

Date: 4th June, 2024

SRL/SE/21/24-25

National Stock Exchange of India Ltd
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051
Symbol: SUNTECK

BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai - 400 001
Scrip Code: 512179

Sub: Transcript of Conference Call on Q4 and Full Year FY2024 results and Business Updates

Dear Sir/Madam,

Pursuant to Regulations 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated 31st May, 2024, please find enclosed the transcript of the Conference Call on Q4 and Full Year FY2024 results and Business Updates. The said transcript is also uploaded on the website of the Company. This can be accessed at the link below:

<https://www.sunteckindia.com/images/investor/financial/earnings-call-transcript-may-31-2024.pdf>

Kindly take the same on record.

Thanking You.

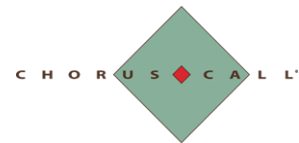
Yours sincerely,
For Sunteck Realty Limited

Rachana Hingarajia
Company Secretary
Encl: a/a



“Sunteck Realty Limited
Q4 FY'24 Earnings Conference Call”

May 31, 2024



**MANAGEMENT: MR. KAMAL KHETAN – CHAIRMAN AND MANAGING
DIRECTOR – SUNTECK REALTY LIMITED
MR. PRASHANT CHAUBEY – CHIEF FINANCIAL
OFFICER – SUNTECK REALTY LIMITED
MR. ABHISHEK SHUKLA – VICE PRESIDENT OF
STRATEGY AND INVESTOR RELATIONS – SUNTECK
REALTY LIMITED**

Disclaimer: E&OE - Please note that some portion of this transcript has been edited for factual errors. In case of discrepancy,
the audio recording uploaded on the website of the stock exchanges on 31st May 2024 will prevail.

Moderator:

Ladies and gentlemen, good day, and welcome to Sunteck Realty's Earnings Conference Call for Quarter 4 and Full Year FY'24. We have with us today, Mr. Kamal Khetan, the Chairman and Managing Director of the Company; Mr. Prashant Chaubey, the Chief Financial Officer; and Mr. Abhishek Shukla, the Vice President of Strategy and Investor Relations.

Please note, this call will be for 30 minutes and for the duration of the conference call, all participant lines will be in the listen-only mode. This conference is being recorded and the transcript for the same may be put up on the website of the Company. After the management's discussion, there will be an opportunity for you to ask questions. There is a Q&A session and we request to restrict questions to two per participant. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Before I hand the conference over to the management, I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts and may be forward-looking statements, including those related to business statements, plans and strategies of the Company, its future financial condition and growth prospects. These forward-looking statements are based on the expectations and projections and may involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by such statements.

I would now like to turn the conference over to Mr. Khetan, the Chairman and Managing Director of the Company. Thank you, and over to you, sir.

Kamal Khetan:

A very good afternoon to everyone for joining us today and thank you for taking the time to participate in our Company's Earnings Conference Call for the Fourth Quarter and the Financial Year 2024.

We had a decent year on presales growth and another strong year on cash flow generation, which has been the main focus of the Company always. This has led to Sunteck achieving net debt zero as at the end of FY'24, yet again demonstrating our financial prudence. Gross debt is down 58% since FY'22 and stands at just INR295 crores with a gross debt to equity ratio at 0.09. We believe we have a strong and liquid balance sheet and this gears up to do more work.

Inventory month at our under-construction projects from the area offered for sale stands as low as eight months, which we believe is amongst the lowest in the industry. With existing projects completing, we have geared up to release more area for sale in our large-scale projects across Goregaon West, Mira Road, Naigaon and Vasai. We are also in advanced planning stage for new launches in South Mumbai, which is Nepean Sea Road and Bandstand, Bandra West.

Both offerings are of GDV value, which is more than INR3,000 crores. The sales momentum at our BKC inventory has picked up in FY'24, as we sold last year INR245 crores worth of stock versus only INR203 crores sold in the previous three years all put together. With this momentum across projects, we are geared up to achieve a presales growth of at least 30%-35% in FY'25 and a higher growth of operating cash flow.

On adding new projects, we are in discussions for adding projects in Mumbai City, especially in Western suburbs and more in South Mumbai. As communicated earlier, we have embarked on the ambitious yet achievable roadmap of doubling our GDV, which is gross development value, from INR30,000 crores to INR60,000 crores in the coming years.

