



To,
The Assistant Manager,
National Stock Exchange of India Limited
Listing Department, 'Exchange Plaza', Bandra
Kurla Complex,
Bandra (East),
Mumbai – 400051

To,
The General Manager,
BSE Limited,
Corporate Relationship Department,
1st floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

Date: 11 August 2023

Sub: Transcript of Q1 FY24 Earnings Conference Call held on 4 August 2023

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BSE Security Code and Security Name – Debt: 974771 and 0KPDL33**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Regulation 47(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith transcript of “**Q1 FY24 Earnings Conference Call**” held on 4 August 2023 at 05.00 PM (IST).

This is for your information and record.

Thanking you,

For Kolte-Patil Developers Limited

**Vinod Patil
Company Secretary and Compliance Officer
Membership No. A13258**

KOLTE-PATIL DEVELOPERS LTD.

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Kolte-Patil Developers Limited

Q1 FY2024 Earnings Conference Call

August 04, 2023

Moderator: Ladies and gentlemen, good day, and welcome to Kolte-Patil Developers Limited Q1 FY24 Earnings Conference Call. 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, please signal an operator by pressing “*” then ‘0’ on your touchtone phone. I now hand over the conference over to Mr. Shiv Muttoo from Adfactors. Thank you, and over to you, Sir!

Shiv Muttoo: Good evening everyone and thank you for joining us on the Q1 FY2024 results conference call of Kolte-Patil Developers Limited. We have with us today Rahul Talele, Group CEO and Dipti Rajput Vice President Investor Relations. 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 risks and uncertainties. A detailed statement in this regard is available in the Q1 FY2024 results presentation that has been sent to you earlier. I would now like to invite Mr. Rahul Talele to begin the proceedings of this call. Over to you Rahul.

Rahul Talele: Good evening and a very warm welcome to everyone present on this call. Thank you for joining us on a Friday evening to discuss the operating and financial performance of Kolte-Patil Developers Limited for the first quarter of the current financial year FY24.

I would like to begin by sharing with you our views on the real estate environment, followed by an overview of key developments of the quarter. After my comments, Dipti will take you through the key financial highlights. We then look forward to an interactive session with participants where we will take your questions and suggestions during today's call.

Let me begin by sharing a few thoughts on the Indian economy and the real estate market broadly as well as our outlook on the key markets in which we operate. Within the global ecosystem of slower growth in 2022, anticipated recessionary conditions in some regions, slowdown in international trade and most recently the US credit rating downgrade, India stands out and is widely expected to emerge as one of the fastest growing economies in the world over the next several years. The Indian economy demonstrates some tailwinds at a broader level. Last year saw growth across various facets of economic activity and the outlook suggests continuing momentum on the back of several factors including strength in the rural economy, lower inflation levels and a significant infrastructure spending push. All these aspects are expected to drive economic growth that is currently estimated at around 6% during the current financial year.

The real estate sector, being a key component of the country's economy has continued to expand in an encouraging manner. Despite the increase in interest rates which now seem to have stabilized, affordability aspect of real estate demand has remained at comfortable levels. We also see the desire to lead better lives translate into a higher response for premium living spaces. Overall, we have already seen demand expansion, enable reduction in inventory levels across formats and the trend of higher absorption maybe expected to continue. Within this framework, our targeted markets of Pune, Mumbai and Bengaluru are witnessing resilient demand trends backed by expanding employment opportunities, improving physical infrastructure and transport connectivity.

At Kolte Patil, we have built a diverse, customer-centric portfolio of offerings that are slated to capitalize on favorable market trends. Covering affordable, mid-income and luxury segments, we have continued to fulfil customer aspirations over several decades, supporting their desire to lead happy and comfortable lives. This very recognition of the customer's expectation has allowed to build a brand that is associated with trust and confidence.

Establishing a deep market connect, we have seen ongoing customer demand across projects, segments and markets. In continuation of this trend, the first quarter has allowed us to build upon the record performance delivered in FY23 with all the key operating metrics showing solid expansion.

During Q1 FY24, new area sales was up 52% to 0.93 million square feet and sales value expanded by 58% to Rs. 701 crore. This was supported by an increase of

4% in average realizations. Robust execution and deliveries resulted in strong collections at Rs. 513 crore in Q1 FY24, up 8% YoY and firm revenues at Rs. 571 crore. Based on firm demand, efficient execution, increasing brand recognition, available sustenance inventory, and the upcoming project launches with sales potential of Rs. 3,200 crore for the remainder of the year, we are confident to meet the stated pre-sales guidance of Rs. 2,800 crore for FY24 and Rs. 3,500 crore in FY25.

