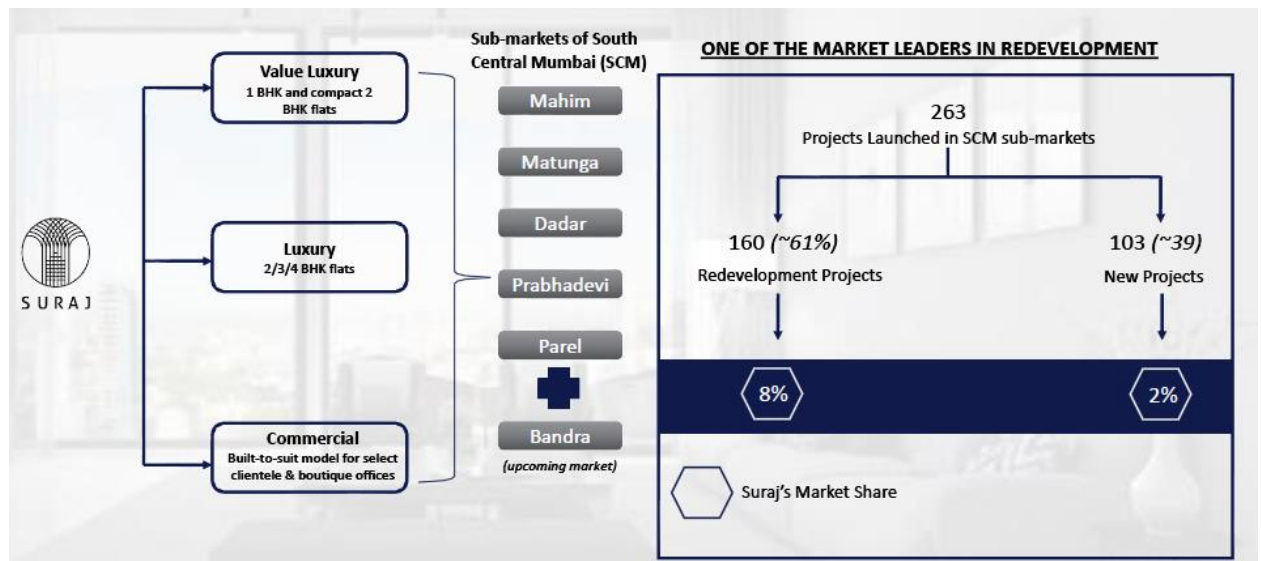
Company Overview:

Suraj Estate Developers is a real estate player across the residential and commercial sectors in South Central Mumbai (SCM) region. They have a residential portfolio located in the markets of Mahim, Dadar, Prabhadevi and Parel, which are sub-markets of the South-Central Mumbai and also, they are now venturing into residential real estate development in Bandra sub-market. SURAJEST is focused primarily on value luxury, luxury segments and commercial segment. Since incorporation, they have completed 42 projects with a developed area of more than 10.46 lakh sq. ft. in the South-Central Mumbai region. In addition, they have 13 ongoing projects with a developable area of 20.34 lakh sq. ft. and saleable carpet area of 6.1 lakh sq. ft. and 18 upcoming projects with an estimated carpet area of 9.01 lakh sq. ft. plus is expected to receive FSI under metro FSI Scheme/33(9) Scheme.



Source: Company's presentation, Aриhant Research

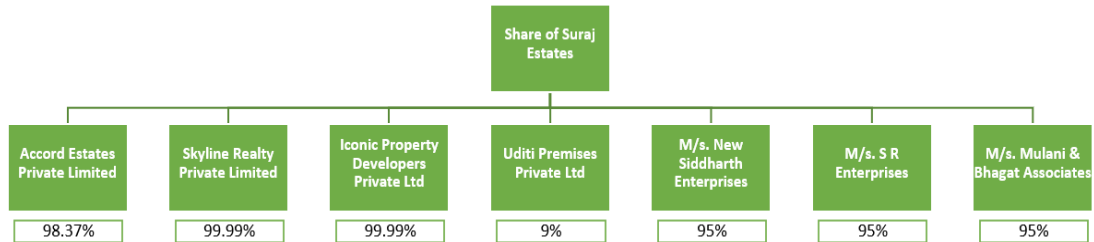
Business Model:



Source: Company's presentation, Aриhant Research

Company's Structure.

