

Date: 22nd August, 2024

SRL/SE/40/24-25

National Stock Exchange of India Ltd
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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 FY 2025 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 16th August, 2024, please find enclosed the transcript of the conference call on Q1 FY 2025 results and Business Updates. The said transcript is also uploaded on the website of the Company. This can be accessed at the link below:

https://www.sunteckindia.com/images/investor/financial/1724330068_Sunteck%20Realty%20-%20Earnings%20Call%20Transcript%20-%20August%2016th,%202024.pdf

Kindly take the same on record.

Thanking You.

For Sunteck Realty Limited

Rachana Hingarajia
Company Secretary
Encl: a/a



“Sunteck Realty Limited Q1 FY 2025 Earnings
Conference Call”

August 16, 2024



**MANAGEMENT: MR. KAMAL KHETAN – CHAIRMAN AND MANAGING
DIRECTOR - SUNTECK REALTY
MR. PRASHANT CHAUBEY – CHIEF FINANCIAL OFFICER -
SUNTECK REALTY
MR. ABHISHEK SHUKLA – VICE PRESIDENT, STRATEGY
AND INVESTOR RELATION - SUNTECK REALTY**

Moderator: Ladies and gentlemen, good day, and welcome to the Sunteck Realty's Earnings Conference Call for Q1 and FY '25.

We have with us today, Mr. Kamal Khetan – the Chairman and Managing Director of the Company; Mr. Prashant Chaubey – the Chief Financial Officer; and Mr. Abhishek Shukla – the Vice President of Strategy and Investor Relation.

Please note, this call will be for 30 minutes. And for the duration of the Conference Call, all participants' line will be in listen-only mode. This Conference Call is being recorded, and the transcript for the same may be put up on the website of the company. After the Management's Discussion, there will be an opportunity for you to ask question.

There will be a Q&A session, and we request to restrict questions to two per participant. Should you need assistance during the conference call, please signal an operator by pressing “*:”, then “0” on your touchtone phone.

Before I hand the conference over to the Management, I would like to remind you that certain statements made during the course of this call may not be based on historical information or facts, and may be forward-looking statements, including those related to business statements, plans and strategies of the company, its future financial condition, and growth prospect.

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 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: A very good afternoon to everyone for joining us today and thank you for taking the time to participate in our Company's Earning Conference Call for the 1st Quarter of the Financial Year 2025.

We have started FY '25 on the strong note with several positives, I would like to share five key highlights before our CFO – Prashant Chaubey, speaks on the financials.

We did Rs. 500 crores of pre-sales in Q1 FY '25, this is 30% year-on-year growth with contribution from all projects. BKC project recorded Rs. 110 crores from the above. I am happy on the momentum pickup at BKC, as it is also directly close to our operating cash flow surplus. With a strong start to this financial year, we remain confident to achieve 30% to 35% growth in pre-sales for FY '25, as we had guided at the beginning of the year.

Our operating cash flow grew slightly higher at 32% year-on-year and stood at Rs. 100 crores during the quarter. With the higher sales in BKC, two big project completion in FY '25, and higher pre-sales, I am confident Sunteck will deliver a stronger operating cash flow surplus growth in FY '25.

Balance sheet continues to remain strong. We remain a net cash positive company. Gross debt is down over 60% since FY '22, today at 0.09x of the equity and it is less than one quarter cash collection.

On execution, we have made a significant progress with completion of Sunteck Maxxworld project at Naigaon, and handover of units to almost 2,500 families. This marks a major milestone for us as cumulatively we have delivered more than 5,000 apartments in Sunteck World, Naigaon, over the past two years. The second project, Sunteck City, 4th Avenue at ODC Goregaon West, is also nearing completion, and shall be delivered in FY '25, well before the stipulated timeline.