Our confidence to achieve this stems from our strong foothold in the market and our ability to capitalize on the deep consolidation within the industry. In the past, through meticulous planning and execution, we have seen our GDV double in less than three years till end of FY'24.

On the annuity front, both our marquee properties around BKC are now fully leased out with long-term lease signed. We have also moved ahead on planning for our commercial portfolio at Oshiwara District Center at Goregaon West. We will be able to confirm the commencement plans on this very soon.

I will now hand over the call to Mr. Prashant Chaubey, our CFO, for more information on earnings performance of Q4 and full year FY'24. Over to you, Prashant.

Prashant Chaubey:

Thank you, sir, and good afternoon, everyone, and welcome to the earnings call for the fourth quarter and full year of financial year 2024. The financial and operational numbers have already been published on the stock exchanges. I believe all of you must have gone through the same. Some of the brief highlights of the financial performance are as follows.

We sold INR1,915 crores worth of area in FY'24, which is a 20% growth over FY'23. Cash inflows, including collections for the full year of FY'24, stood at INR1,236 crores, resulting in our net cash flow surplus during the same time period of INR484 crores. The cash flow yield stood at 21%.

In Quarter 4 FY'24, we recognized some revenue from Maxx World as we received Occupation Certificate and started handing over possessions and BKC projects. We have recognized approx INR284 crores from Naigaon, and the project level margin stands at 30%.

We are on track to complete Sunteck City 4th Avenue project in FY'25 and due to better realizations, we expect to record higher EBITDA margins in this project from the revenue recognition. We expect to see a strong jump in profitability as well as margins in FY'25. And finally, I'm happy -- I'm pleased to report that the long-term credit rating of Sunteck has been upgraded from AA- to AA with a stable outlook.

Thank you and with this, we open the floor for questions.

Moderator:

Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Kunal Lakhan from CLSA.

Kunal Lakhan:

Sir, my first question is on new launches for FY'25. You did said that in Nepean Sea Road and Bandstand something that will get launched. But are these the only 2 new launches in FY'25 or will there be more?

Kamal Khetan: So launch pipeline, first, you have to understand -- Q1 will be, obviously, what we are talking is mostly sustenance sales from all our 6, 7 projects, which are already launched and they are there.

Q2, we are targeting the new phase launches of Mira Road and new phase launching of Naigaon. And in Q3, we are looking to launch a new phase launch, which is 5th Avenue in ODC, which is Goregaon West. And by the year-end, we will be -- obviously, we are trying to get ready for the launch of our South Mumbai project.

You need to also understand we also have sustenance sales, Kunal, at Sunteck Crescent Park, which is Kalyan and Sunteck Beach Residences, Vasai, where we are obviously marketing also -- all these projects are also obviously there.

Kunal Lakhan: Sure. Understood. But in the past, when we have seen your sales really do very well is generally when we have seen your new greenfield launches come through. So in terms of greenfield launches, Nepean Sea Road is the only -- and of course, like I think 5th Avenue, seems like the 2 launches, which are going to be large ones.

Kamal Khetan: And obviously, the Mira Road, the new tower, because we have already got a best response in Mira Road Tower 1. When we launched second time, we did exactly something similar sales in Tower 2 as well. And now when we launch Tower 3, I'm confident we will do a similar sales in Tower 3 also.

Each tower is as good as 1 phase. And plus Naigaon is almost like we'll be launching more than 1 million square feet. And always, if you see Naigaon, whenever we have launched, we have sold close to INR300 crores to INR500 crores in each launch in the past every time when we launched.

Kunal Lakhan: Sure. Understood. My second question was on the enabling resolution that you have taken for raising up to INR1,500 crores of NCDs and about INR750 crores of equity. Do you intend to execute this or raise this kind of money or is it just an enabling resolution?

Kamal Khetan: Yes. You're right. So you know our net debt is a cash surplus of INR8 crores this year. Obviously, we don't want this. But as a practice, we have been taking this for the years from last few years that this enabling resolution is always there. But obviously, we don't plan to raise any equity or increase the debt, we are already net debt positive.

Moderator: The next question is from the line of Pritesh Sheth from Motilal Oswal.

Pritesh Sheth: First is on the cash flows that we generated this year roughly INR400 crores of net cash flow...

Moderator: I'm sorry to interrupt, there is an echo on the line, it's difficult to understand what you're speaking. May I request you to use your handset?