SURAJEST, established in 1986 a prominent player in the real estate sector has 4 subsidiaries registered under the Companies Act, 2013 along with 3 subsidiaries registered under Ind AS 110. All subsidiaries are engaged in similar business activities and has been acquired/incorporated to execute various projects that supports company's overall business strategies.



Ongoing Projects:

The Palette	Ocean Star-I	Vitalis	Emmanuel	Suraj Eterna
<p>Category: Luxury Segment Total Saleable Area: 1.80 Lakh sqft Strategically located between Portuguese Church and Siddhivinayak Temple.</p>	<p>Category: Luxury Segment Total Saleable Area: 0.60 Lakh sqft Strategically located in the close proximity of Dadar Beach.</p>	<p>Category: Value Luxury Segment Total Saleable Area: 0.81 Lakh sqft Located at Lady Jamshedji Road, Mahim (West) and is in the close proximity of Mumbai's Shivaji Park</p>	<p>Category: Value Luxury Segment Total Saleable Area: 0.28 Lakh sqft Located off Cadell Road and is in close proximity of commercial hubs at Lower Parel and Worli, malls, theatres and parks</p>	<p>Category: Value Luxury Segment Total Saleable Area: 0.33 Lakh sqft Located off Cadell Road and is in close proximity of commercial hubs at Lower Parel and Worli, malls, theatres and parks</p>

Nirvana	Louisandra	Ave Maria	Park View	Suraj Lumina
<p>Category: Value Luxury/luxury project Total Saleable Area: 0.33 Lakh sqft Project is a Joint venture with Runwal Group.</p>	<p>Category: Value luxury standalone tower. Total Saleable Area: 0.29 Lakh sqft The project is within minutes from the upcoming Dadar Metro Station.</p>	<p>Category: Luxury Segment Total Saleable Area: 0.23 Lakh sqft A 24-storey tower located in Dadar West</p>	<p>Category: Value Luxury Segment Total Saleable Area: 0.21 Lakh sqft Project is located in the verdant Shivaji Park neighborhood.</p>	<p>Category: Value luxury/luxury Total Saleable Area: 0.22 Lakh sqft Project is near some of the key landmarks such as Shivaji Park, Hinduja Hospital and Bombay Scottish School.</p>

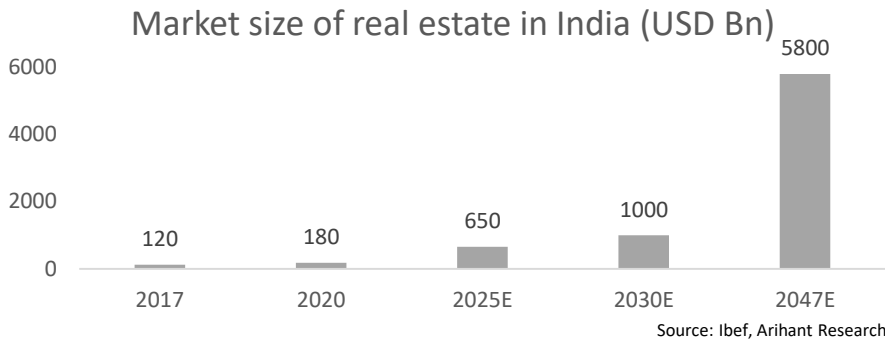
Source: Company's presentation, Arianth Research

Experienced Management Team:

Personnel	Designation	Description
Rajan Thomas	Chairman & Executive Managing Director	Mr Rajan Meenathakonil Thomas holds a bachelor's degree in Arts from the Agra University. He has been associated with Company since its incorporation with over 35 years of experience in various aspects of real estate business.
Rahul Thomas	Whole-time Director	Mr Rahul Rajan Jesu Thomas holds a bachelor's degree in Commerce from the University of Mumbai and corporate finance certificate from Harvard University and has over 15 years of experience in various aspects of real estate business.
Shreepal Shah	Chief Financial Officer	Mr Shreepal Shah holds a bachelor's degree in Engineering from University of Mumbai and a master's degree in Business Administration from University of Pune. He is associated with company since July 9, 2018 and is involved in day to day financing & strategic activities and fund raising.
Mrutyunjay Mahapatra	Independent Director	Mr Mrutyunjay Mahapatra holds a bachelor's degree in Science (Physics) from Berhampur University and master's degree in Science (Physics) from Berhampur University. He has experience in various aspects of banking.
Dr. Satyendra Nayak	Independent Director	Dr. Satyendra Shridhar Nayak holds a master's degree in Commerce from the University of Bombay and Doctor of Philosophy from University of Bombay. He has authored a book called "Globalization and the Indian Economy". He was on the board of Bharat Wire Ropes Limited. He has experience in consulting.
Sunil Pant	Independent Director	Mr Sunil Pant holds a bachelor's degree in Science from the Merut University, bachelor's degree in Labour Law from Garhwal University and member of the Indian Institute of Bankers and All India Management Association.
Shivil Kapoor	Company Secretary	Mr Shivil Kapoor holds a bachelor's degree in Commerce from Devi Ahilya Vishwavidyalaya, Indore, bachelor's degree in Law from Devi Ahilya Vishwavidyalaya, Indore and is a member of the Institute of Company Secretaries of India.
Dr. Mohit Ramsinghani	Chief Business and Strategy Officer	Dr. Mohit Ramsinghani holds a doctorate in strategy and is a management graduate from IIM Ahmedabad. He has over 20 years of experience and has led various successful business models while working for banking behemoths like HSBC, Barclays, and Indusind Bank.
Palak Dani Mansotra	Chief Marketing Office	Palak Dani Mansotra holds an executive MBA from IIM Calcutta, a Digital Marketing degree from MICA, and a degree in Public Relations and Advertising from Welinkar. She leads Branding, Communications, Digital, and the Pre-Sales Portfolio for India.
Madanlal Jain	Chief Engineer	Mr Madanlal Jain holds bachelor's degree in Engineering (Civil) from University of Bombay. He also holds Chartered Engineer degree from The Institute of Engineers (India).
Gopal Barve	Chief Engineer	Mr Gopal Barve holds a bachelor's degree in Engineering (Civil) from University of Bombay. He is an associate member of The Institute of Engineers (India). He is the Chief Engineer of Subsidiary, Accord Estates Private Limited with effect from May 7, 2006.
Anand Vyas	Vice President – Sales	Mr Anand Vyas holds a PGDM in Marketing from Chetana's Institute of Management & Research, Mumbai having over 12 years of experience in commercial and residential real estate. He previously worked with Provenance Land, K Raheja Corp., Radius Developers and The Wadhwa Group.

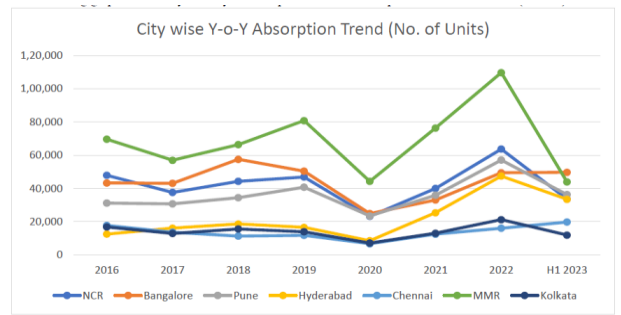
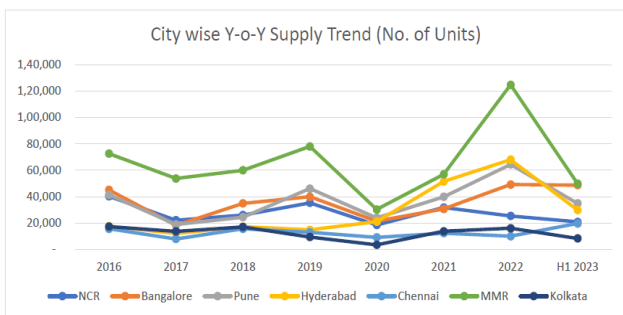
Industry Overview:

India's real-estate sector is expected to expand and reach USD 1000bn by 2030, which is a CAGR of 9-10% and also it is expected to reach USD 5800bn by 2047. Overall growth will be driven by urbanization, improving lifestyle, nuclearization of families, market expansion in rental space and increase in realization of property. In last six to seven years, the real estate sector in India has witnessed several changes because of demonetization, the liquidity crisis, the implementation of RERA and GST, government promoting affordable housing and also pressure due to COVID-19.

