

SUNTECK REALTY LIMITED

ESG FACTBOOK

Preamble

In alignment with our endeavour to transparent and comprehensive sustainability reporting, we affirm that all activities consolidated for financial reporting purposes are encompassed within the scope of our sustainability disclosure. This ensures that our reporting accurately reflects the holistic impact of our operations on Environmental, Social, and Governance aspects.

GOVERNANCE

Board of directors share ownership (number of shares held as on 31st March 2023) & the closing share price as on 31st March, 2023

- 1) Kamal Khetan - 150 equity shares and drawing salary of INR 1, 12, 50000/-
- 2) Atul Poopal - 22,222 equity shares
- 3) V. P. Shetty - Nil
- 4) Sandhya Malhotra - Nil
- 5) Chaitanya Dalal - Nil
- 6) Mukesh Jain - Nil
- 7) Rachana Hingarajia as Company Secretary and Director - 8,444 Equity shares
- 8) Prashant Chaubey as Chief Financial Officer - 6,633 Equity shares

Closing Price as on 31-03-2023:

BSE: 283.20

NSE: 284.70

Executive members	Share price as on 31st March, 2023	No of shares	Amount of shares held as on 31st March, 2023	Salary in INR	Ratio multiple
Rachana Hingaraja	284.7	8444	2404006.8	6010000	0.390147
Atul Poopal	284.7	22222	6326603.4	0	-
Kamal Khetan	284.7	150	42705	25200000	0.001694
				Average	0.1969

Particulars	Male	Female	Total
Total employee compensation without CMD in INR	468,968,088	173,226,828	642,194,916
Mean Salary in INR	1,302,689	1,154,846	1,259,206
Median Salary in INR	754,008	707,508	750,000

Risk Management

Risk Management at Sunteck

Sunteck Realty Limited, a prominent player in the real estate sector, integrates comprehensive risk management strategies to ensure the viability and success of its endeavours. Recognizing the dynamic nature of the property market, we adopt a proactive approach to identifying, assessing, and addressing potential risks. Leveraging technological tools, we meticulously forecast market trends and monitor ongoing projects for potential pitfalls. Additionally, we engage in continuous dialogue with stakeholders, from investors to consumers, to gain insights and address concerns. With an emphasis on both quantitative and qualitative assessment, our risk management framework is a testament to our endeavour to sustainability, growth, and stakeholder value.

Our risk exposure mechanism is a structured process designed to continuously monitor, assess, and update the myriad risks that we might face in our operations. This mechanism is not only crucial for understanding current challenges but also for forecasting potential future vulnerabilities, ensuring that the company remains resilient and agile in a dynamic market. A comprehensive review of all risk factors and the efficacy of mitigation measures are analysed on an annual

basis to reassess the company's risk profile, ensuring that the risk management strategy remains aligned with the company's long-term objectives and the evolving market scenario. This allows the company for strategic adjustments based on new data and insights.

Emerging Risks

At Sunteck, we take great pride in our proficiency to manage current scenarios while simultaneously forecasting and readying for what type of risk lies ahead. With our proactive mind set, we've recognized a sequence of nascent risks that could considerably influence our operational efficacy and fiscal results in the near future.

Climate Change Risk

Description: Climate change risk in the real estate sector encompasses the potential adversities faced due to evolving climatic patterns, both transitional and physical risks with implications for property value, operational costs, and overall profitability. This realm of risk stretches to cover direct climate events, governmental climate interventions, potential litigations, and the perceptual image of real estate entities in the context of climate consciousness.

