



“Sunteck Realty Q2 & H1 FY22 Earning Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Sunteck Realty's Earnings Conference Call for Q2 and H1 FY22. We have with us today, Mr. Kamal Khetan - Chairman and Managing Director; Mr. Manoj Agarwal - Chief Financial officer; Mr. Prashant Chaubey, SVP (Corporate Finance).

Please note this call will be for the duration of 60 minutes. All participant lines will be in the listen only mode. This conference is being recorded and the transcript for the same will be 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 over the conference 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. The forward-looking statements are based on the expectations and projections and may involve 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, Chairman and Managing Director of the company. Thank you and over to you Sir.

Kamal Khetan: Thank you for joining Sunteck Realty Q2 FY2022 earnings call. I'm excited to share with you our continued progress on the next phase of our business development. In our last call, we introduced the guidelines principles of the new Sunteck, what we are calling Sunteck 3.0. Sunteck 3.0 is focused on 3 key priorities, an asset light approach, a flywheel of high velocity growth and an exceptional and incentivized team. Market consolidation, in favor of quality and a well-funded real estate company has been an ongoing trend and Sunteck has been a key beneficiary of this trend, continuously expanding its business portfolio with attractive return opportunities. In fact, since the first wave of COVID-19 in 2020, Sunteck has been the largest acquirer of highly value accretive projects in MMR, a trend it sustains even today.

We have added approximately 23 million square feet across five projects in different micro-markets of MMR, namely Vasai, Vasind, Borivali, Kalyan and Khopoli-Pen. Targeting these acquisitions and achieving them has been possible only because of the excellent coordination of the various departments of the team Sunteck 3.0. These acquisitions are setting the stage for exponential growth of the company and underpins the first priority of our Sunteck 3.0 vision. On the back of this acquisition, the company will witness significantly big new project launches in the second half of FY 2022.

In the first half of FY2022, the company has continued its robust operational momentum, both pre-sales and collections have witnessed steady growth along with high collection efficiencies. A key to our strong operational performance, is being a dominant developer in each of the micro

markets and housing segments we operate. Additionally, the focus on our core strength of sales and marketing, will enable us to sustain the strong pre-sales and collection trend going forward.

With projects across all the segments, mainly our uber luxury, mid-income and aspirational segments, allowing us to be present across the pricing spectrum, we are confident to grow our presales exponentially going forward.

While we grow our presales, we are equally focused on our operating margins as well, which we want to take from current 25% level to above 30%. This underpins our second priority under the Sunteck 3.0 vision. I'm very proud of the team we have built at Sunteck. Going forward, we intend to put a lot of our attention on our employee learning and development.

The MMR housing sector has significant room for continued growth which is driven by improved affordability, lower home loan rates, young buyers and the demand we are witnessing for the homes today. We expect that this will continue for a very long time. I'm excited for what the future has in store for Sunteck and excited to continue to share it with all of you.

Thank you. 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. Over to Manoj.

Manoj Agarwal:

Thank you, sir. Good evening everyone. Thank you once again for joining us today. A very warm season's greeting to all of you. The financial and operational numbers have been uploaded on the exchanges. I hope you all must have gone through the same.

Now I would like to run you through the key financials and business performance numbers:

Our presales grew by 54% on a quarter-on-quarter basis in Q2 FY22 to Rs. 272 crores as against Rs. 176 crores in Q1 FY22 and 36% year-on-year basis from Rs. 200 crores in last year same quarter. Collection grew by 20% quarter-on-quarter basis in Q2 of FY22 to Rs. 207 crores as against Rs. 172 crores in Q1 FY22 and 47% year-on-year basis from Rs. 141 crores in Q2 FY21. For H1 FY22, presales grew by 48% year-on-year basis to Rs. 448 crores as against Rs. 302 crores in H1 FY21. Collection also grew by 83% year-on-year basis in H1 FY22 to Rs. 379 crores as against Rs. 206 crores in H1 FY21.

