



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,
Bombay Stock Exchange Limited,
Corporate Relationship Department,
1st floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

February 23, 2016

Sub: Transcript of earnings conference call of Kolte-Patil Developers Ltd.

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

Dear Sir/Madam,

Please find enclosed transcript of earnings call held on 15 February 2016 of Kolte-Patil Developers Limited for the quarter ended December 31, 2015.

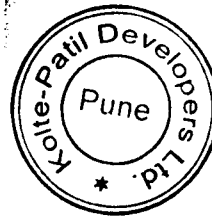
This is for your information and record, please.

Kindly acknowledge the receipt of the same.

Thanking you,

For Kolte-Patil Developers Limited

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



Encl: As above

KOLTE-PATIL DEVELOPERS LTD.

CIN : L45200PN1991PLC129428

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Kolte Patil Developers Limited

Q3FY16 Earnings Conference Call Transcript

February 15, 2016

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Q3 FY16 Earnings Conference Call of Kolte Patil Developers. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like hand the conference over to Mr. Shiv Muttoo of CDR India. Thank you and over to you, sir.

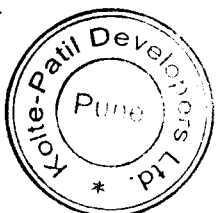
Shiv Muttoo: Thank you, Darryl. Good Evening, Everyone and Thank You for joining us on the Q3 FY16 Conference Call of Kolte Patil Developers Limited. We have with us today the company's management team represented by Mr. Gopal Sarda and Mr. Atul Bohra. Before we begin, I would like to state that some of the statements in today's discussion maybe forward-looking in nature and may involve some risks and uncertainties. A detailed statement in this regard is available on the Q3 FY16 Results Presentation that has been provided to all of you earlier.

I would now invite Mr. Gopal Sarda to begin the proceedings on the call. Thank you.

Gopal Sarda: Good Evening, Everyone. A Very Warm Welcome to Everyone Present and Thank You for Joining Us Today to Discuss the Operating and Financial Performance of the Company for the third quarter ended 31st December 2015.

The onground scenario continues to be sluggish where consumer sentiment remains subdued and buyers are still deferring their decision cycle. We have still managed to record 0.52 mn.sq.ft. of new area sales during the quarter as compared to 0.46 mn.sq.ft. in the last quarter. Our average price realization stood at Rs.5,863 per sft. translating into a new sales value of Rs.304 crore in Q3 FY16 compared to Rs.282 crore recorded last quarter. collections were at Rs.187 crore.

A significant development during the quarter was the Rs.120 crore co-development agreement with Metropolitan Lifespace, JP Morgan Asset Management entity for our Mumbai redevelopment project, Jay Vijay Society. The transaction is a big positive for us in terms of acceptance of our project in the market with our association with the global leader. Given that we are receiving a significant portion of the payment upfront, we have financial closure in place and we can time the sales of the balance inventory in such a way as to extract strong average realization from the project. Importantly, for us the transaction drives strong momentum to our Mumbai operations which is expected to be a significant part of our growth strategy going forward and will enhance our ROCE. The society members at Jay-Vijay have been vacated and shore piling work is in progress. The launch of the project is planned in



Q4 FY16. Our first project, Link Palace, is tracking well and project completion is expected in the next 18-24-months.

We also completed the buyout of 100% stake in our Corolla Project. We saw an increase in our debt position as a result of this transaction. This is one of our established projects targeted at the MIG segment and a strong volume driver for the company. Overall cash flow visibility from Phase-II and Phase-III, totaling 3 mn.sq.ft, is to the tune of Rs.550-600 crore over the next 4-5-years making it an attractive proposition. All approvals are in place and Phase-II of the projects is currently under execution.

Coming to our financial performance in Q3 FY16, revenue stood at Rs.165 crore as compared to Rs.155 crore in Q2 FY16 and Rs.220 crore in Q3 FY15. Q3 last year included Rs.36 crores from sale of ready commercial project, Alyssa, in Bengaluru. EBITDA came in at Rs.43 crore as compared to Rs. 41 crore last quarter and Rs.66 crore in Q3 FY15. Profit after tax stood at Rs.13.4 crore as compared to Rs.13.2 crore last quarter. We expect our financial performance to improve going forward as greater proportion of 100% owned projects and higher margin projects come up for revenue recognition.

