



Kolte-Patil Developers Limited

Q4 FY22 Earnings Conference Call

May 26, 2022

Moderator:

Ladies and gentlemen good day and welcome to Kolte-Patil Limited Q4 FY22 Earnings Conference Call. 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shiv Muttoo. Thank you and over to you sir.

Shiv Muttoo:

Good afternoon, everyone and thank you for joining us Q4 FY2022 Results Conference Call Kolte-Patil Developers Limited. We have with us today Rahul Talele – Group CEO, Vikram Rajput - Head of Investor Relation and Corporate Finance and Pawan Lohiya – Head of Finance.

Before we begin, I would like to state that some of the statements in today's discussion may be forward looking in nature and may involve certain risk and uncertainties. A detail statement in this regard is available on the Q4 FY22 Results Presentation that has been sent to you earlier. I would now like to invite Mr. Rahul Talele to begin the proceeding of the call.

Over to you Rahul.

Rahul Talele:

Good afternoon, everyone. A very warm welcome to everyone present on this call and thank you for joining us today to discuss the operating and financial



performance of Kolte-Patil Developers Limited for the fourth quarter and financial year ended 31st March 2022. I would like to begin by discussing the real estate environment, our strategies and broad highlights of the quarter. Vikram will take you through the key financial highlights. We then look forward to taking your questions and suggestions.

To start with, just to share our views on some macro perspectives with you. Coming into the current financial year, we see India following up on the previous year's global outperformance with continuing strong growth within the framework of the heightened inflationary environment, supply chain disruptions and geopolitical risks that are a reality at present. We expect the policy environment to remain dynamic with the government's stance on progressive reforms continuing into this year as well. A very recent example of the Government's proactive stance was reduction on the import of some raw materials, used by the steel industry as well as levy of export duty on some steel items. This is expected to moderate steel prices in the near term. The real estate sector is a likely beneficiary of the push towards infrastructure development and industrial growth. So, within this framework, we are seeing demand transitioning to large real estate brands with strong execution capabilities and strong balance sheets.

This is already visible in the recent trends. FY22 marked a year of demand revival for the real estate sector and for Kolte Patil, even as intermittent disruptions in the operating environment were seen almost throughout the period. With sales volume of 2.71 million square feet, we closed the year in line with our stated guidance. Sales volumes saw a significant uptick, up 30% YoY compared to 2.08 msf in FY21. Further, from a sales value perspective, we recorded our best ever year, up 45% YoY to Rs. 1,739 crore.

We have now entered FY23 on the back of the strong momentum achieved in the second half FY22. Q4 FY22 was the second consecutive quarter with sales value of over Rs. 500 crore. Compared to H1, our H2 sales value up 57% to Rs. 1,062 crore. H2 sales volume was up 53% to 1.64 msf and H2 collections were up 41% to Rs. 921 crore. These, we believe, are strong numbers that provide us the momentum and liquidity to pursue further progress in the business.

In addition to growth, we are seeing greater diversification that has resulted in almost 32% of sales by value coming from Mumbai and Bengaluru. Our Mumbai portfolio has reported its best ever performance with a sales value of ~Rs. 450 crore in FY22, up 150% YoY. Verve and Vaayu have performed well and witnessed improved realisations. The Mumbai portfolio is moving as per plan, and will continue to scale in the coming years with increased launches and business development activity.

Pursuing our objective of risk diversification in the business, within the Pune portfolio as well, several projects are lined up for launches in the coming quarters. This is resulting in decreased reliance on specific locations even as Life Republic remained the top selling projects in Pune during 2021. Further, from a new business development perspective, we are focussing on newer micro markets in Pune.

Our APR improved by 11% YoY during FY22, driven by improved realizations in project sales across Pune and Bengaluru markets as well as 26% contribution to sales value from Mumbai. This is also indicative of our successful pass through mechanism that allows us to maintain contribution margins from projects.

Collections were the highest ever in Kolte-Patil's three-decade history for both Q4 FY22 and FY22. We clocked collections of Rs. 1,574 crore in FY22, up 40% YoY and Rs. 500 crore in Q4, which was up 13% YoY. As discussed in previous interactions, we maintain a deep focus on sales, registrations, construction and CRM that enables strong performance in collections. This is critical to driving execution efficiencies, timely deliveries, and customer satisfaction, thereby enhancing the strength of our brand.

We now look forward to expand on the platform of these achievements, our objective would be to deliver 25-30% sales value growth in FY23. We have a solid balance sheet position and remain well-placed to aggressively pursue business development in FY23 and expect to conclude deals with a cumulative top line of Rs. 7,000 crore. We already have 6-7 non-binding term sheets in place. The focus is to simultaneously work on Definitive agreement and the design, launch aspects. This will enable deployment of signing capex closer to launch and enable better returns on the projects.

