

Date: 18th November, 2022

SRL/SE/58/22-23

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 Q2 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 11th November, 2022, please find enclosed the transcript of the conference call on Q2 FY 23 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/pdf/investor-relations/financial/2023/Q2/Conference-Call-Transcript.pdf>

Kindly take the same on record.

Thanking You.

For Sunteck Realty Limited

Rachana Hingarajia
Company Secretary
Encl: a/a



“Sunteck Realty Limited H1 FY23 & Q2 FY-23
Earnings Conference Call”

November 11, 2022



**MANAGEMENT: MR. KAMAL KHETAN – CHAIRMAN & MD, SUNTECK
REALTY LIMITED
MR. PRASHANT CHAUBEY – CFO, SUNTECK REALTY
LIMITED**

Moderator: Ladies and gentlemen good day and welcome to Sunteck Realty's Earnings Conference Call for H1 FY23 and Q2 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.

Please note this call will be for 45 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 maybe 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. Please note this conference is being recorded.

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 general 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.

Now I would 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 second quarter and first half earning call for Financial Year 2023. Hope each one of you and your family are safe and healthy.

In the first half of 2023, we have achieved a strong growth in both presales and collections. This continued strong operational performances has enabled us to generate close to Rs. 225 crores of operating cash flow surplus which further makes the balance sheet more stronger taking the negligible net debt equity ratio from 0.18 to 0.15. On a cumulative basis since financial year '21, we have generated close to Rs. 750 crores of operating cash flow surplus. I'm happy to inform that all our existing growth engines namely Sunteck City at ODC Goregaon West, Sunteck World at Naigaon and Sunteck Beach Residences at Vasai West are throwing positive cash flows on a sustained basis. Now on the execution front construction is in full swing at all our ongoing projects.

In the second quarter, we have leveraged one of our core strength of business development by acquiring approximately 7.25 acres of land parcel in the posh location at Beverly Park Mira Road in western suburbs of MMR. We intend to develop this close to 2.5 million sq ft of luxurious residences along with premium retail in this location. Now since past 2.5 years we have acquired approximately 25.5 million sq ft across micro-market of MMR and this is our company's best ever performance. Our endeavor is to maintain this momentum going forward.

I'm very proud of the team that we have built at Sunteck in the last 15 years and we are laser focused on strengthening it further. I will now handover the call to our CFO Mr. Prashant Chaubey for his comments. Thereafter I will be happy to answer your questions if any. Over to you Prashant.

Prashant Chaubey: Thank you Sir, Good evening, everyone 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 grew by 24% year-on-year in Quarter 2 FY23 to Rs. 337 compared to Rs. 272 in Quarter. 2 of FY22, collections grew by 60% year-on-year to Rs. 331 crores in Quarter 2 FY23 compared to Rs. 207 crores in Quarter 2 FY22. For the first half similarly, the presales grew by 49% and the collections grew by 63%. With respect to the financial highlights, we have reported a consolidated revenue of 224 crores in the first half of FY23 and our operating cash flows surplus stands at Rs. 225 crores for H1 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 Gentlemen we request you to limit your questions to 2 per participants. If you have more questions please join the queue of fresh. We will wait for moment while the queue assembles. We have a first question from the line of Adhidev Chattopadhyay with ICICI Securities, please go ahead.

Adhidev Chattopadhyay: Good evening everyone. Thank you for the opportunity. I've got a couple of questions I'll ask them together. Firstly, can you just tell us about what is the approval status of the upcoming project especially Borivali and Kalyan and the new Mira Road project we have acquired if you could should give us some contours on when we could see the launches over there. Secondly, the more longer-term strategy question. In your slide, I am referring the slide I think #28 or #29 of your presentation. You have given a proposed launch pipeline of 7.5 million sq ft over the next 18 months and I think which is worth well over 6,000 crores, the potential sale value of that inventory. Plus, I think we have over 2,000 crores of one unsold inventory across our ongoing projects. That gives us over (+8,000) crores of inventory to sell. Considering that where do you see the company's overall annual sales bookings growing in the next 2 to 3 years and the visibility for this year for the 1,800 crores sales credits. That's it from my side, thank you.

