



“Sunteck Realty’s Earning Conference call for the Q2
FY2019”

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Moderator: Ladies and gentlemen, good day and welcome to Sunteck Realty's Earning Conference call for Q2 FY2019. We have with us today, Mr. Kamal Khetan – the Chairman and Managing Director of the company along with the senior management team of Sunteck comprising of Mr. Mohit Arora - EVP (Investor Relations and Business Development), Mr. Manoj Agarwal - Sr. VP (Finance and Accounts) and Mr. Prashant Chaubey – Sr. VP (Corporate Finance). 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. The conference is being recorded and the transcript for the same maybe 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 participant 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. Please note that this conference is being recorded.

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 maybe 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 the 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, Chairman and Managing Director of the company. Thank you and over to you, sir.

Kamal Khetan: Good evening everybody and welcome to the Earning call for the second quarter of financial year, 2019. Thank you for joining us, as you are all aware the recent launch of our Sunteck West World project, Phase-1 in Naigaon received an overwhelming response and we sold in fact more than 2,000 apartments out of the total inventory of 2,476 apartments, with the sales more than 600 crores. The construction work in Naigaon on all the 7 towers has started in full swing. Hence, we have also started to recognize revenue from our Sunteck West World project. We also saw good traction in sales of our BKC project and this project clocked a presale of Rs. 96 crores in this quarter. As you all know, Sunteck have AA minus rating assigned by CARE, the same has been now reaffirmed with an upgrade to AA minus by Fitch as well. Given the current market condition, this upgrade is the strong reflection of our strong balance sheet and a prudent financial management of Sunteck.

We will look forward now to a question-answer session and will be more than happy to answer your queries and before this, in fact I will hand over the call to Mohit Arora to take you through the Q2 numbers and H1 numbers for the financial year FY19. Over to you, Mohit.

Mohit Arora: Thank you, sir. Good evening everyone and thank you once again for joining us today. Without taking much time I would like to quickly take you through all the financials and business performance numbers, so quarter 2 and first half of financial year 2019. The consolidated revenue for the first half of 2019 is Rs. 391 crores against Rs. 480 crores in the corresponding period last year. The overall revenue decreased year-on-year by 18% is mainly due to first time

revenue recognition of Sunteck City project in the last year. The revenue excluding Sunteck City is Rs. 293 crores for first half of 2019 against Rs. 166 crores in the corresponding period last year which is an increase of 76%. During the second quarter of financial year 2019 we reported consolidated net revenue of Rs. 180 crores versus Rs. 346 crores for the corresponding quarter last year which included first time revenue recognition from Sunteck City. On the EBITDA front, we recorded consolidated EBITDA for first half of 2019 at Rs. 189 crores against Rs. 170 crores in the corresponding period of the last financial year. This is an increase of 11% year-on-year. The consolidated EBITDA is Rs. 78 crores versus Rs. 99 crores in second quarter of financial year 2018. Our consolidated EBITDA margins of our half year is at 48%, which is higher by 1,300 basis points compared to last year. On the PAT front, we recorded PAT for first half of 2019 of Rs. 118 crores against Rs. 97 crores in corresponding period last year, which is an increase of 21% year-on-year. We have reported PAT of Rs. 59 crores in quarter 2 versus Rs. 62 crores for the corresponding period last year. Our consolidated PAT margins for first half of 2019 are at 30% which is higher by 1,000 basis points compared to last year.

With regards to our operational performance, we have recorded pre-sales of Rs. 421 crores in quarter 2 of financial year 2019 which is a 147% increase year-on-year as compared to Rs. 170 crores last year. The pre-sales of first half of 2019 is 603 crores which is a 102% increase year-on-year as compared to Rs. 298 crores last year. Now, I will take you through project wise break up of quarterly sales of Rs. 421 crores. In project Sunteck West World, we sold 1,015 units at Rs. 317 crores. In our BKC projects, we sold 3 units for 96 crores. In Sunteck City, we sold 4 units for 6.6 crores. In Signia Waterfront, we sold 1 unit for 1.81 crores. In terms of collections, we collected Rs. 141 crores for the quarter and Rs. 302 crores for half year versus Rs. 146 crores and Rs. 277 crores respectively for the corresponding periods last year. So, this was the update on our financial and business performance. We can now open the forum for questions from the participants, thank you.

