



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: 14 February 2023

**Sub: Transcript of Q3&9M FY23 Earnings Conference Call held on 07 February 2023**

**Ref: NSE Symbol and Series: KOLTEPATIL and EQ  
BSE Code and Scrip Code: 9624 and 532924**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Regulation 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith transcript of “**Q3&9M FY23 Earnings Conference Call**” held on 07 February 2023 at 03.30 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**

Encl: As above

**KOLTE-PATIL DEVELOPERS LTD.**

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# Kolte-Patil Developers Limited

## Q3&9M FY23 Earnings Conference Call

### February 07, 2023

**Moderator:**

Ladies and gentlemen, good day and welcome to Kolte-Patil Limited's Q3 FY23 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "\*" then "0" on your 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:**

Good afternoon everyone and thank you for joining us on the Q3 FY23 Results Conference Call of Kolte-Patil Developers Limited. We have with us today, Rahul Talele – Group CEO; Dipti Rajput – Vice President, Investor Relations; and Pawan Lohiya – Vice President, Finance.

Before we begin, I would like to state that some of the statements in today's discussion may be forward-looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available in the Q3 FY23 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 Talele:**

Good afternoon. A very warm welcome to everyone present on this call and thank you for joining us today to discuss the operating and financial performance of Kolte-Patil Developers Limited for the third quarter of FY23.

I would like to begin by sharing with you our views and takeaways on the real estate environment, followed by an overview on the highlights of the third quarter and nine months performance. Dipti will then take you through the key financial highlights and we then look forward to taking your questions and suggestions during today's call.

To begin with, Indian economy continues to perform well amid the global inflationary environment that has created unprecedented situations in many parts of the world. Significant increase in interest rates has impacted consumption spending in key markets internationally. It is quite encouraging to note that India remains fundamentally resilient in a tough global economic environment and is poised to grow at about 7% in the current financial year 2022-23.

Further, last week's budget announcements are reflective of the government's confidence in the economy and the real estate sector stands to gain from some of the announcements. Focus on sustainable cities, strategic urban planning, infrastructure expansion initiatives, increasing the fund for PMAY, are all positives, especially from the perspective of long-term housing objectives. Technology and digitization initiatives will go beyond sectors, creating multiple new-age job opportunities in the process. In all, higher capex outlay and thrust on green growth should help India build a more sustainable future.

From our perspective, while interest rates have increased in recent months, affordability still remains intact and demand robust. We believe leading, real estate players with credible market reputation and strong buyer connect are strategically at an advantageous position.

During the third quarter of the financial year, the company achieved highest ever quarterly sales value of Rs. 716 crore, a growth of 28% on a year on year basis. We also reported highest ever quarterly sales volume of 1.13 million square feet, a growth of 31% on year on year basis.

This performance was backed by six new projects launches in Pune and Mumbai along with continued momentum of customer traction in our existing, sustenance phase projects. During the quarter and the last one month we have

cumulatively launched 2.77 mn. sq. ft. with the topline potential of Rs. 1,960 core.

Robust sales and good construction pace have resulted in firm growth of 22% YoY in collections for 9MFY23. We have received OCs to the tune of 2.7 mn. sq. ft. during 9MFY23 of which 60% OCs were obtained in December 2022, the revenues for which will be recorded in Q4 FY23. Here, I would like to share that the profitability during Q3FY23, was impacted on account of two projects in Pune which had low gross margins resulting in lower overall gross profit for the quarter of Rs. 31 crore which was insufficient to cover overheads. The OCs for these two projects were received towards the latter half of the quarter under review. The revenues and costs for these low margin projects have been fully accounted for Q3FY23. In other words, there is nothing pending to be recognized in the coming quarters towards these projects. In summary, we are confident of closing the year in line with our stated pre-sales and revenue guidance. Margin profile for FY23 remains intact and we hope to report better margins as compared to FY22.

For the nine months ended 31 December 2022, our reported sales value stood at Rs. 1,528 crore with volumes of 2.30 million sq. ft. compared to Rs. 1,238 crore and 1.93 mn sq. ft. in the same period previous year. The strategy of business diversification remains well-established as Mumbai and Bangalore has shown contributions of 21% during the nine months FY23.

I am glad to report that we have reached a significant milestone as our flagship project, Life Republic, surpassed the half-million volume mark by clocking 6.62 lakh sq. ft. during the quarter. Apart from this, we have also continued to witness firm realizations at Life Republic and across projects. I am happy to share that during the quarter we launched premium Row houses for the very first time and received overwhelming response and are encouraged to roll out this format in the future too. Price bracket has widened from Rs. 30-80 lacs to Rs. 30-250 lacs in the Life Republic Township, supporting better realizations and volumes.