In terms of financial highlights:

We reported a consolidated revenue of Rs. 136 crores in Q2 FY22 as against Rs. 93 crores in Q1, which is an increase of 47% on QoQ basis. On half year basis, revenue increased by 13% to Rs. 229 crores from 202 crores in corresponding period last year. Consolidated EBITDA for Q2 FY22 is Rs. 36 crores as against Rs. 21 crores in last quarter, which is an increase of 77% on QoQ basis. EBITDA for half year 2022 stood at Rs. 57 crores as against Rs. 45 crores last year which is an increase of 27%. Consolidated PAT for Q2 FY22 is Rs. 15 crores as against Rs. 3 crores in last quarter, which is an increase of more than 400% on quarter-on-quarter basis. PAT

for half year also increased by 122% to Rs. 18 crores from Rs. 8 crores in last year's corresponding period.

As always, we continue to focus on our cash flow management and financial discipline, a must in this environment and this continues to reflect in our low adjusted net debt equity ratio, which is excluding quasi equity, has been reduced to 0.16x due to our strong operating cash flows. In the first half of FY22 also, our operating cash flow were positive by Rs. 53 crores. The positive cash flow helped us to reduce finance costs as well as net debt significantly, compared to the same period last year.

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

Moderator: Thank you very much. We now begin the question-and-answer session. The first question is from the line of Kunal Lathan from CLSI India Private Limited. Please go ahead.

Kunal Lathan: Based on the limited information that is there, on the operational side, we have done about 450 crores odd of presales in the first half, how should we look at the full year and specially the second half, in terms of sales?

Kamal Khetan: First half obviously we didn't have many launches. Second half, we are seeing at least minimum two big launches and that will drive the presales numbers exponentially. We are looking at least two big launches out of so many acquisitions. In Vasai, we have one big launch and even a new phase of Naigaon over and above the two new launches, we are almost ready for the launch of the third phase as well.

Kunal Lathan: So Vasai will come in Q3 or Q4?

Kamal Khetan: I can only say definitely in Q3 or Q4. We are trying our best to get it in Q3, but we know that approvals are not totally in the hands of the company. So, leaving apart some small last mile approvals, I think we should be trying our best for Q3, if not Q3, for Q4 we are confident.

Kunal Lathan: Phase 3 of Naigaon should not be an issue in terms of approval.

Kamal Khetan: Yes, Naigaon approvals are obviously all routine approvals, so there we don't see any challenge.

Kunal Lathan: What about the Borivali launch? When do we plan to bring that to the market?

Kamal Khetan: It will be early for me to comment on that because anyhow we are given all the responsibility of the approval with the landlord partners, although our team totally supports them to get the approvals, we are trying best. We are not seeing the visibility at least in Q3, it can go to Q4 or otherwise the next financial year.

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

Adhidev Chattopadhyay: I have just a couple of questions. One, first question is on Vasind project. Initially how has the response been and what is our target for monetizing this project? And second question is, since you've added so many projects three to four, very large projects now, are we like done for now, do you want to consolidate for some time or should we still see a lot of aggression adding a lot more projects over next one year?

Kamal Khetan: We are very clear that Sunteck 3.0 is all poised to grow exponentially. The way we have grown, if you see our history, we have grown maximum during the Lehman crisis time and the company has a history of 15 years. If you see last two to three years, we are growing, can continue to do our acquisitions and we will continue. You will see this momentum of acquisition going forward as well. So, we will not slow down. We are not finished with these acquisitions. There is lot more you will hear from us going forward. As far as Vasind launch is concerned, obviously we did that because we knew that was a COVID time and in affordable segment. We got the approval so fast, if you see our turnaround time from the acquisition of the plot to launching of the project, you'll see this as one of the fastest projects in the industry. The turnaround was less than six to nine months and we were happy with the kind of response we got. At the moment we are very clear that as more and more modes of transport like Railways open up, we'll see the momentum picking up in that micro-market.

Adidev Chatopadhyay: Do we have the sales breakup for quarter broadly? I think the presentation I missed it.

Prashant Chaubey: We have done 146 million in the high-income uber and ultra-luxury segment of presales. In the mid-income segment, which is premium luxury, we have done 1,000 million. In the affordable aspirational luxury segment we have done 1,190 million. In the commercial, we have done 380 million. All in all, we have done 2,716 million of presales.