As you know, we have also acquired six new projects till date in FY24 with aggregate topline potential of ~ Rs. 3,450 crore. These include four projects in diverse micro-markets across the Mumbai Metropolitan Region (MMR) and two projects in Pune. In addition to this, we continue to assess several business development and expansion initiatives in our targeted markets. Further announcements will continue to have the same aspects of judicious thought and planning that goes behind all our new initiatives. We are committed to innovative deal structures and capital-efficient growth engagements across all our projects.

We have already launched 2.73 million square feet in the current financial year including 1.52 million square feet across three projects in Baner, Pimple Nilakh and Life Republic under our 24K brand to address the premium luxury segment. Recognizing the mood of a buoyant market, we have even re-configured some of our apartment sizes to address the customers' need to live better. We have witnessed strong sales traction across our range of premium apartments that have sold faster and we will continue to suitably align our offerings with this shifting trend.

Overall, our new project launches have continued to make substantial contribution to sales amounting to 43% of our pre-sales figures for the quarter. Our flagship Life Republic project in Pune clocked sales of 0.52 million square feet during Q1. With the success of our new launches, we remain enthused to expand the portfolio further across our targeted markets. Our business development plan encompasses outright land acquisitions, redevelopment, joint developments and joint ventures. The core objective would be to gain traction while tracking capital productivity through a focused execution mechanism that adequately leverages and further builds upon the Kolte-Patil brand. In FY24, in addition to the deals already announced, we are targeting new deals with a cumulative top line of Rs. 7,000 crore that will underscore our growth prospects.

To close, I would like to reiterate that going forward, we continue to see the country's strengthening economic prospects, improving lifestyles and hybrid work formats now prevalent in corporate India, improve the demand visibility including accelerated demand for larger homes and better living. We believe that Kolte-Patil is positioned to benefit from these transitions with its strong brand deeply associated with trust and customer connect across our core markets. With the trend of consolidation and formalization, buyers are turning to quality developers and we look forward to deliver value across the entire ecosystem of stakeholders.

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

Dipti Rajput:

Thank you, Rahul. Good afternoon, everyone. I will now briefly take you through our financial performance for the first quarter of FY24.

Based on CCM-based accounting, in Q1 FY24 we clocked revenues of Rs. 571 crore as compared to Rs. 200 crore in Q1 FY23. EBITDA for Q1 FY24 was reported at Rs. 91 crore as against Rs. 47 crore in Q1 FY23. PAT stood at Rs. 46 crore in Q1 FY24 as compared to Rs. 21 crore in Q1 FY23

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.

Our net debt to equity stands strong at 0.02x as on June 30, 2023 and the operating cash flow for the quarter stood at Rs. 87 crore. This creates adequate bandwidth to expand our going forward growth aspirations. As we look forward to gaining more traction across projects and achieve further milestones, we are confident of the value we are delivering to customers, the benefits are likely to accrue to all our stakeholders.

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 very much. We will now begin with the question and answer session. The first question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi Rahul congratulations on great set of numbers. The first quarter sales itself, I mean if I analyze it you will be reaching at Rs. 2,800 crore of numbers. Do you think that there is upside on the guidance of Rs. 2,800 crore of pre-sales for the financial year 2024?

Rahul Talele: See Parikshit at this moment of time we are confident of delivering Rs. 2,800 crore of pre-sales number. So it will be too early to comment on this upside further.

Parikshit Kandpal: So just on the Baner project I think we have launched Rs. 800 crore worth of inventory so which month this launch happened because if we see the sales is about Rs. 242 crore I think from this project. So if you can just help us understand how has been the momentum on this project since the launch?

Rahul Talele: This project got launched in the month of June end and within a month's time we could offload whatever inventory that we have launched around 300 units - we could offload around 50% of the inventory during the launch week itself, so around Rs. 250 crore of pre-sales number inventory that was sold out in that project.

Parikshit Kandpal: How much was open like for sale? I understand in the presentation you have given Rs. 800 crore phase one launch, total Rs. 800 crore was opened and Rs. 242 crore got sold or it was much lower number.

Rahul Talele: See Parikshit as a good practice even if we are receiving RERA so we try to segregate our inventory launches during the launch quarter so maybe in next 15 days we will launch the further inventory out of that Rs. 800 crore inventory so currently around Rs. 550/600 crore inventory is open for sale.

Parikshit Kandpal: Okay great. I mean within short time you could achieve a big number. It is commendable. The Mumbai projects which you have won during this quarter when do you expect these projects to get launched because I do not see them figuring in this year I think leaving that Vashi project which is a big one and other older projects so I do not feel any new projects being outlined for FY2024 launch. So Mulund is already there so the ones which you have acquired this quarter, so when do you expect these projects to get launched?

Rahul Talele: Parikshit we are expecting this projects to get launched in Q1 of next financial year. Our endeavor will be to have launches in Q4, but currently we are envisaging launches in Q1 of next financial year.

Parikshit Kandpal: On this 1.4 million square feet on the notes to account which you have given this was with the I-Ven township deal or what was it and can give us some more details on that FSI 1.4 million square feet.