Kamal Khetan: Good evening Adhidev Thanks for asking this question. So, approval of obviously various projects. We have all acquired this project recently in last 1-1.5 year. The three projects which you namely said Borivali, Shahad in Kalyan and the third one I think Mira Road which we recently acquired just few months back. Obviously, we are aggressively, our liasioning team is working towards getting the approval along with the landlords because in all of these three

projects getting approval is the responsibility as per the agreement is landlord's responsibility. These are all three JDA projects. However, our team is putting the best effort in partnership with our landlords to get these approvals ASAP. Although whatever targets we have set for this year we are quite confident that we will achieve our presales targets and going forward in future years obviously with the new launches and all this coming up, I think we will be taking the sales, exponential growth you will see in the sales. That's what we have been seeing quarter-over-quarter if you look at it. Coming to the what you have mentioned in the presentation, the 7.5 million sq ft of launches I think Prashant maybe pitching in.

Prashant Chaubey: Thank you sir. So, Hi Adhidev, Prashant this side. As you have seen in the presentation the presales target for the company for FY23 is 1,800 crores. The overall target of the company right now is to double our presales every 2 to 2.5 years. If you consider that by FY24 we want to reach the presales of close to 2,500 crores, that is the target for the company. Now in order to achieve that target in the next 18 months, we are looking at these launches, so Kalyan and Vasind we are looking at 2 million sq ft of launches. We are looking at in Borivali around 5 lakh sq ft of launches, in Mira Road again 5 lakh sq ft of launches and Vasai, Naigaon and ODC Goregaon West, these are projects which are already running which are already the existing growth engines. In these projects you will keep on seeing new launches happening on a yearly or a 1.5 year basis. That's why this gives us the confidence that we can launch around 7.5 lakh sq ft by the end of FY24. That should help us or enable us so to speak to achieve the target of 2,500 crores of presales that we have in our goal. That is how this number has come Adhidev.

Adhidev Chattopadhyay: So, just one last follow up that this Goregaon ODC or other Naigaon, can we expect to see new phases being launched in second half of this year considering that the other projects may take some time to get launched?

Kamal Khetan: No. We are pushing simultaneously everything Adhidev. ODC we are launching, we are recently planning to launch in fact in couple of weeks not even months, in maybe one or two weeks you will see. The higher floors of Fourth Avenue what we have past launched, so the new inventory will come in the market for both the towers and then again, we'll do something a new tower launch in Vasai. So, Prashant already tried telling you that, again those existing projects from where we are already getting the sustenance sales there, you'll see new towers or new floors or new inventory coming up in the same project. Those launches will continue to happen for sure in the next 6 months. We are very confident at least out of these three projects which you are seeing Borivali, Shahad and the Mira Road at least one new project also we are planning to launch in next 4 to 5 months. We are pretty much there what we expect our targets to achieve. We are pretty much confident about achieving these targets because of all of those projects.

Adhidev Chattopadhyay: Okay Sir, Thank You and All the Best Sir.

Moderator: Thank You_ We have next question from the line of Pritesh Sheth with Motilal Oswal. Please go ahead.

Pritesh Sheth: Hi, Firstly, on launches I will just ask it other way round. Your FY23 presales target is around 1,800 crores and we have achieved one third of that probably in first half because obviously, we would need launches to come up. In terms of your expectations how much launches we would need in terms of GDP potential to achieve that presales target?

Kamal Khetan: So, Pritesh, very frankly even if we don't do any new launch out of these three, we are pretty much there for 1,800 crores looking at our existing portfolio itself. If you see if we do some new launches of higher floors of Fourth Avenue in ODC, existing project of Sunteck City and some new towers in Vasai West, the SBR project, Sunteck Beach Residences at Vasai and again the Naigaon One World whereas 4 to 5 towers which are to be launched the new towers and plus there are 4 to 5 towers which we are coming up in the Sunteck Maxxworld as well ,so those two launches plus one or two of our commercial projects which are already in construction in full swing, Sunteck Crest then Sunteck Pinnacle and then the Sunteck Icon and Sunteck BKC51, out of these four projects even if we launch, relaunch one more project once again I think we'll be pretty much achieving 1,800 or maybe more than 1,800 crores of the presales for this financial year at FY23.