Moderator: The next question is from the line of Varinder Bansal from Omkara capital Pvt. Ltd. Please go ahead.

Varinder Bansal: I just wanted to understand a very basic question. When I see your slide number three and the way you have done a lot of acquisitions. If I see the stretch from Parel to Kalyan you are present everywhere, compared to say someone like Oberoi which is only 3, 4 places. Our presales numbers are still what, 270 to 280 crores on a quarterly basis. With all the acquisitions, what you are doing, is there any target in your mind, which you have that you are targeting for the next 2, 3, 4 years upon completion of many of the projects you've undertaken. You said that you were still open for a lot of acquisitions ahead?

Kamal Khetan: Good question. We are very clear that we are poised to move exponentially. That is one thing very clear and that's why we are strengthening our sales team as well simultaneously. We have mentioned in my last analyst call also that we have incentivized, and I can say we are creating one of the best sales team. We know that we are acquiring so many projects, so we have to continuously launch. If you see in the past, Sunteck was dependent in fact, more on only two or three projects. Now we have seven to eight growth engines. First it was BKC, ODC or Naigaon, that's all. Now we can talk slowly that it will be BKC one growth engine, ODC will be the second

growth engine and Naigaon will be the third growth engine, Vasai will be the fourth growth engine and Kalyan, and all these are big land sizes parcels. These are like 40 acres, 50 acres when I am talking about Vasai and Kalyan locations. If you see the sizes these are the like for us as a manufacturing factory for next 8 to 10 years, and this each factory will continue to give you a cash positive or surplus operating flow of like 100, 150 crores per annum. With the kind of acquisitions, we have specially done right now, we are almost among the one of the top developers in Western suburbs. In terms of size, from Bandra to Virar, we must be having the highest million square feet in terms of acquisitions. Once these approvals come and because of all these acquisitions, most of it is done in last 18 months, I think probably you will see this sales momentum also going up.

Varinder Bansal: I understand, but, whenever I see some announcement coming from you, there is a number of 4,000, 5,000, 6,000 crores which is put on one project, I think recently there was announcement for Vasai project, right? And it said there's a potential of revenue for that kind of money or sales from that project. We're talking about four or five, six engines which are there since last say 18 months, you have acquired. I'm just thinking that what kind of presales number what you were targeting, can we think about, is there any target what you have that going ahead? Because we may be acquiring a lot of things, but we are still one fourth of what say four guys doing in terms of quarterly presales number?

Kamal Khetan: I can only say in the next two years, when all these projects will be operational you will see these numbers growing exponentially. You will not be surprised to see a bigger number than some of our competitors.

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

Biplab Debbamma: My first question is on your aspirational sales. Out of 119 or 110 odd crores that you have done this quarter, what will be the contribution of Vasind projects?

Kamal Khetan: It will be right now, for project-wise, if you want the numbers, I think Prashant will be able to give you separately offline. If you want the segment wise, he will be able to share with you the numbers immediately.

Biplab Debbamma: Segment wise. I have. That's fine. And second thing on your overall sales velocity. Just trying to understand, that Naigaon project have been in the initial two to three years it has been doing something like 400, 500 crores per year. Do you think that the launch of this new phase, you'll be able to get back to that kind of momentum, because I think in the first two quarters, it's little bit muted compared to what we have seen in the initial period of the project cycle in Naigaon?

Kamal Khetan: I think there was no big launch. In Naigaon for the last three years, if you see we easily achieved a sale of 400 to 500 crores and we are very confident with year-on-year we will only see a growth on that number. We don't see, numbers going down from there or any of our locations, especially ODC, Naigaon and any of the new upcoming locations.