Moderator:

Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Adidev Chattopadhyay from ICICI Securities. Please go ahead.

Adidev Chattopadhyay:

Sir, as of today like what is the plan now, do we launch further inventory at the project or we just now hold for around 6 months to a year and then launch the next phase and if could also guide us on how the accounting will work for this project. So, when does the revenue recognition commence?

Kamal Khetan:

So, we are obviously we would not immediately, we have almost sold the entire inventory we know. So, we are not looking to launch very soon but definitely we are already started planning for the Phase 2 and definitely we are strategizing it that we hopefully we get the similar response when we launch Phase 2 as well. And we are now focuses totally towards the execution and the execution as in fact started in full swing. So, as per the new accounting norms standard in fact we have already started in fact take considering the sales as per the execution of the work we have started booking the revenue into the P&L.

- Adidev Chattopadhyay:** Sir, so just to clarify now this will not be subdued to the 25% completion threshold if I understand it correctly?
- Kamal Khetan:** So, now as per the new norms we are not taking threshold, so we have starting from the day 1. Manoj would like to clarify.
- Manoj Agarwal:** As per the Ind AS 115 this threshold is out. So, whenever we start the booking we can start the revenue recognition in the particular quarter. So, in this quarter we started revenue recognition for the 1,015 units.
- Adidev Chattopadhyay:** And next question again is on now the funding now this is just more on industry level question both on the developer funding and on the home buyer funding. I understand lot of developers been offering the schemes right to the buyers. So, do you see any change in how the financial banks and NBFCs in terms how they are funding you and buyers? Is there any change in that?
- Kamal Khetan:** So definitely, Sunteck we have a very strong balance sheet and most of our funding Adidev is from the banks, it is hardly from any NBFC and so we definitely do not see a problem. There will be definitely problem in the industry which for the developers who are overleveraged and who are not a properly organized. But as far as Sunteck we do not see any problem.
- Moderator:** Thank you very much. The next question is from the line of Nimit Gala from Edelweiss. Please go ahead.
- Nimit Gala:** First a query on the revenue recognition which you have started for Sunteck West World. So, I was just wondering the collection have been dismal if you compare it on a Y-o-Y basis. So, what I am assuming is the collection from the West World must have only been the booking amount right?
- Kamal Khetan:** No, so we have first installment of in fact 5% is already been collected for the bookings what we are recognizing and also over and above we have also stand for the next installment and that is also we are receiving as per the payment schedule.
- Nimit Gala:** Because I had a question that if you are recognizing the revenue ahead of the collection it could be a bit more aggressive in that case.
- Kamal Khetan:** No, so revenue in fact we have collection is more than the recognition. So, recognition is meager 2% or less than even 2% and the collection is in fact more than 5%.
- Nimit Gala:** The new DCR, the excluded part of Mumbai is new DCR that was to come into first from November 13, right?
- Kamal Khetan:** That has not yet come.

Moderator: Thank you. The next question is from the line of Ruchi Parekh from Anand Rathi. Please go ahead.

Ruchi Parekh Sir, I would like to know about our ODC launch which was expected, so how are we planning for the launch of the next phases in ODC and do we expect the bookings to come back in the second half for ODC?

Kamal Khetan: So we are, strategy has been to focus every quarter to a one big launch and that is how we have been doing it. So, if you see last quarter we try to focus on the Naigaon project, our Sunteck West World projects and we get an overwhelming response and similarly we have done similar launches for other projects and now our focus will be definitely towards the ODC Sunteck City project where you will see a good traction coming and we are already strategizing for that how to address that and how to do that big launch?

Ruchi Parekh: And sir, do we expect any launch in Q3-Q4, anything on that?

Kamal Khetan: Yes, Ruchi. So very frankly, I just shared with you that every quarter we will be doing at least one major launch of all our projects and we will be focusing on that and we will be getting a substantial sales from that particular launch. So, definitely in Q3 and Q4 you can expect minimum 2 to 3 more launches.