Further, in FY23 we are looking to launch projects in the pipeline that currently include saleable area of 5.4 million square feet with aggregate top line potential of Rs. 4,600 crore. So some of our key launches in Q4 have been pushed by a quarter. At Baner, seeing the positive demand environment and the response we are receiving across our projects, we have decided to upgrade it to a 24K project. Hence, the design specifications have been changed we expect to soft launch towards end of Q1FY23. At Sukh Niwas, and Golden Pebbles, vacation process is underway. So we expect to launch both of these in a few months.

We see a strong drive on the deliveries front and, based on current visibility, we are targeting 3 million square feet of customer handovers during FY23. To sum up, we are geared up to capitalize on the industry consolidation and create newer growth records in the coming years while maintaining our financial discipline.

With that I now hand over the proceedings of this call to Vikram to provide a financial overview.

Vikram Rajput:

Thank you, Rahul. Good afternoon, everyone. I will now briefly take you through our financial performance for the quarter and year ended 31st March, 2022.

Based on CCM-based accounting, in Q4 we reported revenues of Rs. 376 crore, up 27% YoY and in FY22, we reported revenues of Rs. 1,118 crore, up 62% on a year on-year basis.

EBITDA for Q4 stood at Rs. 40.5 crore compared to EBITDA of Rs. 38.9 crore in Q4 FY21. EBITDA was recorded at Rs. 186.2 crore in FY22 vs. Rs. 62.4 crore in FY21. Our net profit after tax post minority interest came in at Rs. 26.7 crore compared to Rs. 20.9 crore in Q4 FY21. Net profit was Rs. 84.8 crore in FY22 as compared to a loss of Rs. 4.8 crore in FY21.

Here, we would like to remind you that recognition of revenue and profits are dependent on the timing of project completion based on statutory accounting guidelines. As Rahul mentioned, we see a strong drive on the deliveries front in FY23. Linked to project completion and deliveries would be higher revenue recognition in the ensuing period.

The liquidity in our business operations remains strong, resulting in further reduction of Rs. 41 crore in net debt in Q4. We have reduced our net debt by Rs. 179 crore during FY22. This is the third consecutive year of Net Debt reduction and overall it is down by Rs. 386 crore over the last three years. Our net debt to equity stands at 0.14 as on March 31, 2022. Further, the Operating Cash Flow for the quarter stood at Rs. 166 crore and at Rs. 508 crore for FY22.

We have reported best ever numbers across parameters to end the year on a strong note and look forward creating bigger milestones in FY23. Our focus will remain on maintaining sales performance, timely execution, and cash flows, as indicated by Rahul earlier, which will continue to drive P&L performance over time.

On that note, I conclude my opening remarks and would now like to ask the moderator to open the line for Q&A.

Moderator: Thank you so much. We will now begin the question-and-answer session. We take the first question from the line of Prithvi Raj from Unifi Capital. Please go ahead.

Prithvi Raj: Just a couple of question from my side. The first one on that inflation. So, what kind of price hikes have you taken, across the projects and geographies to manage the inflation? And then for the projects where clients have booked few months back, where the price is locked, how are we managing on the inflation side?

Rahul Talele: Wherever we got the opportunity of price rise we have taken that price rise. If you see our Pune portfolio at Life Republic, our price has jumped almost by 14%-15%. There are multiple reasons behind it. Not only we improved the price but at the same time we pushed some of the retail inventory also and it is a combination of various efforts. At the same time, the same product, at some other locations, we have improved the price in the range of 5% to 7-8% in terms of Pune localities and same is the case for Mumbai and Bangalore as well. In terms of the second part of the question, regarding inflation, we accept that there is cost increase in the range of Rs.100-Rs.300. So, we are working on multiple fronts to mitigate this cost rise. It depends on the stage of construction, height of building and geography where that particular construction is happening. So, depending on that, it is in the range of Rs.100-Rs.300, there

are multiple things by passing on this increased price to the customer. Through better realization in APR is one way that we have already done in the entire last financial year, wherever we got the opportunity and we will continue to do so wherever we will get the opportunity in future as well. But at the same time we decided to sit again on drawing board, how we can come out with an efficient product, how we can come out with a greater value engineered product. So, we are working on that front also. So, I believe this addresses the concern of inflation and at the same time there is a good possibility of cost getting settled down further.

Prithvi Raj: And my second question on your new launches, so obviously last couple of quarters we have seen certain delays because of approvals and all. So, what kind of numbers are we looking for new launches in this financial year? If it is possible for you to give ballpark number on new launches?

Rahul Talele: This year, certainly we are confident of launches of more than Rs. 4,000 crore.

Prithvi Raj: And what was the same number in this financial year, FY 22?