Pritesh Sheth: Sir, just on the cash flow, you generated INR400 crores of surplus cash flows post capex and obviously, next year, we'll see another increase on that number. How do you intend to spend all these cash flows that you're getting? Obviously, you have cleared out on intentions on doing

more business development. But any clarity in terms of pipeline of projects that you might acquire this year would be helpful.

Kamal Khetan: So thanks, Pritesh. So Pritesh, obviously, we have been doing more of JDA now. Obviously, we'll treat JDA as well as some buyout, but without compromising on IRR and our returns, we are very clear. Plus, we feel now with leasing out these 2 commercial towers on the junctions of BKC. On our investment, we are making like a return of 30% return on our investments ROI.

And once we start the ODC 1 million square feet close to a commercial property, and we are looking to start 1 more property somewhere in for commercial. So we are well gearing ourselves to deploy this, all this strong cash flow, which we are seeing -- which will be coming over the next few quarters to either put it in business development, obviously, again, at the cost of repetition without compromising on our returns.

And also, we will be investing obviously more into the commercial property where we can make like a similar return what we are doing in our existing Sunteck Icon and Sunteck BKC 51, the 2 properties, which we leased out for 29 years on the junctions of BKC.

Pritesh Sheth: Sure. And on business development, we will surely see some transactions getting closed out this year? Or we are -- since we have so much of projects anyways in the pipeline, it would be an opportunistic transaction for us?

Kamal Khetan: No. So Pritesh, we are aggressively looking for more projects because looking at such strong cash flows. We have enough on our plate, but we want to grow. And most likely, we would love to grow more than 30%, 40% -- 30%, 35% what we are claiming right now, and we are gearing ourselves towards that.

Pritesh Sheth: And secondly, on the revenue recognition. So I think there's just really partial revenue, as you have mentioned, has got recognized as we progress on possession for Maxx World, and we will have Sunteck 4th Avenue getting completed this year, overall how we see revenue recognition in FY'25 in terms of absolute numbers, if you can guide us on that?

Prashant Chaubey: Pritesh, Prashant here, we have already elaborated in our opening remarks, in FY'25, we expect Sunteck City 4th Avenue to start getting recognized and the Sunteck Maxx World project also will be partially getting recognized in the FY'25. So overall, FY'25 numbers are looking quite strong, but it will be difficult to give any guidance on that. Over and above that, you will have BKC sales as well, which will come through. So that's why we are quite confident of having a good revenue recognition in FY'25 as well.

Pritesh Sheth: If you can just quantify the total potential, obviously, I can understand, we will obviously recognize once possession starts, but just the potential between the 2, what is left in Maxx World and what is the total potential at Sunteck 4th Avenue?

Prashant Chaubey: So Pritesh, again, I cannot quantify the number, but definitely can assure you that this number will be much, much bigger than the FY'24 number.

Moderator: The next question is from the line of Biplab Debbarma from Antique Stock Broking.

Biplab Debbarma: Good afternoon Sir. So my first question is on Nepean Sea Road project. Sir, recently, I visited your Nepean Sea Road project. It's a very -- it's an excellent land parcel. So sir, where are we at this project? What is the status of the project? I understand you will launch it by Q4. But currently, what is the status of this project in terms of the approval or any other processes?

Kamal Khetan: So Biplab, first thing I want to clarify that we are definitely looking to launch towards Q4. It may go to Q1 of FY'26. I don't promise you that, but I can only tell you that project is -- we have almost vacated everybody, and we are in the process of getting all the approvals. And without irrespective of this project coming or not coming, we are very clear that we will make minimum 30% to 35% presales growth and plus -- and we have discussed on the revenue already.

Biplab Debbarma: Okay. That's great. And sir, in the business development front within MMR, what are the locations you are looking at? And I mean, just trying to understand, would you be looking at a project with GDV of 600 ballpark number, typical ticket size or you have some target like I would be looking at INR2,000 crores GDV, INR5,000 crores? Is there any ball -- any typical ticket size of GDV projects that you are looking at?

Kamal Khetan: You know, Biplab, that we look at only large projects, even when we were doing more projects in MMR, all our projects are very large, including if you see, when we look at South Mumbai, Nepean Sea Road, which is more than like INR2,500 crores, INR3,000 crores almost to today's value, it is more than INR3,000 crores of GDV value.

So what projects right now, we are looking more projects, not in MMR, I would specify that it is more in the MCGM limits. Mumbai Municipal Corporation's limit and more towards South Mumbai and these locations. And we are quite confident that we -- in each project, we don't want to do very small, small projects. We are looking at sizable projects, and you will see some good news coming in FY'25, for sure.