Rahul Talele: Parikshit this is I-Ven Township deal. So KPIT and ICICI have entered into a security redemption agreement of around Rs. 130 crore be paid in tranches for more than two years, so this cancels and nullifies the agreement between ICICI Venture and Kolte-Patil for 1.4 million square feet of development. So, we have taken over the entire stake of ICICI venture which was balance in township.

Parikshit Kandpal: As I understand you were to develop this and you were to hand over to ICICI venture, so now this is just nullified so this gets added to your sellable area, right and you pay them Rs. 130 crore over the next two years, right?

Rahul Talele: In next two years and this land has a potential of close to 30-35 lakh square feet.

Parikshit Kandpal: So this 1.4 million this is the land area this was not the FSI.

Rahul Talele: See Parikshit being a township there is a fungible impact, so those we have given them a certain physical land area and on top of that FSI was allocated of 1.4 million square feet, but that same land has a potential to consume more than 3.5 million square feet of FSI and that is what we are going to plan for.

Parikshit Kandpal: This new IITT policy in Maharashtra does it impact us in anyways in terms of FSI going up.

Rahul Talele: See already FSI is 1.7.

Parikshit Kandpal: So this Thane area and we have seen the FSI going up to 3.5 because of the new IITT policy where in half of the areas has to be reserved for IT and then rest can be residential can be done so do you think that for us also this will be applicable.

Rahul Talele: See we have the sufficient FSI Parikshit at this moment of time and in Pune unified DCR is yet to get implemented for the townships and the PMR region, so that itself will provide a further potential of FSI in this same township beyond 1.7. So our journey started from 0.5 FSI to one FSI and now we are confident of consuming almost all FSI of 1.7 and there is a further potential but that is still under discussion.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest

Investment Advisors Private Limited. Please go ahead.

Bharat Sheth: Thank you for the opportunity. Just if you can give little more colour because in Mumbai we are looking for a lot of redevelopment project and with this new IITT policy so how do we see the potential and how is the return on vis-a-vis a new project as well as cluster vis a vis single building redevelopment, so if you can give a little more colour and how big is that opportunity for us?

Rahul Talele: See there are multiple redevelopment opportunities in Mumbai. One is a society redevelopment, the other is a cluster development. The third is the slum redevelopment so currently we are into a society redevelopment model. Having said that we are exploring some cluster redevelopment opportunities also. It depends on ready reckoner, the property and the vicinity area and it depends also on the what kind of commitments that we have given to the society while taking the deal. So in terms of the returns, the returns are good particularly over here we measure returns in terms of a payback and IRR because our investment starts at the project launch stage itself or maybe minus three months of that. So a payback is one such criteria like what we mention in the opening remarks, optimum utilization of capital so that is on the priority for us so in terms of the EBITDA margins, we are confident of having the EBITDA margins of ~20% in redevelopment projects and the IRRs are more than 35-40% for this redevelopment projects.

Bharat Sheth: So how many projects are in pipeline? This Mulund which launched is only cluster development correct?

Rahul Talele: So Mulund we have not yet launched. So we are under process of various approvals.

Bharat Sheth: One which we have signed.

Rahul Talele: So we have signed two projects at Goregaon, so one project that we have already delivered over there, that project is sold out and based on ongoing delivery of that project, we could close another two deals in the same vicinity of Bangur Nagar Goregaon and these project just few days back we have announced to the market and these will be launched in next three to four quarters.

Bharat Sheth: And the Mulund, earlier which we signed, the society deal is under cluster development is that fair understanding.

Rahul Talele: It is not under cluster development it is under 33(7) and we are planning to launch that in Q4 or Q1 of next financial year.

Bharat Sheth: So what are the benefit of cluster development vis-a-vis this single society development and is there a difference in the return or IRR?

Rahul Talele: So see as I mentioned earlier so it depends. So there is various cost benefit analysis that you have to do in terms of the three parameters, additional FSI potential because of the cluster, the MHADA component which is being added because of the cluster policy and the third is the ready reckoner of that area because on ready reckoner your additional FSI and your MHADA potential is linked to so in some locality cluster development, I mean particularly all those locality where the ready reckoner rates are higher, there cluster development makes sense particularly in area close to Andheri and Ghatkopar and that area so as you go northward so there is a delta between the cluster and regular policy is minimized.

Bharat Sheth: And how big is the opportunity development and currently with how many people are we in talk, see we already closed two deal in Goregaon so is there further deal in pipeline? How big is the opportunity? And what time frame for this redevelopment are we looking? And second thing what is as such our pipeline. We have already announced two in Goregaon so if you can give little more colour on pipeline also.

