KOLTE • PATIL
Creation, not construction.

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: 17 November 2022

Sub: Transcript of Q2 FY23 Earnings Conference Call held on 10 November 2022

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 "**Q2 FY23 Earnings Conference Call**" held on 10 November 2022 at 05.30 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

Kolte-Patil Developers Limited

Encl: As above

Kolte-Patil Developers Limited

Q2&H1 FY23 Earnings Conference Call

November 10, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Kolte-Patil Limited Q2 and H1 FY23 earnings conference call. As a reminder, all the 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, please signal an operator by pressing "*" then "0" on your touch-tone telephone. Please note that this conference is being recorded.

I now hand 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 Q2 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 – Head of Finance.

Before we begin, I would like to state that some of the statements in today's discussion may be forward looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available on the Q2 and H1 FY23 Results Presentation that has been sent out 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 today to discuss the operating and financial performance of Kolte-Patil Developers for Q2 and H1 FY23. I would like to begin by sharing with you our views and takeaways on the real estate environment followed by a discussion on the second quarter performance and the way forward. Dipti will then take you through the key financial highlights, following which we will be happy to answer any questions that you may have.

It is encouraging to observe the revival in the housing market across key geographies and demand segments. Despite the rise in mortgage rates, housing demand remains buoyant with growing preference for leading real estate brands that have emerged stronger and are attracting a greater share of customer engagement. Strong balance sheet and access to liquidity is another differentiator supporting growth. This virtuous cycle has further accelerated over the recent past, with preference for larger homes based on emerging flexible hybrid work engagement offered by employers.

Coming to the operating performance during the first half of the financial year, we reported sales value of Rs. 812 crore, marking a year-on-year growth of 20%. The corresponding sales volume expanded by 9% to 1.17 million square feet. For Q2, sales value was Rs. 367 crore and volume stood at 0.56 million square feet. Importantly, realization continued to improve during H1 FY23, up by 10% year on year, driven by contribution from across projects. Strong execution capabilities demonstrated by our teams across projects translated into firm collections that improved in H1 by 34% year on year to Rs. 878 crore. Q2 collections were higher by 8% year on year. Our business diversification strategy remains on track, with projects outside Pune contributing 27% of sales value during H1 FY23.

While we see accelerating momentum on key operating aspects of the business in the second half of the year, Q2 has been slower due to some shifts in scheduled launch timelines that are likely to be announced over the next few weeks through the course of the rest of the current financial year. As indicated earlier, existing projects, our judicious business development initiatives, and scheduled launches have an aggregate top line potential of approximately Rs. 7,710 crore are on track. Over the years, we have outperformed in the second half compared to the first and we expect to continue on the same trend in FY23.

Overall, we continue with a target of 25% to 30% sales value growth in the current financial year and are building traction from the medium- and long-term perspective as well. Here, I would like to share that we have received all the required approvals for our residential project Sukh Niwas in Khar, Mumbai, and are ready to launch in the coming days. For most of the priority launches that we have mentioned in our presentation, we have received most of the key approvals including environmental clearance and are in the final leg of receiving pending approvals.

At KPDL, we believe prudent investment and strategic partnerships have enabled us to deliver on our growth plan. In a recent development, the company, through its wholly owned subsidiary, Sampada Realities Private Limited, has entered into an agreement with Planet Smart City for strategic land monetization of a portion of its project Little Earth at Kiwale, Pune, for Rs. 78 crore for joint development of 0.65 million square feet. The agreement with Planet takes place through an SPV which is owned by Planet and KPDL in the ratio of 83% and 17% respectively. This said land parcel is a part of KPDL's recent acquisition of Sampada Realities that has residential development potential of ~2.5 million square feet. This is the third project we have undertaken under our residential development platform with Planet Smart City, following the previously launched joint initiatives at Universe at Life Republic and Three Jewels, both in Pune.

In addition, to further our business development agenda, we have received an approval from the Board today for issuing redeemable, non-convertible debentures on a private placement basis aggregating up to Rs. 206.5 crore. KPDL continues to benefit from the buoyant housing demand, especially in the post RERA-led consolidation world. Strong brand recall, best-in-class living spaces and strong execution capabilities position us well in our ability to drive growth, deliver on target, and create long-term value.

With that, I now hand over the proceedings of this call to Dipti, who is a new joinee as IR head with us, to provide a financial overview.

