



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,  
1<sup>st</sup> floor, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001

Date: 15 November 2023

**Sub: Transcript of Q2 & H1 FY24 Earnings Conference Call held on 07 November 2023**

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BSE Security Code and Security Name – Debt: 974771 and 0KPD33**

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 “**Q2 & H1 FY24 Earnings Conference Call**” held on 07 November 2023 at 02.00 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**

### **Q2 & H1 FY24 Earnings Conference Call**

November 07, 2023

**Moderator:** Ladies and gentlemen, good day and welcome to Kolte-Patil Developers Limited Q2 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 call, please signal an operator by pressing ‘\*’ then ‘0’ on a touch tone phone. Please note that this conference is being recorded.

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

**Shiv Muttoo:** Thanks. Good afternoon, everyone and thank you for joining us on the Q2 & H1 FY24 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 Q2 & H1 FY 24 Results Presentation that has been sent out 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 afternoon and a very warm welcome to everyone present on this call. Thank you for joining us today to “Discuss the Operating and Financial Performance of Kolte-Patel Developers Limited for Q2 & H1 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. I take this opportunity to wish you and your near and dear ones a very happy Diwali and a joyous new year.

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. It is evident that India is emerging as an increasingly important component in global geo-political equations and is very likely to sustain its status as one of the fastest-growing economies globally over the next several years. In the current regime, there has been an implementation of structural reforms and channeling of investments from domestic as well as foreign investors into development infrastructure and human capital. As India progresses to a developed country status, we anticipate the sustained progression of our growth trajectory and the emergence of the real estate sector as a key contributor with the supply gap of quality real estate getting closed over the years.

Based on the recent government policies and legislation, along with the incremental boost from incentives, there has been a substantial and structural uplift in the demand for real estate. The improving landscape is based on synergies from policy measures and market dynamics, working hand in hand to create positive visibility for strong developers that have built sustained customer outreach and a solid reputation. From Kolte-Patil's perspective, our targeted markets are experiencing robust demand, showcasing resilience underpinned by increasing employment opportunities, expanding physical infrastructure and improved connectivity. We have built a diverse, customer-centric portfolio of offerings that are slated to capitalize on favorable market trends. Covering mid- income and luxury segments, we have continued to fulfil customer aspirations over the years, supporting their desire to lead happy and comfortable lives. Our recognition of the customer's expectations has allowed us to build a brand that is associated with trust and confidence. We have successfully launched new projects while continuing to witness strong visibility across our sustenance projects.

In H1FY24, we registered new area sales of 1.91 million square feet with aggregate value of Rs. 1,333 crore, higher by 63% and 64% YoY respectively. In Q2, new area sales was up 75% YoY to 0.98 million square feet and sales

value increased by 72% YoY to Rs. 632 crore. Average realization remained stable at Rs. 6,970 per square foot. Also, importantly, collections from customers during H1 expanded by 12% to Rs. 985 crore, creating the requisite liquidity to expedite project execution. We believe that reaching sales volume of almost 1 million square feet, in what is traditionally a weak quarter for customer demand, is a significant achievement. Given the demand momentum, increasing brand recognition, available sustenance inventory, in addition to the upcoming project launches, we are confident of meeting our stated pre-sales guidance of Rs. 2,800 crore for FY24 and Rs. 3,500 crore in FY25.

As you know, during H1 we launched projects with the GDV of Rs. 1,985 crore, which contributed 55% of sales value for H1FY24. Life Republic sales volumes stood at 1.3 million sq. ft. in H1, highlighting the strength of our flagship project that has continued to gain traction with homebuyers evaluating real estate options in the Hinjewadi micro market.

Several other project launches remain on track and will contribute to maintaining the momentum in the future as well. Meanwhile, our robust business development engine has enabled 6 new project acquisitions with aggregate sales value of Rs. 3,450 crore. These projects provide additional visibility in Pune, western suburbs of Mumbai as well as entry in the central suburbs of Mumbai and Navi Mumbai markets within the Mumbai Metropolitan Region.

