

Date: 6<sup>th</sup> June, 2022

**SRL/SE/18/22-23**

**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 Q4 FY22 and FY 2021-2022 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 31<sup>st</sup> May, 2022, please find enclosed the transcript of the conference call on Q4 FY22 and FY 2021-2022 results and Business Updates. The said transcript is also being uploaded on the website of the Company.

Kindly take the same on record.

Thanking You.

**For Sunteck Realty Limited**

**Rachana Hingarajia**  
**Company Secretary**  
**Encl: a/a**



“Sunteck Realty Q4 and Full-Year FY22 Earnings  
Conference Call”

**May31, 2022**



**MANAGEMENT: MR. KAMAL KHETAN – CHAIRMAN AND MANAGING  
DIRECTOR  
MR. MANOJ AGARWAL - CHIEF FINANCIAL OFFICER  
MR. PRASHANT CHAUBEY - SVP CORPORATE FINANCE**

**Moderator:**

Ladies and gentlemen, good day and welcome to Sunteck Realty Earnings Conference call for the Q4 and full-year FY22. We have it this today, Mr. Kamal Khetan - Chairman and Managing Director of the company, Mr. Manoj Agarwal - Chief Financial Officer and Mr. Prashant Chaubey - SVP Corporate Finance.

Please note this call will be for 60 minutes and for the duration of this conference call, all participant lines will be in the listen-only mode. This conference is being recorded and transcript for the same maybe put up on the website of the company.

After the management discussion, there will be an opportunity for you to ask questions. 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 general business statements, plans and strategy of the company, its future financial condition and growth prospects. These forward-looking statements are based on the expectation 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 statement.

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

**Kamal Khetan:**

Thank you for joining Sunteck Realty 4<sup>th</sup> quarter and full-year 2022 Earnings Call. Hope each one of you and your family are safe and healthy. At the outset, similar to previous quarter I would like to reiterate yourself to the guiding principles of new Sunteck, what we call Sunteck 3.0.

Sunteck 3.0 is focused on three key priorities:

- One, maintain a strong balance sheet and cash flows.
- Two, continue to do marquee acquisitions in line with our business development strategy.
- Third, building an exceptional team.

In the year gone by, we have achieved strong sustained growth in both pre-sales and collections. In fact, on both the parameters this is our best ever performance till date. The strong operational performance has enabled us to generate more than Rs. 400 crore of operating cash flow surplus on a cumulative basis for the past two financial years. In line with us Sunteck 3.0 framework, we continue to maintain strong balance sheet with net debt-to-equity of 0.19 despite of new acquisitions and the advanced premium payment of more than Rs. 200 crore to avail the 50% benefit in premium from the state government. This will enable us to sustain our margin in a cost inflationary environment. In the cost inflationary environment, our in-house construction

capabilities are enabling us to maintain accelerated execution and also the stringent supervision on cost and quality.

I'm happy to note that Sunteck West World project at Naigaon has received occupation certificate. Execution at our other projects is in full swing, namely Sunteck City 4th Avenue and Sunteck City Pinnacle at ODC, Sunteck Maxx World and Sunteck ONE World at Naigaon. Sunteck Icon and Sunteck BKC51 at BKC Junction and Sunteck Crest at Andheri.

On the business development side:

We have done one of the highest acquisitions during the COVID-19 pandemic acquiring approximately 23 million square feet across MMR. Going forward, our endeavor is to capitalize on a front of business development and continue to do similar acquisitions over time.

I'm happy to note that in the first quarter of FY23, we have launched a premium residential project on a 50 acres beachfront land parcel at Vasai West namely SBR Sunteck Beach Residences for which we have got an overwhelming response which will be reflected in presales number of the current quarter of FY23.

The launch of new project at one end and the spectrum like SBR Sunteck Beach Residences at Vasai and completion of project at the other end of the spectrum like Sunteck West World at Naigaon gives us immense joy and confidence to keep on striving to do well.

Last but not the least, I'm very proud of the team that we have built at Sunteck in the last 15 years and we are focused on strengthening it further. Thank you everybody.

I will now hand over the call to our CFO – Mr. Manoj Agarwal for his comments; thereafter I would be happy to answer your questions if any. Over to you, Manoj.

