



“Sunteck Realty Limited Q2 FY 2018 Earnings
Conference Call”

November 14, 2017



**MANAGEMENT: MR. KAMAL KHETAN -- THE CHAIRMAN AND
MANAGING DIRECTOR, SUNTECK REALTY LIMITED
MR. SUMESH MISHRA -- THE CHIEF OPERATING
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JITENDRA MEHTA -- THE CHIEF FINANCIAL OFFICER,
SUNTECK REALTY LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Sunteck Realtys Earnings Conference Call for Q2 FY 2018.

We have with us today: Mr. Kamal Khetan -- the Chairman and Managing Director of the Company; Mr. Sumesh Mishra -- the Chief Operating Officer; and Jitendra Mehta -- the Chief Financial Officer.

Please note, this call will be for 60 minutes and for the duration of this conference call, all participant lines will be in the listen-only mode. This conference is being recorded and a transcript for the same may be put up on the website of the company.

After the management discussion, there will be an opportunity for you to ask questions. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your 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 general business statements, plans and strategy of the company, its future financial condition and growth prospects.

These forward-looking statements are based on expectations and projections and may involve a number of risks, uncertainties and other factors that could cause actual results, opportunities, and growth potential to differ materially from those suggested by such statements.

I would now like to hand the conference over to Mr. Khetan -- the Chairman and MD of the Company. Thank you and over to you, sir!

Kamal Khetan: Good Morning, Everybody. And Welcome to the Earnings Call for the Second Quarter of Financial Year 2018. Thanks all of you for taking out the time to join us for our call.

We recorded a strong sequentially growth in pre-sales and collections during the second quarter of FY 2018 with 33% quarter-on-quarter growth in pre-sales and 11% quarter-on-quarter in collection as compared to the first quarter of FY 2018.

On the operational front, we launched fresh inventory of our project Sunteck City Avenue-1 and Sunteck City Avenue-2 at Goregaon ODC, which received a overwhelming response. This further enforces our belief in Oshiwara District Centre that is ODC which is being planned and developed by MMRDA on the lines of BKC. We can see our vision becoming reality with the connectivity and the infrastructure reaching new hives in ODC.

Recently we have seen the commissioning of the two new flyovers and the new station and the work underway on the several 90 feet wide roads within ODC. This zone is poised to create a huge value for our stakeholders just like BKC.

In addition to the location is nestled amidst the back office and mid office hubs of Mumbai which corporate parks like Nirlon Knowledge Park, Nesco, and Infinity IT Park in close proximity.

Our Sunteck City project spread across 23 acres will give us about 6 million square feet of sales potential and we look forward to capitalizing on these developments.

On the P&L front, revenue from our sales at Sunteck City Avenue-1 and Sunteck City Avenue-2 at ODC were recognized for the first time leading to the top-line growth both on year-on-year and quarter-on-quarter basis. The dip in margins is on account of recognition of legacy sales at ODC. And the sales mix being dominated by ODC as compared to BKC.

However, in ODC going forward, all the incremental sales are happening at significantly higher realization that is approximately Rs. 14,500 a square foot. This should improve margins from ODC meaningfully. We also expect the sales mix to normalize in coming quarter providing further impetus to our margins.

Also with the reforms like RERA and GST taking shape we believe that stage is being set for sustainable growth for all the organized developer and our balance sheet strength gives us an edge to look at acquisitions of the projects across pricing spectrum including distress opportunities. We are excited about the times ahead and aim to benefit from the upcoming opportunity in Indian Real Estate sector and scale up our business while maintaining attractive ROE.

I would now like to hand over the call to Jitendra Mehta to provide you a detail insight on our operational and financial performance for the period. We look forward to a Question-and-Answer Session later on and we will be more than happy to answer your queries.

Jitendra Mehta:

Thank you very much, sir. Good morning, everyone and thank you once again for joining us today morning. I would like to quickly take you through the all financial and business performance of Q2 Financial Year 2018.

During the second quarter of Financial Year 2018, we have recorded a pre-sales of Rs. 170 crores vis-à-vis Rs. 128 crores in the first quarter of 2017 - 2018 which is a growth of 33% quarter-on-quarter.