And lastly, happy to share progress at two of our major upcoming uber luxury projects. We have activated our investments in Dubai. Our project in Dubai is likely to be launched in the next 12 to 15 months in FY '26. It has the potential of generating over Rs. 9,000 crores of sales, and our investment in the project is just around Rs. 250 crores for 50% of the profit share. Just to give you an idea that the project is in most sought-after locations of Burj Khalifa community area in Downtown near Dubai Mall.

The Nepean Sea Road project, our second project is progressing well, and is in one of the best locations of South Mumbai. It is on the sea with an uninterrupted lifetime sea view. We are in an advanced stage of planning and started the process of site clearance. The project has a potential of Rs. 2,500 crores of gross development value.

We are excited about these positive developments. And with low inventory months at our projects, we are likely to launch more in the coming quarters. We continue to be aggressive in identifying more opportunities which align with a high equity multiple philosophy to further exponentially expand our portfolio.

I will now hand over the call to Prashant Chaubey for more information on Earning Performance of Q1 FY '25. Over to you, Prashant.

Prashant Chaubey:

Thank you, Sir. Good afternoon, everyone. I trust you have had the opportunity to go through our latest results and the investor presentation which are published on our company website and the stock exchanges. I would like to take this opportunity to share a brief update on financial and operational performance of Q1 FY '25. The key details are as follows:

We sold Rs. 502 crores worth of area in Q1 FY '25, which is a 30% growth over Q1 FY '24. Collections for Q1 FY '25 stood at Rs. 342 crores, which is a 19% growth over Q1 FY '24. The strong collections have resulted in a net operating cash flow surplus of Rs. 100 crores as against Rs. 76 crores in Q1 FY '24.

Operating revenue in the P&L grew by 348% year-on-year for the three months ended June '24 to Rs. 316 crores in comparison to Rs. 71 crores in the same period in the last financial year. This was because of recognition of revenues from Sunteck Maxxworld, Naigaon, and BKC projects.

Our core EBITDA stood at Rs. 79 crores. However, except for a one-time charge, it would have been close to Rs. 170 crores. Adjusted for this, our core EBITDA margin is close to 50%, and reported EBITDA margin shall be close to 40%.

We were expecting certain height approvals to utilize additional FSI in our existing development at Sunteck City Avenue 2 at ODC, Goregaon West. In line with this, the related costs were inventorized in the balance sheet. As we do not want to wait any further for the same, we have now amortized it in the P&L.

We reported a net profit of Rs. 23 crores for the quarter ended June '24. Our net debt-to-equity stood at minus 0.01x with a cash surplus of Rs. 39 crores. Our total GDV excluding pre-sales already done stood at Rs. 37,480 crores.

Thank you. With this, we open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Thank you so much and congratulations on good pre-sales momentum and also on the new project. Can you help me understand the broad economics of the Dubai project? How much would it cost you to build? And how would the money flow in from India to Dubai and back from Dubai to India? Is there any tax implication we will need to be ready with? Thank you.

Kamal Khetan: So, this project is in 100% subsidiary of Sunteck. We have invested close to approximately just Rs. 250 crores, so it is a quite asset-light model. And the project is obviously, I have said in my opening remarks, is in the heart of Downtown in the Burj Khalifa community near Dubai Mall. And so, most of the money obviously will come from the pre-sale. Just for maybe a little bit more investment in the beginning, and no incremental investments we are looking at them, very clear. Some small money for the launches and all which may be required, which may go from India, which will be negligible with respect to the size of the project. And cost, obviously, the cost of the project is around Rs. 2,000 crores. And which should, most of it should come from the pre-sales. And we all know the Dubai market is doing extremely crazy well, on the launches the projects are getting sold almost to the 100%, tune of. And being this project in the heart of the, once again at the cost of repetition, heart of the Downtown, next to Dubai Mall, we do not see any problem there.

Puneet Gulati: So Rs. 9,000 crores GDV, Rs. 2,000 crores construction cost. And from that, we should look at your share at 50%.

Kamal Khetan: Yes.