Ruchi Parekh: Sir, our cost of borrowing if you can, say it is on a single digit, if you can give me a ballpark number what is our cost of borrowing?

Kamal Khetan: So, very frankly our incremental cost of borrowing is now back 9.5%. So, which is again in single digit. So, incrementally we are borrowing at 9.5%.

Moderator: Thank you. The next question is from the line of Abhishek Lodhiya from Systematix Shares. Please go ahead.

Abhishek Lodhiya: Sir, just want to have your comments on the lower cells, I mean except Naigaon and BKC, I mean just because we were not focussed on other project or what it is basically?

Kamal Khetan: So, we have said that our strategy has been very frankly to every quarter we focused on 1 or 2 big launches and there we get a do a big substantial sale and that does not mean obviously we do sales at other projects. But our major focus is always where we are doing a big activation or a launch, a new launch. So, you will see now similarly big sales like how we could see the last quarter, the bigger sales where from the ODC, in fact and we like to before activating once again we like to give some time to the market to absorb the price rise or anything and that is how we like to do the next launch. So, you will see that launch is happening and you will see that sales picking up in the other project in the next 2 quarters or 3 quarters, next 2 quarters basically where you will see the sales of other projects picking up.

- Abhishek Lodhiya:** Sir, another thing, I mean just you spoke about Naigaon, I mean revenue recognition process in our Naigaon project. Are we following the same process on the other projects or we are still on the percentage of completion methods on the other projects?
- Kamal Khetan:** No, all the projects are in same line. All the projects we are falling the same system and same process.
- Abhishek Lodhiya:** If I can, I mean ask one more question then, your general understanding about the margin volatility, should we see it ahead?
- Kamal Khetan:** I do not think we have any volatility in terms of our margins very frankly. Can you specify you are talking about what margin?
- Abhishek Lodhiya:** I mean, say PAT margin or EBITDA margin say in Q2 FY19 it looks like 43% odd on EBITDA level and on PAT level this is 28%-30%. Whereas in Q2 of last year it was 28% on EBITDA level and 18% roughly on the PAT level. And vis-à-vis if we see in Q1 FY19, so at EBITDA level it was 53% roughly and at PAT 33%.
- Kamal Khetan:** So this is because of change in accounting standard, very frankly in the last year that quarter only that quarter it shows a lesser operating profit margin in Q2 FY18. We agree that was because of the historical sales first time we have booked a Sunteck City project Avenue-1 and Avenue-2 when it was 40% was our threshold. So, we booked 40% of the project completion at one go in Q2 because of that there was a historical sales of last 2 to 3 years. That is why that showed average margin which was showing a drop in average margin for that particular quarter. Otherwise, you will see a similar margins going forward. Also because of now new accounting standards there will not be any lumpy profit. So, that will be again advantage, so you will not see this kind of a volatility. So you have seen this kind of a volatility only because previously we were using a threshold before taking into consideration the first recognition like it was the threshold was 40%. Now due to the new accounting standard we are starting from day 1, so because of that there will not be lumpy profit as well as there will not be hence there will not be any margin volatility.
- Abhishek Lodhiya:** And one more thing, I mean about that debt part I mean, how you see debt movement in say next 1 to 2 years considering the fact we are going on a full swing with Naigaon project and all this?
- Kamal Khetan:** So, you will definitely see the debt for Sunteck. Sunteck is very disciplined in terms of taking the debt and if you see we have maintained our debt level, which is one of the lowest in the industry, 0.17 and we will continue to maintain our discipline while borrowing. So, we will look at our cash flows and the right time and what debt we should be borrowing looking at the cash flows accordingly we will be following that policy.
- Moderator:** Thank you. The next question is from the line of Murtuza Arsiwala from Kotak Securities. Please go ahead.

