



“Sunteck Realty Limited Q4 FY19 Earnings Conference Call”

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Moderator: Good day ladies & gentlemen and welcome to the Q4 FY19 earnings conference call for Sunteck Realty. We have with us today Mr. Kamal Khetan – Chairman & Managing Director of the company along with the senior management team of Sunteck comprising of Mr. Manoj Agarwal, Mr. Mohit Arora, Mr. Prashant Chaubey, and Mr. Raunaq Rathi.

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 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. Kamal Khetan – Chairman & Managing Director of the company. Thank you and over to you sir.

Kamal Khetan: Good evening everybody and welcome to the earnings call for the 4th quarter of the financial year 2019. Thanks for joining us. I am glad to inform you that we have more than doubled our pre-sales year-on-year from Rs. 588 crores in FY18 to Rs. 1202 crores in FY19 and we remain confident to continue this momentum going forward. The sales have been successful across the pricing spectrum if you look at starting from uber-luxury apartments to aspirational luxury which is affordable. Further, our recent activation in Sunteck City ODC led to a geared response with sales of 88 apartments in Q4 worth Rs. 158 crores. Additionally, I am happy to share with you that we have almost doubled our construction execution capability which is reflected in our construction spend of Rs. 410 crores in FY19 against the 229 crores in FY18.

Furthermore, Sunteck's focus on prudent cash flow management and fiscal discipline that has led subsequent upgradation and reaffirmation of long-term credit rating of AA minus despite current scenario. Debt-to-equity ratio has remained stable around 0.17 levels for over almost last 3 years. Our cost of

borrowing in the last 3 years has progressively reduced and today our incremental cost of borrowing is less than 9.5%. We all know reforms in Indian real estate sector and the ongoing NBFC crisis are setting the stage for sustainable growth of organized developers. Due to this, while we see a lot of opportunities coming forward, we are aggressively looking on some of these opportunities with a focus on value growth rather than the volume growth. With our proven balance sheet strength and healthy visibility of cash flow, Sunteck is well poised to exponentially scaling up our business with attractive ROEs.

I look forward to the question & answer session now and will be more than happy to answer your queries. Before that, I now hand over the call to Mr. Mohit Arora to take you through the Q4 numbers.

Mohit Arora:

Good evening everyone and thank you once again for joining us today. I would now like to run you through the financial and business performance numbers for the 4th quarter of financial year '19 and full year of financial year '19. I will begin with the operational performance numbers. Pre-sales in financial year '19 stood at Rs. 1202 crores which is a 105% increase year-on-year as compared to Rs. 588 crores last year. Further, we recorded pre-sales of Rs. 289 crores in quarter 4 of financial year '19 which is a 55% increase year-on-year as compared to Rs. 186 crores in quarter 4 of financial year '18. In terms of distribution mix of quarterly pre-sales of Rs. 289 crores, we have sold 17% in BKC, 55% of this is in ODC, 25% is in Naigaon, and 3% is spread across other projects. In quarter 4, we sold 2 units in BKC, 88 units in ODC, 223 units in Naigaon, and 5 in Signia Waterfront. We achieved collections of Rs. 661 crores in financial year '19 which is a 25% growth as compared to financial year '18 and Rs. 207 crores for quarter 4 of financial year '19 and this is an increase of 35% quarter-on-quarter.

In terms of financial highlights, we reported consolidated revenue of Rs. 857 crores in financial year '19 versus Rs. 888 crores last year. Our consolidated revenue in quarter 4 of financial year '19 was at Rs. 270 crores, an increase of 38% quarter-on-quarter against Rs. 195 crores of quarter 3 financial year '19 and an increase of 30% year-on-year against Rs. 207 crores of quarter 4 of financial year '18.

On the EBITDA front, the consolidated EBITDA for financial year '19 is Rs. 378 crores versus Rs. 372 crores in the last financial year. We recorded consolidated EBITDA for quarter 4 at Rs. 89 crores against Rs. 85 crores of quarter 3. Our consolidated EBITDA margin in financial year '19 is at 44% which is higher by approximately 200 basis points compared to last year.