Pritesh Sheth: Secondly obviously we don't track it on quarter-on-quarter basis but the P&L revenue decline, so where did we have a lower recognition this quarter in terms of any particular projects you want to highlight?

Prashant Chaubey: Hi Prashant this side So, Pritesh as I have elaborated in the opening remarks also that the company follows project completion method of accounting. So, because of that currently if you see, currently the majority of the revenue is coming from Sunteck City and Sunteck WestWorld in Naigaon. These are the only two projects which are currently coming into the revenue side which you would see of 81 crores for the quarter. Now what is happening is on the expenses side, all your revenue expenditure which you incur like sales marketing or brokerage, those cannot be deferred. Those have to be amortized immediately in the quarter in which you incur them. So, what happens your expenses are for projects whose revenue is not coming, there expenses are also getting booked into the P&L. However, revenue is only getting booked in the P&L of the projects which are completed. Because of this misnomer you are seeing the EBITDA margin to be slightly lower and the PAT also coming significantly lower.

Kamal Khetan: That is only because of the expenditures which are taken ahead of even the booking of the revenue of the other project, so due to the consolidation.

Pritesh Sheth: Fair enough in terms of margin I understand. But just wanted to understand on why there was a lower revenue recognition, so understood that part that Sunteck City in Naigaon had comparatively slower sales in this quarter that might have led to this lower recognition. Is it fair to assume?

Prashant Chaubey: Just to give you one more data point, if you look at our operating cash flow surplus, so for the first half that has come at 225 crores. Now this number is coming in the cash flow statement but it is not coming into the P&L. It is not getting amortized as of now. What this shows that going

forward in the coming 18 months, you will see our P&L also performing in line with the cash flow statement and as more and more projects get launched and executed this anomaly will get corrected. It's only a matter of 18 months Pritesh that you have to take it that you have to live with. After that things will be much more stable.

- Pritesh Sheth:** Sure I'll have couple of more question I'll join queue again.
- Moderator:** Thank You, We have next question from the line of Rahul Jain from Dolat Capital. Please go ahead.
- Rahul Jain:** Hi Sir, thanks for the opportunity. First one, if you can give us the breakup of sales between ODC and Vasai for the quarter.
- Prashant Chaubey:** Rahul, I'll give you the number in terms of the breakup of sales Rahul from 4th Avenue we have done close to 200 crores and the balance from SBR we have done close to 75 crores in the current quarter. If we look at the first half, in the first half we have done, from Sunteck City we have done close to 230 crores and from the Sunteck Beach Residences in Vasai we have done close to 300 crores. That's the number for the quarter as well as first half. I will be sharing this excel sheet also with you.
- Rahul Jain:** Okay Thanks a lot and second one I think uber luxury projects coming in the market and taking off well. So, I just want to know what's your sales strategy, are you planning to look at or relook at your sales strategy in BKC? That is still not done. It's not taking up that well as of now.
- Kamal Khetan:** Rahul, Kamal Khetan here appreciate your question. We are definitely Rahul looking at our sales strategy at BKC we are looking and we are quite optimistic. Let's hope the coming quarters, you will see some numbers coming there as well.
- Rahul Jain:** Okay Sir, Thanks
- Kamal Khetan:** Thank You, Rahul.
- Moderator:** Thank you. A reminder to participants to ask the questions. Please press * and 1 to ask the question on your touchtone phone now. We have a next question from the line of Parvez Qazi with Edelweiss Securities.
- Parvez Qazi:** Hi Kamal Sir, Good evening. Thanks for taking my question. First question from my side is would be great if we can get an update on the construction status for the various commercial projects that we have in BKC, ODC and Andheri. The second question for Prashant, what would be our unsold inventory currently in ODC, Naigaon and Vasai?
- Kamal Khetan:** So Parvez Kamal here construction status of our four commercial projects which are ongoing, four commercial projects so Sunteck Crest I can say it's almost more than 90% complete. I think we will be looking to give the possessions, get the occupation certificate in this quarter or maybe