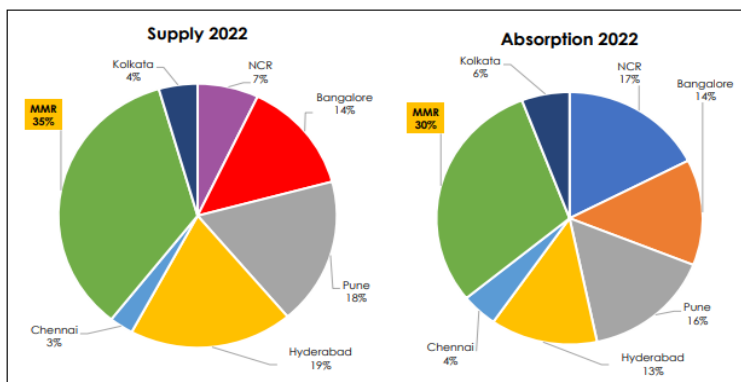


Post the COVID-19, the Indian residential sector is one of the sector which has made a significant comeback, so in 2023 the demand for residential properties surged in the top 7 Indian cities but Mumbai retained its status as the leading market. The surge in sales was largely driven by pent-up demand, robust consumer sentiment for home ownership in the aftermath of the pandemic, increased disposable income among home buyers and launch of new projects by developers and attractive payment plans as well as appreciating property prices.

Amongst the top seven cities in the Indian markets, MMR is one region which has been the top performer for supply as well as absorption of projects from 2016 to H1FY23, in terms of no of units and share. Its share has been consistent with an average share in the range of 30% for both supply & absorption.

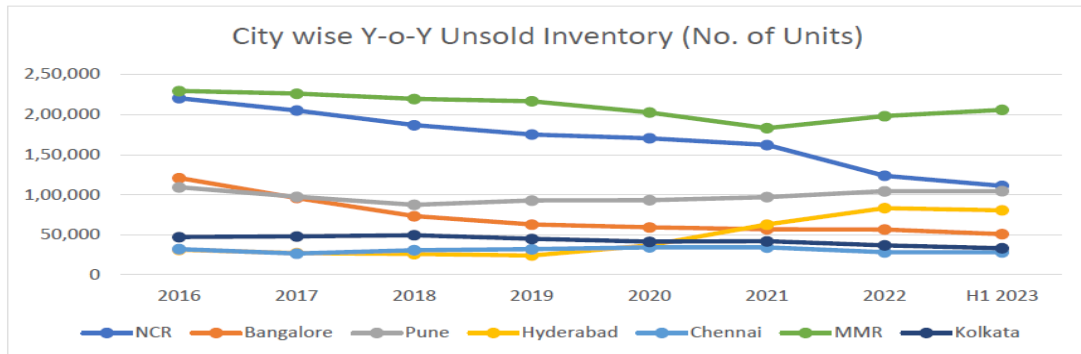


Source: Company's RHP, Aриhant Research

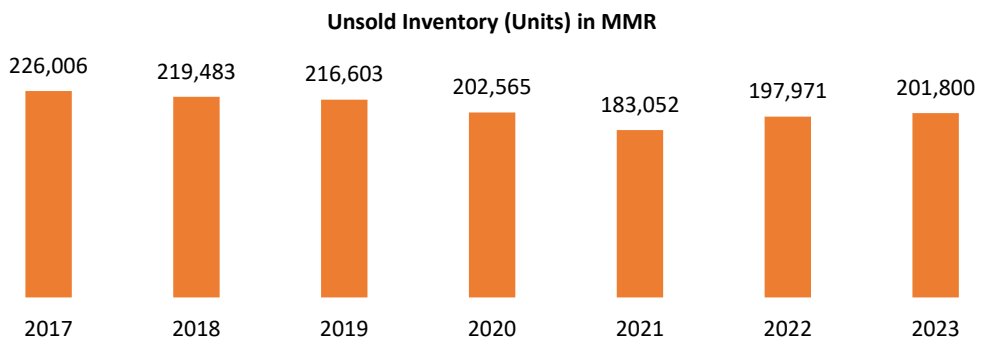


Source: Company's RHP, Aриhant Research

Further, in terms of unsold inventory, all the cities witnessed gradual decrease except for Hyderabad that is largely due to more supply than absorption. Further, for the MMR region, the past trend suggests that there was continuously gradual reduction in unsold inventory over the years leading to better balance between supply & absorption as compared other regions. Over the past 2 years, there is as heavy inflow of new launches in MMR region thus we are seeing an increase in inventory level at an average of 5%. Further, healthy demand in the market will help in absorbing the unsold inventory.