Pawan Lohiya: So, close to Rs. 1,000 crore.

Prithvi Raj: Okay, as against Rs. 1,000 crore you will launch Rs. 4,000 crore. Got it. That is it, Rahul thanks for my questions.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: My first question is on the business development front. We have taken a strong target of Rs.7,000 crore for business development in FY2023, Can you highlight which market these are in, is it in Pune or other markets?

Pritesh Sheth: I was talking about the business development front. We have a very strong target of signing new projects worth Rs. 7,000 crore. So, just wanted to understand which location will these projects be located? Will this be outright purchase or JDAs?

Rahul Talele: Whole year, we have signed seven non-binding term sheets. These projects are located in Pune and Mumbai and currently we are in advanced level of discussion in Bangalore as well. So, the diversification is there, but the major

portion will come from Pune around 62-65% or 70% and around 30% will come from Mumbai and Bangalore. And in terms of your second part of the question, it is a mix of JDA and structured outright transactions. So, couple of transactions are outright and five transaction are JDA transactions.

Pritesh Sheth: My second question is on the interest rate hikes. I know it's too early to talk about it and the quantum is relatively low as of now but then after this rate hike, are you seeing any change in terms of your conversation with customers, are customers planning to prepone their purchase or planning to postpone it for a few months to get clarity on the trajectory of interest rates? Is there any change in conservation that you witnessing with your customers?

Rahul Talele: Not actually, Pritesh. To be very honest, if you see 4-5 years back, the interest rates were double digit number. So, there is good amount of delta left in terms of absorbing that interest rate hike but having said that on the other side there is a good amount of wage growth also across the industry that is quite visible particularly in the markets where we are currently working upon. Pune and Bangalore markets are more reliant on the IT population, wherein the salary increases are very high. So considering that, I do not think that will impact in the near future but certainly it can get impacted if it crosses beyond 100 basis points. At the same time, if you see, the affordability – it is still one of the lowest in last couple of decades. So, there is good room left over there and since most of customer are end users, they are not investors, they are end users. So, ultimately, they are keen to purchase the property. Yes, for a couple of percentage or higher percentage of target audience, they can hold their decision if the interest rate goes beyond, further increases but certainly they will save for that extra down payment and they will come to us to maintain their EMI, as it is.

Pritesh Sheth: Yes, right understood.

Rahul Talele: And if required, we can come up with some kind of intermittent incentives to customers in order to maintain our growth projections.

Pritesh Sheth: It may happen but hasn't happened yet, right?

Rahul Talele: Not yet, in fact we are increasing our prices and still maintaining the monthly run rate.

Moderator: Thank you. We take the next question from the line of Alpesh Thakkar from Antique Stock Broking Limited. Please go ahead.

Alpesh Thakkar: Sir, my first question is on the Bangalore portfolio. So, what exactly is happening there? 2-3 years back we had a target that we wanted to diversify into Pune and other markets like 25%-75% which has happened via MMR portfolio but Bangalore portfolio has not picked up that well compared to MMR. So, what exactly is happening? Is it that we are not able to get deals over there or what exactly is happening, can you throw some light?

Rahul Talele: Thank you Alpesh. For Bangalore portfolio, we are serious about Bangalore as well and that's the reason, we have moved one of our senior resources to take care of the Bangalore region. Currently, we are evaluating 3-4 deals, particularly in the northern part of Bangalore and closer to airport, but at this moment of time we have not closed any term sheet. But at the same time, we are positive that you will see some positive news in coming quarters over there. So, to answer your question, we are positive about the Bangalore market, like what we are doing currently in Mumbai. May be in this financial year we will see good amount of growth in Bangalore also.

Alpesh Thakkar: Okay, got it and my second question is, as you mentioned in your opening remarks that you want to diversify into Pune market itself into different projects like, we have good dependence on Life Republic project and now we are targeting other micro markets. So, can you just give a ballpark figure like how much was the dependence for let's say 3-5 years on an average on Life Republic and how do you see it moving over next couple of years?

Rahul Talele: So, last year, the Life Republic dependency was close to 40%. This year, it got reduced to 31% and we are confident that next year it will be closer to 24-25%.

Alpesh Thakkar: Okay, last year it was 40%, right?

Rahul Talele: Alpesh, this will not be because we are going to sell less at the township, we are going to sell more from the non-township portfolio. So, in terms of percentage, we are down but at the same we are confident that we will continue to be at the top in terms of the sales performance of the township in the entire Pune market.

Moderator: Thank you. We take the next question from the line of Manoj Dua from Geometric.

Manoj Dua: I have one question. Is the company looking at plotting as a sector? How is the company seeing plotting as a project? I am seeing the company is doing plotting and it is getting to be more and more favorable way, it took up into plotting.