On the deliveries for the year, we are confident of closing the year with the 3 million sq. ft. in FY24 translating to revenues of ~Rs. 1,500 crore. In the current quarter, profitability has been impacted on two counts - impairment of goodwill and compensation for land in the Life Republic project. This goodwill generated earlier on-account of merger of a subsidiary has been impaired to the extent of Rs. 12.38 crore basis revenue recognition for the underlying project, impacting net profits. Rs. 6.78 crore compensation for land in the Life Republic project is owing to land-sale deed reversal in the Life Republic project that was earlier recognized as revenue. This has an impact at the EBITDA level and in-turn net profits.

Going forward, we see a positive long-term outlook for the sector and our business as the country emerges as a key driver of global growth. During this period, we see the real estate sector expanding its contribution to India's progress with likely demand growth across segments. Based on customer

preference for reputed brands and our strong positioning across the targeted geographies, we see consistent stakeholder value emerging from the business in the years to come. 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. Wish you all a very happy Diwali and a Prosperous New Year. I will now briefly take you through our financial performance for the second quarter and half year ended 30<sup>th</sup> September 2023.

Based on CCM-based accounting, in Q2 FY24 we clocked revenues of Rs. 198.2 crore as compared to Rs. 123.3 crore in Q2 FY23 and for H1 revenues stood at Rs. 769.3 crore. EBITDA for the second quarter and half yearly stood at Rs. 3.5 crore and Rs. 94.6 crore respectively. Net loss for Q2FY24 stood at Rs. 25.3 crore and net profit for H1FY24 stood at Rs. 20.6 crores. Rahul has already explained the key factors that have impacted profitability during the quarter.

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 0.05x as on September 30, 2023 and the operating cash flow for H1FY24 stood at Rs. 182 crore.

We expect to report improved performance across operational and financial parameters for the remainder of the year. We remain committed to enhancing sales performance, timely execution, and generating strong cash flows, 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:**

We will now begin the question-and-answer session. Our first question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited. Please go ahead, sir.

**Bharat Sheth:**

Rahul, coming back to our business development pipeline, see, so far this year we have guided for say around Rs. 8,000 crores of business development. But so far, we have been able to do only Rs. 3,450 crores, still we are lagging in Pune and Bangalore. So, can you give some more color on where exactly we are and how confident of doing say Rs.4,700 crores pipeline, I mean, business development to be closed in second half? And second thing on MMR, since

we have reached our target, so is there any further room to increase this business development in view of several redevelopment opportunities available to us?

**Rahul Talele:**

See, in terms of the BD pipeline, there is a very strong BD pipeline available with us. But, as I mentioned during our earlier interaction on the Earnings Call, we are very judicious while closing the business development opportunity and we are doing so for the ongoing transaction and certainly we are confident of closing the multiple transactions in Pune particularly and we are evaluating couple of opportunities also in Bangalore. But over here I would like to add a few other aspects as well in terms of the inventory available. So, currently, as we speak, around Rs.2,100 crores worth sanctioned by RERA received inventory is available for sale. On top of that, through priority launches, we are planning to launch additional Rs.3,000 crores worth inventory. So, for the remaining of this financial year, there will be an inventory available for sale in the range of Rs. 4,000 to Rs. 5,000 crores. On top of that, the next subsequent phases of this already launched or RERA registered sector, there is additional potential of Rs. 3,700 to Rs. 3,800 crores. So, in total we are talking about Rs. 8,000 to Rs. 9,000 crores worth inventory even if we don't launch any new locality project. I'm referring to only ongoing projects and their subsequent phases. So, to achieve our guidance, we are pretty confident that we can do it through our existing pipeline itself. But having said that, yes, we are strongly working on the BD pipeline and there can be a couple of announcements in the coming quarter.

**Bharat Sheth:**

In H1, we have launched a worth of around Rs. 2,000 crores of new launches and our pre-sales is around Rs. 1,300 crores plus and in second half we are looking for Rs. 3,300 crores approximately. So, is there any upside risk to our pre-sales guidance?

