

Date: 17th August, 2022

SRL/SE/33/22-23

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 Q1 FY23 results and Business Updates

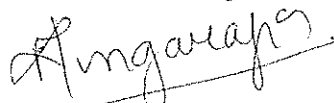
Dear Sir/ Madam,

Pursuant to Regulations 30 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated 12th August, 2022, please find enclosed the transcript of the conference call on Q1 FY 23 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 Limited
Q1 FY2023 Earnings Conference Call”

August 12, 2022



**MANAGEMENT: MR. KAMAL KHETAN – CHAIRMAN AND MANAGING
DIRECTOR OF THE COMPANY - SUNTECK REALTY
LIMITED
MR. MANOJ AGARWAL – CHIEF FINANCIAL OFFICER -
SUNTECK REALTY LIMITED
MR. PRASHANT CHAUBEY – SENIOR VICE PRESIDENT -
CORPORATE FINANCE & INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to Sunteck Realty's Earnings Conference Call for Q1 FY2023. We have with us today Mr. Kamal Khetan – Chairman and Managing Director of the Company, Mr. Manoj Agarwal – Chief Financial Officer and Mr. Prashant Chaubey – Senior Vice President - Corporate Finance and Investor Relations. Please note that this call will be for 45 minutes and for the duration of this conference call, all participant lines will be in the listen only mode. The conference is being recorded and the transcript for the same will be put up onto the website of the company. After the management discussion, there will be an opportunity for you to ask questions. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch 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 expectations and projections and may involve a number of risks, and uncertainties, and other factors that could cause actual results, opportunities, and growth potential to differ materially from those suggested by such statements. I now hand 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 first quarter earnings call for the financial year 2023. I hope each one of you and your family is 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. The Sunteck 3.0 focused on three key priorities, one to maintain a strong balance sheet and cash flow, two continue to do marquee acquisition in line with our business development strategy, third building an exceptional team. In the quarter gone by we have achieved a strong growth in both pre-sale and collections. This continued strong operational performance has enabled us to generate close to Rs.600 Crores of operating cash flows surplus on the cumulative basis for the past two plus financial years.

I am happy to note that in the quarter gone by we successfully launched our one of the more new growth engine Sunteck Beach Residences at Vasai West. I am delighted at the overwhelming response received by the project. We are also in the launch of other projects in the upcoming quarters. This will enable us to maintain strong growth in the pre-sales as well as the collection. On the execution front, construction is full swing at all projects mainly Sunteck City, Fourth Avenue and Sunteck City Pinnacle at the ODC Goregaon

West. Sunteck Maxx World and Sunteck One World at Naigaon, Sunteck BKC51 and Sunteck Icon at BKC Junction and Sunteck Crest at Andheri.

Business development has been one of the core strength of our company. We intend to continuously leverage the strength of us just like the 23 million square feet of acquisition we have done post the first wave of COVID-19 pandemic. Our endeavour is to do similar acquisitions going forward over time. I am very proud of the team that we are built at Sunteck in the last 15 years and we are later focused on strengthening it further. 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 afternoon 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 exchange. I believe all of you must have gone to the same. Now, I would like to highlight the key financials and business performance numbers. Our pre-sales grew by 89% on year-on-year basis in Q1 FY2023 to Rs.333 Crores compared to Rs.176 Crores in Q1 FY2022 last year. Collections grew by 66% year-on-year basis in Q1 FY2023 to Rs.285 Crores compared to Rs.172 Crores in the last year.

With respect to the financial highlights, we have reported consolidated revenue of Rs.144 Crores in Q1 FY2023 compared to Rs.93 Crores in Q1 FY2022. Consolidated EBITDA for Q1 FY2023 is Rs.45 Crores as compared to Rs.21 Crores in Q1 FY2022. Consolidated profit after tax for Q1 FY2023 is Rs.25 Crores as compared to Rs.3 Crores in Q1 FY2022. EBITDA margin for the quarter stood at 31% as against 22% in last year same quarter. We can overcome the forum for questions from 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 “*” & “1” on their touch tone telephone. If you wish to remove yourself from the question queue you may press “*” & “2”. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants are requested to limit their question to 2 per participant if time permits please come back in the participation queue for a follow up question. The first question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

A. Chattopadhyay:

Good evening everyone. Firstly congratulations to the team for a great start to the year. Sir, we had alluded in the last quarter of an 1800 Crores sales guidance for the year obviously with one launch helped us in the first half, so if you could outline what are the other

launches for the rest of the year and if you just quantify what is the GDV of the launches, the value what we will be launching during the rest of the year that is the first question?