Rahul Talele: So, Manoj, we are evaluating a couple of plotting proposals, also in Pune at an advanced stage of discussion. So, we are serious about plotting. In fact we have executed, we have delivered our first plotting project in the township. We got a fantastic response and we are planning to have one more sector in the township but we are still deliberating, particularly for the township. But certainly we are looking for an opportunity in the plotting space as well because over there the turnover is very quick, we can complete the project in one year. So, considering that and the positivity towards plotting and positivity to have independent houses, we are evaluating a couple of deals over there

Manoj Dua: Any more discussion on the deals with Planet which you have recommended in the last press release that you are looking for some more JDAs with Planet?

Rahul Talele: First deal that we did at the township and post that we have the secondary transaction. We have given the exit to our private equity partner and Planet has entered into that particular project. Now we are working on the third project, so very soon that can be closed. So, that is currently at the advanced stage of discussion with Planet.

Moderator: Thank you. We take the next question from the line of Rohit Balakrishnan from iThought PMS. Please go ahead.

Rohit Balakrishnan: Sir, first of all, you are saying that this year, you are targeting a handover of 3 million square feet in this quarter, I could not hear it properly.

Rahul Talele: Yes, this financial year, it will be 3 million square feet plus deliveries for sure.

Rohit Balakrishnan: Sir, my first question was in terms of BD, you said you have 7 non-binding term-sheets. From a layman perspective, these are bank deals or what is that now, if you can just share?

Rahul Talele: It is a done deal, a half-done deal, from the perspective commercial. The due diligence and other parts are ongoing because I have mentioned that in our earlier interactions that Kolte-Patil follows a very exhaustive due diligence process. So, we conclude the commercial discussion with the land owners, with the partners and once that is done, we sign the non-binding term sheet and post that we work on the due diligence part. That does not mean, see half of the due diligence is completed already and we are working on the design front as well the launch front and simultaneously working on the definitive agreement. So, to answer your question, we have gone far ahead in terms of the closure objectives.

Rohit Balakrishnan: Understood, so this in terms of square footage would be how much million sq. ft. across the 7 term sheets that are you talking about roughly?

Rahul Talele: Roughly around 6.5-7 million sq. ft.

Rohit Balakrishnan: Ok. Got it. And sir, the other question that I had was in terms of, you said you are launching close to 4,000 crore of projects in FY2023, this again, what would it mean in terms of sq. ft.?

Rahul Talele: That is close to 5 million sq ft.

Rohit Balakrishnan: So, this year was a phenomenal year for us in Mumbai. You did Rs.450 crores. What is the outlook for FY2023 in Mumbai? How much of these 5 million sq ft launches, or in terms of topline, because launching may be low in terms of sq ft area would be in Bombay and what kind of number are you targeting? Sir, also, if you can just may be share some bit on the economics in terms of either margins or IRR in Bombay. Given the new environment, if you can just share something around the economics of development in Mumbai that you have been doing and the kind of margin that you expect from the projects that we have sold?

Rahul Talele: So, Mumbai, this financial year, we have taken a target of crossing Rs.650 crores in Mumbai. And in terms of margins for Mumbai projects, see, IRR is very good because our first investment is post vacation or at the time of vacation of the society. So, in terms of IRR, it is good and more than 25% of IRR we generally envisage for a Mumbai portfolio, particularly a redevelopment portfolio.

Rohit Balakrishnan: Okay and margins would be how much, like EBITDA?

Rahul Talele: Margin would be in range of 20-25%.

Rohit Balakrishnan: Okay, in terms of completion, let's say last year whatever we sold, when do you expect to handover and like booking in terms of P&L?

Rahul Talele: Sorry, I didn't get it, can you please come again?

Rohit Balakrishnan: Sorry, I was saying in terms of the projects, I am just asking in terms of timeline now. For example, the projects that you sold last year in Bombay, when do you expect to deliver them and record them into P&L? Like what is the timeline, 2 years?

Rahul Talele: In the next 18-36 months.

Rohit Balakrishnan: Okay, so around 1.5 to 3 years.

Rahul Talele: Yes. Just for clarification, I am talking about 7 non-binding term-sheets, there can be a situation that one or two deals will not happen considering there is any complications in the legal or something like that. But having said that, all commercial discussion is closed for the 7 deals.

Rohit Balakrishnan: And, sir, last question, so in terms of this year, around 2.7 million sq ft of pre-sales which is probably the highest. So, what is the kind of numbers you are looking at, you said 25-30%. So, can you do close to 3.2-3.3 kind of numbers, is that what we are looking at? Just using the context of general expectation, headwinds around, slowdown etc. So, just wanted to get your view.

Rahul Talele: Yes, so Rohit, we targeting for Rs. 2200-2300 crore numbers in the current financial year, if you translate that into the square footage it will be anywhere in the range of 3.3 to 3.4 million sq ft.