**Rahul Talele:**

See, we are confident of matching the guidance, and if you see on quarter-on-quarter basis whatever in opening inventory available at the beginning of quarter, we are able to sell anywhere between 30% to 45% of the opening inventory of that quarter. So considering that there can be some positive things, currently we would like to stick to the guidance given in the earlier interaction. While saying that we are trying to better the price realization, that is quite visible across our launch projects, so, we are continuously trying to better the per square feet realization. So that is one of the aspects that we are constantly monitoring.

**Bharat Sheth:** In consolidated debt profile, we are showing this Rs. 483 crores of OCD, CCD, OCRPS, zero coupon NCD. So, what is the nature of that and why we are not considering this in our net debt?

**Rahul Talele:** These are the NCD instruments and see, there is some addition of when we had given an exit to ICICI Venture from the township completely, so over there, there is a redemption of NCD has happened, but since it is a financial liability over there, we have taken the payment facility of around two years, so that financial liability has translated and have added that into Rs. 483 crores bucket.

**Bharat Sheth:** We are writing a zero coupon NCD or CCD also. So, is there any chances of these converting into equity?

**Rahul Talele:** Sorry, can you please repeat the question?

**Bharat Sheth:** Here, it's mentioned OCD, CCD or OCPRS. So, is there any chance that it may be get converted into equity later date?

**Rahul Talele:** Not at all. Basically, these are most of it are kind of inventory transaction, but from a documentation perspective NCD is the flavor, but the spirit of the deal is the inventory transaction. So, only commitment from our side is to complete that project in the committed timeline. So, there is no liability beyond that particular set of projects where we have raised the NCD.

**Moderator:** Our next question is from the line of Rohit from ithought PMS. Please go ahead.

**Rohit:** So, Rahul, I believe in H1, largely all the launches have been in Pune market and very limited launches have been there in Bombay and Bangalore. So, two questions here. So, in the balance, that is about 4.9 msf that you're planning to launch now in the second half, are there anything which is going to be launched in Bombay market? In Bombay with your existing whatever projects you have, do you have any inventory left or is it largely sold out if you can just answer this question first?

**Rahul Talele:** Rohit, so we have five ongoing projects in Mumbai. So, out of that, three projects are kind of sold out and in two projects we have an inventory worth of around anywhere between Rs. 225 to Rs. 250 crores. So, RERA registered inventory is available. On top of that, we are planning to launch one project that is in Navi Mumbai which is the B3 project. So, that launch will happen in Q4. And whatever the society redevelopment BD that we have closed in the recent past, so we are targeting the launches of those projects in the first half of next

financial year. So, to answer your question in this financial year, the ongoing inventory of Rs. 250 crores plus around Rs. 300 crores of inventory at Vashi, so that will be available for sale.

**Rohit:** This Rs. 200 to Rs. 225 crores would be roughly what percentage of the total value of the inventory, just wanted to get a sense how much of it is sold in these two projects that have the inventory left?

**Rahul Talele:** So, this is available in two projects; out of that, one project is kind of 40% to 50% sold out and the other project is around 25% sold out.

**Rohit:** This was launched how many quarters back?

**Rahul Talele:** Around six months back.

**Rohit:** The other question I had was on the reported numbers. Now, obviously, I understand that the reported numbers are backward looking, but just from an overall understanding because like we have in the past maintained that our EBITDA margin should be around 20% to 25% on a normalized basis, obviously depending on what is getting recognized, there will be some variation, but I want to understand two things - one, from a broad business economics point of view, is there any change that we are looking at with the given environment upwards or downwards towards those EBITDA margin? Second, In terms of what is happening specifically in this quarter, so, is there a way to better understand as people outside the business so that we can better understand the volatility or the movement in the margin, the idea is not to sort of ask why the volatility is there, I think you explained that, but just to understand it better, if you can sort of explain or help us in that?