KPDL has a history of collaborating with several domestic and international financial institutions and corporates. This has helped us accelerate growth, innovate and diversify our project portfolio. In a recent development, KPDL partnered with Marubeni Corporation, where the latter will invest Rs. 206.5 crore in KPDL's Pimple Nilakh residential project and will be entitled to ~ 2.85 lakh sq. ft. of saleable area in the project.

The Pimple-Nilakh residential project, one of the priority launches in our portfolio, has a total development potential of 8 lakh sq. ft. With this new collaboration, we see rapid development of another high-quality residential project in the premium luxury segment (24K) complementing our larger, mass-market portfolio of offerings. We believe that this association with a leading global organization of repute once again highlights our organizational capabilities and governance standards.

Improved affordability parameters from the longer-term perspective, persistence of flexible, hybrid work formats and sustained investments in infrastructure by the government, will continue to support housing demand across key markets including Tier 2 and Tier 3 cities. Based on our diversification goals, we continue to prudently evaluate business development opportunities across the three geographies of Pune, Mumbai and Bangalore. With increased consolidation and formalization of the sector, buyers and land owners are turning to quality developers and Kolte-Patil is well positioned to forge meaningful partnerships with a keen focus on delivering value across the entire ecosystem of stakeholders. With a healthy Balance Sheet, comfortable debt levels, strong launch pipeline & brand connect, significant business development pipeline, and financially prudent growth plans, we are confident of delivering profitable growth for the current year and also for the FY24 with pre-sales growth in the range of 25-30%. I would now like to hand over to Dipti to share the financial highlights for the quarter and nine months ended 31st December 2022.

**Dipti Rajput:**

Good afternoon everybody. I will now briefly take you through our financial performance for the 3rd quarter of FY23. Based on CCM based accounting, in Q3, we clocked revenues of Rs. 368.1 crore, up 53% Y-o-Y, whereas in the 9 months' period, we reported revenues of Rs. 691.5 crore. EBITDA for 9 months FY23 stood at Rs. 15.8 crore.

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 0.21 as on December 31, 2022 and the operating cash flow for the quarter stood at Rs. 120 crore. We have reported highest ever quarterly pre-sales numbers and look forward to maintaining the momentum going ahead as well to meet stated growth objectives. With the efforts put in by the entire team, we look to end the year on a strong note and look forward to creating bigger milestones in the future.

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

**Moderator:** We will now begin the questions & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

**Himanshu Upadhyay:** Congratulations on better set up numbers from the previous time. I hope the momentum continues. I have 2-3 questions. One is related to Mumbai. We state that land bank in Mumbai is around 0.69 million square feet. How soon can we bring this inventory to commercialization? And it is across how many redevelopment projects? What is the concentration?

**Rahul Talele:** In Mumbai, currently, our 3 projects got launched, which are in a sustenance phase. And recently, we have launched 2 more projects, again redevelopment projects, in the month of January. Those are Sukh Niwas and Golden Pebbles projects. We are confident of achieving a good pre-sales number in these 2 new projects as well in order to continue our growth story in Mumbai, like what we achieved in earlier 3 projects. Apart from this, there are 3 projects which from a BD perspective have already been closed, and likewise, we are working on a multiple BD projects in Mumbai. What different things we are doing from a BD perspective is that we are negotiating with the land owners and we are negotiating with the societies. Simultaneously, we have applied to the various basic approvals for that particular land parcel for the deal closure. Simultaneously our legal and technical due diligence is happening, simultaneously our approval is also getting processed. So, the timeline between the BD closure and the launch will be significantly reduced in the projects which we are going to acquire in the future for Kolte-Patil.

**Himanshu Upadhyay:** This 0.69 million square feet of land inventory, is it done deals or this is work in progress we should assume? And these will be generally all society redevelopment projects only in Mumbai?

**Rahul Talele:** Yes, that's correct. These are the done deals and we are working in various stages of initial approvals in these projects.

**Himanshu Upadhyay:** One more thing. In the markets where we are present, where you are seeing the maximum traction in terms of volume and price appreciation? And how is the business development progressing, especially in Bengaluru and Mumbai?

In terms of Mumbai, you had also stated that we might now start looking at outright sales. Is there some progress happening on the outright sales in Mumbai also?

**Rahul Talele:** Three geographies are very good where we are currently operating. Our launch performance in Pune and Mumbai is one example of that. We are bullish on these 3 geographies. As I mentioned in our earlier interactions, there are multiple BD pipelines that we are working upon. Apart from Pune, there is a strong BD pipeline in Mumbai as well, and we are evaluating a couple of projects in Bengaluru as well. So, certainly in a couple of months, there will be some closures happening for us.

**Himanshu Upadhyay:** And one last thing. Can you give some thoughts on your experience of how are you trying to improve customer experience in CRM so that we can have more reference sales? Currently, what percentage of our sales would be from reference sales?