Dipti Rajput: Good evening everybody. I will now briefly take you through our financial performance for the quarter and half year ended 30th September 2022.

Based on the CCM-based accounting, in Q2 FY23, we reported revenues of ~Rs. 123 crore. And for H1 FY23, revenues stood at ~Rs. 323 crore. Our EBITDA for the quarter and half year stood at a negative of Rs. 5.6 crore and Rs. 41.3 crore respectively.

During the quarter, we reported a loss to the tune of Rs. 8.8 crore. And for H1 FY23, our profits and after tax, post minority interest stood at Rs. 12.4 crore. Here, I would like to remind you that recognition of revenue and profits are dependent on the timing of the project completion based on statutory accounting guidelines. Our net debt to equity stands at 0.26 as on September 30th, 2022. The liquidity in our business operations remained strong. Operating cash flow for H1 FY23 stood at Rs. 192 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 request the moderator to open the line for Q&A.

Moderator: Ladies and gentlemen, we will now begin the question & answer session. 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: I had a question on the sales performance. In the last 4 years, we have seen business development and a lot of activity has happened. Nearly 8 million square feet of new projects we would have added, but in terms of launches, it has been pretty slow. We have come to a situation that whatever is ongoing and unsold, that is equivalent to only one-half of saleable inventory. And we had multiple projects to launch and we see delays in many of those projects. What could have we done better on launches? And what is the urgency on that side? Because there is a window when you do pretty good sales and traction and we would be one of the very few real estate companies whose sales volume-wise is down YoY. We peaked around Q3 FY22. After that, every quarter, volume has been coming off for the last 4 quarters. Any thoughts on that? Or what went wrong and how are we improving the situation?

Rahul Talele: Because of the delay in the certain set of approvals, all the planned launches of Q2 are getting postponed to Q3 and Q4. We have mentioned in our investor presentation as well, there are priority launches of around Rs. 7,700 crore worth potential. Out of these 13 launches, for 11 projects, we have already received the environmental clearance which is the most time-consuming and key approval for the launch. And now the smaller approvals or local level approvals are in process. Though we accept that there is a delay in the launches, we are confident at the same time that these projects will be launched in this financial year itself. Out of that, we are planning to launch phase 1 of close to more than Rs. 4,000-odd crore. And yes, we do agree the sustenance inventory is depleting. And hence, we are focusing on the priority launches and these launches are certain now and you will see the announcement very soon in next few weeks and next few months.

Himanshu Upadhyay: And what is the level of preparation on the ground in terms of channel partners and everything? If we are able to launch…. because the festival season in the third quarter is already over, but in terms of traction and groundwork, how prepared are we that we can at least cross last year's benchmark and have some volume growth? Any thoughts on that?

Rahul Talele: Himanshu, we utilized this time positively to work on the backend of the operation. So, let it be the readiness at the site in terms of the show flat or in terms of the marketing collateral, having the meetings, discussions with the channel partners, giving the training sessions to the internal team as well as the extended team as well as taking advantage of the technology when we are talking about volumes. We are well placed in most of the aspects to get the benefit of a good launch momentum once we launch these projects.

Himanshu Upadhyay: The launches of Rs. 6,000 crore, nearly Rs. 7,000 crore, we are expecting from Q3 of FY22 as per the slide, but do you think the prices have increased and we would have better margins in these projects? Or do you think the inflation would take away whatever margin improvement that can be there in the launches what we had planned earlier?

Rahul Talele: Himanshu, I will try to answer in 2 parts. The first part is, for all those projects which we have acquired like Baner or Kiwale or Tathawade, for these projects or for that matter the Mumbai projects, whatever the price we have underwritten at the time of acquisition, we are bettering in terms of the pricing over there. And particularly for our own land bank – let me give you an example of Life Republic. We have increased the price to the tune of 7% to 10% in the last 1 year. And certainly, we are confident that these projects will get launched at a premium rate as compared to the earlier sustenance inventory. Certainly, that will add up to better margins. And in terms of the commodity price impact, we have already absorbed that price impact in all of our ongoing projects. For new projects, we are increasing our APR. Just to give you an example, Baner project, we have underwritten at Rs. 7,500 and now we are planning to launch that at Rs. 8,500. And my cost impact is to the tune of Rs. 100 to Rs. 150 for that project. We are taking advantage of the positivity in the industry, positivity in the customers' mind. At the same time, we are completely addressing the cost impact till date.

