विश्वासाचे प्रतिक

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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

September 20, 2016

Sub: Transcript of Q1 FY17 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 Q1 FY17 earnings conference call held on September 08,2016 of Kolte-Patil Developers Limited for the first quarter ended June 30, 2016.

This is for your information and record, please.

Kindly acknowledge the receipt of the same.

Thanking you,

For Kolte-Patil Developers Limited

Kolte-Patil Developers Ltd. Pune

Vinod Patil
Company Secretary and Compliance Officer
Membership No. A13258

Encl: As above

Kolte Patil Developers Limited

Conference Call Transcript
September 08, 2016

Moderator

Ladies and Gentlemen, good day and welcome to the Q1 FY17 Earning Conference Call of Kolte Patil Developers Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Varun Divadkar, thank you and over to you, Sir.

Varun Diwadkar

Thanks Karuna. Good evening everyone and thank you for joining us on the Q1 FY17 Results Conference Call of Kolte Patil Developers Limited. We have with us today Mr. Gopal Sarda and Mr. Atul Bohra representing the Management team on the call.

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 Q1 FY17 results presentation that has been sent to you earlier. I now invite Mr. Gopal Sarda to begin the proceedings of the call.

Gopal Sarda

Good afternoon everyone. A very warm welcome to everyone present and thank you for joining us today to discuss the operating and financial performance of our company for the first quarter ended 30th June, 2016.

We have started the year on a positive note as our recent initiatives are enabling improved financial and operational performance. We have recorded a strong uptick in our presales higher by 33% YoY and 17% QoQ to 0.66 million square feet, translating into a booking value of Rs. 370 crore. This was led by a strong response to the recent project launches at Wakad and R1 Sector in Life Republic, in addition to strong sales momentum in our established mid-income project, Corolla. Collections continued to be healthy at Rs. 229 crore this quarter. Realizations were lower in Q1 FY17 on higher contribution in the Corolla Project and Q4 FY16 included substantial sale of retail shops in Mumbai and Pune.

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Moving to the financial performance, Kolte-Patil adopted Ind-AS framework starting Q1 FY17. Comparable prior period numbers have restated in compliance with Ind-AS for a meaningful comparison. Revenues stood at Rs. 179.8 crore in Q1 FY17 as compared to Rs. 189.1 crore in Q1 FY16. EBITDA stood at Rs. 59.1 crore in Q1 FY17 as compared to Rs. 47.1 crore in Q1 FY16, up 26% YoY. Overall cost competitiveness at every project has resulted in EBITDA expansion of 800 basis points year-on-year to 32.9%. Net profit for the quarter expanded ~32% year-on-year to Rs. 18.2 crore. We continue to execute well across all our projects and offered 402 units equivalent to 0.6 million square feet for possession during Q1 FY17. PAT post minority interest stood at Rs. 18.2 crore in Q1 FY17 as compared to Rs. 13.9 crore in Q1 FY16. EPS for Q1 FY17 stood at Rs. 2.41 as compared to Rs. 1.83 in Q1 FY16.

Our balance sheet continues to be robust. We have seen a slight drop in our net debt this quarter. As communicated earlier we expect to bring down the debt further in the course of the year with strong cash flows and focus on collections.

The Bangalore portfolio continues to be stable and we expect to see some momentum in H2 with the planned launch of two projects at Koramangala and Hosur Road respectively during the course of the current financial year.

To conclude, this has been a positive start to the year. We expect the pre-sales momentum to sustain for the rest of the year and are expecting to record a 20% Y-o-Y increase. Revenue trajectory is expected to improve in FY17 as a greater proportion of 100% owned projects come up for revenue recognition including contribution from Mumbai portfolio. Increased contribution from asset-light Mumbai projects will enable ROCE expansion and increase average price realizations. Our main focus in FY17 will be on execution. The company is targeting deliveries to the tune of 2,500 units in this financial year. Overall cost efficiencies will be maintained at all project sites which will facilitate margin expansion.

With that I come to an end of my opening comments and would like to now ask the Moderator to open the line for questions for further discussion. Thank you.

Moderator Thank you very much, Sir. Ladies and Gentlemen we will now begin the question and answer session. We have the first question from the line of Bhavesh Jain from Envision Capital. Please go ahead.

Bhavesh Jain Are we on track for our debt repayment target of Rs. 150 crore for this year?