With respect to profit after tax, we recorded Rs. 63 crores in quarter 4 against Rs. 49 crores in the previous quarter.

We have reported PAT of Rs. 241 crores in financial year '19 versus 224 crores last year reflecting a growth of 8% year-on-year during financial year '19. Our consolidated PAT margins for financial year '19 are at 28% which is higher by around 300 basis points compared to last year.

I also want to touch upon our cash flow utilization for financial year '19. From our collections of Rs. 661 crores, we have spent Rs. 477 crores in construction and related expenses which has resulted in operating cash flows of Rs. 184 crores.

We can now open the forum for questions from the participants.

Moderator: We will now begin the question & answer session. The first question is from the line of Tanuj Makhija from Bank of America. Please go ahead.

Tanuj Makhija: Sir, my first question is on your pre-sales. Obviously, FY19 was a great year for you. Any guidance on FY20? How could the pre-sales look like and you have any activation launches in mind for FY20?

Kamal Khetan: Tanuj, from the existing portfolio itself if you see, we have been saying that obviously, we will be launching the Avenue 3 in Sunteck City which is in ODC and also we will be launching phase 2 of the Naigaon in this FY19-20. So, we definitely look this as big pre-sales numbers will come from apart from the existing projects, these 2 new launches which we expect in the coming 2 quarters and apart from whatever obviously we do something new acquisition.

Tanuj Makhija: Secondly, could you give an update about the construction status of Naigaon and when would the project be completed? Will you get the OC for the project?

Kamal Khetan: On construction status of the Naigaon, to start with, I can only say that whatever we have planned, we are much ahead of the schedule. In fact, there are 7 towers which are going on and all 7 towers are simultaneously under execution. Tower 1 is on the ninth slab. Tower 2 is on the first slab. Tower 3 is on the ninth slab. Tower 4 is, again, the plinth is casted. Tower 5 is on the tenth slab, again. Tower 6 is, again, sixth slab on A-wing and B-wing in fact it is on second slab tower 7. So, all are, in fact, at a very advanced stage, and these are much ahead of the schedule I can tell you, way, way ahead of the schedule. And we are very confident that we will be able to deliver before the schedule whatever we have projected.

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

Adhidev Chattopadhyay: I have a few questions. Firstly, sir, could you tell us the status of the commercial projects in ODC? When do we expect construction to start and have we tied up the funding requirement for the project? And secondly, if you could just tell us for Avenue 1 and 2, any sales target for the year which we have at Naigaon, when do we expect the new phases to be launched?

Kamal Khetan: Adhidev, I think for your first question when do we start our commercial project, we are waiting for a few approvals. We can look this at quarter 2 or quarter 3. Definitely, we are looking strongly that we will start those commercial projects. Apart from that, you must be aware that we have already started the constructions which are in full swing in 2 commercial projects which are at BKC junction.

Now, talking about the sales at Avenue 1 and Avenue 2, we have been maintaining that we will be able to sell year on year from Avenue 1 and Avenue 2 about 150 apartments. If you see that if we could achieve that sales, even in this year, we have sold 153 apartments.

I think the last question was on the number of sold percentage of the units. We have almost sold close to 70% of the units.

Adhidev Chattopadhyay: On the Naigaon thing, when do you expect the sales? Want to do it with the festival season, maybe in the 3rd quarter?

Kamal Khetan: Definitely. Q2 is monsoon and all. So, we can look anytime during the Q3.

Adhidev Chattopadhyay: Just a follow-up to the earlier question. Sir, this Goregaon Avenue 1 and Avenue 2 should be completed in the next 12 to 18 months?

Kamal Khetan: Avenue 1 will be definitely completed within 12 to 18 months and Avenue 2 in 18 to 24 months.

Adhidev Chattopadhyay: From strategy point, would you like to now wait it out this year and wait for the project to get almost complete? I guess you would get a higher realization and momentum booking should also improve. Any thought process behind that?