Himanshu Upadhyay: Hope we have a much better second half than what we have seen in the first half, at least on the sales side.

Rahul Talele: Yes, certainly. We are confident, Himanshu, on that.

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

Shreyans Mehta: Sir, my question pertains to the guidance. We still continue to maintain the 25% to 30% growth guidance despite a muted H1. I just wanted to understand what is giving you the confidence. I agree that we might be launching a couple of projects in the second half, but given the way things are panning out, do you actually foresee that we will be able to achieve that? That is my first question. Second, in terms of the slide wherein we have lined up the key priority launches, can you give some flavor as to the key big projects which you are targeting probably in third quarter and fourth quarter? And my last question pertains to the deal which we did with Planet Smart. Just wanted to understand the rationale behind doing this deal? Why are we not doing it on our own and why are we doing it via Planet Smart?

Rahul Talele: Shreyans, we are getting a good response in Q3, and we are confident that we will get the same or rather better response in all our new launches. We are confident in terms of getting the volumes through new launches. Though we have launched a very limited new inventory in the last 2-3 quarters, but we could offload 30% to 50% of the inventory in 3 to 6 months. So, we are confident of achieving better numbers certainly in the second half of this financial year. Regarding the priority launches, out of this, we are confident that all these projects will get launched in the next maximum I mean the outer limit is maximum 4 to 5 months and the earliest limit is next 15 days. A few projects will come in Q3 itself and the spillover will be there in the early part of Q4.

And to answer your third part of the question regarding Planet Smart City, as a part of the group, we strongly believe to achieve the financial closure as early as possible in the project. At the same time, it is not just a financial partnership. It is beyond that. They are bringing value in terms of some strategic tie-ups in terms of some technology innovation. We want to take advantage of that. At the same time, we are getting a cash neutral point of view in the beginning of the project itself. Whatever, from a cash flow perspective, we have invested in the project, we are getting paid back through this deal. On the other perspective, IRR for this deal will look significantly higher.

Shreyans Mehta: Sir, can you just give some color on the structure? Right now, we would be doing 0.65. And the balance will also come via this or probably we would be doing it on our own?

Rahul Talele: Simultaneously we are going to develop 2 projects. One project will be through Planet and the other project, the rest of the part will be independent by Kolte-Patil. Development will be simultaneous development and the product offering will be a little different.

Shreyans Mehta: Wouldn't it be unfair because we would be competing within our projects?

Rahul Talele: Shreyans, that is what I said. The amenities and the kind of internal specifications for the Planet projects will be different, and the subsequent phases that we are planning to launch on our own, the specifications and the sizes will be different.

Shreyans Mehta: Just a followup. How would the Planet Smart deal be in terms of structure? Right now, we have sold the land and the land will move from our books to that JV. And the responsibility of the sales would be shared 50-50 or how will the economics work?

Rahul Talele: Economics is 83% of Planet and 17% of Kolte-Patil. And everything will be prorated distributed.

Shreyans Mehta: 17% of top line or profitability?

Rahul Talele: 17% of profit.

Moderator: We have the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: In this first half, the sales which we have done is largely all sustenance sales, right? There were no major new launches.

Rahul Talele: That's correct, Parikshit.

Parikshit Kandpal: In the second half, as we are planning to launch about…. This Rs. 4,000 crore which you said, this you are going to bring in phases or this will be like opened all together across projects?

Rahul Talele: The total potential of my approved inventory will be Rs. 7,700 crore. Out of that, around Rs. 4,000 crore will be launched immediately.

Parikshit Kandpal: This will be launched and open for sale. You are saying close to about Rs. 4,000 crore will be open for sale. And typically, how much sales we do during the launch period? How much we target? Is it like 25% or 30%? Before we increase the prices, what is our target of selling?

Rahul Talele: Let me try to explain. For affordable and MIG products like Life Republic, over there, we try to push maximum inventory during the first 6 months of the launch in the range of 40% to 60% inventory. And for the premium projects like maybe Baner, Pimple Nilakh, our target is to achieve at least 30% to 40% inventory in the first 3 to 4 months.

Parikshit Kandpal: That means in the second half, depending on the timing, you could book anywhere from Rs. 1,500 crore to Rs. 2,000 crore of sales?

Rahul Talele: Yes, Rs. 1,500 crore.