Puneet Gulati: And what will be the time to complete? And who will be the construction partner there?

Kamal Khetan: So, we are identifying the contractors. So, one thing I am sure you must be knowing, Dubai today has the best, what we struggle in India to find a contractor, Dubai has best of the world's contractors working in Dubai. It is the international, now, capital of the world. So, we do not see any problem

in finding a contractor to do construction. And we will not be doing construction ourselves as what we do in India. So, we are very clear on that.

Puneet Gulati: And who is the partner? And time to complete?

Kamal Khetan: The partner is a group called MAS, M-A-S.

Puneet Gulati: And time to complete?

Kamal Khetan: So, time to complete should be three to four years.

Puneet Gulati: And secondly, if you can talk a bit about the progress on the IFC platform, is there anything that you're likely to conclude? And plus, if you can detail the launch plan for this space?

Kamal Khetan: So, IFC, we have already done a platform, you must be aware. We remain committed to that platform and build on that partnership. We are in process of evaluating the right project, and obviously hopeful of closing it soon.

Moderator: Thank you. The next question is from the line of Abhinav Sinha from Jefferies Group. Please go ahead.

Abhinav Sinha: Congratulations to the team on a great quarter. So, first question is on Nepean Sea Road, where are we in the approval process? And do you see the launch this year or maybe next year?

Kamal Khetan: Yes, good evening, Abhinav. Can you repeat your questions, please? Once again, if you do not mind.

Abhinav Sinha: On Nepean Sea Road, where we are on the approval process and what are the launch timelines?

Kamal Khetan: So, Nepean Sea Road, we have vacated most of the tenants there, and we are clearing the site. And approvals are in the process. We are at the also advanced stage of designing of the project. As far as launch timeline, I have already mentioned in my last quarter call that we should be looking to launch this in either Q4 of FY '25 or Q1 of FY '26. That is at the cost of repetition I have mentioned that earlier, in the last quarter call also.

Abhinav Sinha: Right. Sir, secondly, for our growth guidance of this year, it has been a good start. So just wanted to check, A) how much unsold inventory do we have in all of the projects, as in which is launched but not sold, barring the BKC one? And what is the launch pipeline looking like?

Kamal Khetan: So, to start with your second question first, our launch pipeline. So, the launch pipeline, we have lined up a few launches in the obviously the coming quarter. The combined launches of the Sunteck for this year what we are planning is close to the GDV value of Rs. 5,000 crores, but we are looking at one new phase launch of Sunteck World in Naigaon, one new tower launch in Sunteck Skypark at Mira Road. One new phase again a launch of 5th Avenue after now as we are almost completing 4th Avenue, so 5th Avenue at ODC Goregaon West. And one or two more new towers in Sunteck Beach Residences, our SBR project. Plus, again, in one or two more towers in Sunteck Crescent

Park at Kalyan. So, with all these obviously strong launch pipelines and sustenance sales, and again to repeat, combined GDV value of close to Rs. 5,000 crores, we expect our pre-sales to grow 30% to 35% in FY '25.

Prashant Chaubey: Abhinav, Prashant this side. With regards to your first question of the unsold inventory. In our ready-to-move-in project in BKC, our unsold inventory is close to Rs. 1,200 crores. And in our ongoing projects, the unsold inventory is close to around Rs. 1,600 crores to Rs. 1,700 crores. And in terms of the cost to be incurred for our ongoing projects, it is close to Rs. 1,300 crores to Rs. 1,400 crores.

Moderator: Thank you. The next question is from the line of Riddhi from Arihant Capital. Please go ahead.

Riddhi Shah: Congratulation on a good set of numbers. Sir, I had one question regarding the pre-sales guidance as well as the EBITDA margins for FY '25, and also for the next two years if you could provide, Sir?

Kamal Khetan: You are not clear. Can you mute some instruments around you? I think there is a problem.

Riddhi Shah: Sir, I just wanted to know the pre-sale as well as EBITDA guidance for FY '25 and also for next two years.