Kamal Khetan: I think this time what sales we did was more than our expectation. If we would have had more inventory at the lower floors or You have to understand that last 20% to 30% of the inventory is slow-moving inventory. Obviously, the premium and the good inventories have gone. So, if you had a good inventory and premium inventory, we could have sold more. So, we are looking forward to launching Avenue 3 as early as possible.

Moderator: The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: I have 2 questions. The first question is on your ODC sales. You had excellent sales this quarter of around 150 crores of sales value. Just wondering why the collection is so low despite you having such a large sales value and the project is also in advanced stage. Ideally, you should have lots of collection. That is the first question. The second question is I just want an update on the other projects in Sion, Dubai, and your projects in South Mumbai. What is the status? In the next 2 to 3 years, can we expect any of these projects to be launched like in Jaipur also? This has some value. I just

want to ascertain what is the status? What do you think in the next 2 to 3 years, any of these projects will see a launch or construction?

Kamal Khetan: Your first question is about the ODC sales what we have done more than 150 crores. You should know that we have done in FY19 the collection of 228 crores against the sales of 284 crores and the activation of last 88 apartments what we sold in last quarter, obviously, you have to wait for that money to come, but overall sales in the full year is 284 crores, just to repeat and reiterate, we have collected 228 crores versus that.

Coming to the second question, these are the other projects which we always talk and we are very clear about it that where the visibility is not there within the next 12 to 18 months, we don't want to commit and we don't want to make any forward-looking statement that when we will be able to start or when it is likely to start. Obviously, we are looking forward to monetize those assets as early as possible in the interest of the company.

Biplab Debbarma: Regarding that 88 units that we sold, you are saying that the collection would be there in the next quarter because we have just sold it this quarter and the collection will start coming from next quarter.

Kamal Khetan: I am telling you for overall sales of 284 crores versus we have collected 228 crores and obviously whatever we have sold apart from that 88 units which we have sold, you will see more collections in the coming quarters.

Moderator: The next question is from the line of Kunal Lakhan from Axis Capital. Please go ahead.

Kunal Lakhan: Sir, quickly on the fundraising resolution that you have taken. I understand that enabling resolution is to just to be ready for any kind of opportunities. Just wanted to understand in terms of what kind of opportunities are available in the market and what kind of opportunities are you pursuing, and how should we look at the business development pipeline in FY20 and beyond that also?

Kamal Khetan: Kunal, definitely this is our enabling resolution you all know. We have to be ready for a good opportunity) but we continue to maintain that we will follow

a lot of asset-light models focused on return on equity (ROE). The way we have done other projects, you see our financial discipline, whether it may be BKC, ODC, or Naigaon, especially again you can see. We are definitely seeing very good opportunities in the market. There is lot of distress we all know from the developers' side as well as from the NBFC side. We are aggressively evaluating them at the same time optimistically we are cautious as well, and we want to be very clear that we want to create value. We don't want to play with volumes. We don't want to compromise on EBITDA margins or PAT margins. We are very clear that we will do few large projects rather than do many midsize or small projects.

Kunal Lakhan: That's helpful Kamalji but what I was trying to understand was like say, for example, most of the stress projects that are there in the market, the developers there are looking for an exit. By following an asset-light strategy, are we being conservative considering our balance sheet anyways is quite asset-light or rather less levered, so to speak?

Kamal Khetan: Asset-light for me is even we can still buy out and get a private equity who can put more capital, we don't see that and without we compromising on our EBITDA margin where we have done that in the past. Sunteck has created the BKC project by putting less capital and we can earn better margins from the Waterfront structure and additional return, means by putting lesser capital and getting a better upside from the project.

Kunal Lakhan: Sure, but would that mean that we rule out projects where there is a developer who is stressed but the project is good but is looking at an exit right away? Are we going to rule out such projects?

Kamal Khetan: No, we don't rule out those projects where the developer is looking at the exit, definitely not.

