

Date: 19th November, 2024

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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 Earnings Conference Call on Q2 and H1 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 13th November, 2024, please find enclosed the transcript of the earnings conference call on Q2 and H1 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/1731992883_Sunteck%20Realty%20Earnings%20Call%20Transcript%20Nov%2013%202024.pdf

Kindly take the same on record.

Thanking You.

For Sunteck Realty Limited

Rachana Hingarajia

Company Secretary

(ACS: 23202)

Encl: a/a



“Sunteck Realty Limited
Q2 & H1 FY '25 Earnings Conference Call”

November 13, 2024



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

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

Please note this call will be for 30 minutes and for the duration of the conference call, all participant lines will be in the 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 questions. There will be a Q&A session, and we request to restrict questions to two per participant. Should you need assistance during this conference call, please signal an operator by pressing star and then zero 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 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 and thank you for joining us today to participate in our company's earnings conference call for second quarter and first half of the financial year FY '25. I would like to take you through the key developments in this period. We had a strong second quarter and first half of financial year '25.

We have registered a growth of 33% and 31% in pre-sales, respectively, during this period. Our consistently strong sales at our BKC projects has added to this sales momentum. Better pre-sales has been reflected in higher collections. This has enabled in doubling our net operating cash flow surplus to INR191 crores in first half of financial year '25.

Further strengthening our balance sheet, our net cash surplus now stands at nearly INR100 crores. At Sunteck City 4th Avenue project at ODC, Goregaon West, is nearing completion. This will further boost our cash flows in the coming quarters. We have launched one more new phase at our Naigaon project with a name Sunteck Ultra World and with a potential GDV of INR600 crores. And the response for that was very overwhelming.

We are also geared up to launch one tower in the new phase at Sunteck City, ODC, Goregaon West, which has a potential GDV value of approximate INR1,500 crores. We are excited and keenly awaiting the launch of one of our biggest and the most luxurious project in the country, which is on the sea at Nepean Sea Road. At the same time, we are preparing ourselves for getting the necessary approvals for our Dubai Downtown project and our sea view project at Bandra Bandstand.

We are excited about our growth opportunities in the MMR market. With our strong balance sheet and robust operating cash flows, we continue to remain aggressive and prudent in our business development. While we are evaluating many projects aggressively, we continue to focus on our high equity multiple philosophy.

Now last but not the least, on sustainability front, I'm pleased to share that Sunteck Realty has been conferred the prestigious Sector Leader Award in 2024 GRESB Real Estate Assessment for the development benchmark.

I shall now hand over the call to Prashant Chaubey, the CFO, to take you through the financial performance of H1 FY '25.

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 quarter 2 and first half of FY '25.

The key details are we sold INR524 crores worth of area in quarter 2 FY '25, which is a 32.7% growth over quarter 2 of FY '24. During first half of FY '25, pre-sales registered a growth of 31.2% over H1 of FY '24. Collections for quarter 2 FY '25 stood at INR267 crores, which is a 24.8% growth over quarter 2 of FY '24. While for first half, FY '25 collections stood at INR609 crores, a growth of 21.3%.

The strong collections have resulted in a net operating cash flow surplus of INR191 crores, which is a 112% growth over H1 of FY '24. Operating revenue grew by 578% year-on-year for the 3 months ended September 2024 to INR169 crores in comparison to INR25 crores in the same period in the last financial year, owing to recognition of revenues from our completed Sunteck Maxx World project in Naigaon.

EBITDA stood at INR37 crores and EBITDA margin stood at 22%. Net profit stood at INR35 crores with a net profit margin of 20%. For the half year ended FY '25, operating revenue grew by 408% to INR485 crores and EBITDA stood at INR69 crores for H1 of FY '25. We reported a net profit of INR57 crores for the half year ended September 2024. Our net debt to equity stood at minus 0.03x with a net cash surplus of INR98 crores during H1 of FY '25.