- Moderator:** The next question is line of Pritesh Sheth from Motilal Oswal Financial Services Ltd., please go ahead.
- Pritesh Sheth:** Firstly, on the launches you mentioned for the new project Vasai probably in Q3, Q4 and Borivali sometime this year or initial part of next year, but what about Goregaon next phase and Naigaon? I don't know if you have mentioned, but on the cost of repetition, when would be the next, launches will happen for Goregaon and Naigaon?
- Kamal Khetan:** Naigaon, I already said that we will be looking to launch in the second half of financial FY22. ODC, we have some higher floors of Avenue 1 and higher floors of Avenue 2 and plus the higher floors of Avenue 4. So before launching any new tower we have the higher floors which we have not launched before in all 7 towers. We would like to launch those seven towers higher floor, which is equivalent to the inventory of more than one or two towers. So that is not difficult for us to launch that we'll be launching in this current, second half of the FY22.
- Pritesh Sheth:** And, secondly, on your latest acquisition, that is slotted development in Pen - Khopoli. We are seeing increasing acceptance of these kind of projects like product development but particularly in Pune outskirts markets and Bangalore outskirts markets. What was your view about this product development when you acquired this project and what kind of customers that we are looking to target? Because I think for Mumbai outskirts, it is kind of a not very known thing that we are seeing. So, your strategy on that?
- Kamal Khetan:** We all know that COVID has made a huge, good demand of second home. To take the benefit of that second home demand, obviously we see this location as very attractive one. This is something similar to what people will prefer to go to Karjat. Hence, we are targeting that segment and there are not too many good locations in Karjat, so Khopoli Pen I believe this is a very known location. In fact, for people who have done research for buying a second home in and around Karjat or those locations this is also a known location I feel. We feel a good traction coming whenever we decide to launch that as well.
- Pritesh Sheth:** Target customers would be, just to follow up?
- Kamal Khetan:** Target customers we are looking at some mid-income group and some HNIs. We will have different sizes of plots and it doesn't take much time for these launches. I think the approvals are only the key and we are very confident of even that. Again, we put that responsibility on our landlords, and we are confident that also we should get very quick.
- Moderator:** The next question is from the line of Venkat Samala from Tata Asset Management Ltd. Please go ahead.
- Venkat Samala:** My first question is, we had initially guided for FY22 sales booking value of about 1,500 odd crores. Could you please confirm if we are, on track with that?

- Kamal Khetan:** Yes, Venkat thanks for asking questions. Yes, we have kept the target of close to 1,400, 1,500 crores and we are on track and we are confident to achieve near to that number. We are very confident. That doubt definitely I can understand since no big launches were done right now. We are looking that could be happening in the current half of the financial year.
- Venkat Samala:** I mean then the H2 run rate would be then about 1000 odd crores that you would need, that is where I was coming from?
- Kamal Khetan:** We are looking at numbers which is close to that.
- Venkat Samala:** Secondly, with respect to collections, I understand YoY jump is huge. But when I compare with Q4 FY21 numbers, it's still meaningfully lower. I mean, Q4 FY21 we've done around 320 crores in Q2 it was 207 crores any aberration there that we should note?
- Prashant Chaubey:** There is no aberration, generally as the construction is progressing and as the projects are getting sold, the receivables are coming to us. In fact, recently we have received our occupation certificate for our avenue to Sunteck city. That collection is also, you will start seeing it coming in the third and fourth quarters. Overall, there is no aberration, it just in the normal ordinary course of business, you will see collections moving up significantly going forward.
- Venkat Samala:** Should we expect Q3, Q4 collections to be closer to 300 and upwards?
- Prashant Chaubey:** In the first half, we have done 380 crores of collections, which is 84% jump over last year. So, in the third and the fourth quarter, definitely you will see collections moving upwards. Last year we had achieved 780 crores of collections, this year we are definitely looking at a 1,000 crores of collections. This is like almost 30 to 35% or 40% up than the last year target.
- Moderator:** The next question is from the line of Aditya Mehta from GK Capital Management Ltd, please go ahead.
- Aditya Mehta:** You mentioned that you have received OC for Avenue 2, so you will be delivering in current quarter and what about the Naigaon?
- Kamal Khetan:** Naigaon also we are looking Phase 1 to be delivered in this half of the financial year FY22. We'll see, obviously OC of that project as well.
- Aditya Mehta:** What is approximately the unrecognized revenue in both of these projects?
- Prashant Chaubey:** We are now showing Avenue 1 and Avenue 2, we are following percentage of completion method. There all the revenues are getting recognized as construction is progressing, whereas for, Sunteck WestWorld and Sunteck Maxx World, in Sunteck WestWorld and for Sunteck Maxx World, we are following project completion method of accounting. So, the revenue recognition for Sunteck WestWorld will be closer to around 400 crores unrealized revenue. For

Sunteck Maxx World, the revenue will be recognized once the project is completed, which is close to around 700 crores.