The quarterly sales of Rs. 170 crores is split at Rs. 145 crores from our Sunteck City Avenue-1 and Sunteck City Avenue-2 projects at ODC and Rs. 25 crores from BKC.

We have collected Rs. 145 crores during second quarter of financial year 2017 - 2018 vis-à-vis Rs. 131 crores in first quarter of 2018, which is a growth of 11% quarter-on-quarter.

With regards to our P&L statement, we recorded sales of Rs. 347 crores in the second quarter of financial year 2018 vis-à-vis Rs. 133 crores in first quarter of financial year 2018.

On the EBITDA front, we recorded EBITDA of Rs. 99 crores in second quarter of financial year 2018 vis-à-vis Rs. 71 crores in the first quarter of financial year 2018. And on the PAT front, we recorded PAT of Rs. 62 crores in second quarter of financial year 2018 vis-à-vis Rs. 35 crores in the first quarter of financial year 2018.

So this was the update on our financial and business performance. We can now open the forum for questions from the participants.

Moderator: Sure. Thank you very much. We will now begin with the Question-and-Answer Session. We have the first question from the line of Sagar Karkhanis from Nirmal Bang. Please go ahead.

Sagar Karkhanis: **Congratulations of good presales.** If you could please elaborate more on the fifth brand for Aspirational Mid-income Value Homes which we have mentioned in our Presentation. What is the vision and thought process on that?

Kamal Khetan: See, definitely, the marketing team is working on the fifth Aspirational brand, we are definitely looking at getting into the other segments as well. So we want to be a always MMRDA focused developer, so we want to be across the entire spectrum and looking at that going forward, we are already working toward that and very soon once the brand is freezed and finalized because we are very clear, we do not want to dilute, Sunteck has been always like projected as a luxury developer and we command premium because of our that positioning of that and if you see that is why the signature brand Ultra High Luxury premium which the commands of premium across any developer in that vicinity at least 30% - 40% premium and so on if you look at Signia brand and now for ODC that is why we created a separate brand for mixed used that was Sunteck City. So now going forward you will see the fifth brand which will come up and we will definitely let you know once it is freezed and everything and we will give you the details about that.

Sagar Karkhanis: So I understand correctly, this will be in an Affordable Housing Segment category, right?

Kamal Khetan: So Sagar the Affordable for us actually it is not Affordable like if you see Sunteck has journey like we have started with a very high-ticket size like upwards of Rs. 30 crores - Rs. 40 crores and we have started a brand Signia obviously that was from Rs. 5 crores to Rs. 20 crores and then Sunteck City which was starting from a ticket size of Rs. 1 crores - Rs. 1.5 crores to about Rs. 3 crores ticket size. So now, we are looking at a segment which is upwards of Rs. 60 lakhs - Rs. 70 lakhs or Rs. 50 lakhs and closure to Rs. 1 crores - Rs. 1.25 crores and if that comes in Affordable because Affordable is defined, it is by the area not by the value. So if it comes in that segment we will be happy. And we will take all the advantage of the infrastructural benefit of that which is given in this budget for the Affordable segment.

Sagar Karkhanis: Right. And secondly, sir, on the QIP if you could share some thoughts on what is our logic for doing that and what are the plans of deploying the funds?

Kamal Khetan: So Sagar, one thing is very clear, if you see again the Sunteck track record like last QIP what we have done was meager Rs. 150 crores that was way in 2009, almost 8 years - 8.5 years back. So we have been always very clear that debt equity has to be properly maintained and managed and that discipline of the financial discipline has brought the company and grown the company exponentially while doing that time also the QIP in 2009 in fact after the Lehman crises the industry was struggling and there was huge problem and we took the maximum opportunity of the strong balance sheet and the cash flows and we have grown the company thereafter exponentially and company has become so big. Now, we see the similar thing in the industry right now, there is a lot of distress which is there in the industry and there is a lot of opportunity. So we wanted to continue to maintain our balance sheet very strong and with this strong balance sheet as I already mentioned in my speech that we are looking at some good acquisitions and hopefully, we should be able to do them.

Moderator: Thank you very much. We have the next question from the line of Kunal Lakhan from Axis Capital. Please go ahead.