Rohit Balakrishnan: Right, you do not see any kind of slowdown, you see the momentum continuing, basically?

Rahul Talele: No. I do not think there is a slowdown impact that we are envisaging in the near future. We are very bullish, that is the reason now we are concentrating on all our business development. And so Rohit, let me put it in a completely different

way, this year will be a year of BD closure. This year will be a year of launches. This year will be year of deliveries for us.

Moderator: Thank you. We take the next question from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: My question was, what is the pending collection in sold inventory of launched projects and construction spend remaining and the value of pending inventory to be sold in the launched projects?

Pawan Lohiya: So, the pending inventory in the launched projects would be around 1.8 million sq ft, around 18 lakh sq ft. The total receivables from sold inventory would be around Rs. 1,500 crore and the balance construction spend would be around Rs. 1,400-1,500 crore.

Himanshu Upadhyay: And the value of this 1.8 million sq ft of pending sales inventory will be how much?

Pawan Lohiya: It will have an APR of approximately Rs. 6,000.

Himanshu Upadhyay: Okay, one thing, currently based on the presentation we have said that we want to grow by 25-30% on 2.7 million sq ft of sales last year but the inventory currently we have is around 2 million sq ft in the projects which have already launched. Which are the big-ticket items you expect will help you get 25% growth? So, we want to sell around 3.5 million sq ft. So out of the priority launches, 2-3 various things are the most important, 2-3 projects which we need to look at.

Rahul Talele: Himanshu, , we classify our inventory, the opening inventory in a quarterly way. So, that, we just need to have 2x or 3x of the inventory, at the beginning of quarter. So that is sufficient enough to close our numbers of that particular quarter. Having said that, there are multiple launches lined up like Baner, which is at the advance stages of approval at this moment. There are couple of sectors at the township, Giga project and two projects in Mumbai. So, you will see launches in all these three regions in the next 2-3 months. At the same time, if you see the progress of the last financial year, whatever the available inventory we had, we have sold 63% out of that. So, that shows our capability to sell from the limited inventory. That is also good and particularly it helps in releasing, it helps is preserving the unnecessary cash flow getting locked in

operational activities and may be that is one of the reasons that our operating cash flow numbers are also promising.

Himanshu Upadhyay: Okay, can we expect the collection and construction spend will increase in line with sales growth or you think collection and construction spend will be growing at a slower pace than the sales growth, what you are expecting?

Rahul Talele: No, it is a complete cycle. So, you will see a significant jump in collections as well as the construction as well. So, we are coming to operating free cash flow of around Rs.700 crore in this financial year.

Himanshu Upadhyay: And one more thing, in between we were doing a lot of development on these DM contracts. Are we still thinking of DM contracts or we are thinking of outright purchases also? And revenue is generally very less, some amount of risk is already there.

Rahul Talele: Himanshu, currently, wherever we are working on DM, we are continuing with those projects but as discussed in our earlier interaction, we are very selective to have DMs in our portfolio. Because we do not want to carry that kind of risk with limited returns. So, we are very selective with that particular scale. We will see our BD activity particularly largely in JDAs and then structured outright and lastly DMs.

Himanshu Upadhyay: On the prices of land, outright purchases will be generally in Pune and Bangalore and how high are the prices because we are seeing significant, or some amount of price increase in the residential market, are we seeing even price rises on the land?

Rahul Talele: Himanshu yes, I do agree there is price rise in last one year or one-and-half years. There are multiple reasons for that. Earlier one acre was having a potential of x amount but now that same one acre is having a potential of almost 1.5x to 2x because of this unified DCR. So, because of that, the land owner is getting an additional per square foot in terms of the land. At the same time, the developer is getting the deal in terms of the saleable area potential at the same rate or the better rate. In fact, there is a win-win for both.

Moderator: Before we take the next question, we would to request the participants to restrict their questions to 2 per participant. The next question is from the line of Darshal Jhaveri from Crown Capital. Please go ahead.

Darshal Jhaveri: I just wanted to ask how much revenue will be booked in FY2023 and what kind of EBITDA/ PAT margin can we expect on that, as per CCM method that way?

Rahul Talele: During our opening remark, we have mentioned that the deliveries will be more than 3 million sq ft. It is simple mathematics – if you multiply that by our average realization of close to 6000, the revenue number will be close to 1800 plus. There is a good amount of timing mismatch of revenue recognition and overheads. Considering the additional revenue recognition, the EBITDA margins will be very good. It will be close to 25%.

Darshal Jhaveri: Okay, that is very good to know and just another question, what do we see as long term vision may be three years or something, we are targeting Rs.7000 crores sales or something? Could you share just some ballpark figure of what we are expecting by FY2025-26 in three years, if some guidance you could give on that?