Gopal Sarda To re-iterate the number we had stated in the last earnings call was Rs. 100 crore and we are on track to achieve that. In fact in Q2 FY17, till 15th July 2016, we have already repaid Rs. 28 crore to IDBI Bank from our Corolla Project.

Bhavesh Jain This 20% guidance is in volume terms per-sales for this year?

Gopal Sarda Yes.

Bhavesh Jain What was the reason for our collection to be lower this quarter?

Gopal Sarda Collections are lower for this quarter because last quarter there was substantial contribution from Mumbai portfolio, so if you see in last quarter we have sold two shops based out of Mumbai which were at the sale value of Rs. 25 crore and we

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have got a substantial collection over there. Also Jai Vijay had contributed substantially in last quarter which was not the case in this quarter, so that was the major reason in terms of collections drop.

Bhavesh Jain

But year-on-year also it has come down. In Q1 FY16 we have a collection of Rs. 266 crore versus this quarter it is Rs. 229 crore?

Gopal Sarda

So Q4 FY16 and even Q1 FY17 there were some schemes in terms of pre-sales and there were also some deferred payments which have already been given to the customer. That is also one of the factors wherein you will see the collection in the next coming quarters.

Bhavesh Jain

Whatever volume we have done that is pre-sales, has there been a delay in the payment by the customer? The booking has been done keeping that in mind?

Gopal Sarda

Whatever number we have shown as far as the pre-sales goes have been showed only wherein we have got 10% amount and above. That is what we follow as a policy for the reported presale number.

Bhavesh Jain

Realization is largely because of the product mix, the realization which has come down this quarter?

Gopal Sarda

Yes, so product mix as well as the two retail shops which we have sold from Mumbai and 3-4 shops based out of Pune, so this quarter we don't have that retail shop sale.

Bhavesh Jain

That is quarter-on-quarter but year-on-year also it has come down, the realization?

Gopal Sarda

Kolte Patil has a vast portfolio of Affordable, MIG, 24K, Super Luxury, so it all depends which quarter which portfolio is contributing. In this quarter Corolla has contributed substantially and that's the reason the APR has come down.

Bhavesh Jain

Regarding this new accounting standard our debt has changed; gross debt recognition has changed for FY16 also.

Gopal Sarda

As far as the new Ind-AS Accounting Standard, we have to go via control mechanism. So earlier at KPIT, the township company we were have 45% as our shareholding and we were consolidating only 45%. Since we have a control this quarter onwards we have to consider 100% of the number from KPIT, and the debt has gone up because of that.

Bhavesh Jain

We don't consider NCDs while reporting in the presentation, any specific reason for showing the net debt figure?

Gopal Sarda

If you see gross debt, the cash and cash equivalent and current investments we have showed, the difference in number is nothing but the OCDs, CCDs which are issued at the various SPV level. So going forward I think we can also show that number also because any which way if you just do the reconciliation like Rs. 764 minus Rs. 40 crore and minus Rs. 68 crore, the balancing number is nothing but your OCD and CCD.

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Bhavesh Jain But that is also part of that because I guess this compulsorily convertible debenture portion is very less.

Gopal Sarda No, it's not a debt, basically it's our structured mechanism. Suppose we have derived that in an SPV we have decided to bring Rs. 100 as a capital contribution by the partner. We have structured the instrument in such a way that Rs. ~33 we are showing as an equity and balance Rs. ~67 through OCD and CCD which is a tax efficient structure at the organisation level.

Bhavesh Jain But on OCD also we are showing 15% interest.

Gopal Sarda Correct. So we have to mention some coupon, ultimately it's a debenture. So we have given that 15% coupon which is nothing but our capital back on the initial investment and tax efficient structure.

Bhavesh Jain What will be this number for unrecognized revenue?

Gopal Sarda We are at around Rs. 2,100-2,150 crore.

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

Parikshit Kandpal In Corolla the realization has come down to almost Rs. 4,148 per square foot, so are we running some discounts because I understand earlier phases were getting sold at Rs. 4,800 per square foot upwards or Rs. 5,000 per square foot, so there has been a drop of almost Rs. 600-700 per square foot.

