

Date: 2nd June, 2023

SRL/SE/17/23-24

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 FY23 results and Business Updates

Dear Sir/ Madam,

Pursuant to Regulations 30 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated 29th May, 2023, please find enclosed the transcript of the conference call on Q4 and FY23 results and Business Updates. The said transcript is also being uploaded on the website of the Company. This can be accessed at the link below:

https://www.sunteckindia.com/images/investor/financial/Transcript_Q4_&_FY-23.pdf

Kindly take the same on record.

Thanking You.

For Sunteck Realty Limited

Rachana Hingarajia
Company Secretary
Encl: a/a



“Sunteck Realty Limited Q4 & FY-23 Earnings
Conference Call”

May 29, 2023



**MANAGEMENT: MR. KAMAL KHETAN - CHAIRMAN & MANAGING
DIRECTOR
MR. PRASHANT CHAUBEY - CHIEF FINANCIAL
OFFICER
MR. ABHISHEK SHUKLA - VICE PRESIDENT
(STRATEGY & INVESTOR RELATIONS)**

Moderator: Ladies and gentlemen good day and welcome to Sunteck Realty's Earnings Conference Call for Q4 & full year FY23.

We have with us today, Mr. Kamal Khetan – the Chairman and Managing Director of the Company and Mr. Prashant Chaubey – the Chief Financial Officer, and Mr. Abhishek Shukla – the Vice President of Strategy & 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. We request to restrict questions to two per participant. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' 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 maybe forward-looking statements including those related to business statements, plans and strategy of the Company, its future financial condition and growth prospects. These forward-looking statements are based on the expectations and projections and may involve the 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: Thank you for joining Sunteck Realty's 4th Quarter & Full-Year Earning Call for the FY23. Hope the year gone has been Prosperous for you and your family.

Now in the year gone by, we have achieved a strong sustained growth in both pre-sales and collections. In fact, on both the parameters. This is our best-ever performance till date. We closed FY23 with Rs. 1602 crore in pre-sales and Rs. 1,250 crore in collections.

The strong operational performance has enabled us to generate more than Rs. 425 crore of surplus operating cash flow in FY23. Cumulatively, over the last three financial years, we have generated close to Rs. 950 crore of surplus operating cash flow. This has allowed us to not only do aggressive acquisitions but also enabled us to reduce our already negligible net debt-equity ratio in the last three years from 0.22 to 0.1.

During the course of FY23, we have added two more new growth engines – namely Sunteck Beach Residences at Vasai West and Sunteck Sky Park at Mira Road. These two new big projects have received overwhelming response from the customers and the robust demand for recent

launches. Soon to be launched, the existing and new project will enable us to grow on a sustained basis and as we enthusiastically embark in FY24.

Along with residential, we are also now focusing on building a rental portfolio from our commercial projects and to mention we have already pre-leased the entire project of Sunteck BKC51 at BKC Junction for lease tenure of 29 years. Similarly, we are looking to prelease our second project also at BKC Junction, namely Sunteck Icon.

Over the past several years, our team has put in tremendous effort to build the Sunteck brand. Our brand in the eye of our stakeholders is reflective of luxury living and the strong balance sheet with strong cash flows. We will continue to deliver on this promise and set new benchmarks.

I would now like to hand over the call to Mr. Prashant Chaubey – our CFO for his comments. Thereafter I would be happy to answer your questions if any. Over to you Prashant.

Prashant Chaubey:

Thank you, Sir. Good evening to one and all and thank you once again for joining us today and taking out your valuable time for this Conference Call.

The “Financial and Operational” numbers have already been published on the Stock Exchanges. I believe all of you must have gone through the same.

Now I would like to highlight the “Key Financial and Business Performance” numbers:

Our pre-sales to that Rs. 537 crores in Quarter 4 of FY23 compared to Rs. 396 crores in Quarter 3 of FY23, a growth of 36% on a quarter-on-quarter basis. Our full year FY23 pre-sales stood at Rs. 1602 crores and compared to Rs. 1303 crores in FY22, a growth of 23% year-on-year.

We achieved collections of Rs. 330 crores in Quarter 4 of FY23 compared to Rs. 304 crore in Quarter 3 of FY23, a growth of 8% on quarter-on-quarter basis. Our full year FY23 collections stood at Rs. 1,250 crores compared to Rs. 1,052 crore for FY22, a growth of 19% year-on-year.

Additionally, to this I'm happy to share our pre-sales and collections CAGR for the last two years has increased in tandem to 25% and 27% respectively.

With respect to the “Financial Highlights”:

We have reported a consolidated revenue of INR 362 crore in FY23 and our surplus operating cash flow stands at INR 428 crore for FY23.