early next quarter and we are looking to book that into the balance sheet means book a revenue, take the revenue into the balance sheet P&L. Second is the project obviously at ODC Pinnacle, Sunteck Pinnacle where we already sold the lower floors to DMart. Other sales are going as we are talking in sustenance mode. We are planning to launch in a big way although in this next 1 or 1.5-months even that inventory. That we are expecting to complete the project in the next financial year FY24. Coming to the BKC51, Sunteck BKC51 at BKC and Sunteck Icon on the junction of BKC. Both the projects are again almost more than 80%-85% complete. All the slabs are totally RCC structure is fully complete, the facade and the MEP work is going on. Even that we are looking to complete the project and get the occupation certificate in next quarter itself. Three out of at least four commercial projects we are hopeful to get the occupation certificate in this financial year of FY23.

Prashant Chaubey: Parvez, Coming to your second question. In terms of sales inventory in Naigaon, in Naigaon we have close to around 375 crores worth of inventory which is pending to be sold from the existing launches and this does not factor in receivables just to clarify and in ODC we have close to around 675 crores of inventory pending to be sold. That's the situation and again I'm clarifying this does not include receivables.

Parvez Akhtar Qazi: What would be this number for Vasai?

Prashant Chaubey: In Vasai, right now we have launched, whatever we have launched we have already sold. I can give you a broad number of what our intention is of launching. If I keep that in mind, I have close to around 850 crores worth of inventory which is pending to be sold from my target launches which is not currently launched.

Parvez Akhtar Qazi: When can we see these launches in Vasai?

Prashant Chaubey: In 1 month.

Parvez Akhtar Qazi: Great. That's it from my side and all the best for Future.

Moderator: Thank You, We have next question from the line of Abhinav Sinha with Jefferies. Please go ahead.

Abhinav Sinha: So, I have couple of question so one on the project have you seen any impact of the rising mortgage rates on demand? I mean is demand holding up well for the affordable segment, there's some impact there right now? That's first and secondly also if you can talk a bit about pricing of the various segments and projects?

Kamal Khetan: So Abhinav, regarding the sales there is a good demand momentum. We all know that there is sales, residential demand has been quite robust in last 2 years and we see that continue. We see the momentum is strong even now across all the segment whether it is affordable, whether it's in mid-income as well as the luxury segment. We are not worried about any sales demand means

we feel that residential sales demand will continue to remain very strong. Your next question Abhinav was?

Abhinav Sinha: It was on pricing but before that can you give me an idea about what percentage of your customers take a home loan?

Kamal Khetan: I can tell you approximately off-hand right now. So, obviously when it comes to luxury, super luxury which is the product which is above 30-40 crores, there I feel only one-third or less than 25% of the customer takes loans, what we have seen in the past, what we have experienced and in the mid-income segment I can say this goes up till let's say 35%-40% or 50% which goes up. When it comes to affordable, it goes to even 65%-70% of the customers, they take loans. I think that is what we are seeing in the three segments.

Abhinav Sinha: Okay that's very helpful sir. My second question was on pricing, if you can talk a bit about that. Have you taken up your price in this quarter etc.?

Kamal Khetan: Pricing very frankly if you ask me this quarter obviously, we have not raised much pricing. But if I talk to you about pricing in last 1-1.5 years, across all the projects maybe even an affordable or mid-income or luxury segment, uber luxury segment, the pricing has gone up. We have taken the pricing up by at least let's say 10% to 15% the prices have gone up.

Abhinav Sinha: Thanks for that I will join queue again.

Kamal Khetan: Thanks Abhinav.

Moderator: Thank You, We have next question from the line of Abhishek Lodhiya with Yes Securities. Please go ahead.

Abhishek Lodhiya: Good evening Sir. My question is about the Pen-Khopoli project which we have acquired. So, did we start selling over there or what is the status of that project exactly? The plotted development?

Kamal Khetan: Abhishek, that project is obviously the land parcel of the Pen-Khopoli what you are talking for which we have to do a plotted development mainly and maybe some construction of villas and row houses and all those things. That's now at a very initial stage I would say. I cannot comment when and what about specially if you ask me specifically about this project, we are not very optimistic that when in next one or two quarters we are not looking at doing anything on that.

Abhishek Lodhiya: Okay Sir, Secondly on you have given some color on the commissioning of our commercial asset. Have you taken a call on whether we are selling it or leasing it out?