**Rahul Talele:** If you see, Rohit, for any real estate company, so since we follow completed contracts method over there revenue gets recognized at the time of possession of the specific units. So, considering the different height, considering the different project time required to get the construction done so there can be multiple projects delivery concentrated in one specific quarter or there can be no deliveries for the remainder of the year. So, this is going to be the scenario even going forward. But on the other side, this is from a revenue recognition in the top line perspective, but when we talk about the cost, so there is a multiple part of the cost, which is kind of a fixed cost or directly linked to some kind of remuneration, employee cost. So, irrespective of your top line, so that cost is getting recognized on a quarter-on-quarter basis. So, in order to sustain that,



there has to be some kind of minimum revenue recognition for every quarter to at least achieve a zero profit or the positive number. So, if your revenue recognition is below that threshold number, certainly the profit will be negative. If your revenue recognition is beyond that threshold, there can be a significant jump in EBITDA margins for that specific quarter.

**Moderator:** Our next question is from the line of Dhananjay Kumar Mishra from Sunidhi Securities. Please go ahead.

**Dhananjay K. Mishra:** So, just wanted to know in terms of Bangalore market as we mentioned that we are going to create BD with the revenue potential of Rs. 1,000 crores. So, any project we have identified because from Bangalore its minimal or rather almost zero, so what is our plan in near term in Bangalore market? And also, in Mumbai market, you said that Vashi will be launched in Q4 and this Goregaon and Mulund will be launched next year first half, right?

**Rahul Talele:** That's correct. So, in terms of the Bangalore market, we are planning to launch one project over there, that is a third phase of our ongoing project, Raaga, which has a potential of around Rs.150 crores. So, we have already applied for RERA, and we are expecting to launch that in the next few days. So, on top of that, as I mentioned earlier on this call, we are evaluating a couple of other opportunities; one in horizontal development plotting and low rises, and the other is a JV opportunity in Bangalore. But it will be too early to comment on the closure timeline of the same. You are right in terms of your Mumbai observation. So B3 will get launched in Q4 and the other BD, recently closed BD will get launched in the first half of next financial year.

**Dhananjay K. Mishra:** This both Goregaon and Mulund, when the Phase-II can be launched - by H2 FY25?

**Rahul Talele:** H1 FY25.

**Dhananjay K. Mishra:** In a phased manner no, one Phase-I will be launched in H1 for the Mulund project, and likewise, Goregaon Phase-I will be launched in H1, maybe phase two will be launched in H2, that is the correct assumption, or it will take some time?

**Rahul Talele:** So, maybe for Goregaon it will be a single-phase development, but since we have two projects over there, we are planning to have a different set of inventories for these two projects. But, in terms of Mulund project, it depends

on what kind of sales velocity we are achieving. So, it will be a judicious call to launch the subsequent phases based on the performance of the first phase.

**Moderator:** Our next question is from the line of Himanshu Upadhyay from O3 PMS. Please go ahead.

**Himanshu Upadhyay:** Rahul, it's a slightly longer question. The question is, if we look at FY19, we did a sale of around 2.7 msf, and out of which, 35% was Life Republic, so nearly 1 msf of sales was from Life Republic, and outside Life Republic we did 1.7 msf. If you look at the trailing four quarters, so nearly five years, because that was the complete year what we can refer to. Out of core, if we see the rough cut 65%, is from Life Republic, so nearly 2.5 msf of our sales from Life Republic, and outside the Life Republic our sales are only 1.5 msf. So, even if we have tried to diversify ourselves in a number of products and business development, it has not yet shown in our sales numbers. Any reason or what are your thoughts on that, how should I look at it - is it because we don't have inventory at various other places and hence Life Republic became such a dominant product for us or you think somewhere I am making an error in my judgment or understanding, some of your thoughts will be helpful for my clarity.