Rahul Talele: We call it a 3, 4, 5. 3.3, this year, may be 4 and post that 5 million.

Moderator: Thank you. We take the next question from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Sir, my question pertains to the execution side. We were operating, let's say 2-2.5 million sq ft for the last 4-5 years and now we have moved to 2.7 and we are planning to go to almost 4-5 million sq ft over the next 2-3 years. So, what sort of execution threshold, we are putting in terms of hiring or in terms of adding the workforce to execute multiple projects. Because we might be executing 14 or 15 projects but when we move towards doubling the rate from where we are currently, how we are going to take care of execution? Thank you Sir.

Rahul Talele: Bajrang, in this regard, if you see, our current under-construction projects are around 8 million to 10 million square feet. So, that itself shows our operational capabilities. This year and next year, we are going to deliver more than 3 million square feet that again shows our operational capabilities. Beyond that, we treat every project independently. So, we have a separate team at the project and the central team which gives all kind of support to those teams. So, we have already strengthened our centralized procurement contracts, the technical team and wherever required, we hire a team further to take care of those

specific projects. So, I don't think that we are going to face any kind of problem in fact, we are very well placed. So, in terms of general business controls, we have now classified this company into five SBUs. That also curtailed the bureaucracy in the company. So, there are two SBUs in Mumbai, two SBUs are in Pune, one is in Bangalore. So, out of 10 key decisions, seven can happen at the SBU level itself. So, dependency on the group in terms of the decision is curtailed and the decision making is getting quicker and quicker. We have hired multiple people from good brands of peers and people are willing to join us. So, across the industry, we are getting a good response. People are willing to join with us. So, I can see that trend is getting continued for the next year.

Bajrang Bafna:

Got it. Sir, I just wanted to get for my benefit and maybe for others also, if I am not wrong, we have already created positions like CMO or COO in the company, and those positions have been filled up and a new team has been hired under them. So, if you could just say what sort of workforce that has been recruited over the last maybe 6 to 12 months, that number will be really helpful, sir.

Rahul Talele:

Okay. So, we have filled the position of COO. At the same time, there are the sales head, city sales heads also in place. At the same time, we are now still building the strategy team. So, five people are working in the strategy team, from some of the premium B-schools who have good real estate exposure with the peers are with us. Apart from that, we have these five SBU guys. So, these are again business people, they understand the business very well. Three people out of these five are with us since last seven, eight years. So, we have hired multiple mid-level to senior level teams in the recent time. And at the same time, we are trying to align everybody's interest towards one common goal and through our innovative incentive policies and that kind of employee retention program. So, that may be one of the reasons that more people from the industry are willing to join us at better terms.

Bajrang Bafna:

So, just to summarize this, executing 30 or 40 projects even at a given point of time is no more a constraint for Kolte and doing it internally or maybe through outsourcing model, both will be deployed to get to those numbers, right?

Rahul Talele:

Yes, completely agree. We believe in the outsourcing model also, we have an array of contractors available who are working with us from last couple of

decades. So, scale-up is not an issue particularly from the construction point of view and the sales side, we are already delivering very good numbers over there. So, I do not think that is a challenge at all for us.

Moderator: We will move on to the next question. We have the next question from the line of Manish Shah from Vajani Securities. Please go ahead.

Manish Shah: Sir, I have a question regarding bookings. Previously, a lot of bookings used to happen at the time when the project used to be launched. But now, because of the mistrust in booking business and all, now the bookings is usually when you get the OC. So. what is the trend at Kolte-Patil for that? How much happens on booking? When I say booking, I mean launching of the project. How much happens in the interim and how much happens at the ready-to-move stage?

Rahul Talele: It depends on the product mix, and it depends on the what category we are working upon. If we see the affordable category, at the time of launch, when I am saying launch, the first six months of the launch, generally, we try to cross 50% of the sales for that. And before we complete the RCC, we try to finish the entire sales for those projects. And we have delivered on these similar guidelines in the past, and we are confident that we are going to deliver on similar lines in the future also. At the same time, on the difference in our premium projects, wherein the first six months, you will see the velocity close to 30% to 40% odd. And maybe another 40% odd till the time you complete the RCC and 20% at the time of finishing. But very limited inventories left with us are RTMI inventories. In fact, maybe we have very limited RTMI inventory, if you compare ourselves with the peers.

Moderator: Thank you. We take the next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My first question is on FY2022 sales of Rs.1,700 crore odd. If you can break it in terms of how much was the sustenance sales and how much was the new launches?

Rahul Talele: Parikshit, we will get back to you on this. See, mostly out of this, a ballpark number I can give. See, out of this Rs. 1,739 crore, mostly is from our sustenance sales. So, that is what I mentioned few minutes back. Whatever

inventory we had, we could sell 63% of that inventory during the last concluded financial year.