**Manoj Agarwal:**

Thank you, sir. Good evening everyone and thank you once again for joining us today and take out your valuable time for Sunteck. Hope all of you are safe and well. 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 financials and business performance numbers:

Our pre-sales grew up by 43% on quarter-on-quarter basis in quarter 4 of FY22 to Rs. 503 crores compared to Rs. 352 crores in Q3 FY22 at an increase of 36% on year-on-year basis from Rs. 371 crore in Q4 FY22. It is the highest ever achievement for this year. Collection grew up by 50% quarter-on-quarter basis in Q4 FY22 to Rs. 404 crores compared to Rs. 272 crores in Q3 FY22 and that is an increase of 26% year-on-year basis from Rs. 321 crore. For the period 12 months ended FY22, the pre-sales grew up by 27% on year-on-year basis to Rs. 1,303 crores compared to Rs. 1,022 crores in the last year which is a highest pre-sales for the year's achievement.

Also, the collections grew up by 35% on year-on-year basis to Rs. 1,053 crores compared to Rs. 780 crores in the comparative period is again also highest ever achievements for the year.

With respect to the financial highlights:

We have reported a consolidated revenue of Rs. 156 crores in Q4 FY22 compared to Rs. 122 crores in Q3 last quarter. On 12-month basis the revenue for FY22 stood at Rs. 513 crores compared to Rs. 614 crores in the comparative period last year.

The consolidated EBITDA for Q4 FY22 is Rs. 3 crores as compared to Rs. 35 crores in the last quarter. EBITDA for 12 months March 2022 stood at Rs. 95 crores compared to Rs. 137 crores in the last quarter.

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

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

**Adhidev Chattopadhyay:** Sir, my first question is on our sales guidance for FY23 maybe not a specific number but at least the lower end and upper end of our sales trajectory which you can see considering that you got many launches lined up this year and if you could break that up into new launches, how much sales would come from there and how much would come the existing inventory? That is the first question. Second question is what is the visibility on the business development pipeline for the coming year?

**Kamal Khetan:** So, your first question about the sales number, pre-sales number, we are looking close to obviously Rs. 1,800 crores sales for the current financial year and out of Rs. 1,800 crores, we feel substantial at least 35% to 40% should come from the new launches minimum of that kind of number, I think the second question is on the business development front, as I said in my opening statement that we have done one of the highest acquisition of close to 23 million square feet in this COVID-19 pandemic and we continue to aggressively are looking at acquisitions and you will see this momentum continue for next at least 12-18 months going forward.

**Adhidev Chattopadhyay:** If I may just squeeze in, what will be the value of the launches will be doing, which project, Vasai you have done the launch you have said and are you going to launch Shahad, Borivali and few other projects this year as well?

**Kamal Khetan:** Yes. We are confident of at least launching one more project in the current financial year. And these are all big projects. We are not launching any small projects the sizes of these projects are, they are new size so this will add substantially to our sales from the existing projects.

**Moderator:** The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.

**Rahul Jain:** So, a couple of questions. First one is on ODC. If you can give a sense of how is the footfalls trending versus last quarter and is it fair to assume Rs. 100-120 crores quarterly run rate that you

will be sustained in that particular project? The second one is on JDA opportunities. How are you seeing that panning out versus last year? Is there any dilution in economic share that you are seeing on the ground?

**Kamal Khetan:** As far as ODC is concerned, I think we are confident of maintaining our current run rate. That is not a problem, what we have seen. In fact, demand is very good and the momentum of the sales is not reducing in spite of what we have increased the pricing. That is one good thing I can confidently talk about. As far as JDA, I just answered this question, whether it is a JDA or a good acquisition, distress acquisition, we will continue to be very aggressive. At the same time, we are very clear that we will not compromise on the quality of the balance sheet; we will continue to maintain our debt level low in spite of new acquisitions because of the strong cash flows from the existing projects.

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

**Biplab Debbarma:** Sir, my first question is on the price increase. In FY22, what would be the average price hike you took in ODC and Naigaon?

**Prashant Chaubey:** Biplab, good evening. In both ODC and Naigaon, we have achieved close to 5%-10% price increase in FY22.

**Biplab Debbarma:** That's good. And second question is on just trying to understand the numbers. So, what would be the total receivables and what would be the cost to be incurred for finishing the ongoing projects? Just trying to understand the cash flow.

**Prashant Chaubey:** So, Biplab in terms of the balance cost to be incurred for the ongoing projects is close to around Rs. 900 crores. And against that the balance receivables from the ongoing projects and this includes 4<sup>th</sup> quarter launch of Sunteck ONE World as well. The balance receivables is close to around Rs. 1800 crores.