**Rahul Talele:** So, Himanshu, there are two perspectives to answer. So, first perspective is, we used to sell around Rs. 400 to Rs. 500 crores of yearly numbers at township. Because as I mentioned in our earlier interaction, we have already surpassed the inflection point of township. Now, township is a supermarket of multiple products. So, we are getting all the benefits out of that hard work and because of that we could achieve significantly higher numbers at townships. If you talk about the H1 of this financial year, close to Rs. 800 crores of sales we have already achieved in township with a much better price realization as compared to FY19 or FY20 or for that matter even FY21. So, there are constant efforts to better our margins with the improved volumes and value at township. Having said that, at the same time, we are working on multiple projects in Pune beyond township. So, if you see the priority launches, though in terms of the value, the township, you will see the value of around Rs. 3,800 crores and the other Pune projects will be valued at, say Rs. 2,700 crores, but these are mid-size projects where the turnaround can happen in two to three years from a sales perspective, whereas township projects whatever the sectors that we are planning to launch or already launched, these are the peak sectors. So, by launching the other priority launches beyond township, I'm confident that there is a good diversification possible through our current inventory itself. On top of that, we are working on multiple BD opportunities. So, couple of BD

opportunities that we have already closed, and we are working on three, four more opportunities. So, when I talk about the opportunities, we are simultaneously working on the approval. So, there will be some kind of the positive delta for projects beyond township. So certainly, our endeavor is to minimize our reliance on a township, but at the same time, we want to ensure that there is a better and better margin realization at the township also with the sustained volumes. By FY25, we are anticipating a 30% diversification beyond Pune and out of 70%, our volumes from township, we want to have that around say 45% to 50%, not beyond that.

**Himanshu Upadhyay:** Second question is also related to this only. If you look at the first half, Bombay and Bangalore did combined sales of Rs.62 crores and Rs.6 crores in Q2 FY24 and we have only an inventory of 0.33 msf ongoing and unsold inventory in Mumbai and Bangalore. The question is, if we want to get the diversification of 30% outside Pune inventory, your sales, what type of unsold ongoing inventory should we be having so that we start getting yearly sales of around Rs. 600 to Rs. 700 crores and can we achieve the target in next two years, because if we look at 0.33 msf of inventory it seems very low. This is also at the company level. So, at 4 msf is what we sold in the last four quarters and 3 msf feet is unsold inventory at the company level also. But my priority would be more on Bombay and Bangalore if you can reply?

**Rahul Talele:** So, Himanshu, in terms of Mumbai top line potential, so that is mentioned in our project portfolio slide. So, we have a project worth around Rs. 3,700 crores. In most of our Mumbai projects, I'm referring to a recent past, we have achieved a sales turnaround or complete sold-out tag within say three to five quarters. Against that for a Pune project, since it is bigger projects in terms of the aggregate inventory, it will look like on a higher side - what I give you a comparison between Life Republic and Pune, so similar comparison is applicable between Pune as an entity and a Mumbai as an entity. So, Mumbai, even if the inventory potential is on a lower side, the turnaround potential is quicker as compared to Pune projects. So, considering that, we are confident of achieving around 25% to 30% diversification in FY25. Just to give you a few examples, three projects that I just mentioned where the sold-out tag is achieved in around three to five quarters in Mumbai and similar kind of responses, we are anticipating for our subsequent launches also. So, I mean even in the ongoing projects, so 50% of that project is sold out in say around four to five months, so we are confident of getting a sold-out tag in another six months. So, even if we are able to launch inventory worth say Rs. 1,500 crore

hypothetically I am telling you, just to strengthen my statement, so we are confident of achieving a significant sales number out of that.

**Moderator:** Our next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

**Pritesh Sheth:** We have done almost Rs. 2,000 crores odd of launches in the first half. How much did that contribute to our first half sales of roughly Rs. 1,300-odd crores?

**Rahul Talele:** So, around 55% of our sales achieved was through the recent launches.

**Pritesh Sheth:** This is for first half?

**Rahul Talele:** Yes, this is about the first half, around Rs. 700 to Rs. 750 crores.

**Pritesh Sheth:** In terms of the balance launches that are lined up, Rs. 3,300-odd crores, are we 100% confident on these launches coming through or are there a few of them which might spill over to next year?