To conclude, the on-ground realities continue to be weak. In these times, we are focusing on driving operational efficiencies through tight cost control. Our launch pipeline is strong and majority of our product portfolio is in the lower than Rs.1 crore ticket size which finds better visibility with buyers.

With that, I thank you for the participation in this earnings call and your continued interest in Kolte Patil. I would like to now ask the moderator to open the line for questions for further discussion.

Moderator: Thank you very much. We will now begin the Question-and-Answer Session. Our first question is from the line of Anil Kini from Envision Capital. Please go ahead.

Anil Kini: What would be un-booked revenue till date right now?

Gopal Sarda: Right now it would be around Rs. 2,000 crore.

Anil Kini: When you are saying that your financials will improve going forward because 100% owned projects and high margin projects will come in would you like to give some guidance going ahead probably?

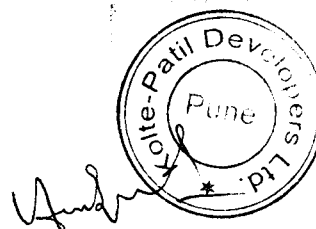
Gopal Sarda: This year we have given a guidance of around Rs. 750 crore with a maximum deviation of 5-7%. For FY17, it all depends upon the response to the new launches. We are expecting to launch Wakad in Q4 FY16 and in Q1FY17, we are expecting to launch R1 sector in our township Life Republic. So hopefully we would expect to maintain the same momentum going forward. However, if we get a better response out of the new launches then the financial parameters are expected to show drastic improvement.

Anil Kini: What are the realizations that you are expecting in Wakad?

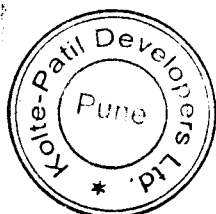
Gopal Sarda: Minimum Rs. 6,000 per sft. plus.

Anil Kini: You will be launching the project in the third week of February, right?

Gopal Sarda: Yes, that is correct.



- Anil Kini:** What would be our consolidated debt position as of now?
- Gopal Sarda:** As of 31st December, 2015, the consolidated debt position is around Rs.605 crore.
- Anil Kini:** How do you see this shaping up over next one quarter and next one year, what is the plan on the debt side?
- Gopal Sarda:** If you can see, clearly this quarter itself the debt has gone up by more than Rs. 200 crore. There are three reasons – one is we have completed our Corolla buyout, second is we have incurred some expenses towards premiums, TDR purchase and pre-launch expenses towards Wakad; and the last is we have deployed some money for Mumbai expansion. As you can see in the Corolla Project itself, we are going to sell 3 mn.sq.ft. in next 4-5-years, out of which 0.55 mn.sq.ft. we have already sold. So in total Rs. 600 crore free cash flow before tax are expecting from Corolla itself. Therefore cash flow visibility is quite strong. Over a period of time you will see reduction in the debt.
- Anil Kini:** When you say you have deployed more money for Mumbai expansion, so can you just brief as to what exactly are we doing?
- Gopal Sarda:** So there are two projects – one is Link Palace and the other is Jay Vijay. Since we have got all the approvals, so we have to incur expenses towards corpus, rental and we have to pay the upfront amount towards the premium. So in Jay-Vijay we have deployed around Rs.15-16 crore towards premium charges and around Rs. 22 crore towards corpus and rental. For Link Palace another Rs.15-17 crore towards the premium and TDR purchase.
- Anil Kini:** How much would you have received from the JP Morgan deal upfront?
- Gopal Sarda:** Upfront we have received Rs. 45 crore.
- Anil Kini:** How much of the debt portion has increased because of Mumbai when you are saying your debt has increased because of Mumbai expansion?
- Gopal Sarda:** You can consider around Rs.35-38 crore.
- Anil Kini:** At the same time you have received Rs. 45 crore, right?
- Gopal Sarda:** Yes, I will give you a clarity on this; In order to get the full IOD, we have to incur huge expenses towards TDR, premiums such as open deficiency premium, stair case and lobby premium, then towards corpus, rentals, stamp duty payments, . So out of the total investment, Rs. 45 crore has been contributed by JP Morgan and balance we have put in as our own contribution. For this particular, Jay-Vijay Project, our economic share is around 1,05,000 sq.ft. as a saleable area, out of which we are expecting Rs. 250-255 crore as a total top line and the entire cost of the project for us is around Rs.160 crore. So you can expect the free cash flows of around Rs. 90-95 crore in next 30-36-months' time.
- Moderator:** Thank you. The next question is from the line of Varun Joshi from Religare. Please go ahead.
- Varun Joshi:** The gross debt that you mentioned is around Rs. 605 crore and I am assuming that does not include the convertible debentures in Tuscan and the Kondhwa Projects. If we were to consider that then what would that number look like?