Kunal Lakhan: I think a similar question was asked earlier, but in terms of new launch pipeline for FY20 and any guidance on pre-sales if you can share, particularly for say new launches or new phase launches in Naigaon and our second land parcel at Goregaon and any other project that we plan to bring to the table in FY20?

Kamal Khetan: Kunal, I think I already mentioned that in my opening speech but I will reiterate again that we have doubled our pre-sales you can see from last year coming this year, and again, from the existing projects itself, I think we won't have any problem doubling our sales from here as well, but I don't think I will be making a very aggressive statement by saying that we will double our pre-sales from here.

Moderator: The next question is from the line of Abhishek Anand from JM Financial. Please go ahead.

Abhishek Anand: Kamalji, just wanted to understand from you the Sunteck Avenue 1 you mentioned that it is going to be completed in 12 to 18 months. However, RERA date is March 2020. Are we planning to extend it to a later date?

Kamal Khetan: No, definitely not. I think we will be able to deliver much before the RERA date. There are 3 towers. If you look at RERA date, in Sunteck City Avenue 1 which is March 2020 definitely and Sunteck City Avenue 2 which is April 2021. If you want me to repeat my answer, Sunteck City Avenue 1 we will be able to deliver it in less than 12 months and Sunteck City Avenue 2 we will be able to deliver it in less than 24 months.

Abhishek Anand: So, no revision of RERA timelines?

Kamal Khetan: We definitely don't see any reason because we are almost on a finishing stage in Avenue 1.

Abhishek Anand: Secondly, Kamal sir, how did you take the GST thing? Have you opted for the 5% scheme or 12% scheme for your under-construction projects?

Kamal Khetan: Again, if you see the GST scheme for the existing project which was allowed for us to continue with a 12%, in case of the ODC project and which are not in the affordable segment, we are continuing to do that 12% because we have taken that into consideration that because we have given the rates accordingly that input credit we would be getting. So, we continue to be in that scheme. Whereas in Naigaon where it was 8% for, again, existing project phase 1, we continue to be in the same scheme of 8% GST.

- Abhishek Anand:** And the new one will of course be 1%?
- Kamal Khetan:** The new ones will be, of course, 5% and 1% respectively.
- Abhishek Anand:** Do you see margins improving post the new GST rates or it will be maintained? How do you take the new GST rates on margins?
- Kamal Khetan:** I think it will be totally neutral. I don't think it makes much of a difference. For me, that should not increase the margin or decrease the margin. It will be almost neutral. When you do 12%, there is an input credit benefit in a rate which you pass on to the customer. Again, the same goes for the affordable. So, it will not make much of a difference in the margin plus or minus.
- Moderator:** The next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Just one question from my side. For the commercial projects in BKC, can we expect completion by let us say FY20 end and would that be a fair assessment?
- Kamal Khetan:** Yes, I think hopefully FY20 end and may be much before that for the commercial projects in BKC.
- Parvez Akhtar:** Have we finalized our strategy? Ultimately, what are we going to do with these projects? Sale, lease, or maybe slightly short-term lease and then sell?
- Kamal Khetan:** Right now, we are not selling. We are just constructing, we are putting our capital. I believe, if we get a right opportunity whether it is a sale or whether it is a lease whatever in the interest of the company, we will take that call accordingly.
- Moderator:** The next question is from the line of Chandrashekar Sridhar from Fidelity Investments. Please go ahead.
- Chandrashekar Sridhar:** First, we can see a P&L margin drop in this quarter, is due to revenue recognition of Naigoan. Second, it seems like the Q4 realizations in ODC have dropped by about 4% versus the full year number. Is there like some excess of price cut which you have taken in ODC and should we believe that

this is the price for the residual inventory? Third, you had some 250 – 260 crores construction last year and the number has obviously jumped to 477 crores as you had indicated and broadly I just wanted to understand where we are going into and how should we think about next year. And on the commercial of ODC, are we on track for FY 2022?