Rahul Talele See currently we are evaluating multiple redevelopment projects in Mumbai. So maybe more than 10 redevelopment projects at various stages out of that 3-4 projects are in advanced stages of discussion. So I mean across Mumbai as a geography because we have a strong presence in western part of the Mumbai, so we will continue to have a good presence over there having said that, we are concentrating in the central suburbs as well as the Navi Mumbai suburbs of Vashi and surrounding area so you will see few announcements in the next few quarters.

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

Pritesh Sheth: My question was on Bengaluru pipeline in terms of new project acquisition so we have made good progress in Pune and Mumbai both in last one and half years, how are things looking up in Bengaluru?

Rahul Talele So Pritesh we are evaluating around 3-4 opportunities in Bengaluru, but it is too early to comment about the closure of those opportunities but yes we are evaluating, we are taking Bengaluru as a serious geography for us because we have delivered multiple projects in Bengaluru though not in terms of volume, but it is a quality delivery and we want to encash on that already established brand in Bengaluru, but as compared to Mumbai and Pune, I mean Bengaluru is a third priority for us.

Pritesh Sheth: Got it. So in terms of the deals that we also evaluate, right now giving much more lower importance to Bengaluru or we are facing some tough competitions in Bengaluru to get some deals.

Rahul Talele See Pritesh, competition is everywhere including Pune, Mumbai and Bengaluru. So we cannot bypass the competition. I mean if you want to survive in the business, you have to be one step ahead of the competition and so I do not think that is a worry for us. So the point is, since we are acquiring multiple projects in Pune, working on multiple projects in Mumbai, our priorities are in these two geographies, but that does not mean there is no priority for Bengaluru because we have the independent teams which are well versed with the Bengaluru market, already present in Bengaluru. So they are working on the multiple opportunities. On weekly basis we are evaluating but at this time it is too early to comment about the closure of this BD pipeline in Bengaluru. We are not competing with the big projects over there so our approach is very simple like what we have mentioned in our BD strategy, we want to have an asset light model in Bengaluru with a top line potential of 1 million to 1.5 million square feet.

Pritesh Sheth: Thank you.

Moderator: The next question is from the line of Shreyans Mehta from Equirus. Please go ahead.

Shreyans Mehta: Sir my question pertains to the 4.74 balance launch pipeline, if you could throw some light on the key projects which would be launching in coming quarters and as far as approvals are concerned.

Rahul Talele So Shreyans we are quite in advanced stages of approval for our projects pipeline. So see we are confident of launching all these 4.74 million square feet which is balanced to get launched in this financial year which has a value of around Rs. 3,200 crore. So these are in three buckets so in Pune bucket, project at NIBM,

Tathawade, and Wagholi are certainly getting launched in this financial year itself, at the end of Q3 or beginning of Q4 and the LR projects, the balance LR projects like R5, R13 phase two will get launched in the Q3 and B3 (MMR) we are trying to push the approvals for B3 so that we will have the visibility in Q4 for B3.

Shreyans Mehta: Got it sure. Sir my second question pertains to the realization as far as LR is concerned, we have seen healthy jump even in this quarter closer to Rs. 6,400 odd a square foot, so is it because of price hikes or is it because of the mix which we have?

Rahul Talele So Shreyans at Life Republic, as I used to mention in our earlier calls continuously our efforts are to improve the price realization without having a drop in the volumes and to large extent we are successful with our strategy and see this is purely on account of better price realizations in R13 and other sectors which we have recently launched. And on top of that there are some portion but I think some part of commercial because of that it is looking like a Rs. 6,400 so in order to segregate in the residential our average is anywhere between Rs. 5,400 to Rs. 5,800 and shops and office spaces, shops that we are selling Rs. 13,000 to Rs. 16-17,000 a square feet, so blend of that is Rs. 6,400. But yes, we are continuously improving our price realizations in these two buckets, residential as well as shops.

Moderator: Thank you. The next question is from the line of Rohit from iThought PMS. Please go ahead.

Rohit B.: Hi Rahul congratulations to you and the team for a very good show. So Rahul just two questions so one on LR so in combine this time we have done more than 0.5 million square feet. We were around between 1 and 1.1, 2-3 million for many years before this pickup that we have seen since last three, four quarters. So do you see this as like a more base level now as that area also and the whole project also as you said in the past that becomes more sort of filled in and multiple kind of use cases are now getting or multiple price points are getting filled there? If one can analyze this is the base now or just wanted to hear your perspective on this.

Rahul Talele So Rohit categorically since last couple of years, our endeavor was to have the multiple project and product portfolio at LR and largely we are successful in that. So I want to categorize my product in terms of sizing and price bucket there are more than 25 unique products available in township, hence we call this a supermarket of products and across categories we are getting good response. To

answer your question yes last year, we have concluded sales of more than 1.7 million square feet and this year also we are confident of surpassing 1.5 million square foot for sure with the improved realization and going forward also we are confident because we are launching multiple projects in the township so we have the high rises of 70 metre, super high rises of 100 meters. MIG product is available, we are even planning to launch 24K products, 24K I mean regular and 24K villa projects are already being launched. I mean the entire portfolio is available except the commercial office spaces so we are confident of consistently surpassing 1.5 million square feet as of now.