Parikshit Kandpal: My question is that, you had said earlier in the call that Rs.1,000 crore of new launches happened in FY2022 and this year you are thinking to launch projects worth Rs.4,000 crore. So, that will be new launches. So, there will be a major contribution coming in from these launches. Second question is out of this Rs. 4,000 crore new launches, is it like entirely hitting the market or will it be in phases like how much of that will actually come into market in the FY2023. Rs.4,000 crore looks to be a very big number.

Rahul Talele: So, Rs.4,000 crore is the launch potential. So, certainly, if we try to go in the market with multiple phases in the project. For example, Baner project is having a potential of 1.5 million sq ft. So, at the first go, we will launch 0.6 million square feet out of that. So, as a ballpark number, you can consider that half of that will get launched and depending on the outcome of those launches, we generally try to segregate our RERA into multiple registration certificates.

Parikshit Kandpal: Okay. The next question is on the Rs.7,000 crore of newly added business development, you said seven deals at non-binding level, , that is Rs.7,000 crore all these deals happen, you said about two will be outright and five will be JDA. How much will be the total outgo on land on which you deal or if you can just break up these seven deals into Pune and Mumbai. Like how many of these are Pune in terms of value in Pune, Mumbai and Bangalore, that will be great. And also on the land, how much is the outgo on the outright?

Rahul Talele: Just for clarity, Parikshit see Rs. 7,000 crore is the target that we have taken for BD in this financial year. Out of that, whatever the deals I have just mentioned, the seven deals, is having a GDV of around Rs. 5,000 odd crore. For that, our upfront investment requirement is in the range of Rs. 300 crore to Rs.325 odd crore.

Parikshit Kandpal: Okay. And these are in which locations? If you can break this up, in terms of value, how much will be Mumbai out of this Rs. 5,000 crore, how much Pune and maybe how much in Bangalore?

Rahul Talele: So, out of this Rs.5,000 crore, around Rs.3,700 crore will be from Pune and around Rs.1,300 crore is from Mumbai.

Parikshit Kandpal: And these are not redevelopment? Mumbai, Rs.1,300 crore, is it redevelopment or is it like JV?

Rahul Talele: One deal of redevelopment and one deal of JDA.

Parikshit Kandpal: And in Pune, the Rs.3,700 crore you said is in all JDAs, right? On a revenue share basis?

Rahul Talele: In Pune, two outright and two JDA.

Parikshit Kandpal: Okay, sir, great and I wish you all the best. I think the pipeline looks to be quite strong, if you are able to deliver, I think you will surpass that 20% number, by looking at the number, the potential launches which you have now. And just lastly, if I may squeeze in. On these old, the prime land, which we have in Pune, so like on other lands, any plans of breaking them, upfront them for development in this financial year?

Rahul Talele: Kiwale was the DM project for us and as a strategic case, we have decided not to pursue that particular project.

Parikshit Kandpal: Any reason why?

Rahul Talele: It was a DM project.

Parikshit Kandpal: Okay. I am talking about Aundh. We had about a million square feet of land, right? And then the Koregaon Park area, we had some land parcels which you were looking to explore commercial or mixed use kind of development, planning to do?

Rahul Talele: Okay. So, Aundh still we are deliberating. There are certain things that we are addressing on the ground, but we have not considered the launch of Aundh project in this financial year. And same is the case for the other internal inventory. So, particularly when it comes to our premium inventory, like Boat Club, we are deliberating because it is at a very strategic location. So, considering, we wanted to have the commercial strata development over there. But considering the slowdown in the commercial space, we are still deliberating. And if we get positive signals from the market... Planning and everything is ready with us. It is just, we need to submit the plans to the corporation.

Parikshit Kandpal: And what will be the ready to move in inventories right now, RTMI?

Rahul Talele: So, RTMI currently would be less than Rs.100 crore in the entire portfolio.

Moderator: Thank you. We take the next question from the line of Anuj Sharma from M3 Investment. Please go ahead.

Anuj Sharma: One quick question. Based on your demand assessment, what is the price rise we can have in all three cities without affecting the volumes in FY2023 and FY2024. Just some estimates into how buoyant is location in terms of pricing?

Rahul Talele: Anuj, comfortably, we are envisaging a price rise of 3% to 7%; on average you can consider 5% price hike.

Anuj Sharma: Okay, And the situation is same in all three cities, which you are present right, three to seven?

Rahul Talele: Yes, that is correct. With the improved price, we could sell the inventory of one of our Mumbai projects, the target of the quarter is completed in just one month.

Anuj Sharma: And one question an earlier gentleman asked about plotting. So, since you are considering it, what were the challenges earlier and why are we finding this segment interesting given that it is quick turnaround?