**Rahul Talele:** A couple of years back, we used to achieve 3% to 5% of referral sales. And because of the right measures we have taken in the last 2 years, our referral sales was around 7% to 9% in the last financial year. And in these 9 months, I am happy to share that our referral sales have jumped to 15%. We are working on various initiatives. We are working on customer engagement activities. We are working on digital platforms which will have real-time connectivity with the customers. I am confident that this will further add up to my referral sales for the company.

**Himanshu Upadhyay:** And one last thing. Can you give me some idea on 24K or luxury projects and what are our plans? Because, what we read is the luxury market is booming across the country. So, is not this product also more profitable for us? And are we focusing more on 24K projects or even the business development focused on 24K? Or how are your thoughts on that?

**Rahul Talele:** Himanshu, our Baner project is a 24K which we are expecting to get launched in this ongoing quarter. Apart from that, as I mentioned in the opening remarks, our Pimple Nilakh project is also under 24K brand. Apart from this, earlier in township, we used to sell inventory in a price bracket of Rs. 30 lakhs to Rs. 80 lakhs wherein we then proposed a spacious and upmarket 3BHK product around Rs. 1 crore. Earlier, we used to sell at Rs. 80 lakhs to Rs. 85 lakhs and now we are selling at Rs. 1 crore. From a township perspective, that is not exactly a 24K product but that is the journey towards having a 24K or premier

product in the township. Apart from that, within a couple of days, we could offload 50% of the inventory in our row houses. That is also a positive sign for us. And certainly, going forward, in the near future, we are evaluating multiple 24K project closures as well as launch of 24K projects in our existing inventory.

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

**Pritesh Sheth:** Firstly, on the P&L, what all projects were recognized for revenue in this quarter? And if you can just highlight what were the 2 projects which had a low margin this quarter?

**Rahul Talele:** In this quarter, our Wakad project which is Western Avenue and Green Olive got recognized, which has the larger revenue recognition. Apart from that, a spillover of last quarter, so there are a couple of more projects. But these are the 2 projects which have the higher contribution in the revenue top line in this concluded quarter. And in these projects, there were low margins. Apart from this, there are multiple projects. We have received the OC in the last couple of months wherein the revenue recognition will happen in Q4 wherein we are expecting a GP in the range of 30% to 40% and EBITDA in the range of 20% to 25%. We are in line with the margins which are targeted margins for us.

**Pritesh Sheth:** Any specific issue you wanted to highlight on Wakad and Green Olive being low margin? Was the sales velocity not as per expectations or any specific thing which led to low margin in these projects?

**Rahul Talele:** Not actually. But this project started almost 10 years back. The last phase got developed now, and because of that, there were margin pressures. The full recognition has already happened in Q3 for these couple of projects.

**Pritesh Sheth:** Good to see launches also picking up this quarter. We had highlighted last quarter that there are at least 6.2 million square feet of projects which are the first phase of the total launch pipeline that we have, which is under planning stage. Out of that, probably we have launched 2.8 million square feet. How close are we for rest of the launches? Is it probably next 2 quarters is where we are looking to launch all of that 6.2 million square feet?

**Rahul Talele:** Out of this 6.3 million square feet, we are expecting to have most of the launches in the next 3 to 4 months itself. And apart from this, as I mentioned earlier, we are working on some BD opportunities wherein the projects are kind of launch-ready or nearing launch. That will certainly add to our volumes.



**Pritesh Sheth:** We have done well in terms of cash flows, in terms of launches, now sales is also picking up in the last 2 years. That's where we have ticked off the boxes. Only thing that we are looking forward to is the business development. While you have been highlighting that we are obviously close in terms of closing the transactions, but any specific pipeline you have in mind, which are right now at the advanced stage of discussion and probably that might get closed in the next couple of quarters or 1 year or something?

**Rahul Talele:** Pritesh, there are multiple such opportunities which can get closed in the next couple of quarters. And at the right time, we will announce that to the market. But having said that, based on our prior experience, we are not only negotiating with the landowners from a legal and technical point of view, but also simultaneously we have applied for various sets of approval so that on one side we are closing the BD deals and on the other side in a couple of months, the deals can get launched to the market.

**Pritesh Sheth:** So, we will definitely see some progress over the next couple of quarters.

**Rahul Talele:** In fact, in the next couple of months, you will see some progress.

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

**Rohit Balakrishnan:** This quarter, I am just talking about P&L for a minute. I think in the previous con-call, you had guided that in H2, we will probably do close to Rs. 1,300 crore to Rs. 1,500 crore of revenue recognition. The balance will be largely done in Q4. Is that correct? Or is there some change in that earlier guidance that you had given?

**Rahul Talele:** That's correct. We are going to deliver as per the guidance given in our earlier discussion. We have already received multiple OCs in the last 45 days. All of that revenue will get recognized in this ongoing quarter.