Rohit B.: Right and just one small question on LR - do you see from realization point of view there is more upside here because this was around Rs. 5,500 – Rs. 6,000 it has moved up close to Rs. 6,500 - Rs.7,000 now so is there number which you think that you want to hold or beyond which it becomes unaffordable or something or unattractive?

Rahul Talele So Rohit let me share one fact. On last weekend we launched one sector in township R22 within one week, I mean only on Saturday and Sunday we have closed more than 200 units for that project and that shows the brand Life Republic for us and in order to answer your question, it depends on which product that we are offering. If it is a MIG product there, yes we will try to get the price premium wherever possible, but without hampering our volumes and certainly for 24K projects there will be positive price betterments as compared. Because currently most of the portfolio is MIG portfolio so certainly there will be a price betterment also because of 24K portfolio at Life Republic.

Moderator: Thank you. The next question is from the line of Abhishek Lodia from YES Securities. Please go ahead.

Abhishek Lodia: Yes good evening Sir. So one basic question so year back I mean we were having 11 odd projects in redevelopment and it was not moving year back or something like that, right. All of sudden we are, I mean at a juncture where we are launching many projects, we are tying up many projects right and at the same time on LR front we used to do single or one sector at a time or something like that. Change in this one year, I mean on a redevelopment side whether its policy support or maybe approvals you are getting timely. I mean society redevelopment is something which is a tedious process but it also looks like it is getting streamlined very fast. So what exactly has changed in this one year on the redevelopment front and as an entity

as well because all of a sudden in LR we are doing, I mean in last one year not all of sudden but last one year we are doing 3-4 sectors at a time and multiple product at a time. So what exactly has changed in a company or what exactly has changed on the policy or I mean that is the basic question.

Rahul Talele

So for Mumbai redevelopment projects see we have a presence in redevelopment in Mumbai since 2012-2013. We could deliver couple of projects in first 7-8 years or so but during that time we understood and we learned very well the intricacies of the real estate business in Mumbai as a geography because we believe real estate is a kind of a geographic business so from that perspective we are now knowledgeable from Mumbai redevelopment perspective. On top of that currently whatever the society redevelopment that we are announcing are near closure, we are certain about their launches. So we are not closing the society for the sake of just showing that in terms of the hyped up business development opportunity.

Abhishek Lodia:

That is not the question at all. The question is only about whether the processes are getting streamlined or how is it?

Rahul Talele

See processes are same. You have to get the environment clearance. You will have to get the local IOD and CC but yes I must say in last 6 to 9 months the environment clearance cycle has improved significantly and likewise because of the digitization, the other things are moving fast. But see beyond this government support I would like to add about the Kolte-Patil approach for the Mumbai as geography. Because of the good confidence of our past deliveries and because of the good response that we are getting in our ongoing projects there is a good amount of push internally to close more and more projects in Mumbai wherever we have the comfort or visibility of launches. In terms of the LR, see in pre COVID era even at that time it was a supermarket of affordable products because of the COVID and post COVID scenario many buyers who are upgrade buyers are expecting a larger unit, let it be MIG or HIG so from that perspective we are launching more sectors in township, so that our portfolio is much wider and that is adding to our volumes and value.

Abhishek Lodia:

Basically every price point of it you are looking at right.

Rahul Talele

Yes that is correct. So pre COVID we had the product portfolio of Rs. 30 lakhs to Rs. 80 lakhs/85 lakhs. Now we have a product portfolio right from Rs. 30 lakhs to Rs. 2.5 cr.

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

Pritesh Sheth: Thanks for the follow up. Couple of book-keeping questions - first on the 1.4 million square feet transaction that we did that CCD transaction obviously our interest cost looks high how much of that fair value adjustment is recorded in interest expense just to understand the actual interest provisioning this quarter.

Rahul Talele So Pritesh in this quarter we have recorded around Rs. 30 crore.

Pritesh Sheth: Okay got it. This CCD increase is because of the Baner project right, the debt increase that we have had.

Rahul Talele Yes Baner and Marubeni which is the Pimple Nilakh project.

Pritesh Sheth: Okay and actually there would not be any outflow it would be financed or repaid through project cash flows that we will have is that understanding right.

Rahul Talele That is correct.

Pritesh Sheth: Fair enough that was my two questions. Thank you all the best.

Moderator: The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Congratulations to the team for very good numbers. I have one clarification and two questions. So one clarification you mentioned Rahul is about that you will do BD of Rs. 7,000 over and above the deals that you have closed till date is that correct?

Rahul Talele That is correct understanding Dhwanil.