We can now open the forum for questions from the participants. Thank you very much.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press * and 1 on the touchtone telephone if you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while

asking the questions. Ladies and Gentleman we will wait for a moment, while question queue assembles. Participants you may press * and 1 to ask the questions. The first question is from the line of Adidev Cahttopadhyay from ICICI Securities. Please go ahead.

Adidev Cahttopadhyay: I just have a question on the guidance for FY24. If you just help us understand what are the planned launches for the year, what is the approval status of the projects which you are planning and also how would the collections trend in line with the pre-sales which you have achieved in the last year? That's it from my side.

Kamal Khetan: Guidance, I would only say that last 2-3 years you have been seeing we have been able to achieve a sustained growth of 20% to 30% and that we are confident we will continue to do that. And on the launch front, in FY23, we already launched 2 big projects which is Sunteck Beach Residences and we could launch, in fact, the second project which was in Q4 and in fact, towards the end of March 2023 because of that, we could not take the full advantage of obviously new launch of Sky Park, which is Mira Road, the second project that we newly launched. We are confident this year we will be able to at least launch, looking at the approval what we have in place Kalyan project, which we are very, very confident and new launches of the existing projects, we are confident that we will be able to achieve this growth of 20% to 30% minimum.

Adidev Cahttopadhyay: Sales for at least Rs. (+2000) crores is a very achievable target to understand it correctly going forward?

Kamal Khetan: I think that that should be achievable.

Moderator: Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: First question is that the overall demand environment obviously remains good. What is the outlook on the pricing scenario had? Did we take any kind of price hikes in FY23 in our projects?

Kamal Khetan: Parvez, we are not, very frankly, looking at any price rise, but we are confident the demand is strong and it will continue to stay and we have not considered any price rise which we will be looking at in FY24. So, if it comes, it is great if the market gives us that price rise, and if we feel we should increase, we'll definitely look for it, but otherwise we have not considered that.

Parvez Qazi: And a question for Prashant, what would be our current inventory in the ODC and Naigaon project?

Prashant Chaubey: So, Parvez, for ODC, we have three projects which are launched Sunteck City Avenue-1, Sunteck City Avenue-2 and Sunteck City 4th Avenue. Very minimalistic inventories remaining in these three projects as of now because we have sold. Currently we have the balance inventory which is available to us in these three projects put together is close to around Rs. 250 crores that is the number. And for Naigaon, at Naigaon, again from the launched phases which is Sunteck WestWorld, Sunteck Maxx World and Sunteck One World, these three projects put together we

have close to around Rs. 400 crores of balance inventory to be sold. When I say balance inventory to be sold, this does not include the balance receivables Parvez. These are basically the inventory.

- Kamal Khetan:** And also, just to clarify, not the phases to be launched in both the locations.
- Parvez Qazi:** And can I get a similar number for the Vasai project also?
- Prashant Chaubey:** Only launched portion I'm talking about Parvez again. In the launched portion, we have close to around Rs. 600 crores of future sales inventory which is available with us.
- Moderator:** Thank you. The next question is from the line of Alpesh Thacker from Antique Stock Broking. Please go ahead.
- Alpesh Thacker:** In the commercial part as you mentioned in your opening remarks that we were able to pre-lease the whole portion of BKC51 so at what rate was it done? What was the rental for that?
- Kamal Khetan:** So the rental was like 300 per square feet plus.
- Alpesh Thacker:** And what is the status of the other commercial projects?
- Kamal Khetan:** So other commercial project is also very close to completion and we are already in talks so we are looking to pre-lease that also which is on the BKC Junction, the second one again same as Sunteck BKC51 the name of that project is Sunteck Icon.
- Alpesh Thacker:** The rest of the three projects that we have what is the status on that?
- Kamal Khetan:** Other three commercial project, those we are doing pre-strata sales. We are doing the sales like individual offices we are selling those three project. We have sales in these two commercial projects.
- Alpesh Thacker:** And the second one on the you know break up of 4th Quarter sales number so mid-income, can you give the break-up of what was between SBR and ODC?
- Prashant Chaubey:** Alpesh, Prashant this side. I will provide this number separately to you. In the presentation we have given, I will separately also talk to you about.
- Kamal Khetan:** This it's already there on the presentation also, I believe.
- Moderator:** Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.
- Pritesh Sheth:** First is on, how much was the size of the launch that we had in Sky Park this quarter and in terms of Kalyan, which you're planning to launch in this year what should be the launch size we would be looking at?