Impact: The ramifications of climate change on real estate are multifaceted. Properties, especially those in climate-sensitive zones, might witness a decline in value. The ripple effect of heightened risks might also cause insurance premiums to soar, making some commercial properties even more expensive. Operationally, extreme climatic events could disrupt the functional utility of properties, ushering in revenue losses. The increased maintenance demands and costs are coupled with the need for businesses to strategically rethink their development blueprint. This includes considerations for both location and structure

Mitigating Actions: To address these risks, we have initiated to conduct climate risk assessments spanning over various dimensions, including regulatory, technological, legal, market, and reputational aspects. The path of sustainable development, characterized by green building norms and eco-centric materials, not only reduces vulnerabilities but also mitigates broader climate impacts. Adopting and adhering to green building standards like EDGE-IFC A member of World Bank group for all our development portfolio. In addition, Sunteck Realty has aligned its entire development portfolio with the ISO 14001:2015 Environmental Management System.

Regulatory risks

Description: Regulatory risks are recognized as significant emerging risks for the real estate sector. These risks refer to the potential challenges and setbacks arising from changes in laws, regulations, or administrative practices that impact property development, management, or investment. These changes can originate at local, state, or federal levels and encompass areas such as zoning laws, environmental regulations, building codes, rent controls, property taxes, and many more.

Impact: Such regulatory shifts can render a property or project less profitable or even unviable, leading to increased costs, delays, or reduced property values. For Sunteck, staying informed and adaptable to these regulatory landscapes is crucial to safeguarding their investments and ensuring the viability of their projects.

Mitigation Actions: To mitigate regulatory risks in the real estate sector, we have employed a comprehensive and proactive approach. This begins with our compliance, liaison, and legal team being consistently updated on any changes in regulation by monitoring of state, and national regulations, often achieved through industry newsletters and real estate associations that the company is a part of. Engaging with legal experts specializing in real estate also helps the company provide insights into potential regulatory shifts and guide transaction structures to minimize exposure.

Liquidity risks

Description: Liquidity risk refers to the challenge faced by Sunteck in obtaining necessary funds to meet its short-term obligations or in liquidating an asset without incurring significant losses. In volatile markets, these risks can escalate, impacting both operational and strategic decision-making.

Impact: Potential impacts include delay in project completions due to funding issues, potential increase in borrowing costs, strained relations with suppliers and contractors due to delayed payments, and diminished investor and stakeholder confidence.

Mitigation Actions: To ensure preparedness in having sufficient liquidity, we maintain a diversified portfolio of short-term investments and credit lines to ensure quick access to funds. Also, regular cash flow forecasting and financial health checks to pre-empt and address potential liquidity challenges is a frequent exercise at Sunteck. Additionally, we strive to build and maintain strong relationships with a diverse group of financial institutions for better borrowing terms and conditions.

Material Issues for Enterprise Value Creation

Material Issue 1	
Material Risk or Opportunity	Sustainable Products and Services
Business Case	<p>Green building certification offers both risks and opportunities. However, it is primarily considered as opportunity for Sunteck</p> <p>Opportunity: 1. Green buildings often demonstrate long-term cost savings for the end users through reduced energy consumption, water efficiency, and lower maintenance expenses. Lower operating costs can offset the initial investment, providing financial benefits over the building's lifespan. 2. Green buildings prioritise occupant health and well-being by incorporating features such as improved indoor air quality, natural lighting, and access to green spaces. These factors can positively impact occupants' productivity, satisfaction, and overall quality of life.</p> <p>Risk: The initial investment required for constructing green buildings, using eco-friendly materials, will incur additional costs that will impact the overall project budget. Achieving certification requires adherence to specific guidelines, standards, and documentation procedures. Meeting these requirements can be challenging and time consuming.</p>
Business Impact	Cost
Business Strategy	Adopting and adhering to green building standards like EDGE & LEED for all our development portfolio.
Target/Metric	We aim to have 90% green portfolio going forward.
Target Year	FY2023-24
Progress	For the year ending 2023, we already are on the path to achieve more than 90% of our development portfolio as green buildings.