Aditya Mehta: My second question, we have launched Sunteck Pinnacle in ODC. Is this a green signal for our commercial portfolio over there or is it just a testing or small launch, soft launch?

Kamal Khetan: It's both because it gives us comfort. First, we sold it to D-mart in the same development for 100 crores and now we wanted to test it as well. Because this was a standalone building, we didn't want to retain it as a rental asset. And we wanted to see a demand and we can say that I can share with you, the demand is really good. We are really excited to see that when can we launch our big ODC commercial portfolio.

Aditya Mehta: So now there's no doubt that we will be converting it to residential or somewhere we will going ahead with them commercial only.

Kamal Khetan: No, commercial potential is always there. We can always convert since today there is a huge demand of residential also. If I see that residential is giving me a faster and a better cash flow, it does not stop me from simultaneously starting one more phase of residential and simultaneously one more phase of commercial. We have so much such a big land bank there and the huge potential of our FSI unexploited. That all will go for a long time.

Moderator: The next question is on the line of Varinder Bansal from Omkara Capital Pvt. Ltd., please go ahead.

Varinder Bansal: In the presentation, you have done in the last three years around 36 million acquisition. I think this could be almost what you as a company did in the last 10, 15 years, or even more. I just want to understand, these numbers are good, but on the organization side, are you adding more people, what is happening in terms of getting more and more people in terms of execution, because execution will be something which is very important, right? Because now you're trying to do what you have done in the last 15, 20 years and so is there any plan on that side?

Kamal Khetan: Yes, sure. Good questions. We started this company with just first one initial maiden project in BKC with no team with zero team and today, in 15 years, we are among the sizable company and the some of the big players of the real estate in Mumbai MMR region. Now there is a foundation has been made very strong I can say in last 10 years, 15 years. And now with that same foundation, we are very confident, now growing, we have grown exponentially. While for most of the developers, we know that this industry has gone through the worst time in the last 15 years, in that 15 years, we have grown the company exponentially. Let me share with you the execution what Sunteck is doing right now is in-house construction, which very few developer I think or no developer, big, branded developers is doing execution on their own. They are dependent on either the L&T or any other contractors. In fact, Sunteck has the in-house team and which gives a quality, which is as good as any big contractors. Looking at that, if there is even a doubt with you Varinder that Sunteck how will we execute? We have that because we are operating in MMR market where the margins are very good and high margins. We can always

outsource the execution to a construction company like L&T or any other like, let's say Capacite or any other contractor. We have done that in the past also when we were growing exponentially. But right now the team is so strong, we are confident at least whatever projects we have acquired till now we can execute in-house without outsourcing the construction to the third-party contractor. So that is very clear. We are very confident and even if that wherever we more feel, we can always outsource it.

Varinder Bansal: I was honestly talking about the organizational structure, but I'll just do my second question before I got cut. Also, there has been talks that there is some promoter equity which you want to sell in the market. Can you please clarify on that?

Kamal Khetan: In fact, there is no promoter equity, which is getting sold in the market, that equity is a treasury stock of Sunteck, one or two subsidiaries of Sunteck, which is Sunteck subsidiary. The stock is a treasury stock of Sunteck Realty and is lying there for more than 10, 12 years. It is not doing justice to the company by keeping that stock in the subsidiary. Our tax consultants like KPMG or PWC, PWC specially have advised us to get rid of that stock, which is lying in the subsidiary. We are not in a hurry. It has been lying there for the last 10 years. Whenever that gets sold, the money will go to the company Sunteck Realty, it will not come to the promoter. So that is one thing. So, it is in the subsidiary. The stock gets sold by the subsidiary. The money will come to the subsidiary of the Sunteck.

Varinder Bansal: How much is the percentage of equity?