Kamal Khetan: In ODC project, definitely the realization has gone down from 14,224 to 13,752 if I am correct. When we activated this, we saw that there were some of the inventories which were very slow moving. Obviously, those were the leftover inventories. So, we wanted to promote those inventories and we wanted to pass on discount on those inventories and definitely we gave that discount to the customer and that's why obviously we could achieve that. We wanted to move that slow-moving inventory out and at the same time achieve good sales. I think that answers your question.

Chandrashekar Sridhar: The rest of the inventories are not at this price, right?

Kamal Khetan: We didn't give discount on all the inventory. We came out with a block pricing for certain inventories which were slow moving. Those inventories got sold because the price had slightly come down marginally by Rs. 400 to Rs. 500 per square feet. But, further inventories are in fact higher floor inventories. So, we may even see in fact at least not less than the 14,224 rate. In fact, it can go above that.

Chandrashekar Sridhar: Just a margin drop in the 4th quarter. The drop is it because of Naigaon coming into recognition? You must have taken only 1 small phase of it as part of your calculation. I am trying to understand the margin drop which came in the P&L.

Manoj Agarwal: In this 4th quarter, the margin drop is basically because of the segment mix. In the 4th quarter, the sales were more from the ODC and Naigaon of course and because of that, the margin difference is there.

Chandrashekar Sridhar: So, you have already started recognizing Naigaon in the P&L, right?

Kamal Khetan: Yes.

Chandrashekar Sridhar: Right, okay. On the jump in construction cost for the year, it has gone up.

Kamal Khetan: Yeah Chandrashekhar. Obviously, the construction is in full swing across all the projects and I told that in Naigaon in fact we are much, much ahead of the schedule and so the construction cost has almost doubled. Going forward, you will see the construction capability going further from here and in fact coming year you wanted to ask, it will be much more than 400 crores of spend.

Chandrashekar Sridhar: This would be because of the start of ODC commercial as well, right?

Kamal Khetan: Commercial as well. If that starts, I am sure obviously this will go in fact like how we have almost doubled our construction from last year to this year in fact and from this year to next year, it will be almost closer to doubling once again.

Chandrashekar Sridhar: So, are we on track for FY22 in the commercial?

Kamal Khetan: Yeah, very much.

Chandrashekar Sridhar: Just any updates on pre-leasing over there? Have you got any commitments of any sort?

Kamal Khetan: There are lot of RFQs which are floating in the market. We are obviously participating in all those pre-leasing activities but we are all ready to start the construction, just waiting for a few approvals.

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

Harsh Pathak: Sir, just wanted to get the sense in terms of collection and construction. Since we are looking to double the pre-sales from the current level, similarly, what kind of budgeted collection and construction count should we assume in FY20?

Kamal Khetan: Collection obviously again, since the kind of sales what we have done, right now, the collection is 661 crores is the FY19 number. If the pre-sales are double, I think proportionately you will see the collections also going up.

Harsh Pathak: Sir, what would be the budget for the construction cost including the commercial sites?

Kamal Khetan: We are almost looking at double the construction spend once we start the commercial, especially Avenue 4, 5, and 6 in ODC.

Harsh Pathak: Secondly, on the deal pipeline, could you please throw some light and some color on the deal pipeline especially in which pocket we are exploring and how is the environment? I mean, how is the pricing or opportunities are available? Are they much better than what it was 6 months back or how the things are spanning out there?

Kamal Khetan: Harsh, I think we already said that we are aggressively looking. I don't want to make any too much forward-looking statement. I think we all know that there is so much of distress, in fact, very few takers of the new project, very few developers with a strong balance sheet. We are all aware about it. I think it will be too early for me to make any commitment or statement on this call. We are going very aggressively I can tell you and god willing, you will listen to some good news very soon.

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

Saurabh Gilda: Just wanted to understand like we are getting good response for our ODC and Naigaon projects but our other major standalone projects like Signia High and Waterfront, they still have quite a good amount of unsold inventories. I believe we have also launched some deferred payment scheme here. How do you think the response going forward for this?

Kamal Khetan: Saurabh, I just want to give you the numbers like what we sold this quarter, very frankly in the other project with especially Waterfront and Signia High.