Dhwanil Desai: Sir second question is on LR. So if I look at our launch pipelines whatever we have launched in FY2024 so far and whatever we are going to launch in FY2024 for the remaining period, so LR put together we launched Rs. 2,500 crore in this year and probably Rs. 1,200 crore we launched last year so that is a very large inventory so how do you feel about absorption of that kind of inventory in a single micro market?

Rahul Talele So Dhwanil few minutes back I mentioned in one of the projects where we launched whatever the inventory that we launched just on two weekend days we could off load more than 30% of the launch inventory. So that shows the brand LR

and we are targeting to get the benefit out of this good brand value which has been established at LR and LR has already crossed that inflection point and on sustainable basis as I mentioned earlier we will continue to do good numbers at LR even if there are multiple projects because as I mentioned - see from our RERA perspective or from a financial closure perspective, we are launching only very limited inventory in various sectors. In terms of the first quarter of the launch, we can get a good amount of financial closure for that launch inventory so I do not think launching so much of inventory is a concern for us. In fact, everyone is expecting to launch more and more at Life Republic. And that is the feedback that we are receiving from the market so since last one or maybe 5-6 quarters, this is the best performing project of Pune on quarter on quarter basis.

Dhwanil Desai: Congratulations for that and second question is we have very strong cash flow and we have very strong balance sheet so out of whatever Rs. 8,000 crore of BD that we intend to do thinking strategically, considering that we are in up cycle with good balance sheet and cash flow, do we lean more towards doing our own project rather than JV, JD as structure?

Rahul Talele Dhwanil so see it depends on the opportunity. We will continue to do JV, JD projects but at the same time where we are finding a good opportunity of upside from a long term perspective, we are investing in that specific project with a structured out right manner. Mumbai as a territory, this society redevelopment projects are as good as a JV projects for us. Even in Pune when we are talking about larger projects like we are in a discussion of couple of large sized projects where investing at one location on outright basis against investing little lesser amount or margin is significantly lesser amount on a JV basis so we try to do that cost benefit analysis and we are taking a judicious call to have the optimal utilization of our capital, but to tell you there are enough opportunities and we are working on multiple opportunities to get the best productivity out of our capital available.

Moderator: We will take the next question from the line of Shreyans Mehta from Equirus. Please go ahead.

Shreyans Mehta: Thanks for the follow up opportunity. Sir one in terms of delivery - can you throw the numbers for Q1 and are we on track for the targeted guidance for the year, 3-3.5 million square feet.

Rahul Talele Yes we are on track in terms of deliveries for this financial year. So we are expecting a delivery of more than Rs. 1,700 crore for this financial year.

Shreyans Mehta: Sure and Sir secondly what are the events which you foresee as far as redevelopment as a market is concerned and what are we doing, to safe guard ourselves.

Rahul Talele So Shreyans see particularly for redevelopment our investments are linked to vacation of the plot and there are very minimal title risk in the redevelopment because society is already in place since 3, 4, 5 decades, so we do not foresee any kind of risk in society redevelopment barring the one risk of timing of the launch because see in society redevelopment on multiple occasions you need to take the concurrence of the general body or the managing committee and that is sometimes, it is a time consuming process but having said that we have addressed that kind of risk through our strong liaison team in Mumbai.

Shreyans Mehta: And Sir just for my understanding as far as society redevelopment is concerned we need certain percentage of approval say 70% or 80% and is that we work on that or we go ahead with only 100% and then we go ahead?

Rahul Talele So Shreyans in most of our society we have gained 100% consent from the members and that is the first stage of any society redevelopment, we call it a 79A process by Registrar of Society and we follow that process so generally we try to get the 100% consent at the initial stage of the project.

Moderator: Thank you. The next question is from the line of Alpesh Thacker from Antique Stock Broking Limited. Please go ahead.

Alpesh Thacker: My question was, one of the key expansion strategy for us in Pune is to focus on micro markets where we do not have much presence. So just to understand which other micro markets where we we still have a lot of opportunities to grow and which are the micro markets where we are already getting strong input.

Rahul Talele So Alpesh, Pune as a market, see there are four bifurcation of Pune market. So the biggest market is west Pune and the second biggest is the east Pune, particularly not even east Pune, its Nagar road and the surrounding suburbs like from Viman Nagar, Kharadi Nagar, Kalyani Nagar, Wagholi that belt. So we have a very strong presence in the west part which is the biggest micro market of Pune which accounts almost 40-50% of the pre-sales number and so we have multiple projects.

We are strong in BD pipeline also in that micro market and we are targeting to enter this, I mean we have already entered this east part of the Pune region through acquisition of Wagholi land and we have delivered multiple projects in this geography. We are continuing to strengthen our presence further in this east part apart from that Keshav Nagar and some southern part of Pune, south west part of Pune we are targeting particularly from Vadgaon till Ravet if you are aware about Pune as geography Vadgaon till Ravet and some part of PCMC and some part in Keshav Nagar, Nagar Road are our targeted markets.