**Rahul Talele:** So, Pritesh, we are confident about our priority launches, so particularly about the Pune launches and even in Life Republic. See, there can be a deviation in the sector, but we are confident of achieving a sales number through township because as I mentioned earlier, so we have the environment clearances available for multiple projects, so it is a matter of 45 days to launch any new sector in township for us. So, I'm confident.

**Pritesh Sheth:** Since this Bangalore, Raaga-3 has been there in our pipeline since very long and we have been sold out, so probably we were waiting for some approvals where there were some delays, that also can be launched in this year?

**Rahul Talele:** So, Pritesh, we have already applied for RERA for Raaga-3 projects, so that project will get launched in the next 15 to 20 days.

**Moderator:** Our next question is from the line of Avish Jain from Antique Stock Broking. Please go ahead.

**Avish Jain:** Sir, you reported losses during the quarter. So, does it mean the projects which got recognized made losses?

**Rahul Talele:** There is no loss at the project because of the exceptional items at the corporate level. So, it is showing a loss at the corporate hold-co level.

- Avish Jain:** What were those exceptional items, could you throw some light on that?
- Dipti Rajput:** So, as we mentioned in the opening remarks also, these losses are mainly on account of impairment of goodwill, which is below the EBITDA level line item and there is a certain amount up to about Rs. 6.5 crores which is sitting in other expenses line item. Now, this Rs. 6.5 crores is a one-off land deal that we had done, and we reversed it. So, what happened, when we did the land deal, we recognized it as revenue. And now we have reversed that entry and it's now sitting as an expense. So, land has come to us. It's not really an expense that we've incurred. It is the land that was earlier sold off and it was showing as revenue and now as an expense because we acquired the land back, and it is showing as inventory in our balance sheet. So, this is actually an asset that has been created and not an expense that has been expensed to the P&L.
- Avish Jain:** Net debt has gone up there during the quarter. So, is it due to business development?
- Rahul Talele:** Not actually, it is just a marginal increase in the net debt; so earlier it was Rs. 17 crores, so now it is Rs. 50 crores. So not on account of a business development opportunity.
- Moderator:** Our next question is from the line of Ronald Siyoni from Sharekhan Limited. Please go ahead.
- Ronald Siyoni:** Sir, I have one question in particular with respect to the launches and business development. So, was it a conscious decision by the management that we need to slow down for a quarter or two and delay few launches or new business developments in order to clear some of the inventory or is it just the timeline that it got delayed somehow with respect to launches and business developments?
- Rahul Talele:** So, it is not about any kind of strategy. So, it is as per the planned timeline. So, these launches are anticipated, and we are planning as per the earlier agreed timelines internally. So, we have already launched around Rs. 2,000 crores worth project and as I mentioned earlier, we got a very good response in terms of sales from our recently launched project, and we are anticipating a similar response for the upcoming launches also. So, there is no hold back strategy particularly about the priority launch pipeline.
- Moderator:** Our next question is from the line of Deepak Purswani from SVAN Investments. Please go ahead.

- Deepak Purswani:** I just wanted to check out in terms of the cash flow movement. In the first half, we generated operating cash flow of Rs. 182 crores and in the investment activity there is an outflow to the extent of Rs. 418 crores. So, in terms of the year as a whole, how should we look into these cash flow numbers, particularly related to the collections, construction cost and new investment in the business development as a whole year?
- Dipti Rajput:** We are anticipating collections upwards of Rs. 2,000 crores for FY24.
- Deepak Purswani:** Construction cost?
- Rahul Talele:** We are expecting a collection of close to Rs. 2,100 to Rs. 2,200 crores. And against that our construction cost will be anywhere between Rs. 700 to Rs. 800 crores.
- Deepak Purswani:** In terms of the business development activity, how much have we spent so far in the first half and what is the overall investment we are looking at for the year as a whole?
- Rahul Talele:** From a BD perspective, we have invested around Rs. 350 crores as of now in H1 and going forward also there can be an investment to the tune of a similar number.
- Moderator:** Our next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** In the first half, we have seen like out of the five projects that we have launched, three have been in the 24K category which is a relatively premium category of ours. So how is the demand in the premium category of houses, going forward, in our future pipeline which is there, how many of the projects will be launched in the 24K category and how much in the remaining categories that we are having?
- Rahul Talele:** So, we have launched three 24K projects recently. So, just to tell you 24K is our in-house developed premium luxury brand, so under which we have already delivered around five projects in the last 10 years. Against that, we are planning to launch five projects in this financial year itself. Out of that, we have already launched three projects; one project is at Baner. So, whatever the inventory that we have launched, around 60% of that inventory is already sold out. In terms of the second project which we have launched very recently, though we have received the RERA, but it is currently in a pre-launch stage,