Biplab Debbarma: That's great. And my final questions are on the launches, the new phase launches that you have mentioned, sir, Mira Road, Naigaon, ODC phases. Basically, what would be the GDV of these 3 phases, INR1,000 crores - INR2,000 crores?

Kamal Khetan: So if you are talking about Mira Road, Naigaon, Goregaon, all put together, the GDV value of these projects, all 3 put together will be more than INR4,000 crores - INR5,000 crores. So these stages put together. But we are talking -- just to give you a clarification, we are talking a sizable Goregaon, which is Avenue 5, which will be close to 1 million square feet, which itself is more close to INR3,000 crores of GDV value.

And when we talk about Naigaon, 1 million square feet, which is again close to INR2,000 crores which is almost like -- so like Sunteck City, the GDV value will be more than INR2,500 crores. Sky Park, again, what we are launching, we'll be launching 1 more tower, which will be the GDV value close to INR800 crores. Sunteck World, which is Naigaon, which is more than close to INR1,000 crores.

So we have enough in the pipeline plus we have the sustenance plus obviously, we are looking forward to launch as soon as possible the Nepean Sea Road as well. But irrespective of -- let me give this at the cost of repetition. Irrespective of Nepean Sea Road, we are very confident we'll grow minimum 35% to 40% -- 30% to 35% in our presales number.

Moderator: The next question is from the line of Vasudev from Nuvama.

Vasudev: Thank you for the opportunity, sir and congratulations on good set of numbers. So while most of my questions are answered, just 1 thing. What would be your thoughts on the Borivali launch. And just to confirm that you said Bandstand also, are we looking to launch in Q4 of FY'25 or could it slip to FY'26?

Kamal Khetan: So definitely, we are not talking about Bandstand right now, but we are looking to launch every project as soon as possible. We want to give top conservative number and commit less and deliver more. That will be our endeavor. That's what we want to do. And plus, obviously, you have asked from Bandstand and then the Borivali. So the Borivali obviously, we -- I don't know whether you are aware that was in a special development zone, SDZ. And government has come up with a policy for special development zone. So now we see that project getting fructifying that project, and we are working towards planning and other things. and I think very soon, we'll be able to give you good news on that as well. But we can not promise that it will be in FY'25 or worst case obviously FY'26. We are talking about only those projects where we are 100% confident, and we are very near to the approvals.

Vasudev: Okay, sir. And can I get the inventory numbers for ODC, Naigaon, Vasai and Mira Road?

Kamal Khetan: Yes, Prashant?

Prashant Chaubey: So Vasudev, Prashant this side. So the inventory numbers, the ready-to-move-in inventory is close to around INR1,500 crores to INR1,600 crores and the ongoing projects have an inventory of around INR1,500 crores.

Moderator: The next question is from the line of Riddhi from Arihant Capital.

Abhishek Jain: This is Abhishek Jain. I have 2 questions. Can you let me know what is our thought process of capital allocation of we have got an approval for INR2,250 crores of fundraising, where exactly we are going to do that? And what will be the projects which we are online because as most of the projects which we are doing right now is basically joint lending only right now, co-development only, so can you share some thought process on the same? Also, the second question is on what is your thought process on Nepean Sea Road, when is the timeline to -- when we are planning to launch that?

Kamal Khetan: So to answer to your first question, I think we already answered this question that this is just an enabling resolution. This is just an enabling resolution like every year what we take. Obviously, we are not interested in raising any funds. I believe you were not part of the earlier Q&A round because this question has already been answered. And I think your second question about Nepean Sea Road, I think I've already answered that as well. And if you want, I'll, at the cost of repetition, I'll answer once again.

Moderator: We'll take the next question from the line of Prem Khurana from Anand Rathi Shares & Stock Broker.

Prem Khurana: Sir, when I look at our presentation and what I observe is Uber Luxury seems to have picked up, I mean fairly well, for us this year versus last year, INR76 crores to almost around INR250 crores. What would you attribute this jump to? I mean, has there been any change in the way we've been approaching sales in Uber Luxury now?

And where do you see this number next year in terms of trend, not necessarily the exact number, but in terms of trend? I mean do you see this to move up substantially or it will move up in line with your blended growth guidance that you shared with us?