Prashant Chaubey: So Riddhi, as we have already spoken in our opening remarks, we are looking at a pre-sale growth of achieving 30% to 35%, that is what we are targeting. And in terms of our EBITDA margin, those numbers are already published in our presentation, and you can look at it from there.

Riddhi Shah: Sir, would you provide for FY '26 and FY '27 as well, if you could give some ballpark figure?

Prashant Chaubey: Riddhi, on a continuous basis, we are looking at 30% to 35% growth year-on-year.

Riddhi Shah: And also, Sir, Dubai project if you could provide, like are we going to launch phase-wise the project, or if you could elaborate more on that?

Kamal Khetan: So, Riddhi, Dubai, it's a one single land parcel, and you cannot have the phase-wise kind of a thing. So I think we will launch at a time, it's a one single project with maybe one tower or two towers. And that's how it is, so it will be launched at one single time.

Moderator: Thank you. The next follow-up question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Just from the cash flow clarification perspective, so would it be fair to assume that had the collection from BKC not been accounted for, the operating cash flow would have been negligible? And if that is the case, why should that be?

Prashant Chaubey: Puneet, your understanding is slightly incorrect. Basically, when you are looking at a cash flow, from a cash flow perspective you have to consider the cash flow from all the projects that we are getting. And in certain quarters, the cash flow from one project is higher than the cash flow in the

other quarter. So, if you look at the number on a yearly basis, like last year we did Rs. 484 crores of operating cash flow surplus, before that we did Rs. 428 crores of operating cash flow surplus. At which time my collections from BKC was very negligible. In fact, it was nothing. So, I would say that you should not look at it from just one quarter perspective. It has to be a more like a three or four quarter perspective, then only you will get to know the right picture. However, BKC collections are definitely helping us in our operating cash flows.

Puneet Gulati: So, it's just a one quarter anomaly here at this time?

Prashant Chaubey: Yes.

Puneet Gulati: And secondly, in respect to your BD cost for the projects that you already have in hand, what is the balance to spend on BD?

Prashant Chaubey: So, Puneet, the balance cost to be spent on our BD of our existing projects is zero, is nothing.

Moderator: Thank you. 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 your business development. So currently, how many projects are we evaluating? And what would be the total GDV of these projects?

Kamal Khetan: Biplab, so we are evaluating obviously a couple of projects. You all know market is good. We have obviously a strong BD team. But it will be very hard for me to disclose anything on this call that what are these projects and what will be their GDV value.

Biplab Debbarma: My second question is, Sir, on the ongoing projects what would be the receivables from these ongoing projects from the sold units?

Prashant Chaubey: Biplab, Prashant this side. The receivables from the ongoing projects is close to around Rs. 2,300 crores to Rs. 2,400 crores.

Moderator: Thank you. The next question is from the line of Sarang Gupta from Briarwood Capital. Please go ahead.

Sarang Gupta: You have given the guidance on FY '26 and FY '26 pre-sales growth as well. You were saying you expect 30%, 35% growth to continue. Maybe just asking you about what are the drivers of this pre-sale growth continuing? Are you seeing your GDV, right, year-on-year the GDV is growing about 40%, so basically is this GDV growth that you think will lead to continue 30%, 35% growth? What are the trends you are seeing that give you confidence that we can pin this not just in '25, but also in '26?