Raunaq Rathi: The total value in all our other projects was close to 11 crores. We sold 5 units in Signia Waterfront. So, that has been the update for the last financial year.

Kamal Khetan: And going forward, obviously, definitely we are looking to monetize on this inventory like we are seeing how to activate the other projects as well and we will get rid of this inventory also very aggressively in obviously next 3 to 4 quarters. We will try to do some activations on other projects as well.

Sourabh Gilda: I also wanted to understand like we are going very aggressive on construction spend and we have also started construction on our commercial at BKC and we are also going to commence construction for our ODC apartment. So, will this have any impact on margins? Should we expect a bit of decline in margins due to increasing construction spent on the commercial because we won't have any revenue against that construction unless and until the asset is ready?

Kamal Khetan: But why that margin should get affected on our existing projects? That has nothing to do with the margins. That will be the capital investment for those particular projects. If we decide to sell, we will make good margins on those projects. We all know that those are asset-light model projects and we have hardly negligible investment in land in those projects like Rs. 5 crores or less than Rs. 10 crores. And if we rent out, we will get a good rental yield on those projects on the investment. In fact, those yields will be like more than 15% to 20% on our investment. So, if we decide to sell or we lease, in both the cases, in fact the margins will only be better. How that can affect the margins of other projects? Definitely not.

Moderator: The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Most of my questions have already been answered. Just one, if you could help us understand this collection bit a little bit because as far as the press release is concerned, it says that we have had 25% kind of growth in our collection which is very much there, but then if I were to adjust on Naigaon and which makes it kind of like-to-like comparison because all these projects were there with us last year as well except for Naigaon, the growth doesn't

seem to be that enticing. It is only around 4 to 5 odd percent. Given the fact that we have sold better in BKC and even in ODC, we have been able to do even better, and execution has also been there, why should my collection be the same as last year? Is it because we have sold a large chunk of inventory and liquidations have been done in ODC under subvention scheme, or am I missing something there?

Kamal Khetan: Prem, although we have not done much in subvention scheme in fact to be true, even in subvention scheme, money starts coming in as the construction goes. It is not that the money is not coming. If you do a subvention scheme, the bank starts paying me as per the construction-linked program. It is the buyer who is paying the interest upfront in the cost which bank takes away. It is not that we don't get the money. I think collections will pick up because most of the sales this year what we have done, the double the sale, the reflection of that you will see the collections will proportionately go up in FY19-20 and FY20-21. Obviously, the sales have doubled this year, so the collections will also be doubled going forward next year onwards. That reflection of Naigaon and ODC sales which we have done currently 88 units will all be seen going forward.

Prem Khurana: So, the sales that we have made at ODC, most of these are bank sided up subventions and not as if wherein the customer is going to pay 75% at the time of possession. These are all bank-linked subventions that we have offered, right?

Kamal Khetan: These are bank-linked subventions. So, the company has nothing to lose. So, we have added the subvention interest which is loaded upfront to the buyer. So, the buyer pays for the interest.

Prem Khurana: Just one last on BKC side. How long does it take us to kind to get our money in place once we are going to make a sale there, especially with Signature Island because as I see it, correct me if I am wrong, the numbers that I have, it seems that we still have almost Rs. 300 odd crores to collect from our existing sales, and over the last 2 years, we would have made almost around Rs. 580 odd crores which is essentially 50% of the sales that we have made over the last 2 years FY19 and FY18 seems to be still pending with the

clients. How long does it take us to kind of get our money in place for BKC project?

Kamal Khetan: From BKC project this quarter if you see, we have collected almost close to 100 crores, the exact number is 99 crores against the sale of 49 crores. So, if we have sold in this quarter 49 crores, this is a ready product, ideally we should get the money, but obviously, when we are selling, some people are the investor and all. So, it comes over a period of 6 months to 1 year. Some people get tokened, then the sales happen, then the agreements happen, and they want a deferred payment. So, at least on an average, you can take a receivable to come over a period of 6 to 12 months. On an average, 12 months you can take. And it keeps rolling if you have to understand. So, whatever sales we have done in this year from all the projects of BKC itself put together, we have done a sale of close to more than 300 crores. So, obviously, you will see the collections and sales accordingly.