Gopal Sarda Typically, we were selling at Rs. 4,450-4,500 per square foot, 2-3 quarters back at the time of launch and to some extent, yes, the prices have come down for specifically Corolla project by around Rs. 250-300 per square foot, taking into consideration the overall competition in that particular region, so around Rs. 250-300 price benefit which we have already passed on to the customer through multiple offers.

Parikshit Kandpal Like other projects, Life Republic you were selling close to Rs. 5,700-5,800 per square foot, in case of Wakad also it was ~Rs. 6,500 per square foot, so as a portfolio we are giving some 5-6% discount to improve our pre-sales?

Gopal Sarda No I don't agree to this statement. If you see Wakad, an APR of Rs. 6,500 per square foot, included commercial shop sale, we have around 1 lakh square feet retail and balance residential. At Wakad there is completely stable pricing. In fact we have sold initially at Rs. 5,300-5,400 per square foot and from last 2-3 quarters we are maintaining an APR of Rs. 6,000 per square foot, so whenever there is a shop sales then could be the APR will go upto Rs. 6,300-6,500 per square foot, if there is no shop sales then the APR will be in the range of Rs. 6,000 per square foot.

Parikshit Kandpal What was the reason of the EBITDA margin expansion this quarter? Because if I see your product revenue recognition across the projects so Corolla is the main contributor there which supposedly is a MIG kind of a product, so what explains this sharp increase in EBITDA margins this quarter?

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Gopal Sarda	For this particular quarter if you see the overall efficiency has gone up. If you compare sales and marketing cost that has come down drastically because we have focused on a BTL activities more rather than ATL activities and the overall efficiency in terms of lead management and the conversion has gone up. Also we have undertaken multiple initiatives in our sales and marketing department and the review mechanism which has resulted in a substantial saving of around Rs. 7 crore in terms of selling and marketing expenses and which is contributing substantially to the overall EBITDA improvement.
Parikshit Kandpal	This Rs. 7 crore will be I think almost 3% of your overall sales, so what could be the sustainable EBITDA margin going forward, earlier used to be around 25-30% range, 27-28%, so what kind of sustainable EBITDA margin should be billed now?
Gopal Sarda	Going forward we can expect around 30-32% based on quarter-on-quarter performance.
Parikshit Kandpal	Because I am coming from the fact that you have already reduced your APR in some of your projects and other side we are also talking about increase in the EBITDA margins?
Gopal Sarda	See, now what is happening is that in our 100% owned projects like Giga Residency the margins are on a very higher side. There are couple of projects wherein the land costs are historical and few projects which have been owned by us are also old projects, which are contributing to some extent to the margin expansion.
Parikshit Kandpal	This year going at the current quarter rate of Rs. 180 crore and the visibility as you said Rs. 2,100 crore of unrecognized revenue, so what kind of numbers can we guide the market for this year in terms of topline?
Gopal Sarda	As far as the top line is concerned particularly FY17 we can expect around 18-20% jump on a year-on-year basis as well as the same for the bottom line.
Parikshit Kandpal	This is on a like to like basis wherein you will also consider the Life Republic 100% consolidation?
Gopal Sarda	Yes.
Parikshit Kandpal	That will also be applicable for the last year, right?
Gopal Sarda	Yes. I am talking about the re-instated numbers. Even if you re-instate as per Ind-AS existing numbers versus forthcoming quarters still you will see 18-20% growth.
Parikshit Kandpal	Which will be the large projects which will be contributing revenues this year?
Gopal Sarda	I think this year onwards all the projects will contribute, like Wakad, Stargaze, Corolla, Tuscan, Life Republic. Prima facie, three projects will lead, Corolla, Wakad and Life Republic.
Parikshit Kandpal	How is the Pune market looking now? We have seen some good pre-sales growth during this quarter so overall Mumbai continues to do well, Bangalore has little bit softened and NCR and all not really doing well, so in terms of Pune which until few

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quarters back it was doing really well there has been some slowdown last couple of quarters and this quarter you have again shown some good growth, so how do we expect upcoming festive season, so how it will impact your sale, are we going to do that Kolte-Patil Day which we use to do earlier couple of days of sales and showcasing our projects, so what will be the second half like for us?