**Rohit Balakrishnan:** And you don't see any issues in other projects unlike the ones that you had in these 2 projects in the Wakad? Unlike these 2 projects, you don't see any profitability issues?

**Rahul Talele:** No, not at all. In fact, the margin numbers are good, which are as per our targets.

**Rohit Balakrishnan:** And even for the projects that are getting launched now, what are the kind of launch margins that you are looking at right now? I mean the ones that are getting launched or which were launched in the last maybe 6 months?

**Rahul Talele:** We are envisaging gross margins of (+/-35%) in the range of 30% to 40%, depending on the deal structure and things like that. And EBITDA margins in the range of 20% to 25%.

**Rohit Balakrishnan:** And sir, on this Pimple Nilakh project, we have a total sales potential of about 0.8 million square feet and I think in your note, you mentioned that 34% of that which is 0.3 million square feet is for Marubeni Corporation and they have invested some money in exchange of that. Have we got any money from them? Can you just explain this transaction like when will that money come in and how will this be done?

**Rahul Talele:** This is kind of an inventory sale and this money will be received in the next couple of months. As I mentioned earlier, we are working on a very strong BD pipeline, and this fund will be utilized as a growth capital for the company.

**Rohit Balakrishnan:** So, they will get the inventory as you mentioned you have 24K product.

**Rahul Talele:** Yes, this is kind of an inventory sale. So, we agreed on one number and we are getting 100% down payment.

**Rohit Balakrishnan:** You mentioned something that you are planning to launch all the priority remaining launches that are there in the next 3-4 months?

**Rahul Talele:** That's correct.

**Rohit Balakrishnan:** That's very good to hear, sir. And last thing on this merger that is happening. Two things. We were planning to demerge our retail arm which we are not doing now. Is there anything which has happened which is leading you to do that? Are we planning to foray into retail or anything of that sort if it could be shared?

**Rahul Talele:** Rohit, I think this is not a significant contribution in our business.

**Rohit Balakrishnan:** Yes, right now, it may be not significant, sir, but just from a future point of view, I just wanted to understand, is there any change in strategy or is there in addition to the strategy that we are also looking to foray into retail and that's

why we have not demerged now which we were earlier thinking? That was my question.

**Rahul Talele:** No, it is not from the business perspective. It is purely from the structural perspective. So, we don't have any plans to foray into retail.

**Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** My first question is on deliveries. The first question is that 2.7 million of about 16 million square feet, I would say roughly around 6,300 realization worth of sales should have moved into revenue recognition. But for 9 months, you only have Rs. 700 crore of revenues hitting P&L. I just wanted your thoughts why there was a delay in recognition. And in the 4th quarter, what are the deliveries planned in million square feet and in value?

**Rahul Talele:** Parikshit, basically, delivery depends on the structure of the building. Delivery depends on how much time that project will take. It is not certain that the all the buildings are of same height, that there is no basement, and like that. It depends on the technical things. There is no delay in the deliveries. That is as per our business plan and as per the construction schedule. Likewise in Q4, we are targeting to have the revenue recognition to the tune of Rs. 800 crore to Rs. 900 crore. In totality, around Rs. 1,600 crore to Rs. 1,700 crore of revenue recognition will happen in this financial year. And as I mentioned earlier, the margins are intact for us.

**Parikshit Kandpal:** In the presentation, sir, you have mentioned 2.7 million of deliveries. When you say delivery that means the OC would have come on these, right? And you said there is some delay in revenue recognition against these deliveries. I just wanted to understand why there was a difference when OC came? This should have moved into revenue recognition.

**Rahul Talele:** The deliveries and this OCs particularly have happened at the tail end of this concluded quarter and we wait for 30 to 45 days depending on the agreement with the individual customers. Post that, it will go to revenue recognition for us.

**Parikshit Kandpal:** So, it will largely hit in the 4th quarter, as you rightly highlighted?

**Rahul Talele:** That's correct.

**Parikshit Kandpal:** My second question is on business development. I just wanted your thoughts on what has been the 9 months' new business development which you have already agreed or firmed up with your partners or landowners. And what is the pipeline for the 4th quarter and how much of that do you expect to conclude in the 4th quarter?

**Rahul Talele:** Parikshit, currently we are holding a top line potential of Rs. 22,000 crore. Out of that, as I mentioned, Rs. 7,700 crore are the priority launches. Rs. 2,000 crore worth inventory has already been launched. Keeping this aside, the company has a potential of around Rs. 15,000 crore; Rs. 22,000 crore minus Rs. 7,000 crore is Rs. 15,000 crore; that is available within our existing land bank itself. Apart from that, as I mentioned, we are working on multiple BD opportunities and that is the reason to go for the Marubeni transactions and that is the reason to go for even the Planet entry at Kiwale. We are very certain about the closure of this BD deal. But at this moment of time, since no deal has been concluded from a legal perspective, hence we have not announced to the market. But at the same time, the commercial discussion has been locked in multiple deals. So, in the next few quarters, you will see multiple BD announcements from our side.