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

Moderator:

The first question from the line of Biplab Debbarma from Antique Stock Broking.

Biplab Debbarma:

My first question is on the launches in FY -- in the second half of FY '25. So you have launched Naigaon. Congratulations on that, it has received good response. And you are gearing for launch a new tower in Sunteck City. Besides these 2 projects, are there any launches expected in the second half of FY '25?

Kamal Khetan:

Yes. Biplab, season greetings to you as well. And so we -- as you know that we have already launched our project phase -- new phase in Naigaon, which is Sunteck Ultra World. And now

we are going to launch in this coming next half of the financial year, H2. We are looking to launch at least one tower in the new phase, which is 5th Avenue in ODC, Goregaon West.

We are looking to launch 1 or maybe 2 towers, in fact, Sunteck Beach Residences at Vasai. And we are looking to launch one more new tower in Sunteck Sky Park at Mira Road and 1 or 2 towers in Sunteck Crescent Park at Kalyan. So these are the launches which we are looking in H2 of the coming financial year.

Biplab Debbarma: What would be this GDV of these projects?

Kamal Khetan: So for 1 tower of 5th Avenue, GDV will be close to INR1,500 crores. 2 towers of Sunteck Beach Residences will be INR400 crores to INR500 crores. And 1 tower in Sunteck Sky Park Mira Road will be close to INR600 crores to INR700 crores. And 2 towers at Sunteck Crescent Park will be close to INR300 crores.

Biplab Debbarma: And my second question is on the projects that you have mentioned, sir, Nepean Sea Road, and the Dubai project. So by, when do you think it would be launch ready, Nepean Sea Road and Dubai projects? FY '26, can you be certain that by FY '26, it would -- these 2 projects would be launch ready?

Kamal Khetan: So yes, good question, Biplab. We are very, very confident that before FY '26, we will be able to launch both these projects, both Nepean Sea Road and Dubai. And this quarter, we have also added our new project in Bandra West, which we have acquired 1 or 2 quarter back, which we have already announced in the market.

We only put any new project in GDV value when we are confident that we will be able to launch in the next 12 to 15 months. So we are very, very confident that all these 3 projects which are newly added in the GDV value, which is Nepean Sea Road, Dubai, and the Bandra West project, all 3 projects will be launched in FY '26 -- before the end of FY '26.

Moderator: We have the next question from the line of Abhinav Sinha from Jefferies India.

Abhinav Sinha: Sir, congratulations on the strong performance that we have seen in the first half. So now sales have started growing faster versus the previous couple of years. And you are also highlighting the large launch pipeline with Nepean Sea and Dubai and Bandra in the next 12, 15 months.

So my question is that what is the GDV value we are looking at, say, medium term or 3 years down the line? So that's the first question. And secondly, also wanted to hear your take on the Mumbai projects -- Mumbai market in general on pricing, particularly.

Kamal Khetan: So GDV value for the -- we are very confident. If you see the growth of our GDV value, we have been able to double our GDV value in spite of growing sales every less than 3 years, every 3 years. And we continue to mention in our past calls also and current calls also that we will continue to grow our GDV value also aggressively and continue to maintain our strong balance sheet.

for the next few years, we'll continue to grow like in 3 years, we'll double the GDV value. We'll continue to double our GDV value. So that is where we are on the GDV value. And the second question was?

Abhinav Sinha: Mumbai market price.

Kamal Khetan: So Mumbai market price. So Mumbai market, I think is -- obviously, we are seeing very robust market. And so pricing have only firmed up. We believe that now the pricing, we are not considering any increase in pricing at least at any of our projects. We are very clear that pricing is quite appreciated in last few quarters. And we want to be -- we are seeing a stable pricing and increasing the momentum by selling more volumes.

Abhinav Sinha: Right. Sir, where would you have launched the Ultra World project at what price point?

Kamal Khetan: So it's in Naigaon.

Abhinav Sinha: Yes. But what is the price point here?