Murtuza Arsiwala: Two questions from my side, one is on the Naigaon project on the revenue recognition. Will we be recognizing 100% of the revenue and then 30% as cost or we will be recognizing just 70% of the revenue? And again in terms of the revenue recognition as we understand April still follow the percentage completion method in terms of as the construction progresses you will recognize cost and revenue both, right. That is my first question. Second is, can you throw some light on what the on the ground activity levels are like and are we seeing any set of opportunistic by us given the entire NBFC and liquidity sort of fall out?

Kamal Khetan: So, very frankly if we look at the revenue recognition, so one, it is very clear whatever we are showing is net off the partners. It is, whatever Sunteck is doing we are recognizing the net off it. And so, as we go as you see the progress of the construction definitely we will continue to book revenue. I hope I have not missed out your question fully. Am I answered that first question fully?

Murtuza Arsiwala: Yes.

Kamal Khetan: And coming to the second question, that obviously there is lot of distress in the market and we see that those distress are easily available and we are seeing **end** number of proposals. But we want to be very cautious and opportunistic and when we see a right proposal and right project at the right time will definitely look and that time we will be definitely aggressive and we will look into it.

Moderator: Thank you. The next question is from the line of Chinmay Sapre from DSP Mutual Fund. Please go ahead.

Chinmay Sapre: Sir, just want to know what are the number of units left to be sold at Avenue-1 and 2?

Kamal Khetan: So, there is 433 units which are left unsold.

Chinmay Sapre: 433 from Avenue-1 and 2 combined?

Kamal Khetan: Combined, put together.

Chinmay Sapre: And I think, in the previous quarter we had mentioned that the target is about 150 to 200 units every year from ODC?

Kamal Khetan: Yes.

Chinmay Sapre: So, do you maintain that target for this year as well considering that ...

Kamal Khetan: we are confident to maintain the target of 150 to 200 if you see last quarter, we could sell 46 units. Our focus was on that and see we do every quarter as I will repeat at the cost of repetition every quarter we like to activate 1 or 2 projects. And we focus on those 2 or 3 projects and there you see a good sales and really propel sales and aggressive sales like last quarter obviously we

have done more sales, Q2 if you see the more sales was in focus was Naigaon and BKC. And if you look at Q1 again the last sales, more sales was there in fact ODC. So, we maintain that we are confident that we will be able to sell 150 to 200 units for the entire financial year.

- Chinmay Sapre:** And sir, Avenue-3 launch will be depended on sales of 1 and 2 or will it still happen in H2?
- Kamal Khetan:** So, we do not see that very frankly again Avenue-3 will be any competing product with Avenue-1 and 2 like Avenue-1 is not competing with Avenue-2. And Avenue-2 is not competing with Avenue-1. So, similarly what product we are trying to launch at Avenue-3 will be totally non-competing. It has nothing to do with the sales of Avenue-1 and 2 will definitely launch as soon as possible Avenue-3 as well.
- Chinmay Sapre:** Sir, just one last question. What was the construction spent in this quarter?
- Manoj Agarwal:** The total construction and other expenses in this quarter with 65 crores.
- Moderator:** Thank you. The next question is from the line of Jaspreet Singh Arora from Systematix Shares and Stocks. Please go ahead.
- Jaspreet Singh Arora:** On the revenue recognition in this Naigaon project, so essentially what is the kind of run rate if you looking at you mentioned you booked about 100 crores in this quarter?
- Kamal Khetan:** No, we just book 6 crores in this quarter.
- Jaspreet Singh Arora:** What was the collections?
- Kamal Khetan:** If you want the exact the number we can share with you offline. But collections are obviously more than 5% of the total sales.
- Jaspreet Singh Arora:** So, essentially when I was looking at is the run rate, the kind of quarterly visibility given that it is going to be cash rolling and cash flow is obviously is there something, is more or less you have visibility at least on the product sold and almost everything is sold for Phase-I? So, how would the revenue be split over the next couple of quarters and years only on this project, sir?
- Kamal Khetan:** So, revenue will be definitely split as per the construction profits. It cannot be more than a construction what we have done and obviously construction and collections will go in hand-in-hand, Jaspreet.
- Jaspreet Singh Arora:** So, the timeline here are for the construction is what exactly if we looking at, the project completion?
- Kamal Khetan:** So, I think in RERA we have mentioned 3.5 years. So, we will be trying to complete the project before that.