Parikshit Kandpal: So, incrementally, second half, you are looking to do almost Rs. 1,500 crore of sales?

Rahul Talele: That's correct. Maybe around Rs. 1,200 crore from this new launch inventory and around Rs. 300 crore from the sustenance inventory.

Parikshit Kandpal: So, you are in the second half targeting over and above the first of about Rs. 1,500 crore, including Rs. 1,200 crore of new and Rs. 300 crore of sustenance sales?

Rahul Talele: That's correct.

Parikshit Kandpal: The second question is on business development. A large part of the pipeline you said is already like which you said Rs. 7,000 crore to Rs. 7,500 crore, all approvals are in place right now, right?

Rahul Talele: Yes, most of the approvals are already in place for this Rs. 7,000 crore worth inventory. The key approval is the environment clearance. We have received the environmental clearances for all projects except Pimple Nilakh.

Parikshit Kandpal: After EC comes in, typically, how much time do you think the balance approvals will take before you go to launch?

Rahul Talele: Post-EC, it is a journey of maximum 45 to 60 days. Already, for a couple of projects, we have applied for RERA and a couple of projects we have applied for local level approvals. Hence I am talking about the next few weeks to next few months. Certainly, considering so much of projects are getting launched, we are planning our launches accordingly so that we can get maximum traction at the individual project with the same set of internal stakeholders or team.

Parikshit Kandpal: How this inventory will be like in third quarter, you said Rs. 4,000 crore which you plan to open. Out of that Rs. 4,000 crore, how much will be open in the third quarter and how much in the fourth quarter?

Rahul Talele: Around Rs. 1,500 crore to Rs. 2,000 crore in this quarter itself and the remaining will be spilled over into next quarter.

Parikshit Kandpal: And on the business development side, because a large part of the pipeline is now almost there - having a large part of the approvals because the EC is already done, over the next 6 months to 12 months, how do you envisage the business development pipeline building out both in premium and MMR? If you can give us some sense or color on that.

Rahul Talele: Currently, at this moment when we are speaking, around 9 advanced levels of deals we are working upon. Out of that, 6 deals are in Pune and 3 deals are in Mumbai. Apart from that, we are working on 1 deal in Bengaluru as well. This will get closed out. As I mentioned in earlier calls also, we have a very stringent due diligence process, but we are confident to close the significant worth inventory of new projects in the next few quarters that is to the tune of Rs. 6,000 crore to Rs. 7,000-odd crore. And that is one of the reasons that we have strategically monetized our small portion of land in Kiwale and we have taken the enabling resolution from the Board as well to raise further Rs. 200 crore. That will be deployed for the business development activities. And on top of that, when I was referring to moving sustenance inventory, my sustenance inventory is giving us a good collection to the tune of 80% to 90% immediately. That was the intent so that all this free cash flow can be utilized to invest for the new business development opportunities. We are confident that this much of around Rs. 6,000 crore to Rs. 7,000-odd crore worth of business development we are going to close in the next few quarters.

Parikshit Kandpal: A few quarters means 6 to 12 months, maximum up to a year this will be closed?

Rahul Talele: In the next 6 to 12 months.

Parikshit Kandpal: Out of the total Rs. 6,000 crore, how much is the split between Mumbai, Pune, and Bengaluru?

Rahul Talele: Mumbai is Rs. 2,000 crore, Pune is around Rs. 4,000 crore, and around Rs. 500 crore is from Bengaluru.

Parikshit Kandpal: And in terms of capital outlay, you said Rs. 200 crore of enabling resolution is the fund raise. So, what will be the total outgo on the land acquisition in this? Out of the GDV which you will add, how much will be the deployment towards land? On an outright basis, how much will be JV and JD?

Rahul Talele: On a composite basis, we are expecting an outflow to the tune of Rs. 450 crore to Rs. 550 crore.

Parikshit Kandpal: Mostly these projects are largely on outright basis, all this Rs. 6,000 crore of addition which will happen?

Rahul Talele: It is a blend of a joint venture as well as the structured outright. When I am referring to structured outright, we generally try to take the tranche payment facility by landowners so that we can internally generate the free cash flows from the project itself to the tune of the further tranches.

Parikshit Kandpal: We are going to do a staggered payment basically?

Rahul Talele: Yes.