Kunal Lakhan: Quickly on like when do we plan to launch the commercial phase at the ODC Phase-II and also the Residential phase there?

Kamal Khetan: So Kunal, as you see that already now last quarter when we did additional inventory, we opened the additional inventory, we could do a really-really good sales in the last quarter as well as in the current quarter the sales are happening very good in the ODC, and people have started believing in ODC and people now understand that it will come up. Initially it was very difficult for everybody to believe like something like it was similar to BKC for us, no one believed in BKC when we were doing BKC Luxury. So similarly, people were not believing into ODC, we were very confident and we can see the results right now and we can see that it is coming up very well and going forward you see much better traction. So now looking our focus is obviously to create a mix use that is why the brand Sunteck City our endeavor will be to start ASAP but definitely we can look at least six months from here to start the commercial and the retail out there.

Kunal Lakhan: Sure. And just to elaborate a little on the previous question of the Rs. 500 crores how much do we plan to allocate towards the commercial CAPEX in that ODC and how much would be utilized towards the growth capital for acquisition of new projects so on and so forth, if you can bifurcate that amount?

Kamal Khetan: So bifurcating will be really difficult. Definitely today it is not that Rs. 500 crores can be specifically bifurcated, we will definitely not like to keep the debt first of all, so whatever is going money what best can go for the repayment of debt that can go. But more than that obviously it will go into the constructions at the same time. We will not like to keep the money idle, go for the constructions and obviously start the commercial bit and so maximum will go

into the commercial. For new acquisition, anyhow we are looking lot at the JD, JV model also. And also plus we are very clear that we do not want to increase our debt from the current, current means right now it is 0.53, pre-QIP and post-QIP it becomes 0.20 debt equity ratio. So, we are looking at the pre-QIP level definitely not post-QIP levels. So, we have enough room for growth as well as to do the commercial bit which is there in ODC.

Kunal Lakhan: Sure, that is helpful. And one last question, if I may, Kamal Ji we have seen BKC doing much better numbers historically with all three projects complete with the OC coming in all the three projects and there is no impact on GST now on these projects. What do you think is the key challenge for a customer to close or not close the deal? What result the key decision making factor here?

Kamal Khetan: Very good question, Kunal. If you see what has happened obviously, post RERA, post GST, and post demonetization obviously there were a lot of fence sitter And so, overall if you see there was slow down in the luxury segment and in spite of that we have been able to really good sales quarter-on-quarter. This quarter has been really slight obviously bad, we could do only one apartment. But you can see also there is a lot of traction now in this quarter we are seeing, very-very good traction and we have already, I will not be able to share the numbers with you. But we have already done some few deals in BKC that we will see in the next quarter, the results of this quarter, current quarter. And if you see also there is a lot of Sumesh, you want to take?

Sumesh Mishra: Kunal, Sumesh here. I just like to add that already 35 families have shifted to Signia Isles project and more than 20 families have shifted in Signature Island. In fact, last week people have started staying in Signia Pearl also the first client of the resident, moved into his apartment in Pearl. So I think, in another two months to three months, you will see that the entire complex becoming more and more lively with all three building fully operational, all the amenities, world class amenities, so getting completed in the next two months to three months. And overall, if you see next two years to three years approximately four million to five million square feet of commercial space is being getting occupied in BKC, with new six flyovers connecting BKC to the entire city. Also, two five star hotels and recently, if last week if you would have read, the restriction on the mall, as well as the construction of theater instead of that in place of that driving theater all that work which is part of the social fabric, all that work has commenced and they are targeting to complete that in the next 12 months to 18 months. So there are a lot of thing which are happening in BKC which will add to that livability quotient and as the building is getting more and more habitable people want to stay in that kind of a neighborhood. So that is what we are seeing in terms of enquiries today and the footfalls, we have seen a tremendous growth and with the more and more people shifting that is generally the trend also in a new location so with this kind of a product and BKC becoming more and more habitable I think, you will see the traction coming in the next couple of quarters.

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

Adhidev Chattopadhyay: Just a question on the Affordable Housing foray, so which are the places in MMR you are considering actively? Like in extended or Eastern Suburbs or on the Western Suburbs because on the Eastern part we have a lot of developers in Kalyan, Ambarnath and this belt. So are we more focused on a western side and where already most of our projects are or are we open across locations?