Kamal Khetan: Abhishek, when it comes to Sunteck Crest we have already taken call and we are selling it. So, there we have sold quite a good inventory. You must have seen in the pre-sales of last two-three quarters. When it comes to Sunteck Pinnacle the second project, there also we have already

decided and we have taken a sale model because there we have already sold area worth almost 100 crores to DMart and then further inventory we are selling slowly on a sustenance basis and right now I told in my call just two questions before, two or three questions before that we will be launching it in a proper manner in 1-1.5 months even the further inventory of higher flows in Sunteck Pinnacle and that we will be selling it very aggressively. Now coming to the other two project which is commercial project Sunteck BKC51 and Sunteck Icon, Sunteck BKC51 we are already in talks I can say to lease out the entire building to one of the good corporate and in terms of Sunteck Icon very frankly we have not yet decided what we should be doing whether we should lease out or whether we should be selling but whatever gets the best value for the company we'll take that call because neither we are worried about sales due to any cash flows because cash flows are very strong, we don't mind leasing it also. We'll try to maximize the value. So, we are just holding on our decision for Sunteck Icon I think that too because the building will be ready in next 3 to 4 months with occupation certificate. Before that we'll obviously take a call what to do with that.

Abhishek Lodhiya: Sure Sir Thank You.

Moderator: Thank you. We have our next question from the line of Prem Khurana from Anand Rathi Shares. Please go ahead.

Prem Khurana: First one was I mean if you could share your thoughts on the competition? Why I asked this is eventually when I look at residential real estate demand specially in MMR, it's been fairly strong for last 2 years now. Would this make some of these people who were earlier in the business but then went away because the markets were not doing good. Do you see them to come back or do you get to feel as there will be new entrants now; some of these large corporates because of the fact when I look at in terms of regulations, its eventually seems that even the loopholes which used to be there earlier have been taken away which is where it becomes sense for some of these larger corporates to kind of come and participate in the real estate industry now?

Kamal Khetan: Prem, good question. I think we are all seeing a very strong consolidation in the industry so I don't think there is a so due to that consolidation I think we did one of the best acquisitions in last 2-2.5 years and which has been I think best ever done by the company. So, I don't see any worrying factor about the competition. Competition if it is healthy and which is only good corporates are coming, it is only good for I believe for the Sunteck and everybody. I am not worried about it and there are n number of players which are compared to one or two players entering is always good, new players. I think lot many has vanished away from that system which is much better and I think we are very pretty much confident with our strong balance sheet and a strong execution track record; we're not worried about any competition coming.

Prem Khurana: Why I want to understand was eventually and what I have been made to understand is or what I have learnt over the years is essentially the market or rather the cycle tends to go bad not because by demand goes down substantially but essentially because of the fact that you get to have oversupply situation and there'll be someone who would give in and would start cutting prices and which comes to impact the demand because as an end user if I'm buying a property and I get

to read in the media that the price is supposed to go down; there could be a situation wherein I defer my purchase. I want to understand competition more from that side, wherein do you get to feed and there will be more launches and there could be an oversupply situation or you don't get to see that situation at least in the immediate future? That will be all from my side. Thank you.

Kamal Khetan: Prem, I can only say that obviously there may be a situation, maybe after 2 years, maybe after 3 years, maybe after 4 years at one point of time there may be oversupply or something but I don't think Prem we should be worried about that. In Sunteck has grown in last 15 years with most of the headwinds in the industry. We have grown the company when most of the companies have not been able to survive or could even manage to stay in these tough times with the headwinds in the sector. We have grown ourselves in this segment, in this sector with the headwinds. I am pretty confident that going forward if anything, any such situation comes your company is strong enough to take that as a competition or anything as a challenge.

Prem Khurana: Thank you and all the very best to you sir.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would like to turn the conference back over to the Chairman and Managing Director Mr. Khetan for closing remarks. 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 me or my team. We look forward to your continued support. Thank you once again for joining us today and please be safe. Thank you.

Moderator: Thank you sir. Ladies and gentlemen on behalf of Sunteck Realty that concludes this conference. Thank you for joining us and you may disconnect your lines.