Rahul Talele: So, earlier, no branded developer was into plotting. In fact, we started plotting two and a half, three years back at our flagship project township. We have completed, we have delivered all those plots and there is a good amount of demand also for plotting within the township and considering that the earlier plotting was, people used to rely on, maybe it is a post COVID scenario. There is a good amount of demand particularly in plotting. People want to have that kind of personal space, independent space. So, we want to engage on this opportunity. Earlier, it was not there.

Anuj Sharma: Alright. Does it entail any change in your strategy, in terms of your employees, how business is classified? Or it is more or less similar in terms of how we go about it?

Rahul Talele: Sorry, I did not get it.

Anuj Sharma: So, do you have to restructure your employee base or any change in strategy to acquire such projects for plotting and selling and marketing those?

Rahul Talele: Not at all. See, just imagine, plotting is just you have to build the road, you have to build the club house, you have to build all those infrastructures. So, anyhow we are doing that for our regular project deliveries as well. So, it is in fact a subset of our regular capacity.

Moderator: Thank you. We take the next question from the line of Faisal Hawa from HG Hawa Corporation. Please go ahead.

Faisal Hawa: Sir, how do we feel that any project in Bombay could come up? What is your sense about the demand in the Mumbai market? And secondly, Pune, which micro areas you feel that could be a game changer for us and how is this Republic project going? And is the sales there picking up?

Rahul Talele: So, I will answer in a reverse way. Regarding Life Republic, it is the highest-selling project of Pune in the last calendar year and we are confident that it will be one of the top selling projects of this financial year as well. In terms of micro markets, wherever we have presence in Pune as of now, we want to expand our base beyond that and particularly in those micro markets where we don't have presence and the other peers have presence. So, for all projects, wherein the competition has presence, we could sell good in terms of numbers. We are continuing with that kind of strategy. In fact, couple of deals I have mentioned is from those micro markets. We are very bullish, particularly about the Western and Eastern micro market, Nagar Road and from Waje till Ravet Kivle that is our target area, micro market in Pune.

Faisal Hawa: And any thoughts about the Mumbai market and how we could really gain from it?

Rahul Talele: What was your question about Mumbai?

Faisal Hawa: How do you feel the Mumbai market is emerging sales-wise and how we could benefit from it?

Rahul Talele: So, we want to be a niche player in Mumbai market and that is quite visible for deliveries. We are getting multiple inquiries of nearby societies, they are getting offers from other developers, but still want to go with us at better terms – better

terms for the developer. That itself shows there is a good amount of brand trust for us in Mumbai and we want to engage on that particular brand trust in Mumbai. And we do not want to take big exposure for one particular locality, we want to have that kind of diversification in Mumbai with a project topline potential of Rs. 400-500 crore to Rs.700-800 crore, so that we can sell in a couple of years and we can construct in three years.

Faisal Hawa: Do you feel that this real estate business requires a mix of promoter's involvement as well as a lot of professional management due to some guideline which is there in the system? And how could we grow beyond this, because we have to say Godrej Properties or even Mahindra Lifespaces, where we have professionals, are able to scale up the business and monetize most of the properties much earlier? And why are we not looking at REITs also as an option to raise cheaper funds?

Rahul Talele: So, I believe the right blend of professional and promoter management is always beneficial for the company. Because promoters are in the system right from the inception of the company and professionals can bring that kind of capability and knowledge and new practices in the system. So, a right balance is always beneficial for the company and that is what we are trying to do. It is a very good balance of professionals and the second generation of promoters in the company, and what was your second question?

Faisal Hawa: About REITs and how can we scale up more? Even if we want to be in these two markets, how can we scale up more, so that the growth rate is much higher? Because finally we have most of the properties ready and the experience is huge.

Rahul Talele: So, see our debt, if you see our debt numbers, debt to equity number is all time low for us. So, our net debt is hardly Rs.130 odd crore, that is equivalent to 20 days' collection and there is a good amount of headroom there to leverage again and that is an easy source of fund-raising. So, in fact, couple of banks are ready to give us general purpose corporate loans. So, we will be having complete flexibility. We can utilize that funding for BD purposes as well and at the same time, your suggestion in terms of the REIT, we have a very limited commercial portfolio and we particularly operate in the commercial segment from a strata perspective. We build limited commercial buildings with small

office spaces that we try to sell during the construction itself. So, we do not have annuity assets with us.

Moderator: Thank you. I now hand the conference to Mr. Rahul Talele for the closing comments. Over to you, sir.

Rahul Talele: Thank you once again for your interest and support. We will continue to stay engaged. Please be in touch with our Investor Relations team for any further details or discussions. Looking forward to interacting with you next quarter.

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