Kamal Khetan: Adhidev, definitely you are right there is a lot of affordable segment. The segment which we are looking from Rs. 50 lakhs to Rs. 1 crore and upward, that segment has a lot of supply in the eastern side. So, our focus is our endeavor is to go to the western suburbs and also if you see, our strength is western suburbs. So, we would like to work on both our strength as well as the supply which is limited in the Western suburb compare to Eastern suburb. So, we would like to go to the Western suburbs definitely, ideally.

Adhidev Chattopadhyay: Okay, sure. Sir, second question again on ODC land parcel now, you plan to do commercial, could you just explain what is the differential in the FSI which would be between had we done full residential and now commercial? And is there any difference in the approval cost and other things like will it be lower or higher than what we would have to pay?

Kamal Khetan: So Adhidev, there is a zoning which are already defined by MMRDA, so there is a commercial zone, there is a residential zone, and there is a restrictions like within the residual zone you can do certain percentage of commercial and not more than that and certain percentage of residential that you can do. And similarly, in the commercial zone, you have to do like 50% let us say commercial or then you can do residential. But for the commercial whatever we do commercial, there is a big advantage like obviously we get four FSI and the residential we get only three FSI plus the fungible. So four FSI plus fungible makes it almost 4.8 whereas residential you will get three FSI and the fungible that will make you almost close to 4.5. so, we have done our maths and we feel obviously the mix used will get the maximum benefit to the company and will create a maximum value for the company as well for the buyers for the buyers of residential as well as the commercial apartments.

Moderator: Thank you. We take the next question from the line of Ruchi Parikh from Anand Rathi. Please go ahead.

Ruchi Parikh: Sir, I just wanted to know that in our Goregaon projects in the Sunteck City project, how are the response from the walk-ins or the referral deeds like what is the proportion? And the second question is sir, how much do you expect the presales or the collections to be in the second-half like better than the first-half or how much increase would you expect?

Sumesh Mishra: Just to give you a background of how ODC with this the kind of infrastructure development, the kind of interest which is there and with the execution on ground people were excited to visit the location and know more about it with our activation. So our conversion rate in terms of these the last quarter has been between 5% to 7% to almost during the campaign period it has been around even 9% to 10%. So generally, we have seen that in this market, 5% to 10% is a broad range of conversion rate and in terms of footfall also we see more than 1,500 to 1,600 footfalls during the

entire quarter for both the projects Avenue-1 and Avenue-2. And obviously both are non-competing products in terms of the ticket size, Avenue-1 starts from about Rs. 2 crores go up to Rs. 3 crores and the Avenue-2 starts at about right as we speak it started about Rs. 1.44 crores because a lot of inventory on the lower floor is exhausted, that is at about Rs. 1.44 crores goes about to Rs. 2.1 crores. So both are very different products and suits the budget of middle income group and upper middle income group. Especially the people working out of Nirlon, NESCO, Mindspace, and Infinity IT Park, as well as the industrial associations so there are more than 3,500 SMEs in that location, is very good in that micro market and people are seeing the development, so that is how we have seen a good response even in this market. And we hope to better this performance in the second-half.

Moderator: Thank you. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Can we get a sense of how much percentage of Signature Island, Isles and Pearl is net-net remaining to be sold?

Kamal Khetan: So, all put together three projects Dhruvesh. All three projects put together there is a 25% what we have said of the total unit and the detail number Sumesh would like to share?

Sumesh Mishra: Overall, in BKC we have a total of 220 apartments of which 74% that is 163 units have been sold and total 57 units are balanced unsold.

Dhruvesh Sanghvi: On the second side, Sunteck City Avenue-1 and Sunteck City Avenue-2 we were showing it to be around 15 lakh square feet and predominantly residential, what would be the numbers now look like in terms of 1 and 2 together in the saleable area potential?

Sumesh Mishra: Yes. So overall if you see 23 acres that we have which is divided in to six phases Avenue-1, Avenue-2, Avenue-3, Avenue-4, 5th Avenue and 6th Avenue, so total put together we have a potential of approximately 6 million square feet. Now in that Avenue-1 and Avenue-2 would be approximately 1.35 to 1.4 million is what is the envisaged area. Out of that want to do something like a 50,000 to square feet to 60,000 square feet of certain commercial area or a convenient shopping area which complements the Avenue-1 and Avenue-2.