Material Issue 2	
Material Risk or Opportunity	Employee Wellbeing, Health, and Safety
Business Case	Real Estate companies often have a high turnover rate for their employees. Employee wellbeing and development is essential metric for our company and a careful balance needs to be maintained when it comes to prioritisation of such KPIs.
Business Impact	Cost
Business Strategy	Offering resources and support systems to help employees cope with stress, such as stress management workshops, wellness programs, and Employee Assistance Programs.
Target/Metric	Sunteck has a target of reducing attrition rate up to 5%. Additionally, we aim to have 0 injuries, fatalities and LTIFR at our workplace.
Target Year	FY2023-24
Progress	Sunteck is exploring and implementing various initiatives that will help facilitate reducing attrition rate and also improve employee's wellbeing.

Material Issue 3	
Material Risk or Opportunity	Corporate Governance
Business Case	Sunteck believes managing and prioritising corporate governance can help a real estate company to manage its risk effectively. We see it as an opportunity as implementing strong corporate governance practices can help avoid reputational damage, regulatory penalties and legal issues.
Business Impact	Risk

Business Strategy	Adopting and adhering to recognized governance frameworks and standards, Enhancing board diversity and competencies. Establishing and implementing a comprehensive ethics program including training, monitoring on an ongoing basis. Developing and implementing comprehensive policies for establishing a structured, robust and accountable governance framework
Target/Metric	To always comply with all relevant norms and regulations to avoid any fines/penalties or unforeseen circumstances.
Target Year	FY2023-24
Progress	Sunteck has strengthened its corporate governance by implementing various policies and putting in place committees to oversee the management process

Tax Information

Effective Tax Rate

Financial Reporting	FY 2021-22	FY 2022-23
Earnings before Tax – INR in Cr	325507000	44835000
Reported Taxes – INR in Cr	74617000	30746000
Cumulative acceptable adjustments* (see below)	85836889	43624142
Effective Tax Rate (in %)	(3.4469)	(28.72341)
Cash Taxes Paid (Rs. In Cr)	(151784000)	(67998000)
Cash Tax Rate (in %)	(46.63003)	(151.66276)

Reason	Tax Impact FY 2021-22	Tax Impact FY 2022-23	Explanation
Group-wide net operating losses (in FY2021 or FY2022)- INR In Cr	(86,69,889)	(63,72,142)	Tax impact on losses on which deferred tax impact not considered.
Single jurisdiction tax code (maximum 10% sales abroad and domestic corporate income tax rate below the posted industry group average)	-	-	-
Non-recurring (one time) operating losses in own operations (INR In Cr)	-	-	-
Net operating losses from prior periods and/or acquired companies – INR In Cr.	-	-	-

<p>Timing - net deferred tax assets/liabilities and major issues outside of the two-year period reported (including accounting adjustments for prior reporting periods due to major tax policy changes) – INR in Cr.</p>	<p>8,58,36,889</p>	<p>4,36,24,142</p>	<p>FY 22 Majorly on account of Deferred tax- (5.10) Cr FY 21 Majorly on account of Deferred tax- 4.60 Cr Further, Cash taxes paid includes TDS deducted by parties.</p>
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Cyber security measures

We have implemented a robust Policy that addresses both Cyber security and Data privacy concerns to ensure well organized information management and the highest levels of security. This Policy underscores our dedication to safeguarding the privacy and security of our customers' valuable information and is governed by our IT head who is also designated as AVP in the company. By implementing the measures and procedures entailed in the Policy, we aim to mitigate risks associated with data breaches and cyber threats as we collect and manage various types of confidential and personal data related to our business processes, including investor and financial transactions, leasing property details, and human resources information.

Incorporating information security and cybersecurity into employee performance evaluations and linking them to disciplinary actions is a strategic move that our organization adopt to ensure the robustness of our cybersecurity posture. The information security practices are embedded in performance evaluations implying adherence to cybersecurity protocols and becomes a fundamental part of our employee's role and responsibilities. This is done to ensure that every employee is well-aware about cybersecurity protocols which are mandatory and non-negotiable. Employees are evaluated if they are found to be in breach of any violation as per our cybersecurity policy and accordingly disciplinary actions are taken. Thus, recognizing and rewarding adherence to cybersecurity practices, or conversely, applying disciplinary actions in the event of non-compliance, helps bolster a resilient cybersecurity posture across the organization, aligning individual performance with overarching security goals.