Moderator: Thank you. The next question is from the line of Raj Rishi, who is an individual investor. Please go ahead.

Raj Rishi: Sir, it was regards the funding issue, you said that since your balance sheet is pretty strong you are not facing any issue regards the funding. But that is okay. The second part is like, what is your perspective on the customer front like do you think do you foresee any change in demand because of this?

Kamal Khetan: Very frankly as far as since this problem has come up in the market, we are not seeing we have not seen the sales slowdown when we launched our projects Naigaon, Sunteck West World. And as far as our sales in BKC projects, so as far in fact our projects we feel they are in line with our targets and we are selling what we have means before what we have thought before the problem and we continue to see those sales and in fact we do not see any change in our targets.

Raj Rishi: Another thing like since this issue is there it is quite understandable that there will be some distress sale in the market, right by the funder or the builder who so ever? So, do not you think that will drag the prices down or it might have some effect on the customer pool want a better price? What is your perspective?

Kamal Khetan: So Raj very good question, yes. But you tell me if there is no, how will be the drag on the sales if the people are worried about if the developer is unorganized and all the more he is a distressed. Would anybody would go and buy an apartment with that developer? People have already burn their fingers in the past buying those kind of apartments with an unorganized developer trying to buy cheap. So, definitely I do not think today if that would have been case the entire micro market of Naigaon does not sell more than 20-25 units in a month and as we all know that we could sell 2000 units. So, this will continue in fact more and more sales will be happening from the organized developer and with a strong balance sheet and financial spent. People want to be better feel after that I continue and we feel, we are confident in fact any and every good organized developer with a financial stability will be able to do better than and that will not affect the pricing or anything with the other developers in the distress.

Raj Rishi: So, sir like your view is like, what is your estimate on the price levels in micro markets you are operating? You are expected to be stable or maybe some downside estimate is there or what is it like, sir?

Kamal Khetan: We are pretty confident, so we have not reduced our price across any of our projects. Definitely we cannot expect if you want to do good volumes and we want to maintain our targets then these are expecting any increase in pricing at the same time.

Raj Rishi: And sir, another thing there was this, suppose it proposal in the budget which talks about taxing, when you took out your inventory for rentals, so at the time of giving it out for rent the company would be taxed. Sir, any idea about that?

Kamal Khetan: No, so Raj there is a grey area very frankly. As far as we know, we believe, so for us for a developer, especially for us there stock n trade for a niche product. It is a stock n trade, so for that did not charge. As far as our understanding is that it cannot be taxed as far as and even if it is let us say worst case scenario, even if it is taxed, so what is the yield of the rental today is 1%-1.5% over and above then we get a standard deduction for the rental income and then you will be tax that 20%-25% which will be negligible. First of all we feel there is a grey area, so it should not be taxed and till now we do not see any problem. But going forward even if it is there it is a meager negligible for any good company or any sizeable company.

Raj Rishi: Sir like, can you share with us any plans to launch like you talk about new launches in Q3-Q4. Will it be on the scale of Naigaon or something smaller?

Kamal Khetan: So, launches will be definitely we will try to make it as big as possible. Now, let us see it will be early to tell you but we expect good response wherever we do the new launch. We do not see advances will get hindered by this problems of NBFCs and what is going in the market.

Moderator: Thank you. The next question is from the line of Aditya Chandrashekhar from Edelweiss. Please go ahead.

Parvez: Sir, just one question from my side. If you could give us some update on the commercial projects in BKC. What is your thought process now regarding those projects?

Kamal Khetan: So, definitely those 2 projects in fact we have already started the construction on both the projects. You must be knowing, so the construction has started on both the projects. We definitely want to monetize those projects. So, right now we have not decided either we want to rent it out and retain it or we can do a startup sales or we can do a sales. But we are going ahead with the construction for the moment and we see there is a good demand for the commercials especially in and around BKC. So, we want to wait and watch and then accordingly whatever it is good for the company, we will accordingly take the decision.