**Biplab Debbarma:** If I may squeeze one more question, just I was just checking the financials. The EBITDA margins if you remove the other income is around in FY21, FY22 is below 25% and say around something like 22% and 19% whereas the margins were a lot higher in FY19-FY20 around more than 30% more than 44%. What could be the reason for such significant drop in margin?

**Prashant Chaubey:** The first reason is that we are following project completion method of accounting. So, that is the first reason and the second reason is that basically in the P&L, the sales, marketing and periodical costs is charged to the P&L in the current period itself. However, the revenue from this project will be recognizing in the year of completion. That is the primary reason why this margin of compression we have seen.

**Kamal Khetan:** Just to add because project completion method you recognize the revenue and everything at the completion whereas some of the administrative costs and advertisement and marketing costs are accounted in the current year itself irrespective of the project getting completed or not. That eats

into the profits of maybe the other projects but going forward because it will get balanced once every year the projects will be getting completed. So, this is just theoretical but exactly if you see project wise projects, the EBITDA margins have not gone down at all. In fact, they have only increased. Going forward, you will realize as the numbers get released for the new projects getting completed.

**Biplab Debbarma:**

Blended basis; there would be above 30%, right sir?

**Kamal Khetan:**

For sure. Even if that is including our affordable projects, our EBITDA margin across all the projects are about 34%.

**Moderator:**

The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

**Biplab Debbarma:**

You have mentioned about FY23 adding 23 million square feet in acquisition. You are still actively looking for acquisition. Just wondering if you can give some insights, like if I see barring one project in Borivali, I believe all the projects are in the peripherals above. We can say affordable space maybe, not Vasai. Vasai is not kind of affordable still. It is in the peripheral suburb and outskirts. So, is it a conscious strategy? I'm just trying to understand or is it just opportunistic? You can do even in a premium or this is a part of your strategy 3.0 that you would be mainly looking into affordable in mid-income.

**Kamal Khetan:**

No, not at all. In fact, that's the reason we have created a brand across the spectrum. Separate branding for high income, uber luxury and separate branding for mid-income, separate branding for affordable. So, we are very clear and conscious that across all the segments we have to grow and we continue to. As you see, we have added one Nepean Sea Road project last year to last year, I believe in the uber luxury segment and we continuously scout for more projects. That's not that's the only project we have acquired. We are scouting for it and we are confident we will be at doing some new announcement very soon. Same as mid-income you saw that we did SK Resorts at Borivali; I think Vasai which is on the beach front is again in the mid-income segment. So, we are going in mid-income as well. So, again affordable obviously we have done lot you know that and obviously we got some good opportunities, so we didn't want it to, it is what so tempting. We didn't want it to miss these opportunities.

**Biplab Debbarma:**

Continue with this, what is the status of the Nepean Sea Road project? What stage is the project in?

**Kamal Khetan:**

It's obviously there are some of the things which we need to clear it off and then the approval process and everything. It will take time for sure because it's only the part acquisition we did when we did it acquired the Orbit stake from the High Court. Thereafter, we are doing slowly, certain parts of percentage of acquisition which is balanced. I think very soon we should get those and thereafter obviously approvals and then we should be able to launch.

- Moderator:** The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar Qazi:** First, wanted to get an update on the Borivali West project, where is that project as far as approval status, etc., is concerned and when can we see a launch there?
- Kamal Khetan:** Look Parvez, very frankly the launch is we need to get approvals. So, approvals are in process. I can only share that much and definitely we are looking at least 6 to 9 months for those approvals. Once those approvals are there in place definitely we would like to launch it on yesterday basis. We are equally keen to get it launched as soon as possible, but the approvals, which is again it is the landlord's responsibility, although my team is helping and assisting them to get the approvals but we are pushing them a lot to get the approval ASAP.
- Parvez Akhtar Qazi:** And second, what would be the completion timeline for our various -under construction commercial projects?
- Kamal Khetan:** I think we are talking about all this 4 projects of commercial which are under construction. All the 4 projects I can say at least 3 out of the 4 which is Andheri project which is Sunteck Crest and the BKC-2 junctions projects which are on the both the junctions of BKC, it is Sunteck Icon and Sunteck BKC51. Both these, all three these projects are almost 80%-90% complete. All the slabs are almost done. And I think we are very confident at least these three projects will be delivered in this current financial year itself and Pinnacle also maybe early next financial year.
- Moderator:** The next question is from the line of Sourabh Gilda from Motilal Oswal Financial Services. Please go ahead.
- Sourabh Gilda:** Firstly, I just wanted to check on the commercial development status at the ODC, I know we had earlier deferred it due to the onset of pandemic but now that we are good position of residential developing there, so like you still want to go with the residential or we have any commercial plan for this project?
- Kamal Khetan:** No, we will definitely do residential as well as commercial in ODC. We have enough land parcels there, so definitely we want to exploit the demand even in commercial and we are aware that obviously we will be finishing these three projects. I think it is a right timing for completion of these three projects. So, we want to add obviously new commercial projects to our portfolio. Definitely, we will be looking to start that ASAP.
- Sourabh Gilda:** Any tentative timeline sir? But when can we start that commercial project?
- Kamal Khetan:** Let's see close to 9-10 months.
- Sourabh Gilda:** And sir, lastly on interest rate trajectory, like I know recent hike which has happened is too small to affect the demand but from your conversations like, do you see any change in strategy from the customers or at what level of interest rate do you think that they can start helping the demand from the customers?