Moderator: We will take the Next question, which will be from the line of Rishikesh Oja from Robo Capital. Please go ahead.

Rishikesh Oja: What margins do we look to do in for FY2024? Can we do like 20% EBITDA margins and 10% net profit margins on reporting basis.

Rahul Talele Rishikesh for us on our revenue recognition perspective, see currently we are in a growth trajectory. So my revenue are of the past pre-sales and my cost particularly marketing costs and the other fix overheads are of the current ongoing tenure. So if we are growing much better pace then certainly you will see some kind of adjustment in this CCM numbers but from a project level number perspective yes we are confident of delivering more than 20% EBITDA number whatever the project that currently is being launched or will be getting launched in the future.

Rishikesh Oja: So what would be that upfront cost as a percentage of the revenue just a broad idea?

Rahul Talele So see it is in the range of say around 3% to 5-6%.

Moderator: The next question is from the line of Harsh Beria an individual investor. Please go ahead.

Harsh Beria: Hi, I have a question about a new business development. I think last quarter we had guided for spends somewhere Rs. 500-550 crore in FY2024. We have already incurred about Rs. 280 crore in Q1, so are we planning to spend more than Rs. 500 crore or are the costs upfront this year.

Rahul Talele There is one deal betterment that we have done in the recent time. So Baner project, it was a JDA project which we bought out the stake of the land owners in that project. I mean the significant portion of this investment is linked to that

Baner's project and because of that this number is looking higher, but yes there is a good amount of provision through internal accruals. As our net debt is all time low just at Rs. 17 crore so we have a good amount of bandwidth open over there as well to fund our business development opportunities. Numbers can go up, but through this we are confident of attending this requirement largely through internal accruals and partially by evaluating few debt proposals.

Harsh Beria: Thanks for that clarification. So in general we are doing very, very well in terms of pre-sales. There is one project which is called Aqua which is in Wagholi where our pre-sales have been a bit little lower do you want to talk about that project.

Rahul Talele See Harsh we launched two towers in that project which got sold out and because of lack of clarity in unified DCR we could not get further approval in that project so we are expecting that approval in next few days maybe in the next week or so and we are expecting a very good velocity in this project.

Harsh Beria: So we have been doing lots of pre-sales in the last few quarters. I think we are averaging now Rs. 700 crore quarterly run rate. All of this, when would the majority of these deliver, when would this get delivered, would this be in FY2026 or around FY2025 period.

Rahul Talele FY2026 onwards barring few exceptions of low rise development of 12 storey development and row houses which will get delivered before FY2026, rest will get delivered FY2026 onwards.

Harsh Beria: Our revenue run rate will increase from this Rs. 1,500 to Rs. 1,600 crore to let us say Rs. 2,500- 3,000 crore starting FY2026-2027.

Rahul Talele That is correct Harsh.

Harsh Beria: Okay that is from my side. Thanks for answering my questions.

Moderator: The next question is from the line of Harsh Beria an individual investor. Please go ahead.

Harsh Beria: Thanks for this followup opportunity. It is really commendable with the kind of traction we are getting in our 24K projects. Do you remember a time in the past where you used to sell these high realization or luxury projects at such high velocity and if yes when was that.

Rahul Talele In the past if you see our 24K projects, till date we have delivered around five 24k projects in last 10 years and in this financial year itself we are planing to launch five 24k projects because our offerings are on a higher side and even though there is a good demand from the market we are getting good velocity in 24k projects, Harsh to answer your question, in the past we have not launched multiple 24K projects at single tenure.

Harsh Beria: Is this attraction that we are getting is it because of lower supply in this part of the market?

Rahul Talele See the feedback that we are getting - because we try to get the customer feedback after booking - and even if the customer is not booking so the feedback that we are getting is because of our good quality deliverers of the past in 24K segment so that itself in Pune is a separate brand so people recognize that not as Kolte-Patil project but as 24K product so that itself is a very good feedback from the customer that we are getting and based on that feedback we are planning to launch multiple more projects in this category and yes post COVID there is a good demand for spacious units and upgrades also so many units are being sold to the upgrade customers, the people who are working in IT for 10, 15 years have a good accumulated savings want to have that good aspiration of living experience and these people are buying.

Harsh Beria: What are the margins in these project?

Rahul Talele Margins are better as compared to our MIG products by 4-5 EBITDA percentage.

Moderator: The next question is from the line of Anuj Sharma from M3 Investment. Please go ahead.

Anuj Sharma: Thank you. I do not know if this question was answered earlier but if you look at Pune which part of the city is evolving faster and in terms of our future acquisition how are we positioning ourselves.