Kamal Khetan: Yes. So, we will update you with, obviously, the new FY '26 guidelines to you slowly. But we all know whatever growth we are talking about in FY '25, which is only from the existing projects. We have not even considered Nepean Sea Road and Dubai into this, because both those projects are going for the launch. We are considering that if we miss out on Q4 for the Nepean Sea Road

launch, still we are confident that we will achieve 30% to 35% pre-sales growth from our existing projects. Because we are launching in every project, because we are left with very little inventory for all the existing projects. So, we are launching new phases and new towers in every project. And these existing projects which we call our growth engines, these are projects with the inventories of like six to seven years and eight years. And obviously, while we are talking this, we are also talking about that right now our GDV value is Rs. 30,000 crores, which we are saying that we will continue to add and we will make it to Rs. 60,000 crores over a period of next two to three years. And before even completion of FY '25, we have added this Rs. 9,000 crores of GDV from our Dubai project, so which has already taken us close to Rs. 40,000 crores. So, I think that explains itself, it is self-explanatory that for achieving this 30%, 35% growth year-on-year on the pre-sales for the next few years is very easily possible.

Sarang Gupta:

Basically, you are saying in FY '25 you get 30%, 35% growth from your existing portfolio, just launching new inventories there. And then next year you will have the impact of launch of Burj Khalifa and Nepean Sea Road which is Rs. 9,000 crores of total GDV. And so, then that will help you continue this growth into the next two years essentially?

Kamal Khetan:

Yes. I think that growth will be, in fact, ideally it should be more than that. And plus there is many more projects of which already acquisition has been done but it has not been added to the GDV value. So, to give you one more example, let's say, Borivali, ESKAY Resorts, which is also there. Plus there is a Bandstand which is there, plus there are few more projects which we are contemplating, which I do not want to disclose before we complete the transaction, three-four projects which are sizable projects and which we would like to, as soon as we close those transactions, we would like to disclose it to the market.

Sarang Gupta:

And maybe just last question from my side is how, both Dubai and Nepean Sea kind of large projects in terms of year one pre-sales, you think when we launch them in FY '26, that will be a big boost to your annual sales? Like how do you think about sales expectations at Dubai?

Kamal Khetan:

So, we want to be conservative when we are giving our guidance which we have maintained at 30%, 35%. We all know if, obviously, the launches in Nepean Sea Road and Dubai looking at the current status of the market. Obviously, we may achieve much more than 30%, 35%. But we do not want to over-commit and then under-deliver. We are very clear on that.

Moderator:

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

Kunal Lakhan:

Just a clarification on the Dubai project. So the Rs. 2,000 crores construction cost includes approvals as well as sales and marketing or it will be over and above that?

Kamal Khetan:

No, I think that includes most of the cost, which includes your sales and marketing and approval cost, as well as your construction cost, which is we are talking about almost close to AED1 billion, so which is quite enough for a FSI which is -- for a sale area, which is close to 1 million square feet.

- Kunal Lakhan:** And secondly, on the Borivali project, what is the status there, and what will be the launch timeline?
- Kamal Khetan:** So Borivali project, Kunal, I think when we are even a little bit uncertain, we do not add the project, we follow this discipline of not adding the project to the GDV value. And hence, I would like to refrain myself to give you any commitment or any timeline about that. At the moment we see the possibility of approvals getting expedited, obviously, we would first like to add it to the GDV value, and then come up with the timelines.
- Moderator:** Thank you. The next question is from the line of Ronald Siyoni from Sharekhan Limited. Please go ahead.
- Ronald Siyoni:** Thank you for the opportunity and congratulations on the great set of numbers. Sir, I had a question regarding BKC sales/ What I have seen is a quite a good improvement, so has there been a change in terms of strategy, in terms of selling or pricing? And what kind of output you can give there, whether this run rate should continue going ahead, or this would be a lumpy each quarter, and I know there will be some target with respect to BKC.
- Prashant Chaubey:** Ronald, Prashant this side. So, if you see in BKC in the last 12 months, we have done a pre-sales of close to Rs. 355 crores, and this is against Rs. 203 crores that we did in previous three financial years all put together. So overall, the momentum has definitely picked up in BKC by quite a margin, and we are quite confident that this will continue, and it will keep on continuing.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Kamal 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 us. We look forward to your continued support. Thank you once again for joining us today, and please be safe. Thank you once again. Thanks. Bye.
- Moderator:** On behalf of Sunteck Realty, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.