This approach not only emphasizes the importance of cybersecurity but also ensures that employees remain vigilant and adhere to the established security policies and procedures.

SOCIAL

Workforce Details

Workforce Breakdown: Gender

Diversity Indicator	Female (%)
Total Workforce	31.3%
Management Position (Junior, Middle, Senior)	29.74%
Junior Management Positions	30.38%
Senior Management Positions	13.63%
Management in revenue -generating functions	19.27%
STEM functions	14.08%

Workforce Breakdown: Race/Ethnicity or Nationality

All employees at Sunteck are Indian and belong to the South Asian ethnicity.

Gender Pay Indicators

Employee Level	Average Women Salary in INR	Average Men Salary in INR
Executive level (base salary only)	59,33,340	74,11,145
Executive level (base salary + other cash incentives)	59,33,340	74,11,145
Management level (base salary only)	25,46,052	24,17,797
Management level (base salary + other cash incentives)	25,46,052	24,17,797
Non-management level (base salary only)	6,91,451	7,50,436

Indicator	Difference between men and women employees (%)
Mean Gender Pay Gap	16.96%
Median Gender Pay Gap	3.69%

Employee Satisfaction Score

	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Employee Satisfaction Score (%)	-	-	-	66%*

Note: We had started conducting survey from FY2023 itself, hence no data available for previous years

Employee Turnover Rate

	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Total employee turnover rate	25.55%	28.57%	39.24%	41.2%
Voluntary employee turnover rate	25.55%	28.57%	39.24%	41.2%
Data coverage (as % of all FTEs globally)	100%	100%	100%	100%

Hiring

	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Total number of new employee hires	97	181	227	255
Percentage of open positions filled by internal candidates (Internal hires)	-	-	-	3
Average hiring cost/ FTE Currency:	39,279 (INR)	28,122 (INR)	25,727 (INR)	50,871 (INR)

For FY2023

Category	New Joinees					
	FY 2022-23					
	Male	Female	Total	Less than 30 years	30 - 50 years	more than 50 years
Total	181	74	255	101	145	9
Senior	4	2	6	0	4	2
Middle	58	24	82	12	67	3
Junior	119	48	167	89	74	4

Absentee Rate

Absentee Rate	Unit	FY2020	FY2021	FY2022	FY2023
Employees	% of Total Days Scheduled	1.88	0.57	1.25	1.08
Data Coverage (as % of employees, operations, revenue)		100%	100%	100%	100%

Training and Development

Training and Development Inputs

	Total for FY2023
Average hours per FTE of training and development	4 hours
Average amount spent per FTE on training and development	1,728 INR

Human Capital Return on Investment

In crores	FY2019-20	FY2020-21	FY2021-22	FY2022-23
a) Total Revenue, as specified in the "Denominator" question Currency: INR	580.2053	630.8423	534.0228	362.4472

b) Total Operating Expenses Currency: INR	336.6552	566.7847	502.6447	393.3933
c) Total employee related expenses (salaries + benefits) Currency: INR	25.8857	36.7242	52.7599	68.9923
Resulting HC ROI (a - (b-c)) / c	10.408%	2.744%	1.594%	0.551%
Total Employees, as specified in the "Denominator" question.	327	400	453	533