**Kamal Khetan:** Sourabh, fortunately till now whatever 40 basis points RBI has increased the interest rates, in spite of that we have not seen till now any drop in velocity of the sales and in spite of increasing the prices by 5%-10% across all our projects which gives more profit and it also absorbs the inflation of the increase in construction cost. So, that is good, till now it looks really good and going forward at least if interest rate rises at least let's say we all know that at least minimum 25-50 basis points in next announcement or very soon we may hear from the RBI. But, till that I don't see any problem. Thereafter I would be too futuristic giving any answer to that. I think for current status, I think it looks very cool and it is not affecting the sales at all till now.

**Moderator:** The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

**Adhidev Chattopadhyay:** First question is just a bookkeeping question on the consolidated balance sheet. The other current liabilities we got seem to have gone up quite a bit, would you just clarify the reason why or what is the reason for that, what adjustment that?

**Prashant Chaubey:** Adhidev, as you are aware that the company is following project completion method of accounting and because of that the customer advances are now getting booked into the balance sheet. Because of that the other current liabilities have gone up because earlier what used to happen is that customer advances used to get amortized that's the only reason why it is going up sir.

**Adhidev Chattopadhyay:** So, Rs. 1,200 crores around increases because of that, the advances collections you have done during the year.

**Prashant Chaubey:** That is one of the major ones.

**Adhidev Chattopadhyay:** So, second question just as a follow up, what would be the inflationary costs you have seen for your new projects. I understand for existing projects you are maybe at various similar constructions, but for your new projects which are already in upcoming phases in existing projects? When new projects, what would be the average cost increase you expect to see because of the cost inflation?

**Kamal Khetan:** Adhidev, if I talk about up across the spectrum from affordable to mid-incomes to luxury projects, I think that increase is not more than I think Rs. 500-1000 per square feet let's say max. And that has already been factored by the market and everybody has increased the pricing in every geography, so that would not affect at all. I don't think will be affecting anyhow to any profitability or any viability of the projects or any compromise on the EBITDA margin or something.

**Adhidev Chattopadhyay:** Just last one question if I can squeeze in, so the Shahad project, what is exactly the status of the land and the accruals if you can just give some color on that.

**Kamal Khetan:** So, acquisition obviously, it is at advanced stage. We have to get that obviously before signing the definitive document, we need to get that SANAD cleared and I think that is in process by the

landlord. I think it should be cleared very soon. Once the SANAD is cleared, I think we should go for the approvals and what we are targeting is again we are targeting out of all the acquisition new acquisition as promised as committed by us that we will launch at least one project in this year. We have already done that as Vasai launch and we are quite optimistic of launching one more project in this current financial year.

**Moderator:** The next question is from the line of Varinder Bansal from Omkara Capital. Please go ahead.

**Varinder Bansal:** My simple question is Sunteck Home is a story in terms of what you guys have done in the last 25 years, you are trying to do the next five years and with the environment changing now in terms of interest rates moving higher and commodity prices moving higher, do you think the pace of what you have envisaged for the company will get delayed? Because I think you were targeting around Rs. 1,800 crores of pre-sales and some Rs. 28,000 crores of sales from the projects which are undertaken for many years to come. With the external environment do you think are we at the same pace at what we were in 6 months back?