Moderator: Thank you. The next question is from the line of Varshit Shah from Emkay Global. Please go ahead.

Varshit Shah: Sir, I just wanted to understand your view, I mean so, we were reviewing some of the other listed developers and but their pre-sales are not as strong as yours especially of course it backed by Naigaon project but they really to do that kind of pre-sale we have not seen that density. So, what have you got it right in the Naigaon project? Is it the pricing, is it the product offering or you have found sweet spots something in between. If you could just highlight what is your overview, I mean.

Kamal Khetan: See Naigaon I feel, I think everything God willing has gone well. In fact, the right product, right location. The location was unexplored, so we really got into that location as like it was a new location like it was not a single organized developer was there, especially again if you look at BKC when we entered, we explored that location as a residential location, luxury residential.

Similarly we try to do that in ODC and we got fortunately an opportunity to do once again repeat that in Naigaon. So, I think right location, right pricing and right ticket size and plus the organized developer with a strong balance sheet all things put together, I think that resulted into a good response, I think.

Varshit Shah: And sir, one more thing if you could just, you mentioned earlier but if you could just still highlight about ODC, so anything which you have early loans to in terms of marketing initiatives at the ODC for Avenue 1 and 2. If already launched in Q3 or is it in pipeline?

Kamal Khetan: So you will know, it is not yet launched we all know. Definitely marketing team is working on this strategy and definitely we will do something big and we are quite confident that we will be able to achieve our targets of 150 to 200 apartments for the full year and we do not see any problem in that.

Varshit Shah: So, this initiative will come in Q3 or Q4 or that is still in pipeline, I mean planning stage?

Kamal Khetan: So, definitely it will be, you will see it might be towards the end of Q3 or early Q4.

Moderator: Thank you. The next question is from the line of Harsh Pathak from ICICI Direct. Please go ahead.

Harsh Pathak: Sir, just wanted to check it out in terms of the BKC, we have the unsold inventory to the extent of 46 units and earlier we were guiding to sell it off, I mean over the next 2 years and looking at the current run rate of 3 to 4 units per quarter, I mean it looks difficult but at the same time what would be your strategy to improve the sales in this project?

Kamal Khetan: So Harsh, one thing first thing, sorry I will have to correct you. If you listen to all our calls, we have always maintained that we will exhaust our inventory in BKC project over a period of minimum 3 to 4 years. We have been continuously maintaining it that we do not want to compromise on our branding or on our pricing specially for our this high end projects and we are quite confident and we are as per that in fact we are selling, if you see quarter-on-quarter we are able to clock minimum 2 to 3 units every quarter and we maintain our run rate at this rate and we have no doubts that we will be able to exhaust over a period of 3 to 4 years.

Harsh Pathak: And sir, with regards to Naigaon project, what would be your average realization in this project and also if could, if you also possibly share is there be any investor component share in the overall sales or it is purely 100% end user kind of demand.

Kamal Khetan: So, I think most of the people who have been watching the launch in fact the most of the sales has been in the local market in fact not only the end user, in fact more than end user it was the end user from the local market from I can say from Borivali to Virar. So that end user, that kind of end user, I can tell you that there was, from our side we have not done a single sale to the investor. So and realization is close to 2,600 and in fact the launch was so overwhelming that

during the course of the launch we could increase the pricing twice and in spite of that we could clock in the sales of more than 2,000 units.

Harsh Pathak: And sir, thirdly just for my understanding, as per the Ind AS 115, I mean we had to migrate to the project completion whereas in our existing as well as new project we are still booking on the percentage completion method. So, could you please throw some light and clarify, I mean it could be my lack of understanding. So, if you could throw some light on that?

Kamal Khetan: So, Harsh I think it is not that project, the new accounting standard does not say that it has to be project completion. So, I think it was explained in the last call also. So, again at the cost of reputation will explain. Whatever as per the, because of the RERA in Mumbai it allows the contractors almost binding on the buyers who is buying the apartment. So, as per that you can really book the sales for those units and you can take it because of that I think most of the Bombay developer are definitely falling the percentage completion method and that is as per the accounting standard.