Gopal Sarda Pune is predominantly a stable market. Earlier it was led only by IT, now we have Manufacturing, Auto, Pharma, Banking, Finance, all sectors are well placed and I think demand will remain healthy with the new government's initiatives coming in, RERA and others. So I think going forward the numbers will be better or stable. And as you have rightly mentioned that we have lot of festival offers and festival campaigns which we are planning to do so in H2. The guidance which have been given earlier 2.4-2.5 million on a year-on-year basis we are very much confident we will be able to achieve that.

Parikshit Kandpal Are we currently running any subvention scheme?

Gopal Sarda Not exactly but just one tower in our Tuscan project.

Parikshit Kandpal What is that scheme?

Gopal Sarda That is like 25% now and 75% on possession. Because we were having around 50,000 square feet unsold inventory and possession are expected by February-March'17, so it's a matter of just six months.

Parikshit Kandpal Any other new launches you are not promoting through subvention right now?

Gopal Sarda No subvention.

Parikshit Kandpal Just a quick update if you can give us all your Mumbai projects, what stages of launches the new projects or existing ones?

Gopal Sarda As far as our Mumbai portfolio goes, Link Palace we have already 90% sold out only one apartment left over there. The execution is pretty much on track, we are at the ninth slab casting. Similarly for Jai-Vijay, we have sold around 35-40% of our share inventory and since that project has two basements so by December or January we will come up to plinth. Going forward, on a quarter-on-quarter basis, we can plan one new launch, but still we are awaiting clarity from the government between the old DCR and new DCR. So the moment we have 2034 DCR clarity, then on a quarter-on-quarter basis we will keep on launching one-one project based out of Mumbai portfolio.

Parikshit Kandpal Jumbo Darshan, what's the update on that?

Gopal Sarda Jumbo Darshan, we have just signed our documents and are waiting for the approvals. We have got civil aviation, buffer zone & couple of NOCs, we are waiting for MoEF and other municipal concessional approvals.

Parikshit Kandpal Last question, on this new housing policy which was announced by the CM on 2nd September, any update how it will impact us, your views on that for Mumbai?

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Gopal Sarda	You are talking about Cluster or which policy?
Parikshit Kandpal	Yes Cluster, on 2nd September, last Friday Mr. Fadnavis has announced the new housing policy for Cluster?
Gopal Sarda	As far as the Cluster redevelopment policy goes probably in our existing portfolio that policy will not be giving us any benefits but having said that under 2034 DCR, the FSI has gone up from 2.5 to 2.7 and if that gets implemented then probably we will get further benefits from the existing redevelopment portfolio.
Moderator	We have the next question from the line of Shubhankar Oza from SKS Capital & Research. Please go ahead.
Shubhankar Oza	In terms of the total debt repayment you said Rs. 100 crore, out of which Rs. 28 crore is done. Is that the number? Rs. 28 crore you repaid this quarter?
Gopal Sarda	In Q1 FY17 as per Ind-AS goes if you have seen the debt repayment, the net debt has come down from Rs. 467 crore to Rs. 459 which is nothing but around Rs. 8 crore, but substantial debt repayment has happened in Q2. So till 15th July we have repaid Rs. 28 crore single tranche to IDBI which was outstanding on the Corolla company.
Shubhankar Oza	So as on date you have repaid Rs. 28 crore?
Gopal Sarda	Rs. 36 crore.
Shubhankar Oza	Basically if I have understood the numbers correctly you said 18-20% top line growth so we will be saving some interest cost plus there will be some saving at the sales and marketing you said, we have done that in Q1 and that trend is likely to continue.
Gopal Sarda	Yes.
Shubhankar Oza	So isn't our bottom line going to be much stronger for FY17 compared to top line growth?
Gopal Sarda	Yes, FY17 you can expect better PAT number. Historically we were at 8.5%-9%, in this financial year we can expect around 10.5-11% sort of PAT margin on a complete year basis.
Shubhankar Oza	Pune as you said there is a mix of demand from IT, Pharma and Banking but Bangalore it's more driven by IT is that understanding correct? And given the outlook for IT do you think your new Bangalore launch which will happen this year will be able to see a good demand in Bangalore market?
Gopal Sarda	As far as Bangalore is concerned as you rightly said majorly the demand is coming from the IT sector. Last 2-3 quarters Bangalore numbers were just stable not substantially contributed but since we have two project launches which we are expecting in H2, Exente and Koramangala, so probably we will see further traction because the product mix is the need of the hour and it's a proper IT area like Hosur Road. So I think in coming quarters we will see how Bangalore market responds to our project.