- Prashant Chaubey:** Pritesh in Sky Park in Mira Road, the total inventory size was close to around Rs. 700 crores.
- Kamal Khetan:** Pritesh total inventory launched in Mira Road was close to Rs. 700 crore. And of what we have sold, we have given the numbers in the presentation is obviously till March 31st which was sold only in the March month.
- Pritesh Sheth:** And how much was that contribution, if you can just share?
- Kamal Khetan:** So that was close to approximately Rs. 250 crore. The exact numbers Prashant will be able to give you after the call if you want. You can separately get connected and it's total combination numbers must be there anyhow on the presentation, it is there.
- Pritesh Sheth:** And the launch size that you are planning for Kalyan?
- Kamal Khetan:** So, something similar Rs. 500 to Rs. 600 crores.
- Pritesh Sheth:** So that would be like around 0.5 million square feet, is it?
- Kamal Khetan:** We can easily look at that size.
- Pritesh Sheth:** So just a follow up on that how should we look at monetization of such large project, I think the Mira Road it's around 3 million to 4 million square feet if I'm not wrong and Kalyan would be similar around 10 million square feet and if we are launching at for the 1st Phase at 0.5 million square feet, how should we think about the monetization of these two large projects?
- Kamal Khetan:** So obviously we are looking at all projects, these are huge projects. These are 50 acres, 40 acres.. Sunteck is now not looking at taking small, small projects because we feel we like set up a growth engine or a factory production house there for the next 7 to 8 years 10 years. First launch we are always looking at anything between 0.5 million to 1 million square feet. Maybe we launch 1 million square feet also but I don't want to overcommit you right now anything. But that is how we want to go ahead and build locations where we can be there for 7 to 8 years and in that location we command the premium and now we have created almost six locations and six production house for us as good as we are looking like a manufacturing facility for us in that particular location and that's how we want to go about in future acquisitions as well.
- Pritesh Sheth:** So, 7 to 8 years or 10 years should still be the timeline that we should look at?
- Kamal Khetan:** If we can buy a raw material without putting too much money on it and hold it for 10 years without affecting the IRR and without putting the balance sheet money so it cannot be a better thing than this.
- Moderator:** Thank you. The next question is from the line of Abhinav Sinha from Jeffries India. Please go ahead.

Abhinav Sinha: Just wanted to check a couple of things. On the affordable housing side of the business, how is demand looking like as compared to the overall?

Kamal Khetan: First thing obviously we should understand where we are in which segment, whether we call it affordable or lower-mid income group segment because affordable means whatever we are talking if we talk the lowest selling price of what we are calling 6 growth engines what we have right now, six big, large projects what we have the lowest selling prices for Naigaon, which is almost like Rs. 11,000 per square feet, which is more than our average selling price of any Bangalore developer or a Chennai developer or a Hyderabad developer which is not affordable at all. Because the price point when we launched, which was Rs. 6000, now what we are selling at as Rs. 11,000 square feet. Even that project, which is the lowest selling price, it at a low-mid income group segment and answer to your question that even that is doing well. If you see the sales are across all the segment whether we now call it lower-mid income segment or upper-mid income segment and uber-luxury segment, all three segments we are doing extremely well and if you see the sales are proportionately almost divided depending on the approval and what we have launched before or later.

Abhinav Sinha: Secondly, when we're expecting 25%-odd growth for FY24 on pre-sales, what are the new launches that we should expect to contribute to the same?

Kamal Khetan: New launches Abhinav obviously one is Kalyan and we'll see the new launch which we recently did at the end of March 31st our Sky Park launch which is at Mira Road. Both this in itself should be sufficient to give us a minimum 20% to 30% growth or 25% to 30%. And over and above, obviously all the other projects, we will continue to do some new launches or the other. Any new acquisition will obviously keep adding to this portfolio.

Abhinav Sinha: Where are we targeting these new acquisitions within which geographies?

Kamal Khetan: So definitely MMR region. We feel there is enough cream in the Mumbai market, MMR market and definitely we are looking something more towards the city side now in the uber-luxury segment and mid-income segment.

Abhinav Sinha: Something closer to the Midtown area, is that what you're looking at?

Kamal Khetan: Yes.

Abhinav Sinha: Finally, I am not dwelling on it, but generally wanted to check that last year we have given a guidance of around Rs. 1800 crore but we are slightly short of it. So, what are the reasons you would say and is it like approval delays were there, is that a reason or you thought that demand was slightly lower than what we would have expected it to be?

Kamal Khetan: No, you're absolutely bang on. So, Abhinav obviously as I said, we were expecting this Sky Park launch to be earlier than March, we were looking at Q3. Anyhow, we managed to launch in Q4 and that too also towards the last month of Q4 because of that we got short of our target because

the approval delays obviously which we were expecting in Q3, the approvals came towards the end of Q4.

Moderator: Thank you. I now hand the conference to the Chairman and Managing Director – Mr. Khetan, for closing comments.

Kamal Khetan: Thank you all for taking out the time from your busy schedule today. In case any of your queries have been left unanswered, you can get in touch with me or my team. We look forward to your continued support. Thank you once again for joining us today.

Moderator: Thank you very much. On behalf of Sunteck Realty, that concludes this conference. Thank you for joining us and you may now disconnect your lines.