Atul Bohra: That is included in Rs.607 crore. Without considering the convertible debentures in Tuscan and Kondhwa projects and the cash and cash equivalents and current investments, the net debt number is Rs.415 crore.

Moderator: Thank you. The next question is from the line of Nicolas Degraaf. Please go ahead.

Nicolas Degraaf: I have got a question on slide #13 of the Presentation. In the table I see that the Downtown project in Kharadi has been reduced by 0.5 mn.sq.ft. My question was why has that been reduced and what are your plans on the remainder 0.5 mn.sq.ft. now?

Atul Bohra: We have simply bifurcated the entire project into the sanction in hand and the upcoming area. So there is no change in the total saleable area. We have just added 0.5 mn.sq.ft. in upcoming rather than keeping into sanction in hand.

Nicolas Degraaf: Why has that been changed then now in the table?

Atul Bohra: Just to have a clear visibility on the sanction side. So if you refer slide #18 we added that upcoming area into our future developable potential.

Nicolas Degraaf: I thought the entire area had been launched, but that is not the case anymore I understand?

Atul Bohra: The entire project is launched, only difference is that 0.5 mn.sq.ft. is yet to get sanctions. That is why we just bifurcated it. To conclude, I guess the total saleable area for this particular project is 1.85 mn.sq.ft., out of which 1.32 mn.sq.ft. is sanctioned and balance 0.5 mn.sq.ft. we are expecting approvals in Q2 FY17.

Moderator: Thank you. The next question is from the line of Praneeta Deshmukh from Aditya Birla Finance. Please go ahead.

Praneeta Deshmukh: I have two questions; first, the employee related expense for both the quarters have decreased. Why would be this because is there an employee layoff or something happening in the company? Secondly, how is the response of Life Republic Township Project in Pune?

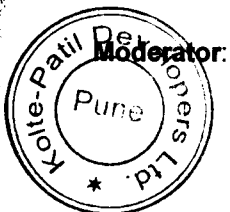
Atul Bohra: There are a few of the incentive provisions which in this quarter got reversed. That is a simple reason. There is no layoff per se, there is no reduction in the headcount. They are simply the old provisions of incentive which are getting adjusted in this quarter.

Gopal Sarda: As far as Life Republic response goes, In phase-I we were having 3.4 mn.sq.ft., out of which 3.21 mn.sq.ft., has been already sold. We have a lot of bookings or response coming for the project but we do not have new inventory. So the moment we will launch R1 sector along with the fresh two and three BHK product mix, I think the traction would be far better. Even after having less inventory, every month we are selling around 15-25 units over there, that too with an APR of Rs.5,600 plus. So the response is quite good over there.

Praneeta Deshmukh: The construction of the other phase would start in Q1 FY17?

Gopal Sarda: Yes, R1 Phase will start Q1 FY17 onwards, rest all 3.4 mn.sq.ft. we have already started with the possession. It is at the final and finishing stages.

Moderator: Thank you. As there are no further questions, I would now like to hand the floor over to the management for closing comments. Over to you, sir.

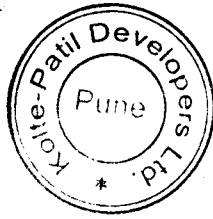


Gopal Sarda:

Thank you once again for your interest and support. We will continue to stay engaged.

Moderator:

Thank you very much members of the management. Ladies and Gentlemen, on behalf of Kolte Patil Developers that concludes this conference call. Thank you for joining us and you may now disconnect your lines.



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