

# Ramping up of sales drive Sunteck Realty's operations

## Axis Capital

WE met the management of Sunteck Realty (SRL) to understand its strategy and outlook for FY17-18. The company reported strong pre-sales of ₹3.4 billion in 5 months of H1FY17, up 46% y-o-y from ₹2.3 billion in H1FY16. Collections too improved significantly at ₹2.76 billion during H1FY17 YTD, up 67% y-o-y from Rs 1.65 billion in H1FY16.

Resurgence in operations has been driven by SRL's strategy of ramping up sales and EPC team (hired 40 mid/senior level professionals in Q4) and aggressive advertising and marketing (in print media and hoardings). Management also highlighted strong outlook for FY17 (40-45% y-o-y growth in pre-sales).

We adjust our sales timelines to factor in the improved sales traction at BKC and Goregaon projects going ahead. Avenue 2 project saw strong traction (sales of ₹1.4 billion in 5 months of H1FY17 YTD vs. ₹0.3 billion in H1FY16) driven by affordable ticket sizes (<₹15 million) and infrastructure improvement (opening of new Oshiwara flyover).

BKC projects too drew a good response with sales of ₹1.37 billion (sold 1 unit in Signature Island and 4 units in Signia Isles) in H1FY17 YTD.

The company expects strong traction to continue in September as well SRL can generate net cash flows of ₹40-45bn from its BKC and Goregaon Phase 1 projects over the next 3-4 years.