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Shubhankar Oza	In terms of the overall realization, Q1 there has been a de-growth, what is your expectation for the FY17 as a year?
Gopal Sarda	APR we can expect around Rs. 5,700 per square foot for Pune region and if Mumbai sales we have to consider then probably we will touch Rs. 6,000-6,100 per square foot.
Shubhankar Oza	So the overall mix is going to be little lower compared to FY16?
Gopal Sarda	Considering Mumbai I think we will be able to touch Rs. 6,000-6,100 per square foot for sure.
Moderator	We have the next question from the line of Rajiv Kumar, Individual Investor. Please go ahead.
Rajiv Kumar	R1 sector is a part of Phase-II or Phase-I?
Gopal Sarda	R1 sector is a part of Phase-II, Life Republic.
Rajiv Kumar	So if I am not wrong it is about 1 million square feet, right?
Gopal Sarda	1.45 million square feet.
Rajiv Kumar	The sales have already started there?
Gopal Sarda	Yes.
Rajiv Kumar	Why it was not mentioned in our project details in the presentation?
Gopal Sarda	You are referring which slide?
Rajiv Kumar	In presentation in Life Republic we have only R1 sector, Phase 1 R3 sector and 1st Phase 1.
Gopal Sarda	Yes in the presentation we will correct those numbers. We will bifurcate R1 and the existing portfolio. So in total if you see we have sold around 2.2 lakh square feet, if I am not wrong.
Rajiv Kumar	Is there any effect on our redevelopment project report this dumping ground effect in Mumbai?
Gopal Sarda	As such no. We have already received the CC and it is applicable for projects wherein you haven't obtained the IOD, so before that circular comes we were having CC for our first two projects.
Rajiv Kumar	In the the presentation slide number is 14, Life Republic Phase 1 and Life Republic Phase 1 R3 Avenue. So this combined is having 4 million square feet?
Gopal Sarda	Yes.

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Rajiv Kumar There is no mention of R1 Sector in that. So is it including this or will it be separate?

Gopal Sarda It is included. Now what they have included 1 million square feet based out of R1 also. So Phase 1 were 3.2 million square feet and R1 is a part of Phase 2 which were 1.45 million square feet but out of which we have considered only 3 towers so that's how they have mentioned 4 million square feet but going forward I will ask the IR team to bifurcate Phase 1 and Phase 2 separately wherein you can clearly see the traction coming from R1 sector.

Rajiv Kumar How is the supply side market in Pune? How much is the supply, how many project launches in the overall Pune market?

Gopal Sarda Supply is predominantly on a very higher side but taking into consideration our legacy and two-and-a-half decade of presence I think we will be able to maintain 8-11% market share on a year-on-year basis from the overall sales for the particular financial year.

Moderator Next question is from the line of Bhavesh Jain from Envision Capital. Please go ahead.

Bhavesh Jain Is there any plan to replace high cost debt, is there any further opportunity available?

Gopal Sarda No, as such if you see the overall debt borrowing costs would be at an average of around 12.25-12.50%, so I think we are at a pretty decent level.

Bhavesh Jain Going ahead beyond FY17 is there any plan to buy any land as of now?

Gopal Sarda It all depends on deal to deal, so going forward probably we will be focusing on an asset-light model and we will focus on ROCE number. Having said that since we have a strong presence and a brand name in Pune market so we have started evaluating more deals under DMA, JDAs and if there is a substantial profit we see in a particular deal at that time we will evaluate and based on the commercials I think we will look at those numbers at that time. It will be too early to comment today. But deal on deal basis we will evaluate.

Moderator Next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal I was looking at your selling expenses it has come down sharply, so what's the reason behind that Y-o-Y from Rs. 13.6 crore it has come down to Rs. 7.8 crore?

Gopal Sarda If you see Y-o-Y basis there were launches and Q1 FY16 we had Three Jewels and Corolla Phase 2 launches. Whenever we go for a launch the expenses is on a very higher side, so typically for a particular project we require around Rs. 3-4 crore at the time of launch. In this particular quarter, April, May, June there were no launch expenses, these are all sustainable inventory expenses.

Parikshit Kandpal R1 sector launch?

Gopal Sarda R1 happened in March 2016.