so over there we have already achieved good sales traction to the tune of around 20% of the entire inventory available. And the third project is the premium row house development at township, which again got launched in the month of July and August. So, over there, around 25% of inventory is sold out. So, we are getting good response for this project. Even if we are charging a good price premium, with customers feedback, the referral sales is very good particularly in this premium category. So, that is a positive sign and that is the motivation to launch more and more premium projects further. In order to talk about the further pipeline, one project at NIBM, we are planning to launch that project under 24K umbrella, and we are evaluating one project at township that is R5 under 24K umbrella in the remainder of this financial year.

**Ankit Gupta:** How are the margins in this segment compared to our normal projects that we have? what are the margin differentials between the two?

**Rahul Talele:** See, there are multiple parameters, Ankit, to answer this question. So, we generally evaluate opportunities from three, four perspectives. One is the pure absolute margin, second is IRR, third is the payback time and the sales velocity. But having said that, in terms of margin, certainly there is a margin difference of 5% to 7% visible as compared to any of our regular projects and 24K project.

**Moderator:** Our next question is from the line of Rishikesh from Robo Capital. Please go ahead.

**Rishikesh:** Sir, firstly, if you could provide our guidance on deliveries for next year and for FY26? For FY24, you've given Rs. 1,500 crores, what would that be FY25 and FY26?

**Rahul Talele:** So, Rishikesh, we are confident of matching our guidance for the ongoing financial year and next year we are envisaging the deliveries of around Rs. 2,000 crores worth projects. Since we are working on multiple low-rise horizontal development also, like row houses and some kind of a plotting development, so it will be too early to comment on the delivery numbers for FY26, but certainly, it will be upwards of Rs. 2,000 crores in FY26 as well.

**Rishikesh:** And how do you see the reported EBITDA margin for H2 and going ahead in FY25?

**Rahul Talele:** So, whatever the inventory that we have sold around three years back is getting recognized now into revenue. So, at that time, our price point was around Rs.

5,400 – Rs. 5,500. So, considering that, so we are anticipating a similar kind of EBITDA margin number that we have reported for the last financial year. And for FY26 onwards, there will be a significant betterment in EBITDA margin considering that currently we are sitting with the EBITDA margins of around 25% to 30% at the project level.

**Moderator:** Our next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited. Please go ahead, sir.

**Bharat Sheth:** Rahul, can you give a little more color on the redevelopment opportunities available in Mumbai and also, on the cluster development? But whatever concession has been given, they are getting expired on 31st March 2024. So, how do we see because so far, we have not spoken much on this pipeline?

**Rahul Talele:** All Mumbai projects currently that we have closed are society redevelopment projects. So over here, the best part is your upfront investment. We have created a very strong brand equity particularly in society redevelopment; over there acquisition of two projects at Goregaon is a live example of that since we are delivering one successful project in the same vicinity, we got two more projects at better terms as compared to the competition, and with the better commercial terms also with a minimal upfront investment. So, having said that, over here though the absolute margins, there is a limited upside, but in terms of the IRR, in terms of the capital churning out, so, it is a very good proposition that we are finding for Mumbai redevelopment. To answer your second part of question, that is on cluster redevelopment, so we are evaluating a couple of opportunities since whatever the opportunities that we have already closed, so it was not a cluster redevelopment, but currently we are evaluating a couple of opportunities. So, it will be difficult to take the advantage of current 50% concession scheme available till FY24 end.