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

Raj Rishi: I believe you had a road show – investor meet in Europe recently?

Kamal Khetan: I don't think it is a road show. My team must have met a couple of investors in the Europe as a routine process.

Raj Rishi: It has been happening regularly?

Kamal Khetan: Yeah, it has been happening regularly. It is something which in every quarter my team visits a few of the select investors. And I think whatever we do, that's there in the public domain.

Raj Rishi: This is the first time I have heard that it has happened. So, I thought maybe there is some link to this enabling provision which you have for raising funds, so maybe there is some link to that.

Kamal Khetan: Then obviously, Raj, in that case, we would first why not do the road show in Singapore and Hong Kong and India and only in Europe all the more? I don't think meeting the investor means the road show. It is a regular routine

updating the people and I think it is always healthy to meet the investor not when only the funds are required. It is always better an investor appreciates when we go and meet on a regular basis and they always appreciate that I think so.

Raj Rishi: And sir, another thing, what is the price trajectory you are seeing right now, like say vis-a-vis 6 months back? Have the prices gone down a bit in the geographies you are operating?

Kamal Khetan: I don't think so. In fact, if you see across all our projects, we have been almost maintaining a similar pricing whether it is BKC, ODC, or Naigaon. In fact, Naigaon my prices have gone up. ODC and BKC maybe my prices must be similar to the last quarter or the earlier quarters, but in the case of Naigaon, we have increased the pricing.

Raj Rishi: And sir, how do you see the price trajectory over the say balance of this calendar in the geographies you are operating?

Kamal Khetan: I think we are very confident of maintaining the price. We definitely don't want to increase the price. We want to increase the volume of sales. As we said that we are looking to double our sales from here from the existing project itself apart from whatever we acquire new, we are looking at the similar pricing for the current quarter as well.

Moderator: The next question is from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari: Congratulations on posting very consistent set of results even in a tough environment. Sir, my question is on the broader environment. How you are positioning your company to take advantage of this so that the company is almost debt-free and pretty strong cash flows, and now in this environment, we are hearing with the NBFC funding is squeezed, etc., there are stress developers who are willing to offload projects, land parcels, or do JV/JDs with established developers at attractive terms. Are you looking at that space to increase the size of your portfolio? That is one part. And the second thing is that because of this credit squeeze that is happening, are you seeing the impact of this on the buyer behavior also? The mortgage rates have gone up

and obviously the kind of aggressive lending which was happening till about 6 months ago is not happening anymore. These are the 2 parts of my question which emanate from the credit squeeze.

Kamal Khetan: Atul, I can only say that as far as what we are talking about the sales movement, I don't see the sales getting affected because for the good developers, enough banks and good NBFCs are still lending aggressively for the home loans. We have seen that across all our projects whether it is BKC or whether it is ODC which we got a good response; right now, we have sold 88 apartments, and in the similar crisis when we sold the Naigaon where we sold almost close to 2000 apartments. So, we don't see that problem definitely. Again, a good developer, good location, good proper pricing is selling. There is no reason I see that it is not selling.

Coming to the first question which you asked which is the opportunities in the market, obviously, we will not only look at opportunities where there is a JV/JD model and other model, asset-light model, definitely that will be always our preference because that gives us a better ROE and infinite ROE, but looking at our strong balance sheet, where there is a distress, we will be aggressively looking at even doing the good acquisitions, and if the good acquisitions come at a distressed value, we will look at it and I can tell you right now when we are talking, we are definitely looking at lot many projects which are distressed whether they are on a JV/JD model or whether they are a buyout or any other manner which is good for the company to buy.

Moderator: Ladies & gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Kamal Khetan: Thank you all for taking out the time from your busy schedules today. In case any of your queries have been left unanswered, you can get in touch with me or my team. We look forward to your continued support. Thank you once again for joining us today and have a pleasant evening. Thank you.

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