Dhruvesh Sanghvi: You said 50,000 square feet?

Sumesh Mishra: About Rs. 50,000 a square feet - Rs. 60,000 a square feet will be the area that we would want to do commercial space or a convenient shopping space which complements the development in Avenue-1 and Avenue-2. So that is the broad break-up of Avenue-1 and Avenue-2.

Dhruvesh Sanghvi: Right. So the commercial towers that we are talking about will be a part of the another set of sale in terms of Avenue-3, Avenue-4 or Avenue-5?

- Kamal Khetan:** So that is 5th Avenue and 6th Avenue. And just a part to compliment residential we are looking at some hyper market and may be some other facilities which will compliment both the residential Avenue-1 and Avenue-2. Till the time, we start the 5th Avenue and 6th Avenue.
- Dhruvesh Sanghvi:** Sure. Last part, in the Borivali Signia High, I believe the construction is completely done, am I right and how much is remaining to be sold there in terms of number of apartments or square feet?
- Sumesh Mishra:** So Dhruvesh, we were just waiting because that is again a high ticket and a very premium project where under Signia brand our idea and our position has always been that in that micro market we have to be the most luxurious brand and product of that micro market and generally we have seen that people have sold their existing old homes and shifted to our new developments which happened in even Signia Ocean in Aeroli and in the other developments as well. So here also the idea was to complete and sell the balance inventory, we have almost sold more than 50% during the execution phase. Now we are just waiting the OC, so we have already applied for the OC and all the necessary work has been completed. We are expecting the OC pretty soon. And then we will be starting the sales for that particular project.
- Kamal Khetan:** Dhruvesh, frankly just to add what Sumesh has said we have already have a letter of interest because people know that OC will be there in next 15 days to 1 month, people do not want to pay the GST so people are just waiting for the occupation certificate to come and that is why we are not encouraging the sales because otherwise people are looking at a net-net price, so it does not make sense. It is better to wait for 15 days to 1 month and losing out 12% of the cost which will otherwise be GST.
- Moderator:** Thank you. The next question is from the line of Abhishek Anand from JM Financial. Please go ahead.
- Abhishek Anand:** Just wanted to understand that we have now sold more than 50% in ODC, when do we expect the next phase to be launched and the commercial project to commence, any tentative timelines we have thought around that?
- Kamal Khetan:** I think, someone just asked within our group the question sometime back, we said that Abhishek we are looking at another six months approximately to start the commercial phase. And also we feel at the same timing we would launch our Avenue-3 as well almost during the same time. So that obviously till that time even this less than 50% inventory is quite a lot exhausted and the product which we are trying to launch in Avenue-3, we are trying to see that it does not compete with Avenue-1 and Avenue-2 as well.
- Abhishek Anand:** Okay. And any thought around the configuration what are we looking at in Avenue-3?
- Kamal Khetan:** So this I would not like to share pretty, frankly, right now. So during the launch we would like to reveal that that is what Abhishek.

Abhishek Anand: Sure. Secondly, I would like to understand our affordable housing foray as we understand that you have been a luxury residential apartment developer. Firstly, Khetan sir, I would like to understand from you, how the internal processes are going to change because it is going to be very cost focus implementing affordable housing project. What are the difference you are going to do in terms of execution? Just wanting to understand from you the thought process and the strategy there?

Kamal Khetan: So, Abhishek we understand your concern, it is very good and that is the reason we have been talking about this for quite some time. We have not initiated or started it. You must be seeing that we are trying to do this from last almost a year. And if you see our past track record also we started with a ticket size of like Rs. 40 crores - Rs. 50 crores and we have successfully implemented, and we are doing execution of Sunteck City which is like ticket size of Rs. 1 crores and upwards. So there is no reason for us to worry. We are taking all the precautions, all the measures that obviously there has to be different set of mindset for people who is constructing a ticket size of Rs. 50 lakhs to Rs. 1 crores or people who are constructing a ticket size of Rs. 50 crores. So I appreciate your concern, we are taking all those precautions, steps and measures, internal checks and balances, team bifurcations all those things, we are looking very carefully. And I think, we will be able to do successfully.