Parikshit Kandpal	What was the number? Was that number high during that quarter?
Gopal Sarda	I don't have that number right now in front of me. You are asking about Q4 FY16 if I am not wrong.
Parikshit Kandpal	Rs. 8 crore quarterly basis a sustainable or is it like again spark up as you launch new projects? I mean new launches are you going to spend so much of money now?
Gopal Sarda	So if you see Q4 FY16 we were at Rs. 11 crore.
Parikshit Kandpal	What will be the new launches in the second half where you will be incurring this expenditure?
Gopal Sarda	H2 there were two big project launches we are expecting but that is completely dependent on the approval cycle. So one more phase based out of Corolla as well as Life Republic, 1 million square feet sectors under approval, so based on approval clarity I think we will be in a position to give you a further clarity in H2. So once the approval are in place we will be able to comment on the launches.
Parikshit Kandpal	The employee expenses also down Y-o-Y, Rs. 14 crore to Rs. 10-11 crore, so shall we take this as a quarterly run rate?
Gopal Sarda	Now the employee expenses will be stable so whatever quarter-on-quarter number you see from last two quarters I think this will be the momentum going forward.
Parikshit Kandpal	So this year just going by the Q1 run rate so you end up around say Rs. 880-900 crore of collections (Rs. 220 crore x 4) and if I see your P&L you have incurred around Rs. 94 crore of construction cost, so the outgo on construction will be how much this year, Rs. 400-450 crore?
Gopal Sarda	We are targeting more aggressive target so probably we want to do around Rs. 500-550 crore for this particular year so H2 you will see more traction towards the construction expenses.
Parikshit Kandpal	So we will have Rs. 350 crore of surplus and interest servicing will be around Rs. 100 crore so which leaves us with Rs. 250 crore of surplus.
Gopal Sarda	All in all net free cash flow you can expect for this particular financial year around Rs. 200 crore.
Parikshit Kandpal	Excluding tax, so tax provision in Q1 is 16 crore, so Rs. 50-60 crore of tax for the full year.
Gopal Sarda	Yes, so post tax free cash flows will be around Rs. 175-200 crore that is what we are expecting.
Parikshit Kandpal	And out of which you expect to reduce Rs. 100 crore of your debt from this cash flow?
Gopal Sarda	Yes.

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Moderator Next question is from the line of Arjun Ashar, Individual Investor. Please go ahead.

Arjun Ashar My question is when you take a price cut in certain project what about the profitability, is there a scope for certain efficiency like in terms of the accessories you will provide to the consumer in terms of fit outs and all of that, or you just expect a faster sales momentum to take care of that? What is the impact of profitability of any price cut you take?

Gopal Sarda Actually we have to balance both; we have to take care of the sales velocity as well as the EBITDA margin, we make sure that at any given point of time the EBITDA margin should be in the range of 27-33% on a project on project basis and at a consolidated level it has to be in the range of 30-31% sort of EBITDA margin. So 3-4% here and there on a project on project basis we will consider if sometimes we are getting faster cash flows rather than holding the inventory and bringing down the overall ROCE and IRR.

Arjun Ashar But is there any kind of a thumb rule where across the board say if there is a kind of a correction in the markets overall, in the real estate sales market, what is the impact on the profitability, is there any kind of a thumb rule on the net profit margins?

Gopal Sarda There is no thumb rule as such. It all depends on project to project. Some projects if we have the sustainable inventory on a higher side, so probably we don't mind giving 2-3% cut in the EBITDA and increasing the sales velocity. But all in all we have certain financial parameters like I have already mentioned 27-33% is what we are targeting and based on that only we take the business decisions.

Arjun Ashar What has been the impact on recent developments in the IT sector. You hear a lot about job cuts and all that, so in the Pune market what is the impact of that?

Gopal Sarda As such Pune market we haven't seen any kind of drastic demand has come down from IT sector. So I think overall we are maintaining the stable response.

Moderator That was the last question. I would now like to hand over the floor to the management for their closing comments, over to you Sir.

Gopal Sarda Thank you once again for your interest and support. We will continue to stay engaged. Please be in touch with our Investor Relations Team for any further details or discussions. Looking forward to interacting with you next quarter. Thank you.

Moderator Thank you very much, Sir. Ladies and gentlemen, on behalf of Kolte Patil Developers Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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