Kamal Khetan: Naigaon, as you know, the price point is close to INR10,000 a square feet, and we have launched it at that same pricing, INR10,000 a square feet.

Moderator: We have the next question from the line of Pritesh Sheth from Axis Capital.

Pritesh Sheth: So two questions. First, on Dubai, what would be your strategy in terms of launch there? It's a INR10,000 crores worth of project. But how would you go about the launches, whether you'll be able to -- and you will go tower by tower there with -- and what kind of GDV launch can we expect there?

And second question is on the collections. This quarter, while sales in our luxury project was good, we have maintained that momentum, but I think collection was just INR1 crores, INR1.5 crores or INR14 crores rather. So why was it lower that way? So those are two questions.

Prashant Chaubey: Pritesh, Prashant here. So I'll answer the second question first. So as far as the collections goes, if you look in the first half, in the first half, we have done luxury sales of close to INR271 crores, and we have collected INR128 crores. And going forward, you will see as we give possession in BKC, this collection will come up in the coming quarters. So there is no -- so that is how it is. As possession is still pending, that's why the collection is slightly lower. You will see that recovering in the coming quarters.

Pritesh Sheth: Sure. And the first question on Dubai strategy?

Kamal Khetan: Yes. Kamal here, Pritesh. So what we are telling Dubai, there will be only 2 towers. It is not that there are multiple towers. It's in the -- so just to give you an idea, our Dubai project is in the Burj Khalifa location, which is the heart of downtown, which is very near to the -- or almost, I can say, adjacent to the Dubai mall.

So it is a high-ticket price and high-ticket size inventory. So it is not the volume. So we are looking at a sale of almost close to 1 million square feet of the sale area, which will come in 2

towers. We may launch 1 tower at a time. And we are looking to exhaust this inventory in, let's say, 2 to 3 years or 3 to 4 years maximum. That's how we see Dubai projects in terms of sales launch and all.

Pritesh Sheth: 3 to 4 years for full project or 1 tower?

Kamal Khetan: So we are talking about both the towers in 3 to 4 years.

Pritesh Sheth: Okay, awesome. And just lastly on Naigaon, generally we have a very good response whenever we have launched the phase there. Obviously, I can understand Ultra World was launched much later in the quarter. But how do you think the response overall has been since we are already 1, 1.5 months through the quarter. So the response to that project?

Kamal Khetan: It is up to our expectations. The launch has been very good. And we are satisfied the way the launch has happened. And we are quite bullish on overall sales, and we will continue to get our numbers of pre-sales. What we have been talking 30% growth year-on-year on our pre-sales number. I think we will very easily achieve that pre-sales number growth with all the launches and including the launch of Ultra World, what we have done.

Moderator: We have the next question from the line of Kunal Lakhan from CLSA.

Kunal Lakhan: Sir, you said earlier that you want to double your GDV in the next 3 years. So essentially, what you're saying is you'll add about INR38,000 crores worth of additional projects in the next 3 years. Is that the correct understanding?

Kamal Khetan: Sorry, we lost you Kunal.

Kunal Lakhan: Okay. Yes, I'll just repeat myself. Am I audible now?

Kunal Lakhan: Okay. So Kamal ji, you mentioned earlier that you will double the GDV in the next 3 years. Just correct me if I'm wrong, you're talking about the -- so essentially, what you're saying is you'll add INR38,000 crores worth of GDV in the next 3 years in terms of new projects? Is that what you're saying?

Kamal Khetan: Yes. So what -- if you see our GDV value chart, what we have done. In FY '22, we were with a GDV value of INR13,650 crores. And when we tell -- in FY '25, we are more than double. We are almost triple in GDV value from FY '22 to FY '25. Today, if you look at FY '25, we are at INR37,000 crores almost. So more than, in fact, triple, almost triple..