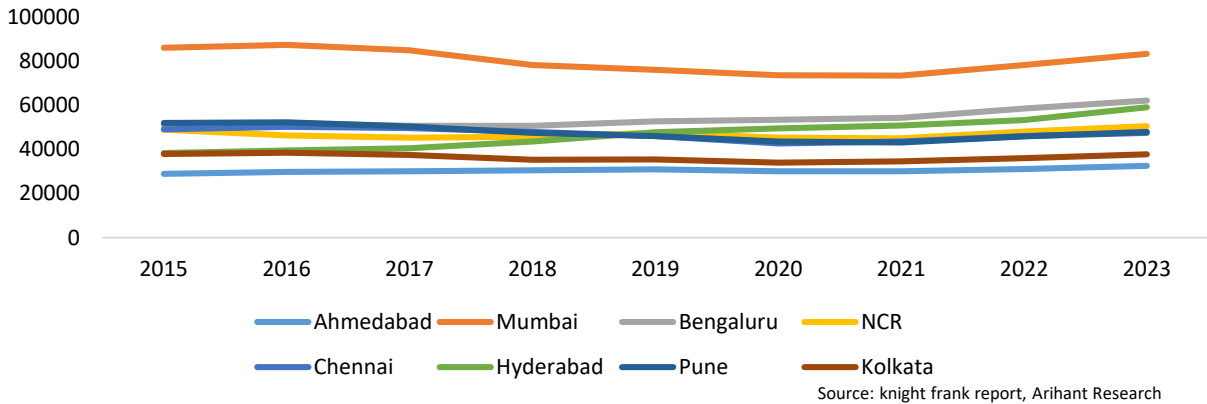


Source: Company's RHP, Aриhant Research



In terms of pricing, the average price movement for MMR has been always better than other regions. In the last 2 years, from 2021-2023, though the price change has not been significant for MMR region.

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ M)



City	Average Price 2021	Average Price 2022	Average Price 2023	Price change (2023 vs 2021)	Price change (2023 vs 2022)
Ahmedabad	5,721	6,203	6,737	18%	9%
Bengaluru	7,609	8,276	9,976	31%	21%
Chennai	7,182	7,445	7,701	7%	3%
Delhi NCR	6,958	8,394	9,170	32%	9%
Hyderabad	8,821	10,090	11,083	26%	10%
Kolkata	6,081	7,144	7,912	30%	11%
MMR	19,657	19,287	20,047	2%	4%
Pune	7,398	8,379	9,185	24%	10%

Source: Liases Foras, Colliers

Post the Covid-19 impact, consumers are moving away from rented space and the demand for buying own property is surging. In 2023, there were highest number of launches and markets were at peak as compared other years. The prices of properties continue to rise, while the MMR region on an average witnessed an increase to the tune of ~7-10% largely driven by infrastructure boost, pent up demand, steady repo rates, various payment options and willingness to upgrade standard of living. Going ahead, we expect demand, supply and prices trend (5-8% each year) to see a continuous rise in major cities as well as Tier 1 & Tier 2.

Exhibit: Profit & Loss Statement (Consolidated)

Y/e 31st March in mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenue	2,727	3,057	4,122	5,120	7,066	8,205
Op. Expenses	1,410	1,547	1,793	2,352	3,281	3,810
EBITDA	1,317	1,510	2,329	2,768	3,785	4,395
Depreciation	37	26	37	46	63	74
EBIT	1,281	1,484	2,292	2,722	3,722	4,321
Other income	12	21	35	43	60	70
Interest Exp.	931	1,074	1,389	804	798	788
Extra Ordinary Items	-	-	-	-	-	-
Reported PBT	362	432	938	1,961	2,984	3,603
Tax	96	111	264	392	597	721
PAT	265	321	674	1,569	2,387	2,882
Net Profit	265	321	674	1,569	2,387	2,882
Adjusted PAT	265	321	674	1,569	2,387	2,882
Adjusted EPS (INR)	8.3	10.1	15.7	36.7	55.8	67.3

Source: Aриhant Research

Exhibit: Balance Sheet (Consolidated)