Employee development programs

Program 1	Customer Relationship Management
Description	<p>As an inherent part of Sunteck's steadfast endeavour to sustainable and client-centric business practices, a comprehensive CRM (Client Relationship Management) Training Program has been meticulously formulated and embedded into the core of our employee development initiatives. This program is specifically designed to align theoretical knowledge with pragmatic skills in managing and optimizing customer relationships through adept use of CRM software and technologies.</p> <p>Spanning a diverse range of topics, the program navigates through the nuances of customer interaction strategies, data analytics, and adept utilization of technological tools to predict, understand, and satiate client needs effectively and efficiently. The objective orbits around not only enhancing the customer experience but also providing our employees with a fertile ground to hone their skills and elevate their career trajectories. The program blends interactive learning sessions, hands-on workshops, and real-life scenario simulations to ensure a holistic learning experience. CRM software and tools to analyse customer data and predict buying behaviours effectively.</p>
Benefits	<p>Employees benefit from enhanced communicative and interpersonal skills, as a substantial segment of the training is dedicated to developing the proficiency required for fostering positive and enduring customer relationships. It further ensures that the team is equipped with strategic negotiation and conflict resolution skills which are crucial in navigating through complex customer scenarios.</p> <p>By investing in our employees through this program, Sunteck endeavours to weave a tapestry of sustainable growth, where enriched client relationships and empowered employees collectively drive the organization towards an ethically and economically vibrant future.</p>

Program 2	Receivables management department
Description	<p>The RMD training program is designed to holistically upgrade the workforce's capabilities in managing, strategizing, and optimizing the receivables management processes of the company. The initiative commences with a robust understanding of the integral components of receivables management, spanning from the inception of credit policies to the proficient execution of receivable collections, duly aligned with the legislative framework. The objective of this program unequivocally circles around enhancing operational efficiency in the management of the company's receivables, thereby underpinning financial health. Through this initiative, employees go through a meticulous curriculum that envelops theoretical knowledge, practical applications, and scenario-based learning modules, consequently ensuring an enriched understanding of the nuances and intricacies of receivables management.</p>
Benefits	<p>Engaging in this program propels employees towards mastering skills such as financial analysis, negotiation, conflict resolution, and legal compliance, all crucial in navigating through the often-complex waters of receivables management. The benefits to employees extend beyond skill enhancement, providing them with a scaffold that supports their career progression within the financial and management domains.</p>

Performance Appraisal at Sunteck: The Synthesis of MBO and Agile Conversations

The company recognizes the need for a structured and result-oriented approach to performance appraisals, which led to the adoption of combination of Management by Objectives (MBO) method and agile conversations.

Sunteck's innovative blend of MBO and Agile Conversations bridges the gap between long-term strategic planning and the need for real-time adaptability. This integrated approach ensures that employees are not just working towards fixed goals but are continuously evolving, learning, and aligning with Sunteck's vision in the ever-shifting sands of the real estate market. It's a testament to Sunteck's endeavour to excellence, innovation, and its most valuable asset: its people.

The Blended Approach:

At the outset of the appraisal period, managers and employees come together to set clear, specific, and measurable objectives using the MBO framework. These objectives, tailored to Sunteck's overarching goals, might involve milestones like project completions, achieving sales targets, or enhancing customer experiences.

However, instead of a static annual review based solely on these objectives, Sunteck introduces the fluidity of the Agile Conversation Method. Regular, perhaps monthly or bi-weekly, touch points are scheduled wherever possible.

These 'Agile Conversations' serve multiple purposes:

- **Feedback and Calibration:** Managers and employees discuss the progress towards the MBO-defined objectives. They identify any roadblocks or challenges, brainstorm solutions, and recalibrate the objectives if market dynamics demand it.
- **Continuous Learning and Growth:** These conversations aren't just about goals; they're platforms for continuous feedback. Employees gain insights into their strengths and areas of growth, allowing them to pivot and adapt in real-time, a crucial ability in the unpredictable real estate landscape.
- **Strengthening Relationships:** The frequent interactions foster a deeper connection between teams and their leaders. It ensures that employee's feel supported, valued, and understood, leading to heightened morale and motivation.

By the end of the appraisal period, the assessment is not just about whether the initial objectives were met. It's a more comprehensive review that considers the journey, the adaptations, the learning, and the outcomes.