Parikshit Kandpal: This is a QIP resolution? Or is it the debt limit which you are looking to do?

Rahul Talele: This is a debenture resolution.

Parikshit Kandpal: So, you are not going to raise any equity. You have headroom on the balance sheet to basically take more debt. Because of our balance sheet, debt is very low, right?

Rahul Talele: Yes.

Parikshit Kandpal: So, no new dilution and you can internally fund it partly through the profits and partly from issuance of debentures?

Rahul Talele: Absolutely.

Parikshit Kandpal: If I see between now and the next 12 months, there is a very strong launch pipeline and a very strong business development pipeline which could result in a very significant growth on the pre-sales for the next year.

Rahul Talele: That's correct.

Parikshit Kandpal: So, how much growth we are expecting for FY24 on pre-sales, sir? That's my last question.

Rahul Talele: We are maintaining the growth guideline given earlier of 25% to 30% for this financial year as well as next financial year.

Parikshit Kandpal: I look forward to these additions to our order book.

Moderator: We have the next question from the line of Rajat Setiya from ithought PMS. Please go ahead.

Rajat Setiya: Sir, just one question. We were expecting to do deliveries of 3 million square feet to 3.5 million square feet in this year, valuing around Rs. 1,600 crore or Rs. 1,800 crore and we were also hoping to do OCF of Rs. 700 crore. Do you think with the first H1 that we have done, we will be able to achieve those targets?

Rahul Talele: Yes, certainly, Rajat. There are multiple occupation or completion certificates lined up in Q3 and Q4. So, we are confident of achieving that guideline.

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

Dhwanil Desai: The first question I have is if you can give a little bit more granular detail about our launch pipeline? Which of the projects you think will get launched in Q3 and which will flow over into Q4 out of the priority launches and LR, both?

Rahul Talele: Baner is certainly going to get launched in Q3, likewise, Kiwale. These 2 projects will certainly get launched in Q3. Apart from that, Sukh Niwas, we have already received the RERA. So it is getting launched in the next 15 days. Golden Pebbles, which is a Mumbai project will get launched in the last week of Q3 or early January. Raaga project, again, will get launched in the first half of January. At LR, R13, then row houses, R16, R1D, and R10D, all these projects will get launched in Q3 itself.

Dhwanil Desai: Second question is, you say that we have 9 active BD discussions at a pretty advanced stage. But in your experience, typically, what are the showstoppers in terms of once the deal reaches that advanced stage, what are the kind of issues that can crop up? And how do you rate all the deals from some of the showstopper aspects that can kind of throw the deal away?

Rahul Talele: Dhwanil, the major hurdle is the title clearance. Apart from that, when I am talking about we have closed or we are in an advanced stage of discussion on these 9 deals, commercial discussion has already been closed. Now due diligence happens on 3 fronts. One is the revenue front. When I am talking about the revenue, all the title flow related things. The second is the technical due diligence regarding the various changes in DCR, various changes in the possession of the property is there or not. And the third is from the complete technical perspective about the construction technology and the like. But these 3 things are pretty much solvable. The biggest challenge is the title. For the title, we generally try to do very detailed, in-depth due diligence. In terms of time, it takes 2 months to 4-5 months for us.

Dhwanil Desai: So, generally, title clearance part comes after the commercials are closed and you get into the due diligence mode and that is how it works, right? So, commercials are never a challenge once you reach an advanced stage?

Rahul Talele: No. When I am talking about these deals, we have already closed on the commercial part. Now we are discussing on or rather the information is getting shared on the title and other things.

Dhwanil Desai: I think for us to reach whatever target of 25% to 30% growth and since most of the launches even in Q3 are going to be towards the end of the Q3, not much to be sold in the Q3 in that sense. So, Q4 has to be pretty large. That is what is the expectation, right?

Rahul Talele: Dhwanil, we are confident of bettering our numbers in Q3 as well. And certainly, since all projects will be at the launch stage in Q4, Q4 will be a much better quarter as compared to Q3.

Moderator: We have the next question from the line of Alpesh Thacker from Antique Stock Broking. Please go ahead.

Alpesh Thacker: Sir, my first question is, given interest rate hikes and the tech-side job losses that are happening, which is one of the key driving aspects of Pune housing market, how do you see the industry demand momentum shaping up going into the second half and further into FY24?