Abhishek Anand: Any tentative timeline from that? Are we looking at in next one year, six months any rough guideline?

Kamal Khetan: Not like to share this.

Moderator: Thank you. We will take the next question from the line of Samar Sarda from Kotak Securities. Please go ahead.

Samar Sarda: I had a couple of questions. First question was Sumesh, if you could just help us with the cash flows for the second quarter, you have given the collections in the Result Presentation from an expenditure perspective and other corporate costs?

Sumesh Mishra: So in terms of operational numbers you want to know because we have received advances of about Rs. 145 crores that is the total number that we have received and out of that the cost which has been incurred is about Rs. 62 crores. The interest payments have been Rs. 21 crores and taxes were about Rs. 22.5 crores. So the total outlay has been about Rs. 104 crores.

Samar Sarda: Okay. And Slide #5 of the Presentation, so in the last six months it is showing debtor has gone up by roughly Rs. 130 odd crores. From March 2017 to like September 2017, could you help us understand like what is this applied for?

Kamal Khetan: Samar, Kamal here. If you see this debtor has obviously increased because we have paid some token advances which I do not able to reveal right now, for some of the acquisitions and obviously, it has gone doing more construction and execution faster.

- Samar Sarda:** Okay. So most of that is for new business development?
- Kamal Khetan:** You can say new business development as well for the existing ones.
- Samar Sarda:** Okay. And second question was on Avenue-1 and Avenue-2, so could you just help us with the cumulative sales value at the end of second quarter and what is the value of area sold, amount collected and the balance construction cost towards the project?
- Sumesh Mishra:** Just one second, Samar. So I will just take you through the overall Goregaon ODC Sunteck City project. So overall, we have inventory of about 1,000 apartments and out of that we have sold about 473 apartments which is more than 47%. Having said that, in terms of opening the inventory, we have gone selectively in terms of opening limited inventory at any given point of time and going as per strata launches. So if you see currently the units under launches would be about 700 apartments out of that we have sold about 473 apartments.
- Samar Sarda:** Fair enough. And the value of these 473 units and the collected amount?
- Sumesh Mishra:** So total sale value is Rs. 402 crores for Avenue-1 and about Rs. 412 crores so total value is about Rs. 813 crores.
- Samar Sarda:** Okay. And collections and the total estimated cost please.
- Kamal Khetan:** Samar, if we want to do such detail, I think we can do offline or we can run with you the number-by-number and point-by-point. I do not think, we should be doing on this analyst call.
- Samar Sarda:** Fair enough. And my last question Kamal Ji, was with respect to this GST implementation, we have seen a lot of your peers like from a sales perspective second quarter has not really been good for the so called unorganized bit of developers. Over the next two quarters or three quarters what is your view like from a sales revival perspective, like how do you see sales really reviving and this GST increase getting absorbed?
- Kamal Khetan:** So, Samar, if you see already from pre-demonetization than the post-demonetization if you see last three quarters, quarter-on-quarter if you see, we have increased our sales quarter-on-quarter. So first quarter after demonetization was like bad then it improved, the second quarter improved and third quarter improved further and then if you see the new quarter all these quarters are better and better. Going forward we can only say that it will improve further, and people have to realize that obviously whatever is the GST at any cost they have to pay. But everybody knows that post-RERA, post-GST and post demonetization people are more preferring and getting towards the organized developer then going to unorganized developer, definitely people have burnt their fingers very badly. So that is advantage to all the organized developed and this advantage will definitely get benefit to Sunteck as well.
- Moderator:** Thank you. Next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