Y/e 31st March in mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	159	159	214	214	214	214
Reserves & Surplus	233	555	4,947	6,516	8,903	11,785
Networth	392	714	5,161	6,730	9,117	11,999
Debt	6382	5931	4256	4469	4692	4927
Minority Interest	2	1	-	-	-	-
Net deferred Tax liabilities	52	98	94	117	161	187
Others	59	57	115	143	197	229
Capital Employed	6,886	6,801	9,626	11,459	14,168	17,342
Property, Plant and Equipment	177	158	374	411	453	498
Other Non-Current Assets	45	227	111	138	190	221
Net Fixed Assets	221	385	485	549	643	719
Investments	1	89	14	17	24	28
Current Assets, Loans & Advances	8,401	8,910	12,330	14,821	18,358	21,825
Inventory	6,210	6,523	7,392	8,277	10,454	11,239
Debtors	932	1,130	1,067	1,325	1,829	2,124
Cash & Bank balance	236	280	1,103	1,754	2,070	4,222
Loans & advances and others	1,023	976	2,768	3,465	4,005	4,240
Current Liabilities & Provisions	1,737	2,582	3,203	3,929	4,857	5,229
Liabilities	1,736	2,581	3,202	3,928	4,855	5,227
Provisions	1	1	1	1	2	2
Net Current Assets	6,664	6,328	9,127	10,892	13,501	16,596
Application of Funds	6,886	6,801	9,626	11,459	14,168	17,342

Source: Aриhant Research

Exhibit: Cash Flow Statement (Consolidated)

Y/e 31st March in mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	362	432	938	1,961	2,984	3,603
Add: Depreciation	37	26	37	46	63	74
Add: Interest cost	910	1,049	1,389	804	798	788
Less: Other Income	(4)	(10)	(35)	(43)	(60)	(70)
Others	(5)	3	32	-	-	-
Operating profit before working	1,300	1,499	2,361	2,768	3,785	4,395
Working Capital changes	(556)	450	(2,100)	(1,113)	(2,291)	(941)
Cash from Operations	744	1,950	261	1,655	1,494	3,454
Less: Taxes	(46)	(64)	(171)	(392)	(597)	(721)
Cash flow from Operations	698	1,885	90	1,263	897	2,733
Cash flow from investing	(211)	(271)	(897)	(21)	(7)	(27)
Cash flow from Financing	(447)	(1,557)	702	(592)	(574)	(554)
Net cash Inflow/Outflow	40	57	(105)	651	316	2,152
Opening cash	21	61	118	13	664	980
Closing cash	61	118	13	664	980	3,132

Source: Aриhant Research

Exhibit: Ratios

Per share data

Net Revenue	FY22	FY23	FY24	FY25E	FY26E	FY27E
No. of shares (mn)	32	32	43	43	43	43
BVPS (INR)	12	22	121	157	213	280
CEPS (INR)	9.5	10.9	16.6	37.7	57.3	69.1
DPS (INR)	-	-	-	-	-	-

Source: Arihant Research

Margins (%)

	FY22	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin(%)	48.3	49.4	56.5	54.1	53.6	53.6
PBTM (%)	13.3	14.1	22.8	38.3	42.2	43.9
PAT Margin(%)	9.7	10.5	16.4	30.6	33.8	35.1

Source: Arihant Research

Growth Indicators (%)

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue(%)	13.6	12.1	34.8	24.2	38.0	16.1
EBITDA(%)	52.1	14.6	54.2	18.9	36.7	16.1
Adj PAT(%)	322.2	21.0	110.2	132.8	52.1	20.7

Source: Arihant Research

Turnover ratio (x)

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Debtors Days	124.8	135.0	94.5	94.5	94.5	94.5
Inventory Days	831.1	778.7	654.6	590.0	540.0	500.0
Payable Days	25.8	32.2	31.8	31.8	31.8	31.8
Wc Days	930.0	881.5	717.2	652.7	602.7	562.7

Source: Arihant Research

Valuation (x)

	FY22	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	68.5	56.6	36.3	15.6	10.3	8.5
P/BV (x)	46.4	25.4	4.7	3.6	2.7	2.0
EV/EBITDA (x)	18.6	15.9	12.3	10.2	7.4	6.0
EV/Sales (x)	9.0	7.8	7.0	5.5	4.0	3.2

Source: Arihant Research

	FY22	FY23	FY24	FY25E	FY26E	FY27E
RoE (%)	67.7	44.9	13.1	23.3	26.2	24.0
RoCE (%)	18.9	22.3	24.3	24.3	26.9	25.5
Net Debt/Equity (x)	16.3	8.3	0.8	0.7	0.5	0.4
EBIT/Interest (x)	1.4	1.4	1.7	3.4	4.7	5.5

Source: Arihant Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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