Rahul Talele: Yes, we do agree there is an increase in the interest rate, but at the same time, we have to see from multiple perspectives. One is the wage growth that most of the employees have seen, particularly the employees who are working in consulting as well as the information technology side. There is a huge amount of wage growth seen in the last couple of years. Apart from that, the property prices in the last 7-8 years have not gone up more than 15% to 20%. And if you do the mathematics on these 3 parameters, properties prices, the wage growth and the interest rate, still we are at the best in terms of the affordability. So, yes, we do agree people can postpone their decision or they can opt for maybe a compact house as compared to their earlier expectation. But certainly, post-COVID, demand is very strong. As a group, we are relying on the end users and the end user demand is very strong and we don't see any deviation in our guideline because of this. As plan B, even if the interest rate goes beyond certain limit, maybe if there is a hike of 100 basis points, we have done the analysis internally, what can be the probable impact and how we can absorb that impact in order to give the fixed rate kind of arrangement to the customer for the next 2 years.

Alpesh Thacker: My second question is, how much percentage of your homebuyers would be taking home loans – ballpark?

Rahul Talele: For a MIG product, it is around 70% to 80% and even in that, if the property is of, say, Rs. 100, the average loan size will be in the range of Rs. 60 to Rs. 70. And for the premium projects, the average loan size in terms of the value of the property is lesser, maybe 50%.

Alpesh Thacker: Also, we are one of the real estate developers with a very good balance sheet. And also there are growth opportunities out there that you are looking forward to. So, internally, what is the comfortable gearing ratio that we are okay taking up to pursue these growth opportunities?

Rahul Talele: Alpesh, we have already taken the approvals from the Board for 0.5 debt-to-equity ratio. And yes, when we are talking about the new business development deals, we can opt for that kind of approach in the future. We have 3 possibilities. One is the internal accruals. Second is the arrangement that we have done with the Planet or there are multiple such partners that we do have. And the third is further leveraging.

Alpesh, I would like to mention one more thing over here. Since most of our projects will be at the launch stage, and in the first year of the launch we are confident of achieving good volumes. There will be significant free operating cash flows because I will be spending very less and the collections will be high because of the RCC slab. There will be very strong internal accrual in the next few quarters.

Moderator: We have the next question from the line of Rohit Balakrishnan from ithought PMS. Please go ahead.

Rohit Balakrishnan: Rahul, I had a couple of questions. I think we had indicated previously that we wanted our pre-sale numbers to grow around 25% to 30%. And you said that you are still confident to achieve that in the H2. But even on a reported basis, as you had mentioned previously in the calls that given it will be deliveries heavy, we also see strong growth on that side. Given 2 quarters have been finished, just wanted to get your view on that. Do you still stand by the fact that even on a reported basis – I know reported basis is more backward looking, but just to understand, are there any delays or anything on that side towards deliveries?

Rahul Talele: Rohit, there are occupation certificates lined up in our 3 projects. That will come in the next 3 to 4 months and will get recognized at the end of Q3 and Q4, mostly in Q4, and we are confident of achieving around Rs. 1,300 crore to Rs. 1,500 crore of top line.

Rohit Balakrishnan: In the next couple of quarters?

Rahul Talele: Yes, in this financial year itself.

Rohit Balakrishnan: This you are saying is the residual revenue or is it going to be the total top line? Because I think we have done close to....

Rahul Talele: Total incremental top line. Since in real estate we follow CCM, it will be a total top line of the inventory wherein we get the OC.

Rohit Balakrishnan: No, I was asking that the OC that are remaining to be recognized, the revenue that is going to be recognized over the next couple of quarters, that is around Rs. 1,300 crore to Rs. 1,500 crore or you are saying that the entire year, it will be Rs. 1,300 crore to Rs. 1,500 crore, including the quarters that have just gone by?

Rahul Talele: Incremental top line.

Rohit Balakrishnan: Sir, the second question was, I missed even though I think you explained, we have done a deal with Planet Smart on the Kiwale. Can you just explain that, what we have done? I could not understand it. My line was not very clear.

Rahul Talele: Kiwale, this is the project in West Pune at the beginning of Mumbai-Pune Expressway. We have acquired this ready-to-launch asset. We have now reorganized the product mix and we are launching this project soon. This has a potential of around 25 lakh square feet. Out of that, around 6.5 lakh square feet has been sold to this SPV wherein the Planet is 83% and we are 17%.