Kamal Khetan: Adhidev, as you see we have already launched SBR and from there we got a very overwhelming response so initially if you see most of the sales were more from the three growth engines of Sunteck, which is BKC, ODC and Naigaon, now getting SBR to the additional as a fourth engine to the portfolio of Sunteck that itself we are confident with additional one project we will be able to achieve sales what we have given the sales guidance, over and above if we are able to launch obviously one or two more projects the sales will only go upward from there.

A. Chattopadhyay: So, if am I understanding correctly, you mean another 500 Crores to 600 Crores of incremental annually should come from this project, am I understanding it correctly?

Kamal Khetan: Yes, 400 Crores to 500 Crores we should be expecting, we have already done this kind of sales just in the last launch of just one-and-a-half months or two months it was the launch, we have already done the sale of SBR, we have already achieved the sales of 225 Crores which was in less than two months.

A. Chattopadhyay: Fine, Sir. Sir, second question is on business development pipelines you alluded in your opening remarks that you are still looking at adding land bank across the area, so you are searching micro markets on any quantification or what sort of deals you can expect during this year, thank you?

Kamal Khetan: We are looking very aggressively, obviously it will be too early to disclose, there are a couple of deals which I can say at a advance stage, but I can only say we are trying to balance the portfolio across all the segments looking at from uber luxury segment to mid-income segment and also the affordable segment, so the acquisitions are in line that we can balance our portfolio so that the growth is proportionately across on all the segments.

A. Chattopadhyay: Fine, Sir. That is helpful. I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Yash Sancheti an Individual Investor. Please go ahead.

Yash Sancheti: My name is Yash Sancheti, may be there is some issue and thank you for the opportunity. I want to know that in the balance sheet of March 2022, inventory was showing about 4000 Crores odd and in the latest presentation of quarterly results, so we can see the BKC is holding 1500 Crores of standing flats something inventory, so it is already included in this 4000 Crores or it is a separate one?

Prashant Chaubey: Good evening, Yash. The question that you have asked, is the market value of the BKC inventory, the 4000 Crores of inventory that you see in the balance sheet that is the book value of the inventory, so there BKC will be out of that 4000 Crores, BKC is close to 700 Crores and the value that you see in the presentation that is basically the market value of the BKC inventory, thank you so much.

Yash Sancheti: Thank you.

Moderator: Thank you. The next question is from the line of Aditya Mehta from GK Capital. Please go ahead.

Aditya Mehta: Good afternoon, Sir. Thanks for the opportunity. Sir, two questions, first one is, is there any limitation on the number of projects we can launch simultaneously in a financial year because if we see launch size of SBR, it was around 500 units odd if I am not wrong, so is there any limitation on the team front that we have listed on the team side that we can launch more projects in a year?

Kamal Khetan: I do not think it is that that is the case, it is for that micro market you cannot launch like 5000 apartment at a time, so that is the reason looking at the demand and supply obviously, Aditya, we saw that the demand would be the market absorption capacity would not be more than 500 apartments in that micro market, accordingly we launched that many apartment and we have got a very good response on the same, obviously we have done a homework and we have seen that how much absorption can happen and accordingly we did that.

Aditya Mehta: So, going forward can be launch two projects simultaneously in a quarter because we have a huge line of our project?

Kamal Khetan: Ya, we have done in the past and we will do it obviously, we have done in the past and if there are two projects to be launched simultaneously in the same quarter we will do definitely.

Moderator: Thank you. Aditya, I request you to come back in the question queue. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Thanks for the opportunity. Sir, just a clarify SBR contributed around 225 Crores of sales this quarter?

Kamal Khetan: Yes, SBR is 225 Crores.

Pritesh Sheth: And what is the status of a couple of projects in Borivali, Kalyan and the project development I mean you have given the pipeline about when we are going to launch it, but at what stage we are right now to have that visibility that that when they are going to comfortably launch within the stipulated time line that we have decided?