**Parikshit Kandpal:** On the slide, you have mentioned Rs. 7,000 crore of new business development, which is slide #21. This Rs. 7,000 crore target is the advanced pipeline where we are in the final stages of closure or this is a prospect pipeline? And on this, how much do you expect to close in Q4 and how much in FY24?

**Rahul Talele:** Rs. 7,000 crore pipeline is at a very advanced stage of discussion. Out of that, we are expecting to have a closure in the ongoing quarter, maybe around 40% of that, and apart from that, we have already closed Rs. 1,400 crore of Kiwale deal. So, in totality, around Rs. 4,000 crore of BD closures in this quarter. And there can be a little spillover to Q1. But we are on track to have these BD closures.

**Parikshit Kandpal:** You are saying out of Rs. 7,000 crore, 40% is roughly about Rs. 2,800 crore may happen in Q4. And this Kiwale deal is over and above this which is Rs. 1,400 crore or it is part of Rs. 2,800 crore?

**Rahul Talele:** Kiwale deal is a part of Rs. 7,000 crore.

**Parikshit Kandpal:** This Rs. 2,800 crore which is at 40%, that includes Kiwale or Kiwale is over and above that?

**Rahul Talele:** Kiwale is excluding that.

**Parikshit Kandpal:** So, almost Rs. 4,200 crore you expect to close in Q4?

**Rahul Talele:** That's correct.

**Parikshit Kandpal:** How much will be the land cost here – approximately the CAPEX which you may incur on the land on this Rs. 4,000 crore of deal?

**Rahul Talele:** Since the deal structuring is different, every deal has a different structure, some are outright, some are JV transaction, but whatever the top line that we are talking about, around 8% to 12% is our upfront investments.

**Parikshit Kandpal:** On this Rs. 4,000 crore, 8% to 12% is roughly about, you can say maybe Rs. 400 crore to Rs. 450 crore could be the investment in the land?

**Rahul Talele:** Correct.

**Moderator:** The next question is from the line of Prithvi Raj from Unifi Capital. Please go ahead.

**Prithvi Raj:** I just have a couple of questions. The first one, you mentioned a land bank of Rs. 15,000 crore in the previous question. If I have to take out the Life Republic land bank, what will be the remaining part?

**Rahul Talele:** Life Republic is around Rs. 11,000 crore. Apart from Life Republic, the other will be around Rs. 4,000 crore to Rs. 5,000 crore. At this moment of time, out of Rs. 22,000 crore, Rs. 11,000 crore is from Life Republic and Rs. 11,000 crore or Rs. 12,000 crore is from non-Life Republic. But post this priority launches, it's a blend of Life Republic and non-Life Republic projects. So, out of Rs. 15,000 crore, around Rs. 8,000 crore will be from Life Republic.

**Prithvi Raj:** For the remaining projects, where you didn't launch and which you are showing in the priority launches slide, did you get approvals for all the projects or still the approvals are pending?

**Rahul Talele:** Approvals for the Life Republic - the key approval that is environment clearance, we have the environment clearance for all Life Republic projects which are R16, R20, and R22. Apart from that, we have already received the

environment approval for Baner project as well and Tathawade project as well. Pimple Nilakh is in process. Likewise, we are in very advanced stages of approval in the remaining priority launches. We are confident of launching in the next 2 to 4 months.

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

**Viraj Mehta:** Sir, out of the Rs. 30 crore loss that we have reported this quarter, what was the overrun in the 2 projects, with lower gross margins which was not accounted for earlier, which has led to this loss?

**Rahul Talele:** Basically, overall gross profit for the quarter is Rs. 31 crore. But as you are aware, we follow CCM methodology for accounting and because of that, the overhead of the last quarter, we have to account the entire overheads of the last quarter. Since there were multiple launches and since there was good momentum happening in the internal system, so overheads were on a higher side as compared to the revenue that got recognized. So, overall, this percentage was around 9% for all projects together.

**Viraj Mehta:** And sir, in the TV interview today, you had mentioned that we will still cross Rs. 2,200 crore to Rs. 2,300 crore of pre-sales this year. That is including Baner or not including Baner?

**Rahul Talele:** Yes, there is a partial dependence on Baner project as well. But we are confident of launching our Baner project in the month of March itself, and there is a good traction. And considering that, we will be on track to deliver this pre-sales number of Rs. 2,300 crore. So, just to tell you about the Baner since I mentioned in the earlier call, in Baner project, we have acquired a small land parcel adjoining to this project because of which the project got a very good layout and we can command a good premium as compared to the earlier rate we have envisaged. That has happened in the last quarter. Now we are planning to launch this project at Rs. 9,000 a square feet as compared to our business plan guidance of around Rs. 7,500 to Rs. 7,800.