Kamal Khetan: That is close to almost 4% of the company, which is huge. And Sunteck is not in a rush. I think we have one of the strongest balance sheet. Our net debt equity ratio is like close to 0.16 and the cash flows are so strong. We are not in a rush, but we know that we have to get rid of it at one point of time at the right time and the right investor that will we look at, which will only enhance the value of the company and that money, if it comes into Sunteck, that will only go for the growth of the company. That will only take the company again for the next phase of growth.

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

Parvez Akhtar Qazi: My first question is, what is the kind of residual inventory that we have in ODC and Naigaon projects? And second, what is the status of our under construction commercial projects Ara near BKC?

Prashant Chaubey: Do you want the unsold inventory detail in ODC and Naigaon?

Parvez Akhtar Qazi: Yes.

Prashant Chaubey: In ODC we have Avenue one, Avenue 2 and Avenue 4, all three put together we have close to around 1,000 to 1,100 crores of unsold inventory. In Sunteck World Naigaon, we have close to around 400 crores of unsold inventory.

- Parvez Akhtar Qazi:** You said 200 crores?
- Prashant Chaubey:** 400 crores.
- Kamal Khetan:** Parvez, Kamal Khetan here. I believe you are asking in the existing ongoing or there is further FSI left, you're talking about that inventory?
- Parvez Akhtar Qazi:** I am asking for the existing projects which has already been launched what is the unsold inventory.
- Kamal Khetan:** So that's fine, Prashant has already given.
- Parvez Akhtar Qazi:** About the BKC commercial project?
- Prashant Chaubey:** The BKC commercial project, we are happy to note that all the approvals are in place for us and the construction is in full swing, we intend to complete both these projects and Sunteck Icon and Sunteck BKC 51 in the coming 12 months. That is the timeline for us, all the approvals are in place.
- Moderator:** The next question is from the line of Abhishek Lodhiya from Yes Securities, please go ahead.
- Abhishek Lodhiya:** Can we do a percentage of completion method and completed contract method simultaneously, don't we need to reverse back the percentage completion without revenues?
- Kamal Khetan:** Definitely going forward. These were the old projects where before the Ind AS came, we were already following, this percentage completion method and those projects are almost near completion so that we had to continue obviously, otherwise it could have been a problem. I think my CFO Manoj would be able to explain you better?
- Manoj Agarwal:** So, in terms of the percentage completion method, since we were following continuously, so whatever the project, which is near to completion, we continue with that and all the new projects and the projects which just launched we adopted the completion of project method. This is as per Ind AS guidelines.
- Abhishek Lodhiya:** Second question would be just follow-up on someone asked where we think we should stop on adding new projects because as someone rightly said we have added 36 million square feet, the only question is not about adding project, but the execution also. So where we see the project addition for the next one or two years or what could be the number that we say that it is sufficient for at least 5, 10 years kind of view?
- Kamal Khetan:** This answer, very frankly, we are very clear. We are not stopping here. Only the time will tell that we are able to. Obviously, we are not a 30-year-old company or 40-year-old company your question, your doubts are very, your thinking is very clear. I can understand you're not wrong, but when we were doing the BKC also people were that was the first project of Sunteck. That

time that these were the doubts that whether Sunteck will be able to complete the BKC project at all because it's such a high-end project and the first maiden project. Same was the question when we took all of a sudden 23 acres in ODC, Goregaon West, which is like a big project and company that time only four or five years young. That was when the company started as good as real estate in 2006 and 2009 and 2010, we straightaway acquired 23 acres of land parcel in Goregaon. There was a big question mark, that whether Sunteck will be able to execute such a big project. So that time obviously we also were worried. We got in L&T to do the execution. We launched three towers, out of those three towers two towers we gave it to L&T for execution and one tower we started. Going forward we realized we slowly built the team. We saw the systems and process of the L&T and we tried to better that and we created in-house team so that we can further execute all our projects in-house. We did that and we realized that before taking Naigaon, we have to build our execution team. We built that execution team, and we didn't outsource in Naigaon, which is a big, big thing. So, what we did in Naigaon first phase, was equivalent to what we did in last 12, 13 years across all the projects. Again, it was a big jump. It was almost 100% increase in construction area. That time also Sunteck could ramp up the team and take it to almost double the construction quantity and because again in-house and today not only the first phase of Naigaon, second phase of Naigaon is going and various projects are going. I repeat that, whatever projects we have taken right now, we are confident that all of those projects, we can execute in-house. Going forward, even if we have a doubt, we will not compromise our growth due to feeling that we will not be able to execute. We can always outsource to companies like L&T or Capacite. That is not a problem, execution is absolutely not a problem.