Kamal Khetan: So, Pritesh these are all at obviously various stage of approval stage and we all know that there are always uncertainty in terms of getting the approvals, approvals are not in the hands of the company, although trying our best to get the approvals, but looking at the past track record of Sunteck that how fast we have turn around when we took our Naigaon and how fast we have turn around SBR after acquisition of the project, similarly we are looking at the similar speeds and we will try to turn around these projects also and try to launch them at ASAP, but I cannot give you exact definite timeline because of the approvals how much time it will take, but I can see at least we can be looking at one launch in next one or two quarters minimum one big launch out of the new acquisitions, from the old acquisitions the launches will continue like from Naigaon, additional phase from ODC, maybe the additional tower from let us say SBR again launching additional towers in SBR so all this existing projects we will be launches, but the new launch definitely we are looking at least one launch in the second quarter or the third quarter.

Pritesh Sheth: It should be more likely Kalyan?

Kamal Khetan: Our endeavor is to launch all projects together, but it will be very difficult which one will be the first, very frankly Pritesh.

Pritesh Sheth: And secondly on your business development obviously continually you are focused there, but after that 23 million square feet, which you acquired during COVID had slowed down a bit and not criticizing but are we right now focused on launching existing pipeline we are looking at more business development may be a year and year-and-a-half afterwards or we continue to look at BD and continue to build up as same from there?

Kamal Khetan: So, Pritesh, there is nothing like that because the launches are going out, will not acquire or when the acquisition is going on, we will not launch obviously both have to go hand in hand and the group has to be across everything and every department, so obviously we are not looking like we will do acquisition after one year or we will do our launches it is ongoing hand in hand I can say.

Pritesh Sheth: Got it. That is it from my side and all the best.

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

Parvez Akhtar Qazi: Good afternoon, Sir and thanks for the great performance. So, couple of questions from my side, first when do we expect the completion of four under construction commercial projects that we have currently and the second question is to Prashant on what is the balance inventory currently left in the ODC project. Thank you.

Kamal Khetan: So, I will answer the first question and I leave the second question for Prashant, as far as completion of all the four projects Sunteck Crest, we are other looking to complete it in second quarter or maximum Q3, if not Q2 it is Q3, similar the situation for BKC, Icon and BKC 51, both the projects on the junction if BKC whether it will be in Q3 or maximum Q4 and maybe the fourth project Pinnacle might go for the next financial year, but otherwise three projects we are looking to complete in this financial year itself.

Prashant Chaubey: The three projects that we have launched in ODC that is avenue one, avenue two and fourth avenue, and all these three projects put together we have close to around 800 Crores of unsold inventory, which is pending to be sold, this does not factoring the balance receivables and over and above this Parvez we have close to 4 million square feet of additional potential, which is yet to be developed, so this is the status of ODC.

Parvez Akhtar Qazi: And if you could also give the unsold inventory number for Naigaon?

Prashant Chaubey: Yes, in Naigaon, Sunteck West World and Sunteck Max World there is hardly any inventory, which is pending to be sold and in Sunteck One World we have close to 500 Crores of unsold inventory, which is pending to be sold and this does not factor in the balance receivable which we have to receive from the sold inventory so that is the status of the ongoing projects and the additional launch yet to be launched area is close to 8 million square feet.

Parvez Akhtar Qazi: Thanks and that is it from my side and all the best, Sir.

Moderator: Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Good afternoon. Mr. Kamal can you give us status on the Borivali Project, if the land has been handed over if the resort has cleared for filing approval?

Kamal Khetan: So, Kunal, Borivali project obviously once they already shut, in fact the club and all and then the COVID came obviously and the approvals got slightly delayed and that is what the approval was taking time, so in fact we voluntarily allowed the landlord to start the club once again, but we are now expecting the approvals to come hopefully looking at the current situation and the way the approvals are moving I think we are looking to get it and

cleared maybe in the next one or two quarters and if that comes obviously we will all be excited to launch the project.

Kunal Lakhan: But the club is operational you said?

Kamal Khetan: Yes, the club is operational that does not require, they can just give two months, three months notice and they can shut the club.

Kunal Lakhan: Sure, my second question was on our BKC and we have not seen much of a traction in the last year or six quarters or so, when do we think we can see some traction picking up in this project because in the way like sitting on the ready inventory and it has been a while on so how should we look at monetization of this project now going ahead?

Kamal Khetan: So last quarter if you see Kunal, we have sold one apartment in Signature Island I can only say this Q1 we could not sell anything, Q2 the traction is very good and I think we will at least conclude it is not three deal at least two deals in BKC.