**Kamal Khetan:** Definitely. In fact, Varinder thanks for asking happening question I would say. If you have seen Sunteck in fact history is not 25 years first of all I would like sorry to correct you 15 years. And 15 years maximum we have seen the headwinds and still in spite of the headwinds Sunteck has grown. We are quite confident with this increase in interest rate and also some inflation because we are seeing currently the sales and especially what we launched just now our Vasai project, it is a clear indication we got overwhelming response. What I think we are getting response more than our expectation. It's a clear signal, that it is not affecting the volumes and sales with the increase in this slight interest rate. I don't see the plans for Sunteck changing and we continue to maintain our pre-sales number for this current financial year target of Rs. 1,800 crores.

**Varinder Bansal:** So, where you said Rs. 28,000 crores that we mean over a period of how many years, if I may understand that?

**Kamal Khetan:** That is 8 to 9 years because these are all projects which are like 50 acres, 100 acres and 150 acres. If we talk about Naigaon, it is 150 acres. 50 acres in what we talk about Vasai what we have launched. More than 50 acres in Shahad Kalayan what we talk about. So, all these projects and these are like projects for 8-10 years. So, we are talking about this numbers obviously 8-9 years and we continue to acquire more projects going forward.

**Varinder Bansal:** Is it not too much sir to acquire new and new because we already have a lot of projects on hand. My second question, just to complete it will be I think we have done appreciable number of acquisitions in the last 2-3 years. Will we need to raise capital now because under JDA we have done acquisitions but since now execution is coming to forefront. Does the company see any chances of raising capital to execute these projects faster?

**Kamal Khetan:** Definitely we don't see we need to raise any capital to execute these projects faster or anything because the moment we do pre-sales, we are cash positive almost in every project what we launch. So, we don't need cash in spite of our acquisitions and that we are maintaining that we

will continue to maintain our debt levels similar in spite of new acquisitions that is our strategy and we will continue to do that. As far as I think I will only say you asked me; it's already too much. I don't think it's not too much for Sunteck. We are hungry for the growth and we will continue to grow.

**Varinder Bansal:** If I can squeeze in one last question, on Slide #28, I think the numbers you have taken for the projects for FY22-23 versus FY23-24 that this is what I'm looking at. We are not seeing any incremental sales happening in projects on the top 4 projects in the FY23-24. What could be the reason for that sir like Naigaon, Vasai, Kalyan and Vasind?

**Prashant Chaubey:** No, if you see on Slide #28, in Slide #28 in FY23, we are looking at, we are looking at launching ODC, Goregaon where even Naigaon, Vasai and Kalyan. So, all the 4 projects we are looking at launching and those 4 projects plus our already completed projects. They will contribute to the pre-sales that we are looking at Rs. 1,800 crores.

**Varinder Bansal:** I'm talking about 2023, 2024. In that 2023, 2024, we are not looking at the incremental sales from the top 4 ones which is ODC, Naigaon, Vasai, Kalyan, and Vasind.

**Prashant Chaubey:** That number is not cumulative. It is per year numbers sir. If you look at FY23-24 we are looking at 0.6 million from ODC. We are looking at 1 million Naigaon.

**Varinder Bansal:** I'm seeing Prashant Ji we are not looking incrementally from 0.6 going to 0.7 or 0.8 or are going to be at the same pace on the right every year?

**Kamal Khetan:** I think we would like to be conservatively making the statement. We will be always happy to make you happy by giving better numbers. We don't want to over-commit and under-perform would rather prefer to under-commit and over-perform. That's what we will go with, Varinder.

**Varinder Bansal:** Last question, there's a lot of newcomers who are coming to Mumbai. I know your geographies are very different compared to other places who were coming in. Do you see now supply side increasing in the real estate sector? Because a lot of projects are now coming up, Prestige is coming very ferociously in Mumbai and all. So, the supply side which we were talking about that this is decreasing might seems like supply side also in the real estate sector increasing again, do you think that could be an issue going ahead?

**Kamal Khetan:** No Varinder, I think it's always better to have good players coming and having a healthy competition. I don't see, I think the demand has increased and with few players adding up because we know that "n" number of players have gone out of the business and definitely at every time when the market is good, as I said that this is the first time headwinds we really seeing a good tailwind in last 10-12 years. Definitely there will be new players' entry and again, we will see some players going out but I don't see any concern for Sunteck as we are well placed. I think I don't see any concern for that.

**Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to the Chairman and Managing Director, Mr. Khetan for closing comments over to you, sir.



*Sunteck Realty*  
*May 31, 2022*

**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.

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