Rahul Talele See particularly we are very bullish on the west part of the Pune as a market considering the fact that since last four to five years this Pune market is around 40% of the entire volume and we have multiple projects including Life Republic, Baner project, Pimple Nilakh project or even Tathawade project or some few BD that we are working upon so these are concentrated into west part of Pune. On top of that because of the good weather conditions of Pune again a metro connectivity

to Hinjewadi, good connectivity which is getting established between Pune and Mumbai by expanding the six lane to eight lanes the work is already going on. Missing link work between Pune and Mumbai at Lonavala Ghat if that work is getting over in next few months maybe by Diwali so that will reduce the time to reach to Mumbai by 30 minutes. On top of that Navi Mumbai airport is accessible in hardly 70 to 90 minutes from west part of Pune so there are multiple factors let it be infrastructure, demand from the customer, weather condition, educational institutes have a strong presence in Pune and on top of one of that largest IT park is in the west part of Pune in Hinjawadi. So we are bullish on the west part of Pune.

Anuj Sharma: Thank you for that and if I may add one more. See we have continuous land bank closer to Life Republic so what is the incremental accretion you could see in terms of more land bank addition near or in line with Life Republic project.

Rahul Talele Because Life Republic and surrounding area is a no development zone and since we have opted for a integrated township policy we got the FSI and we got the development permission so there are good opportunities available beyond township wherever we are finding attractive opportunity we are working with a completely zero cash outflow model by giving area share to the farmers and we will continue to do that on maybe two acres, four acres, five acres land parcel but from cash out flow perspective we are very judicious beyond the ICICI transaction because these two land parcels were at a prime location within the township.

Moderator: The next question is from the line of Bharat Sheth from Quest Investment Advisors. Please go ahead.

Bharat Sheth: Hi Sir thanks again for the opportunity. I missed that how much cash flow we have to spend on the already project launch and under construction in next two to three year timeframe and how much money is receivable of already sold area.

Rahul Talele Mr. Bharat you can reach out to our IR and they can give you further details on this. So these details are not readily available in front of me.

Bharat Sheth: And Sir how much as on today is our ready unsold inventory.

Rahul Talele I mean again we are best in the industry. We do not have any ready unsold inventory with us. I mean if any it is not more than Rs. 20 - 30 crore so I would like to mention over here as a group we believe in quick financial closure for any project so during the RCC stage itself we try to sell as much as possible and that

gives us a good amount of confidence from a financial closure perspective.

Moderator: Thank you. The next question is from the line of Rohit Balakrishnan from ithubought PMS. Please go ahead.

Rohit B.: Hi Rahul. Thank you again for this opportunity so just two questions. From your last answer that you gave to the previous participants question typically what possibilities of your project do you sort of sell in order to get that balance between get that right amount in terms of financial closure and also play for the upside in terms of increase in the price slabs.

Rahul Talele Generally during a launch quarter to first six months or there is one more criteria till the time we reach to plinth level so we try to sell around 30-40% of the inventory at least for the project, so beyond that around one and half or maybe six quarters we have good financial closure in that project and then project goes into a sustenance mode with better and better price realization but beyond this we are getting good customer traction so in the launch quarter or two quarters itself we are selling around 40-50% or even beyond that. Not with a flat APR so wherever we are finding a opportunity even during the launches we are improving our price realization so as an example Baner as a project so we launched that project at Rs. 9,000 so within a first 150 units we have already increased price by Rs. 250 square feet.

Rohit B.: Right, okay understood. And Rahul just one more question, we have executed very well and the future also looks very good but from risk point of view do you see big risk whether it is our own execution or from a team point of view or from external point of view like cycle itself - if you can just spend some time there that will be really helpful.

Rahul Talele See there are risk involved and various parts that you have just mentioned so risk from an employee perspective or team perspective, the retention of the team is the risk. I mean our attrition rate is very low as compared to the industry so we are well placed from that risk perspective. On top of that getting a new talent is also a challenge but currently we are well placed in terms of size of the team from execution because real estate as a industry is doing well, not only Kolte-Patil is doing well, there are other players also so because of that getting good contractors, getting good resources, all types of resources is a key risk for the real estate as a business. I mean I would call this as one of the biggest risk for

deliveries and handing over the possession but we are well placed again in this part because we have nurtured the relation with the contractors, so most of our contractors are repeat contractor so they are working with us and apart from that, I mean that risk is always there as a business so I do not want to comment on that but these are the two risks that I can envisage for real estate or for Kolte-Patil.

Moderator: Thank you. I would like to hand the conference over to the management for closing comments. Over to you Sir!

Rahul Talele Thank you once again for your interest and support. We will continue to stay engaged and if you have any further questions please feel free to reach out to Dipti Rajput at Kolte-Patil Developers. Look forward to interacting with you next quarter.

Moderator: Thank you. On behalf of Kolte-Patil Developers Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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