Kunal Lakhan: And lastly on the business development side, last few projects that we acquired were on the outskirts of the city limits, how should we look at business development our strategy going ahead, will we still pursue project outskirts of city limits or would you look at projects within MMR region?

Kamal Khetan: So, it is not Kunal, if you see it is balanced even out of that like three, four project Borivali Eskay Resort has been within the city limits and if you look at Vasai which is again a mid-income segment project although it is on the outskirts, but going forward as I said in my opening remarks also and in one of the questions I answered just now that we are very clear we want to balance the portfolio looking at even uber luxury segment, mid-income segment and affordable segment, so obviously to get into mid-income segment and uber luxury segment more now obviously the more deals have to be within the city limits.

Kunal Lakhan: Sure. Thank you and all the best, Sir.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Thanks for taking my question. Sir, most of my questions are already answered, just a couple from my side, so one I just wanted to, recently delivered our Westworld project and almost around 2 million odd square feet and it was the first project in affordable improved since, just I want to understand any learning that you have from this way that will deliver and the learn is that ideally from this part when you will launch your let us say Kalyan or

Vasind and are we able to stick to our costs that we have in mind when we start with this project?

Kamal Khetan:

So, good question, Prem, in fact if you look at, I think we were very cautious because this was our first project where we were entering into the affordable project and I think that made us actually more conservative and we were very, very cautious, so one thing what we saw that in fact since we were very cautious I think what margins we were looking at in the affordable, which was 15% to 20% now, now it is upward of 25% and close to 30% the EBITDA margin, so which I feel there we have been very good and cost increase has already offsetted by the increase in pricing and I think what paid us is the good quality of construction and the speed of the construction and the timely delivery of the project I think if we maintain that for our future projects I think we will always be commanding premium and if you look at Naigaon I think we are commanding the highest premium I think at least 25% to 30% over our competitors in that micro market and I think if we continue to give the quality and the construction timeline within the timeline I think we will be able to deliver all our projects with the better margins and better brand.

Prem Khurana:

So, my second question was on Beach Residence that you have recently launched, so I think the total development potential is almost around 5 million odd square feet area, I think five million square feet of single location only group housing would be prudent kind of dense projects and there will be too much of high rises, so do we have any plan, how do you intend to have mix and match to get a various category is better in Luxury, Villas or plots do we intent to do only high rises at Vasai?

Kamal Khetan:

So, you have to look, Prem, the size of the 5 million square feet is within 50 acres, it is not on 10 acres, in Mumbai city most of the developers are doing like 5 million square feet on 6 acres, 7 acres or 8 acres, so this is 5 million square feet on a 50 acres of land, so obviously we will be doing lot of things and Villas and the towers and everything and not definitely we will like to leave lot of green areas, so for that obviously we will do towers and we will do high rise tower for the sake of luxury, but not for making it congested or over high density, it is for making it in fact more greener and more better and more beautiful.

Prem Khurana:

Any mix in mind as of now or is it still slow in terms mix that you would like to have in terms of Villas or different kind of apartment that you would going to offer we have time with two and three, so how are the configurations really, I mean whenever you launch your incremental phase, would we stick two and three or there will be three and four and how much of these would Villas that is my question, thank you?

Kamal Khetan:

Of course we are seeing in fact good thing one thing we have seen is there is a huge demand for bigger and the larger apartment, so definitely now from two and three we may gradually

moved to three and four and maybe then with a four bigger apartment and maybe more luxury, so we are seeing there is a good traction for in fact a bigger ticket size, there is more demand for three bedrooms than the two bedroom and in fact there is lot of inquiries from people that do you have four bedrooms or a larger three bedroom, so obviously now the new launches will be on inline with the demand and there is definitely a lot of demand for the Villas although within launch this time we wanted to see the demand and whenever now looking at the demand we will look at also launching the Villas as well and we want to be flexible as and when looking at what kind of demand we will like to cater to that demand, but not compromising the luxury quotient of the project.

Prem Khurana: Sure, Sir. Thank you.

Moderator: Thank you very much. I would now like to hand the conference over to Chairman and Managing Director, Mr. Khetan for closing comments.

Kamal Khetan: Thank you everybody for attending the call and if you have any further questions and queries, you may please call us or call Mr. Prashant or our CFO and we will be always available for that. Thank you once again for joining us today and please be safe.

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