Kamal Khetan: So Prem, so what we are talking about is Luxury obviously is doing sales much better than -- and faster than the sales of any mid-segment or we are seeing all of us are observing that sales of Uber Luxury segment is faster than the mid-income segment or the affordable segment.

So we are all geared up towards that. That's why we want to launch even the Nepean Sea Road as early as possible. As I mentioned in my opening remarks that if you see BKC, in last year -- this year, we sold an inventory of close to INR245 crores versus INR203 crores sold in the previous 3 years put together. So what we sold in previous 3 years, we sold in the last year, which was more than that. And we see this momentum to continue and you will see better sales, in fact, in FY'26 than what we have seen in FY'25.

Prem Khurana: Sure. No sir, the idea was to try and understand, I mean, as you were rightly said in the last 3 years, I mean you did almost around INR200 crores business ending in this year, we've done INR245 crores, so have you changed anything in the way we approach sales because I mean the demand for Luxury has been there for almost 2, 3 years. After COVID, we saw -- the first segment that revived was the Luxury. But for some reason, for us it took some time to be able to pick up. So this year, since it has been extraordinary, has there been any incremental effort that we've put in or this is organic? It was supposed to be there, just that it took us some time?

Kamal Khetan: So obviously, we are trying to put more and more effort when we were seeing not happening -- sales were not happening in Luxury and BKC. I think BKC took some slightly more time as well. One was -- and it's a mix of 2, 3 things. Obviously, we started putting more effort that why BKC is not picking up. I think BKC took slightly more time than the other luxury because it's a different market. And like there is not too much of market within BKC. So whatever market you see in Bandra is outskirts of BKC and this is very, very luxury.

And the target audience are much lesser. But obviously, once it has whatever we have done, it's working right now, and it is doing well, and we'll continue with that, and I think we'll continue to make this sales grow further in this year and going forward the next year onwards.

Prem Khurana: Sure. And sir, second question was on Borivali the Eskay project. So I think -- I mean, now it would come under SDZ scheme. Would that make the potential change substantially and would the original agreement still hold or you would have to kind of renegotiate because the numbers were changed, which is where the landowner could try and renegotiate with you or the original agreement still holds?

- Kamal Khetan:** So agreement is stamp duty registered. Why would a landowner renegotiate? It is in the mutual interest -- and I think numbers don't change because of this SDZ policy coming in soon means, it was indefinite when it will come this year or next year. But now since the policy is there, -- only the approvals will come faster and it will quickly start without changing any commercial. It has nothing to do with commercials.
- Moderator:** We'll take the next question from the line of Ronald Siyoni from Sharekhan Limited.
- Ronald Siyoni:** Good afternoon Sir. Congratulations on good presales numbers and healthy revenue booking. Sir, on the Nepean Sea Road project, are we looking at adjacent line and if yes, then at what stage we are there, it can potentially double the project size?
- Kamal Khetan:** So, Ronald, obviously, we like to work with large projects and large scales. Obviously, we are trying to consolidate and make this project bigger size, 2 at the initial stage. We don't want to commit anything on that. We are working on it. But we are quite confident that we want to launch this project as soon as possible, either in Q4 of FY'25 or as early as early quarter of Q1 of FY'26.
- Ronald Siyoni:** Okay and second one and last one would be, sir, sales has been strong, but collections, barring BKC projects, it has been a little bit slow during the Quarter 4. So have you changed some terms with respect to payments, with respect to construction or are there any sales which have been going on? So just wanted to understand that.
- Prashant Chaubey:** Hi Ronald, Prashant here. So, Ronald, as you are aware, we got the Occupation Certificate of Sunteck Maxx World in the last month of financial year FY'24 and those collections will -- are coming in the first quarter of FY'25 -- and second quarter of FY'25. So that's why -- that's the reason why there was a slight collection, which has over flown to the next quarter and next financial year.
- Kamal Khetan:** Also, you will see that that's why the collections in this year financial year and the net operational cash flow number will be much bigger, in fact, much, much bigger than FY'24.
- Moderator:** Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the Chairman and Managing Director, Mr. Khetan, for closing comments. Over to you, sir.
- Kamal Khetan:** Thank you all for taking out the time from your busy schedule today. In case if any of your queries have been left unanswered, you can get in touch with us. We look forward to your continued support. Thank you once again for joining us today, and please be safe. Thank you.
- Moderator:** Thank you, members of the management. We thank you for taking out time for Sunteck Realty's Earnings Call. You may now disconnect your lines. Thank you, sir.