**Bharat Sheth:** So, my question, Rahul, was on business development. One is this cluster development and standalone also opportunity if available?

**Rahul Talele:** So, we are evaluating, we are open for multiple opportunities in Mumbai, but if you see our redevelopment guideline given to our team that we should have the top line potential of at least Rs. 300 to Rs. 400 crores with the ticket size possibly anywhere between Rs. 1.5 to Rs. 3.5 crores. So, if any project is fitting in these criteria, so we are happy to evaluate these projects. When we have applied to tender on 25 projects, our success rate is around five projects out of those 25 which will be carried forward for the advanced level of discussion and



out of that we are confident of closing three projects. So, at any moment of time, our team is evaluating anywhere between 20 to 30 projects.

**Moderator:** The next question is from the line of Harsh Beria, professional investor. Please go ahead.

**Harsh Beria:** So, the question is about our land bank at Life Republic. Is this fully paid off and do we own 100% of this land bank?

**Rahul Talele:** Very happy to share one thing that very recently we have purchased some minority stake of 5% in this township. For that, we have got some kind of the payment schedule. So, once that is cleared and once some partial payment of ICICI Venture is cleared, in total around Rs. 125 crores number. So, post, that entire township will be owned by Kolte-Patil Developers.

**Harsh Beria:** So, the point of this question was also thinking from a bit longer term perspective. So, let's say three, four, five years down the line, whenever we sell houses, it will be at a much, much higher cost than today. So, does that mean it is possible in a five, six-year time frame for our EBITDA margins to start crossing 30% because our gross margins will really improve?

**Rahul Talele:** It will be too early to comment on this but let me give you that kind of confidence that even today also at the township projects we are confident of crossing an EBITDA margin, so, R31, even the R13. So over there, our EBITDA margins are upward of say 28% to 35% and even a 40% for a low-rise development.

**Moderator:** The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead, sir.

**Ankit Gupta:** Sir. In one of the previous questions, you had told that our margins during FY24 expected to remain around 13%, 14% what we had reported in FY23 because of projects which we had booked in last three years. So, we have seen that with many developers the projects which are now getting completed and handed over and their revenues and profitability is getting recognized, and the margins have been lower because of higher raw material prices. So, going forward, there can be instances where the bookings are done, and raw material prices increase further from here on so which can impact our margins in our existing projects also. So, what I was saying is, the margins which are getting reported for the projects for which booking had been done two, three years back are at lower operating margins because of the increase in raw material prices. So, how do we ensure that the existing bookings of the projects which

are getting launched do not suffer from the same issue when their revenues and profitability get recognized two, three years going forward. How do we make sure that the raw material prices are getting or any upside is getting factored in the margin?

**Rahul Talele:**

So, Ankit, to answer your question, so particularly from a cost perspective, since we are judiciously launching a limited phase of any project, because see we are getting a good response at the time of launch itself and the cost will get incurred in three, four years for that specific project. Even if we are confident of getting a good response, we are limiting the size of the phases for any launch, that is one. The second is particularly on the cost side that we are working out and we have worked out on multiple procurement items with long-range contracts where the prices have been frozen for four to eight quarters. So that has given us stability in terms of our cost escalations or deviations. We are confident of achieving our desired cost numbers even if we have to spend that in the next two, three years. On top of that, see, generally when we are getting a better response in terms of sales, there is an inventory pricing strategy that we have implemented in the last four or five quarters. So over there, once the 25% inventory is sold out, we hike the prices, then again the prices are getting hiked at 50% and 75% against the business plan number. So, in fact, we are bettering our price realizations against the business plan number. So, that is the additional delta available to compensate any unforeseen risk particularly from the cost side.

**Moderator:**

Ladies and gentlemen, that was the last question of our question-and-answer session. I now hand the conference over to the management for closing comments.

**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. Wish you and your near and dear ones once again Happy Diwali.

**Moderator:**

On behalf of Kolte-Patil Developers Limited, that concludes this conference. Thank you for joining and you may now disconnect your lines.

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