Rohit Balakrishnan: And the other question was, sir, in terms of pre-sales this year, assuming we do the growth, what would be the mix of Mumbai, Bengaluru, and Pune roughly? You have held around 25%. Do you think this will continue?

Rahul Talele: Mumbai and Bengaluru combined in H1 is 27%. Since there are launches lined up of Sukh Niwas and Golden Pebbles in Mumbai, we are confident of achieving 30% to 32% coming from Mumbai and Bengaluru and rest will be from Pune and Life Republic.

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

Shreyans Mehta: Sir, I was referring to your previous presentation wherein we had lined up a plotted development in the LR project wherein in this presentation, it has been removed. Any particular reason for it?

Rahul Talele: If you have seen the LR presentation, we have added the row houses. We are confident that we will be getting a good response in our row houses. The per-acre realization in row houses is much better as compared to a plotted development. Hence, simultaneously, we are taking the approvals for plotting at township as well. We have received the environmental clearances for plotting as well as township but we want to see the progress in the row house sales. If we get a good response over here, we will convert that plotting also into row houses for a better cash flow realization.

Shreyans Mehta: And secondly, the question pertains again to, say for example, if we do 25% to 30% this year and we will be closing anywhere between, say around Rs. 2,000 crore to Rs. 2,200-odd crore – and, again, we are talking about 30% growth – just wanted to understand, for us to achieve that number, we need to have a

BD pipeline or a pipeline of roughly around Rs. 12,000 crore to Rs. 13,000-odd crore, of which some would be coming from the existing phases and inventory. So, how do you address the balance?

Rahul Talele: Shreyans, there is a current sustenance inventory of around 1 million square feet. On top of that, we are launching this 11 million square feet. We are taking approval for this ~11 million square feet. So, in toto, in the next 3 to 4 months, we will be having a sanction of close to Rs. 8,500 crore worth inventory. On top of that, when we are discussing about the business development opportunities, simultaneously, we are finalizing our plans wherever we are confident of concluding the deal soon. And we are planning to apply to the various authorities, particularly for the environmental clearance so that by the time we close the deal, that deal or that project will be launch-ready. So, we are confident we will have around Rs. 8,500 crore worth inventory; if you see, Rs. 2,100 crore - Rs. 2,300 crore of pre-sales numbers this year, maybe around the same set of growth next year - so, close to Rs. 3,000 crore and maybe Rs. 4,000 crore. We have given a guideline earlier, in the next 3 years we want to achieve a pre-sales number of Rs. 8,000 crore to Rs. 9,000 crore. That is very much possible through our existing inventory itself. On top of that, we are very aggressively trying to close the business development deals. That will make our task easier, and once we have a good amount of inventory, we can command a better price realization and we can come up with a better premium product offering.

Shreyans Mehta: And sir, if you could highlight the existing BD pipeline where we are negotiating, in case of a few major projects, and in terms of GDV or potential, anything on that front?

Rahul Talele: Out of 6 projects in Pune, around 2 projects are outright, one is structured outright, and the rest are joint development projects in Pune as well as in Mumbai.

Shreyans Mehta: And in terms of any number – potential GDV?

Rahul Talele: Potential GDV is Rs. 6,000 crore.

Moderator: We have the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My question is, this year how much is the total area you are looking to deliver in terms of million square feet?

Rahul Talele: This year, around 2.5 million to 3 million square feet.

Parikshit Kandpal: And you said the top line will be…. In the first half, we have done Rs. 320 crore. So, you think that in the second half we will do about Rs. 1,300 crore to Rs. 1,500 crore?

Rahul Talele: That's correct.

Parikshit Kandpal: So, total for the year, it could be anywhere from Rs. 1,600 crore to Rs. 1,800 crore to Rs. 1,900 crore revenue?

Rahul Talele: Rs. 1,500 crore to Rs. 1,800 crore.

Parikshit Kandpal: And EBITDA margins here will be in the range of 20% to 25% on this project?

Rahul Talele: Yes.

Parikshit Kandpal: And partly this will come in third quarter and a large part will come in 4th quarter, right? So, 4th quarter will be very heavy?

Rahul Talele: Yes, a large part will come in the 4th quarter.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Rahul Talele: Thank you for your participation on this call and your continued support. If you have any further questions, please feel free to reach Dipti Rajput at KPDL. Thank you very much.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Kolte-Patil, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