**Viraj Mehta:** And sir, next year, looking at the momentum, what's the kind of realization increase you can see in both your key markets as in Pune. Pune if you can distinguish between LR and non-LR and Mumbai?

**Rahul Talele:** Realization per square feet again depends on where we are selling maximum inventory. Like what you have seen in the current quarter, we have sold a

significant inventory at Life Republic. Hence the realization is on a lower side because the Life Republic is a MIG product. Likewise, there are multiple 24K and premium projects as well as the launches are lined up in Mumbai. Considering that, the realization in the next year will be in the range of Rs. 6,600 to Rs. 6,800.

**Viraj Mehta:** No sir, that's combined. But I am saying like-to-like product do we see any realization increase next year?

**Rahul Talele:** Like-to-like project, when we have multiple phases, just to tell you, we used to achieve an APR of 5,400 or 5,200 at Life Republic wherein we are currently achieving an APR of 5,900 which is a blend of partial high street retail and the residential. We are going to continue with this kind of APRs at Life Republic. Having said that, our projects in Mumbai Verve, wherein we have taken a price rise to the tune of Rs. 2,000 a square feet in the last 1 year. So, certainly, wherever we will get an opportunity to increase our price, we will go for it without hampering the volumes.

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

**Shreyans Mehta:** Sir, again dwelling more upon the EBITDA loss, if I adjust for the note #9, the EBITDA loss would have been much higher. Can you help me reconcile how much is on account of this to the projects which we have done? Adjusted for that, what would have been our EBITDA margins or the gross margins?

**Rahul Talele:** Shreyans, I would love if you can take this offline. I will ask my teammate to reach out to you.

**Shreyans Mehta:** Sir, secondly, any updates in terms of the note #10 wherein we have made some investments in Nivasti Developers. What is that pertaining to?

**Rahul Talele:** As I mentioned, we are working on multiple BD opportunities. This is one of the BD opportunities that we are evaluating in Mumbai. In that regard, jointly we are evaluating a couple of BD opportunities with Nivasti Developers. Hence, we entered into that SPV.

**Shreyans Mehta:** Have we committed any amount or how will the dynamics work?

**Rahul Talele:** The commercials are not yet closed, but we are evaluating a joint BD opportunity with Nivasti Developers.

**Shreyans Mehta:** Sir, in terms of BD, would you like to assign any number which you are evaluating?

**Rahul Talele:** Shreyans, at this moment, there are multiple thousand crore of BD that we are evaluating. But as I mentioned earlier, around Rs. 7,000 crore to Rs. 8,000 crore of very advanced level of BD that we are evaluating.

**Shreyans Mehta:** And sir, if I compare our last quarter presentation to this quarter presentation, a few projects like Crown and Giga have now been transferred from under approval to land bank. Any particular reason for it?

**Rahul Talele:** In Giga, we have already received the approval, so the project has already been launched. But it was not a part of priority launches. Because it's a commercial development, it was not a part of priority launches. Hence, we have highlighted that separately.

**Shreyans Mehta:** Lastly, in terms of guidance for FY24 in terms of deliveries?

**Rahul Talele:** Deliveries in FY23 and FY24, we are confident of delivering our numbers of Rs. 3,000 crore. Out of that, whatever that we are going to achieve in FY23 that will get deducted because there is a certain time it takes to deliver the project.

**Shreyans Mehta:** So FY23, we are saying Rs. 2,300 crore and FY24 Rs. 3,000 crore. So, Rs. 700 crore is what you are indicating?

**Rahul Talele:** In these 2 financial years, in totality, around Rs. 3,000 crore of revenue recognition will happen. Out of that, Rs. 700 crore has already been taken into accounting. So, another Rs. 800 crore to Rs. 900 crore will happen in this quarter. I mean, in totality, Rs. 1,600 crore in FY23 and the balance will be in FY24. So, in the next 5 quarters, around Rs. 2,300 crore of revenue recognition will happen.

**Shreyans Mehta:** And in terms of margins would be in line with what you are guiding for?

**Rahul Talele:** That's correct.

**Moderator:** The next question is from the line of Aejas Lakhani from Unifi Capital. Please go ahead.



**Aejas Lakhani:** Most of my queries are answered. Just one that, sir, this Marubeni cash flows, when are you expected to receive that by? And will you be using those cash flows against the BD expenses that you called out for the land of Rs. 400 crore to Rs. 450 crore that broad number? Will the cash flows from Marubeni be used for that growth?