- Sameer Baisiwala:** What is the update on the Dubai project?
- Kamal Khetan:** Dubai, I think, we have already shared that obviously there we are waiting for some certain approvals and all and that project is under the JD/JV model, so whenever we start we will definitely let you know. We are looking at least minimum three months to six months from here.
- Sameer Baisiwala:** And second is for the commercial at ODC, what would be the launch size that you have in mind and what would be the capital outlay for that?
- Kamal Khetan:** So we are looking Sameer, out of the total 23 acres this is total area what we will be developing in 23 acres will be close to 6 million square feet. And in 6 million square feet, obviously in Avenue-1 and Avenue-2 we have already launched close to 1.5 million square feet. So Avenue-1 and Avenue-2 and out of which if you see close to 50% of the inventory is already sold and if you look at 5th Avenue and 6th Avenue which is commercial and retail segment which his close to 2.6 million square which obviously we will start construction and we try to do pre-lease of those buildings and those units and going forward then we look at Avenue-3 which is again close to 1 million square feet and we are looking at launch of Avenue-3 which again six months to nine months from here because we have enough inventory in Avenue-1 and Avenue-2 which we feel will be trying to exhaust maximum of it by at least next two quarters to three quarters and by that time we will be launch Avenue-3 which will be also non-competing with Avenue-1 and Avenue-2 and at the same time it should be complementing and that time the inventory will be also in Avenue-1 and Avenue-2 should be almost negligible.
- Sameer Baisiwala:** But of this 2.6 million commercial how much is it that you are going to start the work on, is it going to be entire thing or it is going to be in parts?
- Kamal Khetan:** It will obviously three to four towers what we are planning and three to four towers, so out of which obviously we will start first tower and each tower should be 1.5 million square feet and that is how we want to start.
- Sameer Baisiwala:** Okay. And what should we assume the capital outlay for this?
- Kamal Khetan:** So total capital outlay for this Sameer is like Rs. 1,500 crores put entire 2.6 million square feet, so if we divide that into at least like four to five towers. So even if we take four towers, so it will be close to Rs. 200 crores to Rs. 300 crores.
- Sameer Baisiwala:** Okay, great. And sir, just on the QIP bit, if I am not wrong 500 was the size and then 150 was promoter contribution, what was the thinking behind that?
- Kamal Khetan:** Obviously there is very clear that I have always maintained close to 74% I have been holding total stake in the company, it was very difficult for me to let it go down, we see a lot of value in the company. But obviously in the interest of the growth of the company this was required, we felt this capital is very much required and especially even the industry is going the pain, we did not want to get into any trouble and not stop our growth potential which is there too much in the

market which you know in the industry as well. So the idea was very clear that we have to raise this money at the same time obviously I cannot put indefinite money. So I had which I felt that I can put at least this Rs. 151 crores additionally. So I decided to put this additional 151 crores.

Moderator: Thank you. We have follow-up question from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Sir, on the affordable side, can we expect something concrete to materialize over the next may be three months, six months, can you guide on that aspect?

Kamal Khetan: Dhruvesh, I think, you already answered this question to you this. We should at least wait for six months from here.

Sumesh Mishra: Right now to give a forward-looking statements would be really not appropriate Dhruvesh. As we have been speaking we are working out something. But let us see, when we cross the bridge, we will inform you.

Dhruvesh Sanghvi: Okay. Though you have tried explaining that the QIP money is going to be used partially for the future project tiers, for the existing projects that we have, can we say that somewhere in the mind it was more about the Goregaon ODC because there we will have to construct first and the money will come later in the form of because we are planning to have some leasing model there and not sales, am I right in understanding this?

Kamal Khetan: Yes, Dhruvesh. Very frankly, we will definitely looking at the rental model. So there will be a lot of CAPEX which will go for this construction of this and we will also like to do a lot of **pre-lease** as well to mitigate the risk, if there is any risk that we do not end up, that is why we are dividing this entire 2.6 million square feet within 5th Avenue and 6th Avenue also in like four towers or five towers, so that the risk is limited. At the same time obviously, the growth capital that does not stop us from whatever distress assets which are there in the markets so let us understand we are sitting on a very strong balance sheet and a strong cash flows and a strong inventory in BKC. So we would like to use the combination of all three. And definitely not compromise also on the growth prospects as well as the existing creating the rental portfolio in ODC.

Moderator: Thank you very much. That was the last question in queue. As there are no further questions, I would now like to hand the conference over to Chairman and Managing Director Mr. Khetan for his closing comments.

Kamal Khetan: Thank you all of you for taking out the time during the market hours and have a pleasant day. In case, if any of you have queries which has left unanswered, you can definitely get in touch with me and my team. We look forward to your continued support. Thank you once again for joining us today. Thank you.



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