Harsh Pathak: And sir, lastly on the new, I mean in terms of the opportunity in the current distress market kind of thing. Is it like we would be looking on the situation this or we have some allocation in terms of the fund we would be spending close to 200 crores or 500 odd crores to explore the opportunity or that would be completely depend on the situation base?

Kamal Khetan: Obviously, we want to look at the situation and the opportunity. It is without the situation and opportunity, a good opportunity and good distress. We would not like to throw any numbers that whether we will be deploying 200 crores, 300 crores or 400 crores what.

Moderator: Thank you. The next question is from the line of Saurabh Gilda from Karvy Stock Broking. Please go ahead.

Saurabh Gilda: Sir, since you have already stated that you are not facing any problems due to this NBFC Saga. But just wanted to know like, I suppose that many of our customers at ODC must be from bank loans. So, are any of your customers facing any problems?

Kamal Khetan: No, I do not think and specially most of our customers are funded by either the bank or I think as far as ODC is concerned we are not facing any payment problems. Our cash flows are intact and we are receiving payments and for just to know let you know in both phase Avenue-1 and Avenue-2, our collections are now more than each buyer. The collections are like more than 40%-50% due. So, there is no question of now buyer trying to back out or a bank loan not coming up, so that is not possible.

Moderator: Thank you. Next we have a follow up question from the line of Ruchi Parekh from Anand Rathi. Please go ahead.

- Ruchi Parekh:** Sir just wanted to know in this quarter we started a new marketing scheme at our Signia High Borivali project. So, just wanted to know how the response is over there as we have already received the OC now.
- Kamal Khetan:** Yes, so definitely the response is good. There are good deals which are happening obviously, I will not be able to share the numbers because it will be forward-looking and whatever the scheme is I am sure you must be aware it is a pure bank subvention. So, Sunteck is I have no risk or anything. So, whatever we get the money up front from the bank almost a 100% when we get the possession, so Sunteck is fully safe under the scheme. So, we will not take much hit on it.
- Ruchi Parekh:** As on date how many units have sold in this project out of the 81 units?
- Kamal Khetan:** So already sold, till the last quarter? That I can give it to you.
- Ruchi Parekh:** Yes, sir.
- Kamal Khetan:** We have already sold 35 units out of the 80-81 units.
- Ruchi Parekh:** And sir, just last from my side, sir. Any update on the Dubai project?
- Kamal Khetan:** Absolutely not. Now it is at the same situation, we are waiting for the clearance and approvals and all.
- Moderator:** Thank you. Next we have a follow up question from the line of Adidev Chattopadhyay from ICICI Securities. Please go ahead.
- Adidev Chattopadhyay:** Just on our commercial project at ODC what is the status of approvals and when do we start work over there?
- Kamal Khetan:** So, obviously we are waiting for certain approvals. We look towards, hopefully the approval should come in next quarter and we are looking to start maybe in Q3 or Q4 towards the Q4.
- Adidev Chattopadhyay:** Sir, this environmental clearance and all has been received or we are still waiting for that. Just wanted to understand where it is getting ...
- Kamal Khetan:** So, actually the since the plot is very big, it is a 16 acres and there is a residential as well as the commercial component. In fact so there is approvals are coming in different parts. So, exactly I would not be able to tell you which part we have received what clearances but you can always check with us offline that is not a problem.
- Adidev Chattopadhyay:** Sir, I am just sorry again to ask on the revenue recognition for Naigaon, we have around the 73% revenue share. So, do we book 73% or we issue 100% means because under lot of other companies especially in Southern India which follow the joint development model and they are now required to show 100% of the revenue and then show the land and the cost also again in the costing.

Kamal Khetan: No, so we are showing 73% what is our share.

Adidev Chattopadhyay: And cost whatever 100% is being incurred by the construction.

Kamal Khetan: Cost 100% what is ever incurred by us. So, that is as good as our land cost.

Moderator: Thank you very much. That was the last question. As there is no further question, I would like to hand the conference back to the management team 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 definitely get in touch with me or my team and we look forward a continued support from all of you. Thank you once again for joining us today and have a pleasant evening.

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