And if you look at FY '23, once again, so in FY '23, we were at INR19,000 crores GDV value. So in FY '26, if you look 3 years from FY '23, we should be INR38,000 crores. We are already INR37,000 crores. And again, if we take FY '24, which is INR26,000 crores, we are talking that in FY '27, I should be INR52,000 crores. So if you tell me in FY '27, whether we'll be INR52,000 crores, yes, we are confident we'll be -- in FY '27, we will be INR52,000 crores. I hope I've answered your question, Kunal.

Kunal Lakhan: Sure. So you're saying that you'll add about INR15,000 crores of additional projects in the next 2 years?

- Kamal Khetan:** Yes, minimum. Minimum.
- Kunal Lakhan:** Correct. Correct. And any color on -- like just a related question on that, any color on like where you'd be adding these projects within the city limits or outside of the city limits, if you can share?
- Kamal Khetan:** So Kunal, very good question once again. So if you see, we have all the new projects which have been added are in the main city limits, and it is between like mainly, in fact, it is in South Mumbai or in the Bandra locations. So we are clear that we want to keep our portfolio fully balanced in every -- because we are Mumbai focused in MMR focused, we want to be across the city limits. And now we feel that our more addition will be towards the South Mumbai or in the city limits.
- Kunal Lakhan:** Okay. Great. Good to know, sir. My second question, sir, is on the rental portfolio. You have highlighted that by '27, '28, you'll have Sunteck City 5th Avenue commissioned and ready sort of. Where are we in terms of approvals and plans here for the 5th Avenue?
- Kamal Khetan:** Yes. In commercial portfolio, we have got the main approval, which we were not getting it, which we have already -- I think I mentioned in the last call or before that, that we have got that approval through the court. And now we are in the process of any time launching that -- start the construction, but basically, we want to lease out that property. So we will be very soon starting the construction on it.
- Kunal Lakhan:** Okay. Understood. And lastly, sir, like what's the approval status for Borivali now? And what's the launch pipeline for that?
- Kamal Khetan:** So we are approval process very -- frankly, we are not clear right now since there is a change in the government, what will be the new government policy. I just want to share that it is -- it comes under some SDZ policy. So this government has given some SDZ policy. I think most of the -- all the people who are waiting for the clear SDZ policy are just waiting.
- We know that we are very close to the election dates. And as and when the new government comes, if there is more clarity on that SDZ policy, we will like to take that approval. In fact, the scope of getting the approval is in -- the scope is with the landlord. It is in landlord scope to get the approval. So obviously, he's waiting for this SDZ policy to be cleared once the new government comes. And I think we should be very soon getting a lot of clarity once the new SDZ policy is in place.
- Kunal Lakhan:** Great. So does that mean that FY '26 launch is more likely?
- Kamal Khetan:** Kunal, I just mentioned that when there is a clarity, we would like to give you an exact day and time, at least we will be able to tell you that we'll be able to launch in the next 6 to 9 months. And if that clarity would come, firstly, we will add to our GDV value -- this project to our GDV value. And that's why we have so much of confidence that we'll continue to put more projects in the GDV value because we know what we are negotiating right now in the market and some of the projects we are at a very advanced stage in getting into the GDV value as well as we are negotiating some very new projects, which is in South Mumbai and Bandra locations. And we are confident that as soon as we get clarity for ESKAY Resorts, which is in Borivali, we will be able to maybe ideally put that at least in GDV value in FY '26 for sure.

Moderator: Ladies and gentlemen, we will conclude our question-and-answer session at this point. I would now like to hand the conference over to the Chairman and Managing Director, Mr. Khetan, for closing comments. Over to you, sir.

Kamal Khetan: Thank you all for taking the time out of your busy schedule to join us today. In case if any of your queries have been left unanswered, please feel free to reach out to our Investor Relations team. We truly value your continued support and look forward to strengthen this relationship. Stay safe, everyone, and thank you.

Moderator: Thank you. Thank you all for taking the time out for Sunteck's earnings call.