Moderator: The next question is from the line of Adhidev Chattopadhyay from ICICI Securities Ltd., please go ahead.

Adhidev Chattopadhyay: Just again, a couple of questions, the first what is the movement you are expecting in our BKC project considering that the market is pretty decent right now, secondly because of the FSI premium, the 50% concession, have we availed any benefits during this financial and could you quantify what are the savings, we would have done if any?

Manoj Agarwal: So, on FSI side there is totally 250 crores benefit is available for us and we have already availed approximately I can say 70-75 crores and the balance we will be available before December, that is the deadline.

Adhidev Chattopadhyay: On the BKC part, on the inventory monetizing?

Kamal Khetan: So, BKC definitely, we are aggressive now getting a good traction, thanks to also Jio drive, the mall, which has come there. We are seeing the convention center again, coming up very soon. It was all due to the COVID. In fact, BKC was kind of, because all the commercial locations were not fully operational. Now we are seeing a lot of traction and God willing, we will see some good numbers coming up from the sales, from the BKC as well.

- Moderator:** The next question is from the line of Venkat Samala from Tata Asset Management Ltd., please go ahead.
- Venkat Samala:** You did mention that most of your projects currently that you're executing you are doing in-house. If you could throw some more color on what is the team size and also on the quantum of the total asset value that you may be employing to develop those projects currently? In the future, bearing in mind, the expansion of your development pipeline. How do you think this could look like in the next two to three years? I mean, how much more investment would be needed to scale up your team?
- Kamal Khetan:** So, a good question. Again, I would say today we have staff strength of close to 500 people. We know we need to increase this. We are trying to use most of that technology and IT to increase the numbers less and use technology for doing most of the job. We are looking at the future, we want to employ minimalistic number of people. Like let's say a team of 500 we would like to increase to let's say 650 to 700 people and still manage, because we like to outsource certain small things, which does not affect our margins much. I made it very clear in my opening remarks also, our average operating margins right now were 25% in spite of taking more projects and going aggressively, we are now very clear our operating margins will be above 30% going forward. When you're talking to the current CAPEX, what we are putting every year-on-year is close to 500 crores per year right now on construction we are putting. Going forward we are looking to put almost close to 1000 crores.
- Venkat Samala:** What will be the total value of the asset that you use for construction?
- Kamal Khetan:** Well, that is very negligible. We take it on rentals and outsource, we don't try to own it ourselves because that's a pain.
- Venkat Samala:** That will not be visible in the balance sheet then?
- Kamal Khetan:** That's not much, that is negligible, but what we feel we have to maintain the quality and we have to keep it with us, we try to keep it ourselves otherwise small equipments we outsource it.
- Venkat Samala:** And my last question would be, now that you forayed into this holiday home segment, are you seeing more opportunities to grow into that segment and how much would this be your focus area? Was it just opportunistic that you got this, but is it also the case that there's a large opportunity here on as well? And therefore, maybe some of your focus would also be on this, moving forward as well. How should we think about this?
- Kamal Khetan:** Venkat to large extent, you're right. It's not that you can grow a company on this, but if we are in real estate, we should not leave any opportunity which is coming. We are seeing COVID has brought this new opportunity, so why not exploit it and we are using our asset light model even in doing this. We are keeping the company risk-free, in case of this, if all of a sudden, let's say demand, we see evaporates after two or three years, even in that case company should not be

bleeding. So we are very clear. It will be more as opportunistic and we are seeing a huge demand. We may acquire, make one or two projects under this segment.

Moderator: Ladies and gentlemen, that will be the last question for today. I will now hand the conference over 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 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 very much. On behalf of Sunteck Realty that concludes this conference. Thank you for joining us. You may now disconnect your lines.

(This document has been edited for readability purpose)



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