**Rahul Talele:** Certainly, our intent is to utilize this cash flow as a growth capital for the company. We are in the final leg of approvals for this project. Once we receive that, this money can be received and it will be deployed to BD opportunity. We are expecting a closure in the next couple of months.

**Aejas Lakhani:** We should expect the money from Marubeni to come in, in the next quarter only or it can flow into the 1st quarter?

**Rahul Talele:** Maybe in the month of March or 1st month of the next quarter.

**Aejas Lakhani:** Sir, the Marubeni contract that you have, it's an outright sale against specific 2.8 lakh square feet to 2.9 lakh square feet. There is no recourse on that sale, right? I think you have a certain portion which is sellable as well in that project. Is it that once you are completed with your sale proceeds, he can start or is there any pecking order like that?

**Rahul Talele:** No, it's an earmarked inventory. We are going to offload that inventory to the market. This is not something that Marubeni will sell the inventory in the market. We are going to have the entire control on that project from marketing, sales, and as well as from a construction perspective. And there is no recourse.

**Aejas Lakhani:** So, you are only going to sell it. It is just the capital that they have paid against that earmarked.... Got it.

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

**Dhananjay K. Mishra:** Just one clarification. In the presentation, the 2.7 million square feet delivery, it is for full year which you are going to deliver or it is already we have delivered in the 9 months?

**Rahul Talele:** What we have mentioned, 2.7 million square feet of OC we have already received. This is the OC received in 9 months. And there are some OCs which are expected to get received in the next 1 month. All of this together, around Rs. 1,600 crore of revenue will get recognized in this financial year.

**Dhananjay K. Mishra:** You have mentioned that 60% of this 2.7 million square feet where the OC is received but we have not booked any revenue.

**Rahul Talele:** That will spill over to Q4. Apart from that, there are some OCs which we are expecting to get received in the next 15 days. So, that will add.

**Dhananjay K. Mishra:** In addition to the 2.7 million square feet?

**Rahul Talele:** Yes, that's correct.

**Dhananjay K. Mishra:** And what will be the average realization in this delivery?

**Rahul Talele:** Around 5,000 to 5,200.

**Dhananjay K. Mishra:** And next year, we are saying similar kind of delivery?

**Rahul Talele:** That's correct, around Rs. 1,300 crore to Rs. 1,400 crore.

**Dhananjay K. Mishra:** And margin will be about 20-22%? Overall margin for the full year?

**Rahul Talele:** EBITDA.

**Dhananjay K. Mishra:** EBITDA margin, okay.

**Moderator:** The next question is from the line of Zaki Nasser, an individual investor. Please go ahead.

**Zaki Nasser:** Sorry to ask a very basic question, sir. If I understand right, we would be ending the year on a P&L top line of Rs. 1,700 crore and the guidance for next year is Rs. 2,200 crore. Correct me if I am wrong, sir.

**Rahul Talele:** No, we will end from a revenue perspective around Rs. 1,600 crore to Rs. 1,700 crore. For next year, our numbers will be in the tune of Rs. 1,300 crore to Rs. 1,400 crore. This is from an accounting perspective, CCM perspective. From a pre-sale's perspective, we will end this year with 30% growth as compared to last year that is Rs. 2,200 crore to Rs. 2,300 crore. And for the next year, we are envisaging a growth of 25% to 30%.

**Zaki Nasser:** No, I am just asking you the revenue number which will appear on the published results kind of stuff, sir.

**Rahul Talele:** Rs. 1,600 crore and Rs. 1,300 crore. Rs. 1,600 crore for this financial year.

**Zaki Nasser:** Next year will be Rs. 1,300 crore only?

**Rahul Talele:** Rs. 1,300 crore.

**Zaki Nasser:** So, maybe the timing between the launches and the way it is accounted for would play a big part in it, correct?

**Rahul Talele:** That's right. Whatever the inventory that we are currently selling will get delivered in the next 2-1/2 to 3 years. At that time, this pre-sales number will get converted to revenue.

**Zaki Nasser:** If I understand correctly, this year we will see Rs. 1,600 crore on the P&L and next year we will see around Rs. 1,400 crore on the P&L. And maybe the deliveries will come better in 2025. I mean whatever you are launching now because I think it takes between 6 to 8 quarters for these to fructify into numbers.

**Rahul Talele:** Yes, depending on the project configuration.

**Zaki Nasser:** Sir, out of our land bank, you mentioned that it's around Rs. 15,000 crore. Is this entire thing in Kolte-Patil name or it's in a promoter group company? And if it is, what percentage is in Kolte and what percentage is outside Kolte?

**Rahul Talele:** This is our own land bank. This is the Kolte-Patil land bank.

**Zaki Nasser:** This Rs. 15,000 crore is entirely Kolte-Patil land bank?

**Rahul Talele:** That's correct.

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

**Dhwanil Desai:** The first question is regarding LR. LR we used to do around 1 million square feet pre-sales every year. And this year, we have crossed close to that in 9 months. Going forward, how do you guys think about monetizing LR? Is there a kind of thinking that we are increasing that 1 million to a much higher number? And if so, what kind of launches that we are looking at?

**Rahul Talele:** Certainly, we are confident of our capabilities at LR. If you see in the priority launches, around Rs. 3,000 crore worth projects are from Life Republic. Out of that, we have launched a significant amount of projects already. And as we mentioned, 1.1 million square feet has already been achieved. So, the best

part which has happened in the last quarter is we have broken the jinx of crossing Rs. 85 lakhs per unit at Life Republic and that is a very positive move for the group because now we call it a supermarket of products. The new supermarket of products is right from Rs. 30 lakhs to Rs. 2.5 crore. Certainly, based on that, we are going to launch some multiple premium projects as well as we will continue to have the affordable mid-segment projects and townships. So, we are confident of achieving of 1.5 to 1.6 million square feet year-on-year with a better price realization certainly.

**Dhwanil Desai:** Rahul, you said that in the next 3-4 months whatever is the remaining launch pipeline will get launched. So, close to 6 million square feet we will launch probably in this year or maybe a month here and there. But going forward FY24, what kind of launch pipeline that we are looking at in terms of million square feet or value?

**Rahul Talele:** Currently, we have the unsold inventory. If you add my unsold inventory plus this 2.77 minus whatever that we have sold, currently we are sitting with a 3 million square feet of unsold inventory. On top of that, we are going to launch around 4.5 million square feet from this. So, 7.5 million square feet of inventory that we are going to have. This is sufficient for the next few quarters. As I mentioned in the discussion, on one side, we have the land bank of Rs. 15,000 crore, and on the other side, we have the potential to close some multiple BD deals. Through that, as and when required, we will be launching multiple new projects as well. It all depends on how the project is performing. Then only, we can launch the further phases of that project. But wherein we will get a BD opportunity in new micro markets of Pune and Mumbai, likewise in Bengaluru, we are going to launch that to the market.

**Dhwanil Desai:** If I understand you correctly, what you are saying is that after the launches in the next 3-4 months, probably the pace will slow down and the focus will be on selling the unsold inventory first before launching new projects.

**Rahul Talele:** No, let me correct. If the new BD closure is from the new micro market, certainly we are going to launch that inventory. And our focus from BD is to enter a new micro market. So, most of our BD deals are from a new micro market. That will be the added launch pipeline in order to boost our volumes and value from a pre-sales perspective.

**Moderator:** The next question is from the line of Aditya Sen from Robo Capital. Please go ahead.

**Aditya Sen:** I have this question on the cash flows that we have in the page #17 of our PPT. The collections of Rs. 1,260 crore in the 9 months FY23, do they pertain to these 9 months only or do they address the previous collections also?

**Rahul Talele:** Rs. 1,260 crore is the collection during these 9 months.

**Moderator:** The next question is from the line of Jainam Shah from Equirus Securities Private Limited. Please go ahead.

**Jainam Shah:** Sir, my first question relates to the pre-sales for the upcoming years from a medium to long term. As we have targeted for around 8,000 to 9,000 for the next 3 years, how we are thinking about FY24 and going forward?

**Rahul Talele:** As I mentioned in the discussion earlier, we are expecting a growth of 25% to 30% in pre-sales for the next financial year. So, that will be to the tune of upwards of Rs. 2,700 crore.

**Jainam Shah:** Sir, the other question relates to the other expenses. I was going through the other expenses was around Rs. 15 crore to Rs. 20 crore earlier and then it has jumped to Rs. 37 crore in this quarter. Is it normal run rate that we are expecting given the overall business pipeline that we are having or is it just a one-off of these projects as well?

**Rahul Talele:** Since this quarter was a quarter for the launches, during the launches, there are significant marketing expenditures. That has added to our overheads and certainly going forward. In fact, from the margin point of view, since we are shifting our base to a larger base, there will be some kind of delta in the overheads that will add back to our margin.

**Jainam Shah:** Sir, the last question relates to the debt. As we are getting money from Marubeni in this quarter, and along with that, we are foreseeing some BD to convert into the land bank as well, how we are planning the debt number or our net debt to equity? What's the targeted number for that?

**Rahul Talele:** Our current net debt to equity is around 0.2 and we have the approval from the board till 0.5. As and when required, we are certainly going to leverage to take the advantage of good market conditions. Likewise, just to tell you, we have taken the pre-approval from the bank itself. At the right time, we will take the disbursements.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Rahul Talele – Chief Executive Officer, for closing comments. Thank you, and 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 Dipti Rajput at KPDL. Looking forward to interacting with you in the next quarter.

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

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